

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 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

warrantees 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.

Prior to submitting the grant application, the Applicant must have obtained and provide to the Board written comments on the proposed development from the Conceptual Review Application through the Community Development Department. The Conceptual Review must provide adequate detail to receive comments from the Engineering Division on required utility connections and off-site infrastructure.

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.

Application for TIF assistance are reviewed and analyzed using the information provided by the application. Criteria are provided in the application materials and the applicant should provided detailed documentation to demonstration adherence with the goals of the program. In addition, an analysis by a third-party economic consultant will be used to evaluate the application for creation of new taxable value. The analysis will include a return on investment and estimated payback period for public assistance and proposed metric for the ratio or private investment to public assistance. An additional assessment will be completed of the development pro forma in order to assess the reasonableness of the applicant's incentive request.

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 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**