

# MISSOULA REDEVELOPMENT AGENCY

## CONDENSED BOARD MEETING MINUTES

October 21, 2015

Final

A **Special** meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Wednesday October 21, 2015 at the MRA Conference Room, 140 West Pine, Missoula, MT 59802 at 12:00. Those in attendance were as follows:

**Board:** Karl Englund, Nancy Moe, Melanie Brock, Ruth Reineking, Danial Kemmis.

**Staff:** Ellen Buchanan, Chris Behan, Jilayne Dunn, Tod Gass, Dee Andersen

**Public:** Jeff Maphis, JCM Architecture

**CALL TO ORDER:** 12:00 p.m.

**APPROVAL OF MINUTES:** None

**PUBLIC COMMENTS & ANNOUNCEMENTS:** None

### **ACTION ITEMS:**

#### **MRA Program Workshop:**

- Code Compliance Program
- Commercial Rehabilitation Loan Program
- Facade Improvement Program
- Tax Increment Financing Program

Englund stated that staff scheduled this workshop to review programs and make modifications if needed.

Behan said with the creation of the new districts, it's a good time to review the URD programs. He said there may be something that is not working well, or a need to carry one program over to another district. He said the Board may even want to create a new program. He said the programs the Board will review today all interface with developers. The relocation policy also needs to be reviewed but we will need a subsequent meeting to specifically address relocation. He said staff are updating the TIF program narratives using the URD III model approved by the Board a couple months ago.

Behan said one program modification the Board approved recently in URD III, was assistance with landscaping on private land adjacent to public right-of-way. It was the Felton Dental Clinic sidewalk project where there was no right-of-way available. It was different from what was done in the past and may have opened the door for some new thinking. Englund asked where in the statute it allows landscaping on private property. Behan directed the Board to page four of the URD III narrative, under the special circumstances section. He said what the Board approved is all listed out. Buchanan said it's no different from when MRA gets easements to run sewer and power lines, it's considered part of the public right-of-way.

Englund said those specific items are listed in the statute but he didn't see landscaping listed. He said it's clear that landscaping on public property is a public improvement.

Reineking asked if MRA decides to do this and as long as it's in accordance with state law, how do we ensure that landscaping is maintained even if the property changes hands. Behan said there is no track record, MRA has only done it once on the Felton project. However, landscaping is included in the façade improvement program as part of the façade.

Buchanan said the statute language states "...improvements and infrastructure including..." She asked if MRA knows if that is an exclusive list or if other things could meet the definition of public improvement. Englund said it has to be a public improvement. The word *public* is always in there. Moe said there is introductory language before the list and suggested MRA expand it.

Buchanan said this Agency has a long tradition of recognizing what it thinks constitutes as public space. The Commercial Rehabilitation Loan Program (CRLP) in the downtown URD is a good example. The CRLP rationale was that the facades of buildings define and create the public realm just like sidewalks and streets and landscaping. It was also the basis for the creation of the Façade Improvement Program (FIP) in URD III. She said she researched the state statutes to find sections that would underscore the ability to implement that program. Buchanan said she finds it hard to make a distinction between landscaping on private property and assisting with façade improvement which is also private property. Buildings are more permanent than landscaping, but the façade can be changed and a building can be torn down.

Moe asked if there are any Montana cities with programs the Board should take a look at for ideas. Behan said no. Missoula is the only Montana city that has made an effort to connect with individual business and property owners on this basis. Helena, Billings, and Great Falls have had long term façade programs and have moved on to grant programs. Discussion ensued regarding other cities in Montana and how they have offered similar assistance.

Reineking said TIF can be important as the City begins to look at design standards. Once the standards are established, they could be used as options within the program for the design and renovation of facades. Moe said she thought it was a good idea to

wait until the City makes those determinations and then support them in the programs. She said that the industrial park at the airport has building design standards including for façades. It might be useful to look at how they were established. Kemmis said as far as façade improvement for existing buildings or new construction, he doesn't see why in principal there would be a difference. Englund is concerned that on the façade improvement program, the Agency is not getting much in return for its investment.

Kemmis said this discussion leads him to a different set of inquiries. If the assistance to the affordable housing project at the Millsite fits within the statute, this Agency may have the capacity to design far reaching tools to enable the purchase and resale of land that would enable the Board to leverage substantial improvements. If the CRLP is within the statute, perhaps there are other instances where subsidizing interest rates would give us the same type of leverage. Englund said there is no question that purchase of land is allowed. Reineking asked if there are there restrictions when you sell for less than market value and is it only available for affordable housing projects.

Englund asked how fair market value is established. Behan said state law describes what fair market value can include in an urban renewal district. It is different than cash value. It can include factors such as how it fits within the urban renewal plan and if jobs are created. Englund said if you purchase a parcel and place deed restrictions and design criteria on it, it is going to impact the fair market value for resale.

Kemmis said it seems like we are often really restricted to what we can do that might actually qualify as urban renewal because of the narrow categories we are working with. If we were to acquire property and resell it on condition that landscaping be done and that the façade meet design standards, we could use the acquisition and resale as a way of accomplishing those things. Then we don't have to worry if it's in the right of way and so forth. Englund asked if we can do that. Behan yes, we could do a Request for Proposals (RFP) to resell it and put certain conditions on it. Englund said MRA would need a pot of money set aside for this purpose. He said this is what was done on the Fox Site.

Reineking suggested adding an item in the budget once enough increment has accumulated in a district. She thinks using TIF to leverage design standards is a great idea and maybe we could get there quicker if MRA considers landscaping on private property and façade improvement on new construction.

Englund asked the Board and staff if they felt the façade assistance program is working. He wondered if updating fast food restaurants what MRA wants to do. He feels the façade improvement program should have specific design criteria. He knows the assistance is easy to receive under the existing program. Buchanan said she can understand why Englund feels that way due to the last few façade projects the Board has approved. She said if you look at the history of that program, this Agency has done some really good work. Look at the Women's Club, or the Glidewell Building on South Avenue, it's amazing. The old Holiday gas station went through a major transformation. She agreed with Englund and stated that maybe the minimum design standards need to

be reviewed. The last few projects have involved more corporate identity architecture. Englund suggested rewriting the minimum design standards to clearly identify what MRA wants; which is design more Glidewell and less like corporate identity.

Buchanan asked if the Board is raising the bar on the design, would it consider raising the ceiling of the assistance. Reineking asked Jeff Maphis, JCM Architecture, to provide input.

Maphis said he agrees with the idea of having quality design criteria. He said the \$50,000 is helpful for any project, but in particular to smaller projects. Maphis said he has been involved in two projects that have received MRA assistance through the Façade Improvement Program. The Allegiance building at 1100 South Ave received \$50,000 toward façade improvement. The total project cost was \$190,000, so it was a 26% benefit to the project. The current project he is doing for Allegiance also received \$50,000 for façade improvement. The total project cost was \$114,000 so it was a 42% benefit. For larger projects he would like to see the ceiling raised to be proportionate to the total project cost. For example, the proposed façade improvement on the Sears building is a \$2,000,000 project, the \$50,000 would be a 2.5% benefit. Reineking asked Mr. Maphis about his experience with the application process. Maphis said he did not feel burdened by the process at all. Englund said the counter to that is, the bigger the project then typically the more emphasis there is on design. It's on the small projects where he feels the incentives may be more necessary. Maphis said, on any project of any scale the economic burden is there. Any kind of assistance is motivation. Behan said if the Board is interested in making the FIP assistance scalable to the total project costs then staff will bring a proposal forward. Englund said he is interested in the staff bringing forward design criteria that is meaningful.

Brock asked if we do the design criteria that's meaningful, do we do that on landscaping projects too. She said the landscaping design at Missoula Federal Credit Union seems to have become the standard. Englund said MRA should maintain the flexibility to work with people. Kemmis said building in some design standards to the façade improvement program is a good start. Buchanan said the first year she was here, she sought out help with design standards for URD III from the architectural community and no one wanted to take it on.

Behan said if MRA is going to look at landscaping, maybe we could narrow it down. He asked if the Board had a direction in terms of the bigger picture. In the early days of District III, the desire was for landscaping to be green and tall to break up the hardscape areas. If the current standard is the Credit Union's design, then that is not green or tall. Are we thinking of incentivizing landscaping that is drought tolerant? Englund said he prefers green and tall. Buchanan said if you are emphasizing native plants and "xeriscape", irrigation will be much cheaper.

Reineking asked if the issue of landscaping on private land has been settled. She asked why some of the MRA programs were set for a specific district and why when a program is created it does not extend to current and future districts. Buchanan said it's a funding

capacity issue and some programs are appropriately tailored for conditions that exist in specific areas. Reineking said she would like to see the programs apply to all of the districts. If a condition does not exist, then MRA could keep the program available until it does. Buchanan said one way to do that would be to budget a certain amount in each district and when it's gone it's gone for that year.

The Board discussed funding capacity issues and prioritizing projects.

Behan confirmed that the Board would like to:

- Create minimum design standards/scalability for the FIP.
- Create landscaping design standards.
- Scalability for the TIF program and assist with new construction facades.

The Board discussed possible projects that may eventually come forward in the North Reserve/Scott Street URD.

Moe is not in favor of having the programs available if there is not funding available. Englund agreed.

Buchanan asked if the Board wanted to extend the FIP to other districts. Reineking said yes. Kemmis said yes, provided we are able to develop design standards.

Behan discussed the Commercial Rehabilitation Loan Program (CRLP). He said when it was adopted, it was ground breaking and set the standard for the state. Behan said it doesn't have the impact it once did with commercial interest rates below 10%. When the Program was started the interest rates were between 16-20%. Paying half the interest on a portion of someone's commercial loan for the facade had a huge impact. It got the attention of the banks as it minimized their risk on their interest. Behan said the banks got a check for half the interest for 10 years. He recommends dropping the CRLP program in District II.

Reineking asked if there is a way we could make the CRLP work better without dropping it. Behan said you can replace it with FIP. Reineking asked if energy efficiency would be something to offer as an incentive. Behan said there may be precedent. Englund suggesting having staff approach the banks and see if there are project components that MRA might assist with in place of the CRLP. Buchanan said the CRLP created a lot of referrals from the local banks. Englund said he doesn't want to this Agency to lose that connection with the banks.

Behan discussed the Life Safety Code Compliance Program (CCP). He said it hasn't been used in 10 years. Moe asked if it could be helpful in the Front Street district. Behan asked if the Board would like to expand it to Front Street. Englund said yes, with expanded and more reasonable limits.

Reineking suggested having funds available for affordable housing. Moe agreed and asked what the Board could do to encourage that?

Buchanan asked if the Board would like to revisit the white paper on affordable housing she brought forward about four years ago. The Board discussed the affordable housing proposed at both the Fox Site and at Southgate Mall. Reineking said she would like to revisit affordable housing again. Moe agreed.

Dunn asked if the Board would like to look at updating the MRA by-laws. Englund said yes, let's review them for compliance with state law.

### **NON-ACTION ITEMS**

#### **STAFF REPORTS**

Director's Report

Budget Status Reports

#### **ADJOURNMENT**

Adjourned at time 1:40 p.m.

Respectfully Submitted,

