



CITY OF BRIGHTON
REPORT FROM THE CITY MANAGER TO CITY COUNCIL
June 1, 2017

SUBJECT: STUDY SESSION: DISCUSSION OF DRAFT COMMERCIAL REHABILITATION POLICY

ADMINISTRATIVE SUMMARY

To encourage the development of vacant commercial sites, and the redevelopment of obsolete commercial properties, staff presented to City Council in February the option of utilizing the Commercial Rehabilitation Act (PA 210) as a local redevelopment tool to increase investment and economic growth in the City. Following the direction of Council, staff has conducted further research into the Act and has drafted a tax abatement policy with specific criteria for businesses seeking a tax abatement within the City.

As a brief refresher, the purpose of the Act is to increase the current tax base of the City by providing incentives for businesses to develop and redevelop obsolete sites, and to provide employment opportunities for local residents. The designated Commercial Rehabilitation District (CRD) must be at least 3 acres in size; must contain properties that are 15 years or older and are either zoned, or have been used for a commercial purpose; and only the rehabilitation of a facility may be exempt from taxes. Local units of government may determine specific criteria for businesses to qualify for an abatement, as well as abatement lengths.

Staff has outlined recommended criteria for businesses seeking a tax abatement within the draft Commercial Rehabilitation Tax Abatement Policy for City Council's consideration.

DISCUSSION

Staff will be ready to discuss the attached Commercial Rehabilitation Tax Abatement Policy and Tax Incentive Agreement, seeking City Council input and consensus for moving forward. Final drafts of the two documents would be brought back to City Council for review and approval.

Prepared by: Brandon Skopek, Community Development Associate

Approved by: Nate Geinzer, City Manager

Attachments: 1. Draft Commercial Rehabilitation Tax Abatement Policy

V. Property Tax Incentive Criteria

- A. Length of Property Tax Incentive – The length of the CREC for real property incentives authorized by the City Council are subject to the following investment levels:

Incentive Time Period	Minimum Investment	Maximum Investment	Business Residency
Up to two (2) years	\$250,000	\$1,499,999	See Item C below
Up to four (4) years	\$1,500,000	\$3,499,999	
Up to five (5) years	\$3,500,000	N/A	

- 1) The City of Brighton wishes to increase the availability of public parking in the Downtown Business District (DBD). The City will award a ten (10) year tax abatement to projects that include designs for a public parking structure in the DBD Zoning District. The proposed public parking structure, at a minimum, must double the current amount of available parking on-site. There may be opportunities for public development participation and financing from the City of Brighton Downtown Development Authority.
- 2) The City of Brighton wishes to encourage more sustainable green building and development practices within the City. The United States Green Building Council (USGBC) created LEED (Leadership in Energy and Environmental Design) in order to develop universally understood and accepted standards, tools and performance criteria for building construction. The LEED standard covers environmental actions in sustainable site, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. Bonus credits may be given for process and design innovation.

The City will award an additional one-year tax abatement term to the recommended CREC term for all buildings that become LEED certifiable projects as determined by the USGBC. The City will award an additional two-year tax abatement term to the CFEC term for all buildings that become LEED certifiable Silver projects and will award an addition three-year tax abatement term to the CFEC for those buildings that become certifiable as either LEED Gold or LEED Platinum.

Applicants will need to provide the City with a completed LEED checklist signed by the LEED AP associated with the project team.

- B. Type of Investment - Investment in real property should include buildings and ancillary facilities associated with the buildings but not include investments made by developers and/or the corporations with items such as water, sewer, streets and

other off site development costs.

- C. Business Residency Requirement - As a condition of receiving a CREC pursuant to this policy, a business agrees to operate the facility for which the certificate is granted for the term of the certificate plus an additional term after the date of expiration of the certificate equal to one year of business residency per abated year. For example, a two (2) year abatement will require a four (4) year business residency.
- 1) Length of Lease Term - A business requesting tax incentives for a facility under a lease must provide a lease that includes an initial length of the lease equal to the business residency as outlined in this Section. Options to extend a lease will not be counted as part of the initial term of the lease.
 - 2) Repayment of Tax Incentive - If a business vacates or fails to operate the facility for which the certificate is granted for the period of time as outlined in this Section, then it shall be liable for repayment of any property tax savings benefiting the business due to the existence of the certificate, beginning with the initial effective year of the certificate.
- D. Commitment to Community – The City of Brighton wishes to encourage civic engagement between businesses and City residents. A community engagement program not only inspires the workforce; it benefits the community and provides an incentive for customers to support the business. Commitment to Community may include: donating a percent of employees’ time to community projects of the business’ choosing, or the business may donate services and/or products to community needs.