

MIDTOWN TAX INCREMENT FINANCING (TIF) ASSISTANCE PROGRAM

INTRODUCTION

The Midtown Urban Renewal Plan (“Plan”), adopted by the Bozeman City Commission on November 16, 2015, authorized the Midtown Urban Renewal Board (“Board”) to establish monetary incentives in the Midtown Urban Renewal District (“District”) in support of the Plan’s goal to promote economic development. The Board established and administers this Tax Increment Financing (“TIF”) assistance program for the redevelopment and rehabilitation of properties within the District.

TIF assistance applications are subject to program eligibility criteria and project guidelines listed below. Applications will be accepted and processed in the order in which they are received and approved based on the availability of funds for the program.

PURPOSE

The purpose of the TIF assistance program is to encourage desirable development/redevelopment projects, as well as assist projects that would not otherwise occur “but for” the assistance provided through tax increment financing. The purpose of this document is to provide guidelines for the Board to offer monetary incentives for development activities in the District in the form of TIF assistance funds.

This policy shall be used as a guide in processing and reviewing applications requesting TIF assistance. The Board shall have the option of amending or waiving sections of this policy when it determines, in its sole discretion, such an amendment or waiver is necessary or appropriate. In amending or waiving any sections of this policy, the Board shall document the reason for the deviation.

The provision of financial assistance is at the sole discretion of the Board. The Board reserves the right to reject or approve applications on a case-by-case basis, taking into account established policies, specific project criteria and the demand on District services in relation to the potential benefits to be received from the proposed project. Meeting policy guidelines or other criteria does not guarantee the award of TIF assistance. Furthermore, the approval or denial of one application is not intended to set precedent for approval or denial of another application.

PROGRAM OBJECTIVES

The primary objective of the TIF assistance program is to encourage investment in development and redevelopment of commercial and mixed use property within the District in accordance with the provisions of the Montana Urban Renewal Law (7-15-4209, 7-15-4233, and 7-15-4288, M.C.A.). Additional District objectives are to:

- Encourage private investment in commercial property in the District through the use of public incentives;
- Expand the property tax base in the District through private investment in income producing properties;
- Stimulate economic and business development within the District; and
- Reduce blighting influences in the District

The grants are awarded at the discretion of the Board as authorized by the Bozeman City Commission, based upon review of the Applicant's compliance with program objectives, eligibility requirements, and eligible construction activities.

GENERAL POLICIES

1. TIF assistance priority will be given to projects that do not have the financial feasibility to proceed without the benefit of the assistance.
2. The applicant shall provide any market and financial feasibility studies, appraisals or other information provided to private lenders for the project as well as any other information or data which the Board, or its financial consultants, may require in order to review the need for TIF assistance.
3. TIF assistance will not be used for projects that place extraordinary demands on District infrastructure or services.
4. The applicant must be able to demonstrate, to the Board's satisfaction, an ability to construct, operate and maintain the proposed project based upon past experience, general reputation and credit history.
5. The applicant shall provide sufficient market, financial, environmental and other data relative to the successful operation of the project.
6. The Applicant must retain ownership of the project long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate payment of taxes based on the increased project value. This application must be signed by both the applicant(s) and the property owner(s) (if different).
7. Project plans and construction must comply with all applicable code and permit requirements. Applicant is advised to consult with the City of Bozeman planning and

building departments, licensed architects, engineers, or building contractors before proceeding with final plans or construction.

8. The Applicant must demonstrate significant leverage of private investment through the use of public dollars.

ELIGIBLE COSTS

TIF eligible expenses are defined by Montana Code Annotated, 7-15-4288 and further limited by the Plan. The project seeking TIF assistance must be located within the boundary of the District.

Costs related to the following are eligible for financial assistance:

1. Demolition and removal of structures
2. Construction and improvement of public improvements or infrastructure, including streets, curbs, gutters, sidewalks, alleys, parking lots and off-street parking facilities, sewer lines, storm sewers, waterlines, and impact fees

Requests for funding above \$50,000 will require the ratification of the Bozeman City Commission.

DISBURSEMENT OF ASSISTANCE FUNDS

The TIF assistance program is a reimbursement program. No funds will be disbursed until all completion criteria have been satisfactorily met as determined by the Board in its sole discretion. At the end of the project, the recipient will submit a Certificate of Completion and required supporting documentation to the Board including itemized invoices and other documentation as the Board may reasonably request.

USE OF ASSISTANCE FUNDS

The award of TIF assistance funds is subject to the Applicant entering into a grant agreement with the District. The grant agreement will include requirements that the grantee comply with (i) applicable City of Bozeman procurement regulations related to bidding, hiring, and prevailing wages; (ii) the City's nondiscrimination policy; and (iii) State of Montana public records laws. The grant agreement will include such additional terms as the District in its sole discretion determines are prudent or necessary to fulfill the goals of the TIF assistance program.

TIF assistance funds must be used within two years of the date of the Letter of Award. Any funds not disbursed to the Applicant within that time will remain in the District fund. The Board, in its sole discretion, may provide an extension of up to one year to the original two year timeframe.

Use of TIF assistance funds must be in compliance with the terms of the grant agreement

between the Applicant and the District.

REVOCAION OF AWARD

The grant agreement will include terms providing that an award of TIF assistance may be revoked by the Board if the Board finds, in its sole discretion, that Applicant has failed to comply with any of the terms of the assistance program or grant agreement, or has failed to provide information or provided inaccurate information on the application. Upon such a finding, the Board will provide Applicant with notice of the default and a 30-day opportunity to cure before the award is revoked. The grantee will be required to return TIF assistance funds already disbursed pursuant to the terms of the grant agreement.

DISCLAIMER: Neither the Board nor the City of Bozeman will be responsible for the planning, design, or construction proposed by any work conducted as part of the TIF assistance program. No warranties or guarantees are expressed or implied by the description of, application for, award of or participation in the TIF assistance program.

APPLICATION PROCESS AND PROCEDURE

Application for TIF assistance shall be made on the forms provided by the Board and submitted to the Economic Development Department for review and comment. Deadlines for submittals shall be as published and posted by the Board. Incomplete forms will be returned to the applicant with an explanation on additional information as may be required.

For projects seeking TIF assistance for demolition or payment of impact fees, the City of Bozeman Economic Development Department will review the application and provide a recommendation to the Board and, if applicable, the Bozeman City Commission.

If approved by the Board, or City Commission, a “letter of intent” outlining the specific terms and conditions of the TIF assistance will be provided to the applicant.

SUBMITTAL INFORMATION

There are two parts to the attached application. All applicants must complete Part 1. Applicants requesting TIF assistance above \$50,000 must complete and include information identified in Part 2.

- Part 1 – All Applications**
- Part 2 – Applications requesting funding over \$50,000**

**Midtown Urban Renewal District
TAX INCREMENT FINANCING APPLICATION
PART 1**

Property Information

Property Address: _____

Property Owner: _____

Legal Description: _____

Property Geo-Code: _____

County Tax ID #: _____

Applicant Information

- Property Owner
- Tenant
- Developer
- Other _____

Applicant's primary contact:

Name: _____

Business Name: _____

Business Phone: _____ Cell Phone: _____

Email: _____

Project Representative (if not applicant):

Name: _____

Business Name: _____

Business Phone: _____ Cell Phone: _____

Email: _____

Property Owner (if not applicant):

Name: _____

Business Name: _____

Business Phone: _____ Cell Phone: _____

Email: _____

Please attach a list of all other property owners, business partners, developers and/or investors associated with this project, with the above information provided for each.

This application must be signed by both the applicant(s) and the property owner(s) (if different).

I (we), by signature below, certify that the information supplied in this application is, to the best of my (our) knowledge, true, accurate, and complete, and is provided for the purpose of obtaining approval to participate in the Midtown Urban Renewal District TIF assistance program. I (we) understand that failure to comply with the terms of the TIF assistance program may result in revocation of an award.

I (we) understand the work to be undertaken must be in accordance with all applicable requirements of the Bozeman Municipal Code and any special conditions established by the approval authority, and must receive all required approvals prior to commencing the work. I (we) understand if approved for TIF assistance, the work to be performed must also be in accordance with TIF assistance program procedures and the general design guidelines for the District, as well as the specific plans approved for the project. I (we) acknowledge that the City has an Impact Fee Program and impact fees may be assessed for my project. Further, I (we) agree to grant City personnel and other review agency representative's access to the subject site during the course of the review process (Section 38.34.050, BMC).

Applicant (s) (Print Name) _____

Signature of Applicant

Date

Property Owner(s) (Print Name) _____

Signature of Property Owner

Date

Company Profile

Business Location

- New business establishing itself in Bozeman
- Existing business
 - Expanding/remodeling at same location
 - Expanding to an additional location
 - Existing business relocating from (identify location):

Street Address: _____

City: _____ State: _____ Zip: _____

- Other: _____

Year Business Established: _____

Type of Business (Describe): _____

Has a business plan been developed in relation to the proposed project?

- No (Development of a business plan may be required as part of the application process.)
- Yes (Include a copy with the application.)

Project Detail

Property Status:

- Vacant land
- Building on leased land – Describe: _____

- Land and building(s) – Describe: _____

Type of TIF Assistance Sought:

- Requesting assistance for public infrastructure costs
- Building demolition

Value of TIF Assistance Sought:

\$ _____

Will this project proceed if TIF assistance is not granted?

- No
- In a limited fashion (explain): _____

- Yes, but at a later date (explain): _____

- Yes, as scheduled
- Other: _____

1. Project Narrative

Provide an overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Proposed use(s) or project (e.g. industrial, commercial, retail, office, mixed use, residential for sale or for rental, etc.)
- Construction information about the project including size of any existing structure to be demolished or rehabbed; sized of any new construction; types of construction materials (structural and finish); delineation of square foot allocation by use;
- Total number and individual square footage of residential units; type of residential units (e.g. for-sale, rental, condominium, single-family, etc.); number and type of parking spaces provided; and construction phasing.

2. Site Maps and Building Plans

The Applicant must submit a completed [Conceptual Review Application](#) to the Board and concurrently to the Community Development Department. The Conceptual Review application must include, at minimum:

- Photographs of project site and/or building
- Map showing the location of the site and its immediate surroundings
- Proposed development plans including site plans, floor plans indicating square footage and layout, building elevations
- Description of parking accommodations for residential units and commercial uses
- Estimated date of occupancy

Prior to Board action on the grant application, the Applicant must have obtained and provide to the Board the Community Development Director's written comments on the proposed development from the Conceptual Review Application.

CRITERIA FOR TIF ASSISTANCE

In reviewing the TIF assistance application the Board will evaluate each project utilizing the following criteria and point system. Points can range from 0 to the maximum shown below in each category. Please rate your project according to the following criteria. To receive points for any given item, documentation demonstrating adherence to the criteria must be submitted with the application. The Board will use this information to evaluate the project.

Overall District Relevance		Points	
1.	Relevance to the Midtown Urban Renewal Plan – Documentation of the project’s impact in relation to the goals and objectives of the Midtown Urban Renewal Plan, particularly mixed-use development. Urban design elements will also be considered, including pedestrian emphasis and quality of design.		/5
Promote Economic Development			
2.	<u>Tax Generation</u> : The project will increase the taxable value within the District. The increase in taxable value due to new construction & rehabilitation is estimated by the County Assessor’s office or State Department of Revenue to determine tax increment generation. Submit documentation of estimated tax projections to receive points for this criteria		/4
3.	<u>Elimination of Blight</u> – The project’s direct and indirect impact on the physical and fiscal deterioration within the Tax Increment Financing District and the community. Submit information showing current conditions of property.		/4
4.	<u>Employment Generation</u> – Total employment generated by the project assessed in terms of new permanent and part-time jobs, and construction jobs. Submit documentation of estimated new jobs to receive points for this criterion.		/3
Improve Multi-Modal Transportation			
5.	<u>Facilitates Public Health and Mobility</u> : Project will construct or improve sidewalks, including ADA access to buildings. Provide detailed information demonstrating that the current condition inhibits public health and mobility.		/1
6.	<u>Reduces Resource Demand</u> : Project promotes the use of transit, ride sharing, or car sharing. Provide plans, agreements or other methods to demonstrate reduction of resource demand.		/1
7.	<u>Promotes Active Transportation</u> : Project promotes bicycling as an active transportation option by constructing or improving bike lanes, providing covered bike parking, and/or participating in a bike share program. Provide plans, agreements or other methods to demonstrate reduction of resource demand.		/2
Improve, Maintain and Support Innovation in Infrastructure			
8.	<u>Infrastructure Improvements</u> : Project promotes innovation in infrastructure and/or reduces long term costs of maintenance. Provide plans and descriptions of innovations proposed.		/2

Promote Unified Human Scale Urban Design			
9.	The project improves the street frontage by eliminating parking between the right-of-way and the building. Provide plans to demonstrate improvement in street frontage.		/2
10.	The project reduces the number of vehicular access points to the property and improves the pedestrian experience. Provide plans, agreements or other methods to demonstrate reduction.		/2
11.	The project enhances the North 7 th Ave. entryway corridor by having buildings oriented toward the street and designed to provide interest and activity.		/3
12.	The project enhances the pedestrian experience with elements such as façade transparency, building articulation, street furniture and/or landscaping. Submit plans and details that address this criterion.		/3
13.	The quality of development and overall aesthetics (architectural, site design, landscaping, etc.) are beyond that which is minimally required by the UDC. Submit documentation to demonstrate compliance with this criterion.		/2
Support Compatible Urban Density Mixed Land Uses			
14.	The project increases housing units within the District. Submit plans demonstrating an increase in the number of housing units.		/4
15.	The project has a mix of uses, including residential. Submit plans detailing the proposed mix of uses within the project.		/4
16.	The project shares parking among compatible uses. Provide details demonstrating compliance with the UDC and as well as total number of parking spaces reduced because of a shared arrangement.		/2
Total Points			/44

APPROVAL (For Official Use Only)

Approval Status:

Date Approved:

Date Letter of Award Sent:

Date Certificate of Completion:

Date of Payment Request:

PART 2
FOR PROJECTS REQUESTING OVER \$50,000 IN ASSISTANCE

1. Detailed Project Information

Submit the following information regarding the project requesting TIF assistance.

Project Timeline

A project timeline is required. Include anticipated dates for site acquisition, project start and completion, as well as other project milestones. Multi-phase projects must include details for each phase. The timeline should also identify any critical or time-sensitive dates as well as any time constraints facing the applicant.

Public Benefits

Fully describe the public benefits that can be realized by the completion of this project. Projects with a high degree of public benefits are typically more likely to receive TIF assistance. Examples of public benefits include, but are not limited to the following:

- ✓ Re-occupancy of a vacant building
- ✓ Elimination of blight
- ✓ Creation of new retail choices
- ✓ Increased tax revenue
- ✓ Job-training opportunities

This statement should include qualitative examples of public benefits as well as quantifiable and measurable outcomes of the short-term and long-term benefits to the District. Include documentation in support of estimates of public benefits.

2. Project Financial Information

In order for the Midtown Urban Renewal District Board to adequately review applications seeking TIF assistance, the following information must be submitted with the application.

Sources & Uses of Funds

Identify the sources of funds used to finance the project. Typical sources include equity, lender financing, mezzanine financing, other anticipated types of public assistance, and any other types or methods of financing. Describe the sources of equity and include a term sheet for lender financing, if available.

TIF assistance is available as a reimbursement after the project is complete. Thus, the project budget must identify the up-front sources intended to finance the development costs of the project. If determined, specify the specific line items of the project budget that each source will finance.

Summarize the uses of funds. General categories to be identified include: acquisition and related site costs, hard construction costs, and a breakdown of soft costs.

Development Budget

Provide an accurate and detailed development budget for the project that includes a detailed breakdown of significant line item costs consistent with the sample included in the application packet. The budget should be arranged to identify acquisition and site related costs, hard costs, and soft costs. Also, identify all line items that are performed by the developer, owner, or related entities.

Budget of TIF Eligible Expenses

Identify which of the development budget costs are eligible for reimbursement as allowed by 7-15-4288, MCA.

Financial Commitments

Submit commitment letters and/or term sheets from all lenders for proposed debt (such as construction, mezzanine, permanent, and government financing) and all other financial sources of the project (such as grants, and tax credits). Commitment letters must clearly specify the nature and terms of the obligations.