

## **\*\*ATTENTION\*\***

The City Council meeting will be held in a hybrid format that may include both in-person AND virtual attendance via Zoom. Unless they have cause to appear virtually, Councilmembers will attend the meeting in person in Council Chambers, second floor of City Hall, 220 N. 27th Street. In order to honor the Right of Participation and the Right to Know in Article II, Sections 8 and 9, of the Montana Constitution, the City of Billings and City Council are making every effort to meet the requirements of the open meeting laws.

Citizens are invited to:

- . Review the Agenda Packet on the City's website at: [www.billingsmt.gov](http://www.billingsmt.gov) and click on "Your Government," "City Council," and "Agendas & Minutes".
- . View the meeting:
  - . On Community 7 TV - Channel 7 or Channel 507 -- Spectrum Cable. *(On evenings when there is a conflict with School District No. 2 Board meetings, the City Council meeting will be broadcast on Channel 8 - Spectrum Cable.)* Channel 7 or Channel 978 - TDS Fiber.
  - . Online at [www.comm7tv.com](http://www.comm7tv.com) and click on the "Watch Live" icon. Community 7 also has links to their Facebook page and YouTube channel.
  - . On the City's website at [www.billingsmt.gov](http://www.billingsmt.gov) and click on "Watch Meetings Online" on the homepage.
  - . In-Person.

Citizens may submit public comment via the following methods:

- . Mail: City Clerk, P.O. Box 1178, Billings, MT 59103
- . Email: [Council@billingsmt.gov](mailto:Council@billingsmt.gov).
  - . Emails received after 3:00 PM on the day of the meeting, may be posted on the Council's webpage the following day for public viewing.
- . Attend the meeting in person

Please contact Denise Bohlman, City Clerk, at [bohlmand@billingsmt.gov](mailto:bohlmand@billingsmt.gov), or at 406.657.8210, with any questions.



**VISION STATEMENT:**  
"The Magic City: A diverse,  
welcoming community  
where people prosper and  
business succeeds."

**WORK SESSION AGENDA  
AUGUST 19, 2024**

**COUNCIL CHAMBERS**

**5:30 P.M.**

**CALL TO ORDER:** Mayor Cole

**PUBLIC COMMENT ON ALL ITEMS.** This is the time to comment on any matter (Agenda or Non-Agenda) falling within the scope of the Billings City Council. There will also be time in conjunction with each agenda item for public comment relating to that item. You may only speak once for each item during the meeting.

Please note, the City Council cannot take action on any item of significant interest to the public that does not appear on the agenda. Comments are limited to three (3) minutes during each public comment period or as set by the Mayor. **Speaker sign-in required.** Please sign the roster at the cart located at the back of the Council chambers or at the podium.

**1. Community Development Division Discussion.**

-Public Comment

**2. South Billings Boulevard Urban Renewal District Expansion Discussion.**

- Public Comment

**HIGHLIGHT UPCOMING AGENDA ITEMS OF COUNCIL INTEREST:**

**COUNCIL DISCUSSION:**

**PUBLIC COMMENT on "NON-AGENDA ITEMS".** Speaker Sign-in required. *(Restricted to ONLY items not on this printed agenda. Comments are limited to 3 minutes or as set by the Mayor. Please sign the roster at the cart located at the back of the Council chambers or at the podium.)*

**ADJOURN:**

Note:

- This meeting is an "informal" meeting of the City Council. The content of the Agenda is subject to change at the meeting.
- In the event there is a Closed Executive Session, the sole purpose is to discuss litigation strategy. The other parties to the case(s) discussed are not public bodies or associations as described in Section 2-3-203(1) and (2), MCA. The meeting is closed, as allowed by Section 2-3-203(4) (a), MCA, "to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position" of the City of Billings.

**City Council Work Session**

**Date:** 08/19/2024  
**Title:** Community Development Division Information on Programs and Processes, including 2025 Consolidated Plan  
**Presented by:** Wyeth Friday  
**Department:** Planning & Community Services  
**Presentation:** Yes  
**Legal Review:** Not Applicable  
**Project Number:** NA

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**RECOMMENDATION**

No formal action is expected at this Work Session. We have two goals for the discussion. First, that the City Council understand the current Housing and Urban Development (HUD) programs and processes and second, that we begin the process for the new 5-Year Consolidated Plan. As a starting point for input and direction, staff wants to illicit input and comments from the Council tonight in regard to its existing and draft priorities to help inform the 2025-2029 Consolidated Plan that will guide HUD programs in Billings for the next 5 years.

**BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)**

Staff is pleased to be able to come to Council in a Work Session and not on any deadline to share information about the existing CDBG and HOME programs the City of Billings administers through HUD entitlement funding the City receives. Staff also wants this session to provide a first opportunity for Council input and policy direction since the City is embarking on a new 5-year Consolidated Plan process per HUD requirements to continue the provision of programs and services to low income residents and families in Billings. Staff expects this to be one of several discussions and information sharing opportunities with Council as the 2025-2029 Consolidated Plan is developed and adopted in Spring 2025.

**Tonight's Work Session focus is as follows:**

- Overview of CDBG and HOME Funding Sources
- HUD Goals
- CD Board's Role & Responsibilities
- Allocation Limits, Activities, & Timeliness
- Consolidated Planning Process
- Council Goals/Priorities Input on Programs for new Consolidated Plan
- Next Steps

Along with providing Council with a comprehensive overview of the current HUD programs the City administers, staff hopes to receive some initial input on future program changes based on its current and future Strategic Priorities so that staff may go back and review and vet these ideas in relation to HUD requirements and provide more information to Council at a future Work Session as to what might move forward in the next 5-years per the new Consolidated Plan. See some of the questions staff has provided in the Alternatives Section of this memo and will share in the presentation to help move the conversation forward.

**STAKEHOLDERS**

The City serves low-income households through a variety of affordable housing programs such as housing development, home buyer, and foreclosure acquisition / rehabilitation programs. These populations are all potential stakeholders in these programs if changes are made or programs modified. Tonight, however, is just information and discussion of these current programs and will not affect these stakeholders at this time.

**ALTERNATIVES**

Since there is no formal action tonight, there are not clear alternatives for sharing information from staff and having Council provide input and direction.

Questions the City Council may consider and that will be shared during the presentation tonight, include:

- Current Program modifications or areas of added focus?
- More information on current programs and impacts?
- New program ideas Council wants vetted for the new 2025-2029 Consolidated Plan?

- Will Council's formal adoption of its 2204-2025 Priorities clarify some focus areas?
- Suggested changes in process it wants vetted?
- Other topics?

### **FISCAL EFFECTS**

There is no fiscal effect to providing input on current HUD programs and processes or discussion of the upcoming 2025-2029 Consolidated Plan to implement HUD funding the City receives. Fiscal and program constraints for the HUD funds may need to be discussed depending on the program changes the City might seek in achieving its Strategic Priorities. These may be vetted by staff after Council input tonight and at several upcoming opportunities for Council input during the 2025-2029 Consolidated Plan process.

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### **Attachments**

Presentation

# HUD Programs in Billings & Council Input in Consolidated Plan Process

*Council Work Session - August 19, 2024*

 Links



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# Today's Purpose

- Overview of CDBG and HOME Funding Sources
- HUD Goals
- CD Board's Role & Responsibilities
- Allocation Limits, Activities, & Timeliness
- Consolidated Planning Process
- Council Goals/Priorities Input on Programs for new Con Plan
- Next Steps

# Background & Council's Input

- Prior to beginning Con Plan research
- Potential policy discussions
  - Special Populations, Project Types, Activities
- Council's 22/23 Adopted Strategies & Priorities
  - **Built Environment, April 2022-Present:** Affordable Housing Development
    - Mitchell Court, 32 Units, \$1.2 Million
  - **Increase Park, Recreation Investments, April 2022-Present:** Park Imps.
    - CDBG-CV pandemic funding, \$1.2 million in 3 parks
  - **Improve Safety of Billings, April 2022-Present:** CPTED
    - Comanche Park, 1<sup>st</sup> CPTED assessment / complete project
    - Coordinating with Parks and City CPTED Team, \$100k for future projects

# HUD Funding Sources

## CDBG

- 1970s
- Public Improvements & Facilities
- Housing
- Public Services
- Economic Development

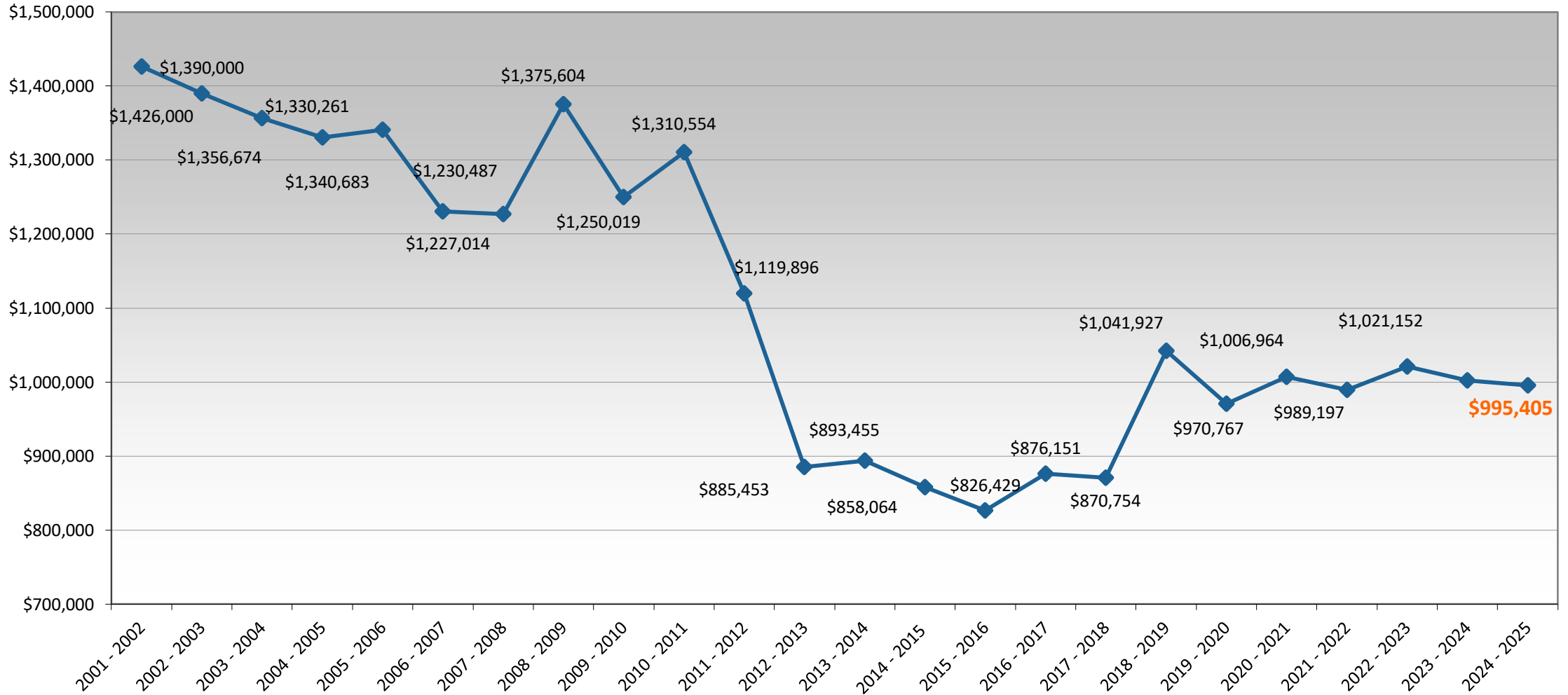
## HOME

- 1990s
- Affordable Housing Development
- Homebuyer
- Tenant-Based Rental Assistance



# HUD Funding Sources

## CDBG / HOME Entitlement Funding History



# HUD Goals

FY2022-2026

## Strategic Plan

- Support Underserved Communities
- Ensure Access to and Increase the Production of Affordable Housing
- Promote Homeownership
- Advance Sustainable Communities



## Priorities

- Equity & Inclusive Communities
- Housing & **Environmental Justice**
- Quality, Affordable Homes for All
- Ensure Access to Housing
- Increase Production of Affordable Housing
- Housing Preservation
- Promote Homeownership = Wealth-Building
- Housing First for Homelessness
- Broadband
- **Climate Resilience**
- **Energy Efficiency**
- **Natural Hazard Response**

# CD Board's Role & Responsibilities

Created in 1975 to ensure low-income citizen participation

- City is required to provide local low-income citizens an opportunity to participate in an advisory role in the planning, implementation, and assessment of programs and projects.
- 6 of 9 members appointed from lower-income neighborhoods, 3 at-large

 [Section 104 of the Housing & Community Development Act, 24 CFR 570.486, etc.](#)

- Citizen input to City Council policy decisions, existing & proposed
- Ensure city policies are being implemented and carried out via activities
- Report shortcomings
- Recommendations to City Council in the area of ComDev

# Consolidated Plan

*Five – Year Studies*

Housing Needs Analysis

Housing Market Analysis

Analysis Impediments to Fair Housing Choice

**Five -Year Consolidated Plan**  
2025 - 2029 *400 Hours*

- Action Plan 2025-2026
- Action Plan 2026-2027
- Action Plan 2027-2028
- Action Plan 2028-2029
- Action Plan 2029-2030

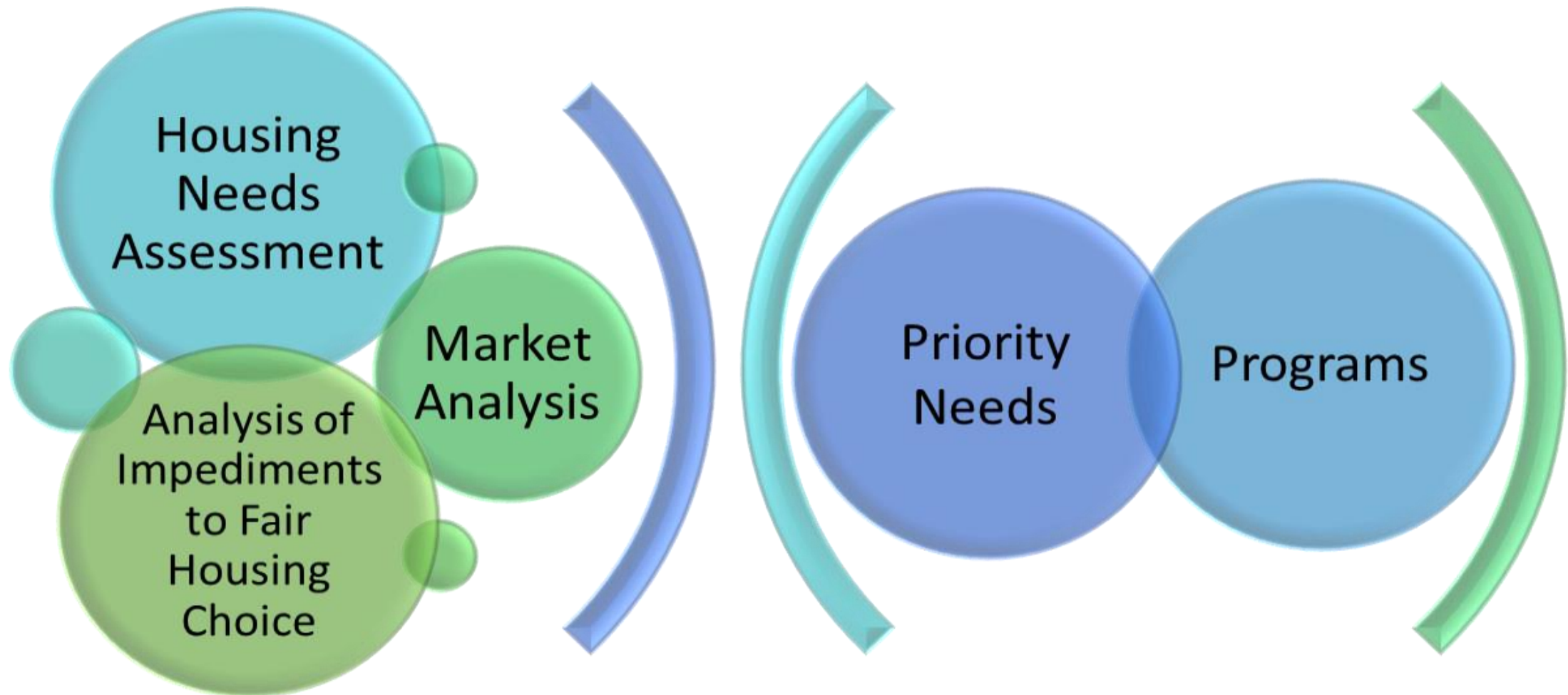
*Due May 15*

**Comprehensive Annual Performance Evaluation Report**

- CAPER 2025-2026
- CAPER 2026-2027
- CAPER 2027-2028
- CAPER 2028-2029
- CAPER 2029-2030

*Due September 28*

Data Studies = Key Findings = Priority Needs = City Programs



# 2020-2024 Con Plan Findings

## Goals

## Programs

Housing Cost Burden

Limited Housing Choice & Availability

Low Minority Homeownership

Poverty

Create, preserve, expand affordable housing options

Neighborhood Revitalization

Poverty Impact

- - First Time Home Buyer
- - Housing Development

- - Foreclosure Acquisition/Rehab

- - Billings Metro VISTA Project

# Five-Year Consolidated Plan

Public Engagement = ★



# Annual Budget Allocation Process

Start

City Council  
Public Hearing on  
Accomplishments &  
Community Needs  
**September**

Application  
Available  
**December**

Applications Due  
**End of January**

Site Visit  
Assignments  
**February CD Board  
Meeting**

4<sup>th</sup> CAPER  
in 5-Year  
Plan 2024



Consolidated /  
Annual Action Plan  
Review  
**March CD Board  
Meeting**

Consolidated / Annual Action  
Plan Review & 30-Day  
Public Comment Period  
**March / April**  
  
Distributed to organizations serving  
low- income individuals and families,  
minorities, the disabled, the  
elderly, and single-headed  
households.

Recommendations  
**April CD Board  
Meeting**

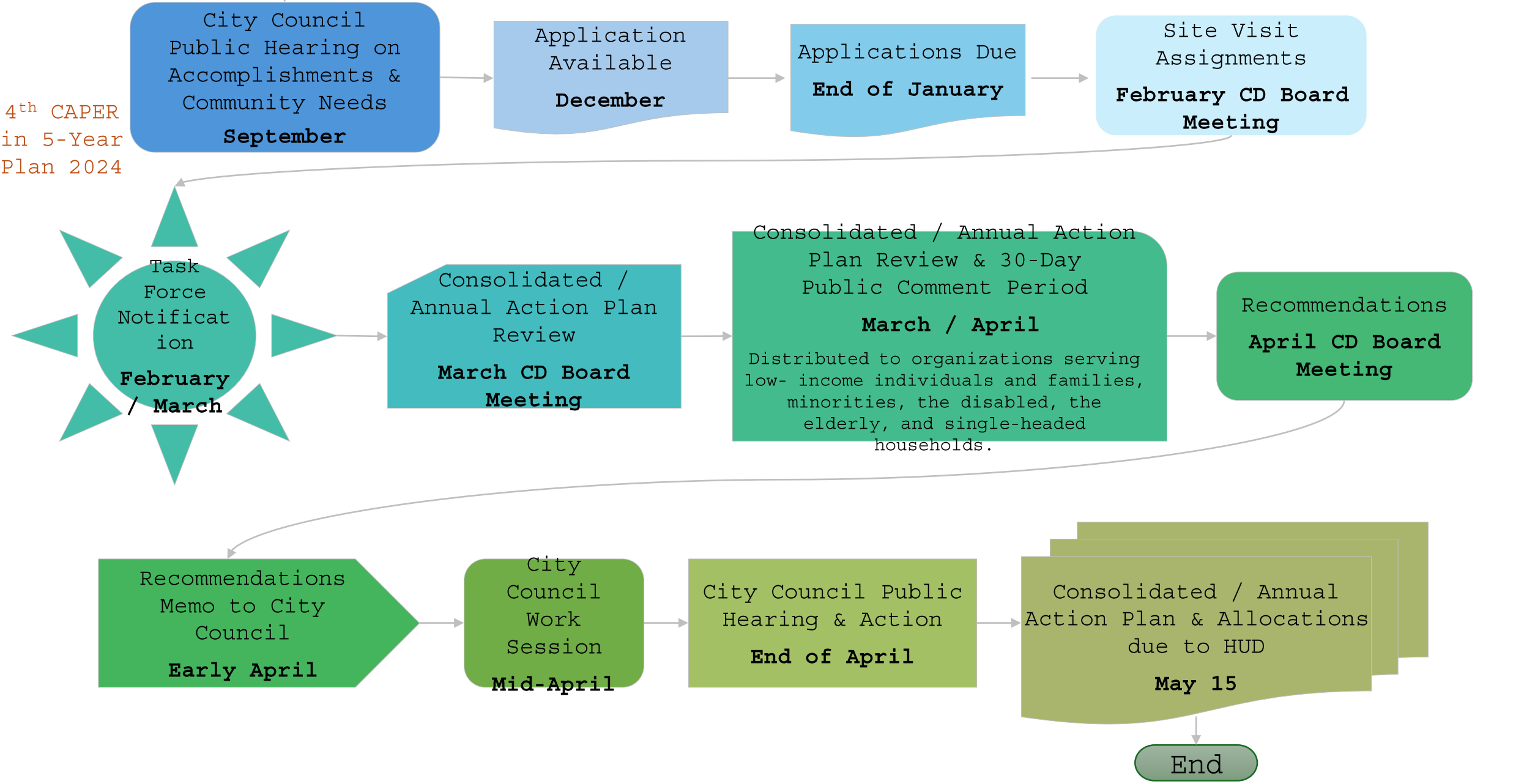
Recommendations  
Memo to City  
Council  
**Early April**

City  
Council  
Work  
Session  
**Mid-April**

City Council Public  
Hearing & Action  
**End of April**

Consolidated / Annual  
Action Plan & Allocations  
due to HUD  
**May 15**

End



# Allocation Limits

**CDBG Admin**

**20% Cap**  
~ \$130,000 per year

*Information Technology, Phones, Duplication, Staff, Vehicle, Fuel, Training, Office Supplies, etc.*

**CDBG Public Services**

**15% Cap**  
~ \$97,500 per year

Must be NEW or QUANTIFIABLE INCREASE in level of existing service

**Social Services**  
*Youth, Elder, Homeless, Employment Training, Child Care, Health Services, Food Banks, Survivors, Crime Awareness / Prevention, etc.*

**CDBG Housing & Neighborhood**

**~ 65%**  
~ \$422,500 per year

**Bricks & Mortar Projects**

**Public Improvements / Facilities**  
*Water, Sewer, Streets, Parks, Sidewalks, Neighborhood Facilities, etc.*

**Housing**  
*Rehabilitation, Home Buyer, Foreclosures, Infrastructure, etc.*

**HOME Activities**

**10% Admin Cap**  
~ \$30,000 per year

**15% Minimum CHDO**  
~ \$45,000 per year  
*Set-Aside for Community Housing Development Organizations to Develop Affordable Housing*

**Housing**  
*Affordable Housing Development, Home Buyer, Tenant-Based Rental Assistance*

~ \$650,000

\$300,000

# CDBG Eligible **Low-Income Benefit** Activities

Staff can work on specifically identified & funded projects with physical addresses

## Public Improvements

*Streets, sewer, parks, sidewalks, etc.*

Public Works / Parks Staff Capacity, Time, Responsibilities

Capital Improvement Plan, Additional Resources

Neighborhood Plans

CD Staff can manage projects

## Public Facilities

*Senior / Youth Centers, Tree Planting,*

Facilities must be open to the public during normal business hours

## Housing

*Single- or Multi-Family Rehabilitation, Development, Homeownership, etc.*

Homebuyer, Foreclosure, and Single-Family Development can be carried out by CD Staff

## Economic Development

*Commercial Rehab, For-Profit Business,*

Higher Risk for Compliance

Reporting Challenges

## Public Services

*Special Populations, Legal, Mental /*

MUST be a NEW or EXPANDED Service

Sustainability

Public Loan Application Process

**Agencies Must Apply**

Staff Provides Technical Assistance

**NOTE:** CDBG cannot supplant other funding sources

# CDBG Timeliness per HUD Requirements

eCFR :: 24 CFR 570.902

## Annually on May 1: <1.5 times last year's allocation

- \$ to expend increases with every repayment, **changes weekly**
- Repayments must be **spent / drawn first**
- Out of compliance 2022, 2023 - Western Hotel cancelled
  - Compliant in 2024

## Continually identify alternatives



- Close- and shovel-ready is key
- Ready for delays, cancellations, and expenditure problems
- Foreclosure & homebuyer programs help immensely
- Mix of awards and staff-administered programs works best

# Council's Input

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- Prior to beginning Con Plan research
- Policy discussions
  - Special Populations, Project Types, Activities
- Council's 22/23 Adopted Strategies & Priorities
  - **Built Environment, April 2022-Present:** Affordable Housing Development
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  - **Improve Safety of Billings, April 2022-Present:** CPTED
    - Comanche Park, 1<sup>st</sup> CPTED assessment / complete project
    - Coordinating with Parks and City CPTED Team, \$100k for future projects

# City Council Priority and Policy Discussion


## Based on Current Priorities and Information are there:

- Current Program modifications or increased focus?
- More information on current programs and impacts?
- New program ideas it wants vetted for the new Con Plan?
- Suggested changes in process it wants vetted?
- Council's formal adoption of its 2204-2025 Priorities may clarify some focus areas.
- Other topics?



# Next Steps

## Resources

- Con Plan Memo – handout today
- [City Administrator's Report, June 7](#) 
  - National Expenditures, pg 37
  - CDBG Matrix Codes, pg 38
- CAPER - September
  - Community Need & Council Priorities
  - Prep for Application Process
- Follow up - Council Priorities
  - New Con Plan

## Future Topics?

- HUD Requirements
- Homebuyer & Foreclosure
- Con Plan Prelim Findings
- Linking Council Priorities
  - Findings, Needs, Programs
- Other?

# Recap

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## Today's Purpose

- Overview of CDBG and HOME Funding Sources
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- Next Steps



**City Council Work Session**

**Date:** 08/19/2024  
**Title:** South Billings Boulevard Urban Renewal District Expansion Discussion  
**Presented by:** Wyeth Friday  
**Department:** Planning & Community Services  
**Presentation:** Yes  
**Legal Review:** Not Applicable  
**Project Number:** NA

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**RECOMMENDATION**

No final action can be taken, however direction is needed. The discussion is to expand the South Billings Boulevard Urban Renewal District (SBBURD) TIF district to promote redevelopment in the Southside Triangle area and to finance the replacement of South Park Pool. Staff also believe the creation of a new TIF district deserves consideration. Both options have pro's and con's to accomplish the stated goals.

**BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)**

There has been initial discussion among some Council Members, City staff and SBBURD about the possibility of expanding the SBBURD to encompass the Southside Triangle area of Billings to enable TIF funded improvements to South Park Pool that has significantly surpassed its useful life. This Work Session discussion is intended to review the processes and pros and cons of moving forward with expansion of the SBBURD in staff's estimation based on past Downtown, SBBURD and EBURD expansion work.

The process to expand or create an Urban Renewal District (URD) is basically the same per State Statute. Attached to this memo is an outline of the steps required and some of the highlights are also discussed below in the memo.

**Time Frame:**

The estimated time to complete the entire process is about 6 months. This assumes that there are no major delays from things like completing the initial blight analysis for the area, having to host multiple public meetings to further clarify with the property owners in the area to be included what being in an Urban Renewal District means, any delays or other unforeseen issues. Since part of the goal of the process is to set a base year for the new area included in a URD, this work is usually started early enough in a calendar year so that there is time to provide the documented process to the MT Department of Revenue by January of the year the community wants to expand or create the District. For example in this instance, the City would provide its completed documented process to the DOR in January 2025 so that the base value year was 2024. If the City completed the process later in 2025, then 2025 would be the base year for the expanded area. Starting a process in September it is very unlikely it would be finished by the end of January 2025.

Given the many other Council priorities being worked on by staff and the challenges with launching this scale of District expansion, staff has concerns about the ability to complete this process in a timely manner. Given the area's location between the SBBURD and Downtown Districts (See area map attached to this memo) the question of creation of a new District is an area that might be further explored. However, staff is looking for input and guidance from the Council on whether it wants to prioritize this project and allocate resources to further pursue the steps required and needed to expand the SBBURD.

**Finding of Blight Analysis:**

This scale of expansion by statute requires an indepth analysis to determine infrastructure and property deficiencies in the Southside Triangle and verification that the characteristics of blight are consistent with State Statute. The City last commissioned such an analysis for consideration of either expansion or creation of a URD in 2019-2020 adjacent to the Downtown District (area was called the Founders District during the process) but Council ultimately decided not to move forward with the process. That analysis is attached for reference. The contract at the time was for \$11,000, but only about \$9,500 was spent as some travel expenses were not incurred due to the COVID Pandemic. Staff is in contact with two consultant teams to determine if they could complete a similar analysis for the Southside Triangle, a time frame and cost. That information will be shared as soon as it is available.

The conditions of blight in the study area that can help an area qualify include but are not limited to

- Functionally obsolete commercial buildings - not ADA accessible (elevators?), not wired for technology, lacking current HVAC systems

- A decline in the number of housing units and vacant housing units
- Underutilized land (parking lots, vacant lots)
- Some infrastructure improvement potential, including parks, streets, sidewalks, etc.

Ultimately, the findings of the analysis are used to update the current Urban Renewal Plan for the SBBURD to reflect the area proposed to be added and what improvements or projects might be contemplated using Tax Increment Finance Funds. To ensure legal use of TIF for bonding or for project expenses, the URD Plan must be specific in the areas of improvement or in the projects planned in the area.

#### **Notification Requirements:**

There are 1,045 parcels in the Southside Triangle, and 2,346 parcels in the SBBURD, totaling 3,391 properties that will need to be notified of an expansion of the District to comply with the statute. It might be possible to send one notice for both an initial public information meeting and the future other action meetings/hearings that Council would conduct, but that is very difficult and also presumptuous if something gets delayed and then a second mailing would have to be done anyway. All notifications must have an affidavit of mailing to prove to DOR that it was done, legal notices for the hearings also must have affidavit of publications and proofs.

#### **Council and Planning Board Meetings/Actions:**

Not including at least one public information meeting, there are an estimated 7+ public meetings/public hearings that would occur to complete the process, including Council Work Sessions, meetings and hearings, and a Planning Board meeting. These would include:

- Council Work Session to discuss expansion (8/19)
- SBURA Board discusses expansion and vote to support
- Staff prepares to notify property owners of intent to expand district and hold public information meeting
- Council Work Session(s) to determine moving forward with expansion
- Council Work Session(s) to review blight analysis
- Council passes resolution to amend the District - Declares existence of blight - Sets a public hearing
- Planning Board reviews amendment of the District and must make a formal finding that amending the District conforms with the City's Growth Policy, as per State Law. Makes recommendation to City Council on conformance.
- City Council conducts a public hearing and acts on First Reading of an Ordinance to expand the District. Modified Urban Renewal Plan is part of this action.
- Council conducts Second Reading and final Approval of Ordinance to expand the District.

#### **State Legislative Implications:**

While there is no certainty how some State Legislators would react to Billings expanding one of its URDs, and the City would follow the current State Statutes to do so, it is always good to be aware of the focus URDs and TIF have had at the Legislature for session after session. Often, Billings and other communities are put on the defensive to keep URDs and TIF as an economic development tool to improve infrastructure and encourage private investment in the community. The state is heading into the 2025 Legislative Session and already several URD/TIF bills are being drafted and considered by Interim Committees. It is important for the City Council to recognize that any local action on URDs and TIF gets the attention of the Legislature and can be received positively or negatively in terms of legislation.

#### **STAKEHOLDERS**

Ultimately, the property owners within the existing SBBURD and those within the Southside Triangle are stakeholders in this process along with the City. Other City residents in Billings may also have interest in this process as well. There are multiple opportunities for both the property owners directly affected (they must be notified as part of the process) as well as through multiple public meetings to participate in this process through community meetings, Council Meetings, a Planning Board Meeting, likely a Board of County Commission Discussion Session and a possible Billings Public Schools Board Meeting.

#### **ALTERNATIVES**

Based on the discussion and direction tonight, the City Council at a future regular business meeting may:

- Approve moving forward with the process to expand the SBBURD; or,
- Not Approve moving forward with the process to expand the SBBURD at this time

#### **FISCAL EFFECTS**

Detailed fiscal effects on the City and SBBURD budgets are not known at this time. Staff is compiling consultant costs for the initial finding of blight analysis of the Southside Triangle area. Other costs, like postage, are being

compiled, City staff time for Planning, Finance, Public Works, GIS, and other elements are not known at this time. Budget amendments can be made if necessary. We are confirming that costs can be covered by the South TIF fund, as expansion of the existing district is being considered (MCA 7-15-4288 (5) & (9)). A more costly option that may be considered is to have a consultant run the entire process to limit the amount of staff time needed. If a consultant can be found in a timely manner, this would be less disruptive to other projects like the neighborhood plans, Skyway Drive plan, transportation master plan, and compliance with SB 382 Land Use Plan and Future Land Use Map effort that must be completed by 2026.

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### **Attachments**

URD Creation/Expansion Timeline  
SBBURD Map and South Park Proximity  
Area Map - SBBURD, Triangle, Downtown  
Founders District Blight Analysis

## Urban Renewal District Expansion/Formation Steps

Modification of urban renewal district.

MCA 7-15-4212 through 7-15-4219 Apply

ESTIMATED DEADLINES - Schedule can vary per start and end time and circumstances

### Month 1

- Property owners request expansion of the District and/or City Council or District Advisory Board recommends District expansion for City Council consideration.
- All property owners within the expansion area are contacted and informed of the proposed expansion.
- County and School District must be notified of possible expansion per MCA 7-15-4282(2)(a).

### Month 2 and 3

- City Council is informed (Work Session) of recommendation to expand the District and provides direction to City staff and District coordinator and advisory board on whether to move forward.
- If move forward: City staff and District coordinator coordinate/prepare analysis of area to be included to determine deficiencies (blight) and compliance with MT Urban Renewal Laws to establish elements of a modified urban renewal plan for District expansion.  
*(Example: City funded study when it considered expansion of Downtown District in 2020)*

### Month 4

- Council passes resolution to amend the District
  - Declares existence of blight
  - Sets a public hearing
  - Requires publication and mailing of the notice of the hearing to the owners of the properties to be included in the expanded district *(MT DOR has indicated notification of all property owners in the entire existing District may be required)*.
- Planning Board reviews amendment of the District and must make a formal finding that amending the District conforms with the City's Growth Policy, as per State Law. Makes recommendation to City Council on conformance. Two meetings for these actions.

### Month 5

- City Council conducts a public hearing and acts on First Reading of an Ordinance to expand the District. Modified Urban Renewal Plan is part of this action. This occurs at one business meeting.
- Council conducts Second Reading and final Approval of Ordinance to expand the District. This occurs at second business meeting.

**Month 6**

Submission of Amended District for Base Year to Department of Revenue (*Deadline of December 1 each year to set base year in year of expansion*)

# South Billings Boulevard Urban Renewal District (SBBURD)

Last updated November 2021

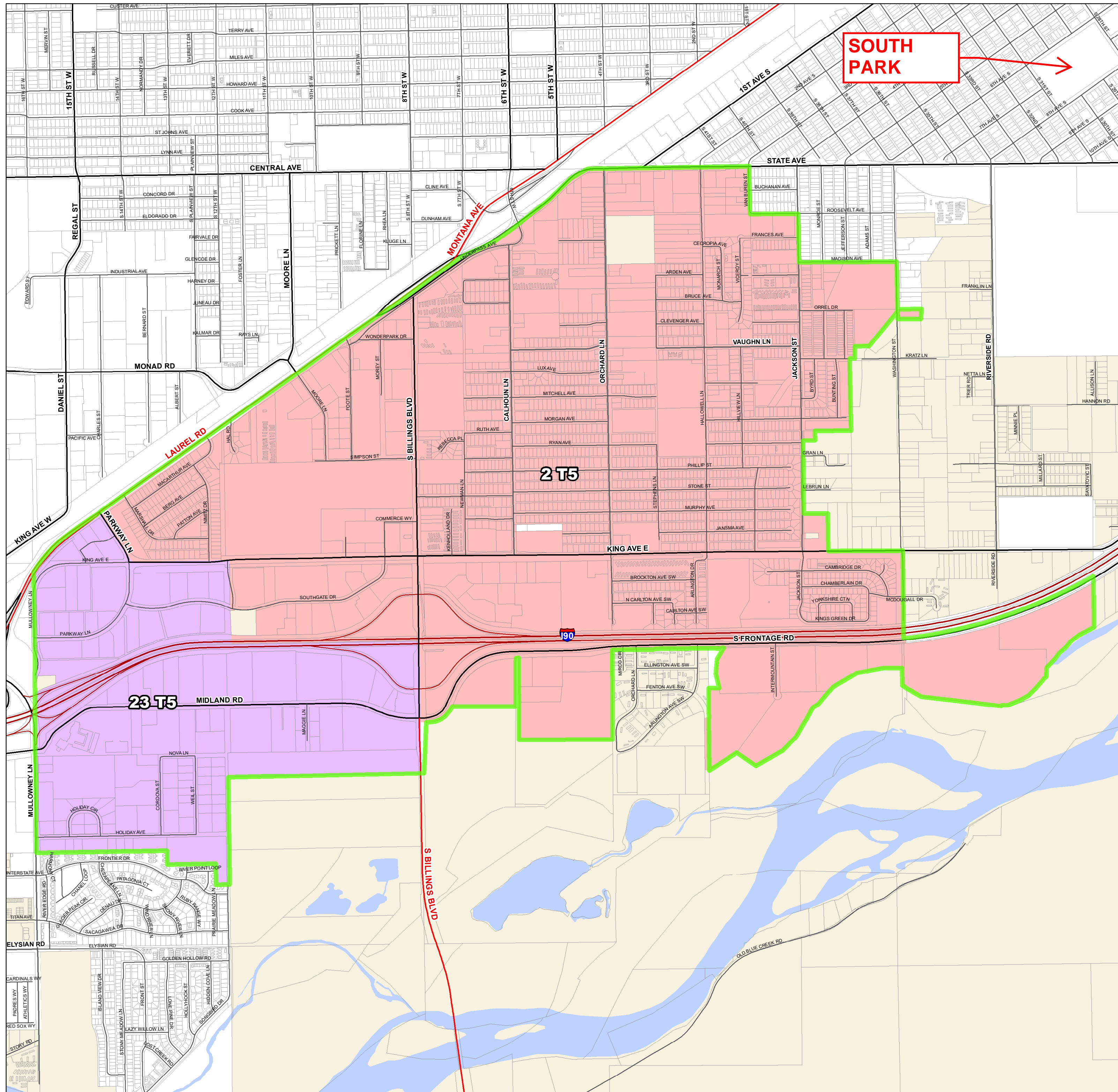
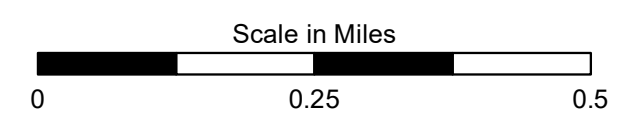
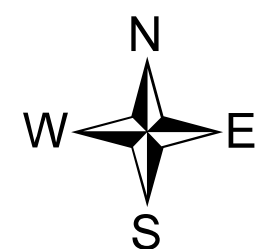
SBBURD comprised of Levy Districts 2T5 and 23T5



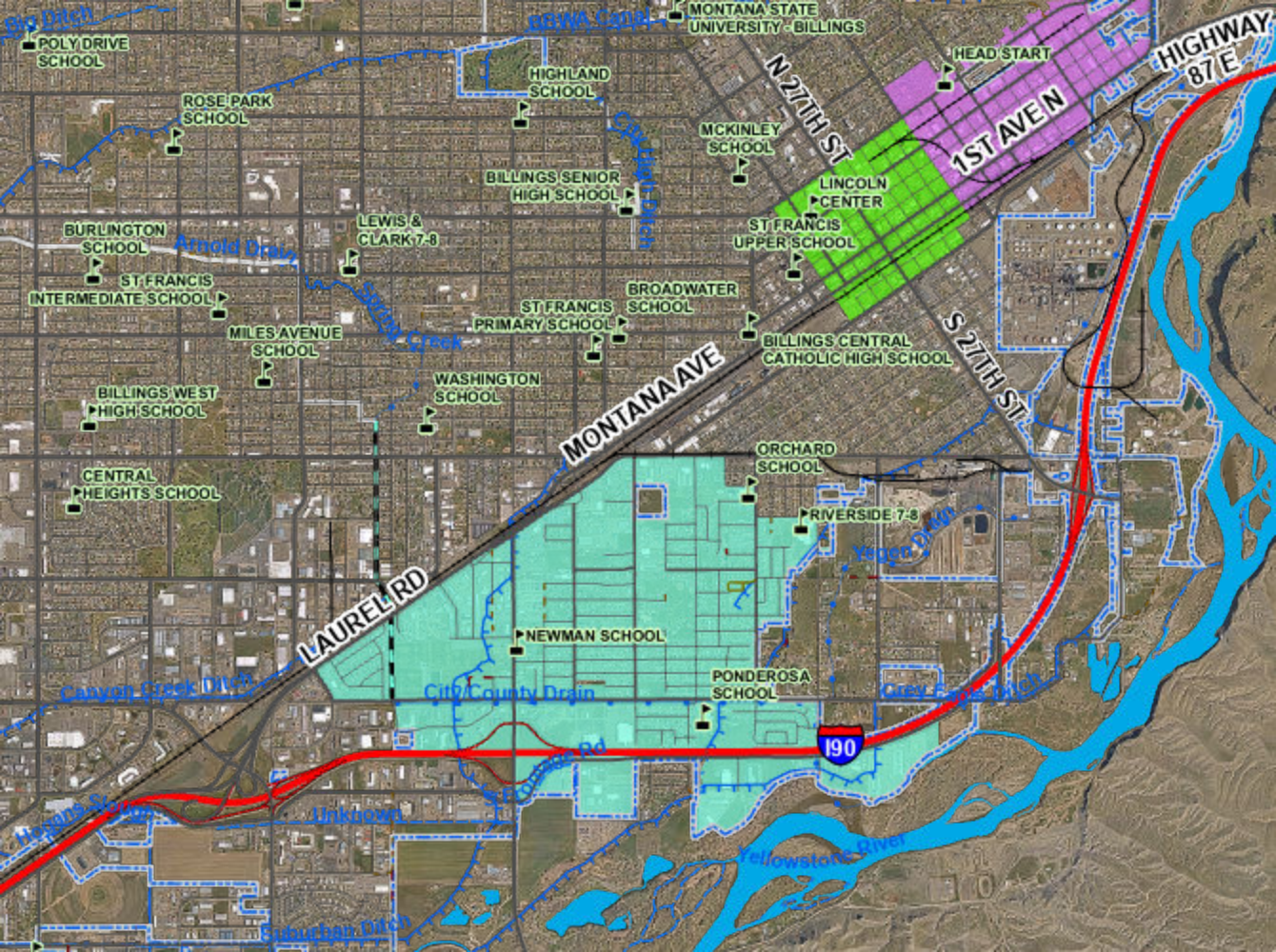
## Legend

- SBBURD Boundary
  - Interstate Highway
  - Interstate Ramp
  - US or State Highway
  - Arterial
  - Collector
  - City Street
  - Tax Parcel
  - Billings City Limits
  - Yellowstone County Boundary
  - River, Lake or Stream
- SBBURD Levy Districts**
- 2 T5
  - 23 T5

The parcel data mapped hereon does not constitute a legal survey. Inaccuracies exist with both the mapped data and the Montana Department of Revenue CAMA data; when seeking the definitive description of real property, consult the deed recorded at the Yellowstone County courthouse.



**SOUTH PARK**



MONTANA STATE UNIVERSITY - BILLINGS

POLY DRIVE SCHOOL

ROSE PARK SCHOOL

HIGHLAND SCHOOL

HEAD START

HIGHWAY 87E

N27TH ST

1ST AVE N

MCKINLEY SCHOOL

LINCOLN CENTER

ST FRANCIS UPPER SCHOOL

BILLINGS SENIOR HIGH SCHOOL

LEWIS & CLARK 7-8

BROADWATER SCHOOL

BILLINGS CENTRAL CATHOLIC HIGH SCHOOL

S27TH ST

BURLINGTON SCHOOL

ST FRANCIS INTERMEDIATE SCHOOL

MILES AVENUE SCHOOL

ST FRANCIS PRIMARY SCHOOL

BILLINGS WEST HIGH SCHOOL

WASHINGTON SCHOOL

MONTANA AVE

ORCHARD SCHOOL

RIVERSIDE 7-8

LAUREL RD

NEWMAN SCHOOL

PONDEROSA SCHOOL

190

Canyon Creek Drain

City County Drain

Grey Fox Drain

Trigona Stream

Unknown

Yellowstone River

Suburban Drain

**Founders Park Area Urban Renewal Analysis Report  
June 2020  
Prepared for  
The City of Billings**



**Founders Park Area – Corner of 2<sup>nd</sup> Avenue and 32<sup>nd</sup> Street**

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## **Section 1. Introduction**

The City of Billings, in response to property owner interest in the economic revitalization of the Founders Park area of downtown Billings, is evaluating the appropriateness of creating a new renewal district (URD) in the area, or of expanding the adjacent existing downtown URD. In either case, urban renewal designation would enable the use of the Tax Increment Financing (TIF) provision to finance projects in the public interest. (Further discussion of how a TIF provision works can be found in Section 4 of this report.) The Founders Park area is directly west of the downtown URD and constitutes the western portion of the Central Business District (CBD). The area generally extends north from Montana Avenue to 6<sup>th</sup> Avenue North, and west from North 31<sup>st</sup> Street to Division Street and includes 128 properties held by 77 property owners.

The existing downtown URD was formally designated as the “Expanded North 27th Street District Urban Renewal Area- 2008” pursuant to Ordinance 08-5483 by the City Council. Prior to that ordinance, on July 11, 2005 the City Council adopted Ordinance No. 05-5333, which created the North 27th Street District Urban Renewal Area ("North 27th Street District"), and on November 13, 2006 the City Council adopted Ordinance No. 06-5394 which expanded the boundaries and amended the N. 27th Street Plan to create the Extended N. 27th Street District.

The Montana Department of Revenue indicates that the existing downtown URD has two base years, which are comprised of the North 27<sup>th</sup> URD (est. 2005) and the 2008 Expanded North 27<sup>th</sup> URD.

The purpose of this urban renewal feasibility report is to provide information to the City Council to assist in this evaluation by:

1. Identifying conditions within the area which would meet the criteria for employing the state’s urban renewal statutes,
2. Providing examples of how addressing these conditions would be in the public interest, and
3. Comparing the benefits of creating a new district, versus expanding the existing downtown URD.

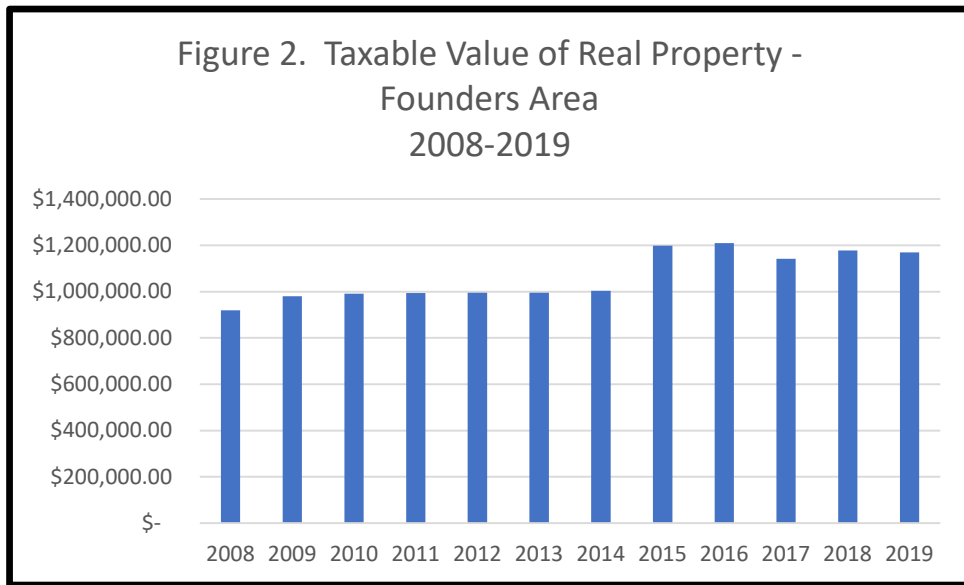
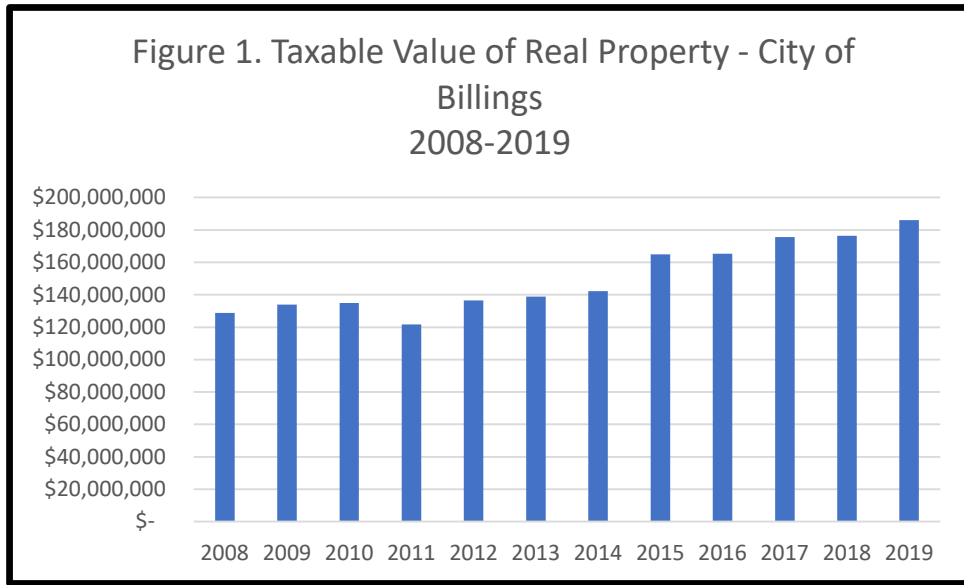
### **Impetus for Consideration**

Although directly adjacent to the downtown URD, the Founders Park area has not enjoyed the same increase in economic activity and the associated increases in taxable value. Existing data and reports show that the Founders Park area is facing issues related to investment, population decline and housing. This failure to thrive has motivated Founders Park area property owners to petition the City for support of an urban renewal district designation. These challenges, however, can also be seen as opportunities for public-private efforts directed at Founders Park area revitalization and future growth.

### **Rate of Investment**

According to information provided by the Montana Department of Revenue, growth in taxable value within the Founders Park area has lagged behind that of the City of Billings. The taxable

value of real property (market value multiplied by the commercial tax rate, which is 1.89 percent for commercial and 1.35% for residential for 2019) within the City increased by 44 percent from 2008 to 2019, while the taxable value of real property within the Founders Park area increased by 27 percent during the same period. (Billings Office Montana DOR, 2008-2019) (Montana DOR) More particularly, as depicted in Figures 1 and 2 below, while the taxable value of property within the City has increased steadily since 2014, it has remained little changed in the Founders Park area despite a slight rise in 2015.



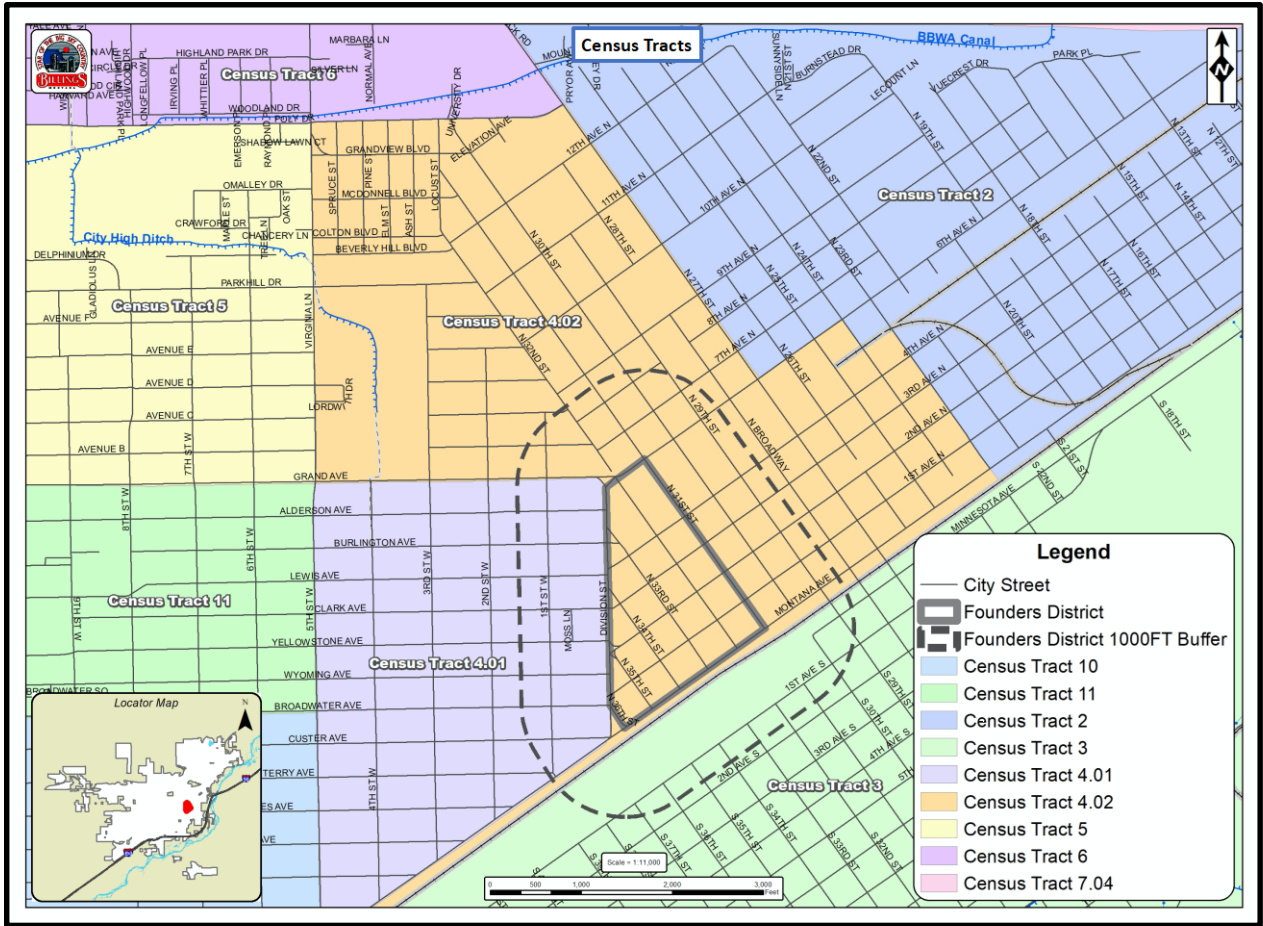
Within the Founders Park area, land values increased between 2008 and 2019, from \$11,444,799 to \$16,105,389, or 41 percent. Building values increased during the same period from \$39,126,114 to \$70,682,599 or 81 percent. The biggest change in building values occurred between 2008 and 2009, when the market value of buildings in the Founders Park area increased by \$20,516,444, largely due to reappraisal. Despite these increases, however, the overall increases in land and building within the Founders Park area lag behind those for the City of Billings as a whole. The Founders Park area represented about 6.84 percent of the 2019 total market value of real property in the City of Billings, calculated at \$86,787,988 for the neighborhood versus \$12,673,267,633 for the entire City. (Billings Office Montana DOR, 2019)

An additional contrast is evident when the Founders Park area is compared to the existing downtown urban renewal district (URD), despite their proximity. The downtown URD experienced a 35 percent increase in real property taxable values between 2010 and 2019. As noted above, between 2008 and 2019, the Founders Park area experienced only a 27 percent increase. (Note: the downtown URD has experienced additional growth when personal and centrally assessed properties are added to the taxable valuation, but changes in reporting methodologies make it difficult to make a direct comparison.) (Montana Department of Revenue, 2019)

#### Population Change over Time

The Founders Park area is a portion of and located entirely within U.S. Census Tract 4.02 (see Figure 3) in Yellowstone County, Montana. Within this tract, according to the American Community Survey, between 2010 and 2018, population declined by 15.8 percent, from 3,759 to 3,165. At the same time the City of Billings grew from 104,491 to 109,544 or 4.8 percent and Yellowstone County increased by 7.8 percent, from 148,432 to 160,137. (US Census, 2018)

Figure 3. U.S. Census Tracts



Within greater downtown Billings, including the Founders Park area, population decreased by about 11.8 percent between 2000 and 2015, as noted in the *Downtown Billings Housing Strategy*:

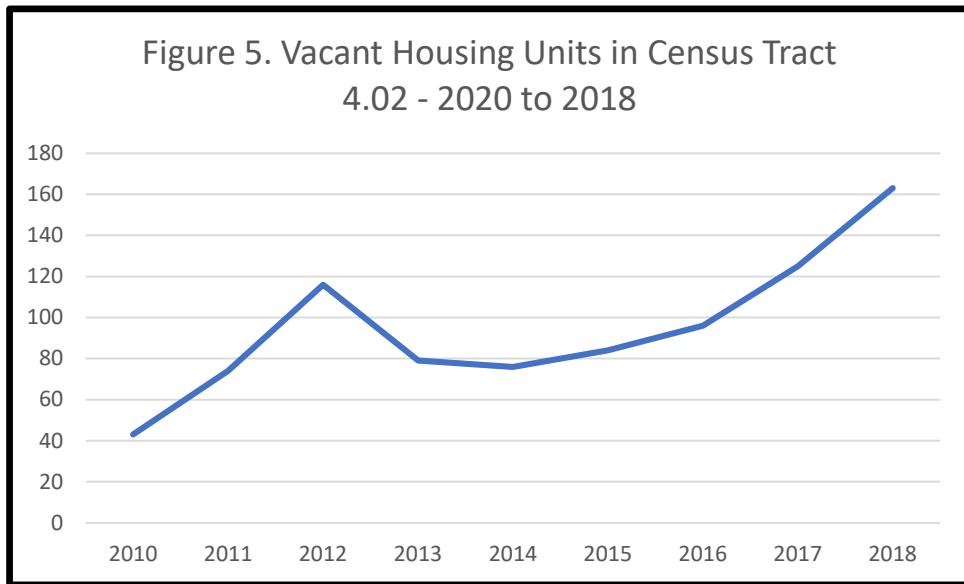
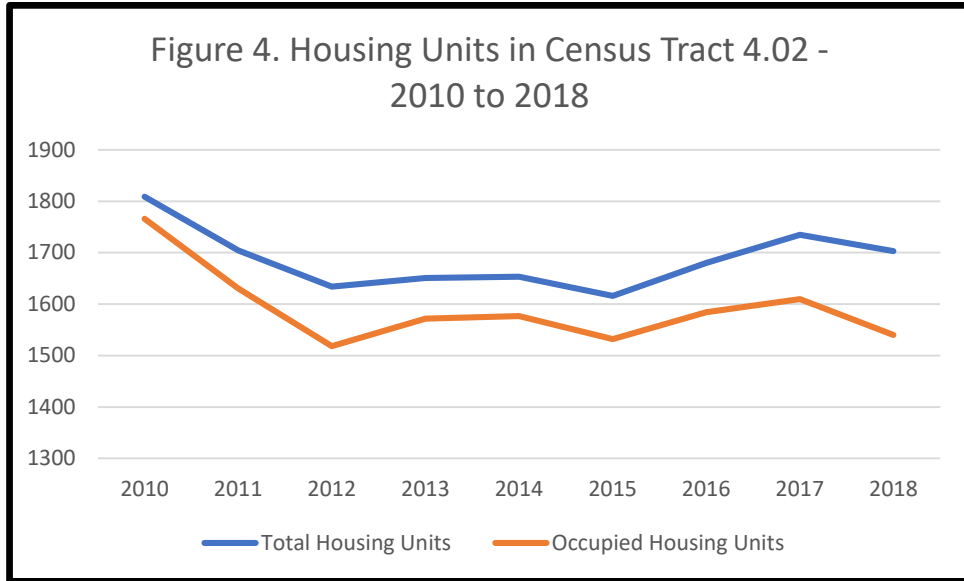
“Despite growth in the city overall, ... Downtown areas declined in population and households from 2000 to 2015. There were almost 1,700 people living in these areas in 2015, a decline of 200 residents from the nearly 1,900 residents residing there in 2000.” (EPS and Sanderson Stewart, 2017)

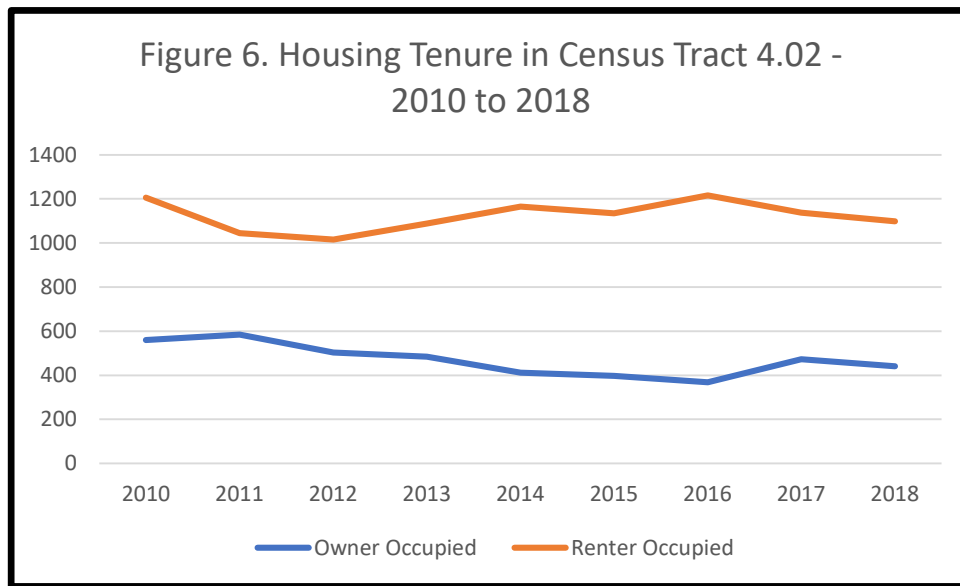
As of 2017, the *Housing Strategy* notes that downtown Billings had about 1,000 households, or two percent of the households city-wide and the largest group, or 34% of the population within the CBD, were between the ages of 18 and 34.

Housing Trends

The Founders Park area has seen a decline in the number of housing units in the last decade. According to the American Community Survey, the number of housing units within U.S. Census Tract 4.02 in Yellowstone County, Montana declined by 5.8 percent between 2010 and 2018, from 1,809 to 1,703. The number of occupied housing units declined by 12.8 percent during the same period, from 1,766 to 1,540, while the number of vacant units increased substantially, from

43 to 163. (Figures 4 and 5, below). In addition, the number of owner-occupied units decreased by 21 percent from 560 to 441 and the number of rental units decreased by 8.9 percent from 1,206 to 1,099. (Figure 6, below) (US Census, 2018) Fluctuations in housing data are often difficult to explain.





The increase in the number of vacant housing units in the Founders Park area is in contrast to the stated growing preference for housing within the Billings central business district (CBD). In 2017 the Billings Downtown URD and the East Billings Industrial Revitalization District commissioned the preparation of the *Housing Strategy*. According to the report, there were lower vacancy rates in downtown apartments than in the City of Billings overall. (Note, this figure only accounts for vacancy rates for apartments, not for all housing units.) In a survey of downtown employees, which numbered approximately 13,700 in 2017, 50 percent expressed interest in living downtown. Between 2016 and 2017, there were 3,000 home sales in Billings, but only five percent were in downtown Billings. Based on these findings, the *Housing Strategy* identified a short term need for 50 to 100 units of additional housing in downtown Billings and a longer-term goal of 200 to 400 units. (EPS and Sanderson Stewart, 2017)

*Study Area Population and Housing Data*

The Founders Park study area is comprised of 23 blocks within Block Group 3 of Census Tract 4.02. Within this area, there are 201 housing units, occupied by 256 people. Of these, 243 live in rental units, while 13 live in owner-occupied housing. (Montana Census and Economic Information Center, 2020) The data is derived from the American Community Survey, which uses a fairly small sample averaged over a five-year period. The smaller the area of analysis, the less accurate the data.

Investments in housing hinge on addressing several concerns that were raised in the course of the preparation of the report. These include improving public safety in downtown Billings, improving retail options including grocery stores and more pedestrian friendly urban design. In addition, new units should reflect household incomes in downtown Billings. In 2017, 71 percent of households in the CBD earned less than \$30,000 annually. Only three percent earned greater than \$100,000. (EPS and Sanderson Stewart, 2017)

The results of the *Housing Strategy* echo the findings of the *Downtown Billings Framework Plan*, completed in 1997 and the 2018 *Downtown Strategic Plan*. (Downtown Billings Alliance Strategic Plan, 2018) These reports assert that housing development is the “logical first step” in the rehabilitation of the CBD in order to stimulate growth and investment in downtown Billings. Within the “west downtown district”, which encompasses the Founders Park area, the Plan called for the construction of low and mid-rise housing to serve the needs of young professionals, Montana State University-Billings students and “empty nesters”. (Montana Tradeport Authority and the City of Billings, 1997) *The Downtown Strategic Plan* seeks to “increase downtown residential population through targeted downtown housing initiatives”. The strategies to increase residential population include:

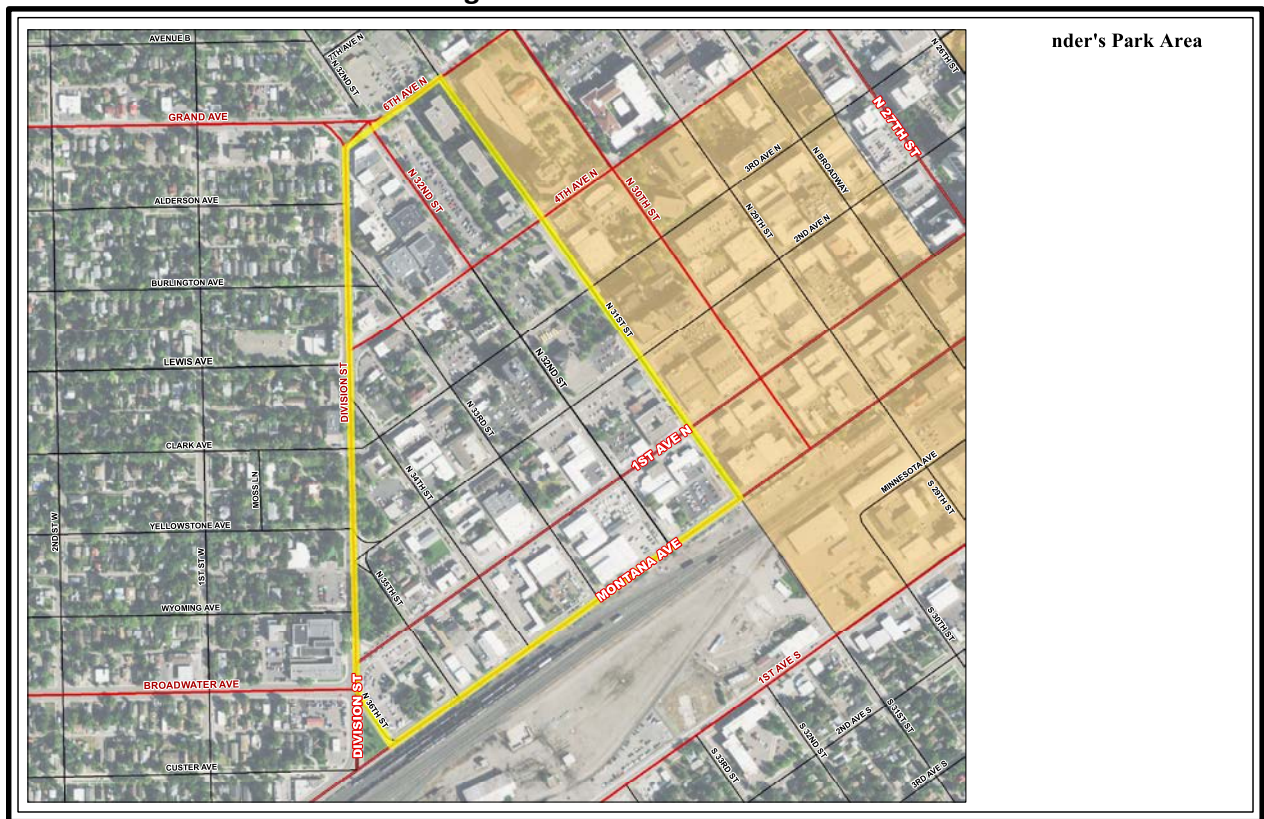
- Prioritize rental housing development projects in allocation of DBP resources including TIF and revolving loan funds
- Support small developers and existing property owners in the transition of their upper floors to residential units
- Promote downtown Billings as an attractive place to live

## Section 2. Founders Park Area Description

This urban renewal feasibility report provides an analysis of the western end of the Billings Original Townsite and to the north of the Burlington Northern Railroad right-of-way. This area is part of or perimeter to the central business district.

In particular, the Founders Park area encompasses the land which generally extends north from Montana Avenue to 6<sup>th</sup> Avenue North, and west from North 31<sup>st</sup> Street to Division Street (Figure 7). This detailed area includes 128 properties held by 77 property owners and encompasses approximately 67.4 acres.

Figure 7. Founders Park Area



The Founders Park area includes an assortment of low-density mixed uses which vary from the Granite Towers high-rise and the Transwestern mid-rise complex to a myriad of one- and two-story buildings and numerous surface parking lots.

The west side of the area is characterized by the triangular-shaped remainders comprised of city parks (Founders Park and Community Park – Figures 8 and 9) and traffic islands where the historic Billings original townsite grid pattern which paralleled the railroad right-of-way, intersects with the north-south grid pattern at Division Street.

**Figure 8.** Founders Park



**Figure 9.** Community Park

The Founders Park area is directly adjacent to and on the west side across North 31<sup>st</sup> Street from the existing downtown urban renewal district (URD) [comprised of the Expanded North 27<sup>th</sup> URD (established 2005) and the North 27<sup>th</sup> URD (established 2008) areas].

### **Section 3. A Review of Conditions Identified in the Founders Park Area that Contribute to Blight**

Montana law sets forth the specific conditions that constitute blight. In particular, state statute defines a blighted area as one that “substantially impairs or arrests the sound development of communities, constitutes an economic or social liability, and/or constitutes a menace to the public health and safety in its present condition.”

Per §7-15-4206, MCA, a “blighted area” may be identified as such by reason of:

- “(a) the substantial physical dilapidation; deterioration; defective construction, material, and arrangement; or age obsolescence of buildings or improvements, whether residential or nonresidential;
- (b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;
- (c) inappropriate or mixed uses of land or buildings;
- (d) high density of population and overcrowding;
- (e) defective or inadequate street layout;
- (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (g) excessive land coverage;
- (h) unsanitary or unsafe conditions;
- (i) deterioration of site;
- (j) diversity of ownership;
- (k) tax or special assessment delinquency exceeding the fair value of the land;
- (l) defective or unusual conditions of title;
- (m) improper subdivision or obsolete platting;
- (n) the existence of conditions that endanger life or property by fire or other causes; or
- (o) any combination of the factors listed in this subsection.”

The Montana Legislature passed the state’s urban renewal statutes in 1947, using terminology that reflected the national concern at the time over the decline of America’s larger cities. The words were drawn from urban renewal laws written for densely populated communities. Therefore, in evaluating these conditions in the Founders Park area in Billings, it is necessary to focus on those that are appropriate to smaller cities and towns in rural areas.

This analysis presents information concerning conditions that contribute to blight in the Founders Park area with respect to public infrastructure, the use of land, buildings and public safety. Examples of potential urban renewal projects that are in the public interest follow each of the three sections describing conditions contributing to blight in the Founders Park area.

### Conditions Relating to the Use of Land

Central business districts can be highly efficient generators of tax revenue. As described previously, although the Founders Park area is directly west of the downtown URD, this neighborhood has not enjoyed the same increase in economic activity and the associated increases in taxable value. Land use and development decisions can have an effect on a local government’s revenue potential.

Earlier studies have shown that downtowns and other mixed-use centers efficiently produce tremendous value in tax revenue in large and small cities alike. In terms of dollars per-acre, mixed-use, downtown parcels bring in, on average, five times the property tax revenue as conventional single-use commercial establishments on the outskirts of town. (Sonoran Institute with Urban3, LLC, Joseph Minicozzi, 2012)

Historically we have placed little value on the land beneath a building as compared to the building itself. On any given parcel, the cheaper the building, the lower the tax bill. This creates an incentive to develop land as cheaply as possible — with low-value buildings and large parking lots — instead of generating the most value from each acre of land. (Sonoran Institute with Urban3, LLC, Joseph Minicozzi, 2012)

Uses of the land within the Founders Park area have a significant impact on the taxable value of the neighborhood. The underutilized properties in the area that could be considered inappropriate for a downtown / central business district include unattached parking lots and the less compact one- to two-story buildings.

#### Less Compact Development

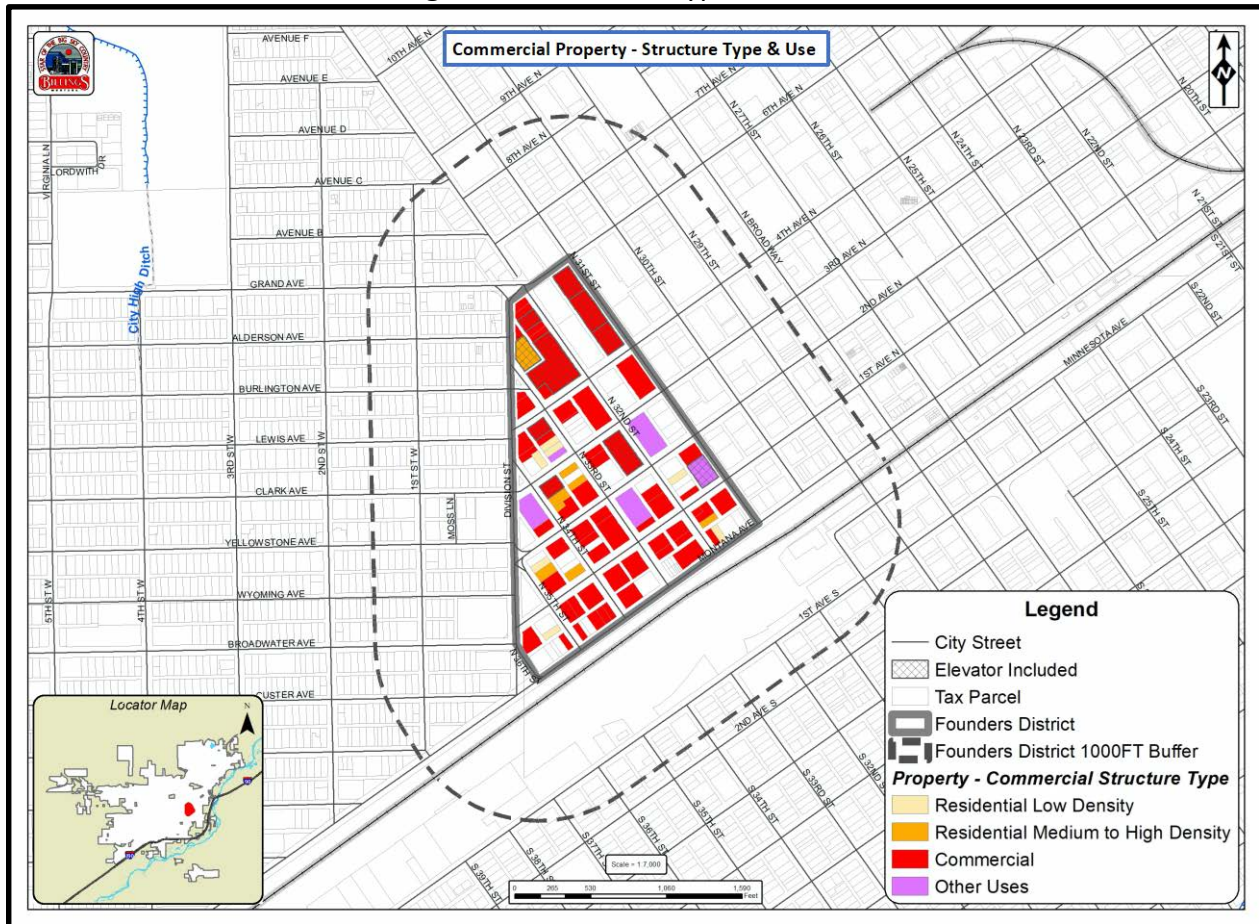
The majority of the land within the Founders Park area is characterized by the presence of single- or two-story commercial and mixed-use buildings. A sampling of different commercial buildings demonstrates that less compact development results in less taxes per acre (Figure 10).

<b>Figure 10. Taxes Generated by Building Type</b>	
<b>Commercial Building Type</b>	<b>Average Taxes Paid Per Acre</b>
One-Story	\$21,550
Low Rise (< 4 stories) without elevator	\$27,047
Low Rise (< 4 stories) with elevator	\$72,538
High Rise	\$145,097

(Yellowstone County, 2020)

Figure 11 shows the existing structure types on the Founders Park area by type.

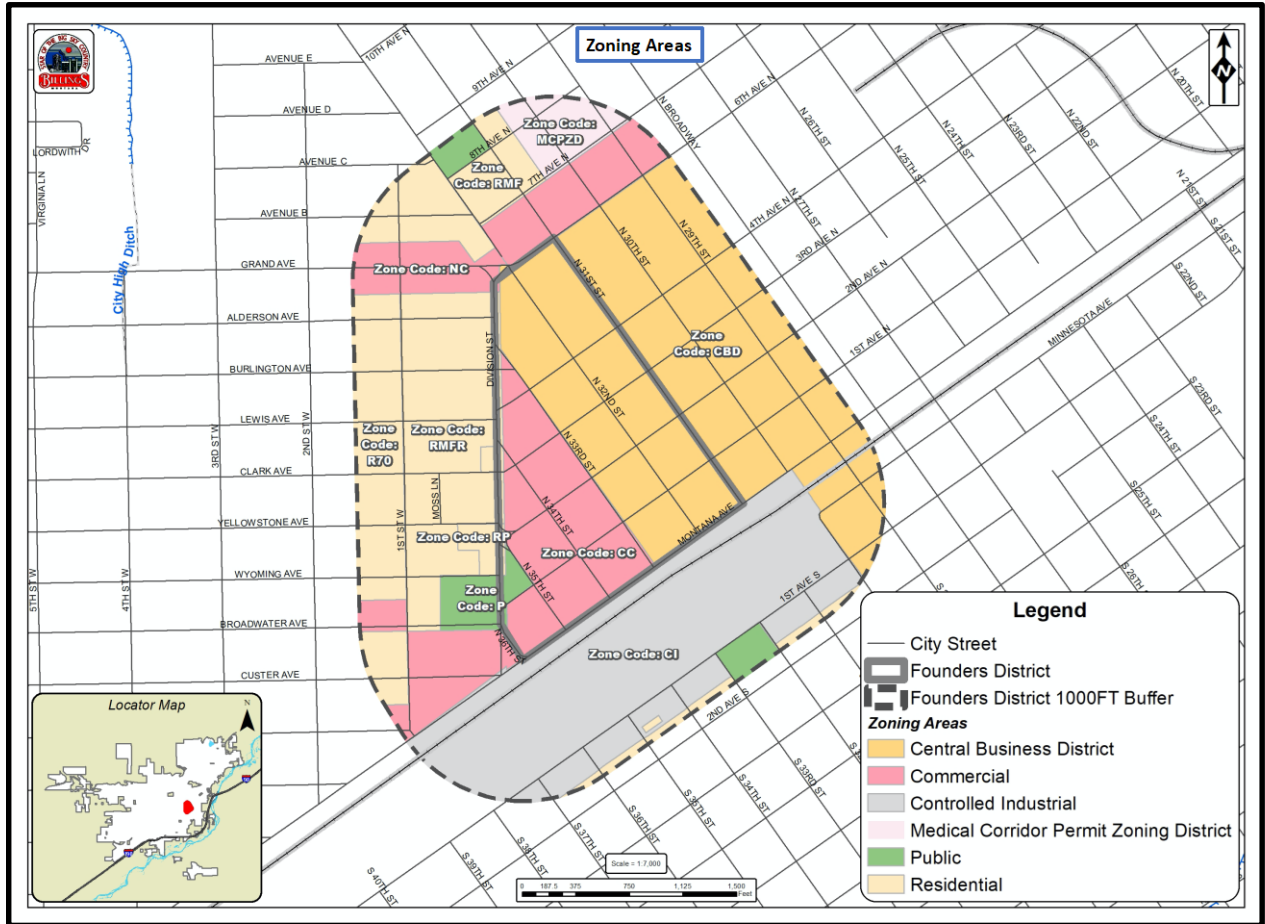
**Figure 11. Structure Types and Use**



### Usability of Lots

The Founders Park area was platted as part of the City of Billings Original Townsite. The plat was filed November 4, 1896 and created lots of 3,500 square feet – 35 feet wide by 100 feet long. While a couple of those small lots still exist, most lots have been consolidated by ownership or aggregated through the subdivision process into larger lots. This is likely a function of the amount of land needed to accommodate current building standards and meet the requirements for parking, landscaping and setbacks. As seen on Figure 12, a map displaying the zoning within the Founders Park area, a portion of the neighborhood is zoned CBD and the remainder is zoned CC. The CC zoning has required setbacks which means a small lot has even less buildable land. Current and proposed zoning classification descriptions follow in Figures 12, 13 and 14.

**Figure 12. Zoning Designations in the Founders Park Area**



**Figure 13. Zoning Classifications in the Founders Park Area and Downtown**

The central business district (CBD) classification is intended to primarily accommodate stores, hotels, governmental and cultural centers and service establishments at the central focal point of the city's arterial and transportation system, where the CBD can conveniently serve the population of the entire urban area with a varied and specialized selection of goods and services. In order to protect the public interest and welfare and facilitate an attractive, efficient and prosperous CBD, the emphasis is on larger scale building and specialty shops.

The community commercial (CC) zone is intended primarily to accommodate community retail, service and office facilities offering a greater variety than would normally be found in a neighborhood or convenience retail development. Facilities within the classification will generally serve the community and is commensurate with the purchasing power and needs of the present and potential population within the trade area. It is intended that these business facilities be provided in business corridors or in islands (up to thirty (30) acres) centrally located in the trade area rather than a strip development along arterials.

Project Recode for the City of Billings and Yellowstone County, to be completed in 2020, will update and modernize the zoning codes for the city and the county. The proposed update changes the zoning district definitions and renames CC to DX, as described below.

**Figure 14.** Proposed Zoning Classifications in the Founders Park Area and Downtown  
 The CBD district is the downtown mixed-use core intended to continue the existing character of the highly walkable downtown commercial corridors with storefronts on the ground story and upper story residential, lodging, and office uses.

The DX district is intended primarily for use surrounding the (CBD) district and would accommodate highly walkable, higher intensity office and residential uses in support of the CBD.

The evaluation of unattached parking lots which follows indicates the larger a lot the higher the taxable value per acre, possibly reflecting their usability.

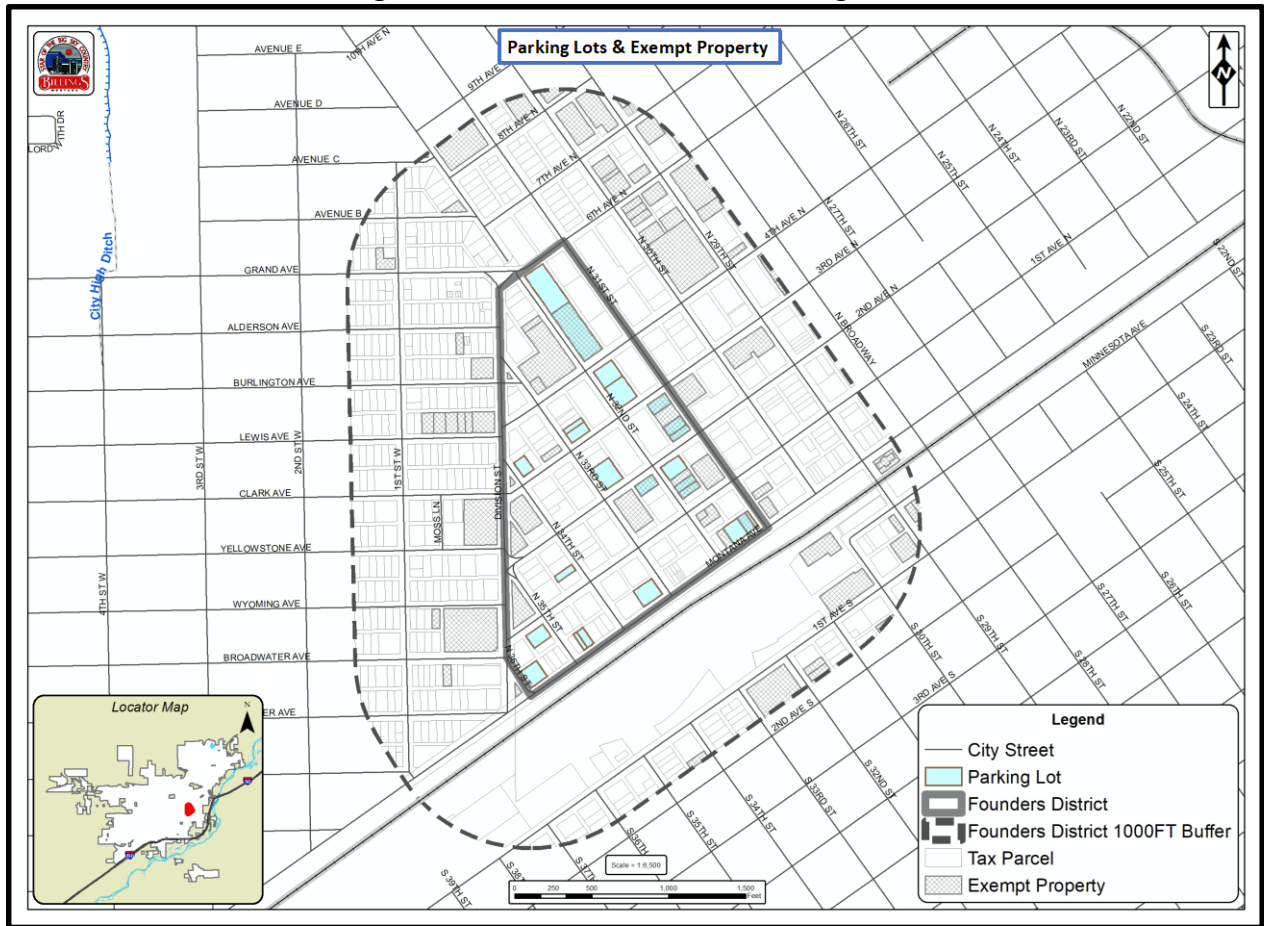
Unattached Parking Lots

There are numerous unattached parking lots and some undeveloped parcels scattered around the Founders Park area. An evaluation of several of these properties indicates that the smaller the lot size, the lower taxes per acre paid (Figure 15). Figure 16 is a map of unattached surface parking lots and exempt property.

Figure 15. Taxes Generated by Unattached Parking Lots	
Lot Size Square Foot	Taxes Paid Per Acre
7,000	\$6,063
14,000	\$11,018
42,000	\$26,643

(Yellowstone County, 2020)

Figure 16. Unattached Surface Parking Lots



Examples of public interest projects that promote redevelopment to increase the tax base, mitigate economic obsolescence and eliminate blight conditions include:

- The construction of a public parking garage in conjunction with a specific project or free-standing. (For example, the First Interstate Center was connected to a city parking garage by an underground tunnel, creating greater opportunity for the area.)
- A program to promote lot aggregation and/or zoning amendments

### Conditions Related to Building Obsolescence

Obsolescence occurs due to physical deterioration, wear and tear, technological advances, environmental contamination, changes in the economic conditions and user requirements. The impact of obsolescence on a building can be classified into curable obsolescence and incurable obsolescence. Curable obsolescence is one that can be controlled by the building owner. Incurable obsolescence is the result of changes less easily controlled by the building owner. The most that can be done is to incorporate flexibility and resiliency into the design of a building to make alterations and adaptations easier in the future. (A Study of Building Obsolescence in Standard Design, 2018)

## Physical

Physical obsolescence is commonly ascribed to aging buildings. Some structures in the Founders Park area were constructed as early as 1892 and prior to 1922. Many of the buildings were constructed prior to 1962 (Figure 17). Some were remodeled prior to 1974 and others, not at all. (Figure 18). Age does not always determine obsolescence, and physical obsolescence may be controlled by the building owner through high standards of maintenance and refurbishment, and choice of quality construction materials.

**Figure 17. Eras of Construction**

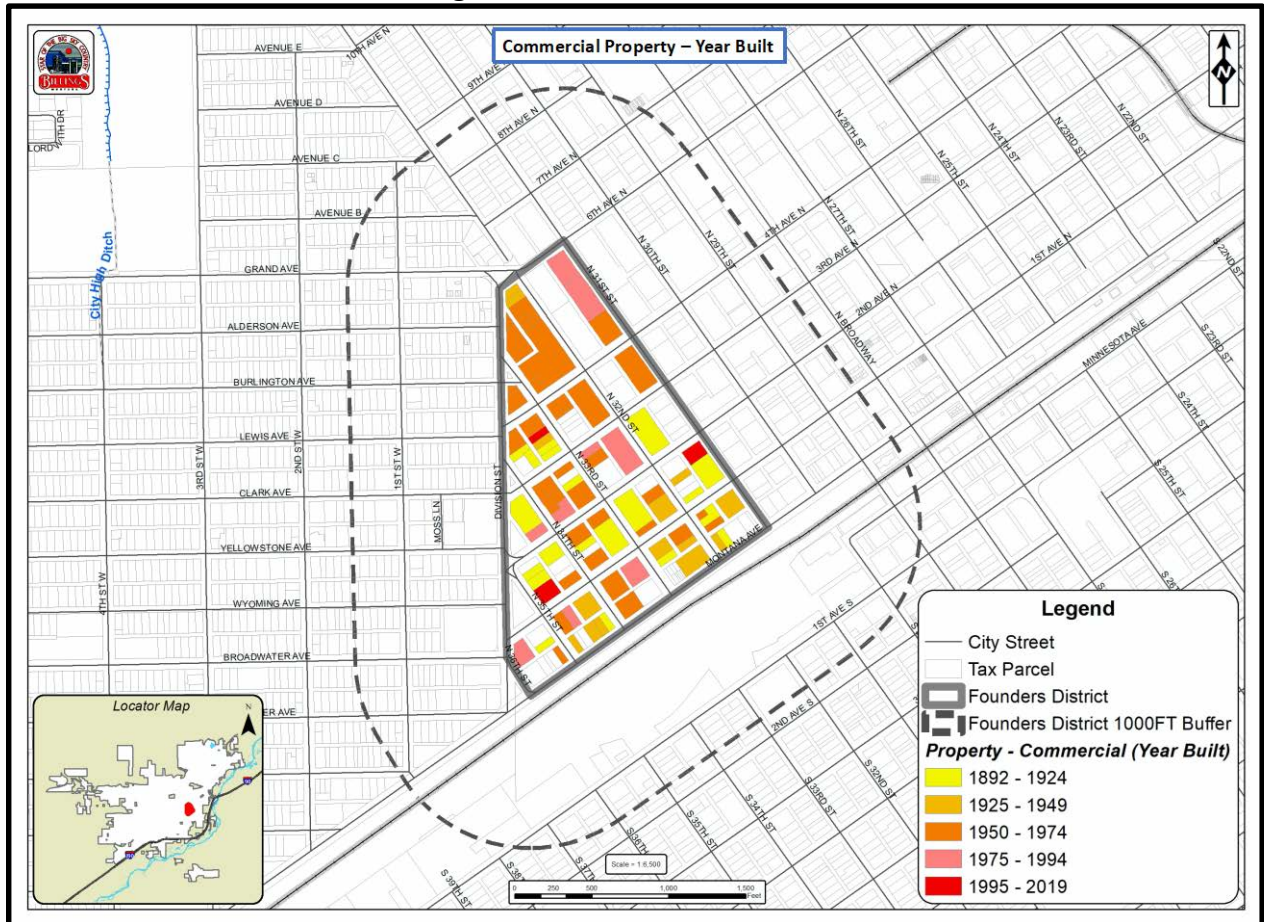
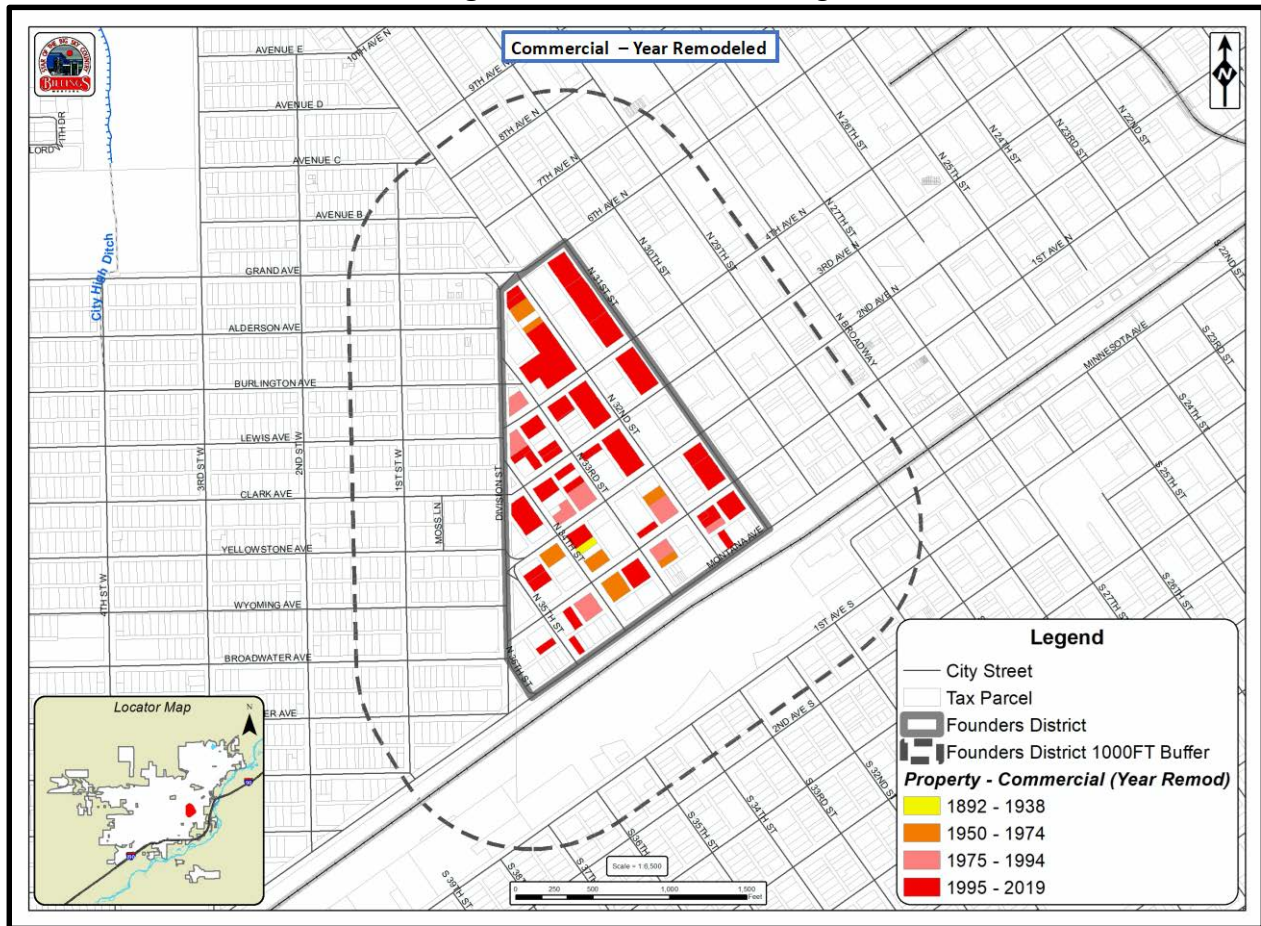


Figure 18. Eras of Remodeling



**Economic**

A building may become economically obsolete, not because of the existing structure, but through enrichment of the development potential of the underlying land. Conversely the property may decrease in value due to increased crime rates or development of a nuisance.

The construction of a public parking garage in the neighborhood and the opportunity for off-site parking may increase the development potential of the underlying land enough to cause a property owner to determine that a building has become obsolete.

**Function**

Functional obsolescence is a product of technological progress resulting either in change in the tenants’ requirements or in the availability of new products:

- a. A building may be considered functionally obsolete due to its defective layout (e.g., inadequate floor to ceiling heights and close-spaced structural columns);
- b. A building may become functionally inefficient because its inflexibility to accommodate new information technology (e.g., no raised floor for location

of transmission cables). (A Study of Building Obsolescence in Standard Design, 2018)

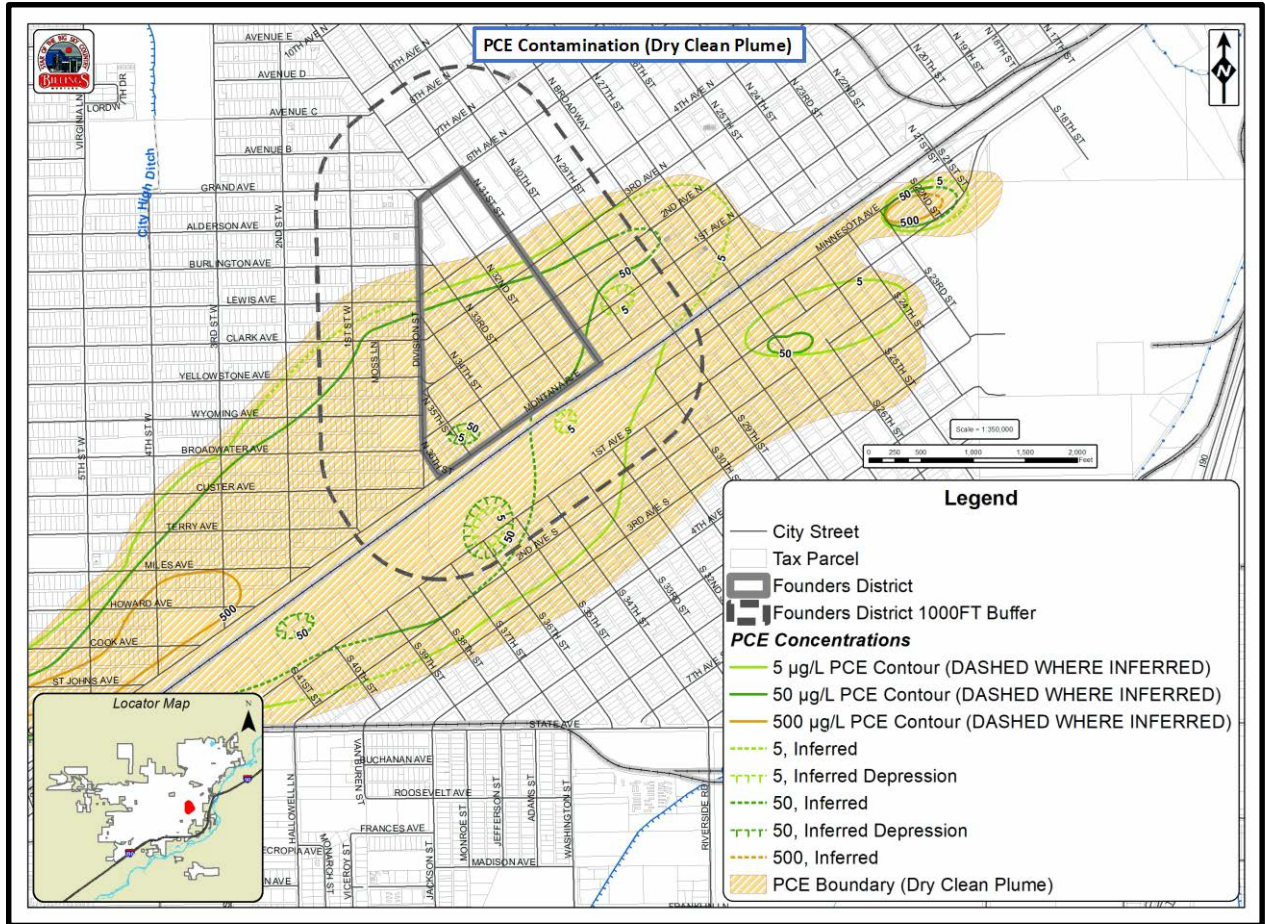
The lack of elevators could render a building functionally obsolete. There is only one high rise apartment building in the Founders Park area, and it has an elevator. None of the low-rise or garden apartments have elevators. Many of the low-rise office buildings, and none of the low-rise hotel/motels have elevators. While private buildings do not always have to provide an elevator, the lack of elevators does limit vertical accessibility for both tenants and clients, furthering building obsolescence.

In the past 20 to 30 years we have seen major advances in technology, communication, and mechanical design. With many of the buildings in the Founders Park area constructed prior to 1962 before personal computers, cell phones and the internet, property owners may determine that the costs of technological upgrades outweigh the benefits, making their buildings incurably obsolete.

#### Environment and Safety

Environmental challenges such as pollution, road congestion and urban decay can contribute to blight. Pollution may require physical clean-up, call for the implementation of institutional controls, create a defect that must be mentioned in the title or simply result in a perception of an adverse impact. For example, the Billings Perchloroethylene (PCE) Groundwater State Superfund Site, Figure 19., is an environmental condition that may render a building obsolete. Contaminants of concern at this site “include the chlorinated solvents tetrachloroethylene (also known as PCE) and trichloroethylene (TCE) and other compounds. PCE was historically used at a former dry-cleaning business on Central Avenue but has also been less commonly used for metal cleaning and degreasing and as an ingredient in common automotive products such as brake cleaners. The PCE at the site eventually came into contact with groundwater. Dissolved PCE is now present in the groundwater underlying portions of the Billings PCE Groundwater Site at concentrations greater than Montana groundwater standards. Remedial investigation showed multiple sources of contamination, identifying four source areas based on soil, groundwater and vapor data. The remedial investigation also showed that groundwater contamination coming from these sources is larger than previously understood and is causing vapor intrusion into overlying structures.” (Montana Department of Environmental Quality, 2019)

**Figure 19. PCE Plume and Contaminant Concentrations**



Incidences of crime and vandalism (including graffiti as shown in Figures 20) and the use of barbed wire fencing as shown below in Figure 21, contribute to blight because people feel unsafe living and working in an area. Figure 22 is a map of graffiti documented in the Founders Park area.

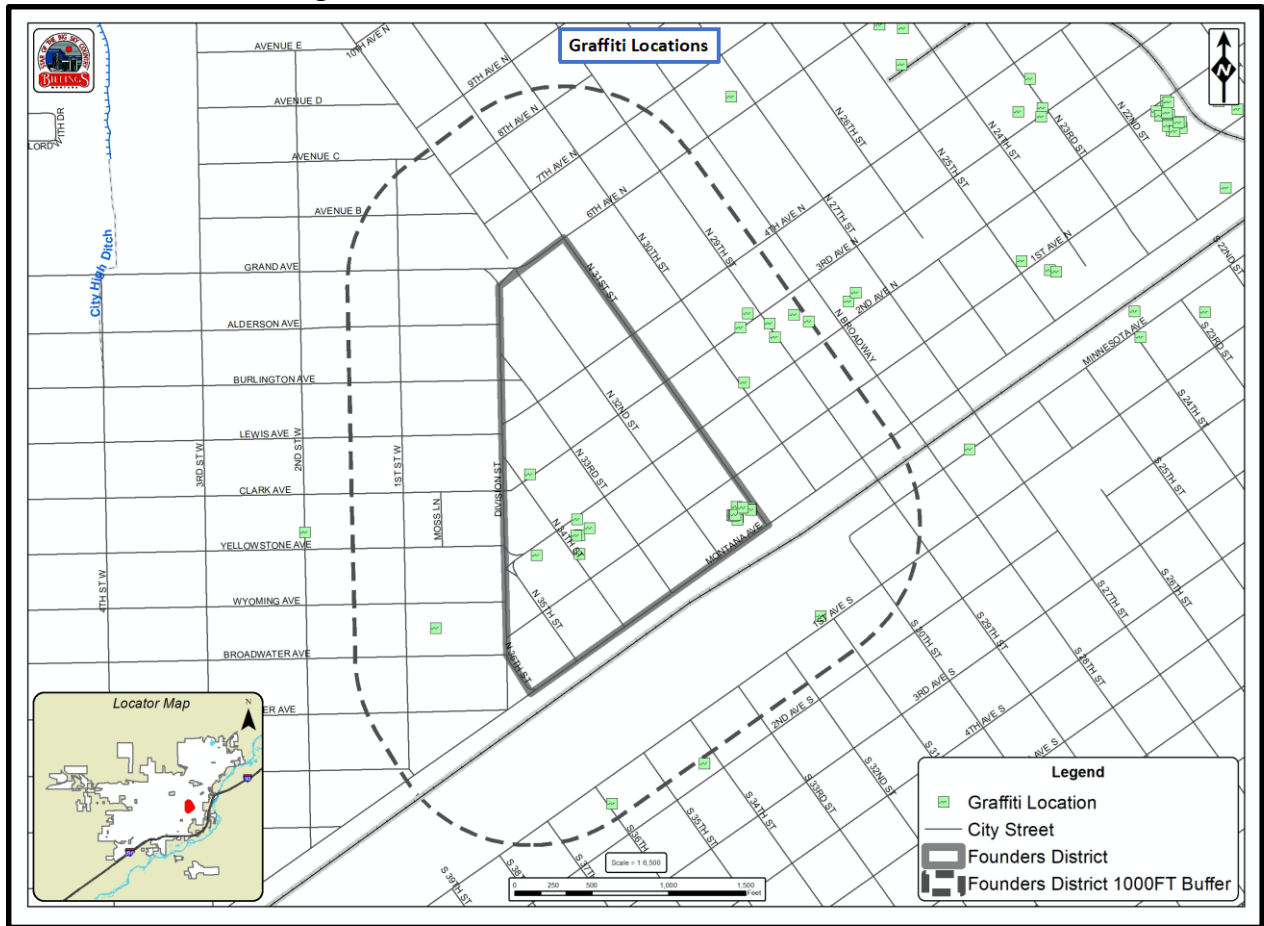
**Figure 20. Graffiti on the NE Corner of 32<sup>nd</sup> St. and 4<sup>th</sup>**



**Figure 21. Barbed Wire Fencing Along Montana Ave.**



Figure 22. MAP of Graffiti in the Founders Park Area



Examples of public interest projects that support obsolete building restoration and rehabilitation to eliminate blight and address environmental and safety issues include:

- Historic façade restoration
- Public utility service upgrades
- Elevator installation/upgrade in publicly owned buildings
- Entrance modifications for ADA compliance
- Pollution clean-up programs
- Graffiti proofing utility boxes, dumpsters and street furniture

**Conditions Related to Public Infrastructure**

The condition and adequacy of public infrastructure are the most identifiable factors that impact a neighborhood. As found in the City-of-Billings-Capital Improvement Plan for FY20-FY24, there are ongoing projects addressing public infrastructure. (City of Billings, 2020)

## Streets and Circulation

While the Founders Park area is a keystone of the western portion of the downtown central business district, the area is largely underutilized. Underutilized land in the urban core results in lower land values and less efficient use of public infrastructure and services.

As expected in the urban core, the Founders Park area is crossed by numerous arterials. According to the Functional Classification Map, 2018 Billings Urban Area Long Range Transportation Plan (LRTP) (Kittelsohn and Associates and Dowl, 2019) these include:

- Principal east- west arterials – Montana Avenue, 1<sup>st</sup> Avenue North, 4<sup>th</sup> Avenue North, and 6<sup>th</sup> Avenue North
- Principal north-south arterials – Division Street with North 32<sup>nd</sup> Street classified as a Collector.

Arterials represent the highest class of highways and roads. These roadways are intended to serve higher volumes of traffic, particularly through-traffic, at higher speeds. They also serve truck movements and should facilitate traffic flow over access to adjacent property. Arterial roadways are further designated as Principal Arterials and Minor Arterials. Arterials in a downtown area can discourage redevelopment if property access is limited and through traffic is prioritized.

Collectors represent the intermediate class. As the name suggests, these roadways collect traffic from the local street system and link travel to the arterial roadway system. These roadways provide a balance between through-traffic movement and property access and provide extended continuity to facilitate traffic circulation within an urban community or rural area. (Kittelsohn and Associates and Dowl, 2019)

Numerous downtown streets were converted to one-way couplets about 50 years ago, in a move to improve traffic flow and as a result, nearly all of the streets in the Founders Park area are one-way. More recently, cities across the United States are reinstating two-way streets because of the many problems that one-ways create. One-way streets usually move traffic at higher speeds thereby making it easier to bypass the area and fronting properties. As a result, pedestrian safety and access to local businesses and dwellings suffer. In addition, “there are simply more (typically 30 – 40%) vehicle/pedestrian conflicts within a one-way street network than in a comparable two-way system.” (Glattig Jackson Kercher Anglin Lopez Rinehart, Inc.)

In 2011, Louisville, KY converted two one-way streets to calm traffic and support economic development. A 2015 study of two parallel streets that remained one-way and the two converted streets showed that the converted streets experienced fewer collisions, less crime, and higher property valuations. An examination of property sales before and after the conversion, showed that houses on the converted streets appreciated, with an average increase of 11.6 and 2.8 percent. Those on the remaining one-ways, depreciated roughly 0.4 percent over the same period, in keeping with a similar decline in the larger Louisville real estate market, during this time. (Gilderbloom W. R., 2015) (Jaffe, 2015)

### Utility Distribution and Collections Systems

Most of the water distribution system was replaced between 1997 and 2019. The older portions of this system could be replaced as needed or when opportunities arise.

The majority of the sanitary sewer system was installed between 1901 and 1927. As this system ages or use increases, replacement may be required. Installation and maintenance of utility services from a main or trunk line to the building is a property owner's responsibility. Replacement of lead service lines has been ongoing for many years as part of the city's rehabilitation projects. There are lead water services in the Founders Park area where the mains have not been replaced or where the main was replaced before lead services were routinely replaced in association with rehabilitation projects.

It is unknown when the storm sewer system was installed in the Founders Park area. The storm sewer system in the neighborhood is undersized, aging and inefficient, and does not accommodate some rain events. There are intersections in the Founders Park area that experience localized flooding issues during some storm events.

Examples of public interest projects that support public infrastructure work include:

- Urban renewal bonding to support the conversion of one-way to two-way streets
- Neighborhood sidewalk trip hazard removal projects
- SID reimbursements using urban renewal or other funding
- Street design to increase resiliency and support business enterprises with such improvements as flex lanes or areas to allow after-hour associated amenities such as public gathering spaces, outside seating areas, kiosks and carts, active pick-up and drop-off spaces, etc.

### **Conclusion**

According to statute, a municipality must find that at least three factors contributing to blight have been identified in order to establish a URD. Based on the information presented in this review of conditions that contribute to blight, a finding can be made that the Founders Park area exhibits more than the minimum three factors and therefore is eligible for designation as a URD.

#### **Section 4. The Benefits of Addressing Blight in the Founders Park Area**

The Montana Urban Renewal Law, in §7-15-4202, MCA, states “that blighted areas which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state, exist in municipalities of the state [and] that the existence of such areas ... substantially impairs or arrests the sound growth of municipalities...”

Within the Founders Park area, conditions that contribute to blight have indeed impaired sound growth. Notably, private investment in the area has significantly lagged behind investments in the remainder of the City of Billings, resulting in what may be called a “failure to thrive”. As noted in Section 1 of this report, taxable values for land and buildings within the Founders Park area have grown by a factor of 27 percent between 2008 and 2019, in contrast to a city-wide increase of 44 percent for the same period.

Reported taxable values for all property within the existing downtown urban renewal district (URD), which is directly adjacent to the Founders area, have increased from a base taxable value of \$4,112,238 (a portion of which was certified in 2005 and a portion in 2008) to \$8,029,109 in 2019. This is an increase of \$3,916,871, representing a substantial private investment over a 12-year period (based on 2019 Department of Revenue tax rates). This increase coincides with public investments in urban renewal programs including improvements to public infrastructure to address conditions of blight in the Downtown URD, employing funding strategies including tax increment financing (TIF).

Section 7-15-4282 of the Montana Urban Renewal codes enables the use of TIF within a URD. It is a locally driven funding mechanism that allows cities to direct property tax dollars that accrue from new development, in a specifically designated *urban renewal district*, to revitalization activities within that district. A base year is established from which "incremental" increases in property taxable values are measured. Virtually all the resulting new property tax dollars (except for the six-mill state-wide university levy and certain voted levies) can be directed to support redevelopment and economic revitalization activities within the district in which they are generated.

Taxpayers located within a district where TIF is in effect pay the same amount as they would if the property were located outside the district. TIF only affects the way that taxes, once collected, are distributed. Taxes that are derived from base year taxable values continue to be distributed to the various taxing jurisdictions, including local and state government entities and school districts. Taxes derived from the incremental increase in taxable value are placed in a special fund for purposes set forth in an urban renewal plan. (See Figure 23. Tax Increment Finance Schematic below.)

A TIF provision is authorized for 15 years but may be extended for up to an additional 25 years if TIF bonds are sold any time during the first 15 years. Funds may be used for a variety of purposes as provided for in §7-15-4288, MCA and include improvements to vehicular and pedestrian transportation infrastructure; land acquisition; streetscapes, parks and landscaping, water and sewer lines and for connecting to infrastructure outside the district. While funds are typically

used for public infrastructure investments, there are instances where local governments have used TIF funds to partner with private property owners to make improvements to historic building facades, to address life-safety issues and to enhance public landscaping. The statutes also provide for the establishment of a TIF revolving loan program that can support private investment in the district. Loan funds can continue to “revolve” in perpetuity; however, eligible projects must be undertaken in accordance with and in the area encompassed by an urban renewal (URD) plan for the district. The existing downtown URD has a revolving loan fund in place.

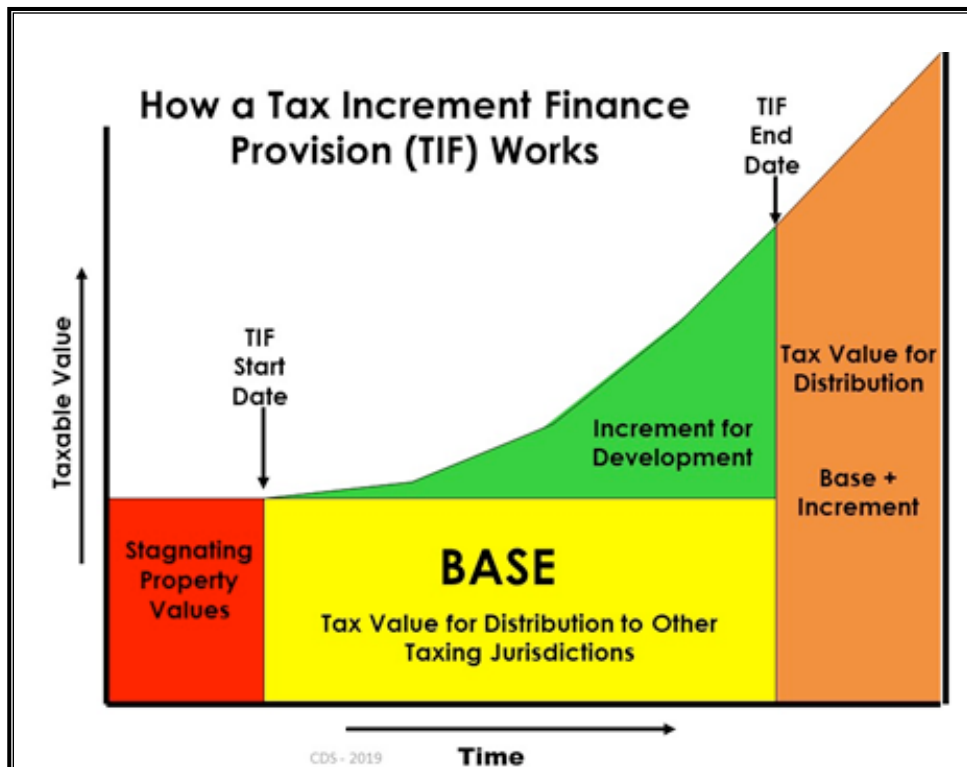


Figure 23. Tax Increment Financing Schematic

### Urban Renewal Designation Benefits

Blight mitigation in the Founders Park area, using the statutory authority granted in Montana’s Urban Renewal Law, including the use of TIF, has the potential to benefit the City of Billings in a number of ways. While improvements to public infrastructure will require private sector investment in the area, the City’s willingness to forge a public-private partnership would be an encouraging sign to those interested in development. The following list provides a sampling of the type of benefits that could accrue as a result of initiating an urban renewal program in the Founders Park area.

#### Increased Tax Base to Support Essential Investments

In Montana, property taxes are based on “taxable value”, which is calculated by applying the appropriate tax rate, based on property type and any relevant exemptions to the market value. Therefore, taxable value is typically a fraction of the property’s market value. For example, the

current commercial property tax rate is 1.89 percent. If a commercial property’s market value is \$100,000, then its taxable value is \$1,890. (Montana Department of Revenue, 2018) Taxes are then levied in units called mills. A mill is equal to one one/thousandth of the taxable value within an entire local jurisdiction for the current year. Each year, the jurisdiction determines how much property tax revenue is needed to operate and then sets the number of mills to be levied accordingly. The number of mills is then multiplied by the taxable value of each individual property to derive the actual property tax owed.

In the Founders Park area, a total of 700.89 mills were levied by all taxing jurisdictions (city, school district, county, state, etc.) in 2019. If the area is designated an urban renewal district, an investment in the amount of \$10,000,000, for example, would generate an addition \$131,334 annually in property taxes. A single investment of this amount, would, in turn, spur additional development over the life of the district. The following chart (Figure 24) shows this property tax calculation using the 2019 mill value.

<b>Figure 24. Property Tax Calculation Example – City of Billings Founders Park Area</b>	
<b>Incremental Increase in Appraised Market Value</b>	\$10,000,000
<b>Taxable Value (TV) (Market value x 1.89 %)</b>	\$189,000
<b>Estimated Annual Property Tax (TV x 694.89 mills – 700.89 mills less the 6-mill university levy)</b>	\$131,334

If the Billings City Council designates the Founders Park area as an urban renewal district with a TIF provision, any new property tax revenues could be used in the short term to make public improvements within the district. Once the TIF provision sunsets, any increase in taxable value would be available for taxation to all of the affected taxing jurisdictions, benefitting the entire community. Following in Figures 25 and 26 are two examples of how TIF investments generated private investments in the existing Downtown URD:

**Figure 25. McDonald Building – Downtown Billings**

**Expanded North 27<sup>th</sup> Street URD – McDonald Bld**

This project at 124 North 29<sup>th</sup> Street restored as much as possible of the building’s historic look and activated a recently vacant building. It was built in 1907 and was home of the very first YMCA in Montana. Bennett’s Drugstore was the next tenant in the 1950’s. Then, the McDonald family purchased the building in 1978 and moved their companies, Wendy’s of Montana and McDonald Land Development, into the building. Now, the building’s basement has storage units for tenants, the ground level has two business tenants (A&E Architects, and a satellite site of Meier Family Chiropractic), and the 2<sup>nd</sup>/3<sup>rd</sup> stories offer residential rental units.

- \$700K public TIF investment
- \$4M private investment
- 12 residential units & two businesses
- Historic preservation project
- Activated a blighted vacant building
- \$27,557 2019 tax revenue

(Downtown Billings Partnership, 2020)

**Figure 26. Griffin/Sawyer Building**

**Expanded North 27<sup>th</sup> Street URD – Griffin/Sawyer bld**

The historic two-story Sawyer building was purchased by Griffin Development. Sawyer Stores Inc. opened in 1928. The facility served as a main office of a grocery chain as well as a creamery and warehouse on the first floor while a bakery and coffee roasting companies occupied the second floor. A bean mill, seed cleaner, ice plant, and produce/cold storage warehouse occupied the basement. Later on after 1963, the building has housed the Spaghetti Depot, Stella’s Kitchen, and the Antique Mall. Now, this Billings landmark houses Griffin Development, Mountain West Brokerage, Stahly’s Engineering & Associates, Diamond Construction, the Asylum Distillery, and Hilltop Public Solutions.

- \$420K public TIF investment
- \$2.1M private investment
- Recruited 6 businesses
- 3 more spaces are available
- Historic preservation project
- Activated a blighted vacant building
- \$15,222 2019 tax revenue

(Downtown Billings Partnership, 2020)

### *The Efficient Utilization of Land*

An increase in taxable value can result from increased land utilization. As noted above, the Founders Park area contains underutilized properties that could be considered inappropriate for a downtown or central business district. The majority of the land within the Founders Park area is characterized by the presence of single- or two-story commercial and mixed-use buildings and unattached parking lots. This runs counter to current research, which suggests that more compact (greater concentration and bulk) and “higher-density development is an important component of economic development initiatives and helps attract new employers ... [and that] ... introducing higher-density projects into a community will actually increase that community’s revenue without significantly increasing the infrastructure and public service burdens.” (Urban Land Institute) In addition, as discussed in the *2016 City of Billings Growth Policy*, in this area, housing should be built to a standard of residential “high & mixed-use density” of 16 dwelling units per acre or greater as would be expected in the Downtown area.

Investing urban renewal funds in projects that support more compact development, such as:

- The construction of a parking garage that replaces surface lots, thereby opening up land for redevelopment and increasing the property tax revenue per acre within the Founders Park area
- Regulatory changes like Project Recode and development incentive programs to promote greater concentration development that could potentially result in increased private investment in the area, generating TIF funds to make additional public improvements

### Strengthened Housing Opportunities

According to the *2017 Downtown Billings Housing Strategy*, there is an “increasing demand for compact communities close to services and shopping. Two major shifts have occurred recently – cities grew faster than suburbs, and household growth was fastest for the Millennial and Baby Boom generations who have distinct preferences for walkable, urban locations.” (EPS and Sanderson Stewart, 2017) Surveys conducted in the course of preparing the *Housing Strategy* indicated a significant interest on the part of downtown employees and business owners in living closer to work.

### *Support of Live-Work Opportunities*

Housing preferences are changing nationally. People are seeking more opportunities to work closer to where they live, or to work, at least in part, from home. This trend to “telework” has been accelerated due to the 2020 Coronavirus pandemic but there are signs that working from home is becoming more the norm. There are indications that there is not an adequate number of lifestyle dwelling units to accommodate this increased number of persons participating in telework. Current residences are not necessarily designed to accommodate offices or to offer private open air (balconies or decks) or provide access to the cutting-edge communication technology.

Urban renewal designation in the Founders Park area would help facilitate the use of a variety of programs and incentives to promote live-work developments that feature retail, office and residential components. Strategies might include:

- The use of federal and state income tax credits for historic preservation, affordable housing; tax deductions for energy efficiency and other incentives
- Assistance to private entities in developing organizational models for development, such as business and housing cooperatives to enable mixed-use developments
- The review of local land use policies and associated regulations as they relate to higher density urban growth

#### *Reduction in Crime and Vandalism*

In her iconic book, *The Death and Life of Great American Cities*, Jane Jacobs states that “the bedrock attribute of a successful city district is that a person must feel personally safe and secure on the street.” (Jacobs, 1961)

Increased vitality in the area, derived from more compact, mixed-use developments, active 24 hours a day, would help to promote activity on neighborhood streets. More people in the area translates into fewer opportunities for destructive behaviors. Jacobs notes that “there must be eyes upon the street, eyes belonging to those we might call the natural proprietors of the street. The buildings on a street equipped to handle strangers and to insure the safety of both residents and strangers, must be oriented to the street [and] ... the sidewalk must have users on it fairly continuously, both to add to the number of effective eyes on the street and to induce the people in buildings along the street to watch the sidewalks in sufficient numbers.” (Jacobs, 1961)

To further investment in the Founders Park area, attention must be paid to improving public safety in the area. Improved urban design combined with community safety efforts similar to those supported by existing Business Improvement District (BID) in downtown Billings will be critical. Urban revitalization strategies aimed at reducing incidences of crime, including vandalism such as graffiti might include:

- Crime Prevention Through Environmental Design (CPTED) (Casey, 2020) – Landscaping, lighting and other elements can be designed to afford maximum opportunity to observe activity on the street. Educational programs can be offered to businesses that provide information on improving their line of sight to the street, e.g., making sure that windows are not blocked by commercial signs or landscaping. The downtown URD CPTED program was approved by the City Council in 2019
- Expansion of the Cooperative Safety Program – The program is currently supported by the Downtown Billings BID and could be expanded to include the Founders Park area, or a new BID could be established to provide these services.

### Increased Unity to Support Place, Community and Neighborhood and Connectivity

Urban renewal designation can enhance the downtown location proximity of the Founders Park area. Urban design and infrastructure planning should acknowledge that the Founders Park area is part of Downtown Billings and not a “forgotten” neighborhood.

#### *Land Continuity*

A portion of the Founders Park area is currently zoned Community Commercial (CC), which is proposed to be updated to Downtown Support (DX) rather than Central Business District (CBD). This distinction continues to differentiate the area from the downtown. The setbacks required by CC (DX) continue to make the area less developable. As this area is adjacent to the railroad right-of-way on the south and is separated from the westward continuation of Billings by parks and Division Street, there may be less need for buffering or transition from the CBD is established by zoning. Uses within the Founders area should complement and enhance revitalization efforts in the Downtown URD and the associated regulations should reflect this relationship.

Unless it is accomplished in conjunction with the Project Recode currently underway, the urban renewal designation could enable the use of TIF to support zone map amendment(s) from DX to CBD in portions of the Founders Park area.

#### *Increased Connectivity to Improve Mobility and Access*

Also, efforts are underway to convert the one-way streets in the downtown area to two-ways. “Around the country, cities have been converting one-way streets into two-way streets in light of evidence that they make traffic safer by reducing collisions for drivers, cyclists, and pedestrians; reduce crime by decreasing auto theft and robberies; and bolster neighborhood commercial districts by raising property values and increasing visibility for businesses....While such conversions do not drive urban economic development on their own, they can and do lead to more walkable and livable mixed used neighborhoods that are safer for pedestrians, cyclists, and residents.” (City Lab, 2018)

In 2015, the City of Missoula, MT conducted a two-way conversion feasibility study, which indicated that a conversion, in concert with area urban renewal projects, would result in an estimated “increase in sales of about 10% to 13% for local retail, restaurants, and other food establishments ... and the likely increase in the number of pedestrians and bicyclists downtown due to the improved environment. In the long-term, the impact of the street conversion project may be more significant, especially when coupled with the planned redevelopment projects in areas adjacent to the study area.” (HDR for the Missoula Redevelopment Agency, 2015)

In Louisville, Kentucky, “traffic safety improved ... even though traffic volume *increased* [after the conversion to two-way streets by] 13 and 40 percent, respectively. Over the same period, traffic volume on 2nd and 3<sup>rd</sup> [in Louisville] dropped. In apparent real-world confirmation of theoretical traffic models, drivers seemed to accept the slower speeds in exchange for more direct access to their destination.” (Jaffe, 2015)

The Billings Downtown Traffic and Safety Study is now in Phase II now with a public education and outreach effort to prioritize street conversions and other traffic and pedestrian safety improvements in the downtown area, including the Founders Park area.

Urban renewal designation in the Founders Park area could enable the use of TIF and other resources to support two-way street conversion efforts in the Founders Park area. The North 29<sup>th</sup> and 30<sup>th</sup> Street conversion to two-way is planned for 2021.

#### *Shared or joint branding – lights standards, signage, street furniture*

Revitalization programs often include urban design strategies in addressing blighted conditions within an urban renewal area. “Branding” the area with distinctive lighting, street furniture and directional and informational signs can make the area more attractive and encourage private investment. Efforts to upgrade the Founders Park area through improved urban design elements should serve, however, to help connect it to downtown to create a “unified” sense of place.

#### *Free Broadband and WIFI Hotspots*

Communities across the country are looking at free internet access as a way to develop their economies and to better serve both residents and visitors. The basic premise of carpeting an area with wireless service in urban centers is that it is more economical to the community to provide the service as a utility rather than to have individual households and businesses pay private firms for such a service. Such networks are capable of enhancing public safety and can also be a social service to those who cannot afford private high-speed services. (Wikipedia, n.d.) Urban renewal resources could be used to facilitate the provision of free internet access in the Founders area.

#### Improved Economic Resiliency to Promote Prosperity

Changing patterns in the way we conduct business locally, regionally and nationally require that communities become more resilient. Growth in business, particularly retail business, will be key to successful revitalization in the Founders Park area. “The development of live-work must be balanced with the valid need for the kinds of small and medium-sized businesses that are needed to make a city work, and for the larger commercial and industrial companies that employ [its] citizens”. (Thomas Dolan Architecture, n.d.)

The growth of e-commerce, the increasing interest in cutting commuting time and changing demographics require that economic development strategies incorporate resiliency in to promote sustainability as well as prosperity.

#### *Development of omni-channel industries combining both physical and digital presence*

While online shopping or “e-commerce” sales are growing, brick and mortar stores still account for the majority of retail sales in the United States. According to the US Census, “e-commerce sales in the first quarter of 2020 accounted for 11.5 percent of total sales”, or \$160.3 billion out of \$1.364 trillion. (US Census, 2020) Any negative effect of e-commerce on brick and mortar businesses has been exacerbated more recently by the 2020 Coronavirus pandemic and the

associated business operational restrictions and increases in the number of people working from home.

Omni-channel refers to any industry with both a physical and digital presence. Examples can be seen in financial services, healthcare, government, retail, and telecommunications industries. It is a modern approach to commerce, which encompasses both in-person and electronic marketing strategies. This strategy facilitates drive better relationships between businesses and their audience across several points of contact – physical, virtual and cultural. “Rather than working in parallel, communication channels and their supporting resources are designed and orchestrated to cooperate. Omni-channel implies integration and orchestration of channels such that the experience of engaging across all the channels someone chooses to use is as, or even more, efficient or pleasant than using single channels in isolation.” (Wikipedia, n.d.)

Approaches to assisting business growth through in the Founders Park area might include:

- Encouraging “omni-channel” development – helping businesses design and market both in-person and on-line services
- Facilitating the creation of a BID in the Founders Park area (or expanding the existing downtown BID)
- Conducting market studies to identify gaps in area services – For example, the Downtown Billings Housing Strategy identified the need for grocery stores in the downtown Billings area. (EPS and Sanderson Stewart, 2017)

## Section 5. Next Steps

The urban renewal statutes and associated TIF provision, which is authorized in §7-15-4282 MCA, provide strategies that can encourage investment in areas where economic growth has been stymied by the lack of sufficient infrastructure and/or the presence of blight. As communities work to develop their economies, urban renewal/TIF programs can be beneficial in attracting commercial, industrial and residential development. TIF dollars can be used to match state and federal economic development funding sources such as state Community Development Block Grants, Economic Development Administration Funds, Historic Preservation Funds and Transportation Grants. Urban renewal funds can also be augmented by local funds such as those derived from special improvement districts, including Business Improvement District (BID) assessments and through public-private partnerships.

This report has documented that at least three conditions that contribute to blight per §7-15-4206 MCA exist in the Founders Park area, qualifying the area for urban renewal designation. The City of Billings has a number of options to consider in response to this analysis. These are as follows:

- Create a new urban renewal district (URD) in the Founders Park area with a tax increment provision
- Expand the existing Downtown URD
- Take no action

### Create a New URD in the Founders Park area

The City of Billings is authorized under §7-15-4201 and 4301 MCA to create an urban renewal district following the passage of a Resolution of Necessity, which identifies conditions of blight that exist in the district and provides the rationale for undertaking a program of revitalization and renewal. The steps that must be taken by the City of Billings to create the district include:

- ✓ Passing a Resolution of Necessity
- ✓ Preparing an urban renewal plan with a TIF provision
- ✓ Conducting a Planning Board review of the urban renewal plan to determine its conformance with local land use policies and zoning regulations
- ✓ Holding a public hearing after notification of all property owners within the proposed urban renewal district
- ✓ Passing an ordinance that:
  - Adopts the urban renewal plan
  - Identifies the boundary of the district
  - Sets the base year for the purposes of calculating the tax increment (if any)
- ✓ Requesting certification of the base year from the Montana Department of Revenue

Once the district is created, it may be some time before any increments are realized. As a result, the City may be confronted with a “chicken and the egg” scenario. While new development will generate new tax dollars that will help address the infrastructure deficiencies and blighted conditions in the area, those new tax dollars may not be realized in the first few years of a district’s life. It may be necessary to seek interim financing to be reimbursed later with TIF receipts. In some cases, private developers invest money in public infrastructure improvements and are reimbursed when/if TIF dollars become available. Such reimbursement agreements must be formalized by the City Council in advance of any expenditures and contracting must follow local and state procurement regulations.

Depending on the decision to proceed, the steps to create a new URD in the Founders Park area could be completed in four to six months. All steps would need to be completed by November 30<sup>th</sup> of 2020 in order to set 2020 as the base year. Should a new URD be created with a base year beginning January 1, 2020, the tax increment provision would terminate in the 15<sup>th</sup> year following adoption, which would be 2035. If a bond(s) was issued anytime during those 15 years, the bond(s) must be designed to mature not later than 25 years from their date of issue, and the tax increment provision could be extended up to but not exceed 2060.

#### Expand the Existing Downtown URD

The second option would be to amend the existing downtown URD, which includes both the Expanded North 27<sup>th</sup> URD (TIF base year 2005) and the North 27<sup>th</sup> URD (TIF base year 2008). The amendment would make the Founders Park area a portion of the downtown URD, but the new portion would have its own base year, reflecting the date of passage of the amendment. Amendments to urban renewal district boundaries require the same steps as the creation of a new district and would also take about four to six months to complete.

The advantage of becoming part of the existing URD would be that TIF dollars could *potentially* be available immediately for public urban renewal projects within the Founders Park area. However, these TIF dollars were generated by property owners and developers who made investments within the original district, and who may not support expenditures in an area that had not yet experienced any new taxable value. Existing financial obligations associated with the issuance of TIF bonds for downtown improvements would also limit the funds available for urban renewal projects in the Founders Park area.

Finally, the sunset date for the Founders Park area URD would be the same as the downtown URD and could not be extended, even through the sale of a TIF bond. A new district would, on the other hand, have its own sunset year. The initial or 15<sup>th</sup> year sunset date for the 2005 and 2008 downtown URDs is this year – 2020. The City of Billings is in the process of issuing an urban renewal bond for the downtown URDs. The payment or provision for payment in full or discharge of all bonds for which the tax increment has been pledged and the interest on the bond will be in the year 2045. In this instance, the sunset date for an expansion of the downtown URDs to include the Founders park area will be 2045.

### Take No Action Option

The City of Billings may choose not to create a new urban renewal district or to expand the existing Downtown URD with a tax increment financing (TIF) provision in the Founders Park area. This report shows that conditions that contribute to blight exist within the Founders Park area and that over the past 12 years, the area has seen less private investment than the city as a whole. It also demonstrates that investments in public interest projects through the state's urban renewal statutes can provide the impetus for economic growth and increased vitality in the area.

Nonetheless, local governments are sometimes hesitant to take advantage of the Montana Urban Renewal Statutes, particularly TIF. This hesitancy is often based on the assertion that because urban renewal funding is derived from the incremental increase in taxable value and new taxes are placed in a special fund to be used for public purposes within the district, property owners in the district are not paying for their fair share of government services.

However, it is important to understand that the base taxable value (the taxable value of all property within the district at the time of the TIF provision adoption) will continue to generate funding for all taxing jurisdictions that levy mills within the urban renewal district. Figure 27 shows how much school funding is currently generated per student within the Founders Park area, through the levying of taxes on real property (land and buildings). This example shows that the Founders Park area is already contributing a significant amount per student and would continue to do so even if a TIF provision was put into place.

<b>Figure 27. Property Taxes Per Student in Billings</b>			
	<b>Number of Students</b>	<b>Property Taxes Paid Taxable Value x Total Education Mills Levied*</b>	<b>Property Taxes Paid Per Student</b>
<b>City of Billings</b>	17,030**	\$76,043,123	\$4,465.25
<b>Founders Park Area</b>	25***	\$477,742	\$19,109.68

\*Using a total of 408.5 education mills levied by School District No.2 excluding the 6-mill university levy

\*\*School District #2 enrollment of 17,030 in October 2019 (Billings Gazette, 2019)

\*\*\*Estimate based on the number of housing units in the Founders Park area

Others have argued that urban renewal districts represent increasing percentages of a communities' total taxable value, tying up funds that may be needed elsewhere. Currently, the total incremental taxable value of all existing urban renewal districts within the City of Billings constitutes only 4.9 percent of the city's entire taxable value. This includes all real, personal and centrally assessed properties.

A decision to not take action may mean that the Founders Park area will continue to have ongoing conditions that contribute to blight and experience stagnation in redevelopment and very slow and limited reinvestment.

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