EXECUTIVE SUMMARY

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Cover image: Looking north over North Main, from 32nd St. to 35th St. along the river corridor. Credit: Connect Explore.
EXECUTIVE SUMMARY

Durango is changing and facing new challenges. While some of these changes are outside of local control, we can take meaningful action locally to shape how our future will look. To that end, the City of Durango is partnering with community leaders in La Plata County to increase economic opportunities and preserve the assets that make Durango a quality place to live, work, and play. This effort is exemplified in the formation of the Durango Renewal Partnership, Durango’s urban renewal authority. The Partnership was formed on May 5, 2020, with support from a plethora of local organizations, through a unanimous vote of City Council.

Now, the Partnership has undertaken a planning effort to designate the second urban renewal area within the City of Durango. Due to its location along the burgeoning North Main corridor and position at a primary gateway into Durango, this area is being designated as “North Main Gateway”. This Plan describes why the North Main Gateway was chosen to be the second urban renewal area in Durango and what can be accomplished by designating it an urban renewal area. Detailed maps and a description of the North Main Gateway boundaries are included for reference.

Additionally, this Plan provides the statutorily-required documentation to enable the Partnership to proactively guide and incentivize redevelopment in this neighborhood.

Contained within the Plan are the priorities for the Area as well as references to the Comprehensive Plan and other local land use codes which help to shape a vision of the types of development desired in the neighborhood. This Plan and supporting documents serve as the overarching guide for reinvestment and redevelopment in the emerging North Main Gateway neighborhood.
1. DURANGO RENEWAL PARTNERSHIP

Durango is known for its innovative and customized approaches to community development. Durango is also known for fostering collaboration and broad-based involvement in community issues. As an Urban Renewal Authority (URA) has been formed to facilitate reinvestment and redevelopment in the community, it is imperative that this effort continue to be inclusive and collaborative to achieve the desired outcomes.

For these reasons, the URA in Durango has been named and organized to reflect this desire to be inclusive and collaborative. Instead of simply naming this new entity the ‘Durango Urban Renewal Authority’, it has been officially designated as the ‘Durango Renewal Partnership’. This title better captures the overall purpose of the organization and highlights that it is intended to be a true partnership among local government, special districts, non-profits, and private entities.

The Partnership’s primary purpose is to administer urban renewal projects, but, since the Board is comprised of multiple organizations, it also serves as an incubator for other community and economic development initiatives that address a wide range of community priorities.

Below are the adopted Vision and Mission statements for the Partnership along with lists of Initial Priorities to guide the new organization as it creates and adopts its first urban renewal plan.

VISION

A flourishing community comprised of diverse, attractive & thriving hubs of activity shaped by public-private partnerships.

MISSION

The Durango Renewal Partnership facilitates reinvestment in underutilized areas to address community priorities & create thriving places.
Initial Priorities
In support of the above Vision and Mission, the Partnership requires redevelopment projects to create multiple community benefits. By using outcomes from recent community dialogues and integrating the adopted goals and policies of local governing bodies, the Durango Renewal Partnership will attract and guide redevelopment projects which address pressing community priorities.

The list below highlights the ‘Initial Priorities’ that are the focus of the Partnership as it gets up and running.

<table>
<thead>
<tr>
<th>Initial Priorities for the Durango Renewal Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing</strong></td>
</tr>
<tr>
<td>Durango City Council and other local governments are focused on making Durango a more affordable and accessible place to live. Our limited supply of developable land and growing population exacerbates our affordability problems. The Durango Renewal Partnership will seek to facilitate housing development that allows students, seniors, and lower-and-middle income residents to live in Durango.</td>
</tr>
<tr>
<td><strong>Mixed-Use, Walkable Development</strong></td>
</tr>
<tr>
<td>The Character District plans illustrate the desire for more mixed-use projects that allow residents to live near their workplace, retail, and other services. These projects help avoid sprawling growth patterns and create walkable neighborhoods.</td>
</tr>
<tr>
<td><strong>Job Creation &amp; Support of Local Industry</strong></td>
</tr>
<tr>
<td>We can strengthen our economy through public-private partnerships which support good paying jobs and business diversification. Redevelopment projects in support of business expansion and wage growth have multiplier effects that improve the overall local economy.</td>
</tr>
<tr>
<td><strong>Local Partnerships</strong></td>
</tr>
<tr>
<td>Partnering with local businesses, entrepreneurs, and developers will help ensure growth reflects our community character and values. Urban Renewal incentives should target existing residents, property owners, and business owners who are willing to take a risk to improve our local economy and community. The Partnership should also focus on hiring locally as much as possible.</td>
</tr>
<tr>
<td><strong>Arts &amp; Culture</strong></td>
</tr>
<tr>
<td>As Durango’s creative economy continues to thrive and expand, redevelopment projects should reflect the community’s artistic vibe and help meet the desire for expanded cultural opportunities. For example, the Partnership could help facilitate the creation of more performance venues or engage local artists in designing amenities for new public spaces.</td>
</tr>
<tr>
<td><strong>Transportation Enhancements</strong></td>
</tr>
<tr>
<td>The Partnership sees improvements to the transportation system and mechanisms to support multimodal transportation, including transit, as a key driver in remedying blight and supporting economic development. Projects which include transportation enhancements will be viewed more favorably than those that don’t.</td>
</tr>
</tbody>
</table>
2. NORTH MAIN GATEWAY AREA

After considering a number of options and evaluating forthcoming projects, the North Main Gateway area was identified as an opportunity by the Partnership Board for a wide range of reasons.

Below is a list of items highlighting the opportunities contained within this neighborhood and demonstrating that the area qualifies for urban renewal activities.

- Added incentives can be provided for a housing project with multiple units designated for middle-income housing.
- Multiple properties are in need of revitalization and assistance to facilitate redevelopment. Property owners have already expressed interest in housing development and URA partnerships.
- Multiple parcels are underutilized and have relatively easy infill opportunities.
- The 33rd / Main intersection is in need of improvements.
- Enhancements could help position this area as a gateway entrance to Durango. A City-owned property could be used to create attractive, iconic public space in an area where little public space exists.
- Location is desirable for walkable, infill housing, is transit-oriented, and would support the Durango economy.

By designating the North Main Gateway as an urban renewal area, the Partnership can support and shape a mix of desirable land uses; provide middle-income housing opportunities; support investment in businesses and properties along North Main; and assist in making improvements to mobility, safety, and functionality.

District Description and Boundaries
The North Main Gateway Survey Boundary encompasses 16.6 acres and includes 48 individual parcels. Twenty-five (25) of these parcels are condominium units. Therefore, there are approximately 19 unique property owners in the area. The boundary has been drawn as narrowly as possible to include parcels that need or are anticipated to attract reinvestment and revitalization throughout the area.

The North Main Gateway Urban Renewal Area includes part of the North Main Character District. At the south end, the boundary begins at East 32nd Street. The western boundary of the district is established by the alley between West 2nd Avenue and North Main Ave, after crossing West 33rd Street, the alley then becomes West 2nd Avenue. The northern boundary is defined by 35th Street with the exclusion of the Siesta Motel, where the boundary comes back south to exclude that parcel. The eastern boundary is defined at the southern end by
Animas City Park. After crossing East 33rd Street, the boundary jogs through around some developed properties between East 2nd Avenue and North Main Avenue and then runs along the east side of North Main Avenue. The boundary includes a vacant plot at the corner of 35th Street and North Main Ave.

The North Main Gateway Survey Boundary includes five City of Durango zoning districts. These districts include Established Neighborhood- 2 (EN-2), Established Neighborhood-Multifamily (EN-MF), Mixed-Use Neighborhood (MU-N), Mixed-Use Arterial (MUA), and Planned Development (PD).

The aerial images below capture the general extent of the North Main Gateway neighborhood. The specific boundaries of the North Main Gateway Urban Renewal Area are depicted in the map below. Additional maps are provided in the Appendices.

Looking south from behind 35th Street overlooking the Siesta Motel, Durango Joe’s, and The Villas at La Campgnella.

Looking east from the river at the corner of 33rd Street and East 2nd Ave

Looking north from the North Main and 32nd St intersection with two underutilized plots on either side of North Main.

Photo Credits: Connect Explore.
Plan Overview

The North Main Gateway Urban Renewal Plan (herein referred to as the “Plan” or “Urban Renewal Plan”) has been prepared for the Durango Renewal Partnership Board of Commissioners and the City Council of the City of Durango, Colorado. 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 (herein referred to as the “Act” or the “Law”). The administration and implementation of the Plan shall be carried out by the Durango Urban Renewal Authority, also known as the Durango Renewal Partnership (herein referred to as the “Partnership”).

This Plan contains all the required documentation which enables the designation of North Main Gateway as an urban renewal area. Included in the Plan are:

- A summary of the Conditions Survey and its findings;
Statements showing that designation of this area is in compliance with the City's Comprehensive Plan and requiring that all undertakings in the Area comply with local land use regulations;

Descriptions of all possible undertaking and activities that can be pursued in the Area to accomplish the goals of this Plan and other documents;

Descriptions of all possible financing mechanisms, including Tax Increment Financing, available to the Partnership to implement this Plan; and

Provisions for amending and allowing minor deviations from the Plan.

Pursuant to Urban Renewal Law, one or more urban renewal areas may exist within the boundaries of the municipality. The North Main Gateway Urban Renewal Area (herein referred to as the “Area”) would be the second urban renewal area within the City of Durango.

Public Participation
In accordance with C.R.S. 31-25-107 (1)(b), the Durango Renewal Partnership mailed notices to all owners of private property within the North Main Gateway area on January 3rd, 2022. The notices stated that the Authority had commenced a survey of the conditions to study whether the North Main Gateway area is a blighted area, in accordance with Urban Renewal Law. Additional targeted outreach has taken place to property owners and business owners in the Area as the Plan was developed.

The Partnership will ensure that all statutorily-required notices are provided and adequate opportunity is given for interested members of the public to participate.

Definitions
The terms used in this Urban Renewal Plan shall have the following meanings. Other terms are defined in the body of the text.

“Act” means the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, of the Colorado Revised Statutes, as it applies as of the date this Plan is approved by the City Council of Durango.

“Area” or “Urban Renewal Area” means the area of the City included within the boundaries of this Urban Renewal Plan as described and depicted in Appendix A.

“Bonds” shall have the same meaning as in Sections 102(3) and 109 of the Act, and, without limitation, specifically includes reimbursement agreements with owners and developers.

“City” means the City of Durango, Colorado.

“Duration” means the full twenty-five year period that the Tax Increment Financing provisions of the Act are in effect.

“Partnership” means the Durango Renewal Partnership, which is the operating name of the Durango Urban Renewal Authority.

“Plan” means this urban renewal plan as adopted and approved by the City Council of Durango.

“Project” or “Urban Renewal Project” means all of the activities and undertakings described in Section 103(10) of the Act as required for the complete development and redevelopment of the Urban Renewal Area, including, without limitation, financing and construction of all public and private improvements and payment of all financing obligations included in the definition of Bonds.

“Tax Increment Financing” or “TIF” means allocation financing described in Section 31-25-107(9) of the Act, as in effect on the date this Plan is approved by the City Council of Durango. Tax Increment Financing shall be required for the full twenty-five-year period (Duration) necessary to carry out all of the activities and undertakings to complete the Urban Renewal Project.
3. CONDITIONS SURVEY & FINDINGS

The North Main Gateway Area Conditions Survey (“Survey”), prepared by SEH Inc. and dated January 2022, included as Appendix B, demonstrates that the Survey Area is a blighted area under the Act. The Survey reported the existence of eight blighting factors present within the North Main Gateway Conditions Survey boundaries. The existence of eight of the possible eleven statutory factors listed in Section 31-25-103(2), C.R.S., qualifies the North Main Gateway Urban Renewal Area for redevelopment in accordance with the Act.

Findings of Blight

The Survey results show the following blighting factors listed in the Act are present in the North Main Gateway Urban Renewal Area:

   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) 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;
   h) 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.

Other Findings

The North Main Gateway Area, as defined in Appendix A, is appropriate for one or more urban renewal activities and undertakings authorized by the Act to be carried out by the Authority.

It is the intent of the City Council of Durango in adopting the Plan that the Authority exercise all powers authorized in the Act which are necessary, convenient or appropriate to accomplish the objectives stated herein. Further, it is the intent of the Plan that the Authority exercise all such powers as may now be possessed or hereafter granted for the elimination of qualifying conditions in the Area.
4. RELATIONSHIP TO COMPREHENSIVE PLAN, LOCAL OBJECTIVES & LAND USE CODES

Activities and undertakings by the Authority shall conform to and advance the vision of the City of Durango Comprehensive Plan. URA activities shall also conform to all applicable land use and development regulations.

Relationship to Comprehensive Plan

Implementation of the Plan supports the objectives and requirements of the Comprehensive Plan with respect to development and redevelopment. This Plan promotes the orderly growth of the North Main Gateway Urban Renewal Area.

Specifically, the North Main Gateway Plan will help advance the following goals and objectives of the Comprehensive Plan.

Comprehensive Plan Goals and Objectives To Be Supported Through Implementation of the North Main Gateway Urban Renewal Area Plan

1. Foster sustainable and resilient development that is compatible with established neighborhoods and contributes to reductions in resource consumption, greenhouse gas emissions, and improves quality of life;
2. Consider using density, intensity and height bonuses to encourage sustainable, efficient construction methods where they can compatibly be incorporated into development and redevelopment sites;
3. Establish collaborative and complementary strategies to address land use, economic development, housing and transportation challenges;
4. Maintain and enhance the diverse, small town charm of Durango as the City grows, focusing on its high quality of life and unique character;
5. Encourage growth in areas that do not require the extension of water, sewer, and road infrastructure or facilitate sprawl;
6. Retain a mix of healthy residential, business and tourism uses in downtown Durango;
7. Encourage a mix of residential and commercial uses along corridors such as North Main to increase the community’s housing stock and the vitality of downtown Durango business areas;
8. Promote more attractive development and redevelopment along the City’s transportation and recreational corridors by embracing the principles of place-making;
9. Enhance the appearance and safety of the City’s arterial roadways through better site design and public improvements that address the needs of pedestrians, bicyclists and transit users as well as motorists;
Objectives
The overall objective of the North Main Gateway Urban Renewal Plan is to alleviate and address conditions of blight by actively promoting and supporting development and redevelopment in the Area. The uses permitted will be those allowable under all applicable City codes, ordinances, and land use requirements.

Development and investment objectives for the North Main Gateway Urban Renewal Area include redevelopment and new development of properties in

Continued

10. Increase housing opportunities for workforce and special needs housing populations (target populations) through public/private partnerships;
11. Encourage residential development in areas where the necessary public facilities and services can be provided economically and efficiently;
12. Encourage a mix of housing types and allow greater densities to provide a greater number of workforce housing units;
13. Facilitate development of mixed-density and mixed-income projects and other creative housing options that reduce housing costs and provide adequate amenities;
14. Maintain public spaces as strong visual amenities;
15. Preserve or enhance the existing areas of the City and its neighborhoods;
16. Support public/private sector housing initiatives to increase housing options that are compatible with market rate housing and surrounding development for the target populations;
17. Foster sustainable and stable employment opportunities that provide a living wage for Durango residents;
18. Integrate principles of historic preservation and economic development;
19. Support infill development and new development patterns that improve access to the City’s transit, bicycle, sidewalk and trail systems;
20. Improve access to neighborhood park facilities in areas that are presently under-served by existing facilities;
21. Foster the compatible integration of residential development with the public spaces, public facilities and businesses to facilitate access and reduce automobile dependency;
22. Continue public investments in the Main Avenue/Central Business District area to enhance access for residents and visitors;
23. Explore the creation of economic development incentives such as special financing districts and link incentives for investment to the fiscal benefits for the community.
the area for the purpose of generating revenues sufficient to fund improvements which address conditions of blight and advance the vision stated herein. Specific objectives of the Plan include:

1. Eliminate and prevent blighting conditions by facilitating development and redevelopment.
2. Promote a diversity of land uses that support the desires of residents.
3. Partner with private sector and others around creating more affordable and attainable housing supply.
4. Support the investment of private capital which supports existing businesses and entrepreneurs and enables property enhancements.
5. Improve multimodal transit options for residents and visitors.
6. Pursue economically, socially, and environmentally sustainable development in the area.
7. Enhance quality of life for existing residents living in and adjacent to the area.

Compliance with the Land Use and Building Codes
Activities and undertakings by the Authority shall conform to the City of Durango Land Use and Development Code as well as adopted building and fire code requirements. Additionally, activities and undertakings shall comply with any site-specific planning documents that might impact properties in the Area including, but not limited to, City-approved site, drainage, and public improvement plans; and, any applicable City design standards, all as in effect and as may be amended from time to time.
5. URBAN RENEWAL ACTIVITIES & UNDERTAKINGS

In order to carry out the Plan, the Partnership may exercise any and all of its rights and powers under the Act and any other applicable law, ordinance or regulation; except that, as provided in Section 6.1, the Partnership shall not exercise the power of eminent domain unless the owner consents in writing to such exercise.

The Act allows for a wide range of activities to implement urban renewal plans. Below is a summary list of all the activities and undertakings which are possible for the Partnership to pursue in the Area.

Land Acquisition
The Partnership may acquire any interest in property by any manner available, except that the Partnership is not authorized to exercise the power of eminent domain unless the owner consents in writing. The Partnership may acquire property in the Area where the owner consents for the following reasons: To eliminate or prevent conditions of blight; to carry out one or more objectives of the Plan; to assemble property for redevelopment by private enterprise; for needed public improvements and for any other lawful purpose authorized by the Plan, the Act or any other applicable law.

Demolition, Clearance, Environmental Remediation and Site Preparation
In carrying out the Plan, the Partnership may, on a case-by-case basis, elect to demolish or to cooperate with others to clear buildings, structures and other improvements. Additionally, development activities consistent with the Plan, including but not limited to Development or Cooperation Agreements, may require such demolition and site clearance to eliminate unhealthy, unsanitary, and unsafe conditions, eliminate obsolete and other uses detrimental to the public welfare, and otherwise remove and prevent the spread of deterioration.

With respect to property acquired by the Partnership, it may demolish and clear, or contract to demolish and clear, those buildings, structures and other improvements pursuant to the Plan. The Partnership may also undertake such additional site preparation activities as it deems necessary to facilitate the disposition and development of such property.

Relocation
No relocation of any individual, family or business concern is required to carry out this Plan. However, if acquisition of property by the Partnership displaces any individual, family or business concern, the Partnership may assist such party in finding another location, and may, but is not obligated to, make relocation payments to eligible residents and businesses in such amounts and under such terms and conditions as it may determine.
**Property Management**
During such time as any property is owned by the Partnership, such property shall be under the management and control of the Partnership, unless otherwise stated, and may be rented or leased by it pending disposition for redevelopment, rehabilitation or other use.

**Public Improvements and Facilities**
The costs of improving or building new infrastructure often prevents development from moving forward. Infrastructure improvements typically require large initial costs but generate long-term benefits. Tax Increment Financing (TIF) is a prudent tool for financing infrastructure projects since TIF captures the long-term revenue to pay for upfront costs.

The Partnership is authorized to undertake and finance, directly or by agreement with others, the design and construction of any and all public improvements and infrastructure required to redevelop the Area, including, without limitation, improvements to address street, streetscape, utility, drainage and infrastructure deficiencies and problems in the Area as well as other elements deemed necessary by the Partnership to eliminate and prevent conditions of blight and to carry out the provisions of the Act and the Plan.

**Small-Scale Property Improvement Incentives**
The Partnership can support a wide range of improvements projects. Some projects may be large-scale redevelopments while others may be small-scale updates to an aging building. Small grant programs for businesses and properties located within urban renewal areas would have a big visual impact on areas and would show existing business and property owners the value of urban renewal. These grants could help businesses with landscaping, façade improvements, signage, and other projects that improve their business and property.

**Land Disposition, Redevelopment and Rehabilitation**
The Partnership may dispose of property it acquires for redevelopment by private owners by means of a reasonable competitive bidding procedure it establishes in accordance with the Act and pursuant to redevelopment agreements between the Partnership and such purchasers. The Partnership may also dispose of property for public use by any lawful means.

Some sites are difficult to redevelop due to historic environmental contamination. The costs and liability associated with remediating these sites often prevent them from getting cleaned up and contaminated sites can sit dormant for long periods of time. Urban renewal undertakings can facilitate environmental remediation and make sites safe for new uses.
Development and rehabilitation actions within the Area may include such undertakings and activities as are in accordance with the Plan and the Act, including without limitation: demolition and removal of buildings and improvements; installation, construction and reconstruction of public improvements; elimination of unhealthful, unsanitary or unsafe conditions; elimination of obsolete or other uses detrimental to the public welfare; prevention of the spread of deterioration; and, others as may be identified.

Development and Redevelopment Agreements
The Partnership may also enter into development, redevelopment and reimbursement agreements with property owners in the Area for the development, redevelopment, or rehabilitation of their property. Such agreements will provide for such participation and assistance as the Partnership may elect to provide to such owners, including, without limitation, financial assistance consistent with the Act and the issuance of Bonds, including notes, and other financial instruments and obligations to carry out the Urban Renewal Project in whole or in part.

Such agreements may contain such terms and provisions as shall be deemed necessary or appropriate by the Partnership for the purpose of undertaking the activities contemplated by the Plan and the Act, and may further provide for such undertakings by the Partnership, including financial assistance, as may be necessary for the achievement of the objectives of the Plan or as may otherwise be authorized by the Act.

Cooperation Agreements
For the purpose of planning and carrying out this Plan, the Partnership may enter into one or more cooperation agreements with the City or other public bodies as required or authorized by the Act. Without limitation, such agreements may include project financing and implementation; design, location and construction of public improvements; revenue sharing or other measures approved by the Partnership to offset Urban Renewal Project impacts on improvements or services; and any other matters required to carry out this Urban Renewal Project. It is recognized that cooperation with the City and other public and private bodies may be required to coordinate such issues as the design, construction and timing of public and private improvements within and outside of the area to properly and efficiently carry out the goals and objectives of this Plan. Cooperation agreements addressing such issues are deemed necessary and incidental to the planning and execution of the Project.

Arts & Culture Integration
Art and creativity are an integral part of Durango’s culture. The Partnership can work alongside the City Creative Economy Commission and the Durango Creative District to facilitate public art projects. The Durango Renewal
Partnership can incentivize projects to include public art and other distinct cultural attributes. Public art pieces should enhance Urban Renewal Areas and create a sense of place. The Durango Creates! Grant program is a good model of how to support arts and culture projects and the URA could be involved in expanding this effort.

Affordable Housing, Workforce Housing, and Housing Rehabilitation
The Partnership may create incentives for affordable housing projects or require that a certain number of units in a tax increment financed housing development are reserved for residents earning a specific percentage of the area median income. The Partnership will seek the guidance of local housing advocates and market experts on new projects and affordability levels for each specific project.

The Partnership may also choose to form housing rehabilitation programs which offer grants and low-interest loans to low- and middle-income homeowners to ensure their homes are safe and comfortable. These grants and loans could cover emergency repairs like flooding, structural damage, or remediation efforts. The Denver Urban Renewal Authority oversees a successful housing rehabilitation program which could serve as a model for the Partnership.

Historic Preservation & Adaptive Re-Use
There are already tax credits available to encourage historic preservation, but the Partnership may be able to play a role in promoting these programs and layering multiple incentives to make preservation of key structures more desirable. Facilitating re-use of unique buildings is sometimes more challenging than building new so the Partnership can work with property and business owners to tailor solutions to particular sites.

Other Project Undertakings and Activities
Other undertakings and activities deemed necessary by the Partnership to carry out the Urban Renewal Project described in this Plan may be undertaken and performed by the Partnership or pursuant to agreements with other parties or public bodies in accordance with the authorization of the Act and any and all applicable laws.
6. PROJECT FINANCING

The Partnership is authorized to finance activities and undertakings under this Plan by any method authorized by the Act or any other applicable law, including without limitation of the following: appropriations, loans or advances from the City and other public entities; federal loans and grants; state loans and grants; interest income; pay-as-you-go arrangements; annual appropriation agreements; agreements with public and private parties or entities; sale of securities; loans, advances and grants from any other available source.

Debt may include bonds, refunding bonds, notes, interim certificates or receipts, temporary bonds, certificates of indebtedness, or any other obligation lawfully created.

Any and all financing methods legally available to the City, the Partnership, any private developer, redeveloper or owner may be used 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 Urban Renewal Area. Such methods may be combined to finance all or any part of activities and undertakings throughout the Urban Renewal Area. Any financing method authorized by the Plan or by any applicable law, including the Act, may be used to pay the principal of and interest on and to establish reserves for indebtedness, including Bonds (whether funded, refunded, assumed or otherwise) incurred by the Partnership or the City to finance activities and undertakings authorized by the Act and this Plan in whole or in part.

The Partnership is authorized to issue Bonds, including, without limitation, notes or any other financing instruments or documents in amounts sufficient to finance all or part of the Urban Renewal Plan. The Partnership is authorized to borrow funds and to create indebtedness in carrying out this Plan. The principal, interest and any premiums due on or in connection with such indebtedness may be paid from any funds available to the Partnership.

The Partnership may deposit any funds not required for immediate disbursement in any depository authorized in Section 24-75-603, C.R.S. In addition, the Partnership may invest any of its funds not required for immediate disbursement in property or in securities in which public bodies may legally invest funds subject to their control pursuant to Part 6 of Article 75 of Title 24, C.R.S.

**Tax Increment Financing**

Projects may be financed by the Partnership under the Tax Increment Financing (TIF) provisions of the Act and will require use of tax allocation for the Duration of the full twenty-five year period authorized by the Act. Under the TIF method of financing the Project, property taxes levied after the effective date of the
approval of this Plan upon taxable property in the Urban Renewal Area each year by or for the benefit of any public body and all municipal sales taxes collected within the Urban Renewal Area, or both such taxes, shall be divided for a period not to exceed twenty-five (25) years after the effective date of the adoption of this TIF provision, as follows:

**Base Amount**
For property tax, the base will be that portion of the taxes which are produced by the levy at the rate fixed each year by or for each public body upon the valuation for assessment of taxable property in the Urban Renewal Area last certified prior to approval of the Plan (or future amendments).

For sales tax, the base will be that portion of municipal sales taxes collected within the boundaries of the Area in the twelve-month period ending on the last day of the month prior to the effective date of approval of the Plan.

**Increment Amount**
The increment amount is that portion of property and sales taxes in excess of the base amount as defined above. That portion of said property taxes and said municipal sales taxes in excess of such base amount shall be allocated to and, when collected, paid into a special fund of the Partnership.

Unless and until the total valuation for assessment of the taxable property in the Urban Renewal Area exceeds the base valuation for assessment of the taxable property in the Urban Renewal Area, all of the taxes levied upon taxable property in the Urban Renewal Area shall be paid into the funds of the respective public bodies. Unless and until the total municipal sales tax collections in the Urban Renewal Area exceed the base year municipal sales tax collections all such sales tax collections shall be paid into the funds of the City.

**Other Financing Mechanisms**
The Plan is designed to provide for the use of tax increment financing as one tool to facilitate investment and reinvestment within the Area. However, in addition to tax increment financing the Partnership shall be authorized to finance implementation of the Plan by any method authorized by the Act. The Partnership is committed to making a variety of strategies and mechanisms available which are financial, physical, market-based and organizational in nature. It is the intent of the Plan to use the tools either independently or in various combinations. Given the obstacles associated with redevelopment, the Partnership recognizes that it is imperative that solutions and resources be put in place which are comprehensive, flexible and creative. Finally, the Partnership may enter into a contract with the City to administer various incentives.
7. MODIFICATIONS TO THE PLAN
This Plan may be modified solely pursuant to the provisions of the Act governing such modifications and the protections and notices to owners and others required by the Act.

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

8. MINOR EXCEPTIONS
In specific cases, the City Manager may allow minor exceptions or variations from the provisions of the Plan if the City Manager determines that literal compliance or enforcement of the provisions of the Plan would constitute an unreasonable restriction, limitation, or hardship beyond the intent and purpose of the Plan.

9. CONCLUSION
Durango is not an ordinary community. Our beautiful natural environment, strong small business community, and rich Western culture sets us apart from towns and cities across the country. However, we are not without challenges. The rising costs of housing, barriers to redevelopment, and inadequate infrastructure may be inhibiting Durango from reaching its full potential.

The impetus behind formation of the Durango Renewal Partnership is the belief that we must find ways to work together to create sustainable growth which enhances our character, creates new economic opportunities, and preserves our treasured assets. North Main Gateway contains abundant redevelopment opportunities in a convenient, walkable location served by transit with access to the river corridor, North Main commercial centers, and other Durango amenities. The North Main Gateway is the right choice for Durango’s second urban renewal plan.

The Durango Renewal Partnership is the only entity in La Plata County with access to Tax Increment Financing (TIF) and other powerful redevelopment tools. Responsible use of TIF and other financing mechanisms requires rigorous analysis, transparency and community support. By applying best practices and taking a proactive approach to community development, the Durango Renewal Partnership will be an integral part of ensuring a prosperous future for the North Main Gateway area and all of Durango.
APPENDIX A: PLAN MAPS

North Main Gateway Urban Renewal Project

DRP Parcel Layers
- City of Durango Parcels
- North Main Gateway Parcels
- North Main Gateway URA Boundary
Conditions Survey Observation Map

The colored dots represent field observations which mark a condition representative of a statutorily defined blighting factor. The blighting factors listed above are derived from C.R.S. 31-25-103, where statute defines the eleven blighting factors used to determine if an area is eligible for urban renewal activities. The labels assigned to the factors within this legend are descriptive only and not intended to summarize the statute's definition for each factor.
APPENDIX C - PUBLIC NOTICES

PROPERTY OWNER NOTICE
DURANGO RENEWAL PARTNERSHIP (URA)
COMMUNITY DEVELOPMENT DEPARTMENT

POTENTIAL NORTH MAIN GATEWAY URBAN RENEWAL AREA

Dear Property Owner:

The Durango Urban Renewal Authority – also known as the Durango Renewal Partnership - is conducting a survey of conditions in the area shown on the attached map for possible inclusion in a proposed Urban Renewal Plan Area. You are receiving this notice because our records show that you own property in the survey area.

The purpose of the survey is to make a determination as to whether the area qualifies for inclusion in an urban renewal area under Colorado Revised Statutes. There are many benefits of being included in an urban renewal area. Once the conditions survey is complete, we will host a property owners meeting to discuss next steps.

If you have any questions or would like additional information, please contact Scott Shine, Assistant Community Development Director, at (970) 764-5735 or scott.shine@durangogov.org. You may also learn more about the Durango Renewal Partnership at www.durangogov.org/ura.

[This notice is required by 31-25-107(1)(b) C.R.S. and is to be mailed to owners of private property in the study area.]

CITY OF DURANGO
949 E. 2ND AVE
DURANGO, CO 81301

POTENTIAL NORTH MAIN GATEWAY URBAN RENEWAL AREA

«Owner_Name»
«Owner_Address»
«Owner_City», «Owner_State» «Owner_ZIP»
January 5, 2022

Durango Renewal Partnership
The City of Durango, Colorado

Dear Durango Renewal Partnership Board of Commissioners,

The following Conditions Survey (Report) is intended to assist the Durango Renewal Partnership (DRP) identify and catalogue conditions that may be arresting sound development from occurring throughout a proposed plan area. This area is tentatively titled the “North Main Gateway” (URA), which is a reference to the project’s unique location within the North Main Character District. The proposed plan area totals ±16.61 acres in area and encompasses 48 parcels.

This Report has been prepared based upon the application of Colorado’s Urban Renewal Law under C.R.S. 31-25 Part I, more specifically §§ 101 to 116 (the “Act”).

The Report includes a description of each blighting factor for identification pursuant to Act and an identification of those factors observed, identified and found to exist within the proposed URA. Blighting factors have also been mapped to illustrate the location of these observed conditions.

Based upon our field observations and analysis, this Report finds that the proposed URA meets the Act’s statutory minimum of blighting factors required to designate the proposed North Main Gateway as an urban renewal plan area eligible for urban renewal activities.

Very truly yours,

Andrew Arnold, AICP
Planner & Economic Development – Finance Professional
Short Elliott Hendrickson, Incorporated (SEH®)

CC: Scott Shine and Tommy Crosby
Executive Summary

North Main Gateway Urban Renewal Project Conditions Survey:

An urban renewal plan area, or urban renewal project, is defined by state statute to mean “a slum area, or blighted area, or combination thereof, which the local governing body designates as appropriate for an urban renewal project” (C.R.S. 31-25-103). The process to designate an Urban Renewal Project is organized under Colorado Urban Renewal Law (C.R.S. 31-25-101 to 116). After an Urban Renewal Authority has been established, the first step within the process of designating a Plan Area is to conduct a Conditions Survey.

For an Urban Renewal Plan area to be established, a specific geographic area within the community must be found to exhibit certain conditions. These conditions are known as “blighting factors” and they must be cataloged accordingly before urban renewal projects can commence. The process of surveying an area for the presence of blighting factors is known as a Conditions Survey, a report that carefully analyzes a geographic area to determine the existence of factors that, “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.” (C.R.S. 31-25-103.2)

This Conditions Survey does not represent the creation of a new URA plan area. This Conditions Survey is merely a starting point for this process, one that is required before the DRP can designate a specific project boundary, evaluate fiscal impacts and potential tax increment generation, and adopt a URA Plan. The Conditions Survey’s purpose is to evaluate the proposed URA plan area for the existence of statutorily defined blighting factors. Colorado’s Urban Renewal Law defines eleven factors, four of which must be identified before an Urban Renewal Project or Plan Area can be established.

The proposed project area was carefully surveyed during a field visit. Observations were taken during this field visit that identified the presence of statutorily defined blighting factors throughout the area. These observations were supplemented with background research on the site. This report thoroughly reviewed both City and County planning documents, as well as assessment information that could help identify blighting factors that were not easily observable during the site visits.

This Conditions Survey’s conclusion is that the proposed URA plan area exhibits the necessary number of blighting factors to make it eligible for an urban renewal project or plan area according to state statute. This Conditions Survey identified eight (8) blighting factors within the area, listed below:

**Blighting Factors Cataloged:**

- **Blighting Factor 1:** Slum, Deteriorated or Deteriorating Structures
- **Blighting Factor 2:** Predominance of Defective or Inadequate Street Layout
- **Blighting Factor 3:** Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness
- **Blighting Factor 4:** Unsanitary or Unsafe Conditions
- **Blighting Factor 5:** Deterioration of Site or Other Improvements
- **Blighting Factor 6:** Unusual Topography or Inadequate Public Improvements or Utilities
- **Blighting Factor 9:** Buildings that are Unsafe or Unhealthy 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
- **Blighting Factor 11:** 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
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1 The North Main Gateway Summary

1.1 Survey Area

The North Main Gateway Survey Boundary encompasses 16.61-acres\(^1\) within the City of Durango that includes 48 individual parcels. This survey area has been strategically drawn to include parcels that need or will attract new investment or reinvestment. The area also includes public right-of-way that may benefit from urban renewal treatment.

Survey Boundary Description

The proposed North Main Gateway Project targets an area that is in need reinvestment and redevelopment. The survey boundary stretches north to south along Main Avenue (US 550), from 35\(^{th}\) Street to 32\(^{nd}\) Street. The boundary extends a few blocks from the west to east along this stretch of Main Avenue, from West 2\(^{nd}\) Avenue to East 2\(^{nd}\) Avenue. Newer developments that would not benefit from urban renewal treatment have been excluded from the survey boundary.

The survey boundary was strategically drawn to include an area that could advance the City’s Character District initiatives through reinvestment and redevelopment. The project is within the City of Durango’s North Main Character district. This district is described as a highly visible, heavily traveled corridors on Colorado’s Western Slope. The area is “experiencing a renewal due to its easy access, high visibility, proximity to River and Parks, connectivity to great neighborhoods, and unique building stock”. The goal of the North Main Gateway project is to encourage this “renewal” by attracting additional investment within the project boundary. It will also help advance pedestrian and bicycle transportation and safety.

The survey boundary includes parcels that feature a combination of mixed-use zoning and residential zoning.

Survey Boundary Statistics

<table>
<thead>
<tr>
<th>North Main Gateway Survey Boundary</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Total Acres</td>
<td>16.61</td>
</tr>
<tr>
<td>Parcel Acreage</td>
<td>7.81</td>
</tr>
<tr>
<td>Number of Parcels</td>
<td>48(^2)</td>
</tr>
</tbody>
</table>

\(^1\) Acreage estimate includes Public Right of Way e.g. Roads and Alleys

\(^2\) Includes Condominiums
1.2 Zoning Districts

The North Main Gateway Survey Boundary includes five City of Durango zoning districts. These districts include Established Neighborhood- 2nd and 3rd Avenue (EN-2), Established Neighborhood-Multifamily (EN-MF), Mixed-Use Neighborhood (MU-N), Mixed-Use Arterial (MU-A), and Planned Development District (PD). Each zoning district regulates the land uses on their respective parcels according to the City of Durango’s Land Use Development code. These zoning districts will regulate the redevelopment that will be permitted throughout the North Main Gateway Urban Renewal Project.

A summary of each zoning district’s acreage, parcels, and assessed value has been included in the table below. The location of these zoning districts throughout the survey boundary is illustrated in the map below:
Zoning Districts Statistics

<table>
<thead>
<tr>
<th>Zoning Districts Present</th>
<th>EN-2</th>
<th>EN-MF</th>
<th>MU-A</th>
<th>MU-N</th>
<th>PD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acreage</td>
<td>0.90</td>
<td>0.43</td>
<td>5.76</td>
<td>0.38</td>
<td>0.35</td>
<td>7.81</td>
</tr>
<tr>
<td>No. Parcels</td>
<td>2</td>
<td>21</td>
<td>22</td>
<td>2</td>
<td>1</td>
<td>48</td>
</tr>
<tr>
<td>Total Building Improvement Square Footage</td>
<td>4,492</td>
<td>13,191</td>
<td>85,099</td>
<td>6,110</td>
<td>0</td>
<td>108,892</td>
</tr>
</tbody>
</table>

Source: La Plata County GIS and La Plata County Assessor’s Office

1.3 Current Assessment of Survey Area

The survey area includes 48 parcels. The total actual value of these parcels according to the La Plata County Assessor’s database is $20,902,750. The area’s total equalized assessed value, or taxable value, is $4,837,460. Using the 2020 certified assessment figure for Durango and the total taxable value of the proposed URA area, the North Main Gateway Survey Boundary represents 0.82% of the City’s total taxable value.

The Survey Boundary extends into two La Plata County taxing districts, 1111 and 1186. Each district levies a different tax rate, or millage rate. The 1186 district includes the Business Improvement District mill levy in its tax rate.

According to La Plata County’s GIS database, there are three “use” categories associated with the parcels found within the survey area. These include commercial, residential, and tax-exempt categories. These use categories and their accompanying statistics have been summarized in the tables below.

While not an assessment use category, the Survey Boundary also includes a significant number of condominiums. It is estimated that there are 25 individual condominiums contained within the survey boundary, 20 residential and 5 commercial.

Assessed Value Statistics

<table>
<thead>
<tr>
<th>Assessed Values</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Equalized Assessed Value (EAV)</td>
<td>$4,837,460</td>
</tr>
<tr>
<td>Tax Exempt EAV</td>
<td>$71,380</td>
</tr>
<tr>
<td>Land EAV</td>
<td>$1,897,130</td>
</tr>
<tr>
<td>Building Improvement EAV</td>
<td>$2,940,330</td>
</tr>
<tr>
<td>Percent of City Total</td>
<td>0.82%</td>
</tr>
</tbody>
</table>
### Taxing Districts Present

<table>
<thead>
<tr>
<th>Taxing Districts</th>
<th>1111</th>
<th>1186</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Taxable Value</td>
<td>$3,970,200</td>
<td>$938,640</td>
</tr>
<tr>
<td>Estimated Annual Property Tax Revenue</td>
<td>$152,638</td>
<td>$37,964</td>
</tr>
<tr>
<td>Mill Levy</td>
<td>38.446</td>
<td>40.446</td>
</tr>
<tr>
<td>North Main Gateway Percent of Taxes Collected within District</td>
<td>0.3%</td>
<td>0.7%³</td>
</tr>
</tbody>
</table>

³ Percentage of BID Collections excludes Tax Area’s 1111 collections. Total percent of 1186 Tax Area’s collection were estimated at 0.07%.

### Assessment Category Statistics Summary

<table>
<thead>
<tr>
<th>Assessment Categories</th>
<th>Total Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Exempt</td>
<td>$71,380</td>
</tr>
<tr>
<td>Commercial</td>
<td>$3,745,480</td>
</tr>
<tr>
<td>Residential</td>
<td>$317,770</td>
</tr>
<tr>
<td>Other</td>
<td>$774,210</td>
</tr>
</tbody>
</table>
2 Methodology

This Conditions Survey utilized a holistic methodology in determining whether blighting factors exist within the proposed URA plan area. This methodology included a detailed literature review of adopted plans and reports, an analysis of County Assessor records and GIS databases, and a one-day field visit. Field work was supplemented by GIS technology that recorded and documented potential blighting factors in real time. Maps were created for each blighting factor identified within the survey area, illustrating which parcels contain, or are in proximity to, statutorily defined blighting factors. These maps represent the layered information gathering approach used in this Report to ensure that each blighting factor was thoroughly analyzed.

It is important to note that Conditions Surveys evaluate an area in its entirety for the presence of blighting factors and are not intended to declare individual properties or separate areas as blighted. The maps included in this report illustrate the location and clustering of individual blighting factors as a means of representing this survey’s findings. In order for a survey area to be declared blighted, it must exhibit four or more blighting factors. It is the combination of factors within an area that makes that area eligible for urban renewal activities.

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4 Unless that individual property is in fact the entirety of the URA Plan area.
5 The exceptions include properties that are owned by a single property owner and eminent domain. A survey area with a singular owner may only require one blighting factor. In order to use eminent domain, five blighting factors must be found.
Evaluation of Blighting Factors
Defining “Blighting Factors”

Colorado Revised Statutes 31-25-103 states that for an Urban Renewal Plan area to be established, there must exist certain conditions known as “blighting area factors”. State statute defines eleven separate factors which define blight. The law indicates that if four or more of these factors are found in an area of the municipality, that area may be declared blighted and qualify for Urban Renewal Treatment.

Blighted Area Factors Defined:

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 or 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) 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

These eleven factors can also be thought as “conditions”, and the presence of at least four of these conditions can satisfy the state statute defining an area blighted. In addition to this list, C.R.S. 31-25-103(2) lists a twelfth condition. This final condition only applies when there is unanimous agreement among affected property owners that their properties can be included in an Urban Renewal Area. In this rare occurrence, only one blighting factor from the list of eleven needs to be identified to declare the area blighted.

State statute allows for some flexibility in defining what each blighting factor represents. For the purpose of this Conditions Survey, each blighting factor will be unpacked to describe various real world “conditions” that would indicate the presence of this factor. The presence of a condition within the survey boundary alone is not enough to make that area eligible for urban renewal activities. Rather, it is the culmination of four or more blighting factors which indicates that renewal activities should be applied within the proposed project area.

Identifying blighting factors throughout this proposed project area required an objective analysis. The following sections outline the blighting factors that this analysis found to be present within the survey area. Blighting factors that were not identified were excluded from this report.
3.1 Factor One: Slum, Deteriorated or Deteriorating Structures

Description:
This factor refers to the current condition of structures in the survey area as a whole. When the physical condition of structures in an area foment negative perceptions and a corresponding decline in values, it typically signals the existence of this factor. Conditions that would justify the inclusion of this factor in an area may include:

- A deterioration of the building elements, such as cladding, fenestration, roofing, overhangs, fascia and soffit, or the foundation of a structure
- A deterioration of outside elements such as fencing, gates, fire escapes, outdoor lighting, loading areas, gutters and downspouts
- Vacant lots or high vacancy rates in the offices/businesses/apartments are evidence this factor exists in an area
- Decline in property value over time

Findings:
The Conditions Survey analysis identified several deteriorating structures throughout the area and found evidence of under investment or vacancy among a majority of parcels. The building at the northwest corner of Main Avenue and West 32nd Street exhibited extreme deterioration of the building and its outside elements. There was also visible building deterioration among the structures fronting the alleyway between East 33rd Street and East 32nd Street. The Best Western Hotel also exhibited this condition where building elements fronted West 2nd Avenue.

An analysis of assessed values throughout the survey area also discovered a significant difference in land values versus building improvement values. Many of these properties exhibiting this condition were located between West 33rd Street and West 35th Street, along West 2nd Avenue. Most of these parcels (excluding condominiums) were assessed with land values greater than building improvement values. This observation supports the assessment that this area needs greater investment, as high land values relative to building improvement values indicates a lack of investment on the property.
3.2 Factor Two – Predominance of Defective or Inadequate Street Layout

Description:
This factor refers to street conditions that negatively impact sound development, redevelopment, or threaten safety. Conditions that would justify the inclusion of this factor in an area may include:

- Inadequate street widths, lack of streets, dead ends or overall faulty layouts that impede vehicular access and internal circulation
- Streets that exhibit high degrees of traffic or accidents
- Streets that are in need of repair or reconstruction
- Poor emergency access or active transportation

Findings:
In analyzing the presence of this blighting factor within the survey boundary, this Conditions Survey first reviewed the City of Durango’s Pavement Condition Index Report\(^6\) (PCI). The Conditions Survey evaluated the PCI to first determine if there were any streets within the survey area that need repair or reconstruction. There was one street within the survey area that exhibited this condition. The PCI graded a segment of West 2\(^{nd}\) Avenue that extends from West 33\(^{rd}\) Street to West 35\(^{th}\) Street as a “30”, meaning that the street is in a “poor condition” and in need of “reconstruction or a complete street”. This segment represents a significant portion of the street network found within the survey area.

The Durango District Initiative was also evaluated by this Conditions Survey to determine if the public identified conditions specific to this blighting factor. The Durango Districts Initiative identified the North Main Character District as exhibiting “issues” that would fall under this blighting factor category. These issues included “incomplete pedestrian and bike infrastructure”, conditions that suggest the inclusion of this blighting factor.

The field visit supported the conclusions drawn from the PCI and the Durango Districts Initiative. The street network in the survey area exhibited many segments in need of repair or reconstruction, including the entirety of West 2\(^{nd}\) Avenue. The area’s alleyways exhibited significant deterioration, especially the alley running between East 32\(^{nd}\) Street and East 33\(^{rd}\) Street. Parking lots were frequently found to need repair and/or reconstruction.

Incomplete active transportation networks were the predominant observation found throughout the survey area. The field visit underscored the findings of the District’s Initiative, in that intersections were often difficult or unsafe to cross on foot or by bicycle, especially the 35\(^{th}\) Street intersection with Main Avenue. Sidewalks were often in disrepair or completely absent throughout the survey area, including portions fronting Main Avenue. This lack of active transportation infrastructure supported this blighting factor’s inclusion.

\(^6\) Published in 2018
3.3 Factor Three – Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness

Description:
This factor refers to shapes, layout and sizes of lots that complicate sound development and the usefulness of the property. This factor shares similarities with Blighting Factor One (1). Conditions that would justify the inclusion of this factor in an area may include:

- Narrow or odd shaped lots
- Impractical lot layouts
- Lot configurations that yield unproductive conditions on the land as exhibited by misuse or nonuse

Findings:
The Conditions Survey identified parcels throughout the survey area that exhibit conditions that constitute a faulty lot layout. Evidence of this condition is often found in vacant or underutilized lots. Impractical lot layouts lead to the misuse or nonuse of the parcels, which is exhibited by their vacancy, low floor-area ratios, or relatively low assessed values.

There were a few irregularly shaped lots throughout the survey area. These lots included the oddly shaped, vacant parcel at the corner of Earl Street and Main Avenue, as well as the lots surrounding the Durango Joes and Wells Fargo Bank kiosks. The narrow and irregular shape of these lots may be a contributing factor to their vacancy and high land values relative to building improvement values. The nonuse observed on these lots is evidence of this blighting factor within the survey area.
3.4 **Factor Four – Unsanitary or Unsafe Conditions**

**Description:**
This factor refers to a multitude of unsafe or hazardous conditions. The commonality is that these conditions contribute to hazards that could have an adverse effect on the health, safety or wellbeing of the public. This factor shares similarities to conditions one (1), five (5), eight (8), nine (9) and ten (10). Conditions that would justify the inclusion of this factor in an area may include:

- Floodplain or flood prone areas
- Poor storm water drainage areas
- Cracked or uneven sidewalks
- Hazardous materials
- Dangerous traffic or pedestrian conditions
- High crime statistics
- Facilities are prone to fire dangers
- Environmental contamination
- Inadequate utility systems
- Water scarcity and lack of water and sewer infrastructure
- Evidence of vandalism or homelessness
- Steep topography
- Trash, debris and noxious weeds

**Findings:**

*The range of conditions listed made it possible to find multiple examples of this blighting factor within the survey area. The most significant example identified in the survey area involved dangerous traffic or pedestrian conditions. US 5500/Main Avenue bisects the survey area. The high daily volume of traffic contributes to these dangerous intersections and pedestrian conditions. According to CDOT’s Online Transportation Information System database, Annual Average Daily Traffic (AADT) counts on Main Avenue just south of 32nd Street are 21,000. This number drops by 3,000 AADT just north of 32nd Street, indicating that this intersection and East 32nd Street are highly traveled. The site visit found crossing East 32nd Street to City Market difficult, and sidewalks were often uneven or broken along this roadway. Sidewalks were also missing along Main Avenue throughout the survey area. Informal trails were found cutting through properties to avoid the Main Avenue shoulder. The 35th Street/Earl Street intersection with Main Avenue was also problematic for active transportation users. There were no lines indicating a possible pedestrian crossing on the road surface, and no refuge areas to cross. This presents a dangerous connectivity situation for pedestrians and cyclists attempting to cross from Earl Street to 35th Street.*

*These observations and traffic counts support the conclusions made by the Durango Districts Initiative, that the Main Avenue character district is auto dominated and presents connectivity challenges to active transportation users.*

*Trash and debris were frequently identified throughout the survey area during the site visit. This condition was often found along the survey area’s alleyways and West 2nd Avenue.*

*The dangerous pedestrian conditions exhibited by the survey area, as well as the trash and debris that was frequently identified, justified this report’s inclusion of this blighting factor.*
3.5 Factor Five - Deterioration of Site or Other Improvements

Description:
This factor is similar to factor two (2) and four (4), in that its focus is on the deterioration of structures and infrastructure. The decline of public infrastructure is an example of this factor. Private land and/or structures that have fallen into disrepair or are damaged also exhibit this factor. Conditions that would justify the inclusion of this factor in an area may include:

- Poor condition of streets or sidewalks
- Signage, such as billboards, that has fallen into disrepair
- Neglected landscaping
- Damaged or missing public utilities
- Abundance of trash, debris or noxious weeds

Findings:
This Conditions Survey identified concentrated incidences of this factor throughout the survey area. Field surveys found an abundance of neglected landscaping throughout the survey area’s properties, a condition of this blighting factor. The large lots at the corner of East 33rd Street and East 2nd Avenue exhibit neglected landscaping throughout the site. Neglected landscaping was also prevalent along the west side of Main Avenue throughout the survey area, especially at the northwest corner of West 32nd Street and Main Avenue.

Signage frequently appeared to be in disrepair, or altogether missing, throughout the survey area. These incidences foment negative perceptions throughout the survey area and the North Main character district. The intersection of Main Avenue with 32nd Street is a key intersection throughout the City, and one of the major linkages within Durango’s local transportation network. The site deterioration around this intersection, as well as the poor condition of sidewalks lining the north side of east 2nd avenue, give a lackluster appearance to this corner of the City. The abundance of this condition throughout the survey area foments negative perceptions, and these perspectives can arrest sound development from occurring.
3.6 **Factor Six - Unusual Topography or Inadequate Public Improvements or Utilities**

**Description:**
This factor refers to unusual topography or lack of public infrastructure that have the effect of arresting sound development in a study area. Areas that exhibit steep grades which cause development to be incompatible or unprofitable would fall under this factor. Properties that are lacking public infrastructure, or are served by deteriorating public infrastructure, would also fall under this factor. This factor shares aspects of factors two (2), four (4) and five (5). Conditions that justify the inclusion of this factor in an area may include:

- Steep slopes or unusual terrain
- Overhead utilities in need of repair
- Deteriorating parking lots, street surfaces, sidewalks
- Poor storm water drainage facilities
- Lack of central sewer or water
- Broken or inadequate street lighting

**Findings:**

*The Conditions Survey analysis found multiple examples of this blighting factor throughout the survey area. The most pronounced condition identified during the field work were deteriorating parking lots. The survey area includes large parking lots lining Main Avenue, and these parking lots often exhibited alligator cracking, frost upheavals, and faded striping. The aged nature of these parking features was pronounced and easily observable. This deterioration creates negative perceptions throughout the survey area.*

In addition to parking lots, street surfaces and sidewalks were frequently found to be damaged or deteriorating throughout the survey area. As mentioned in Blighting Factor 2, the entirety of West 2nd Avenue needs to be repaired or reconstructed. Alleyways creating internal street network connections between properties within the survey area were often severely deteriorating, with potholes, alligator cracking, and uneven surfaces exhibited.

Steep topography was also observed throughout the survey area. On the west side of Main Avenue, especially along West 2nd Avenue, steep slopes created challenging development scenarios. In some places, such as the vacant lot nearest Durango Joes' kiosk, the topography has created underutilized property adjacent to the City’s busiest thoroughfare. This may be a reason why the area’s building improvements were assessed for less value than their land.

The combination of deteriorating road surfaces, parking lots, and sidewalks along with steep topography and underutilized lots, supports the inclusion of this factor within the Conditions Survey.
3.7 Factor Nine – Buildings that are 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

Description:
This factor refers to conditions that makes buildings unsafe and unfit for employees to work in or residents to live in. It shares similarities with the conditions presented in factors one (1), four (4), five (5) and eight (8). Conditions that would justify the inclusion of this factor in an area may include:

- Buildings that are dilapidated or deteriorating
- Poor physical design
- Inadequate facilities
- Building code violations (age of the building may justify this condition)

Findings:
This analysis focused on structures that were physically dilapidated as evidence of this blighting factor. Building code violations were not reviewed by this report.

The most obvious evidence of this blighting factor was found at the vacant property at the northwest corner of Main Ave and West 32nd Street. This building exhibited significant deterioration and poor physical design. The deterioration amounted to levels making the property unsafe or unhealthy for persons to live or work within.

Visible deterioration was also found among properties fronting the alleyways intersecting the block between East 32nd Street, East 2nd Avenue, and Main Avenue. Vandalism and graffiti were also present throughout this corridor.

Although this blighting factor was concentrated among properties at the southern end of the proposed urban renewal area, its presence was significant enough to justify its inclusion in this survey.
3.8 Factor Eleven - 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

Description:
This factor references a broad category of health, safety and welfare factors. The common conditions for this factor to be present are instances where high levels of municipal service are required, substantial physical underutilization of property is exhibited, or high levels of vacancy are common. Vacancy can include buildings, property, or even improvements. This factor shares similarities with many of the factors on this list. Conditions that would justify the inclusion of this factor in an area include:

- Numerous vacant buildings or property throughout the area
- Evidence of underutilized buildings

Findings:
This report’s real estate analysis identified multiple examples of this factor within the survey area. Approximately 27% of the acreage within the survey boundary has no building improvement value, according to the La Plata County Assessor’s database. There are exactly 5 parcels throughout this area that are either vacant or used only as a parking area. Approximately 29% of the parcels within the survey area have a land valuation that is greater than its building improvement value. These figures indicate that there is substantial physical underutilization on sites within the survey area, and potential for reinvestment and redevelopment.

The field survey observations supported this initial analysis. Multiple vacant parcels were identified throughout the survey area. The largest vacant parcels appear poised for redevelopment, especially those located at the Corner of Main Avenue and Earl Street, as well as the parcel at the corner of East 2nd Avenue and East 33rd Street. There were also numerous examples of parcels being used solely as parking areas lacking any building improvements. It was difficult to determine if these parking areas were necessary for the business operations of the surrounding commercial properties. Given the fact this Main Avenue is a highly traveled commercial corridor, with high land values, the survey found obvious examples where parcels were not being put to higher or better uses.
Blighting Factor 11 Survey Map

- City of Durango Parcels
- North Main Gateway URA Boundary
- Surveyed Parcels
- Blighting Factor 11 Areas

Maps and images showing areas marked for blighting factor 11.
4 Conclusion

This Conditions Survey catalogs the presence of statutorily defined blighting factors within the proposed North Main Gateway Urban Renewal Plan area. This report was designed to assist the Durango Renewal Partnership in determining whether this area is 1) eligible for Urban Renewal Projects and Activities, and 2) that the proposed boundary is drawn as narrowly as possible.

This Conditions Survey identified eight blighting factors as defined by Colorado’s Urban Renewal Law, within the survey boundaries of the proposed area. The presence of eight blighting factors meets the requirements outlined in C.R.S. 31-25-103(2), in which at least four blighting factors must be present for an area to be declared “blighted” and therefore eligible to be designated as an Urban Renewal Plan Area.

The proposed boundary also meets the statutory recommendation of “being drawn as narrowly as possible”. The eight blighting factors were not clustered in one vicinity, but rather, were spread across the surveyed area.

This Conditions Survey finds that the proposed North Main Gateway URA Plan Area can be declared a “blighted area” as defined by Colorado’s Urban Renewal Law and therefore qualifies for Urban Renewal treatment.
Conditions Survey Maps
Appendix A

Zoning Map
The colored dots represent field observations which mark a condition representative of an statutory defined blight factor. The blight factors listed above are derived from C.R.S. 31-25-103, where statute defines the eleven blight factors used to determine if an area is eligible for urban renewal activities. The labels assigned to the factors within this legend are descriptive only and not intended to summarize the statute's definition for each factor.
Appendix B

Underutilization Map
The colored dots represent field observations which mark a condition representative of a statute defined blight factor. The blight factors listed above are derived from C.R.S. 31-25-103, where statute defines the eleven blight factors used to determine if an area is eligible for urban renewal activities. The labels assigned to the factors within this legend are descriptive only and not intended to summarize the statute’s definition for each factor.
The colored dots represent field observations which mark a condition representative of a statutorily defined blighting factor. The blighting factors listed above are derived from C.R.S. 31-25-103, where statute defines the eleven blighting factors used to determine if an area is eligible for urban renewal activities. The labels assigned to the factors within this legend are descriptive only and not intended to summarize the statute’s definition for each factor.
Sustainable buildings, sound infrastructure, safe transportation systems, clean water, renewable energy and a balanced environment. Building a Better World for All of Us communicates a company-wide commitment to act in the best interests of our clients and the world around us.

We’re confident in our ability to balance these requirements.
February 8, 2022

Dear Durango Renewal Partnership Board of Commissioners,

This Impact Report is intended to satisfy the requirements outlined in Colorado’s Urban Renewal Law, C.R.S. 31-25-107(3.5)-I-V. According to Statute, the Urban Renewal Impact Report is a supplementary document to the Urban Renewal Plan that is required if property taxes, or sales taxes will be utilized in the project area for renewal activities. The North Main Gateway Urban Renewal Plan area intends to utilize tax increment financing within its project area, and therefore requires an impact report to be completed.

This Impact Report meets the minimum requirements defined by C.R.S. 31-25-107(3.5)-I-V, but also has been designed to provide the Durango Renewal Partnership with a realistic forecast of how development will proceed throughout the North Main Gateway Urban Renewal Plan area. The forecast utilized in this report has been informed by an analysis of all properties within the project area, as well as interviews with City staff, local developers, and real estate experts throughout Durango. The forecasts are intentionally designed to be conservative estimates and reflect community development needs that have been underscored by this Board and the public. All statistics were calculated with the assistance of Durango’s Community Development Department, the La Plata County Assessor’s Office and La Plata County’s GIS department. The goal of this report is to provide the Durango Renewal Partnership with a realistic forecast of impacts to better inform negotiations with impacted taxing entities and ensure that the North Main Gateway Urban Renewal Plan succeeds in bringing about the renewal hoped for by the Durango community.

Sincerely,

Andrew Arnold

CC: Scott Shine and Tommy Crosby
Executive Summary

The North Main Gateway Urban Renewal Plan Impact Report:

The Durango Renewal Partnership, the City’s Urban Renewal Authority, has begun the process of establishing its second Urban Renewal area. This area is described by this report as the North Main Gateway Urban Renewal Plan. The previously completed Conditions Survey found that this project area meets the statutory threshold of conditions outlined in C.R.S. 31-25-103. The urban renewal area exhibits eight of the eleven statutorily defined blighting conditions, meaning that the project area is eligible for renewal activities.

One type of renewal activity is the utilization of property and sales taxes to help remediate blight, incentivize redevelopment and fund public improvements throughout the project area. This mechanism is known as Tax Increment Financing, and Colorado’s Urban Renewal Law requires that an Impact Report be submitted with any Urban Renewal Plan that intends to utilize property and/or sales taxes for renewal activities in its project area (C.R.S. 31-25-107(3.5)-V). The North Main Gateway Urban Renewal Plan proposes the use of Tax Increment Financing, which triggered the need for this Impact Report.

The minimum requirements for an Impact Report are outlined in Colorado’s Urban Renewal Law. Those requirements include,

A) the estimated time to complete the Urban Renewal Project,
B) The estimated annual property tax increment to be generated by the Urban Renewal Project and the portion of such increment to be allocated during this period to fund the urban renewal project,
C) an estimate on the county revenue impact, and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area, and the benefit of improvements within the urban renewal area to existing county infrastructure,
D) a statement setting forth the method under which the authority or the municipality will finance, or that agreements are in place to finance, any additional County infrastructure and services required to serve development in the urban renewal area for the period in which all or any portion of the property taxes described in subparagraph (II) of paragraph (a) of subsection (9) of this section and levied by a county are paid to the authority,
E) Any other estimated impacts of the urban renewal project on county services and revenues.

This Impact Report addresses each of the statutory requirements outlined above, but also examines impacts beyond the scope required by statute. Specifically, this Impact Report forecasts future tax incremental revenue by projecting a probable development scenario throughout the 16.61-acre Plan area over the next 25 years. This report assumes that the North Main Gateway Urban Renewal Plan will be successful in remediating blighting conditions present within this area, which will help facilitate new development. The report also assumes that this new development will be incentivized by the Durango Renewal Partnership to address community needs, such as an increase in workforce housing and mixed-use development.

With the assistance of City Staff and local developers, this report identified 13 parcels with redevelopment characteristics that, when supported by the North Main Gateway Urban Renewal Plan, exhibit a high propensity to attract future investment and new development. The report forecasted development type, density and value on each parcel using market assumptions and local development trends. These development scenarios were then phased over the Plan area’s lifetime, according to the type of development and estimated market absorption rates. The resulting assessed value from these development scenarios was then contrasted with the base assessment of the North Main Gateway Urban Renewal Plan area to determine the annual tax increment generated by the project. New retail space was also estimated, which was used to determine new sales tax production within the Plan area.

The sum of each development scenario’s tax revenue and increment has been estimated by the impact report to determine the revenue impacts on effected taxing entities. The report also addresses population and student generation within the Plan area, and its potential impact to taxing entities such as the County and the School District.
Executive Summary (continued)

This report found that the North Main Gateway Urban Renewal Plan would not adversely affect the taxing entities that collect property and sales tax within its boundary. The Plan will not require new County Infrastructure, nor would it require substantial County funded services. This report evaluated County budgets and property tax revenue and found that future development in the Plan area would generate a surplus in sales tax revenue relative to property tax revenue for the County. This report also analyzed the Plan’s impacts to the Durango 9R School District. It found that the fiscal impacts and possible student generation by the North Main Gateway Plan were minimal. This report concludes that effected taxing entities should support the North Main Gateway Urban Renewal Plan, as its benefits to the community outweigh fiscal costs.

The North Main Gateway Urban Renewal Plan represents the City of Durango’s commitment to achieving public private partnerships that will facilitate community-minded development where it is needed most. This Impact Report was designed not only to evaluate the potential impacts of this development, but to also provide a roadmap for achieving these redevelopment goals. Projected Property and Sales Tax Increment that would be generated within this Urban Renewal Plan Area are described in the table below:

<table>
<thead>
<tr>
<th>North Main Gateway Plan Fiscal Projections</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Assessed Value of Plan Area</td>
<td>$ 4,837,460</td>
</tr>
<tr>
<td>Total New Improvement Assessed Value</td>
<td>$ 4,020,260</td>
</tr>
<tr>
<td>Total Estimated Property Tax TIF Revenue (25-Years)</td>
<td>$ 2,365,000</td>
</tr>
<tr>
<td>Total Estimated Sales Tax TIF Revenue (25-Years)</td>
<td>$ 2,117,925</td>
</tr>
<tr>
<td>Annual Property Tax TIF Revenue (25-Year Average)</td>
<td>$ 111,334</td>
</tr>
<tr>
<td>Annual Sales Tax TIF Revenue (25-Year Average)</td>
<td>$ 84,717</td>
</tr>
</tbody>
</table>
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1 Impact Report Summary

Project Area Existing Conditions

The North Main Gateway Survey Boundary encompasses 16.61-acres\(^1\) within the City of Durango that includes 48 individual parcels. This survey area has been strategically drawn to include parcels that need or will attract new investment or reinvestment. The area also includes public right-of-way that may benefit from urban renewal treatment.

\(^1\) Acreage estimate includes Public Right of Way e.g. Roads and Alleys
North Main Gateway Plan Area Description

The proposed North Main Gateway Urban Renewal Plan targets an area that is in need of reinvestment and redevelopment. Its boundary stretches north to south along Main Avenue (US 550), from 35th Street to 32nd Street. The boundary extends a few blocks from the west to east along this stretch of Main Avenue, from West 2nd Avenue to East 2nd Avenue. Newer developments that would not benefit from urban renewal treatment have been excluded from the survey boundary.

The Plan's boundary was strategically drawn to include an area that could advance the City’s Character District initiatives through reinvestment and redevelopment. The project is within the City of Durango’s North Main Character district. This district is described as a highly visible, heavily traveled corridor on Colorado’s Western Slope. The area is “experiencing a renewal due to its easy access, high visibility, proximity to the River and Parks, connectivity to great neighborhoods, and unique building stock”. The goal of the North Main Gateway project is to encourage this “renewal” by remediating blight and attracting additional investment within the project boundary. It will also help advance pedestrian and bicycle connectivity, safety, and transit access.

The survey boundary includes parcels that feature a combination of mixed-use zoning and residential zoning.

<table>
<thead>
<tr>
<th>North Main Gateway URA Survey Boundary</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Total Acres</td>
<td>16.61</td>
</tr>
<tr>
<td>Parcel Acreage</td>
<td>7.81</td>
</tr>
<tr>
<td>Number of Parcels</td>
<td>48²</td>
</tr>
</tbody>
</table>

² Includes Condominiums
Current Assessment of Plan Area

The Plan area includes 48 parcels. The total actual value of these parcels according to the La Plata County Assessor’s database is $20,902,750. The area’s total equalized assessed value, or taxable value, is $4,837,460. Using the 2020 certified assessment figure for Durango and the total taxable value of the proposed URA area, the North Main Gateway Plan represents 0.82% of the City’s total taxable value.

The Plan area extends into two La Plata County taxing districts, 1111 and 1186. Each district levies a different tax rate, or millage rate. The 1186 district includes the Business Improvement District mill levy in its tax rate.

According to La Plata County’s GIS database, there are three “use” categories associated with the parcels found within the Plan area. These include commercial, residential, and tax-exempt categories. These use categories and their accompanying statistics have been summarized in the following tables.

While not an assessment use category, the Plan area also includes a significant number of condominiums. It is estimated that there are 25 individual condominiums contained within the survey boundary, 20 residential and 5 commercial.
### Assessed Value Statistics

<table>
<thead>
<tr>
<th>Assessed Values</th>
<th>Totals</th>
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</thead>
<tbody>
<tr>
<td>Total Equalized Assessed Value (EAV)</td>
<td>$4,837,460</td>
</tr>
<tr>
<td>Tax Exempt EAV</td>
<td>$71,380</td>
</tr>
<tr>
<td>Land EAV</td>
<td>$1,897,130</td>
</tr>
<tr>
<td>Building Improvement EAV</td>
<td>$2,940,330</td>
</tr>
<tr>
<td>Percent of City Total</td>
<td>0.82%</td>
</tr>
</tbody>
</table>

### Taxing Districts Present

<table>
<thead>
<tr>
<th>Taxing Districts</th>
<th>1111</th>
<th>1186</th>
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</thead>
<tbody>
<tr>
<td>Total Taxable Value</td>
<td>$3,970,200</td>
<td>$938,640</td>
</tr>
<tr>
<td>Estimated Annual Property Tax Revenue</td>
<td>$152,638</td>
<td>$37,964</td>
</tr>
<tr>
<td>Mill Levy</td>
<td>38.446</td>
<td>40.446</td>
</tr>
<tr>
<td>Percent of Overall District Taxes Collected within Plan Area</td>
<td>0.3%</td>
<td>0.7%³</td>
</tr>
</tbody>
</table>

### Assessment Category Statistics Summary

<table>
<thead>
<tr>
<th>Assessment Categories</th>
<th>Total Taxable Value</th>
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</thead>
<tbody>
<tr>
<td>Tax Exempt</td>
<td>$71,380</td>
</tr>
<tr>
<td>Commercial</td>
<td>$3,745,480</td>
</tr>
<tr>
<td>Residential</td>
<td>$317,770</td>
</tr>
<tr>
<td>Other</td>
<td>$774,210</td>
</tr>
</tbody>
</table>

### Sales Tax Statistics

<table>
<thead>
<tr>
<th>Sales Tax Generating Square Footage</th>
<th>Existing Retail Space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Retail Square Feet in City’s Sales Tax North Durango Area</td>
<td>538,039</td>
</tr>
</tbody>
</table>
Impact Report Methodology
Combining Project-Based and Territorial Strategies

The North Main Gateway Plan area represents a unique combination of urban renewal strategies. Typically, urban renewal plans fall into two separate strategic categories. The first is the project-based strategy. This strategy identifies a specific development project prior to an Urban Renewal Plan area being formed. The local Urban Renewal Authority works with that development to create a Plan area which encompasses the subject property.

The second strategy is territorial. This strategy is used when an urban renewal authority wants to target an area for urban renewal treatment but has not yet been approached by a development project within that area. The territorial strategy is designed to incentivize new investments and development to take place within that targeted area.

The North Main Gateway Urban Renewal Plan is a combination of both strategies. The Plan was originally conceived to include a proposed residential development, representing the project-based strategy. The Durango Renewal Partnership’s involvement will help facilitate a higher density, more affordable residential development within the project area. However, when surrounding parcels were analyzed, the Durango Renewal Partnership elected to expand the scope of this project area to help remediate blighting factors arresting sound development in the vicinity of the original project. The result was hybrid strategy that employed both a project-based and territorial strategy for urban renewal treatment.

This impact report also takes a hybrid approach to its analysis. The proposed residential development’s pro forma was analyzed to estimate its future tax increment generation and impacts. However, additional parcels were included in this analysis that have a high propensity to develop over the next 25 years. The methodology used to determine future assessments, taxable revenue, increment, and impacts is explained in the following sections.

Forecasting Future Growth

The goal of the North Main Gateway Urban Renewal Plan is to help incentivize the area’s redevelopment by remediating current blighting conditions identified in the area and spurring new investments in public infrastructure, amenities, and community development needs.

One of the tools urban renewal authorities can use to bring about these changes is known as Tax Increment Financing, or TIF. TIF is a redevelopment strategy that leverages future tax revenues to incentivize redevelopment for urban renewal activities. Colorado’s Urban Renewal Law mandates that urban renewal project areas which intend to use TIF for renewal activities submit a supplementary Impact Report to help forecast growth within a renewal area and estimate the impacts this growth will have on taxing entities that operate within that area. The point of the impact report is to ensure that taxing entities that rely on property tax revenues will not be adversely impacted by the urban renewal project.

Quantifying these impacts requires a forecast of probable growth throughout the project area over the project’s lifetime. The North Main Gateway Urban Renewal Plan is expected to last 25 years, the maximum amount of time allotted by Colorado’s Urban Renewal Law. This impact report focused on a range of development scenarios that could occur in the Plan area during this time. The scenarios represent specific properties and are categorized by the estimated time it would take for new development to take place on each property.
The categories included “Imminent Development”, “Mid-Term Development” and “Long-Term Development”. Imminent development is assumed to take place during the North Main Gateway Urban Renewal Plan’s first 3 years. Mid-Term development is assumed to occur the next 5 years after Imminent development has ended. Long-Term development includes properties that are assumed to be redeveloped between the Plan’s 9th year and 15th year. These categories are essentially three phases of development that are expected to occur over the next 15 years within the North Main Gateway Urban Renewal Plan area.

Assigning this likelihood for redevelopment was part science and part art. This report analyzed every parcel within the Plan area with a variety of metrics used for identifying redevelopment potential. This analysis yielded a set of parcels that exhibited low floor-to-area ratios, high land values relative to building improvement values, tax-exempt properties, vacant properties, as well as low levels of utilization. This analysis was then refined by City Staff to include properties that have begun the entitlement process. Interviews with local developers, property owners and real estate agents also provided context to this report’s analysis.

Once properties that exhibit a likelihood for redevelopment were assigned to these three phases, the report modelled future development on each property. Properties that had completed operational pro forma or sketch plans were modelled according to these development plans. Properties that do not have completed development plans but showed a high propensity for redevelopment were then assigned a development forecast. The specifics of this forecast are explained in the next section.

These phases identify existing parcels throughout the North Main Gateway Urban Renewal Plan area to forecast possible development phases, assessed valuation, and future tax revenues. These are only estimates, and this report does not suggest that development will be limited to these parcels only, or that other parcels will not be developed during the lifetime of the Plan. These development phases are intended to provide a spectrum of possibilities, from the most conservative to the most optimistic, grounded by tangible properties and comparable values to best inform the Durango Renewal Partnership on the potential impacts of the North Main Gateway Urban Renewal Plan.

**Development Feasibility and Assumptions**

The properties which required a development forecast used certain assumptions to predict the type, size, time, and value for each development phase. The assumptions are informed by local market studies, urban renewal best practices and community desires. The goal is to anticipate development that will be both financially and politically feasible, meaning that future development in the project area matches the City of Durango’s market demands but also the community’s expressed desires for the North Main Gateway Urban Renewal Plan. Market realities and community expectations are often in tension with one another, which is why these assumptions seek to strike a compromise between the two viewpoints. The analysis also assumes that future development will be incentivized by the Durango Renewal Partnership, meaning that development that can yield community desires, such as additional housing, or greater amounts of tax increment has a higher probability of success (and approval by the URA). These assumptions are cataloged below:

- **Type of Development** – All forecasted development assumes a mixed-use asset, meaning that new development in the project area will feature both residential and commercial space. Given the Plan area’s higher density, urbanized location and mixed-
use zoning, this report assumes that all new development will exhibit 75% residential space and 25% commercial space.

- **Size of Development** – The scale of future development is limited by market demands, such as local absorption rates. However, development is also shaped by cost, and with land prices continuing to climb throughout the City of Durango, recent development has trended towards higher density and intensity. SEH analyzed historic floor area ratios (FAR) of existing developments and compared this with recent, mixed-use developments within the City limits. FAR is a ratio between a property’s land area and its total building area. The ratio serves as an indicator of how built up a property is relative to its land and can serve as a proxy for utilization. This analysis found that existing properties throughout the North Main Gateway Plan area exhibited low FAR’s, averaging an FAR of 0.32. By contrast, the proposed development within the project area exhibits an FAR of 0.80. Newer developments, especially mixed-use developments throughout Durango exhibit FAR’s at or above 1.0. While this type of development intensity would provide for the maximum number of dwelling units and potential tax increment on a parcel, this report conservatively estimated that future development would average a floor area ratio of 0.80.

- **Time of Development** – As mentioned in the Size of Development section, market absorption rates were used to ensure that forecasted development was appropriately phased to meet local market demands. SEH analyzed market absorption rates over the past five years for both residential and commercial development. This analysis compared the number of residential building permits issued annually and annual lease closings to determine an average absorption rate for both residential and commercial space. These absorption rates were further refined to reflect the estimated square footage that could be absorbed annually by multi-family, office and retail developments. These absorption rates were used as an annual ceiling for the North Main Gateway Plan area development projections.

- **Value of Development** – This report estimated the future value of development by comparing new development price per square foot with existing development price per square foot. These prices included both land and building improvement values. Price per square foot was chosen over cost per square foot because future taxable value is a derivative of actual assessed value. Although the County assessor uses three techniques to assess properties, recent sales price is a common appraisal method. Therefore, the sales price per square foot is a better indicator of future taxable value than cost per square foot. An analysis of new or recent developments found that price per square foot averaged $350 for these developments. By contrast, existing developments within the Plan area averaged $192 per square foot. The difference between these values was analyzed to remove any outliers to yield a more conservative average value per square foot for future development projections. This report uses $300 per square foot for all future development projections. While this value is higher than the existing price per foot,

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4 SEH analyzed historic floor area ratios (FAR) of existing developments and compared this with recent, mixed-use developments within the City limits. The average FAR of these new developments was 1.84, compared with an historic average of 0.2 FAR.

5 This analysis compared residential building permit data and commercial leasing rates over the past ten years to determine average absorption rates. Average residential absorption rates for higher density development averaged 111,733 s.f. annually, while commercial leasing was reduced because of surplus space to 35,774 s.f. annually.
it is a better indicator of future value in that it more accurately reflects current construction costs and market demand.

These assumptions guided this report’s forecast of future development throughout the North Main Gateway Urban Renewal Plan area.

## North Main Gateway Tax Increment Financing Assumptions

As part of Statutory Requirements, this report projected the estimated property and sales tax generation for future development within the North Main Gateway Urban Renewal Plan area. These projections are based on La Plata County’s 2022 certified assessments of property and the mill levies associated with the taxing entities present in the project area. The full list of taxing entities and their associated millage rates are tabulated below:

<table>
<thead>
<tr>
<th>North Main Gateway Urban Renewal Plan Area Impacted Taxing Entities</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Current Tax Rates for Taxes in Year Payable:</td>
<td></td>
</tr>
<tr>
<td>Net Tax Rate per $1,000 of Assessed Value (Estimated):</td>
<td></td>
</tr>
<tr>
<td>La Plata County General</td>
<td>$7,348</td>
</tr>
<tr>
<td>Southwestern Water Conserv.</td>
<td>$0.4070</td>
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<tr>
<td>Durango School District</td>
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<td>Durango (City of)</td>
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<tr>
<td>Animas Mosquito Control</td>
<td>$1.4000</td>
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<td>Animas La Plata Water Con.</td>
<td>$0.3450</td>
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<tr>
<td>La Plata County R&amp;B</td>
<td>$0.7100</td>
</tr>
<tr>
<td>La Plata County Human Svs.</td>
<td>$0.4420</td>
</tr>
<tr>
<td><strong>Durango School District Bond</strong></td>
<td>$5.7760</td>
</tr>
<tr>
<td><em>(DGO BID)</em></td>
<td>$2.0000</td>
</tr>
</tbody>
</table>

This report assumes that all impacted taxing entities will pledge 100% of their millage rate to the North Main Gateway Urban Renewal Project area, with one exception. The Durango School District Bond millage rate has been excluded from all tax increment projections. Property tax projections made by this report assume that the number of taxing entities, as well as their millage rates, will remain unchanged over the project’s lifetime.

Tax Increment assumptions are also based on the above mill levies and assumes that the project area’s starting **base value is $4,837,460**. This report projects that both the project base and all future development will appreciate at a rate pegged to inflation. This report assumes that the **inflation rate will average 2%** biennially over the project’s lifetime.

---

6 The Durango Business Improvement District does levy a tax within this project area. However, the properties forecasted for future development are not part of the BID district. Therefore, its mill levy was not included within this forecast.

7 Colorado’s Urban Renewal Law requires that the base assessment be reevaluated every two years within an urban renewal project area.
Sales Tax Assumptions

Colorado’s Urban Renewal Law permits sales tax to be collected within urban renewal project areas to be leveraged for tax increment financing. This report assumes that the City’s sales tax rate is the only eligible sale tax for tax increment financing. The amount of sales tax that can be allocated to an urban renewal project is determined by calculating the amount of sales tax collected within the project area’s boundary over the past 12 months. This is known as the sales tax base. Any increase over this base associated with new improvements within the project area is subject to negotiations between the municipality and the urban renewal authority over what portion of this increase can be paid out to fund urban renewal activities within the project area.

This report assumes that 100% of the City of Durango’s sales tax generated by new improvements within the North Main Gateway Urban Renewal Plan area will be allocated to the Durango Renewal Partnership. All sales tax calculations are estimates that have been isolated to only include new retail space forecasted to develop within the Plan area. The municipal sales tax rate is assumed to remain at 3.5% throughout the lifetime of the North Main Gateway Urban Renewal Plan.

The But-For Assumption

The final assumption made in this report is that all new development would not occur but for the North Main Gateway Urban Renewal Plan and the Durango Renewal Partnership. The goal of this urban renewal plan is to incentivize development through a variety of tools, TIF being just one example, where new investments manifest throughout the Plan area because of the Durango Renewal Partnership’s efforts. All tax increment estimates must therefore be considered revenue that is generated because of the Durango Renewal Partnership’s efforts to attract and facilitate redevelopment to the Plan area. The Conditions Survey identified eight statutorily defined blighting factors within the Plan area that impair and arrest sound development. The North Main Gateway Urban Renewal Plan will remediate these conditions and bring about development that is desired by the Durango community. Because of this, future incremental revenues should not be considered property tax or sales tax that is abdicated by the area’s taxing entities. Instead, these incremental revenues should be perceived as a future tax base that would not exist but for the creation of the North Main Gateway Urban Renewal Plan.

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8 C.R.S. 31-25-107(9)(e)
9 Sales Tax calculations are based on the City of Durango’s monthly SIC reports going back to September, 2018. Estimated sales per square foot were determined by comparing approximate retail square footage in the North Durango sales tax area with monthly sales in the North Durango sales tax area. All retail space approximations were provided by the County Assessor’s office.
3 Tax Increment Financing Summary

This Impact Report forecasted potential development throughout the North Main Gateway Urban Renewal Plan area over the next 25 years and projected its assessed value and taxable revenue. These projections were used to estimate the amount of property tax increment and sales tax increment that will be generated within the Plan area if the urban renewal project is successful. Development projections are based on the methodology outlined in Section 2 of this report.

Redevelopment Parcels

The Impact Report identified 13 parcels within the Plan Area that exhibit a high propensity for redevelopment. These thirteen properties were organized into three categories based on their timeline for redevelopment. Properties that are expected to redevelop over the next three years were categorized as Imminent development. Properties that are likely to develop in four to eight years are labeled Mid Term development. Properties that are likely to develop in nine to fifteen years are labeled Long Term development. These parcels and their associated labels are illustrated in the following map:
Projected Assessment and Phasing

The Impact Report forecasts the estimated assessed valuation of these thirteen properties. These valuations were informed by current development proposals and local market trends. All assessment projections assume that future appraisals utilize a sales comparison approach to determine future value. The following table describes the estimated number of years it will take to absorb the developments, the total equalized assessed valuation (AV) of all new development, the existing AV of the subject properties, and the Incremental AV of all new development. The Incremental AV is used to determine future tax revenue within the Plan area. The total Incremental AV was phased based on estimated annual absorption rates within the North Main Gateway Urban Renewal Plan area.

---

10 Equalized Assessed Value is a real estate assets value after its commercial and/or residential equalization ratio has been applied to its market value. The equalized assessed value is also a real estate assets taxable value.
## PROJECTED ASSESSMENTS

<table>
<thead>
<tr>
<th>DEVELOPMENT STAGE</th>
<th>IMMEDIATE</th>
<th>MID-TERM</th>
<th>LONG-TERM</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATED ABSORPTION YEARS</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>ESTIMATED AV TOTAL</td>
<td>$2,129,402</td>
<td>$2,463,976</td>
<td>$1,920,032</td>
<td>$6,513,410</td>
</tr>
<tr>
<td>EXISTING AV</td>
<td>$771,580</td>
<td>$922,600</td>
<td>$798,970</td>
<td>$2,493,150</td>
</tr>
<tr>
<td>INCREMENTAL AV</td>
<td>$1,357,822</td>
<td>$1,541,376</td>
<td>$1,121,062</td>
<td>$4,020,260</td>
</tr>
</tbody>
</table>

## PROJECTED PHASING\(^{11}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Phasing %</th>
<th>Total Incremental AV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11%</td>
<td>$452,607</td>
</tr>
<tr>
<td>2</td>
<td>23%</td>
<td>$905,214</td>
</tr>
<tr>
<td>3</td>
<td>34%</td>
<td>$1,357,822</td>
</tr>
<tr>
<td>4</td>
<td>41%</td>
<td>$1,666,097</td>
</tr>
<tr>
<td>5</td>
<td>49%</td>
<td>$1,974,372</td>
</tr>
<tr>
<td>6</td>
<td>57%</td>
<td>$2,282,647</td>
</tr>
<tr>
<td>7</td>
<td>64%</td>
<td>$2,590,923</td>
</tr>
<tr>
<td>8</td>
<td>72%</td>
<td>$2,899,198</td>
</tr>
<tr>
<td>9</td>
<td>76%</td>
<td>$3,059,350</td>
</tr>
<tr>
<td>10</td>
<td>80%</td>
<td>$3,219,501</td>
</tr>
<tr>
<td>11</td>
<td>84%</td>
<td>$3,379,653</td>
</tr>
<tr>
<td>12</td>
<td>88%</td>
<td>$3,539,805</td>
</tr>
<tr>
<td>13</td>
<td>92%</td>
<td>$3,699,957</td>
</tr>
<tr>
<td>14</td>
<td>96%</td>
<td>$3,860,108</td>
</tr>
<tr>
<td>15</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>16</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>17</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>18</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>19</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>20</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>21</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>22</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>23</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>24</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
<tr>
<td>25</td>
<td>100%</td>
<td>$4,020,260</td>
</tr>
</tbody>
</table>

Property Tax TIF Projections

This Impact Report estimated the North Main Gateway Urban Renewal Plan’s future TIF revenue over the next 25 years in accordance with C.R.S. 31-25-107(3.5)-V. These estimates are used to determine the property tax revenue that is likely to be generated by new developments within the Plan Area’s 25-year horizon.

\(^{11}\) Total Incremental Assessed Values have not been adjusted for inflation in this table. TIF projections adjust these values and the base value every two years throughout the Plan Area’s 25-year horizon.
Plan area. This tax revenue is assumed to be the result of the Durango Renewal Partnership’s efforts to remediate blight and attract new investments within the Plan area.

Property tax TIF is estimated by comparing the Plan area’s base value against its projected new improvement value. These assessed values each generate tax revenue based on the current millage rate of taxing entities within the Plan area. The base value’s property tax revenue is not impacted by urban renewal projects. The new improvement’s tax revenue, however, is the result of the urban renewal plan, and that revenue is labeled as “increment”.

The property within the North Main Gateway Urban Renewal Plan area has a current assessed value of $4,908,840\(^{12}\). This assessed value includes both building improvement values and land values. This assessed value includes all parcels within the Plan area, including the thirteen parcels that were used by this report to forecast future development. This current assessed value is known as the **Base Value** in tax increment financing.

This report estimates that new improvements within the North Main Gateway Urban Renewal Plan area will amount to an additional $4,020,260 in assessed value. This value is not generated at once but is instead phased in over the life of the Urban Renewal Plan according to market absorption rates.

This report models new development according to the phases outlined in the previous section. It then applies the tax district’s millage rates to both existing and new improvements within the plan area. Tax revenue generated by new improvements is incremental revenue. These revenues can be utilized by the Durango Renewal Partnership for urban renewal activities within the Plan area.

Incremental revenue is also determined by TIF-sharing agreements signed between the Durango Renewal Partnership and the impacted entities that levy taxes within the North Main Gateway Plan area. This report assumes that all millage rates, with the exception of the Durango School District Bond, have pledged 100% support to the urban renewal plan.

The following charts and tables illustrate the North Main Gateway Plan’s 25-Year TIF Projections:

\(^{12}\) Per La Plata County Assessor Database
North Main Gateway Urban Renewal Plan TIF Projections

<table>
<thead>
<tr>
<th>North Main Gateway Plan TIF Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Value of Plan Area</strong></td>
</tr>
<tr>
<td><strong>Total New Improvement AV</strong></td>
</tr>
<tr>
<td><strong>Total TIF Revenue</strong></td>
</tr>
<tr>
<td><strong>Annual TIF Revenue (25-Year Average)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxing Entity Fund</th>
<th>Estimated Real Property Taxes</th>
<th>Estimated Tax Increment</th>
<th>Estimated Pass Through Taxes</th>
<th>Estimated TIF Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA PLATA COUNTY GENERAL</td>
<td>$1,640,455</td>
<td>$531,969</td>
<td>-</td>
<td>$531,969</td>
</tr>
<tr>
<td>SOUTHWESTERN WATER CONSV</td>
<td>90,864</td>
<td>29,465</td>
<td>-</td>
<td>29,465</td>
</tr>
<tr>
<td>DURANGO SCHOOL DISTRICT</td>
<td>3,797,738</td>
<td>1,231,536</td>
<td>-</td>
<td>1,231,536</td>
</tr>
<tr>
<td>DURANGO (CITY OF)</td>
<td>1,117,822</td>
<td>362,489</td>
<td>-</td>
<td>362,489</td>
</tr>
<tr>
<td>ANIMAS MOSQUITO CONTROL</td>
<td>312,553</td>
<td>101,355</td>
<td>-</td>
<td>101,355</td>
</tr>
<tr>
<td>ANIMAS-LA PLATA WATER CON</td>
<td>77,022</td>
<td>24,977</td>
<td>-</td>
<td>24,977</td>
</tr>
<tr>
<td>LA PLATA COUNTY R &amp; B</td>
<td>158,509</td>
<td>51,401</td>
<td>-</td>
<td>51,401</td>
</tr>
<tr>
<td>LA PLATA COUNTY HUMAN SVS</td>
<td>98,677</td>
<td>31,999</td>
<td>-</td>
<td>31,999</td>
</tr>
<tr>
<td>DURANGO SCHOOL DIST BOND</td>
<td>1,289,503</td>
<td>418,162</td>
<td>418,162</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8,583,142</td>
<td>2,783,354</td>
<td>418,162</td>
<td>2,365,193</td>
</tr>
</tbody>
</table>

North Main Gateway URA Project (25 Year Projections)
Sales Tax TIF Projections

Colorado’s Urban Renewal Law permits Urban Renewal Authorities to collect sales tax as a source of incremental taxable revenue. This report assumes that the North Main Gateway Plan area will utilize sales tax revenue as a potential source of TIF revenue.

To forecast potential sales tax incremental revenue, this report analyzed the City of Durango’s sales tax collections. The city publishes monthly SIC reports that quantify sales tax collections by specific areas. The North Main Gateway Urban Renewal Plan area is located within the City’s North Durango Sales Tax Area.

In 2021, the North Durango sales tax area collected $3,716,036 in sales tax. These collections are based on the City of Durango’s 3.5% sales tax rate. This report estimates that the North Durango sales tax area features approximately 538,039 square feet of retail space. This equates to approximately $197 of retail sales per square foot annually.

<table>
<thead>
<tr>
<th>North Durango Sales Tax Collections</th>
<th>$ 3,716,036</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Retail SF in North Durango</td>
<td>538,039</td>
</tr>
<tr>
<td>Estimated Sales Tax per SF</td>
<td>$ 6.91</td>
</tr>
<tr>
<td>Estimated Sales Per SF</td>
<td>$ 197.33</td>
</tr>
<tr>
<td>Estimated New Retail SF</td>
<td>16,333</td>
</tr>
<tr>
<td>Estimated Sales Tax Increment (Municipal Rate)</td>
<td>$ 2,117,925</td>
</tr>
</tbody>
</table>
This report estimates that the North Main Gateway Urban Renewal Plan will generate an additional 16,333 square feet of retail space over the next 25-years. Using the estimated sales per square foot based on the North Durango sales tax area, this amount of space equates to $2,117,925 in sales tax increment over the next 25 years. This estimate does not include State Sales Tax collections or County Sales Tax collections.

### TIF Projection Summary

<table>
<thead>
<tr>
<th>North Main Gateway Plan TIF Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Value of Plan Area</strong></td>
</tr>
<tr>
<td>$ 4,837,460</td>
</tr>
<tr>
<td><strong>Total New Improvement AV</strong></td>
</tr>
<tr>
<td>$ 4,020,260</td>
</tr>
<tr>
<td><strong>Total Property Tax TIF Revenue</strong></td>
</tr>
<tr>
<td>$ 2,365,000</td>
</tr>
<tr>
<td><strong>Total Sales Tax TIF Revenue</strong></td>
</tr>
<tr>
<td>$ 2,117,925</td>
</tr>
<tr>
<td><strong>Annual Property Tax TIF Revenue (25-Year Average)</strong></td>
</tr>
<tr>
<td>$ 111,334</td>
</tr>
<tr>
<td><strong>Annual Sales Tax TIF Revenue (25-Year Average)</strong></td>
</tr>
<tr>
<td>$ 84,717</td>
</tr>
</tbody>
</table>
4 Taxing Entity Impacts

Assessing an Urban Renewal Plan’s impacts on partnering taxing entities require a careful consideration of the revenue, services and infrastructure required to achieve that plan’s goals. These impacts also need to take into account the purpose of the Urban Renewal Plan. In addition to remediating blighting conditions, an Urban Renewal Plan typically is designed to bring about a public good, either in the form of a public amenity or infrastructure, or even a type of development. The North Main Gateway Urban Renewal Plan area is being designed to facilitate the creation of affordable and attainable housing for the community. This stated purpose needs to be weighed against the possible fiscal impacts caused by the Urban Renewal Plan on partnering taxing entities. Conversely, partnering taxing entities need to demonstrate an undue impact caused by the Urban Renewal Plan to justify withholding tax revenue that the Durango Renewal Partnership generated through its renewal efforts.

Colorado’s Urban Renewal Law is explicit in C.R.S. 31-25-107(3.5)(I-V), when it lists requirements for Urban Renewal Impact Reports to evaluate potential impacts on effected taxing entities. The statute requires that the report examine County impacts in particular, stating the following:

- An estimate on the county revenue impact, and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area, and the benefit of improvements within the urban renewal area to existing county infrastructure,
- A statement setting forth the method under which the authority or the municipality will finance, or that agreements are in place to finance, any additional County infrastructure and services required to serve development in the urban renewal area for the period in which all or any portion of the property taxes described in subparagraph (II) of paragraph (a) of subsection (9) of this section and levied by a county are paid to the authority,
- Any other estimated impacts of the urban renewal project on county services and revenues.

This section will answer these requirements directly in regard to the North Main Gateway Urban Renewal Plan’s impacts to La Plata County. This report will also address the impacts to the Durango 9R School District, and the other entities that levy a tax within the Plan area.

La Plata County

Revenue Impacts

La Plata County issues three mill levies within the 1111 tax district. These mill levies help fund the County’s General Fund, its Road and Bridge Fund and its Human Services Fund. The North Main Gateway Urban Renewal Plan area is within the 1111 Tax District. Therefore, the use of Tax Increment Financing could have an impact on these property tax revenues.

The La Plata County Assessor’s 2020 Certified Abstract of Assessment quantifies the property tax revenue collected by each County fund. According to this 2020 certified abstract, the County’s General Fund collected $13,010,680 in property tax revenue, the Road and Bridge Fund $1,257,156, and Human Services $782,624. This Report projected the North Main Gateway Plan
Area’s annual property tax TIF per each fund’s millage rate and compared as a percentage to total revenue collections.

<table>
<thead>
<tr>
<th>La Plata County Fund</th>
<th>2020 Property Tax Revenue</th>
<th>Plan Area Estimated Property Tax TIF (Annual Average)</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$13,010,680</td>
<td>$21,279</td>
<td>0.16%</td>
</tr>
<tr>
<td>Road and Bridge</td>
<td>$1,257,156</td>
<td>$2,056</td>
<td>0.16%</td>
</tr>
<tr>
<td>Human Services</td>
<td>$782,624</td>
<td>$1,280</td>
<td>0.16%</td>
</tr>
</tbody>
</table>

This report estimates that the North Main Gateway Urban Renewal Plan area’s property tax increment generated at each fund’s millage rate, will account for 0.16% of their annual revenue collections. This means that the Plan area’s incremental revenue impacts are small relative to each fund’s total revenue collections.

This report also analyzed the Plan area’s revenue impacts on the County over its 25-year horizon. The North Main Gateway Plan is expected to generate new improvements and development over a 15-year timeline, with different phases generating different levels of investments and taxable property value. These variations were calculated on an annual basis, and the incremental tax revenue summed in the following tables. These estimates are assumed to represent new taxable revenue that would not exist but for the efforts of the Durango Renewal Partnership.

<table>
<thead>
<tr>
<th>County Revenue Source</th>
<th>25 Year TIF Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$531,969</td>
</tr>
<tr>
<td>Road and Bridge</td>
<td>$51,401</td>
</tr>
<tr>
<td>Human Services</td>
<td>$31,999</td>
</tr>
<tr>
<td><strong>Property Tax TIF Total</strong></td>
<td><strong>$615,370</strong></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$1,210,243</td>
</tr>
<tr>
<td><strong>Net Difference</strong></td>
<td><strong>$594,873</strong></td>
</tr>
</tbody>
</table>

These incremental property tax revenues represent a possible revenue stream that can be remitted to the Durango Renewal Partnership in support of its remediation and redevelopment efforts in the North Main Gateway Plan area. However, this report found that these incremental property tax revenues are more than offset by the estimated sales tax revenue that the Plan area is projected to generate. Over a 25-year horizon, the urban renewal plan is expected to generate a $594,873 surplus in revenue to La Plata County when sales tax collections caused by new developments in the project area are accounted for.

The North Main Gateway Urban Renewal Plan is expected to generate minimal revenue impacts on La Plata County’s General Fund, Road and Bridge Fund and Human Services Fund. The estimated annual revenue impact on both funds is projected to be 0.16%. Over the next 25-years, new development generated within the Plan area will create surplus revenue for the County in the form of sales tax. This report does not find a negative revenue impact caused by the North Main
Gateway Plan on La Plata County’s General Fund, Road and Bridge Fund, or its Human Services Fund.

Infrastructure and Service Impacts

The North Main Gateway Urban Renewal Project is within the Durango City limits. It will not require new County infrastructure to serve development within the Plan area. The Plan area will be served by City of Durango services, including the Durango Fire Protection District and the Durango Police department. Traffic impacts will also be localized to the city and a State Highway US550.

New development within the Plan area will not have a direct benefit on the County’s infrastructure or services. However, the North Main Gateway Plan area has a stated purpose to facilitate the creation of affordable and attainable housing. Its first development project will feature deed-restricted affordable housing. Affordable housing is a stated goal in Housing Element 5 of the County’s 2017 Comprehensive Plan Update. Therefore, the Plan will provide a benefit to advancing a goal contained in the County’s comprehensive plan document.

County Impact Conclusion

This report concludes that the North Main Gateway Urban Renewal Area will not generate adverse fiscal impacts on the La Plata County revenue, infrastructure or services.

Durango 9R School District

Revenue Impacts

The taxing entity that levies the largest millage rate within the North Main Gateway Urban Renewal Plan area is the Durango 9R School District. The Durango 9R School District’s General Fund, Override, Abatement and Bond millage rates amount to 60% of the total tax rate within the 1111 Tax District.

The School District is therefore an important partner to the Durango Renewal Partnership, and vulnerable to tax increment financing impacts. This report assumes that the Bond mill levy will not be leveraged within the Plan area. However, the District’s General Fund, Override, and Abatement could prove vital to the success of the North Main Gateway Plan.

According to the La Plata County Assessor’s 2020 Certified Abstract of Assessment, the Durango 9R School District collected $30,994,868 in property tax revenue. $7,856,513 was revenue generated by the Bond Mill Levy. The remaining $23,138,354 was revenue collected for the School District’s general fund, override and abatement. The following table compares these annual tax revenues with the estimated incremental property tax revenue generated by the North Main Gateway Plan area.

<table>
<thead>
<tr>
<th>North Main Gateway Plan Impacts</th>
<th>Durango 9R School District Fund</th>
<th>Estimated Property Tax TIF (Annual Average)</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General (Includes Override + Abatement)</td>
<td>$23,138,354</td>
<td>$49,261</td>
<td>0.21%</td>
</tr>
<tr>
<td>Bonds</td>
<td>$7,856,513</td>
<td>N/A</td>
<td>0.13%</td>
</tr>
<tr>
<td>Total</td>
<td>$30,994,867</td>
<td>$49,261</td>
<td>0.16%</td>
</tr>
</tbody>
</table>

13 This report assumes that all Tax Incremental Revenue for the Bond will pass through to that entity.
The North Main Gateway Plan is not expected to generate a significant impact to the school district annual revenue. This report estimates that future incremental tax revenue amounts to only 0.16% of the School District’s total revenue.

Student Population Generation

The North Main Gateway Plan has the stated goal to facilitate investment that generates affordable and attainable housing options for local Durango residents. The plan area’s first project will create deed-restricted residential units, which could in turn be purchased by the local workforce. This may provide an indirect benefit to the school district, which has voiced support of the City’s affordable housing initiatives.

However, these goals for additional housing will in turn generate an impact on the school district. New population equals new students, and this report forecasted possible student generation to quantify that impact.

The table below summarizes La Plata County’s current demographic data. These estimates, including household size and students per household, were used to estimate the number of students the North Main Gateway Plan could generate over the next 25 years.

<table>
<thead>
<tr>
<th>Estimated Population Generation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>La Plata County Total Population</td>
<td>55,651</td>
</tr>
<tr>
<td>La Plata County Household Population</td>
<td>53,887</td>
</tr>
<tr>
<td>Number of Households</td>
<td>23,502</td>
</tr>
<tr>
<td>Persons Per Household</td>
<td>2.29</td>
</tr>
<tr>
<td>Number of Students (All Districts)</td>
<td>8,904</td>
</tr>
<tr>
<td>Students Per Household</td>
<td>0.38</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>North Main Gateway Development Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Residential Units</td>
</tr>
<tr>
<td>Projected Population</td>
</tr>
<tr>
<td><strong>Projected Students</strong></td>
</tr>
</tbody>
</table>

The addition of 46 students over the next 25 years does not represent a significant impact to the Durango 9R School District. According to Colorado’s Department of Education, the school district added 1,386 students from 2019-2020 to 2020-2021. Since 2010, the school district increased in size from 4,697 students to 6,931. An additional 46 students generated by the North Main Gateway Plan is not a significant impact to the school district.

School District Impact Conclusion

The North Main Gateway Plan is not likely to generate significant adverse impacts on the Durango 9R School District. The Plan will not generate a substantial amount of new students for the district, and its projected property tax TIF represents only 0.16% of the district annual property tax revenue. The Plan’s focus on affordable housing may even represent a positive impact on the district, in the form of attainable workforce housing for its staff.
Impact Summary on Taxing Entities

This report did not find any substantial fiscal impacts to the taxing entities effected by the North Main Gateway Urban Renewal Plan. The scope of the Plan area mitigates its ability to leverage substantial amounts of TIF revenue that could create adverse impacts to its partnering taxing entities. The Plan’s ability to generate mixed-use development, and sales tax TIF, is projected to create surplus revenue for the County. The Plan’s emphasis on residential development is not projected to create undue burdens on the School District because of its small size. In fact, this Plan’s ability to facilitate affordable and attainable housing options likely outweighs its limited fiscal and service impacts on its partnering taxing entities.

The following table outlines the estimated property tax revenue that will be generated within the plan area for each taxing entity. Generating significant tax increment may prove more troublesome than ensuring that taxing entities receive adequate base revenues, which is why this report recommends that each taxing entity agree to allocate 100% of their potential tax increment revenue to the Durango Renewal Partnership in support of the North Main Gateway Plan.

### North Main Gateway Plan TIF Summary Table, Year 25

<table>
<thead>
<tr>
<th>Tax Increment Financing Analysis</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>North Main Gateway Estimated Real Property Taxes Due</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Entity</td>
<td>Year 25</td>
<td></td>
</tr>
<tr>
<td>La Plata County General</td>
<td>$ 1,640,455</td>
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<tr>
<td>Southwestern Water Conserv.</td>
<td>$ 90,864</td>
<td></td>
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<tr>
<td>Durango School District</td>
<td>$ 3,797,738</td>
<td></td>
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<tr>
<td>Durango (City of)</td>
<td>$ 1,117,822</td>
<td></td>
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<tr>
<td>Animas Mosquito Control</td>
<td>$ 312,553</td>
<td></td>
</tr>
<tr>
<td>Animas La Plata Water Con.</td>
<td>$ 77,022</td>
<td></td>
</tr>
<tr>
<td>La Plata County R&amp;B</td>
<td>$ 158,509</td>
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<tr>
<td>La Plata County Human Svs.</td>
<td>$ 98,677</td>
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<tr>
<td>Durango School District Bond</td>
<td>$ 1,289,503</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 8,583,142</td>
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</tr>
</tbody>
</table>

<p>| North Main Gateway Estimated Property Tax Increment |   |   |
| Base Assessed Value (Year 0): | $ 4,837,460 |
| Tax Entity                      | Year 25 |
| La Plata County General         | $ 531,969 |
| Southwestern Water Conserv.     | $ 29,465 |
| Durango School District         | $ 1,231,536 |
| Durango (City of)               | $ 362,489 |
| Animas Mosquito Control         | $ 101,355 |</p>
<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Animas La Plata Water Con.</td>
<td>$24,977</td>
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<tr>
<td>La Plata County R&amp;B</td>
<td>$51,401</td>
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<tr>
<td>La Plata County Human Svs.</td>
<td>$31,999</td>
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<tr>
<td>Durango School District Bond</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,365,193</strong></td>
</tr>
</tbody>
</table>
North Main Gateway Urban Renewal Plan Maps
North Main Gateway Urban Renewal Plan
Appendix B

City of Durango Sales Tax Map
Sustainable buildings, sound infrastructure, safe transportation systems, clean water, renewable energy and a balanced environment. Building a Better World for All of Us communicates a company-wide commitment to act in the best interests of our clients and the world around us.

We’re confident in our ability to balance these requirements.