

MISSOULA REDEVELOPMENT AGENCY TAX INCREMENT FINANCING ASSISTANCE PROGRAM

This narrative outlines the Tax Increment Financing (TIF) Program and the criteria the Missoula Redevelopment Agency (MRA) uses for evaluating applications for assistance in all of Missoula's Urban Renewal Districts. There are special conditions and priorities for each district that can be explained by MRA staff. Review this information carefully before finalizing development plans or submitting an Application form.

BASIC RULES:

- 1. MRA BOARD APPROVAL REQUIRED BEFORE CONSTRUCTION:** Failure to receive approval of an Application before construction starts **WILL affect a project's eligibility for Tax Increment Financing.** The MRA Board of Commissioners generally meets once per month. Upon request to MRA staff that includes adequate project information, the MRA Board of Commissioners may waive this rule.
- 2. MRA STAFF ASSIGNED TO APPLICATION:** All Applications must be assigned to an MRA staff person prior to being submitted. It is essential that the applicant communicate with the assigned staff person during the application process. Applications submitted to the general MRA email or without prior communication and full knowledge of the MRA staff will not proceed through the process.
- 3. APPLICATION SUBMITTAL DEADLINE:** Applications and all information requested by MRA staff that are received after the submittal deadline will not be placed on the agenda for consideration by the MRA Board of Commissioners. The submittal deadline is **14 days prior to the MRA Board meeting considering the project.** The MRA Board expects complete information and high quality staff memoranda when the items are listed on an official agenda which may not be possible if MRA staff receives late applications.
- 4. MRA BOARD DECISIONS ARE FINAL:** All cost and design information within the Application must be thorough and complete prior to submittal. The MRA Board of Commissioners will not reconsider Applications or projects experiencing cost overruns after TIF assistance is approved. Any change in overall design after an Application is approved must be formally accepted by MRA. Changes might not be accepted so it is important that design is fully thought out at the time an Application is submitted.
- 5. MONTANA PREVAILING WAGES:** Montana Prevailing Wage Rate Regulations apply to project work items in excess of \$25,000 and meet one of the following conditions:
 - Any project item that the City will own such trails, easement improvements, buildings, etc.
 - All improvements to the public right-of-way (streets, sidewalks, alleys, etc).
 - Deconstruction/demolition activities.
 - All utility improvements and extensions.

The MRA Board will not reconsider projects that did not account for Montana Prevailing Wage Rates. The [MRA Prevailing Wage Policy](#) can be found on the MRA website under Programs.

Note: MRA and the City of Missoula strongly support the use of local contractors and labor, especially contractors that utilize formal apprentices. The program for the City's projects can be viewed at: <https://www.ci.missoula.mt.us/2669/Apprenticeship-Program>.

6. NEW – 10% PAYMENT TO THE AFFORDABLE HOUSING TRUST FUND: On September 19, 2023, the MRA Board approved the Workforce Housing Pilot Program Guidelines. Any private TIF funded project that does not include income qualified housing will be required to make a contribution to the City's Affordable Housing Trust Fund equal to 10% of the total TIF received. Applications for the following are not subject to the 10% contribution:

- Funding for planning studies, analysis
- Government initiated projects
- TIF requests where the only eligible item is deconstruction
- Non-profit projects
- Projects that provide other public benefits, as determined by MRA, such as granting trail and park easements to the City
- TIF requests less than \$100,000, including phased projects and Façade Improvement Program (FIP) projects

MRA BACKGROUND INFORMATION:

The City of Missoula established the Missoula Redevelopment Agency in 1978 to manage urban renewal districts in the City pursuant to their individual urban renewal plans and to administer the Tax Increment Financing (TIF) in accordance with state urban renewal laws and annual City budget. The City has created seven Urban Renewal Districts (URDs): URD I in 1978, URD II in 1991, URD III in 2000, Front Street URD in 2007, Riverfront Triangle URD in 2008, North Reserve–Scott Street URD in 2014, and the Hellgate URD in 2014. URD I (“Downtown URD”) expired in 2005. The five-member governing Board of Commissioners that oversees MRA’s activities is appointed by the Mayor and approved by City Council.

Each URD is created by the City Council through a public process concluded by adoption of an Ordinance and Urban Renewal Plan which sets the boundaries of the district. The intent of each Urban Renewal Plan is to eliminate “blight” and encourage redevelopment through the use of tax increment financing as directed by State Law.

The goals and objectives of the Urban Renewal Plans lay the groundwork for redevelopment specific to each district. For example, in URD II and URD III, development of attainable housing and extension of utility and transportation infrastructure to all portions of the districts are the highest priorities for TIF expenditures. In addition, some districts have additional documents that guide MRA’s priorities and decision making. All documents can be found on MRA’s [website](#). MRA staff will discuss specific district priorities with potential applicants.

APPLICATION:

The step-by-step process of submitting an Application is described in detail within the [Missoula Redevelopment Agency Program Application](#). As stated above and in the Application, unless a

Tax Increment Financing Assistance Program formal waiver is received, work conducted prior to approval by the MRA Board will automatically make the project ineligible for TIF assistance. Regular communication with MRA staff during the process is essential to an Application being presented and approved by the MRA Board.

➤ **TIF Program Request:** Within the Application, provide a breakdown of the TIF Program eligible items and their projected cost (large construction categories). MRA staff can guide the applicant on specific items that may be included as well as other potentially eligible items listed in State Law. The items will generally fall under the following categories:

- Demolition/deconstruction and site clearing.
- Public right-of-way improvements which are required or recommended by the City Public Works Department including streets, sidewalks/curbs/gutters, alley paving, traffic calming and control, etc.
- Extension, upgrade, and repair of main or primary utility transmission lines including those used for water, sewer, storm drainage, power, gas, and communication. Service lines from the primary main or transmission line to a structure are not eligible for TIF assistance.
- Landscaping and street trees within the public right-of-way may be eligible for TIF assistance. In certain circumstances and under specific conditions described in a note at the end of this document, landscaping on private property adjacent to public right-of-way may be eligible.

For the TIF Program, the ratio of the request in the Application to the private investment (construction) should be at least 1:10. That is one TIF dollar for each 10 private dollars invested in the project. If that ratio is less than the minimum, discuss it with MRA staff. Ratios become complicated with projects utilizing one Application for two or more programs. Therefore it is important to discuss this with MRA staff before submitting the Application.

The second section of the Application is a series of narratives or statements to be submitted separate from the Application form. The point of the narratives is to help “tell the story” of the project and how it addresses the priorities of the URD and benefits the community. For the TIF Program the narratives should include the following:

- **Project Description:** A description of the project should include a vision of how the end product benefits the neighborhood, URD, and the community, as well as how the project meets a market need in Missoula.
- **Design:** Projects along major traffic corridors may be subject to Design Excellence Standards as part of the City’s zoning review. All other TIF and FIP projects within the URDs must provide a summary narrative explaining how the project design successfully addresses the [City’s Design Excellence Guidelines](#) which can be found at the City’s Development Services website.
- **Building Materials:** MRA promotes the use of more permanent building materials, particularly repurposed on site or from other projects. For example, MRA is not interested in supporting projects using thin metal siding. Another example is use of artificial stucco products on a building’s exterior is generally not acceptable, but could be approved based on an accompanying assessment of the permanence of the proposed product. MRA is very interested in projects that utilize wood and metal for framing and structural components that were previously used in other structures. The design narrative should include a description of proposed materials to assure structures are both attractive and long lasting.

- **Demolition and Deconstruction:** A projects applying for assistance in demolition and site clearing expenses must consider potential reuse or recycling of materials through deconstruction of structures and other means. The Application must provide a narrative on how the materials will be reused on site or elsewhere. If deconstruction is not possible, the narrative should include a statement from the project architect or general contractor regarding why it is not feasible. The complete [Deconstruction Policy](#) is available at MRA's website under Programs.
 - All projects must address how unwanted material will be treated even if they do not include removal of structures.
 - All projects must describe recycling or reuse efforts to be undertaken by the business, tenants, or residents of the finished project.
- **Other Narratives:** Other brief narratives may be included to describe:
 - If tenants will be dislocated as a result of the proposed project, a narrative is required detailing how they are to be appropriately relocated.
 - If more than once source of financing is proposed, add a brief narrative explaining the project financing through completion of construction as well as permanent financing (provide lender/grant commitment documents or letters describing contingent commitment).
 - A list of past MRA involvement with the applicant, project designer or engineering team, and/or general contractor.
 - Jobs to be created as a result of the project (if any) and a timeline for their creation.
 - How the TIF Program review criteria listed apply to the project (see Criteria for MRA's Review of Application on Page 4. MRA staff can guide this discussion.

CRITERIA FOR MRA'S REVIEW OF APPLICATIONS:

A thorough analysis of the application material will be made to assure that decisions made by the MRA Board to assist the project are in accordance with State Law as well as local regulations and policies. Additionally, applications for TIF Program assistance will be assessed based on the merits of individual projects in relation to the goals and objectives of the district's Urban Renewal Plan and the recommendations or guidance within documents that have been adopted by the MRA Board or City Council to guide use of TIF in individual districts.

The review process is focused on the economic development potential and special opportunities or effects the project may present. Recognizing that all projects bring unique attributes to the urban renewal district, there is no rigid scale associated with each of the review criteria. A project meeting many of the below criteria may be assessed favorably. However, projects that demonstrate other unique or special opportunities are encouraged and will also be considered.

Economic Development Potential

The economic development potential of a project is very important in assessing the viability of the project and whether it has a positive impact on the vitality of the district and community. The amount of economic activity to be generated by the project is assessed, including the relationship of public and private investment, generation of new property taxes, and job creation.

- **Tax Generation:** In order for the Urban Renewal District to stay economically healthy for the maximum benefit to the district and community, a project should demonstrate the ability

- **Relationship of public and private investment:** As mentioned above, the relationship of the amount of public investment to private investment of a project is significant to ensure prudent investment of public TIF funds within the urban renewal district. A public investment of one dollar for every \$10 of private funds is generally considered a responsible use of public funds.
- **Job Creation:** Projects that create opportunities for new employment in Missoula contribute to the economic vitality of the district and community in a variety of ways. Projects creating five or more full-time equivalent jobs would be considered to have a significant positive impact on the economic well-being of the urban renewal district.
- **Investment Spin-off:** Projects that have potential for investment spin-off or creating more development interest in an urban renewal district is recognized as having a positive impact on the district.

Special Opportunities or Effects

Projects may have varying degrees of positive effects on the district, or in some cases may have negative impacts. A project having a positive influence on the urban renewal district in categories such as innovative architecture or site design, infrastructure, environmental quality, and creating the potential for additional investment, the more beneficial that project would be to the district. Often, goals describing these benefits can be found in the urban renewal plan or associated documents. The following points seek to measure the impacts a project would have on the district and the community:

- **Infrastructure Improvement:** The project's improvement of public services such as water, sewer, sidewalks, parking, improved traffic circulation, creating a more walkable neighborhood, etc. to an area currently lacking or inadequate in those items.
- **Unique Opportunity:** The project's potential to provide a unique opportunity to the urban renewal district or community, meet a special need, or address specific MRA or community goals such as filling a market niche or providing a community need. Another benefit to the community would be the use of local contractors and labor, especially those that utilize a formal apprenticeship program for building trades.
- **Achieving Plan Goals:** The project's ability to significantly further specific goals found in the current district's Urban Renewal Plan, associated guiding documents, or other community plans such as the City of Missoula's Growth Policy, Housing Policy, Zero Waste Policy, etc.
- **Environmental Impacts:** The project's impact, positive or negative, on the environment. Such impacts, during and after construction, may include noise and dust pollution, public safety, traffic congestion, pedestrian access, visual aesthetics, increased vegetation and landscaping, use of repurposed materials, work to recycle or reuse unwanted materials rather than sending them to the landfill, recycling plans for the project's eventual occupants, model power efficiency, alternative power generation, etc.

Logistical Considerations

In addition to the Economic Development Potential and Special Opportunities review criteria listed above, an assessment of a project will be made evaluating the project in terms of the following:

- **Project Financing:** Types of financing committed to the project such as lender commitments, State and federal grant monies, State Board of Investment participation, capital donation campaigns, etc., are examined to assess the probability of construction being completed.
- **Project Feasibility:** A determination of feasibility is made by MRA staff based on the strength of the applicant's demonstration of market demand and long-term financing for the project creating the likelihood of ongoing success of the envisioned project.
- **Developer Ability to Perform:** An assessment of the applicant's capability to successfully undertake the project based on past performance of the developer, project design and management teams, and general contractor on projects of similar scope and complexity.
- **Timely Completion:** An evaluation of the probability that the applicant is able to complete the project according to its own proposed project schedule.
- **Payment of Taxes:** Assure that all property taxes, special improvement district, and any other assessments on the project property are current.

***NOTE: Landscaping Adjacent to Public Right-of-Way**

As previously mentioned, approved landscaping and sidewalks within a public right-of-way are expenses eligible for reimbursement under the TIF Program. Under certain conditions MRA may consider landscaping and sidewalks on private land adjacent to public right-of-way to be eligible under the TIF Program. Those conditions are:

- A. If possible, the street and sidewalk are to be separated by a landscaped curbside boulevard.
- B. A permanent public easement and permanent maintenance agreement will be required.
- C. The project is adjacent to a community arterial street; and,
 1. The City has determined that the public right-of-way of the arterial is too narrow to accommodate an acceptable area for a landscaped boulevard along with proper traffic lanes, curbs, gutters, and sidewalks; and,
 2. The area to be landscaped is a size that approximates a traditional boulevard area.
- D. Projects that are located at an intersection of a qualifying arterial street and a non-qualifying street may request landscaping subsidy for an area adjacent to the non-qualifying street if:
 1. The non-qualifying street does not have adequate right-of-way for boulevard improvements; and,
 2. The width of the proposed landscaping is similar to that of the arterial street; and,
 3. The length of the landscaping along the non-arterial street is no more than 50 feet, unless otherwise approved by MRA.