

# **RAILROAD URBAN RENEWAL DISTRICT TAX INCREMENT FINANCING PRIORITY AREAS AND CRITERIA FOR REVIEW**

## **BACKGROUND INFORMATION**

In 2016, an urban renewal plan (“Plan”) was adopted by the City of Helena City Commission creating the Railroad Urban Renewal District (RURD). The intent of Plan is to eliminate “blight” and encourage redevelopment in District through the use of tax increment financing (TIF) as specified by State Law. The goals and objectives of the Urban Renewal Plan lay the groundwork for redevelopment.

The language of the Plan encourages the development of innovative and creative projects in our community. It is the intention of the RURD TIF Advisory Board to foster creative and innovative projects within this Urban Renewal District as well through the use of its public/private partnership programs and construction of public projects.

The RURD Advisory Board has established a range of priority areas based on the goals and associated projects and programs from the Railroad Urban Renewal District Plan. Prioritized areas include addressing motorized and non-motorized transportation needs throughout the RURD to create a Complete Streets environment; working to establish a cohesive district brand for marketing, wayfinding, and other economic development purposes; addressing zoning and other regulatory needs in the district; and generally working to improve private and public infrastructure and encourage private investment in the area.

## **APPLICATION PRIORITY AREAS FOR TIF ASSISTANCE**

Throughout the application and review process, it should be recognized that the overriding goal of the Urban Renewal District is the elimination of blight resulting in an increased tax base. TIF Applications will be assessed based on the merits of individual projects in relation to the goals and objectives of the Plan, and the project priority areas set by the RURD TIF Advisory Board, which are as follows:

### **I. Infrastructural Needs**

Consideration will be given to projects that identify and prioritize upgrades to water, sewer, and stormwater drainage infrastructure in the RURD. (Satisfies Goal 5, Objectives 1 and 5).

### **II. RURD Sidewalk Projects**

Consideration will be given to projects that address sidewalk infrastructure and/or rehabilitation throughout the RURD. (Satisfies Goal 5, Objective 4; and Goal 6, Objective 5)

### **III. Transportation Planning**

Consideration will be given to projects that enhance motorized and non-motorized transportation needs within the RURD. (Satisfies Goal 5, Objectives 1-6; and Goal 6, Objective 5).

#### **IV. Demolition Program**

Consideration will be given to projects that reduce blight (defined, in this instance, as substantial dilapidation, deterioration, age obsolescence, or defective construction, material, arrangement of buildings or improvements, inappropriate, faulty lot layout, inappropriate/mixed uses of land/buildings, or unsanitary or unsafe conditions) through demolition of blighted structures that will give way redevelopment opportunities within the RURD. (Satisfies Goal 2, Objective 5).

#### **V. Development of a District Branding and Marketing Initiative that Reflects the Historic and Cultural/Economic Importance of the Area**

Consideration will be given to projects that work to more fully develop a marketing initiative that is based on the RURD's distinct history and cultural/economic importance. Initiatives should cover a cohesive, comprehensive branding and marketing plan with an associated implementation plan. (Satisfies Goal 1, Objectives 1 and 7; Goal 3, Objectives 1 and 5; and Goal 4, Objective 2).

##### *Economic Development Potential*

The economic development potential of a project is very important in assessing the viability of the project and the ability of the project to have a significant, positive impact on the health of the District and community. The amount of economic activity to be generated by the project is assessed, including the relationship of public and private investment, tax generation, and job creation. Generally, projects located within the district that meet the following economic development criteria are thought to be projects worth consideration for tax increment financing.

- Tax generation – In order for the Urban Renewal District to stay economically healthy for the maximum benefit to the District and community, a project should demonstrate how the project will increase the taxable valuation in the District.
- Relationship of public and private investment – Where a private entity is seeking TIF funding, the relationship of private investment to public investment of a project shall be significant enough ensure prudent investment of public funds within the urban renewal district.
- Investment Spin-off – Projects that have potential for investment spin-off in a blighted area would be seen as having a positive impact on the District.
- Conformance to the Growth Policy and Urban Renewal Plan – City of Helena staff will review all proposed projects for conformance with the above-mentioned plans and state statutory requirements. All projects must serve the public interest to qualify for funding.

##### *Logistical Considerations*

In addition to the five priorities listed above, an assessment of a project will be made through evaluation of the project in terms of the following:

Project Financing - Types of financing available to the Applicant. Lender participation commitments, industrial development revenue bonds, and State and federal grant monies, for example, are examined to assess the need for TIF assistance.

Project Feasibility - A determination of feasibility is made based on the strength of the Applicant's demonstration of financial readiness and ability to proceed.

Applicant's Ability to Perform - An assessment of the Applicant's capability to undertake the relative complexities of the project.

Timely Completion - The feasibility of completing the project according to the Applicant's proposed project schedule.

Payment of Taxes - All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date, where applicable.

## **ELIGIBLE ACTIVITIES**

As specified by state law, TIF may be used to finance redevelopment activities, including the following (from 7-15-4288, M.C.A.):

1. Land acquisition, including acquisition of infrastructure-deficient areas and assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself at fair value.
2. Demolition and removal of structures.
3. Relocation of occupants.
4. The acquisition, construction, and improvement of public improvements or infrastructure, including streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, publicly owned buildings, and any public improvements, and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred.
5. Costs incurred in the exercise of urban renewal powers (found in 7-15-4233, MCA), including urban renewal projects as authorized by the City Commission.
6. Acquisition of infrastructure-deficient areas or portions of areas;
7. Administrative costs associated with the management of the urban renewal area or targeted economic development district;
8. Assemblage of land for development or redevelopment by private enterprise or public

agencies, including sale, initial leasing, or retention by the local government itself at its fair value;

9. The compilation and analysis of pertinent information required to adequately determine the needs of the urban renewal area or targeted economic development district;
10. The connection of the urban renewal area or targeted economic development district to existing infrastructure outside the area or district;
11. The provision of direct assistance to secondary value-adding industries to assist in meeting their infrastructure and land needs within the area or district; and
12. The acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.

**IMPORTANT: Costs to be paid with TIF monies may not be incurred by the Applicant prior to funding approval and the satisfaction of any conditions of such approval.**

## **APPLICATION PROCESS**

Anyone seeking TIF assistance from the City of Helena must submit a written application for each TIF-assisted project. The following procedure has been developed to expedite the review of TIF funding requests.

1. Initial Contact. Contact the City of Helena Community Development Department, 316 N. Park Avenue, Room 445, Helena, MT 59623, (406) 447-8490, citycommunitydevelopment@helenamt.gov, to discuss the project and determine eligibility for TIF assistance.
2. Prepare a Written Application. The Applicant must prepare a written application for each funding request. The City of Helena staff will assist the applicant in preparing a formal application. The application should address the ten *Criteria for Review* (see attached list).
3. Staff Review. Upon submittal of all necessary information, City staff will review the merits of the project and the need for funding. At any point in the review process, the staff or Board may request more information of the Applicant or solicit comment on the project from other public agencies. Items included in personal financial statements will not be subject to public review or presentation to or comment by other agencies.
4. Board Review and Approval. The RURD TIF Advisory Board will review the project and staff recommendations, and then issue a recommendation on the funding request or any part thereof, and any special terms of TIF assistance, to the City Commission for approval or disapproval.
5. Development Agreement. The City of Helena and the Applicant must execute a legally binding contract, which establishes the terms and conditions of the TIF assistance.

## CRITERIA FOR REVIEW

Applications will also be evaluated based on the following ten measurable objectives for projects and programs, as established in the Railroad Urban Renewal District Plan (listed in no particular order of priority):

1. Increased Taxable Valuation – Implementation of the project should encourage and/or result in an increase in the URD’s tax base.
2. Cost-Benefit Analysis of the Investment/Expenditure – Analysis of how the request cost of the TIF funds compares with the benefits of the project to the District.
3. Leverage-Ratios of Tax Increment Funds to Other Sources – The relationship of private investment to public investment of a project shall be significant enough ensure prudent investment of public funds within the urban renewal district.
4. Health and Safety Concerns - The Project’s impact, positive or negative, on the environment in terms of noise, dust, pollution, public safety, traffic congestion, pedestrian access, visual aesthetics, etc.
5. Historic Preservation - The Project’s capacity to encourage the preservation and protection of the cultural and economic heritage and physical assets of the district.
6. Density, Infill, and Adaptive Reuse –Projects will be evaluated for their ability to encourage or result in infill and adaptive reuse of underutilized and vacant lots and properties, and to promote more compatible, complementary uses within the District.
7. Cost of Public Services - The Project’s ability to improve public services, such as water, sewer, sidewalks, parking, improved traffic circulation, etc., to an area that is currently underserved.
8. Job Creation – Projects that create opportunities for new employment contribute to the economic vitality of the District and community in a variety of ways.
9. Conformance with the goals and objectives of the Railroad URD Plan, Helena Growth Policy, and other Relevant Adopted Plans - The Project’s ability to significantly further specific goals found in the current Urban Renewal Plan, Growth Policy, and consistency with other City plans and objectives.
10. Conformance with Requirements for TIF Fund Expenditures, per 7-15-4288, MCA – Projects must cover eligible project activities stated in Montana statutes and be approved by the City Commission to satisfy needs identified in the Railroad Urban Renewal District Plan.