

# Longmont Boutique Hotel

## FAQs

On November 15, 2022, the Longmont City Council voted to move forward on a proposal to develop a five-story boutique hotel in downtown Longmont to be located at the northwest corner of Kimbark and 3<sup>rd</sup> Avenue. The City has partnered with the Longmont Downtown Development Authority (LDDA), the General Improvement District (GID), and The Thrash Group on this plan.

### KEY POINTS:

- A. No property or sales tax from residents or businesses is going toward the 4.3 million.
- B. Outside of the land contribution that is valued at \$400,000 all the revenues utilized to support the 2.3 million in TIF rebates and the 1.2 million in Lodgers Tax will be the funds generated by the hotel.
- C. This is structured as a rebate and therefore no cash will be transferred to the developer prior to construction.
- D. The performance and value of the hotel will dictate how quickly the developer will get repaid.

### 1. **Why does Longmont need this type of hotel?**

Currently, there is not this type of lodging available in our community and there is no lodging whatsoever in the Downtown District. We have fantastic hotels right now, but primarily they are what the tourism industry calls limited service or extended stay hotels. The Hilton Garden Inn became our first full service hotel, but we do not have any lodging that would be considered boutique. We have heard from employers and destination businesses that people have left our community to seek this type of lodging. We would like to keep those dollars in Longmont.

### 2. **What is a boutique hotel?**

A boutique hotel is usually a smaller, independent, sophisticated, and fashionable hotel that offers great amenities like specialty suites, upscale interiors, and personalized services. It is typically located in the city center or in downtown areas, with a strong artistic sense and focus on design.

### 3. **What did city council vote on? Is this a done deal?**

The city council voted to approve the development agreement that provides up to \$1.2 million in lodgers tax towards the project. Now the City's normal development review approval process begins. The city council, serving as the GID Board, approved the conveyance of its parking lot to the developer upon which the hotel is to be constructed.

### 4. **When will the hotel open?**

If the proposal meets all building requirements in a timely manner, the hotel could open in mid-2024.

### 5. **How big is the proposed hotel?**

The proposed hotel currently includes approximately 84 guest rooms, 5,000 square feet of destination rooftop restaurant space, with a mix of retail/meeting space, about 65 hotel parking spaces, and about 75 public parking spaces.

**6. What’s included in the City’s financial contribution to the partnership agreement?**

The hotel project is estimated to cost \$24.5 million. The public investment in the hotel project is a total of \$4.3 million. However, this is not what the City is contributing to the project. The City’s commitment is \$1.2 million in Lodgers Tax reimbursement. The Longmont Downtown Development Authority (LDDA) and Longmont General Improvement District (LGID), both independent quasi-governmental entities, are contributing \$3.1 million of the \$4.3 million from their own funding sources. The \$1.2 million balance is to be contributed by the City through the reimbursement of funds generated from the City Lodger’s Tax, exclusively generated from the hotel. The funding breakdown is as follows:

<u>Organization</u>	<u>Amount</u>	<u>Source</u>
LDDA	\$2,300,000	Tax Increment Financing, paid out annually through 2032
LDDA	\$400,000	Funds contributed by the hotel project into the Downtown Improvement Program (DIP) Façade Grant fund
Property Tax Increment Fund (TIF)		
LGID	\$ 400,000	Land contribution
CITY	\$1,200,000	Lodger’s Tax reimbursement
TOTAL	\$4,300,000	

It is important to note that all of these sources of funding are generated exclusively from the development only if it were to be constructed. No general tax revenues of the City are committed towards the project. If the project does not come to fruition, none of the aforementioned funds would be generated; thus, these funds are not available to fund other projects or improvements.

**7. What will the hotel look like?**

It is early in the development review process, but the developer has created some renderings that can be viewed at

<https://www.longmontcolorado.gov/Home/Components/News/News/12464/3>.

**8. Was there a public notice or public meeting about this project?**

The project details were revealed to the public during the council meeting on November 15, 2022. The development review process now begins with the regular opportunities for public review and input.

**9. How will parking be affected by the project?**

As part of the hotel project, the developer will construct a parking structure on the portion of the property that will continue to be owned by the LGID or the City with approximately 65 spaces on the top level and approximately 75 public spaces on the ground level. The LDDA will

continue to work with City planners to improve and expand parking opportunities in and around downtown Longmont. For example, The Spoke on Coffman, a recently completed project garage, added 40 spaces to the parking inventory as well as 80 additional spaces on nights and weekends. In addition, the future First and Main transit project will add an additional 200 spaces.

**10. Does the building of the hotel take any investment in public housing off the table?**

Funding for the hotel project has no effect on existing or future public housing projects.

**11. How does this hotel project affect the funding for other proposed City projects like a performing arts center, library expansion, and recreation center?**

The hotel project has no effect on these other City projects. The public money that is planned for investment in the hotel project is generated by the project itself. In addition, LDDA funds can only be invested within its downtown area boundaries. See number 5 above.

**12. What is the hotel project's impact on traffic?**

Traffic impacts will be addressed as part of the development application submittal to the City. Staff will determine what type of traffic information will be required.

**13. There are many hotels in Longmont. Why is another one being built?**

In general, the market dictates the need for new hotel rooms. This developer believes there is a strong market for their project. The downtown boutique hotel is a unique property. There is no other hotel like this in Longmont and the immediate surrounding communities. The City's master plan has identified the need for this type of business since the early 1980s. This hotel project will also attract, meetings, events and conferences – a currently unmet business need in Longmont.

**14. What is the economic impact on the City?**

The new hotel is expected to draw a wide range of visitors, unique events, and meetings that will add significant dollars to the Longmont economy. According to the Longmont Economic Development Partners (LEDP), the hotel property could generate more than \$6 million in sales taxes, lodgers' taxes, property taxes, and utility revenue over a 10-year span.

**15. What happens to The Dickens building next door to the proposed project?**

The Dickens is privately-owned and not part of the project. The hotel project is not expected to negatively impact the Dickens building. A new hotel could potentially bring more people to downtown and new customers to any future uses of the Dickens property. In fact, the Dickens property owner sent a letter of support for the project to the Longmont city council.

For more information about the hotel project, please visit the media stories online:

- **BizWest:** <https://bizwest.com/2022/11/11/developer-plans-24m-downtown-longmont-hotel-city-mulls-4-3m-in-incentives/>

- **Longmont Times-Call:** <https://www.timescall.com/2022/11/15/developer-discusses-plans-for-boutique-hotel-in-downtown-longmont/>
- **Longmont Leader:** <https://www.longmontleader.com/local-news/downtown-hotel-development-agreement-gets-thumbs-up-6113990>
- **City Council presentation:** <https://youtu.be/l8chfhi0DY?t=10553>
- **Longmont Times-Call:** <https://www.timescall.com/2022/12/11/city-says-financial-incentives-given-to-longmont-boutique-hotel-not-cash-money/>