



Commercial Development Projects - Incentive Programs

City Council Meeting
April 18, 2022



Discussion Topics

- Increase the city's competitive advantages for commercial development projects by potentially updating one and adding another business incentive program.
 - Expand the “commercial development permit fee waivers” program
 - Adopt a “lodging tax” rebate program



Business Incentive Programs

- A business incentive is a strategic investment by a public agency that creates or enhances the feasibility of a private-sector project to help achieve a community's economic development goals.
- Construction materials and labor costs have risen substantially over the last five years, making incentive programs that brings down market entry costs important to a developer and end-user.



Program Request #1

Commercial Development Fee Waiver Program

- City Council passed Resolution 2019-53 waiving certain development fees for types of new commercial development.
- Staff is actively marketing this program as a benefit to bringing a project to Commerce City.



Program Request #1

Commercial Development Fee Waiver Program

- The program is set to expire May 31, 2022. There are active projects in consideration that the program expiration may effect.
- Resolution 2022-47 would extend the program another five years. The new program expiration would be **May 31, 2027**. The Resolution also updates the list of definitions for qualified projects.



Program Request #1

Commercial Development Fee Waiver Program

- Proposed updates to the defined types of new commercial development in Resolution 2019-29:

- ~~1. eating and drinking establishments, excluding restaurants with drive thru/up service;~~
restaurants, excluding fast food;
2. recreation or amusement facilities, excluding health clubs; and
- ~~3. visitor accommodations, lodging establishments or lodging, extended stay,~~ excluding overnight campgrounds;
4. hospitals
5. grocery stores



Program Request #1

Commercial Development Fee Waiver Program

- Questions/Discussion



Program Request #2

Lodging Tax Rebate Program

- A Lodging Tax Rebate Program would help attract new hotel development projects to Commerce City and is part of a larger effort to increase certain types of commercial development.
- In 2007, Commerce City voters approved Ballot Initiative 2A establishing a 4% hotel and motel accommodation tax commencing January 1, 2008. The industry term for this type of tax is a “lodging tax.”
- Many communities offer to rebate a portion of their local “lodging tax” for a set period of time as a way to help attract and establish new hotel operations.



Program Request #2

Lodging Tax Rebate Program

- Development and labor costs in Commerce City are especially high, and revenue during the early years of a hotel property often isn't enough to cover its costs.
- Rebating a portion of the taxes collected from Commerce City's *hotel and motel accommodations tax* for a set period of time can help projects overcome the high development costs, making them more attractive for investment and help make a location in Commerce City more competitive.



Program Request #2

Lodging Tax Rebate Program

- If this program is adopted, ED incentive requests will be evaluated on a case- by-case basis, reviewing factors such as investment, size and type of project and hotel amenities.
- Requests with estimated rebate values over \$50,000 will be brought to City Council for discussion and potential approval. Lesser amounts will be approved administratively.



Program Request #2

Lodging Tax Rebate Program

- All incentive agreements under this program will be structured as a “rebate” up to 90% of the accommodations taxes paid for a specified amount of time, not to exceed 20 years;
- Business must be in “good standing” with all city taxes and fees owed before a rebate is issued.
- Approval of Resolution 2022-48 will establish this new incentive program, effective immediately. The Resolution will be added to the May 2, 2022 City Council meeting agenda for approval consideration.



Program Request #2

Lodging Tax Rebate Program

- Questions/Discussion

