

The Economics of Land Use



Final Report

Gold Hill Mesa Commercial Urban Renewal Plan

Prepared for:

Colorado Springs Urban Renewal Authority

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1. Introduction

Preface

This Gold Hill Mesa Urban Renewal Plan ("Plan" or the "Urban Renewal Plan") has been prepared for the City of Colorado Springs, Colorado, a home rule municipal corporation of the State of Colorado (the "City"). The Plan will be carried out by the Colorado Springs Urban Renewal Authority (the "Authority"), pursuant to the provisions of the Urban Renewal Law of the State of Colorado, Part 1 of Article 25 of Title 31, Colorado Revised Statutes, 1973, as amended to date (the "Act"). The administration and implementation of this Plan, including the preparation and execution of any documents implementing it, shall be performed by the Authority.

Blight Findings

Under the Act, an urban renewal area is a blighted area, as defined by the Act, and has been designated as appropriate for an urban renewal project by the City Council of the City (the "City Council"). In each urban renewal area, conditions of blight must be present, and the City Council must find that the presence of those conditions of blight substantially impair or arrest the sound growth of the municipality or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare in order for the Authority to exercise its powers.

The Gold Hill Mesa Conditions Survey prepared by Economic & Planning Systems (EPS) in February 2022 ("Conditions Survey") was provided to the Authority under separate cover and demonstrates that the Gold Hill Mesa Study Area ("Study Area"), as defined in the Conditions Study, is eligible to be declared a blighted area by the City Council under the Act. The Conditions Survey identified and documented 8 of the 11 blight factors present in the Study Area. A description of the blight factors and observations is presented below in Section 4 of this report.

Urban Renewal Area Boundaries

The Gold Hill Mesa Urban Renewal Area ("URA" or "Plan Area") is located in the City of Colorado Springs in El Paso County. The Plan Area is comprised of 19 parcels on approximately 106.7 acres of land plus adjacent right-of-way (ROW). The boundaries of the Plan Area to which this Plan applies includes Highway 24 to the northeast, South 21st Street to the west, and existing Villa De Mesa and Gold Hill Mesa residential developments to the south as shown below in **Figure 1** and

Zoning and Land Use

All properties within the Plan Area are currently vacant with no building improvements. The majority of the Plan Area is zoned as a Traditional Neighborhood Development (TND), which is a residential zoning classification that encourages a diversity of housing types integrated with commercial and other uses with a pedestrian-friendly environment and street connectivity. TND is defined by the Colorado Springs Zoning Code as a district that, "is intended to promote the development of a neighborhood with a sense of place."

Additionally, some parcels also include the zoning classifications of Planned Unit Development (PUD), Planned Business Center (PBC), and Streamside Overlay Zone (SS). PUDs allow for a variety of land uses and encourage appropriate mixed use developments. The PUD concept plan or PUD development plan determines the specifically allowed residential and nonresidential land uses, and intensity and density of development. PBC is defined by the Colorado Springs Zoning Code as a district that, "accommodates commercial land uses and preserves and enhances areas for a range of retail sales and service establishments." SS overlay zone district is defined by the Colorado Springs Zoning Code as a district that, "is characterized by intermittent and perennial streams which provide significant wildlife habitat, riparian vegetation, water quality protection, flood protection, open space and multiuse trail opportunities which add to the character, attractiveness and quality of life of the community."

The land uses proposed in the Study Area align with the zoning classifications and will include a variety of residential housing types for ownership and rent as well as a commercial node with neighborhood uses potentially including restaurants, grocery, hotel, and other entertainment retail uses.

2. Definitions

Terms used in this Plan are defined below and are representative of Urban Renewal Law C.R.S. 31-25-103.

- **Act or Urban Renewal Law** – Urban Renewal Law of the State of Colorado, Colo. Rev. Stat. § 31-25-101 et seq.
- **Available Property Tax Increment Revenues** – all Property Tax Increment Revenues available pursuant to the Tax Increment Financing provisions of the Act not payable to taxing bodies pursuant to agreements, if any, with the Authority or otherwise as provided in §31-25-107(9.5) of the Act. In the event that an agreement is reached with a taxing body pursuant to § 31-25-107(9.5) of the Act after the effective date of Plan approval by the City Council, the Property Tax Increment Revenues generated by said taxing body's mill levy shall become Available Property Tax Increment Revenues, and the addition of such revenue shall not be a substantial modification to this Plan.
- **Available Revenues** – any and all revenues available to the Authority, including, without limitation, Available Property Tax Increment Revenues, any revenues available to the Authority from Districts, or any other source that are available under this Plan or otherwise under the Act.
- **Bonds** – any bonds (including refunding bonds), notes, interim certificates or receipts, temporary bonds, certificates of indebtedness, debentures, or other obligations.
- **District (or Districts)** – means a metropolitan district which is a quasi-municipal corporation and political subdivision of the State of Colorado organized under the Colorado Special District Act, 32-1-101, et seq., C.R.S., as from time to time amended, or a business improvement district which is a quasi-municipal corporation and political subdivision of the State of Colorado organized under the Colorado Business Improvement District Act, 31-25-1201, et seq., C.R.S., as from time to time amended, or any successor District or Districts thereto as may be approved by the City.
- **Property Taxes** – means, without limitation, all levies to be made on an ad valorem basis by or for the benefit of any public body upon taxable real and personal property in the Area.
- **Property Tax Increment Revenues** – the property tax revenues allocated to the Authority pursuant to §31-25-107(9) of the Act and Section 7.0 of this Plan.
- **Real property** – lands, lands under water, structures, and any and all easements, franchises, incorporeal hereditaments, and every estate and right therein, legal and equitable, including terms for years and liens by way of judgment, mortgage, or otherwise.

- **Redevelopment/Development Agreement** – one or more agreements between the Authority and developer(s) and/or property owners or such other individuals or entities as determined by the Authority to be essential to carry out the objectives of this Plan.
- **Slum area** – an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, and which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.
- **Tax increment financing (TIF)** – the tax allocation financing as described in C.R.S. 31-25-107(9) of the Act as in effect on the date this Plan is approved by City Council.
- **Urban Renewal Authority or Authority** – a corporate body organized pursuant to the provisions of the Act for the purposes, with the powers, and subject to the restrictions set forth in the Act.
- **Urban Renewal Plan or Plan** – a plan, as it exists from time to time, for an urban renewal project, which plan 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.
- **Urban Renewal Project** – undertakings and activities for the elimination and for the prevention of the development or spread of slums and blight and may involve slum clearance and redevelopment, or rehabilitation, or conservation, or any combination or part thereof, in accordance with an urban renewal plan.

3. Purpose

The purpose of this Plan is to reduce, eliminate, and prevent the spread of blight within the Plan Area through private development. The Plan sets goals to achieve this through implementing established objectives for the Area and assisting with the eligible costs of environmental mitigation, redevelopment, promoting economic growth and private investment through the tools available within the context of urban renewal tools, laws, and guidelines, including, without limitation, tax increment financing (TIF).

Establishment of the Urban Renewal Area will take advantage of improving conditions and the upcoming development cycle by focusing urban renewal efforts in a small area for the duration in accordance with the mandates of the Act.

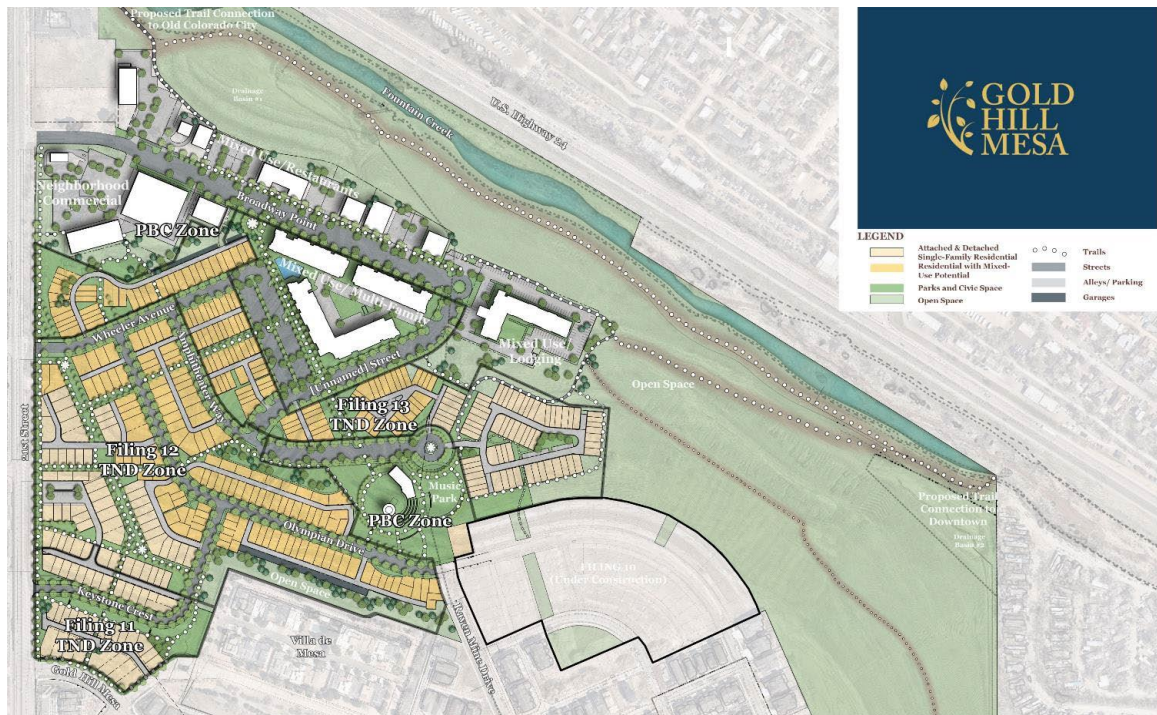
Vision

The vision of the Plan Area, as expressed by the developer, is a traditional neighborhood development with a mix of uses in a walkable environment with streetscape, open space, parks, and trail connections, as shown in the proposed site plan illustrated in **Figure 2**. The proposed development includes neighborhood retail, restaurants, hotel, public gathering space for events, and a variety of residential home types including detached, attached, and multifamily units. The residential component will provide homes for homeowners and renters of various sizes.

The Plan Area is a brownfield redevelopment and an infill development that is using space within the urban context rather than developing on the outside or edges of the city. The Plan Area is the location of the former Golden Cycle Mill. The smokestack from the gold mill currently remains in the Plan Area and will be preserved as part of Colorado Spring's history and to create a unique sense of place.

The Plan Area will include a significant amount of open space with native vegetation and trails with connections to the established trail network in Colorado Springs. Trails in the Plan Area will provide direct connections to Downtown and Old Colorado City. Fountain Creek will be restored to support the ecosystem and reduce flooding, erosion, and sedimentation. Additionally, concrete found in the Plan Area during environmental remediation will be recycled and reused to protect the banks of Fountain Creek from future erosion.

Figure 2. Gold Hill Mesa Site Plan



4. Blight Conditions

Before an urban renewal plan can be adopted by the City Council, there must be a determination that an area constitutes a blighted area. This determination depends upon the presence of several physical, environmental, and social factors. Blight is attributable to a range of conditions that, in combination, tend to accelerate the phenomenon of deterioration of an area. The definition of a blighted area is based upon the definition articulated in the Urban Renewal Law (C.R.S. § 31-25-103) as follows:

"Blighted area" means an area that, in its present condition and use and, by reason of the presence of at least four of the following factors, 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:

- a. Slum, deteriorated, or deteriorating structures;*
- b. Predominance of defective or inadequate street layout;*
- c. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;*
- d. Unsanitary or unsafe conditions;*
- e. Deterioration of site or other improvements;*
- f. Unusual topography or inadequate public improvements or utilities;*
- g. Defective or unusual conditions of title rendering the title nonmarketable;*
- h. The existence of conditions that endanger life or property by fire and other causes;*
- i. Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;*
- j. Environmental contamination of buildings or property;*
- k.5 The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, building, or other improvements; or*
- l. If there is no objection by the property owner or owners and the tenant or tenants of such owner or owners, if any, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use and, by reason of the presence of any one of the factors specified in paragraphs (a) to (k.5)*

of this subsection (2), 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. For purposes of this paragraph (1), the fact that an owner of an interest in such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.

To use the powers of eminent domain, the definition of “blighted” is broadened to require that five of the eleven blight factors must be present (C.R.S. § 31-25-105.5(5)(a)):

(a) “Blighted area” shall have the same meaning as set forth in section 31-25-103 (2); except that, for the purposes of this section only, “blighted area” means an area that, in its present condition and use and, by reason of the presence of at least five of the factors specified in section 31-25-103 (2)(a) to (2)(l), 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.

The methodology used to prepare the Conditions Survey for the Plan Area involved the following steps: (i) identify parcels to be included in the Plan Area; (ii) gather information about the properties and infrastructure within the Plan Area boundaries; (iii) evaluate evidence of blight through field reconnaissance; and (iv) record observed and documented conditions listed as blight factors in State Statute. The entire Conditions Survey is provided under separate cover.

5. Plan Goals and Conformance

Plan Goals and Objectives

The overall objective of this Plan is to remediate unfavorable existing conditions and prevent further deterioration by implementation of the relevant provisions contained in the following documents:

- PlanCOS (City of Colorado Springs Comprehensive Plan), 2019
- City of Colorado Springs Strategic Plan, 2020-2024

The Plan is intended to stimulate private sector development in the Plan Area with a combination of private investment and Authority financing. The Plan has the following objectives:

- Implement PlanCOS
- Prevent and eliminate conditions of blight within the City of Colorado Springs
- Encourage and provide incentives for the private development of housing
- Encourage the development of projects that would not otherwise be considered financially feasible without the participation of Colorado Springs Urban Renewal Authority (CSURA)
- Enhance the current property tax revenue within the city and county with development that will increase the assessed valuation and provide additional sales tax collections throughout the city.

Plan Conformance

Urban Renewal Law

This Plan is in conformity with and subject to the applicable statutory requirements of the Urban Renewal Law.

PlanCOS

The City of Colorado Springs' adopted Comprehensive Plan, known as *PlanCOS*, describes the City's vision of creating a vibrant community organized around six themes of vibrant neighborhoods, unique places, thriving economy, strong connections, renowned culture, and majestic landscapes. This Plan is intended to implement *PlanCOS* and is in direct conformance with *PlanCOS*. The URA Plan directly supports five themes in *PlanCOS* of vibrant neighborhoods, unique places, strong connections, renowned culture, and majestic landscapes. The following

excerpts from *PlanCOS* highlight the linkage between *PlanCOS* and this Plan under these five themes. These are representative excerpts, and not an all-inclusive list of relevant statements:

- **Vision Map** – The Plan Area in the PlanCOS Vision Map is identified as a Newer Developing Neighborhood.
- **Vibrant Neighborhoods Framework** – The Plan Area is identified as a Newer Developing Neighborhood.
- **Goal VN-2** – Strive for a diversity of housing types, styles, and price points distributed throughout the city through a combination of supportive development standards, community partnerships, and appropriate zoning and density that is adaptable to market demands and housing needs.
- **Goal VN-3** – Through neighborhood plans, associations, and partnerships, empower neighborhoods to reinvest in order to create community, vibrancy, and to address their specific vision and needs.
 - **Policy VN-3.A:** Preserve and enhance the physical elements that define a neighborhood’s character.
 - **Policy VN-3.B:** Support unique and innovative community design elements and features such as urban farms and gardens, co-op housing, live/work spaces, or neighborhood gathering places.
 - **Policy VN-3.C:** Promote neighborhood-level shopping and service options to include a variety of healthy food markets, coffee houses, restaurants, and other supportive businesses that increase local access and walkability
 - **Policy VN-3.E:** Encourage and support the integration of mixed-use development in neighborhoods.
 - **Policy VN-3.F:** Enhance mobility and connectivity between neighborhoods across Colorado Springs and with surrounding jurisdictions.
- **Unique Places Framework** – The unique places framework shows the vision of unique places in the city and focuses on designing these places to be compatible with surrounding neighborhoods and business areas. The Plan Area is identified as a Neighborhood Center. The goal of Neighborhood Center is to provide a focal point for community life and services at a neighborhood scale.
- **Goal UP-1** – Enrich the texture and livability of the city as a tapestry of the city as a tapestry of unique, vibrant, and walkable places.
 - **Policy UP-1.A:** Emphasize placemaking throughout the city with design and programming that supports a distinctive identity and experience.

- **Goal UP-2** – Embrace thoughtful, targeted, and forward-thinking changes in land use, infill, reinvestment, and redevelopment to respond to shifts in demographics, technology, and the market.
 - **Policy UP-2.A:** Support infill and land use investment throughout the mature and developed areas of the city.
 - **Policy UP-1.B:** Establish a network of connections such as gateways, signature streets, festival streets, and trails to support, define, and provide context for our unique places.
- **Goal UP-4** – Strengthen our overall community identity and better serve the needs of residents and businesses within our large metropolitan area by developing active, unique, and connected centers and corridors.
- **Goal UP-5** – Develop and support unique places and centers as models of resilience and sustainability.
- **Strong Connections Framework** – The Plan Area in the Established Suburban Streets transportation framework and Modern Upgrades (changing neighborhoods) utility framework. The goal of Established Suburban Streets is to retrofit and reinvent these roadways to provide opportunities for additional integrated land uses and density, orientation of uses more toward the street, and enhanced multimodal facilities, all resulting in an increased transit mode share, optimized capacity, and reduced physical barriers to non-motorized and other local connections. The goal of Modern Upgrades to retrofit and modernize older buildings, facilities, and local utility systems to promote responsive and efficient resource use, production, and distribution, and to reduce negative impacts of utilities systems and use at local scale adaptively and systematically.
- **Goal SC-1** – Multimodally connect people and land uses throughout the city and region.
- **Goal SC-3** – Manage our stormwater and flood control system as a vital and integrated community asset.
- **Goal SC-4** – Achieve a more environmentally sustainable utilities system for the city.
- **Renowned Culture Framework** – The renowned culture typologies are intended to help focus on, support, and grow those places and spaces within our community that are most important to the value and expression of our history, arts, culture, education, and tourism. The Plan Area is not identified as a renowned culture typology, although it still supports the theme’s goals, policies, and strategies.
- **Goal RC-1** – Preserve the best of our history.

- **Policy RC-1.A:** Continue to preserve and advance Colorado Springs’ historic and cultural resources and integrate themes and features into design and development that represent Colorado Springs’ history and heritage.
- **Goal RC-2** – Add to, enhance, and promote Colorado Springs’ institutions, attractions, and community assets integral to our local culture and civic pride.
 - **Policy RC-2.B:** Promote existing and new arts and cultural hubs, venues, and focal points as elements of activity centers throughout the city.
- **Goal RC-3** – Ensure the accessibility and diversity of arts and culture opportunities throughout the city.
- **Majestic Landscapes Framework** – The Plan Area is identified as Neighborhood Greenspace. The goal of Neighborhood Greenspace is to strengthen partnerships and resources available to provide smaller and more localized park and recreation facilities within neighborhoods.
- **Goal ML-1** – Provide for accessible, safe, engaging, and sustainable parks and open space systems and facilities for all city residents and visitors.
- **Goal ML-2** – Activate and expand sustainable community use and interaction with open spaces, parks, and cultural resources.
- **Goal ML-3** – Optimize the shared use of our waterways as corridors for wildlife, recreation, stormwater conveyance, non-motorized transportation, utilities, and as natural areas and assets of the environment.

City of Colorado Springs Strategic Plan

The City of Colorado Springs Strategic Plan for 2020-2024 ensures programs, services, and initiatives are aligned and serve a strategic vision. The Strategic Plan’s core values include promoting job creation, investing in infrastructure, excelling in City services, and building community and collaborative relationships. The Gold Hill Mesa URA Plan directly implements the Strategic Plan and the following excerpt are representative of the alignment between the two:

- **Investing in Infrastructure – 2.0** – Continue to address infrastructure and transportation needs by providing smart and innovative mobility solutions to create a connected, safe, and accessible community. This should include trails and multi-modal access, as well as traditional modes of transit.
- **Building Community and Collaborative Relationships – 3.0** – Provide strategic City services and community partnerships to improve citizen quality of life by reducing crime, reducing the number of persons experiencing chronic homelessness, increasing affordable housing opportunities, and facilitating community investment.

Development Standards and Procedures

All development within the Plan Area shall conform to the City's Land Use Code and any site-specific City zoning regulations and policies that might impact properties in the Plan Area, all as in effect and as may be amended. However, as authorized by the Urban Renewal Law, the Authority may arrange with the City for the planning, replanning, zoning or rezoning of any part of the Plan Area as needed in connection with the urban renewal project described in this Plan.

6. Authorized Urban Renewal Undertakings and Activities

The Act allows for a wide range of activities to be used in the implementation of an urban renewal plan. The Authority is authorized to provide both financial assistance and improvements in partnership with property owners and other affected parties in order to accomplish the objectives stated herein. Public private partnerships and other forms of cooperative development, including Cooperation Agreements, will be essential to the Authority's strategy for preventing the spread of blight and eliminating existing blighting conditions. Without limitation, undertakings and activities of the Authority in the furtherance of this Plan as described as follows.

Undertakings and Activities to Remedy Blight

As described in **Section 4** of this Plan, eight qualifying conditions of blight were identified in the Study Area of which this Urban Renewal Areas is a part. Each of the eight qualifying conditions was observed within the Urban Renewal Area. Implementation of this Plan by providing urban renewal resources for public and private improvements will remedy the conditions identified:

(b) *Predominance of defective or inadequate street layout - Observed*

The Plan Area is large, at over 100 acres, and the private investment of a road network will provide internal vehicular and pedestrian circulation, which is currently lacking as well as sidewalks and lighting for an improved pedestrian environment.

(c) *Faulty lot layout – Observed*

The development of the Plan Area as a whole will eliminate the inadequate lot shape and layout of internal, small, and odd shaped parcels that would otherwise have impediments for development.

(d) *Unsanitary or unsafe conditions – Observed & data supported*

The private investments and onsite development will eliminate the vandalism/graffiti, contaminants, hazardous materials, excessive litter and illegal dumping, and inadequate storm drainage system. Additionally, the private investment will provide a safe and welcoming neighborhood with enhanced lighting and streetscape for vehicles and pedestrians.

(e) *Deterioration of site or other improvements - Observed*

The development of the Plan Area will turn a neglected property into a vibrant neighborhood with vegetation and open space to preserve areas of the natural environment.

(f) *Unusual topography or inadequate public improvements or utilities – Observed*

The unusual topography of the Plan Area will be significantly graded to support development and provide a sustainable and adequate storm water drainage system.

(h) *Existence of conditions that endanger life or property – Data supported*

The development group conducted a voluntary environmental cleanup plan in 2002 that was approved by the Colorado Department of Public Health and Environment. The environmental clean up plan includes the removal of environmental and hazardous materials and/or creating a substantial cap of healthy soils to provide a safe environment for residents.

(j) *Environmental Contamination – Observed & data supported*

The private investment will provide environmental remediation to ensure the site is safe for residential development.

(k.5) *The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements - Observed*

The Plan Area is currently undeveloped and vacant. Through private investment and support from the Authority, the Plan Area will development into a vibrant property and be fully utilized.

Project Development Plan

The primary goal of this Plan is to eliminate the current conditions of blight in the Urban Renewal Area and prevent those conditions from reoccurring. The contemplated redevelopment of the Area is for use as housing, retail, and related facilities; provided however, the Authority is authorized to approve any uses for the Area that eliminate blight and are consistent with the Comprehensive Plan and applicable zoning, including, without limitation, mixed use development, including residential, hotel, commercial, retail, office, industrial, cultural, and public uses.

Complete Public Improvements and Facilities

The Authority may undertake certain actions to make the Area more attractive for private investment. The Authority may, or may cause others, including, without limitation, one or more Districts to install, construct, and reconstruct any public improvements, including, without limitation, parking facilities. The Authority may, or may cause others to, demolish and clear buildings and existing improvements for the purpose of promoting the objectives of the Plan and the Act. Additionally, the Authority may, or may cause others to, install, construct and reconstruct any other authorized improvements, including, without limitation, other authorized undertakings or improvements for the purpose of promoting the objectives of this Plan and the Act.

Plan Modification

The Authority may propose, and City Council may make, modifications to this Plan as may be necessary; provided, however, any modification of the Plan shall (a) comply with the provisions of the Act, including §31-25-107(7); (b) not impair Available Revenues then-pledged by the Authority or the ability of the Authority to pay any outstanding Bonds, including any reimbursement obligations of the Authority; or (c) not impair the ability of the Authority or any party to any then-existing agreement to fully perform their respective covenants and duties under any such agreement. The Authority may, in specific cases, allow non-substantive variations from the provisions of this Plan if it determines that a literal enforcement or application of the provision would constitute an unreasonable limitation beyond the intent and purpose stated herein.

Provide Relocation Assistance

While it is not anticipated as of the date of this Plan that acquisition of real property will result in the relocation of any individuals, families, or business concerns; if such relocation becomes necessary, the Authority will adopt a relocation plan as necessary to comply with applicable provisions of the Act.

Demolition, Clear and Prepare Improvements

The Authority is authorized to demolish or cooperate with others to clear buildings, structures, and other improvements within the Area in an effort to advance projects deemed consistent with the vision stated herein. Such demolition or site clearance is necessary to eliminate unhealthy, unsanitary, and unsafe conditions; eliminate obsolete uses deemed detrimental to the public welfare; remove and prevent the spread of blight; and facilitate redevelopment of the Area by private enterprise.

Acquire and Dispose of Property

It is not expected that the Authority will be required to acquire property to carry out the project. However, if the Authority determines such acquisition is necessary, it is authorized to acquire any such property by negotiation or any other method, except that the Authority is not authorized to acquire property by eminent domain. Properties acquired by the Authority by negotiation may be temporarily operated, managed and maintained by the Authority if requested to do so by the acquiring entity and deemed in the best interest of the Urban Renewal Project and the Plan. Such property shall be under the management and control of the Authority and may be rented or leased pending its disposition for redevelopment.

The Authority may sell, lease, or otherwise transfer real property or any interest in real property subject to covenants, conditions and restrictions, including architectural and design controls, time restrictions on development, and building requirements in accordance with the Act and this Plan.

Enter into Redevelopment/Development Agreements

The Authority may enter into Redevelopment/Development Agreements or other contracts with developer(s) or property owners or such other individuals or entities determined to be necessary to carry out the purposes of this Plan, including the pledge by the Authority of Available Revenues to pay eligible costs pursuant to the Act or any other applicable law. Further, such Redevelopment/Development Agreements, or other contracts, may contain terms, provisions, activities, and undertakings contemplated by this Plan and the Act. Any existing agreements between the City and private parties that are consistent with this Plan are intended to remain in full force and effect unless all parties to such agreements agree otherwise.

Enter into Cooperation Agreements

The Authority is authorized to enter into such Cooperation Agreements as may be required by the Act, including tax sharing agreements. The Authority may also use the mediation and other provisions of the Act when necessary to provide adequate financing to carry out this Plan. This paragraph shall not be construed to require any particular form of cooperation.

Other Project Undertakings and Activities

Other project undertakings and activities deemed necessary by the Authority to carry out the Plan may be undertaken and performed by the Authority or pursuant to agreements with other parties or public bodies in accordance with the authorization of the Act and any applicable law or laws.

7. Project Financing

Financing Powers

Except as hereafter specifically provided, the undertakings and activities of the urban renewal project described in this Plan may be financed, in whole or in part, by the Authority to the full extent authorized under the TIF provisions of CRS § 31-25-107(9)(a) in the Urban Renewal Law, as amended, and with any other available sources of revenues and means of financing authorized to be undertaken by the Authority pursuant to the Urban Renewal Law and under any other applicable law, which shall include, without limitation:

- The collection and use of revenues from property tax increments, sales tax increments, interest income, federal loans or grants, agreements with public, quasi-public, or private parties and entities, loans or advances from any other available source, and any other available sources of revenue.
- The issuance of bonds and other indebtedness, including, without limitation, notes or any other financing instruments or documents in amounts sufficient to finance all or part of the Plan. The borrowing of funds and creation of other indebtedness.
- The use of any and all financing methods legally available to the City, the Authority, any private developer, redeveloper, or owner to finance in whole or in part any and all costs, including without limitation the cost of public improvements, described or anticipated in the Plan or in any manner related or incidental to the development of the Plan Area. Such methods may be combined to finance all or part of activities and undertakings throughout the Plan Area.
- The principal, interest, any premiums and any other amounts legally due on or in connection with any indebtedness or obligation of the Authority may be paid from property tax increments, sales tax increments or any other funds, revenues, assets or property legally available to the Authority.

This Plan contemplates, however, that the primary method of assisting with financing eligible expenses in the Plan Area will be through the use of revenues generated by Property Tax Increment and Sales Tax Increment. It is the intent of the City Council in approving this Plan to authorize the use of TIF by the Authority as part of its efforts to advance the vision, objectives, and activities described herein.

Tax Increment Financing District

Pursuant to the provisions of Section 31-25-107(9) of the Urban Renewal Law, in approving this Plan, the City Council hereby approves the Plan Area as a single tax increment financing district with the same boundary as the Plan Area (the "TIF District"). The boundaries of this TIF District shall therefore be as depicted in **Figure 1** and described on Exhibit A.

Property Tax Increment Financing

The Authority is specifically authorized to collect and expend property tax increment revenue to the full extent authorized by the Urban Renewal Law and to use that revenue for all purposes authorized under this Plan.

Property Tax Increment Limitations

The Authority shall establish a fund for the financing authorized under this Plan that shall be funded with the property tax allocation authorized to the Authority under the Urban Renewal Law in C.R.S. Section 31-25-107(9). Under this method, the property taxes of specifically designated public bodies, if any, levied after the effective date of the approval of this Plan upon taxable property in the Plan Area each year by or for the benefit of the designated public body must be divided for a period not to exceed twenty-five (25) years after the effective date of the adoption of the tax allocation provision, as follows:

Base Amount – That portion of the taxes that are produced by the levy at the rate fixed each year by or for such public body upon the valuation for assessment of taxable property in the Plan Area last certified prior to the effective date of approval of the Plan or, as to an area later added to the Plan Area, the effective date of the modification of the Plan, shall be paid into the funds of each such public body as are all other taxes collected by or for said public body.

Increment Amount – That portion of said property taxes in excess of such base amount must be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the Authority for financing or refinancing, in whole or in part, a specific project. Any excess property tax collections not allocated in this way must be paid into the funds of the municipality or other taxing entity, as applicable.

Unless and until the total valuation for assessment of the taxable property in the Plan Area exceeds the base valuation for assessment of the taxable property in the Plan Area, all of the taxes levied upon the taxable property in the Plan Area must be paid into the funds of the respective public bodies.

When such bonds, loans, advances, and indebtedness, if any, including interest thereon and any premiums due in connection therewith, have been paid, all taxes upon the taxable property in the Plan Area must be paid into the funds of the respective public bodies, and all moneys remaining in the special fund that have not previously been rebated and that originated as property tax increment generated based on the mill levy of a taxing body, other than the City, within the boundaries of the Plan Area must be repaid to each taxing body based on the pro rata share of the prior year's property tax increment attributable to each taxing body's current mill levy in which property taxes were divided. Any moneys remaining in the special fund not generated by property tax increment are excluded from any such repayment requirement. Notwithstanding any other provision of law, revenues excluded by §31-25-107(9)(a)(II) of the Act are not intended to be included in Available Property Tax Increment Revenues.

Notwithstanding any other provision of law, any additional revenues the City, county, special district, or school district receives either because the voters have authorized the City, county, special district, or school district to retain and spend said moneys pursuant to section 20(7)(d) of Article X of the Colorado Constitution subsequent to the creation of this special fund or as a result of an increase in the property tax mill levy approved by the voters of the City, county, special district, or school district subsequent to the creation of the special fund, to the extent the total mill levy of the City, county, special district, or school district exceeds the respective mill levy in effect at the time of approval or substantial modification of the Plan, are not included in the amount of the increment that is allocated to and, when collected, paid into the special fund of the authority.

In calculating and making these payments, the County Treasurer may offset the Authority's pro rata portion of any property taxes that are paid to the Authority under these terms and that are subsequently refunded to the taxpayer against any subsequent payments due to the Authority for an urban renewal project. The Authority shall make adequate provision for the return of overpayments in the event that there are not sufficient property taxes due to the Authority to offset the Authority's pro rata portion of the refunds. The Authority may establish a reserve fund for this purpose or enter into an intergovernmental agreement with the municipal governing body in which the municipality assumes responsibility for the return of the overpayments.

The portion of taxes collected may be irrevocably pledged by the Authority for the payment of the principal of, the interest on, and any premiums due in connection with such bonds, loans, advances, and indebtedness. This irrevocable pledge shall not extend to any taxes that are placed in a reserve fund to be returned to the county for refunds of overpayments by taxpayers or any reserve funds reserved by the Authority for such purposes in accordance with Section 31-25-107(9)(a)(III) and (b), C.R.S. The Authority shall set aside and reserve a reasonable amount as determined by the Authority of all incremental taxes paid to the Authority for payment of expenses associated with administering the Plan.

At the time of general reassessment of taxable property valuations in El Paso County, including all or part of the Plan Area subject to division of valuation for assessment between base and increment, as provided above, the portions of valuations for assessment to be allocated as provided above shall be proportionately adjusted in accordance with such reassessment or change. Note that at the time of this Plan adoption, such a general reassessment occurs every two years, in the odd-numbered years

Sales Tax Increment Financing

The urban renewal project under the Plan may also be financed by the Authority under the sales tax allocation financing provisions of the Urban Renewal Law in C.R.S. Section 31-25-107(9). The Urban Renewal Law allows that upon the adoption or amendment of an Urban Renewal Plan, sales taxes flowing to the city and/or county may be “frozen” at their current level. The current level is established based on the previous 12 months prior to the adoption of this Plan. Thereafter, the jurisdiction can continue to receive this fixed sales tax revenue. The Authority thereafter may receive all, or an agreed upon portion of the additional sales taxes (the increment) that are generated above the base. The Authority may use these incremental revenues to finance the issuance of bonds, reimburse developers for public improvement costs, reimburse the city for public improvement costs, and pay off financial obligations and other debts incurred in the administration of the Plan. This increment is not an additional sales tax, but rather is a portion of the established tax collected by the jurisdiction, and the sales tax increment resulting from redevelopment efforts and activities contemplated in this Plan.

Sales Tax Increment Limitations

A fund for financing projects may be accrued and used by the Authority under the tax allocation financing provisions of the Urban Renewal Law. Under this method, municipal sales taxes collected within the Plan Area, by or for the benefit of the designated public body must be divided for a period not to exceed twenty-five (25) years after the effective date of the adoption of the tax allocation provision, as follows:

Base Amount – That portion of sales taxes, not including any sales taxes for remote sales as specified in § 39-26-104 (2), C.R.S., collected within the boundaries of the Plan Area in the twelve-month period ending on the last day of the month prior to the effective date of approval of the Plan, shall be paid into the funds of each such public body as are all other taxes collected by or for said public body.

Increment Amount – All or any portion of said sales taxes in excess of such base amount, must be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans or advances to, or indebtedness incurred by,

whether funded, refunded, assumed, or otherwise, the Authority for financing or refinancing, in whole or in part, a specific project. Any excess sales tax collections not allocated in this way must be paid into the funds of the jurisdiction, as applicable.

Unless and until the total sales tax collections in the Plan Area exceed the base year sales tax collections in the Plan Area, all such sales tax collections must be paid into the funds of the respective taxing entity.

The portion of taxes collected may be irrevocably pledged by the Authority for the payment of the principal of, the interest on, and any premiums due in connection with such bonds, loans, advances, and indebtedness. This irrevocable pledge shall not extend to any taxes that are placed in a reserve fund to be returned to the county for refunds of overpayments by taxpayers or any reserve funds reserved by the Authority for such purposes in accordance with C.R.S. Section 31-25-107(9)(a)(III) and (b). The Authority shall set aside and reserve a reasonable amount as determined by the Authority of all incremental taxes paid to the Authority for payment of expenses associated with administering the Plan.

Tax Increment Reimbursements

Tax increment revenues may be used to reimburse the city and/or a developer for costs incurred for improvements related to a project to pay the debt incurred by the Authority with such entities for urban renewal activities and purposes. Tax increment revenues may also be used to pay bonded indebtedness, financial obligations, and debts of the Authority related to urban renewal activities under this Plan.

Within the 12-month period prior to the effective date of the approval or modification of the Plan requiring the allocation of moneys to the Authority as outlined previously, the city, county, special district, or school district is entitled to the reimbursement of any moneys that such city, county, special district, or school district pays to, contributes to, or invests in the Authority for a project. The reimbursement is to be paid from the special fund of the Authority.

8. Severability and Reasonable Variations

The Authority shall have the ability to approve reasonable variations (as determined by the Board) from the strict application of these Plan provisions, so long as such variations reasonable accommodate the intent and purpose of this Plan and the Urban Renewal Law. Plan provisions may be altered by market conditions, redevelopment opportunities and/or the needs of the community affected by the Plan.

If any portion of this Plan is held to be invalid or unenforceable, such invalidity will not affect the remaining portions of the Plan.

9. Effective Date of the Plan

This Plan shall be effective upon its final approval by the City Council. Except as otherwise permitted under the Urban Renewal Law, the term of the TIF period is twenty-five (25) years from the effective date of the Plan, unless the Authority deems, to the extent consistent with the terms in the applicable, agreements, including, without, limitation, Redevelopment/Development Agreements and Cooperation Agreements, that all activities to accomplish the Project have been completed and all debts incurred to finance such activities and all expenses of the Authority have been repaid. In that event, the Authority may declare the Plan fully implemented.

EXHIBIT A

That portion of the Northwest Quarter of Section 13, the East Half of Section 13 and the Northeast Quarter of Section 14, Township 14 South, Range 67 West of the 6th P.M., City of Colorado Springs, County of El Paso, State of Colorado, described as follows:

Bearings are based on the East line of 21st Street, monumented at the Northwest corner of Gold Hill Mesa Filing No. 3, also being the Northeast corner of 21st Street and Gold Hill Mesa Drive, recorded at Reception No. 212713224, records of El Paso County, with a No. 5 rebar and blue plastic cap stamped "PLS 32820", and at the Southeast corner of Broadway Street and 21st Street as recorded in that Warranty Deed recorded at Reception No. 218000953 of said records, with a No. 4 rebar and is assumed to bear N 00°02'05" E.

BEGINNING at said Northeast corner of 21st Street and Gold Hill Mesa Drive;
thence N 00°02'05" E, along the East line of said 21st Street, a distance of 1,690.99 feet to a point on the Southerly line of Moore's Subdivision as recorded in Plat Book A3 at Page 79;
thence along the Southerly and Southeasterly lines of said Moore's Subdivision the following three (3) courses:

1) N 89°59'35" E, a distance of 150.12 feet to the beginning of a tangent curve;
2) 110.68 feet along the arc of a 445.00 foot radius tangent curve to the right, having a central angle of 14°15'00", with a chord that bears S 82°52'55" E, 110.39 feet;
3) N 14°16'20" E, a distance of 30.01 feet;
thence N 00°01'29" E, along the East line of said Moore's Subdivision and the East line of Moore's Subdivision Filing No. 2, as recorded in Plat Book B-4 at Page 93, a distance of 338.78 feet;
thence N 89°59'35" W, along the North line of said Moore's Subdivision Filing No. 2, a distance of 56.90 feet to the Southeast corner of the K & J Subdivision as recorded in Plat Book W-2 at Page 21;
thence N 00°01'15" W, along the Easterly line of said K & J Subdivision, a distance of 144.62 feet to a point on the Southerly line of the Drainage Easement as shown on the plat of Golden Cycle Subdivision No. 1;
thence S 89°56'58" E, along said Southerly line, a distance of 19.99 feet to the Southeast corner thereof;
thence N 00°01'15" W, along the Easterly line of said Golden Cycle Subdivision No. 1, a distance of 180.82 feet to a point on the Northerly line of that parcel of land described in the Quit Claim Deed recorded at Reception No. 202126489;
thence N 89°44'04" E, along said Northerly line, a distance of 285.10 feet to a point on the Southwesterly line of US Highway 24;
thence along said Southwesterly line, the following three (3) courses:
thence S 55°20'40" E, a distance of 281.72 feet;
thence S 59°07'17" E, a distance of 1,146.85 feet;
thence 324.37 feet along the arc of a 22,835.00 foot radius tangent curve to the right, having a central angle of 00°48'50", with a chord that bears S 58°42'52" E, 324.37 feet to the Northwest corner of a tract of land conveyed in Book 2033 at Page 614, El Paso County Records;
thence S 20°33'46" W, along the Northwesterly line of said tract of land, a distance of 101.93 feet to a point 100 feet Southwesterly of the Southwesterly line of said US Highway 24;
thence 93.86 feet along the arc of a 22,735.00 foot radius non-tangent curve to the right, having a central angle of 00°14'12" and a chord that bears S 58°08'23" E, 93.86 feet;
thence continuing 100.00 feet Southwesterly and parallel with said Southwesterly line,
S 58°00'06" E, a distance of 1,339.64 feet to a point on the East line of said tract of land;
thence S 00°05'19" E, along said East line, a distance of 397.20 feet;
thence N 62°26'45" W, a distance of 1,348.15 feet;
thence S 89°17'31" W, a distance of 90.90 feet;
thence S 04°46'48" W, a distance of 297.40 feet to a point on the Northerly line of Gold Hill Mesa Filing No 10, recorded at Reception No. 220714607, El Paso County Records,
thence along said Northerly line 196.15 feet along the arc of a 612.00 foot radius non-tangent curve to the left, having a central angle of 18°21'50", with a chord that bears S 84°47'53" W, 195.31 feet;
thence continuing along said Northerly line and its Westerly extension, S 75°36'58" W, a distance of 400.65 feet to a point on the Northwesterly extension of the most Westerly Northwest line of said Gold Hill Mesa Filing No 10;
thence S 14°23'02" E, along said Northwesterly line and its extension, a distance of 184.29 feet;
thence continuing along said Northwesterly line 61.69 feet along the arc of a 387.50 foot radius tangent curve to the left, having a central angle of 09°07'19", with a chord that bears
S 18°56'42" E, 61.63 feet to the most Northerly Northwest corner of Gold Hill Mesa Filing No 6, recorded at Reception No. 215713677, El Paso County Records;
thence S 18°04'55" W, along the Westerly line of said Gold Hill Mesa Filing No. 6, a distance of 99.40 feet;

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EXHIBIT A

thence N 71°54'55" W, a distance of 204.83 feet;
thence S 69°02'47" W, a distance of 36.35 feet;
thence N 70°30'00" W, a distance of 488.19 feet to a point on the West line of Parcel 1 as described at Reception No. 205069916, records of El Paso County;
thence S 19°30'27" W, along said West line, a distance of 307.48 feet to a point on the North line of Villa De Mesa Drive, as shown in said Gold Hill Mesa Filing No. 3;
thence along the North and Northwesterly line of said Villa De Mesa Drive the following three (3) courses:
1) 30.08 feet along the arc of a 390.00 foot radius non-tangent curve to the left, having a central angle of 04°25'09", with a chord that bears N 87°47'27" W, 30.07 feet;
2) N 90°00'00" W, a distance of 59.96 feet;
3) S 53°09'48" W, a distance of 195.86 feet to the North corner of said Villa de Mesa Drive and Gold Hill Mesa Drive;
thence along the Northeasterly line of said Gold Hill Mesa Drive 278.93 feet along the arc of a 335.00 foot radius non-tangent curve to the left, having a central angle of 47°42'21", with a chord that bears N 65°37'24" W, 270.94 feet;
thence N 89°28'34" W, along the North line of said Gold Hill Mesa Drive, a distance of 46.50 feet to the POINT OF BEGINNING;

Containing a total calculated area of 3,945,602 square feet (90.579 acres) of land, more or less.

Kirk P. Bode
Colorado Professional Land Surveyor No. 38254
For and on behalf of Barron Land, LLC

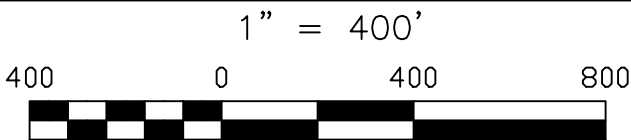
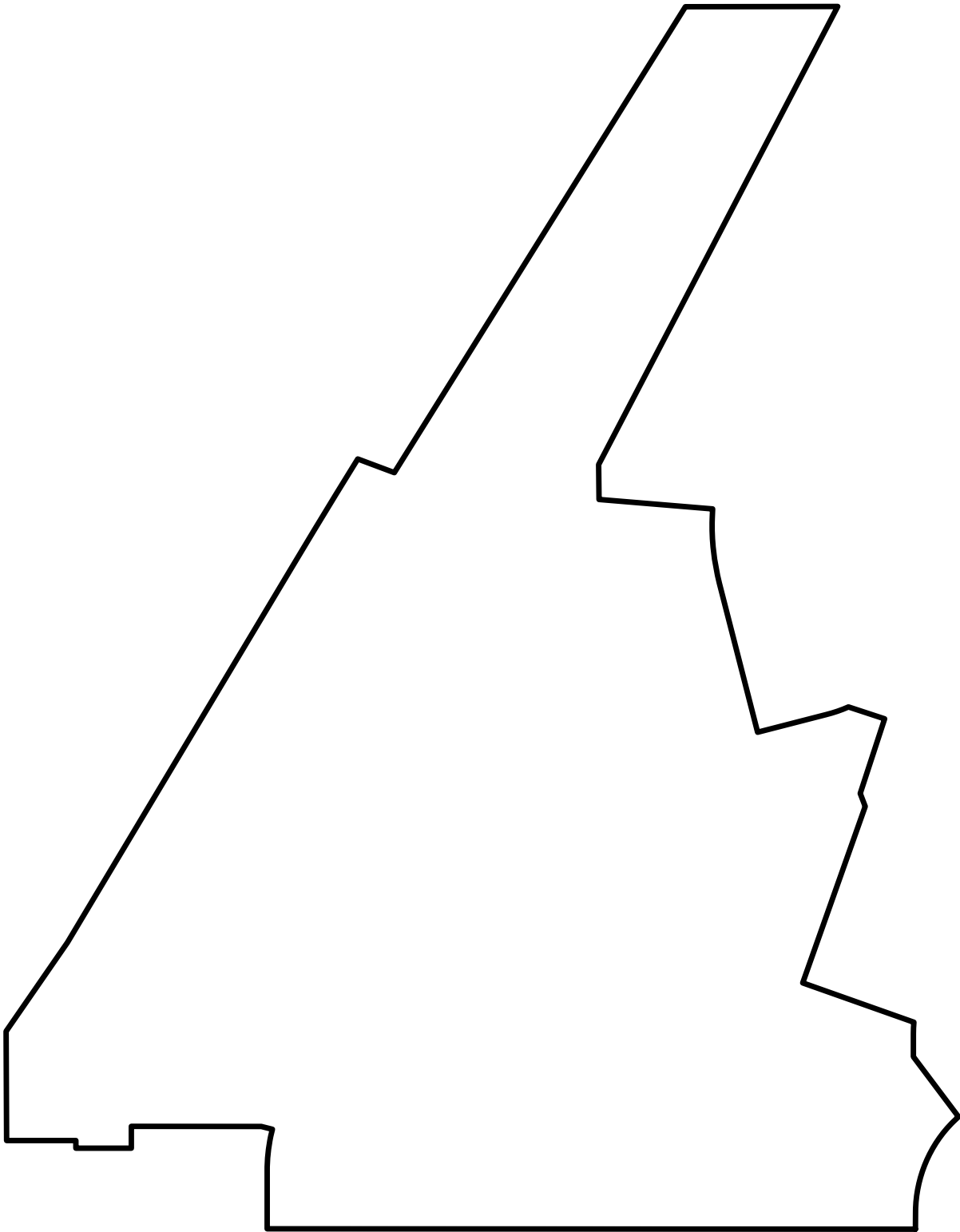
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EXHIBIT B



This is NOT a boundary survey and should not be relied upon for any type of construction purposes.

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