Why Urban Renewal?

• Urban renewal is one of the very few tools available to local government in Idaho to encourage economic development in order to retain existing development, attract new development, and remediate deteriorating areas.

• Projects often require substantial infrastructure that cities or counties are not able to provide on their own—increment financing is key to setting up an environment which could persuade existing development to remain or new development to locate.
Purpose

• Urban renewal serves a dual purpose
  • Remediation of deteriorated areas, most often a city’s downtown or adjacent area, to incentivize development.
  • Pure economic development, e.g. Clif Bar, etc.
Purpose – I.C. § 50-2002

“It is hereby found and declared that there exist in municipalities of the state deteriorated and deteriorating areas (as herein defined) which constitute a serious and growing menace, injurious to the public health, safety, morals and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous municipal burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests the sound growth of municipalities, retards the provision of housing accommodations, aggravates traffic problems and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of these conditions 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 are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenue because of the extra services required for police, fire, accident, hospitalization and other forms of public protection, services and facilities.”
Purpose – I.C. § 50-2902

“The purpose of [Local Economic Development Act] is to provide for the allocation of a portion of the property taxes levied against taxable property located in a revenue allocation area for a limited period of time [20 years] to assist in the financing of urban renewal plans, to encourage private development in urban renewal areas . . . , to prevent or arrest the decay of urban areas due to the inability of existing financing methods to promote needed public improvements, to encourage taxing districts to cooperate in the allocation of future tax revenues arising in urban areas . . . in order to facilitate the long-term growth of their common tax base, and to encourage private investment within urban areas . . . .”
Definition of Urban Renewal Project – I.C. § 50-2903(13)/50-2018(10)

"Project" or "urban renewal project" or "competitively disadvantaged border areas" may include undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated or deteriorating areas and for the prevention of the development or spread of slums and blight and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan. Such undertakings and activities may include:

(a) Acquisition of a deteriorated area or a deteriorating area or portion thereof;

(b) Demolition and removal of buildings and improvement;

(c) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, open space, off-street parking facilities, public facilities, public recreation and entertainment facilities or buildings and other improvements necessary for carrying out, in the urban renewal area or competitively disadvantaged border community area, the urban renewal objectives of this act in accordance with the urban renewal plan or the competitively disadvantaged border community area ordinance.

(d) Disposition of any property acquired in the urban renewal area or the competitively disadvantaged border community area (including sale, initial leasing or retention by the agency itself) or the municipality creating the competitively disadvantaged border community area at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;

(e) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

(f) Acquisition of real property in the urban renewal area or the competitively disadvantaged border community area which, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;

(g) Acquisition of any other real property in the urban renewal area or competitively disadvantaged border community area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities or where necessary to accomplish the purposes for which a competitively disadvantaged border community area was created by ordinance;

(h) Lending or investing federal funds; and

(i) Construction of foundations, platforms and other like structural forms.
Definition of Project Costs – I.C. § 50-2903(14)

"Project costs" includes, but is not limited to:

(a) Capital costs, including the actual costs of the construction of public works or improvements, facilities, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; and the clearing and grading of land;

(b) Financing costs, including interest during construction and capitalized debt service or repair and replacement or other appropriate reserves;

(c) Real property assembly costs, meaning any deficit incurred from the sale or lease by a municipality of real or personal property within a revenue allocation district;

(d) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

(e) Direct administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a project plan;

(f) Relocation costs;

(g) Other costs incidental to any of the foregoing costs.
URBAN RENEWAL PROJECTS VARY DEPENDING ON THE NEEDS, RESOURCES AND CULTURE OF A COMMUNITY
Examples of Urban Or Municipal Infrastructure?

**HARD INFRASTRUCTURE**
- Streets
- Water distribution
- Sewers, waste water treatment facilities
- Power, gas, communication

**SOFT INFRASTRUCTURE**
- Parks
- Recreation facilities
- Libraries
- Public buildings (fire stations, law enforcement facilities, city halls, courthouses)
Urban Renewal Projects

Meridian: Street Scape

Sandpoint: Street Reconstruction

Lewiston: 1st & 5th Street Rebuild
Where a city’s core mixes housing, commerce, and conventions – parking options influence evolution.

- Parking garages are a critical element of public infrastructure
- City parking requirements vs. new development
- Tool to promote and sustain downtown economic development

Example
  - BoDo Historic District in Downtown Boise
    - City Centre Garage built in 2000 - $6M public investment
    - Hotel, theater, restaurants, retail shops, and condos - $60M private investment
Where agriculture, recreation, and National Parks prevail – a tourism center shines.

• A collaborative project where an urban renewal agency contributed matching funds to the development of the Teton Geotourism Center located in Driggs along the Teton Scenic Byway.

• The Teton Scenic Byway is described as “an area where I would bring my family to visit, not just for a day, but for an entire vacation.” – Jim Dion - Director of Tourism Programs, Maps Division, National Geographic Society
Where local milk sources and labor are available – a yogurt plant fits.

• Chobani invested $450 million into constructing and equipping their plant in Twin Falls, which opened December 2012.

• Twin Falls URA sold a $34.5 million bond in 2013 to cover the majority of the $40 million needed to construct infrastructure to operate Chobani’s Twin Falls plant.

• Their investment, employment, and reliance on local milk sources for their yogurt adds over $1 billion annually to our local economy which has a positive impact on the state as well.
THE BASICS

AUTHORITY ▪ BOARD OF COMMISSIONERS ▪ PLAN ▪ FINANCING

Post Falls – Greens Ferry Overpass
Urban Renewal Agency Authority

- Local Economic Development Act, Title 50, Chapter 29, Idaho Code
- Idaho Constitution—Article VIII, § 4, Art. XII, § 4
- Separate and distinct legal entity with independent authority—*Yick Kong v. BRA*, (entirely lay person board) *Hart v. Rexburg URA* (mix of lay persons and council members)
- Idaho Urban Renewal Law of 1965, Title 50, Chapter 20, Idaho Code
- Models throughout the state vary widely
How Are Urban Renewal Areas Formed?

- Idaho Urban Renewal Law first adopted in 1965 states there exists in municipalities deteriorating areas which justify the powers conferred by the Act and use of public funds for that purpose.

- City Council or County Commission must make preliminary finding there are one or more deteriorating areas within city or county (or competitively disadvantaged border community) in order to activate an urban renewal agency.

- Mayor and City Council or County Commission appoint urban renewal agency board members—Except for vacancies within board member terms.
Steps to Create a RAA

• Designate a study area for potential creation of an urban renewal district

• Determine whether conditions within the study area meet the criteria established in State Law and make the requisite findings in an eligibility report
Definition of Deteriorated Area – I.C. § 50-2903(8)-see also, I.C. §§ 50-2018(8) and (9)

"Deteriorated area" means:

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.

(d) Any area which the local governing body certifies is in need of redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.

(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.

(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22–4502(1), Idaho Code, or any forest land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.
Steps, Continued

• Agency Board concurs with the conclusions of the eligibility report and forwards it to the City Council

• If the City Council concurs with Agency Board, then the City Council directs the preparation of an urban renewal plan for the area

• Agency prepares and approves the plan and forwards it to the City Council

• City Council receives the plan and refers it to the Planning and Zoning Commission for a determination that the plan is consistent with the City’s Comprehensive Plan
Steps, Continued

• City Council refers the plan to the affected taxing entities and provides notice of the public hearing

• Planning and Zoning Commission determines that the plan is consistent with the City’s Comprehensive Plan.

• City Council holds public hearing; determines whether to adopt plan and form urban renewal area.

• City Council adopts the plan, including a revenue allocation financing provision, by ordinance

• Those cities/counties that did not already have an urban renewal agency established prior to July 1, 2011, must seek voter approval to establish the agency

• Generally, the plan approval process takes about 6 months
Additional Considerations

- Must demonstrate that the proposed area and plan of work is financially feasible

- Must determine that the combined base assessment value of all existing urban renewal districts and any proposed urban renewal districts does not exceed 10% of the total city assessed value

- Owners of “agricultural lands” and “forest lands” must provide written consent
Urban Renewal Plan - Generally

A revenue allocation area exists for 20 years (pre-2011 plans grandfathered for longer term of 24 years)

The urban renewal plan provides the Agency with a process and a basic framework within which to consider and proceed with specific projects

Due to the length of time a plan is in existence, the plan maintains some flexibility to allow the Agency to respond to changing market and economic conditions.

Amendments are limited by I.C. § 50-2033

- Cannot amend plan to extend term beyond max term allowed by law
- Can amend plan one time to add geographic area – limited to 10% of existing RAA
- Permissible to amend plan to add new projects
Representative Plan
Eagle Ridge – Idaho Falls

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What Powers Do Urban Renewal Agencies Have?

Consistent with the urban renewal plan, to:

- Construct/reconstruct streets, utilities, parks, recreation facilities, off-street parking and public facilities, public buildings and other improvements.
- Acquire and dispose of property or buildings.
- Improve, renovate, clear and prepare for redevelopment properties or buildings.
- Acquire property to eliminate unsanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to public welfare.
- Invest and borrow money, issue bonds, and accept loans and grants.
- Work cooperatively with other public entities.
- Facilitate Local Improvement Districts (LIDs) and Business Improvement Districts (BIDs).
Project Financing Options

• Pay-as-you-go
• Developer reimbursement agreements
• Owner participation agreements
• Conventional bank loans
• Bonds

• Note: Often no tax increment available to fund projects on a pay-as-you-go method until at least two years after plan creation. Many projects require infrastructure immediately in order for a project to go – requiring financing of improvements.
Project Financing Options, Continued

• Agency decisions regarding project financing are: properly noticed on agendas, decisions are made in open, public meetings, and by agency resolution.

• Before financing occurs, there must be a showing the project is economically feasible and a determination that an agency is credit worthy.
Compliance Requirements

• Public entity compliance with open meetings, public records, audited financial statements, budgets, and annual reports
• Public bidding and contract compliance
• New reporting requirements (House Bill 560)
Board Composition And Limitations

• The agency’s Board of Commissioners may have 3 to 9 members, who are appointed by the Mayor and confirmed by the City Council or by County Commission.

• Currently more than 40 Idaho cities have urban renewal agencies. Most of these agencies have one or more City Council members on the Board of Commissioners.

• Many of the agencies are staffed by city employees.
Financial Reporting Requirements: Audit, Annual Report, And Budget

- Idaho Code § 50-2006(c) and (d)
  - Audit
  - Annual Report

- Idaho Code § 67-450E
  - Central registry and reporting portal
Conflict Of Interest Laws

• Urban Renewal Law – Interested Public Officials, Commissioners or Employees, Idaho Code § 50-2017

• Ethics in Government Act of 2015 – Chapter 4, Title 74
  ◦ Gifts/gratuities/events

• Prohibitions against Contracts with Officers – Chapter 5, Title 74
Operating In The Public Eye

• Public Record Law – Idaho Code §§ 74-101 to 74-126

• Open Meeting Law – Idaho Code §§ 74-201 to 74-208
  o Notice of Meetings – Agendas, Idaho Code § 74-204
  o Executive Sessions – When Authorized, Idaho Code § 74-206
How Does Revenue Allocation Financing Work?
(Local Economic Development Act)

• When a revenue allocation area is formed, property valuation is calculated. This is *base line value* or base assessment roll of the revenue allocation area. Base assessment roll for the geographic area under consideration (or collectively if more than one district) cannot exceed 10% of the assessed value for the entire city. Due to redevelopment, it is anticipated the property values will rise. If property values increase above this base line, the added value is called the *increment*. 
Revenue Allocation Financing, Continued

• Budget for City, County, and other non-school taxing districts limited to previous year’s budget plus 3% and credit for value of new construction. By virtue of amendments in 2007, value of new construction within a revenue allocation area is not included in that credit amount.

• County Assessor sets property values.

• County determines tax rate needed to produce budget submitted by City, County, School District, and other taxing districts.

• Tax rates applied to full value of property outside revenue allocation areas; to base line value of property inside revenue allocation areas.

• Taxes from base line value go to City, County, School District (impact to School Districts negligible), and other taxing districts.

• Property tax revenue from the incremental value, if any, goes to the urban renewal agency for a limited period of time (20 year max, except for “grandfathered” projects primarily 24 years).
Revenue Allocation Financing, Continued

- The increment or revenue allocation that goes to the urban renewal agency is used to pay for improvements within the urban renewal area.
- An urban renewal agency does not determine property valuation or tax rates.
- Funds received by an urban renewal agency for a given revenue allocation area must be spent in that revenue allocation area with limited exception.
- Funds are invested in activities that are intended to increase prosperity of the revenue allocation area.
- Result is often an increase in property values which would not have otherwise occurred but for redevelopment.
- For project areas established after 2008 and voter approvals after 2008, the urban renewal agency will not receive taxes generated by voter approved levies, such as general obligation bonds, school district plant facilities levies, and supplemental levies.
What Are The Public Benefits Of Urban Renewal And Revenue Allocation Financing?

• Job creation from the initial project as well as potential for “spill over” developments.
• Underutilized and deteriorated or deteriorating property is returned to productive use.
• Infrastructure upgrades enhance capacity for surrounding area and community at large.
• Improvements to local transportation systems benefit the community at large.
Additional Benefits

• New capital investments create jobs and economic gains in local economy.

• Increasing local tax base may mean property owners enjoy lower levy rates in the future.

• An urban renewal plan with revenue allocation is meant to concentrate effort and resources over a period of time to make significant change and improvement to an area which requires focused attention. This involves tax increment financing but also includes many other strategies from annual grants, cash funded public improvements, federal grant matching, and the like, some through state Department of Commerce.
Why Are Urban Renewal & Revenue Allocation Financing Important Tools For Economic Development?

• Limited options for cities to finance site preparation, infrastructure, and other incentives needed to attract and retain businesses.

• Revenue allocation financing allows communities to make a site “ready” for development, including extending water, sewer, streets and other improvements that reduce the cost to businesses of relocating or expanding.
Important Tools, Continued

• Agencies have been effective in preventing or arresting the decay of urban areas and facilitating the long-term growth of the tax base. These projects range from rehabilitation, reconstruction or replacement of aging public buildings, to construction of new roads, water and sewer main lines, and electrical and telecommunications lines into formerly deteriorating areas. Agencies have also constructed parks, installed biking and walking paths, and enhanced urban streetscapes which have improved the quality of life in Idaho’s communities.

• Agency projects have increased property values in the communities where they have been completed. A positive “increment value” has occurred representing an increase in property values within the urban renewal district. In many cases, the increase in property values has been dramatic; Idaho’s larger cities have seen increases on the order of hundreds of millions of dollars.

• In Idaho, urban renewal projects supported by revenue allocation financing have been responsible for mitigating deteriorating conditions and creating the conditions necessary to foster economic development.
Limitations On Urban Renewal Agencies

- An urban renewal agency is constitutionally prohibited from funding real property improvements to privately owned property (which includes non-profit entities) and granting funds to private entities (again, including non-profit entities). An urban renewal agency can fund real property improvements to real property owned by another public entity (either local, state, or federal) and may grant funds to another public entity.

- Urban renewal agencies may only expend public funds for the benefit of the public. The agency should be very cautious in considering funding improvements to private property. Funding could be ultimately deemed a loan or grant or gift of public funds to the private property owner and thus a violation of the Idaho Constitution. [Art. VIII, § 4, Art. XII, § 4, Idaho Constitution]
Limitations, Continued

- Idaho does not permit its urban renewal agencies to grant tax money to private interests for development or to lend its credit to back loans to private interests. The Idaho Constitution reads that:
  - No county, city, town, township, board of education, or school district, or other subdivision, shall lend, or pledge the credit or faith thereof directly or indirectly, in any manner, to, or in aid of any individual, association or corporation, for any amount or for any purpose whatever, or become responsible for any debt, contract or liability of any individual, association or corporation in or out of this state.

Art. VIII, § 4 (emphasis added).

- The Idaho Supreme Court has held the purpose behind Art. VIII, § 4 of the Idaho Constitution is to prevent private enterprises from gaining any competitive advantage at the expense of the taxpayers.

- An urban renewal agency must demonstrate that such improvements were primarily beneficial to the public. If an urban renewal agency’s actions are challenged as unconstitutional, the agency would face a substantial risk of costly litigation and potentially an award of costs and attorney fees to anyone challenging the program.
ISSUES IDENTIFIED OVER THE YEARS
BY THE IDAHO LEGISLATURE AND URBAN RENEWAL CRITICS
Issues

• Definition of blight/deteriorating conditions
• The development of open land/Greenfield development
• Board composition/qualifications/conflict of interest/election
• Enforcement of the 10% rule/compliance/punishment if the limit is exceeded
• Perceived lack of accountability/transparency to the general public
• Long term debt without vote

• “Distinguish TIF use for “blight” from economic development/mixed use projects
• Provide taxing entities with meaningful input/comment/consultation
• Rebates to taxing districts
• Property tax impact
• “Giveaways”
• Penalties for non-compliance
• Limitations on types of projects that can be funded
Garden City – City Well Rehab

URBAN RENEWAL LEGISLATION
2000-2015
1988-2000 Legislative Sessions

• After passage of the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, there was a period of little legislative activity.
2000 Legislative Session

- Clarified the time frame for the filing of the necessary information with the State Tax Commission and county offices to create or amend an urban renewal/revenue allocation area.

- Limited the term of revenue allocation authority, with minor exceptions, to 24 years.

- Required an urban renewal agency and a city to enter into an intergovernmental agreement with the county for any revenue allocation area extending outside city limits.

- Extended to counties the authority to use revenue allocation financing.
2002 Legislative Session

- Clarified that urban renewal agencies are subject to statutes on open meetings, public records, ethics, auditing and financial reporting, and competitive bidding.

- Adopted procedures to be used by an agency in closing out an urban renewal project and the termination of revenue allocation financing authority. An urban renewal plan must now include a specific termination date and an “exit strategy” for termination. A specific termination year budget must be submitted to the other taxing entities describing the termination and closeout of the project area.

- Clarified the term of revenue allocation financing for urban renewal plans which were adopted prior to 7/1/2000, allowing revenue allocation to extend through the term of the plan.

- Allowed urban renewal agencies to retain assets beyond the term of revenue allocation authority if an agency has other resources.
2003 Legislative Session

• Prohibited extension of urban renewal areas outside of city limits into another city or county without a resolution of necessity from the other city or county.
2005 Legislative Session

• Provided that urban renewal agencies follow the uniform local government competitive bidding law in Chapter 28, Title 67, Idaho Code.
2006 Legislative Session

• Adopted IC § 7-701A, Limitation on Eminent Domain, which restricts an agency’s use of eminent domain for economic development purposes. Eminent domain may not be used to transfer property from one private owner to another, or for promoting or effectuating economic development. The bill provided exceptions for blighted properties that pose health or safety risks (Response to *Kelo v. City of New London* (2005)).

• Revised definition of deteriorated or deteriorating area to prevent inclusion of property used for agriculture within previous three (3) years without the owner’s consent.
2006 Legislative Special Session

• Repealed school district 3 mill operation and maintenance levy and limited the 4 mill rebate by urban renewal agencies to school districts as school district operation and maintenance is now funded through state resources.
2007 Legislative Session

- Ended the practice of including the value of new construction within a revenue allocation area in the new construction roll for the purpose of levying by taxing districts.
2008 Legislative Session

• HB 470 provided that the levy rate for allocation purposes excludes:
  o Levies for refunds and credits pursuant to IC § 63-1305, and judgments pursuant to IC § 33-802(1), certified after 12/31/2007.
  o Temporary override levies as provided by IC § 63-802(3), certified after 12/31/2007.
  o Levies for voter approved general obligation bonds of any taxing district and school plant facility reserve fund levies passed after 12/31/2007.
  o Any of the levies mentioned above first certified prior to 12/31/2007 when the property affected by the levies is included within a revenue allocation area by a change in boundaries of either the revenue allocation area or any taxing district.
  o School supplemental levies pursuant to IC § 33-802(3), approved after 12/31/2007, or charter school supplemental levies not exceeding two years in duration.
2009 Legislative Session

- HB 244 provided that no addition of land area to an existing revenue allocation area will cause the lifespan to extend beyond the 24-year limit, with exceptions for bonds issued, refinancing existing indebtedness, and for urban renewal plans adopted prior to 7/1/2000 and having a duration exceeding 24 years.

- SB 1091 provided that levies for charter school districts exceeding two years in duration would not be used in calculation of the levy rate for revenue allocation to urban renewal districts.
2010 Legislative Session

• Proposed reform and modernization bill.

• HB 567 – Proposed reform and modernization bill as revised by Rep. Lake.

• HB 672 – Reform bill proposed by House Revenue and Taxation Subcommittee, chaired by Rep. Smith of Twin Falls (no modernization).

• Partly due to volume and complexity HB 672 did not pass out of committee.
2011 Legislative Session  
(partly in response to 2010 efforts)

• HB 95 requires approval at a city-wide election by a simple majority of voters prior to the formation of new urban renewal agencies after 7/1/2011. Agencies already in existence as of 7/1/2011 will not have to comply with the vote requirement.

• The bill provides for removal of urban renewal commissioners for inefficiency, neglect of duty, or misconduct in office by majority vote of the urban renewal board or the city council after notice to the commissioner and an opportunity to be heard. The bill also permits the board to fill vacancies by majority vote (upon term expiration, appointment authority rests with mayor and council).

• The chairman, co-chairmen, or vice chairman must be selected by the board of commissioners to serve for one year.

• The urban renewal agency must hold a public hearing to present its annual report of activities and finances for the preceding calendar year and take comments from the public.

• The bill extends the period for the planning and zoning commission to submit its written recommendations on a proposed urban renewal plan to the city council from 30 to 60 days.
2011, HB 95 Continued

- Forest land is excluded from the definition of deteriorated and deteriorating areas unless consent is obtained from the property owner, with the exception of forest lands not used for three consecutive years.

- The bill restricts extension of revenue allocation area boundaries to a single extension comprising not more than 10% of the existing revenue allocation area and the area to be added must be contiguous without shoe stringing (must be contiguous; no use of right-of-way connections). [Significant Impact]

- An increase in value caused by the removal of the agricultural property tax exemption from undeveloped ag land in a revenue allocation area will be added to the base assessment roll.

- The lifespan of newly-created urban renewal districts and revenue allocation areas, and term of bonds will be shortened from 24 to 20 years (with the exception of districts already created or where bonds have already been issued). [Significant Impact]

- The revenue allocation plan must include a statement describing the total assessed value of the base assessment roll of the revenue allocation area and the total assessed value of all taxable property within the city.
2012 Legislative Session

• No significant legislation impacting urban renewal or revenue allocation passed during 2012 session.

• The passage of the reforms in HB 95 in 2011 was key in holding off additional reforms in 2012.

• 8 bills printed in 2012 directly impacting the Urban Renewal Law of 1965 (“the Law”) and the Local Economic Development Act (“the Act”).

• 1 of 8 bills passed (Site Improvement Bill).

• 7 of the 8 bills failed:
  o 4 bills held in the House Local Government Committee.
  o 3 bills passed the House but were held by the Senate Taxation and Local Government Committee.
Passed 2012 Legislation

• HB 519 (Rep. Stephen Hartgen) provides an exemption for certain site improvements (roads/utilities) on real property until other improvements are made or title is conveyed from the original land developer:
  o The impact of this bill on urban renewal agencies is varied due to the differences among counties in valuing site improvements.
  o This bill became law without the Governor’s signature and was effective as of 1/1/2012.
Other 2012 Bills

- **HB506** – sought to eliminate the use of eminent domain by urban renewal agencies. Passed House did not go before the Senate.

- **HB507** - required specific, detailed project information for new urban renewal districts. Passed the House did not go before the Senate.

- **HB560** – sought to completely eliminate urban renewal. Held in House Committee.

- **HB562** - attempted to eliminate revenue from the community college levies from flowing to urban renewal agencies. Passed the House, did not go before the Senate.
Other 2012 Bills, Continued

- **HB580**-required a county-wide vote with 2/3 majority for any indebtedness of an URA. **Held in Committee.**

- **HB592**-bill impacted how budgets for municipalities and counties are impacted by property when it becomes exempt. Bill included a five-year claw-back for new construction that becomes exempts. **Was not heard in Committee.**

- **HB597**-required the board of directors for urban renewal agencies to be elected. **Held in Committee.**
2013 Legislative Session

• In 2013, the legislature eliminated the authority of an urban renewal agency to enter onto private property without the consent of the property owner for the purpose of conducting inspections, tests, surveys, etc.

• Personal property tax exemption for all items under $3,000 in value and a $100,000 per taxpayer exemption for all reported personal property. The overall amount generated from the $100,000 personal property exemption is “back-filled” by the state of Idaho from state funds. However, that amount remains static and will not increase over time. No back-fill is available for “new” personal property value after January 1, 2013.
2014 Legislative Session

• There were several bills printed during the 2014 Session directly impacting Urban Renewal. Those bills included:
  o Limiting funding for city halls and libraries
  o Administrative expenses of other entities
  o Disallowing use of community college district levy

• HB 560 (Rep. Trujillo of Idaho Falls) codified at I.C. § 67-450E created a central registry and reporting portal, established reporting requirements for taxing districts (including urban renewal agencies), and identified penalties for non-compliance. First reporting deadline March 1, 2015.
2015 Legislative Session

- **HB18** – Remove eminent domain power from URA. *Was not heard by House Local Government Committee.*
- **HB19** – Required local governing body to approve agency debt. *Was not heard by the House Local Government Committee.*
- **HB76** – URAs do not receive revenues from school emergency fund levy. *Enacted effective 7/1/2015.*
- **HB286 (revised HB234)** – expanded county property tax exemption criteria. *Passed House; Held in Senate Local Government & Taxation Committee.*
- **HB239** – limited use of revenue allocation funds to construct certain public buildings; added penalties for failure to file annual report. *Held by House Local Government Committee.*
- **HB303** – required expert third-party analysis in determining certain property conditions and allowed remediation by property owner before an entity can proceed with eminent domain. *Passed House; held in Senate Committee.*
- **SB1044** – prohibited use of eminent domain for trails, paths and greenways. *Enacted effective 7/1/2015.*
- **HCR17** – UR laws Interim Study Committee.
SUCCESS
AN EXAMPLE OF A SUCCESSFUL URBAN RENEWAL PROJECT
River Commons District (Snake River Landing) In Idaho Falls

• Created in 2004
• Will close in 2028

• Before urban renewal
  ◦ A gravel pit

• After urban renewal
  ◦ $29,182,836 increment value
  ◦ 200 plus jobs created
  ◦ 10 properties developed
Was River Commons A Successful Project?

BEFORE URBAN RENEWAL

AFTER URBAN RENEWAL
Was River Commons A Successful Project?

• Eliminated blight
• Strengthened the tax base
• Provided public infrastructure
• Leveled the playing field for development
URBAN RENEWAL IN IDAHO
An important economic development tool worth preserving.
Project Areas Do Close!

- Jerome – South Lincoln (2014)
- Garden City – River Front (2014)
- Salmon – Salmon Downtown (2014)
- Moscow – Alturas (2015)
- Post Falls – West Seltice (2001), River Bend (2012), City Center District (2018)
- Boise – CCDC Central District (2017)
- Idaho Falls – Snake River (2018)
### Attachment 5.3


**Scenario #1 Low Growth 1% annual increase in land value and 2% annual increase in Improvement Value**

Seih and Pioneer Way Properties annexed to City of Idaho Falls in 2028

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Value (+1% Annually)</th>
<th>Improvement Value (+2% Annually)</th>
<th>Total Assessed Value</th>
<th>Cum. New Const Value + Inflation @ 2%</th>
<th>Homeowners' Exemption</th>
<th>Taxable Value</th>
<th>Increment Value (H Tax Inc)</th>
<th>Levy Rate (%)</th>
<th>Tax Increment Yield</th>
<th>Admin Costs</th>
<th>Funding for Capital Projects</th>
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<td>$30,049</td>
<td>$5,557</td>
<td>$24,492</td>
</tr>
</tbody>
</table>

**Assumptions:**
- Land Values inflate at 1% per year
- Improvement Values inflate at 2% per year
- Non-city area included within District annexed to City in 2028
- Private investment occurs as per schedule in column E
- Property tax income available 2 years after completion of construction
- New construction values inflate on same basis as original improvement values (2%)
- Tax rate remains constant
- Administrative costs at 15% capped at $35,000 per year

Add non-city TIF Yield for years 2016-2027 $11,191
Combined 20-year TIF Yield in-city / o/s City $6,410,308

$41,375,404
## Attachment 5.3


### Scenario #1 Low Growth 1% annual increase in land Value and 2% annual increase in Improvement Value

Selh and Pioneer Way Properties annexed to City of Idaho Falls in 2028

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Value (+1% annually)</th>
<th>Improvement Value (+2% annually)</th>
<th>Total Assessed Value</th>
<th>Annual New Const. Value</th>
<th>Cum. New Const Value + Inflation @2%</th>
<th>Homeowners’ Exemption</th>
<th>Taxable Value</th>
<th>Increment Value (H - Base)</th>
<th>Levy Rate (1%)</th>
<th>Tax Increment (Yield)</th>
<th>Admin Costs (15%)</th>
<th>Funding for Capital Projects</th>
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<td>$1,333,907</td>
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<td>$1,065,022</td>
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### Assumptions:

- Land Values Inflates at 1% per year
- Improvement Values inflate at 2% per year
- Homeowner Exemption remains constant at $268,885 until property redeveloped
- Private investment occurs as per schedule in column E
- Properties annexed to City when redeveloped - assumed 2028
- Property tax income available 2 years after completion of construction
- New construction values inflate on same basis as original improvement values (2%)
## Attachment 5.4

**Estimated Annual Revenues and Costs**
in the Eagle Ridge Urban Renewal Project

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<td>$ 337,656</td>
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## Estimated Annual Revenues and Costs in the Eagle Ridge Urban Renewal Project

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<td>$256,809</td>
<td>$549,293</td>
<td>$315,381</td>
<td>$374,057</td>
<td>$46,000</td>
<td>$35,000</td>
<td>$35,000</td>
<td>$2,840,145</td>
<td>$569,792</td>
<td>$7,714,481</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$322,134</td>
<td>$508,943</td>
<td>$93,360</td>
<td>$338,741</td>
<td>$642,797</td>
<td>$1,288,766</td>
<td>$1,959,865</td>
<td>$2,645,373</td>
<td>$540,431</td>
<td>$720,828</td>
<td>$10,483,342</td>
</tr>
</tbody>
</table>
### Attachment 5.4
Estimated Annual Revenues and Costs
in the Eagle Ridge Urban Renewal Project

<table>
<thead>
<tr>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is anticipated that the IFRA will loan the new District $25,000 to fund operations until Tax receipts are available. The Loan accrues interest at 4.5% with 3 year term</td>
</tr>
<tr>
<td>Provides for 15% of annual revenue allocation for operations, administration and professional support. Capped at $35,000 annually -- Equals 7.51% of total expenditures</td>
</tr>
<tr>
<td>Initial Year @ $25,000 for costs to establish District, then formula above thereafter</td>
</tr>
<tr>
<td>Assumes Developer installs Area 6 improvements in 2015. $1,751,277 cost repaid with 50% of annual Revenue Allocation until paid in full @ 4.5% (16 years)</td>
</tr>
<tr>
<td>Assumes Area 2 improvements included instead of Area 1 Alternate. Area 2 is more expensive so if Area 1 alternate chosen later, financials will be better</td>
</tr>
<tr>
<td>Assumes Area 2,4,5, &amp; 8 Improvements will be responsibility of District</td>
</tr>
<tr>
<td>Assumes no debt issued for Area 2,4,5, &amp; 8 - cash flow only</td>
</tr>
<tr>
<td>Debt issuance for District projects exceed available funds under current assumptions</td>
</tr>
<tr>
<td>Area 8 first up for investment in 2024 followed by 4 &amp; 2 then 5 last</td>
</tr>
<tr>
<td>City estimates carry 30% contingency and Eagle Ridge Numbers carry 25% contingency</td>
</tr>
</tbody>
</table>