

Comments of Denny Davis to the Idaho Legislative Interim Study Committee on Urban Renewal Laws

September 21, 2015

Chairman Johnson, Chairman Youngblood and members of the Committee. My name is Denny Davis. I reside in Coeur d'Alene and I am the current chairman of the board of commissioners of Coeur d'Alene Urban Renewal Agency, also known since 2001 as the Lake City Development Corporation and currently doing business as ignite cda. I have been a member of the board of commissioners since 2005.

Our board consists of 9 members, 7 of whom, including myself, were appointed by the mayor and confirmed by the city council. Two of our members were appointed by our board to fill vacancies created, on one case by the death of a member, and in the other by resignation. Our most recent appointment by the board to fill a vacancy is our mayor. These appointments were made by our board pursuant to *I.C. 50-2006(b)(2)*.

The agency was formed by the city council in 1997. Our agency currently administers two urban renewal areas.

Lake District

The first and oldest is what our plan for this area refers to as the Lake District, also formed in 1997. The Lake District includes

the core of downtown Coeur d'Alene, north up the 4th St. corridor through the commercial area known as "Midtown;" and out Northwest Blvd to a point north of Interstate 90. The Lake District is comprised of 729 acres.

Significant URA partnership projects in the Lake District include:

- The installation of streets and utilities infrastructure in the Riverstone work/live/play development located along the Spokane River; this was a former lumber mill property that laid dormant for more than a decade. The Riverstone development straddles the Lake District and adjacent River District. Riverstone is home to residential, retail and professional residents including a Cineplex, national, regional and local clothing and other retailers, and food establishments. It had a base assessed valuation in 2001 of \$3.6 million. The private investment resulting from the reclamation of this side has resulted in an increase assessed value in excess of \$90 million. The URA investment in the entire Riverstone project was \$9 million. Approximately 1000 jobs ranging from restaurant work to professionals now call Riverstone their workplace.
- Two downtown mixed use high rise structures: (a) the McEuen Terrace with office and residential condominiums and (b) the Parkside mixed use office/retail/residential condominiums.

Public space projects in the Lake District with which ignite cda has assisted with funding include:

- The Coeur d'Alene Public Library completed in 2006 through a blend of urban renewal funding (\$250,000 plus contribution of land acquired at a costs of \$900,000, total URA funding \$1,150,000), publically approved \$3 million bond issue and private fundraising;
- KROC/Salvation Army Community Center, one of a dozen or so community centers won through a highly competitive grant opportunity throughout the United States. Our URA contributed \$500,000 to the construction of public infrastructure at the site, which now boasts a \$30+million dollar facility with an endowment in a like amount, serving almost 15,000 members from Coeur d'Alene and surrounding communities, (without regard to financial means);
- Higher Education Campus: this approximately 10 acre former mill site was acquired by North Idaho College in 2010. Ignite cda has since funded approximately \$5.3 million in this area's streets, sidewalks, bike paths, landscaping and high efficiency street lighting and two much needed new and signalized intersections into the campus and surrounding neighborhood.
- McEuen Parking Structure and Park, completed in 2014, this facility has been ignite cda's most ambitious funding of

public space to date at \$15.6 million dollars. This project included of five completely reconstructed blocks of downtown streets, moved parking from its previous lakeside location to mostly under Front Avenue and renovation of little used baseball fields into a vibrant and now much enjoyed park and pavilion.

River District

The River District was formed in 2003 and includes property adjacent and to the northwest of the Riverstone project, out Seltice Way to the west to the City's boundary with Huetter, Idaho, south of I-90 and along the Spokane River. The total area is 363 acres. This area encompassed yet another defunct lumber mill. The River District contained and still includes numerous parcels of dilapidated industrial and commercial buildings. The Seltice Avenue street surface is in dire need of major repairs and our agency will be partnering with the City to upgrade this critical piece of the transportation infrastructure in the River District. Completed projects include:

- Mill River: In place of that former mill site now is the Mill River housing development. As a part of that project the URA funded a major new signalized intersection and delivered a new riverside park with 1000 feet of new public river frontage.

- US Bank Service Center: a major impetus for formation of the River District was the successful attraction of a US Bank customer service center. This is not an outbound call center but rather a customer service operation for US Bank customers. This center now employs approximately 500 employees. Ignite cda worked closely with Jobs Plus, Inc. in successfully landing this job creation opportunity.
- Riverstone West: A continuation of the Riverstone project in the Lake District, this project again included street and utilities infrastructure and a new 8 acre public park which includes a 3 acre pond. Also in Riverstone West are residential condominiums, retail, professional offices and senior, 55+ and workforce housing.

Much more information about our agency and urban renewal areas is available on our website at www.ignitecda.org I would urge you to spend some time on that site.

Our Agency

As an agency, we have worked hard to achieve the transparency and openness that the public expects. Our regular monthly meetings are and have been for several years televised live and re-played on Coeur d'Alene's community access channel. Our meeting agendas include two public comment opportunities, at both the beginning and the end of each regular meeting. Past meeting videos are available on our

website, as are copies of our adopted plans, monthly financial reports, minutes, audit reports, economic analyses and studies, district maps and more. We have even posted our response to Sen. Souza's recent inquiry about our d/b/a name change to "ignite cda."

Setting Fact From Fiction

When Mike Nugent called and asked if I would make myself available to the committee, he suggested that the committee would like to chase down rumors and cull those rumors from fact. Mike did not provide me a list of rumors and I don't pretend to have a corner on that market. There are some things that I have heard over time that I can address. But first, I'd like to state the obvious. That is that urban renewal has, I think, always carried with it some controversy. I know that there are those that do not like the use of tax increment financing, because they believe it imposes an undue tax burden upon them for a public objective with which they may not agree or value. There are others that simply believe philosophically that the public should have no role in the economic and other development of their communities and state.

Even proponents of urban renewal at times reside in different camps when it comes to what projects and kinds of projects merit the expenditure of public funds. And although my

experience serving on both Coeur d'Alene's urban renewal agency board and the board of Jobs Plus gives me the strong conviction that urban renewal and tax increment financing are important tools for developing and maintaining Idaho's economic engine, I won't presume that I can address every concern and persuade every critic.

So, here goes with a little rumor control:

Ignite cda Specifically

- High end condominiums "subsidized" with tax dollars
 - There have been 3 larger condominium projects in downtown Coeur d'Alene in which participation agreements were entered, i.e., the developers have been or are being reimbursed over time and from a percentage of the tax increment generated from that specific project, for both public infrastructure and in the case of these projects, some demolition costs, relocation costs and construction of amenities which, although open to public use, fall outside the public right of way. In the case of the Sherman Lofts, the agency entered into an agreement for reimbursement of the additional cost of brick façade in lieu of the proposed concrete and metal exterior surface of the building. Amenities in the case of McEuen Terrace and Parkside

- included water features, planters and artistic elements that are open, viewable and accessible by the public.
- Are they "subsidized?" That is a bit subjective but the fact is that the reimbursement is generated from tax revenue that would not exist but for the development itself.
 - Midtown Renovation
 - It has been implied that urban renewal funded all of the street, utility, sidewalks and street lights for the Midtown Revitalization Project. Although ignite cda funded the majority of this work, the City and a local improvement district also contributed funding.
 - I have seen the statement that "All increases and taxes on new buildings go straight to LCDC!" This statement implies this to be true city wide, which of course is incorrect. I.C. 50-2908 provides for exceptions to the allocation of tax increment revenue, including general obligation bonds, school supplemental M&O and emergency levies.
 - By design of the statutes these projects are long term investments for the community and declared to be a public purpose. *I.C. 50-2902 "in order to facilitate the long-term growth of their common tax base and to encourage private investment within urban areas. . ."*
 - Downtown Association Events. The agency has provided a \$50K annual grant to the Coeur d'Alene Downtown

Association to support events which bring people and business to the downtown core. That grant is on a decreasing trajectory, with the intent that it will continue to decline in amount as this district reaches its termination in 2021.

- Downtown Business Façades. The agency has in the past funded a façade replacement effort. That program was discontinued in 2003.
- The comment that the URA funds flower baskets is a reference to the funding of flower basket brackets installed in the light posts in downtown Coeur d'Alene. Those brackets remain in place. If you have visited downtown Coeur d'Alene in the summer months, you can see that these baskets have become an iconic piece of the downtown character, drawing people and private investment.
- That our agency somehow uses the funding of projects for the purpose of "(B)uying loyalty & support one grant at a time." Our focus has always been and will continue to be providing benefit to the public. There is simply and absolutely no truth to this claim.
- Likewise, the claim that the agency funds "pet projects" is unsupported by any factual evidence.

Urban Renewal In General

- Lack of Accountability:
 - I have heard it said as recently last week at Sen. Souza and Rep. Sims community meeting that the only recourse a city has tois to disband the agency board. In fact, I.C. 50-2006 provides that:
 - Individual commissioners may be removed by majority vote of the City Council for "inefficiency or neglect or misconduct in office." *I.C. 50-2006(b)(2)*
 - The local governing body may initially appoint itself as the board of commissioners of the agency (*I.C. 50-2006(b)(3)*); or
 - The local governing body may terminate the appointment of sitting commissioners and replace the board with itself. (*I.C. 50-2006(b)(4)*).
 - Moreover, except in the case of a vacancy, the local governing body controls the appointment of commissioners, which can, and in the case of our agency has included members of the city council, (or, in the case of a county, one or more members of the Board of County Commissioners).
- Statewide Abuse:
 - I have seen no evidence of this. Idaho's Urban Renewal Law and Local Economic Development Act are designed to give local governments a

way of proactively addressing deteriorated and deteriorating areas and to advance local economic development. Those same local governments decide the need, appoint the members of agency boards, approve the urban renewal plans and by and large, at least in Coeur d'Alene, initiate requests for the funding of public projects with urban renewal agency funds. If a majority of the community is unhappy with the exercise of this tool, there is a forum for this. City elections will occur in every city this coming November and urban renewal will certainly be a topic of discussion, as it should be. Cities and their respective elected officials have the ability to address "abuse." The electorate has the ability to set the direction of their respective communities.

My Personal Recommendations for Improvement to the Statutes

So, what recommendations do I have for improving upon the Idaho Urban Renewal Law (Title 50, Chapter 20) and the Local Economic Development Act (Title 50, Chapter 29)?

- Generally, the statutes could be updated to:

- Consolidate the provisions of the Idaho Urban Renewal Law and the Local Economic Development Act but I would recommend generally that the committee revisit Rep. Dennis Lake's 2010 House Bill 567, which was a comprehensive re-write of urban renewal law, covering topics from definitions to eligibility, to plan process, to public hearing processes. The bill also created different criteria for “blight” vs. “economic development” (or “greenfield”) projects. It provides an excellent starting point for any discussion of further changes to urban renewal law, as it was developed with the input of both supporters and critics of urban renewal.;
- I would re-vest the authority to fill vacancies with the governing body and not the agency board or commissioners; *I.C. 50-2006(b)(2)*
- I would consider the possibility of authorizing an urban renewal plan to include a formula for increasing annually or at other intervals the "base" assessed value to provide for a mechanism to allow taxing districts to utilize a portion of the tax increment prior to the expiration of the revenue allocation area. This could be tied to the taxing entities annual 3% limitation on budget increases.

- I would resist the concept of converting the agency boards of commissioners to an elected body. In the case of small municipalities, finding citizens to even serve as an appointed member is challenging. These boards are best made up of individuals with experience and expertise in the subject matter of an agencies work, not unlike the State Board of Education and Transportation Board and others at the state level.

Thank you for your time and attention. I am happy to stand for questions.

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