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HOME BUILDERS
ASSOCIATION
of
METRO DENVER®

November 22, 2023

City of Commerce City
Mayor Benjamin Huseman
Members of City Council
7887 East 60th Avenue
Commerce City, CO 80022

Re: Ordinance No. 2549 –Metropolitan Districts

Dear Mayor Huseman and Members of City Council:

Please accept these comments regarding the proposed changes to Commerce City’s metropolitan district regulations. These comments are being provided on behalf of the Home Builders Association (HBA) of Metro Denver. As the largest HBA in Colorado, the HBA of Metro Denver represents over 500 homebuilders, developers, remodelers, architects, mortgage lenders, title companies, subcontractors, suppliers and service providers in the eight metro-area counties we serve.

The HBA also represents a diverse group of developers and builders who are committed to building homes and doing business in Commerce City. Metro districts play an instrumental role in building the necessary infrastructure and community-serving amenities that are important for current and future Commerce City neighborhoods. We appreciate the time and dedication Commerce City has given to find solutions and bring metro districts back to the table – this includes taking meaningful steps to lift the current moratorium.

In considering these proposed changes, it is important for Council to understand the unforeseen or unintended consequences this ordinance may have on the ability to utilize metro districts effectively and may inadvertently increase the cost of housing and make it even more difficult for homebuyers to purchase a home in Commerce City. These concerns include the following:

- No consideration of the Gallagher Adjustment – If assessment ratios change in the future – which they most certainly will – the lack of an adjustment will have a huge negative impact on metropolitan district financing and raise the cost of capital for districts in Commerce City significantly. Unfortunately, this will only result in higher interest rates on debt in Commerce City to offset the additional risk that the assessment ratios will change.
- Prohibition of sub debt service – This tool is vital to fund necessary infrastructure, and limiting this tool will again lead to higher costs and higher interest rates that will be passed onto homebuyers.
- Reimbursement limits – The proposed cap of reimbursement at 80% will only serve as a barrier to building better neighborhoods with everyday amenities such as parks, trails, and open spaces. These amenities are financed through bond proceeds and other financing tools through metro districts, and capping the reimbursement rate does not provide any additional benefits or protection to taxpayers. Rather, this prohibition will only make it more difficult and restrictive to build public amenities that residents enjoy every day.
- Withholding of building permits and requiring preliminary drawings/surveys – The proposal to withhold building permits for a material modifications of a service plan is neither reasonable nor necessary. This could dramatically impact builders and their ability to construct homes – particularly for builders that have permits for land previously owned by another landowner or developer. Further, the requirement to submit preliminary construction drawings and engineering surveys before a service plan submittal is incredibly onerous and challenging, particularly given the early stage of development and review.
- Annual elections – Holding elections every year is overly burdensome and will become costly and ineffective over time. This is not a meaningful tool to create transparency or increased engagement, but rather creates more bureaucracy and inconsistency that will negatively impact the operation of metro districts and resident engagement moving forward.

The HBA supports Commerce City’s attempt to bring metro districts and the model service plan amendments back to the table. We appreciate this important step and do not want to let that go unstated.

However, there are many problems with the proposed ordinance changes which we fear will both significantly limit or prohibit the use of metro districts while at the same time not offering meaningful protections and benefits to residents.

We support smart regulations for metro districts that can be worked on collaboratively with City policymakers, City Council, builders, financiers and residents alike. Creating policy in a vacuum will not serve the City's best interests in the long run. Our state is in a housing crisis and the cost of housing is higher than has ever been seen. We have seen Commerce City's policy statements about the importance of affordable and attainable housing, so we ask that you take these comments into consideration.

We respectfully urge City Council to direct City staff to (re)convene a process that incorporates the comments and concerns above, in addition to other valid concerns from other stakeholders. We are confident that by working together, we can achieve a positive outcome for all sides which will make Commerce City a model for collaboration and smart regulation.

We are available for additional consultation with the city staff, as necessary.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ted Leighty".

Ted Leighty
Chief Executive Officer
Home Builders Association of Metro Denver

Cc: Jason Rogers, City Manager
Jim Tolbert, Community Development Director