

**RESOLUTION NO. R21-123**

**A RESOLUTION OF THE CITY COUNCIL TO ADOPT CRITERIA FOR AWARDING AND/OR APPROVING GRANTS FOR THE LAUREL URBAN RENEWAL AGENCY (LURA) BOARD AND CITY COUNCIL.**

WHEREAS, the City Council previously created the Laurel Urban Renewal Agency (LURA), pursuant to Ordinance No. 08-09 as codified at Title 18, Chapters 18.02 and 18.04 of the Laurel Municipal Code, to provide input and recommendations regarding the most effective uses of resources gained from the Tax Increment Finance (TIF) District; and

WHEREAS, the City Council appointed a LURA Board of Commissioners, pursuant to Resolution No. R08-123, who are responsible for providing guidance and recommendations to the City Council pursuant to grant programs that were previously created by resolution;

WHEREAS, the City Council has determined that it is appropriate to adopt mandatory criteria for the LURA Board and City Council to utilize when reviewing and analyzing grant applications under the previously created LURA grant programs.

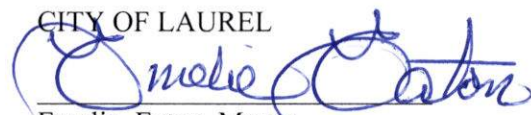
NOW THEREFORE BE IT RESOLVED by the City Council of the City of Laurel, Montana, that the LURA Board and City Council shall apply the following criteria when reviewing and awarding LURA Grants to applicants under the previously approved grant programs:

1. Does the application benefit the public as a whole or just an individual business/property owner?
2. Does the application directly fund public projects or programs?
3. Does the application help to retire public debt?
4. Does the application establish a loan fund to provide financing?
5. Does the application stabilize or renovate publicly owned historic buildings?
6. Does the application construct and/or connect public infrastructure?
7. Does the project improve streetscape and/or public green spaces?
8. Does the project mitigate unsafe decay?
9. Does the project improve accessibility to publicly owned infrastructure?
10. Is the application intended to fund a study, plan or to promote something for the Public benefit?

Introduced at a regular meeting of the City Council on November 23, 2021, by Council Member Sparks.

PASSED and APPROVED by the City Council of the City of Laurel this 23<sup>rd</sup> day of November 2021.

APPROVED by the Mayor this 23<sup>rd</sup> day of November 2021.

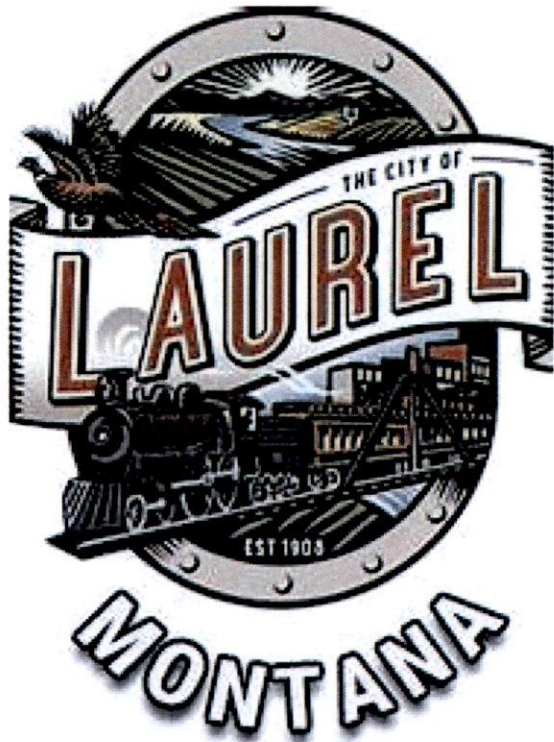
CITY OF LAUREL  
  
Emelie, Eaton, Mayor

ATTEST:

  
\_\_\_\_\_  
Bethany Langve, Clerk-Treasurer

Approved as to form:

  
\_\_\_\_\_  
Sam S. Painter, Civil City Attorney



# Urban Renewal and Tax Increment Financing

CDS of Montana

October 5, 2021



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## Workshop Overview

Purposes of Urban Renewal

Fundamentals of Tax Increment Financing

Laurel URD Summary

District Management

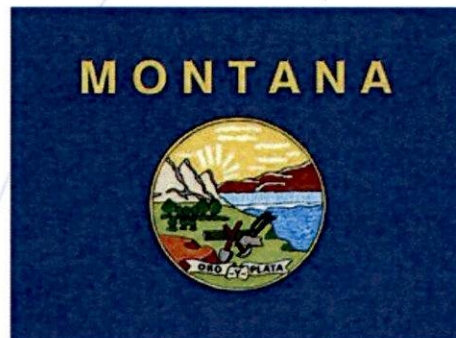
Eligible Projects and Activities

Urban Renewal Experiences Across the State  
and Cautionary Tales

Questions and Discussion



## Statutory Authority for Urban Renewal



“...the prevention and elimination of [blighted] areas is a matter of state policy and state concern in order that the state and its municipalities shall not continue to be endangered by areas which...consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities.” (§7-15-4202 MCA)



## Types of URDs



### Urban Renewal (URD)

Available only within incorporated cities and towns in areas that exhibit at least three conditions of blight

Provides for investments in public improvements in support of commercial, industrial and residential revitalization



### Targeted Economic Development (TEDD)

Available to cities, towns and counties in areas that exhibit public infrastructure deficiencies

Supports value-added economic development, usually industrial with limited commercial uses through investments in public infrastructure

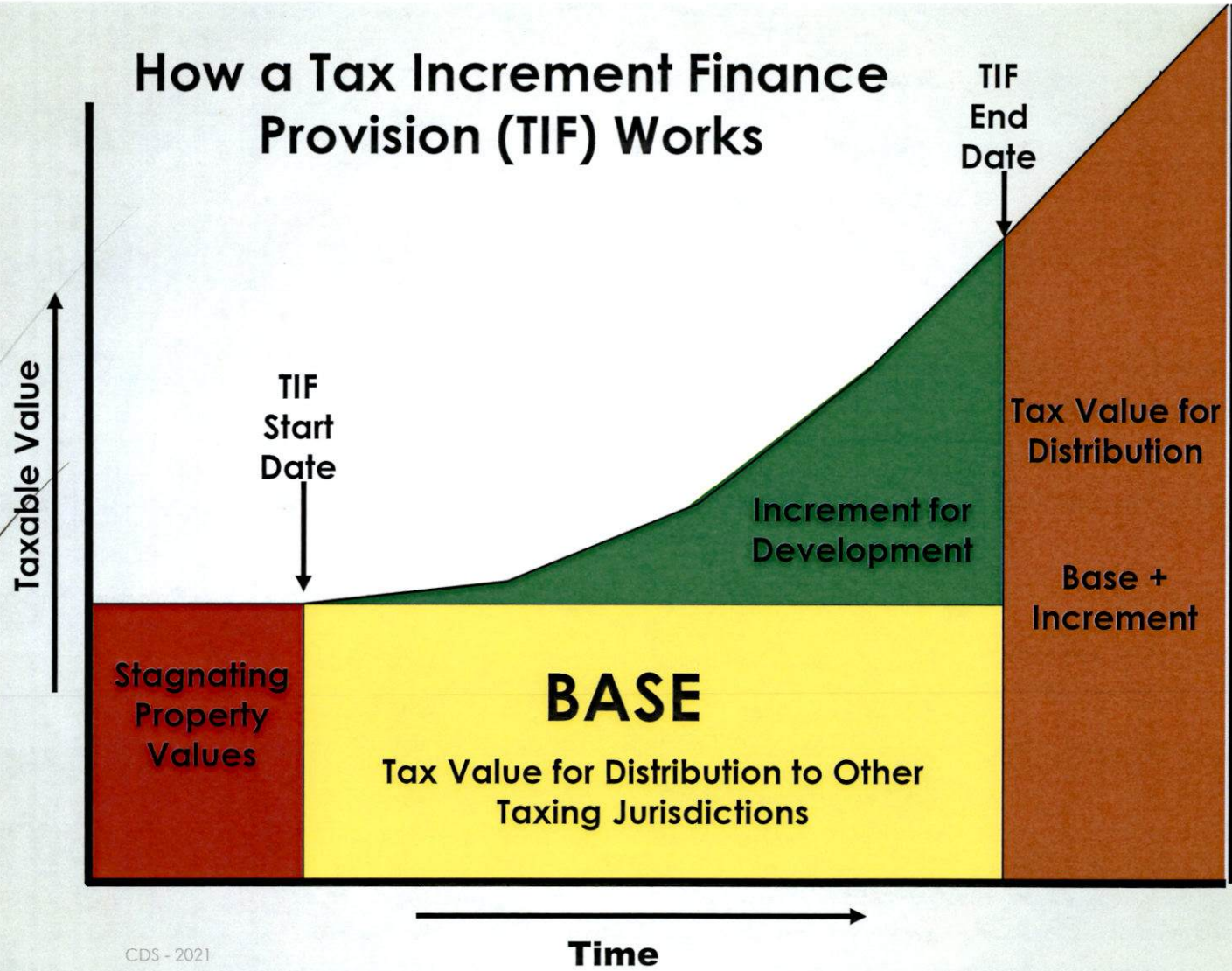


## Urban Renewal and Tax Increment Financing

- The plan for a URD may include a provision to use Tax Increment Financing (TIF).
- TIF is a state authorized, locally driven funding mechanism that allows cities and counties to direct property tax dollars that accrue from new investment within a URD or TEDD, to development activities *within* that district.
- TIF is not a special taxing district; it does not add any new taxes. Rather, it affects the way that incremental increases in property taxes are distributed once collected.
- Projects and programs that are funded by TIF dollars **must** serve a public purpose.



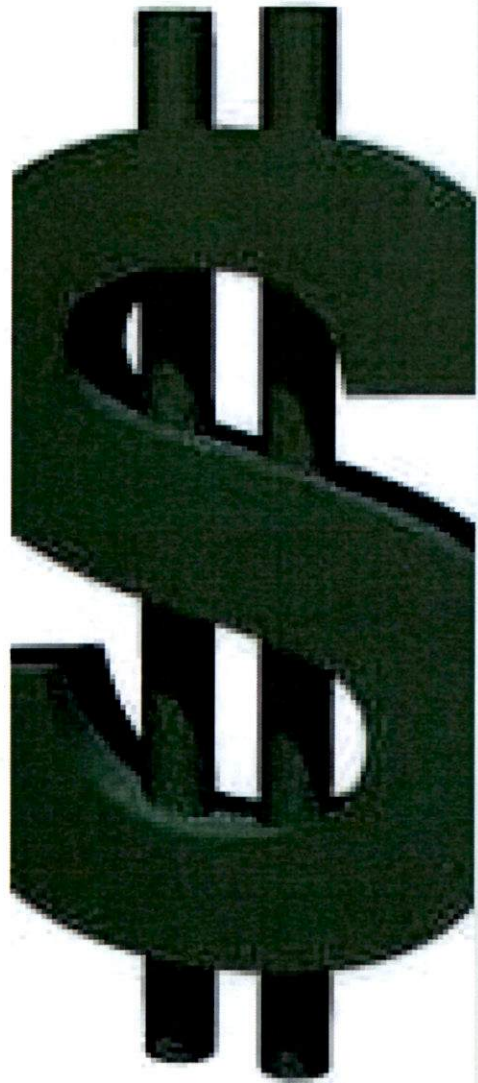
# How a Tax Increment Finance Provision (TIF) Works





## The Calculation

- Assume: \$10,000,000 dollars of net New Appraised Value
- Assume: Class 4 commercial property valued at a tax rate of 1.89% (2021)
- Taxable Value = \$189,000
- Assume: 600 *net* mills (total mills minus the six-mill university levy and any voted mills after TIF effective date )
- Tax Increment = \$113,400



## Potential Funding Strategies

- ▶ TIF dollars can be used to:
  - ▶ Directly fund public projects and programs
  - ▶ Retire debt
  - ▶ Leverage other funding sources, both public and private.
- ▶ Funds may be used to establish a revolving loan fund to provide financing.
  - ▶ Interest rates can be set based on project feasibility.
  - ▶ The revolving fund may continue in perpetuity, even after the TIF provision has “sunsetting”, but funds must be used in accordance with the adopted urban renewal plan.



# Laurel URD Summary



Laurel Urban Renewal District created in 2007



City created an urban renewal agency in 2008



Created a Facade Improvement Grant program in 2010



Created Technical Assistance Grant program in 2010



Large Grant Requests Program in 2015



General Small Grant Program in 2019

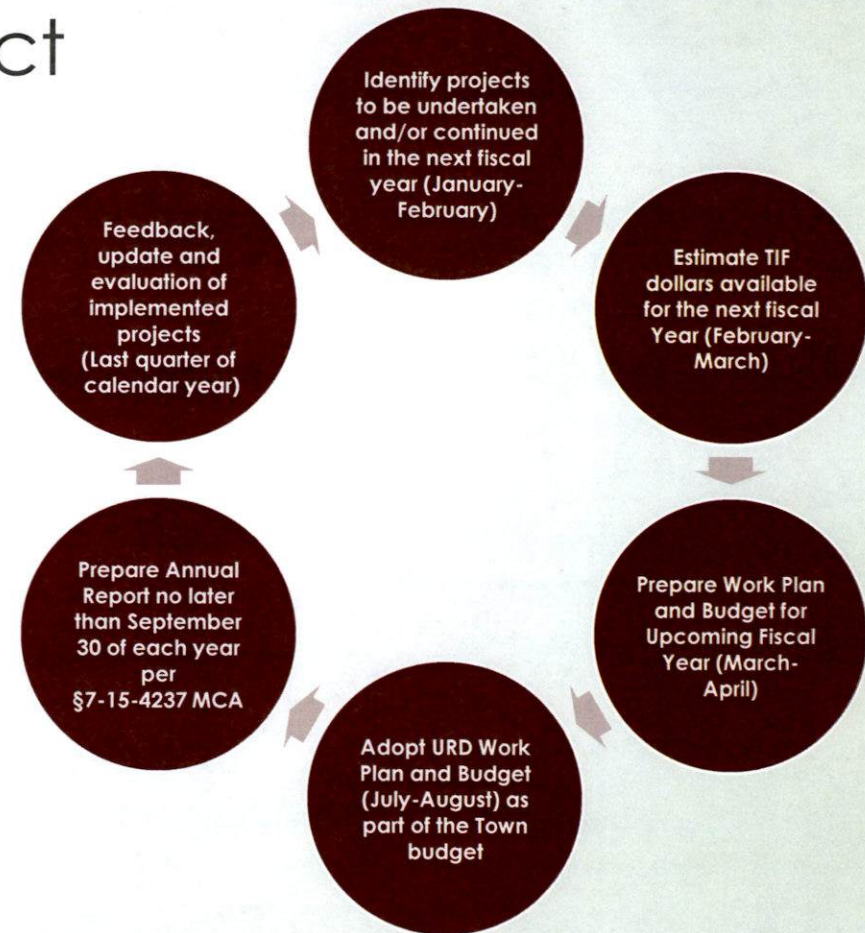


Issued a 25-year TIF bond in 2020



## Management of an Urban Renewal District

- Ongoing process of project identification, analysis and implementation
- Work plan and budget due when required by local government
- Annual report due by Sept. 30





# Allowable Uses of TIF Funds

Stabilize and/or renovate publicly owned historic buildings

Construct and connect public infrastructure

Mitigate unsafe decay

Improve streetscapes and public green spaces

Improve accessibility to publicly owned infrastructure

Study, plan and promote





# Project Evaluation Criteria

- Public purpose
- Urban Renewal Plan conformance
- Beneficiaries – community or district vs. business?
- Leverage – percent of total project cost
- Partnerships brought to the project
- Measurable objectives
- Property tax growth
- Opportunity cost
- Ongoing maintenance requirements



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## Urban Renewal Plan Conformance – Identified Conditions that Contribute to Blight

Flooding

Storm Drain  
System  
Inadequacies

Lack of Green  
Space

Need for Street  
Improvements

Need for  
Intersection  
Improvements

Lack of  
streetlights,  
sidewalks, curbs  
and gutters



## Urban Renewal Sample Projects

### Capital improvements

- Water main replacement
- Sewage system expansion pro-rata share
- Repaving/rebuilding streets
- Broadband installations

### Branding/Beautification

- Unified street fixtures/colors
- Intersection identification
- Signs and Wayfinding
- Utility box graphics/anti-graffiti







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## Sample Projects

### Economic development

- Public parking lot construction
- Revolving loan fund
- Historic Façade Improvements

### Safety

- HAWK (High Intensity Activated Cross Walk) light
- Traffic Signals
- Fire hydrant connections
- ADA in publicly owned buildings

## Neighborhoods

- Sidewalks
- Streetlights
- Connectivity
- Leveraging LMI grant applications

## Decay

- Acquisition
- Removal
- Resale



## Cautionary Tales

Questionable  
public benefit

“Build it and  
they will come”

Lack of buy-in

Dependency  
on centrally  
assessed  
taxpayers

Change in  
taxable status

Single use  
districts





# 18 Questions and Discussion