



MEETING DATE: October 10, 2023

ITEM NUMBER: 9.G

SECOND READING: October 24, 2023

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: Consent

PRESENTED BY:

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SUBJECT/AGENDA TITLE:

A Bill For An Ordinance Repealing And Reenacting Chapter 15.02.110 Of The Longmont Municipal Code On Public And Common/Private Improvement Review, Construction And Acceptance

EXECUTIVE SUMMARY:

The Land Development Code requires that financial securities are held by the City of Longmont to ensure that obligations required of a developer are completed according to City regulations and approved plans. This process of estimating the security amounts, collecting the funds, tracking the securities, and returning them after a project is completed is an administrative task performed by members of the Development Review Committee (DRC) and the City's Finance Department.

The process as currently written, is very time intensive for staff and requires constant monitoring to ensure that the financial information is kept safe and up to date. Under today's regulations, the City is often tasked with monitoring and tracking this financial information for multiple years. The proposed changes that were discussed with the Council on February 28, 2023, will set a common standard for determining the amount of financial security and then delay the collection of any securities until there is a need to have financial securities in case the developer fails to complete public or private improvements. The changes proposed to this administrative process could cut the time that the city needs to track this information by half. In reviewing the data, we also anticipate that there will be some cost savings to the developer which may help reduce housing construction costs if these changes are adopted.

At the February 28, 2023, City Council meeting staff presented the Council with a number of options and Council directed staff to make the following changes.

1. Base the required securities on median construction cost by project type as determined by the City. The City would adjust the rate based on construction price indexes for the region. The proposed rates would be as follows and are indicated in internal documents:
 - A. Mixed Use Development – Secured at \$12,213 per acre.

B. Multi-Family Development (apartments and condominiums) – Secured at \$1,093 per dwelling unit.

C. Single Family Detached and Attached Development – Secured at \$17,650 per acre.

The proposed ordinance reflects that these rates are administratively set to allow staff to update them without having to further amend the ordinance.

2. Delay collection of securities until there is an actual need for the city to hold them. The proposal would collect funds at time of building permit release or construction acceptance depending on the type of development.
3. Update the enforcement and penalties section of the municipal code to clarify when a default may be declared and allow for tax liens on parcels for any work completed by the City as a result of the developer's inaction.
4. Exempt City of Longmont projects from the requirement of providing securities.
5. Allow City Council to waive securities for City funded economic development projects or public private partnerships that include a development agreement.
6. Allow for reduced securities for affordable housing projects equal to any fee reductions that the project qualifies for.

The attached ordinance reflects this direction and will implement these changes.

COUNCIL OPTIONS:

1. Approve the ordinance as written.
2. Approve the ordinance with modifications.
3. Deny the ordinance.

RECOMMENDED OPTIONS:

Staff recommends approval of the ordinance as written.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

Staff estimates that the amount of staff time devoted to tracking and maintaining securities would be reduced by half and allow staff to work on other projects.

BACKGROUND AND ISSUE ANALYSIS:

The City of Longmont has refined our system of securitizing development over many decades to ensure that public and private improvements are constructed by the developer and built according to City approved standards. This has been accomplished by requiring public improvement agreements (PIA'S) and financial securities that the City holds until the development is completed. The process of creating these agreements and determining the amount of financial securities for public improvements (i.e water lines, roads, etc.) is very time intensive and requires analysis by the Development Review Committee (DRC) staff

members. As the City has refined the process for securing the development improvements, it has never updated the timing aspect of providing the securities to the City. Currently, the City requires that all securities for a development, except private landscaping, be provided to the City prior to approval of the development project.

Staff has reviewed this timing requirement, and the process for determining the amount of the security and proposed that the Land Development Code be updated to make the following changes.

1. Base the required securities for public improvements on a median construction cost by project type. The median cost would be determined by the City. The City would adjust the rate based on construction price indexes for the region annually.

The amounts required would be as follows:

- A. Mixed Use Development – Secured at \$12,213 per acre.
 - B. Multi-Family Development (apartments and condominiums) – Secured at \$1,093 per dwelling unit.
 - C. Single Family Detached and Attached Development – Secured at \$17,650 per acre.
2. Delay the collection of securities until there is an actual need for the City to hold them. Under the current proposal the City would collect security at the time building permits are issued versus at time of plan approval.
 3. Update the enforcement and penalties section of the municipal code to clarify when a default may be declared and allow for tax liens on parcels for any work completed by the City as a result of the developer's inaction or lack of performance.
 4. City Projects - Exempt City projects from the requirement of providing securities. City projects are funded by the City before construction begins and this reduces the amount of tracking for staff.
 5. Public Private Partnerships - Allow the City Council to waive securities for City funded development projects that include a development agreement. This would allow the Council to offer this option as another incentive when negotiating with partners.
 6. Affordable Housing - Allow for additional reductions in securities for affordable housing projects that qualify for fee waivers. The reduction in any securities would be equal to the percentage of fee reductions that the project qualifies for. These would only be available for affordable housing units that are constructed and provide housing at or above required levels.

These changes will simplify the PIA creation by standardizing the security amounts by development type, reduce the amount of administrative process required to track the securities and release them, and finally would allow the City to file a lien on the property



when a violation of the PIA and construction documents is found. By ensuring the ability to recoup any City expense, this would allow for the City to complete the improvements or perform restoration on the property as needed.

ATTACHMENTS:

1. Ordinance