

CITY OF MILES CITY

DOWNTOWN URBAN RENEWAL PLAN

FINAL DRAFT 10/16/2014



Contents

BACKGROUND AND STATEMENT OF PURPOSE3

INTRODUCTION5

HISTORY6

EXECUTIVE SUMMARY7

DEFINITIONS 12

PRIOR POLICY AND REDEVELOPMENT EFFORTS 15

PROPOSED DISTRICT ATTRIBUTES 17

BOUNDARY DESCRIPTION 18

MAP 19

DETERMINATION OF BLIGHT 20

HOUSING 20

PUBLIC INFRASTRUCTURE AND FACILITIES 21

INFILL DEVELOPMENT 21

CONFORMANCE TO THE GROWTH POLICY 22

CURRENT ZONING 22

TAX INCREMENT FINANCING 22

TAX INCREMENT REVENUES GENERATED 23

GOALS AND OBJECTIVES 24

GOAL One: Create Vibrant Historic Downtown Business District 24

Goal Two: Attract and Retain Work Force 25

Goal Three: Historic Resources 26

Goal Four: Housing for all income levels 26

Goal Five: Infrastructure 27

Goal Six: Transportation 28

PUBLIC INVOLVMENT 28

ADMINISTRATION 29

ANNUAL BUDGET 29

APPENDICES: (TO BE INCLUDED) 29

PROJECT PRIORITIES MATRIX 29

LIST OF OWNERS 29

STATE STATUTES 29

LIST OF PARTICIPANTS 29

OTHER POLICY AND PLANNING DOCUMENTS 29

BACKGROUND AND STATEMENT OF PURPOSE

During a Community Discussion hosted at the Miles City Library in August of 2012 to discuss the impact of regional energy development, the group also voiced concerns about the increasing number of vacant properties in the Miles City's Main Street business district. The loss of green space for new business construction near Interstate 94 on South Haynes Avenue to accommodate energy growth was a stark contrast to the deterioration of a beautiful Historic Main Street District lacking in similar development. The Director of the City's Historic Preservation Office responded by proposing the "Revitalize Downtown" project to City Council and the Historic Preservation Commission. The Miles City Preservation Commission plays a major role in the City's planning process as an advisory Board to the City which reviews and comments on planning programs undertaken by the city, through the city zoning commission and the city/county planning board on matters relative to historic resources such as land use, economic development, municipal improvements, housing and other public programs. The Director and Commission scheduled a second Community Discussion in November of 2012 to focus on the concerns of the community specific to the Historic Main Street District. The findings of that meeting are attached as Appendix A, Project Priorities Matrix.

The Miles City Revitalize Downtown (MCRD) project is designed to answer the growing concern voiced by the community over the ongoing deterioration of the iconic business district which represents our City's cultural heritage and a significant economic asset. It is a primary goal of the MCRD project level the playing field between redevelopment and greenfield development.

A broader collaboration between the City, the Miles City Area Economic Development Council, Miles City Housing Authority, Fort Keogh Livestock and Range Research Station and other area service groups, the MCRD project works to design strategies, financial incentives, and provide technical assistance that will address the specific barriers or challenges to development in the Main Street Historic District, Miles City's primary business corridor. The Revitalize Downtown team refers recommendations to the City Council for consideration in supporting economic development in historic downtown Miles City.

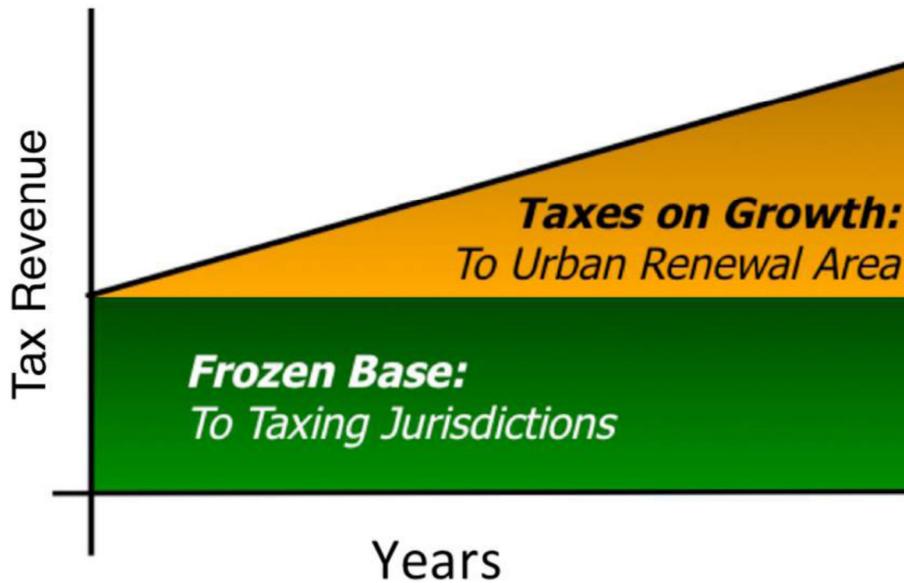
The Urban Renewal Plan with a Tax Increment Finance option is one of many initiatives of the Revitalize Downtown project. The strategy to provide capital resources and leverage existing funds is a critical component of the larger effort to incentivize redevelopment in the city's main business corridor. TIF District revenue can be packaged with other funding mechanisms which include, but are not limited to grant match dollars, New Market Tax Credits, Historic Preservation Tax Credits, EPA Brownfields dollars, Montana Board of Investment Loans, Montana Department of Transportation planning and construction dollars, and Montana Board of Investment Infrastructure loans.

To implement the Tax Increment Finance District Initiative, the City sought grants from the Montana Community Development Block Grant-Economic Development program, the Montana Main Street programs and private sources to fund a Tax Increment Finance District Feasibility Study, and to proceed with creation of the district should it prove feasible. On April 22, 2014, the city contracted with Zeier Consulting, LLC to conduct the Feasibility Study and advise the City Council in creating the District should it prove feasible.

On June 24, 2014, the Miles City Council adopted **Resolution 3686** approving the Feasibility Determination for the proposed Miles City Downtown Urban Renewal District with the option for Tax Increment Financing and authorized Zeier Consulting, LLC of Billings, Montana to conduct a professional study for the purpose of determining if blight exists within the downtown Miles City area. The Study conducted determined that blight exists in the area in accordance with Urban Renewal Law (7-15 Parts 42 & 43 M.C.A.). Based on the findings of the Zeier Feasibility Study, the City Council adopted **Resolution 3705**, "declaring the intent to create the Miles City Downtown Urban Renewal District with Tax Increment Authority; and declaring the existence of blight within the Miles City Downtown Urban Renewal area". The Council directed Zeier Consulting to prepare the Miles City Downtown Urban Renewal Plan. This Plan is the result of that effort.

INTRODUCTION

The State of Montana has provided local municipalities with the Urban Renewal Plan process through Montana Code Annotated Title 7 Chapter 15 Part 42 & 43. Montana Urban Renewal as it is known provides for a process known as Tax Increment Finance. This process allows a municipality to designate a certain area of the city that is infrastructure deficient or blighted as an Urban Renewal District. A base tax value is determined for that District and tax revenue continues to be distributed to all taxing jurisdictions (including the City) based on that value. The City also receives any incremental property tax revenues generated in the Urban Renewal District for planning and redevelopment activities. **The incremental tax revenues generated in the district must be spent within the district for infrastructure improvements as incentives to encourage redevelopment in the District.** After an initial 15 year term the base values reset to the current level and all other taxing jurisdiction then receives the base values and the incremental revenues generated. See illustration below.



HISTORY

Miles City and the region have a rich and colorful history. Downtown Miles City is a unique place that is steeped in the history of the west. Our history extends back to the days of the dinosaurs and nomadic hunters following the herd migrations. The first modern group to make their home here permanently appears to have been the Crow Indians. They were followed by fur trappers, the Lewis & Clark Expedition and other early explorers.

Miles City as we know it today was established at the confluence of two iconic rivers, the Yellowstone and the Tongue, in 1877, in response to Custer's defeat at the Battle of the Little Bighorn. The fort was built to carry out the political decision to remove the native peoples to reservations during the Great Sioux Wars. This ultimately made way for increasing numbers of settlers from all over the world, cattle barons and farmers alike that found our region inviting.

As a civilian settlement around the Fort Keogh military outpost, the city immediately began to flourish as a regional trade hub on the frontier. At that time, steamboats and bull trains were the means of travel, commerce and shipping. Early buildings were of log or locally milled lumber construction. The early log and lumber buildings provided great fuel for fires; and Miles City experienced a number of major fires in the early business district.

As they rebuilt the city's core business district, the founding fathers encouraged the City's role as a regional trade center and planned accordingly. They designed the city based on the concept that "looking prosperous would attract prosperity".

Architects were hired and as the city fathers tried to outdo each other, a city featuring impressive architecture of enduring materials, beautiful homes, parks, landscapes and walkways was built.

The concept worked. Leighton and Jordan, early businessmen, were the largest supplier of ranch and home goods in the entire Northwest Territories. Other businesses and trades were attracted to the growing city, and Miles City was, for a time, the second-largest banking center in Montana

and held the record for the most millionaires per capita. Miles City has served as eastern Montana's largest city, providing hospitality, commerce, education, cultural, recreation, medical, government, and other services to a large rural region for over 135 years.

Their legacy is a beautiful downtown district constructed with enduring materials and inspiring architecture that reflects our proud cultural heritage which was listed on the National Register of Historic Places in 1989.

Extending from Riverside Park to the railroad underpass, Main Street features an array of stunning architectural styles that reflect a prosperous past. Always a source of great pride in the community, sadly, the downtown historic district can now only be described as blighted.

The efforts of the community has led to the development of policies and plans to help preserve this history and plan carefully to incorporate new development into the downtown. This careful, well-conceived, and transparent planning process is a critical component to the success of this Urban Renewal Plan.

EXECUTIVE SUMMARY

A vibrant downtown area is a vital component of a healthy community. The Downtown area of Miles City has undergone significant change in the last fifty years due to several factors affecting the economic viability of the area, including but not limited to:

- Miles City began to experience a long, slow deterioration of the downtown business corridor following construction of the Interstate highway system and rerouting of State highways in the 1960s. Without the automobile traffic to support them, numerous businesses located on Main either closed due to lack of business or migrated to higher traffic areas near the Interstate highway exits on South Haynes Avenue hoping to increase sales.
- Declining economic conditions also contributed to the decrease in business in the main business district and eventually other retail and service businesses followed or closed up shop completely.

- The Main Street District experienced a series of devastating fires between 1980 and 2009 which left an impact as well. During that time, the City lost many successful businesses and historically significant buildings on Main Street. There has been some rebuilding, though there are still parcels that have been left as vacant and underutilized.
- This shift has been accelerated in recent years as more businesses have either closed or left Main Street.
- The result is that the Main Street business corridor is no longer viewed as an attractive location due to lack of traffic, resulting in a decline in business investment in the Downtown. This lack of development is evidenced in the high ratio of empty storefronts and declining real estate transactions in the Downtown.

During the 1980's the local Historical Society worked diligently to list the Main Street District. It was hoped that designation as a historic district would help incentivize preservation of the buildings through tax credits. Economic conditions at the time were not conducive to redevelopment, even with the tax incentives for commercial properties. The Main Street District originally included ninety-nine buildings (99), sixty (60) of which were considered contributing buildings and thirty-nine (39) non-contributing buildings. Based on a recent survey of the district, only fifty-five (55) of the ninety-nine original buildings listed on the Historic Register remain standing. Of those, only thirty-three (33) of the original sixty (60) "contributing" buildings have survived and remain mostly intact historically. Unfortunately, the downtown district often goes overlooked by new businesses or potential investors, primarily because of the fear that the cost of having to renovate these older buildings far outweighs the cost of simply building brand new. The fact that the downtown district has become a seemingly low traffic area (due to the migration and closures of businesses) does nothing to convince businesses to open their doors downtown. The overall appeal of the city core has deteriorated significantly discouraging any possibility of new business investments.

Per MCA 7-15-4206(2)(a),(i), and (j), the downtown is eligible for inclusion on an Urban Renewal Area with a TIF District provision as a solution to address its current market and physical deterioration, the deterioration of site and site improvements, as well as a diversity of ownership that makes consensus on any potential redevelopment activities challenging and difficult.

The study of the Miles City Downtown core began with a data review process evaluating current property values within the Main Street Historic District and adjacent City neighborhoods, followed by site inspections throughout those portions of the City included in proposed TIF boundaries. The process continued with interviews with property owners and stakeholders. As part of this plan there have been meetings held with:

- City Council Members
- Downtown property owners
- Downtown business owners
- Business owners that have relocated out of the downtown
- City Staff that are responsible for maintaining and improving public infrastructure.
- Local economic development staff

There is a consensus that there is significant opportunity to be had for the redevelopment of the downtown core. The downtown is not meant to compete with the Haynes development and this plan is not meant to suggest that. The downtown needs to leverage the available tools, such as a TIF District, to provide property and business owners a level playing field to develop businesses that are viable. The South Haynes corridor experiences high transient traffic by offering regional residents and travelers food, lodging, automotive and truck sales and repair, and box store goods. This captured market demographic represents an opportunity for Main Street businesses to offer complimentary goods and services that will attract and retain that demographic.

The initial feasibility portion of this planning process has determined the plan for a TIFD in Miles City relates directly to the likelihood that such a District will successfully address the slow economic decline of the area and encourage investment in the main business corridor. The findings of this initial study concluded that the creation of a TIFD in Miles City has a high chance of success due to the following facts:

- The downtown is eligible under Montana Statute for an Urban Renewal District with a TIF provision.
- There are significant issues with multiple properties in the downtown such as empty storefronts, infrastructure deficiencies, and lack of investment that can be addressed in the Urban Renewal Planning process.
- There is an upswing in the regional economy due to energy development in the Bakken area, and as a result there is increased market interest in Miles City to locate businesses as evidenced in the development of the South Haynes corridor.
- The increased volume of Interstate traffic to and from the Bakken region creates an economic environment which provides additional opportunity to capture a market share for businesses offering goods and services complimentary to those offered in the business areas serving the Interstate exits into the City.
- There is an increased demand for housing across all income levels in the region.
- The downtown area generates higher per square foot tax revenues than large paved areas in surrounding business districts.
- Re-use of existing infrastructure which is already in place and is financially viable.
- The City is located in Census Tract 30017962000 making it eligible for New Market Tax Credits.
- The business corridor is listed on the National Register of Historic Places making a high percentage of properties eligible for Historic Preservation Tax Credits.
- The City's unique history in combination with cultural and tourism events such as the Bucking Horse Sale, the Bluegrass Festival and other local events make it a platform for creating a travel destination.
- The City is home to a number of stable economic drivers that attract a diverse regional and national demographic to the city such as the Community College, Fort Keogh Research Station, Miles City Livestock Commission, Range Riders, the Art Center and the Eastern Montana Fair which provides an opportunity for business to capture a portion of the existing market share.

- The redevelopment of a downtown area has already seen significant investment from the public sector in the form of land use regulation changes such as rezoning to allow for mixed use buildings, a Brownfields project to eliminate environmental issues as a barrier to redevelopment, and the willingness to begin the discussion of an Urban Renewal Plan with a Tax Increment District provision.

There is a significant amount of interest from the community for the redevelopment of the downtown core. The proposed Urban Renewal District and its corresponding Urban Renewal Plan will be a critical element in the redevelopment of Downtown. The Urban Renewal Plan is an ideal vehicle for the capturing of public input from property owners and public officials to set the long term vision of the Downtown area. The process to be undertaken is to be a transparent and public process that captures all input that is important to the Urban Renewal Plan. What the Downtown can be reinvented as and how to get there is the whole point of an Urban Renewal Plan and is perhaps the most important component of this project. Only through the Urban Renewal Planning process can the goals and objectives of the community be realized.

DEFINITIONS

MCA 7-15-4206. Definitions.

The following terms, wherever used or referred to in part 43 or this part, have the following meanings unless a different meaning is clearly indicated by the context:

- (1) "Agency" or "urban renewal agency" means a public agency created by [7-15-4232](#).
- (2) "Blighted area" means an area that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, that substantially impairs or arrests the sound growth of the city or its environs, that retards the provision of housing accommodations, or that constitutes an economic or social liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use, by reason of:
 - (a) the substantial physical dilapidation, deterioration, age obsolescence, or defective construction, material, and arrangement 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 (2).
- (3) "Bonds" means any bonds, notes, or debentures, including refunding obligations, authorized to be issued pursuant to part 43 or this part.
- (4) "Clerk" means the clerk or other official of the municipality who is the custodian of the official records of the municipality.
- (5) "Federal government" means the United States of America or any agency or instrumentality, corporate or otherwise, of the United States of America.
- (6) "Local governing body" means the council or other legislative body charged with governing the municipality.
- (7) "Mayor" means the chief executive of a city or town.

- (8) "Municipality" means any incorporated city or town in the state.
- (9) "Neighborhood development program" means the yearly activities or undertakings of a municipality in an urban renewal area or areas if the municipality elects to undertake activities on an annual increment basis.
- (10) "Obligee" means any bondholder or agent or trustee for any bondholder or lessor conveying to the municipality property used in connection with an urban renewal project or any assignee or assignees of the lessor's interest or any part of the interest and the federal government when it is a party to any contract with the municipality
- (11) "Person" means any individual, firm, partnership, corporation, company, association, joint-stock association, or school district and includes any trustee, receiver, assignee, or other person acting in a similar representative capacity.
- (12) "Public body" means the state or any municipality, township, board, commission, district, or other subdivision or public body of the state.
- (13) "Public officer" means any officer who is in charge of any department or branch of the government of the municipality relating to health, fire, building regulations, or other activities concerning dwellings in the municipality.
- (14) "Public use" means:
- (a) a public use enumerated in [70-30-102](#); or
 - (b) a project financed by the method provided for in [7-15-4288](#).
- (15) "Real property" means all lands, including improvements and fixtures on the land, all property of any nature appurtenant to the land or used in connection with the land, and every estate, interest, right, and use, legal or equitable, in the land, including terms for years and liens by way of judgment, mortgage, or otherwise.
- (16) "Redevelopment" may include:
- (a) acquisition of a blighted area or portion of the area;
 - (b) demolition and removal of buildings and improvements;
 - (c) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal provisions of this part in accordance with the urban renewal plan; and
 - (d) making the land available for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself, at its fair value for uses in accordance with the urban renewal plan. If the property is condemned pursuant to Title 70, chapter 30, the private enterprise or public agencies may not develop the condemned area in a way that is not for a public use.
- (17) (a) "Rehabilitation" may include the restoration and renewal of a blighted area or portion of the area in accordance with an urban renewal plan by:
- (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;
 - (ii) acquisition of real property and demolition or removal of buildings and improvements on the property when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce traffic hazards, to eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;
 - (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds,

and other improvements necessary for carrying out in the area the urban renewal provisions of this part; and

(iv) subject to [7-15-4259](#)(4), the disposition of any property acquired in the urban renewal area, including sale, initial leasing, or retention by the municipality itself, at its fair value for uses in accordance with the urban renewal plan.

(b) Rehabilitation may not include the development of the condemned area in a way that is not for a public use if the property is condemned pursuant to Title 70, chapter 30.

(18) "Urban renewal area" means a blighted area that the local governing body designates as appropriate for an urban renewal project or projects.

(19) "Urban renewal plan" means a plan for one or more urban renewal areas or for an urban renewal project. The plan:

(a) must conform to the growth policy if one has been adopted pursuant to Title 76, chapter 1; and

(b) must be sufficiently complete to indicate, on a yearly basis or otherwise:

(i) any land acquisition, demolition, and removal of structures; redevelopment; improvements; and rehabilitation that is proposed to be carried out in the urban renewal area;

(ii) zoning and planning changes, if any, including changes to the growth policy if one has been adopted pursuant to Title 76, chapter 1;

(iii) land uses, maximum densities, building requirements; and

(iv) the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements.

(20) (a) "Urban renewal project" may include undertakings or activities of a municipality in an urban renewal area for the elimination and for the prevention of the development or spread of blight and may involve redevelopment in an urban renewal area, rehabilitation or conservation in an urban renewal area, or any combination or part of redevelopment, rehabilitation, or conservation in accordance with an urban renewal plan.

(b) An urban renewal project may not include using property that was condemned pursuant to Title 70, chapter 30, for anything other than a public use.

PRIOR POLICY AND REDEVELOPMENT EFFORTS

The Revitalize Downtown project has already achieved significant traction up to the creation of the Urban Renewal District. Since the inception of the Revitalize Downtown Project, the City of Miles City has accomplished the following:

- Applied for a Community Wide Brownfields Assessment Grant in 2012 and 2013, working with all city departments to develop a plan to integrate Brownfields into ongoing City Planning and Permitting activities and Comprehensive Planning efforts underway within the city.
- Worked with the EPA and the Great Northern Development Corporation of Wolf Point, Montana to perform Targeted Brownfields Assessments and clean-up of hazardous materials in local properties;
- Adopted Ordinance #1252: the Historic Mixed Use Zoning District on June 11, 2013 which creates “a new zoning district giving more flexibility for historic buildings, allowing commercial and residential usage within individual buildings within the historic district”. This revision broadens the definition of “historic district” to include other satellite properties individually listed on the National Register that are not located within a designated Historic District in Miles City. Regulations for enforcement will be drafted in accordance with the City’s growth policy;
- Became Montana Main Street program Affiliate Member, allowing the city access to additional funding and specialized technical assistance available through that program
- Educating the community on leveraging capital using Historic Preservation and New Market Tax Credit programs and the EPA’s Brownfields programs that are available to the City of Miles City.
- Significantly increased the budget and schedule of the Historic Preservation Department to manage the Revitalize Downtown and other related projects
- Obtained a Targeted Brownfields Assessment Grant for a downtown property owner, and will work with the owner to qualify for EPA Brownfields funding for environmental clean-up

There are currently three prior projects underway that represent the City's commitment to the Revitalize Downtown Project. Phase I of the Riverside Park renovations which included installing historic lighting fixtures along newly designed pathways is complete and Phase II is in the planning stage. In addition, the acquisition and restoration of the historic Northern Pacific Depot continues to move forward and the West End project is in the planning phase. The West End project managed by the Chamber of Commerce which will improve the Interstate exit route leading into the city at the western entrance into town with signage, lighting and landscaping, directing additional customer traffic to Main Street businesses. These projects will use a combination of state and federal funding along with private investment, and will contribute to the first impression formed by all visitors, will increase the appeal and functionality of the Urban Renewal District and incentivize investment in the area.

PROPOSED DISTRICT ATTRIBUTES

The boundaries of the Tax Increment Finance District (TIFD) are designed to surround the City's main business corridor, the Historic Main Street District, with a mixture of properties that create a balance between the population demographic and income levels, commercial and residential use, vacant land suitable for new construction and properties viable for adaptive re-use, renovation and expansion. The boundaries were drawn based on condition of existing infrastructure balanced by the need for additional infrastructure, existing multimodal transportation routes, traffic flow patterns, building conditions and population demographics among other factors. Careful consideration was given to the opportunities for potential economic development within the boundaries, with the primary goal of creating an incubator that will create customer traffic sufficient to support a healthy downtown business district. It is important to note that a key factor driving boundary selection was to strike a balance between properties with the potential to create Increment Revenue through development, and properties that would benefit from expenditure of increment revenue. The potential of extending the benefit beyond the boundaries drove many of the decisions in boundary selection.

The TIF District includes the historic Washington Middle School and Custer County High School, which serve not only the population of the district, but the whole community. This provides the School Board with opportunities to access Tax Increment revenues throughout the life of the District for building and infrastructure projects. The district includes the fraternal orders that played a significant role in the early economic development of the city. These include the Elks Lodge, the Eagles Lodge and the Masonic Temple. The historic Custer County Courthouse is also located within the district, providing the county the opportunity to propose projects to preserve the beautiful landmark building. Of equal importance, as community partners and stakeholders in the Tax Increment District, increased property values from new development within the TIFD will ultimately accrue to both the County and School Districts at sunset of the District, supporting long term capital improvement planning capability for each. The District is also designed to include important parks and recreation facilities that serve the whole community. Riverside Park, the Oasis, Denton Connor Sports Complex serve young and old alike and are an important part of the City's social fabric.

The proposed Urban Renewal District (District) is approximately 168 acres in size, with a 2014 total taxable value of _____. The Urban Renewal District is approximately ___ % of the land area of the City of Miles City. (Note: The City is waiting for DOR to provide these statistics.) Historically, the City expanded east from the banks of the Tongue River as far north as the Yellowstone River and included the primary transportation corridors of that period, the intersection of state highways 12 and 59, and the Northern Pacific and Milwaukee Railroads. The District's infrastructure was primarily designed during the period of 1878 and 1910 and shapes the character and ambiance of the City through its historic significance in building this country.

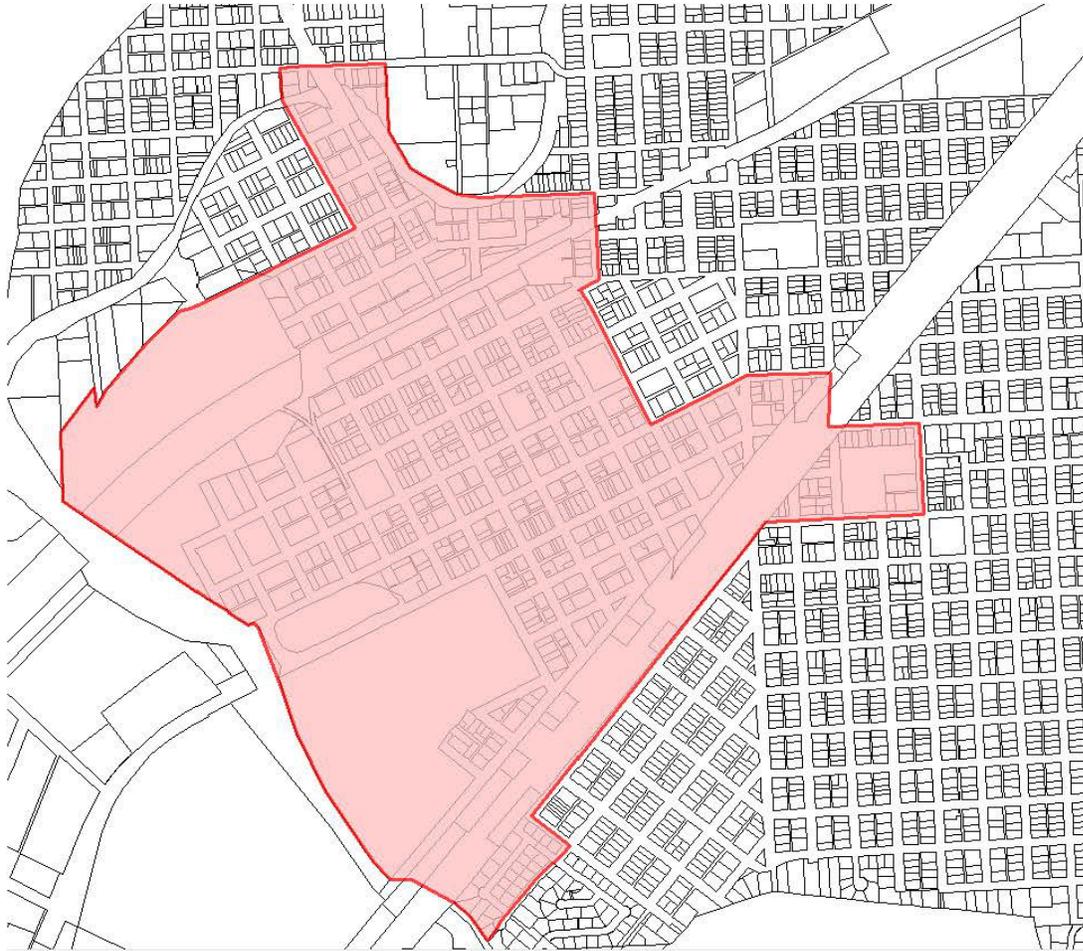
The median property tax in Custer County, Montana is \$1,207 per year for a home worth the median value of \$86,700. Custer County collects, on average, 1.39% of a property's assessed fair market value as property tax.

BOUNDARY DESCRIPTION

Legal Description of Miles City Downtown Urban Renewal District The area being considered for inclusion in the proposed urban renewal area is described as:

Beginning at the intersection of Tatro Street and 7th St, continuing east to the municipal limits, paralleling the city limits south and east to the intersection of Ullman St and Gordon St, continuing east to the intersection of Gordon St and Woodbury St, continuing South to the intersection of Woodbury St. and Washington St, continuing west on Washington St to the intersection of Washington St and 10th St, continuing south on 10th St to the intersection of 10th and Pleasant St, continuing east to the intersection of Pleasant St and N Center Ave, continuing South to the intersection of S Center Ave and Main St, continuing east to the intersection of Main St and S Lake Ave, continuing south to the intersection of S Lake Ave and Fort St, continuing west to the intersection of Fort St and S Montana Ave, Ave, continuing southwest to the intersection of S Montana Ave and Atlantic Ave, continuing southwest to the intersection of Atlantic and NueVu, continuing southeast on NueVu to the intersection of NueVu and Yellowstone, continuing southwest to the city limits and the Tongue River, following the municipal limits west, north, and east to the intersection of Dike Rd and Wilderness Rd, continuing northeast to the intersection of Wilderness Rd and Hubbell St, continuing east on Hubbell St. to the intersection of Hubbell St and 6th St, continuing north to the intersection of 6th and William ST, continuing east on William St to the intersection of William St and 7th St, continuing north to the intersection of 7th St and Tatro Street.

MAP



DETERMINATION OF BLIGHT

There is a statutory requirement that the municipality make a determination of blight prior to the creation of an urban renewal district. The area in the district contains a great deal of blight. Within the district there is substantial structural deterioration, long-term land vacancy, and significant infrastructure needs. Several of the commercial buildings in the district are vacant or deteriorated and are in need of demolition. Many of the sidewalks are cracked or nonexistent, alleys are deteriorated, and, in general, much of the area is below city standards. Montana Code 7-15-4206(2) provides statutory guidance to determine the eligibility of an area of a city to be deemed as blighted. Specifically MCA 715-4206(a)(i)(j)(n) are all items that relate to the condition of the proposed Miles City Downtown Urban Renewal District. The continued lack of investment requires that action be taken by both public and private parties. Portions of the district fall into the blighted, neglected and under-utilized categories. The Miles City Council declared its intention to create a Miles City Downtown Urban Renewal District and have adopted Resolution No. 3705 approved July 8th, 2014 that determines that blight exists in the district.

HOUSING

Housing in Miles City has always been seen as challenging. The stable population base with small increments of growth over the last few decades have led to a situation where there is no elasticity in the market to absorb the demand for housing. The shortage of available housing is present at all income levels, not just the low to moderate income levels. The recent development and unqualified success of large amounts of rental housing have proven that a need exists that is not being met with the current housing stock. The use of the available resources from this plan and the other efforts to attract and incentivize new housing in the district is an important component of the Urban Renewal Plan.

The adjacency to amenities and services is seen as the next best thing in residential development. This national and state trend to provide housing that meets the needs of all

demographics is an opportunity to capitalize on the unique nature of the downtown area. The Urban Renewal District is in a perfect position to take advantage of this trend. The higher density residential development adjacent to the downtown as well as the opportunity to redevelop the historic structures in the downtown core are an excellent opportunity. The benefit would be twofold: the property would be redeveloped and generate income, and a critical housing need would be met.

PUBLIC INFRASTRUCTURE AND FACILITIES

In numerous discussions with stakeholders and city officials, it is determined that the public infrastructure of the district is in need of repair and upgrade. This infrastructure includes streets, alleys, curb and gutter, sidewalks, public and private utilities, storm sewers, street lighting, traffic signals and other traffic capacity upgrades. In addition, the district includes Custer County High School, Washington School and the Custer County Courthouse. Tax increment dollars can be utilized to make improvements to public buildings. It is important to recognize and involve the locally affected taxing jurisdictions and partner with them through the Urban Renewal Planning process to promote collaboration and cooperation.

The development of public infrastructure is seen as an important element of the plan not only because of the eligibility for TIF funds but also for the benefits to the public. The thought is that public investment can attract further private investment that will in turn provide increased property tax revenues and in turn more funds in the TIF district to continue the cycle.

INFILL DEVELOPMENT

An important consideration is the concept of infill development. Infill can be defined as the development or redevelopment of properties in an area that take advantage of currently existing infrastructure. Things such as streets and utility connections are expensive improvements to make and are not getting any less expensive. The availability and adjacency of existing infrastructure is an important attribute to capitalize on. This availability is an advantage to a potential project but is often seen as an impediment to many project stakeholders. By partnering with potential projects in the district the city can take advantage of the

infrastructure that it already has as opposed to requiring significant new investment or worse yet not having the budget to maintain new infrastructure. Examples of infill projects can include the development of single family and two family homes on currently vacant residential areas of the district, the development of as higher density residential uses, and the redevelopment of currently existing structures that have potential for redevelopment. It is also important to consider the context of new development. The historic structures that are in the district may require some type of protection in the form of design standards or guidelines. In some cases it may be more economical to demolish structures that are beyond saving.

CONFORMANCE TO THE GROWTH POLICY

Montana Code Annotated 7-15-4213 requires that any urban renewal plan is found by the local Planning Board to be in conformance with the currently adopted Growth Policy. The City of Miles City Planning Board has found that this Urban Renewal Plan is in conformance with the 2006 Growth Policy. To illustrate this point, there is a specific recommendation on page 33 of the 2006 Growth Policy that states “Create a tax-increment district encompassing the Main Street Historic District”

CURRENT ZONING

The current zoning of the proposed district is consistent with the objective of redeveloping the district. In addition to the recently adopted Historic Mixed Use Zoning category, the district is composed of a mix of commercial and residential zoning districts. There is a significant movement to remove any actual regulatory impediment to the redevelopment of properties with redevelopment uses in mind. Prior to this change it was not allowable for different uses such as commercial and residential to exist in the same structure. The zoning of the district is consistent with the Growth Policy as per Montana Code Annotated 7-15-4213.

TAX INCREMENT FINANCING

Montana Code Annotated 7-15-4282-4294 authorizes the utilization of Tax Increment Financing in an Urban Renewal District. The City of Miles City intends to utilize Tax Increment Financing in

the Miles City Urban Renewal District. The base year for the calculation of incremental values generated is to be 2014 and base values are to be calculated as of January 1, 2014.

TAX INCREMENT REVENUES GENERATED

Montana Code Annotated specifies what TIF revenues may be used for. It is important to note that the Committee will make recommendations as to the utilization of the funds the City of Miles City Council is ultimately responsible for these funds. No funds may be spent without their approval. To clarify further, the citation is reproduced below.

7-15-4288. Costs that may be paid by tax increment financing. The tax increments may be used by the local government to pay the following costs of or incurred in connection with an urban renewal area or targeted economic development district as identified in the urban renewal plan or targeted economic development district comprehensive development plan:

- (1) land acquisition;
- (2) demolition and removal of structures;
- (3) relocation of occupants;
- (4) the acquisition, construction, and improvement of public improvements or infrastructure, including streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, publicly owned buildings, and any public improvements authorized by Title 7, chapter 12, parts 41 through 45; Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred;
- (5) costs incurred in connection with the redevelopment activities allowed under [7-15-4233](#);
- (6) acquisition of infrastructure-deficient areas or portions of areas;
- (7) administrative costs associated with the management of the urban renewal area

or targeted economic development district;

(8) assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the local government itself at its fair value;

(9) the compilation and analysis of pertinent information required to adequately determine the needs of the urban renewal area or targeted economic development district;

(10) the connection of the urban renewal area or targeted economic development district to existing infrastructure outside the area or district;

(11) the provision of direct assistance to secondary value-adding industries to assist in meeting their infrastructure and land needs within the area or district; and

(12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.

GOALS AND OBJECTIVES

GOAL One: Create Vibrant Historic Downtown Business District

Objectives:

- Provide access to capital through small business lending programs, grants and grant writing services, create funding for locally driven economic development
- Assist potential business and property owners in leveraging existing capital through programs such as Historic Preservation Tax Credits, New Market Tax Credits, HUD and EPA Brownfields dollars, Community Development Block Grant programs, Montana Board of Investment Loans, Montana Department of Transportation planning and construction dollars, and Montana Board of Investment Infrastructure loans, and others.
- Develop and promote programs that provide technical assistance to potential investors in the Urban Renewal District
- Create funding for locally driven economic development utilizing Tax Increment Finance Revenue, and Revolving Loan Fund grants

- Leverage public funds with other resources. Utilizing the resources available to capture other money is a critical item. Money follows plans
- Perform a market analysis of the district to determine the most appropriate marketing plan and strategies
- Develop Business Recruitment and Retention Plan in coordination with local economic development entities Prioritize the recruitment of business entities planning on long term investment in alignment with community needs and values.
- Capitalize and promote the regional nature of the economy as a place for goods and services for a large part of the eastern Montana economy
- Pursue programs that increase the number of well-paying jobs and raise the standard of living for all citizens
- Promote a vibrant local business climate that will encourage expansion of existing businesses and attract new ventures
- Work with local businesses, Chamber of Commerce, and other area service groups to promote local recreational cultural resources in support of making the area a tourist/recreational destination
- Link renovation and adaptive reuse of historic structures and existing buildings with economic development and housing development

Goal Two: Attract and Retain Work Force

Create an environment that provides all demographics the opportunity to thrive in the local economy and preserves the small town charm of Miles City. It has been said that the greatest export from Miles City is its youth.

Objectives:

- Create a sense of place that allows for all demographics to thrive in the local economy
- Develop strategies and provide business opportunities that will encourage Miles City’s educated youth and young professionals to return home to raise their families and start their businesses.
- Develop strategies and provide opportunities for vocational trades to grow and expand within

the local economy.

- Stem the tide of this demographic that have traditionally left and have not returned.
- Support, and coordinate with, the efforts of the local educational community, business leaders, governmental officials and economic development entities to ensure our local educational resources are focused on meeting communities employment training needs

Goal Three: Historic Resources

Recognize the importance of preserving our historic resources for the future economic health of the community as a whole.

Objectives:

- Continue to Promote historic preservation as a key element in developing the tourism segment of Miles City economy
- Maintain and enhance existing tourist attractions and develop new venues that encourage tourists to visit and extend their stay
- Continue to promote and support cultural events and arts programming
- Develop Design Guidelines and/or Standards in the Historic Main Street District and other areas of the downtown core to preserve the architectural character of the area
- Work to create a regulatory framework that will protect our historic resources and community fabric as redevelopment occurs, such as demolition and bonding ordinances to ensure completion of business construction, and local historic overlay districts, ADA accessibility, infill construction and renovations to existing historic structures.
- Remove perceived or actual barriers to redevelopment via a case study review of recent development and how it occurred and what part of those processes can be improved.

Goal Four: Housing for all income levels

Objectives:

- Preserve and rehabilitate the existing supply of affordable housing
- Pursue programs that assist with first time homeownership and private property improvements

- Create more affordable housing and work towards new and replacement housing
- Encourage more live-work environments.
- Encourage and incentivize a diverse housing stock with enough supply to meet current demand
- Recognize the market demand for affordable downtown apartments, and condominium units as in town residence for farmers and ranchers and retirees looking for housing alternatives that better suit their needs and lifestyles

Goal Five: Infrastructure

Enhance Safety and Visual Appeal of Community to improve the image of the community, instill a sense of community pride and improve the quality of life for residents

Objectives:

- City streets and alleys maintained at safe standards, pursue funding and partnerships with other agencies and groups to make needed infrastructure improvements to make the downtown environment “business friendly”
- Test and evaluate existing water, sewer, gas and other utility services and make needed improvements, replace as needed
- Strengthen and improve infrastructure and services with pedestrian amenities such as public restrooms, ADA accessibility.
- Continue to improve and expand the city’s park network
- Well-maintained network of safe and interconnected ADA compliant sidewalks
- Create cleaner and more inviting entrances to the district through signage and design elements
- Enhance community aesthetics that ultimately make the community more attractive to new businesses
- Provide for greater enforcement of regulatory language currently in force
- Investigate the Business Improvement District process to provide for a funding mechanism for the maintenance of public spaces

Goal Six: Transportation

Provide a safe and secure transportation network to include adequate parking

Objectives:

- Utilize available resources to leverage all funding sources to improve the pedestrian connectivity of the downtown and the surrounding residential development. Capitalizing on the adjacent residential properties as customers for the downtown area is a natural fit
- Provide a safe and secure intermodal transportation network to include bicycles, wheelchair access, automobile, and truck traffic to prove each their own place in the same network to ensure safety
- Conduct a parking study to determine that adequacy of the current parking facilities and if and how it can be improved.

PUBLIC INVOLVMENT

As part of the planning process, a public discussion was held October 9, 2014 to gather public input from property owners in the district and other stakeholders. The meeting was well attended and provided needed feedback as to what types of things the public would like in the district. These improvements included:

- Increased availability of parking
- Development of office space
- Stores that serve the local and regional needs
- Interest in recreational outfitters or retailers to serve the tourism market
- Redevelopment of lodging for all income levels to increase the downtown census
- High interest in more eating and drinking establishments with extended hours to serve evening crowds
- Pedestrian amenities such as public restrooms, pocket parkets, better signage and improved sidewalks

This Urban Renewal Plan is to be viewed as a living document that can respond to new opportunities and changing economic, social and demographic conditions within the community. The City will

continue the ongoing planning necessary to incorporate and accommodate new information and conditions as they arise. It is the City's hope and intent that active public involvement will assist in determining priorities, and generate projects that will enhance the community as it evolves to encompass change.

ADMINISTRATION

The Downtown Miles City Urban Renewal District will be administered by the City of Miles City Historic Preservation Office. A steering committee consisting of downtown property owners, representatives of local finance institutions, and city officials will be charged with developing administrative and fiscal policy and direction during the initial creation phase. Following adoption of the plan, this committee will transition into a term appointed Board responsible for advising the City Council as to the expenditure of TIF dollars generated in the district. The HPO will provide staff support to the steering committee and will facilitate the implementation of the Urban Renewal Plan. This is a key component of any successful Urban Renewal District.

ANNUAL BUDGET

The Miles City Urban Renewal District Steering Committee shall prepare an annual program budget that accurately reflects anticipated revenues and operating expenditures, allocating budget for projects aligned with goals of the Plan. The Budget shall be managed in accordance with sound fiscal management policy developed by the Steering Committee, in accordance with City Policies and municipal fund management principles and subject to audit as required. Program and budget may be amended during the course of the fiscal year, to meet changing opportunities, subject to review and approval by the City Council of the City of Miles City.

APPENDICES: *(TO BE INCLUDED)*

PROJECT PRIORITIES MATRIX

LIST OF OWNERS

STATE STATUTES

LIST OF PARTICIPANTS

OTHER POLICY AND PLANNING DOCUMENTS