



## **Economic Incentives Policy Background**

Staff is requesting city council consider approving an ***Economic Incentives Policy***. There are no specific incentives requested at this time. This policy establishes an application and review process when requests are made. The developer and/or business owner will be required to support a request for incentives based on specific standards aligned with council objectives and benefit(s) the community.

Over the past few years the economy has improved and lending rates have been low. Littleton is an attractive place for business and land development, but certain uncontrollable events may influence future interest. As remaining vacant land is developed, the often more challenging redevelopment phase will become increasingly important. The economy may plateau or decline and interest rates have risen. This means the cost of development and redevelopment may become more expensive. If this occurs, it will be more likely that business owners and land developers will approach the city with a request for incentives.

Approving the proposed ***Economic Incentives Policy*** will create a standardized process and require applicants to provide information that staff will review. Any request that complied with the policy will be presented to the city council for consideration.



## ECONOMIC INCENTIVES POLICY

Location, demographics, and quality of life are just a few reasons the City of Littleton is a great place to develop a project or operate a business. A great city provides a strong and positive foundation for the development and business community. Taking an “**Open for Business**” approach to community and economic development, the city works collaboratively with developers and business owners to ensure long-term positive outcomes for all parties.

### **Resolution 06-2016**

The Littleton City Council will not support any incentive package or private/public partnership that does not strengthen the quality of life for our citizens, visitors, and businesses and that does not foster a long-term economic sustainable vision. The City Council encourages developers to bring forward incentive requests for projects that maintain or improve our community's quality of life and focus on the long-term economic sustainability and character of the community.

## PROCEDURAL REQUIREMENTS

### Economic Incentive Request

To be considered for an incentive agreement, the requesting party must complete and submit a request form, with all project specifications such as a narrative describing the proposed project, a well-developed conceptual site plan including renderings, and a comprehensive financial pro-forma, to initiate a review process. The Economic and Community Development Departments (*and other departments as warranted*) will analyze the request, perform the economic impact analysis, and determine eligibility. A recommendation will then be provided to City Council by the City manager.

In addition to financial considerations, all projects will be evaluated on how they meet general standards and project specific requirements.

### **General Standards**

1. Aligns with one or more of the following plans: City-Wide Plan, Comprehensive Plan, relevant design standards, and City Council's Goals and Objectives
2. Represents significant private-sector financial investment
3. Demonstrates highest and best use of the property
4. Provides a positive fiscal and economic impact to the city
5. Mitigates any perceived or potential negative impacts to the surrounding area
6. Demonstrates a long-term commitment to the city
7. Is developed in a sustainable and environmentally conscious manner

The city manager determines whether the proposed incentive agreement will be presented to city council for consideration in a public meeting. Littleton's City Council considers all incentive requests on a case-by-case basis, and ultimately reserves the right to approve or reject any proposed incentive agreement.

No project approval or rejection will become a precedent for future recommendations or decisions.

### Planning & Development Processes

The city will provide exceptional customer service and ensure that its applicants experience an expedient and high-quality development process.



All projects are reviewed in a **Concept Meeting**. When the applicant has a draft plan and proposed location, they will meet with city representatives who will provide comments, suggestions, and recommendations prior to formal submittal to ensure an efficient and effective process. Timelines will be covered during the meeting. All projects will have a single point of contact throughout the city's development process.

Those exploring ideas for a business or development but who are not yet ready to submit a draft plan for a Concept Meeting are encouraged to schedule an **Exploratory Meeting**. Economic Development and Community Development will provide land use information for a requesting party's due diligence.

## **PROJECT TYPES**

All requests must meet the **General Standards** in addition to specific requirements based on the following project types:

### Retail Development

A retail development may be considered for an incentive agreement if the proposed project:

1. Adds new and unique tenant(s) to the market and/or trade area
2. Minimizes the impacts of consumer expenditure cannibalization from existing businesses in the city

### Primary Employment

A commercial development which includes a substantial primary employment component may be considered for an incentive agreement if the proposed project:

1. Provides quality employment opportunities for Littleton's citizens and the region
  - a. Minimum of 50 net new jobs at a pay rate equal to 66% (*not including benefits*) of the area per capita income

### Commercial/Mixed-Use Annexation (*See the Comprehensive Plan*)

Littleton may provide incentives to enable the annexation of developed, partially developed, or vacant land that is commercial or mixed-use in nature if the project/property:

1. Is contiguous to the city limits and is a geographically logical addition
2. Is reasonably served by the city and its service/infrastructure providers

### Redevelopment/Revitalization

A redevelopment and/or revitalization project may be considered for an incentive agreement if the proposed project:

1. Improves the financial performance and viability of the existing property
2. Enhances the area and reflects the character of the community

## **INCENTIVE TYPES**

### Sales Tax Reimbursement

A share-back or partial reimbursement of the city collected portion of retail sales tax generated from the project. All proceeds of a sales tax reimbursement must be utilized for a public or public-related purpose which advances the public health, safety, and welfare of the community.



### Use Tax Reimbursement

A share-back or partial reimbursement of the city collected portion of use tax (*one-time use tax paid on the purchase price of all furniture, fixtures, equipment and supplies incidental to the opening or expansion of a business*).

### Construction Use Tax Reimbursement

A partial reimbursement of the construction use tax generated by constructing a project. All proceeds of the use tax reimbursement must be utilized for a public or public-related purpose which advances the public health, safety and welfare of the community.

### Fee Credits/Refunds

*See Addendum*

### Grant Programs

#### **Revitalization Incentive Grant**

The goal of the Revitalization Incentive Grant is to encourage private investment and improvements, while making revitalization efforts affordable, creative and of benefit to the community. Littleton City Council has appropriated \$100,000 for the Revitalization Incentive Grant to be administered by the Economic Development Department. The program offers up to \$20,000 in matching funds to business tenants and property owners within the City of Littleton proposing projects that improve the appearance of existing buildings. Applications for consideration involve improvements visible from the public right of way and include architectural/design assistance, façade, landscape, parking areas, exterior lighting and Americans with Disabilities Act (ADA) and signage.

Contact: **Economic Development**  
303-795-3749

#### **Main Street Historic District Grant**

The Main Street Historic Grant provides funding for improvements for property owners or tenants within the Main Street Historic District. Applications can be made for projects including architectural design assistance, façade work, removal of graffiti, maintenance, signage, or building improvements. Individual projects may be considered for awards up to \$50,000.

Contact: **Community Development**  
303-795-3755

### Other Available Incentives

Additional incentives are available through other agencies, such as a business personal property tax rebate through the county, federal and state rehabilitation tax credit programs for historic properties, and various programs through the State Office of Economic Development and International Trade. Littleton staff will assist in these processes if projects qualify.



## **Addendum**

### **Fee Credits/Refunds**

#### **11-7-4: CAPITAL FACILITY IMPACT FEE CREDIT:**

(A) The city manager, or his designee, may recommend to council a capital facility impact fee credit on any of the fees imposed by this chapter if secured by a development agreement, subdivision improvement agreement or other legally binding instrument in which the owner and/or developer has agreed to make and dedicate to the city any capital improvements beyond those required by any provision of this code that would benefit the public at large to the same degree as collection of the capital facility impact fee, and that granting the credit will not result in a substantial increase in the city's costs of providing capital improvements in the future.

The amount of the credit shall be equal to the cost of such improvements to the person, as determined by the city manager, or his designee, and in no event shall the credit be greater than the amount of capital facility impact fee for each category that would be due on the property. No certificate of occupancy, temporary or otherwise, shall be issued for the property until such improvements have been completed to the satisfaction of the city manager, or his designee, and dedicated to the city, or a financial guarantee in a form allowed under subsections [11-5-1\(D\)5](#) and (D)7 of this title or as provided in any development agreement, subdivision improvement agreement or other legally binding instrument and in an amount sufficient to secure the full costs, as determined by the city manager, or his designee, of constructing or installing the improvements, has been provided by the owner and/or developer. (Ord. 17, Series of 2014)

(B) Upon written request of the owner and/or developer, the city manager, or his designee, may grant a credit to such owner and/or developer who have paid the previous public facility fee or parks/open space fee but have not applied for a building permit. The amount of credit shall be equal to the amount expended for those fees and in no event shall the credit be greater than the amount of those fees paid previously for the property. (Ord. 14, Series of 2013)

Metro Area Incentives Policies				
Municipalities	Offer incentives	Incentives policy	Tax share back	Fee rebate/reduction
<a href="#">Arvada (Arvada Economic Development Association)</a>	Yes	Yes	Yes	No
<a href="#">Centennial</a>	Yes	Yes	Yes	Yes
<a href="#">Englewood</a>	Yes	Yes	Yes	Yes
<a href="#">Golden</a>	Yes	Yes	Yes	Yes
<a href="#">Lakewood</a>	Yes	Yes	Yes	Yes
<a href="#">Lone Tree</a>	Yes	Yes	Yes	Yes
<a href="#">Northglenn</a>	Yes	Yes	Yes	Yes
<a href="#">Parker</a>	Yes	Yes	Yes	Yes
<a href="#">Sheridan</a>	No	No	No	No
<a href="#">Thornton</a>	Yes	Yes	Yes	Yes
<a href="#">Westminster</a>	Yes	Yes	Yes	Yes
<a href="#">Wheat Ridge</a>	Yes	Yes	Yes	Yes