



**CONSOLIDATED HELENA & LEWIS AND CLARK
COUNTY
PLANNING BOARD
AGENDA**



Date: October 20, 2020

To: Helena City Commission

FM: The Lewis and Clark County/City of Helena Consolidated Planning Board

RE: Consideration of Capital Hill Urban Renewal Plan with TIF Provisions

BACKGROUND

On August 24, 2020, the Helena City Commission voted unanimously to adopt a Resolution of Necessity for the proposed Capital Hill Urban Renewal District area. The area under consideration is of a general rectangular shape beginning one block north of Prospect Avenue, extending one block south of 11th Street, bounded to the west by N Dakota Street and to the east by I-15, including a number of hotel parcels around the highway interchange. It also includes the Samuel V. Stewart Homes development managed by the Helena Housing Authority, located on a block bounded by Billings Avenue, Butte Avenue, Montana Avenue, and Roberts Street. To address blighted conditions in the proposed Capital Hill URD area, the City of Helena is embarking on a program of redevelopment and revitalization in the area. The proposed District and District Plan is a result of the Helena City Commission's desire to work with local business owners, current residents and others to redevelop and revitalize this area and to provide additional resources to help accomplish these goals.

Pursuant to Section 7-15-4213, MCA, a URD plan must be reviewed by the local government's Planning Board as to its conformity with the growth policy. To facilitate the Planning Board's review and recommendation on the conformance of the Capital Hill URD Plan with the *2019 Helena Growth Policy* and in accordance of the zoning within the area with the City of Helena, a copy of the Capital Hill Urban Renewal Plan has been provided to the Planning Board as an attachment to this staff report.

CAPITAL HILL MALL URD DESCRIPTION

Prospect Avenue and Eleventh Avenue primarily define the area of this URD along with the area referred to as Stewart Homes. Prospect Avenue is a westbound, three-lane, one-way street. It is a major gateway into the community, being one of four highway interchanges off of I-15. Running parallel to Prospect Avenue is 11th Avenue, an eastbound, three-lane, one-way street. Within the study area, these two corridors are primarily dominated by commercial uses of varying building sizes, styles, and lot configurations including retail stores, strip centers, hotels, motels, restaurants, casinos, professional and medical offices, banks, credit unions, gas stations, car wash, grocery stores, car repair, and pharmacies.

Although the corridor is primarily comprised of commercial uses, there are to a lesser extent, residential and non-commercial uses as well as vacant parcels within the study area. Residential uses include single family residential homes within or adjacent to the commercial uses. There is also a low-income housing development that is of a different character than the rest of the community, the Samuel V. Stewart Homes property. This development is comprised of four city blocks with an internal configuration as opposed to the city grid system. Non-commercial uses also include a number of single-family homes that have been repurposed for office space and house non-profits as well as a

number of large office buildings that house governmental entities. There are a few vacant parcels including the site of the former Capital Hill Mall comprising 12.8 acres which is centrally located within the study area.

CONDITIONS OF BLIGHT IN THE DISTRICT

The following blight factors were identified within the study area including substantial physical dilapidation, deterioration, age obsolescence, defective or inadequate street layout, faulty lot layout in relation to size, remodeling or renovating aged properties requires compliance with current codes and may represent a significant cost to the building owner. Redevelopment of older properties is also expensive due to acquisition costs. These compliance and economic costs represent impediments to reinvestment within the study area adequacy, accessibility, or usefulness/defective arrangement of buildings or improvements, excessive land coverage, and unsanitary or unsafe conditions as more fully described below.

As shown in the charts below, the taxable valuation of properties within the study area has not seen consistent growth as have the taxable valuation of properties outside the study area. Taxable value increased outside the study area at a geometric growth rate of 3.0% over the 10-year period, compared to a 0.7% growth rate over the same period inside the study area. This would indicate that investment returns within the study area may not be predictive, that some properties have deteriorated (such as the Capital Hill Mall site), and others that have not grown at the same rate as the rest of the community. Sixty eight (68%) percent of parcels within the study area declined in taxable value during the period from 2010 to 2019 compared to only eight (8%) percent of parcels outside the study area.

The Study Area includes ten hotel properties, all constructed prior to 1998, half of which were built in the 1970's. The most prevalent hotel type is economy (5), followed by upper midscale (3), midscale (2), and upper upscale (1). The prevalence of old facilities and hotel inventory in the economy chains scale along with and structures and improvements showing signs of age and deferred maintenance, indicates that "age obsolescence" is present in some of the hotels within the boundary area.

Prospect Avenue is a westbound, three-lane, one-way street, that is coupled with 11th Avenue, running parallel one block to the south as an eastbound, two-lane, one-way street. These streets were designed together to segregate directional traffic and reduce congestion. This one-way circulation on Prospect and 11th has remained unchanged over the last 30 years. One-way traffic couplets are engineered to provide an efficient traffic flow with greater capacity, higher automobile speeds, and reduced travel time. However, they also create unintended consequences for the built environment by limiting business visibility, pedestrian safety, restricting access to certain destinations, and introducing confusion to infrequent street users. These conditions contribute to a defective or inadequate street layout along the couplets which extend through much of the study area.

The Samuel V. Stewart Homes development is comprised of four city blocks with an internal configuration as opposed to the City grid system. The lack of a traditional block pattern prohibits east- and westbound through traffic and circulation is more challenging within the development. These conditions contribute to a defective or inadequate street layout within the northwest area of the study area.

The Capital Hill Mall site lacks connectivity to the neighborhoods to the north and south and impedes thru traffic and circulation. New streets must be constructed in order to improve connectivity to surrounding neighborhoods as well as within the site. These conditions contribute to a defective or inadequate street layout in this part of the study area.

The Samuel V. Stewart Homes is a 10.32-acre development built in the 1930's that has 133 units across 48 buildings, all on a single parcel. Buildings that are internal to the development do not have access to a public right-of-way, creating an issue of accessibility for loading as well as municipal services such as police and fire. If such a site plan were to be proposed for development now, it would likely not be approved based on current standards of health and safety development.

There are streets within the study area where sidewalks have not been installed. These include residential areas along Butte Street, 9th Avenue, N Dakota Street, Fee St., Hannaford St., Lamborn St., Oakes St., Harris St., Washington St., and Oregon St. The lack of sidewalks is an unsafe condition that may force pedestrians into the public right-of-way and conflict with vehicular traffic. In addition, almost the entire study area lacks green strips between the curb and sidewalk. This lack of buffer, along with narrow sidewalks, reduces pedestrian safety and creates unsafe conditions.

In comparing the number of safety and service calls to the Study Area with the rest of Helena outside of the Study Area reveals a highly disproportionate use of municipal services including fire, police, and ambulance. These factors, and the combination thereof, contribute to the finding of blight within the study area. As such, rehabilitation, redevelopment, or both, is necessary within the subject area and is in the interest of the public health, safety, morals, or welfare of the residents of the municipality. Without the establishment of an URA with TIF provisions and the powers available to implement urban renewal activities, these blighted factors may continue to persist. This would likely result in the deterioration of the built environment and a lack of engagement and investment by the private sector. An URA with TIF provisions is necessary to ameliorate these deficiencies.

REVIEW CRITERIA

There is no specific review criterion for a Planning Board recommendation on the conformance of an Urban Renewal District Plan with the jurisdiction's Growth Policy.

FINDINGS OF FACT

1. The City of Helena adopted its current Growth Policy on June 29, 2020 through Resolution No. 20608.
2. The Lewis and Clark County/City of Helena Consolidated Planning Board serves as the Planning Board for the City of Helena.
3. The Growth Policy deals with broad land use issues, policies, and designations; it does not identify specific zoning. Zoning is one of the means of implementing the Growth Policy, however no specific zoning recommendations are made in the document. Rather, the Growth Policy provides a set of general, community-wide policies and guidelines to assist the general public, local government, and developers in making informed land use decisions.
4. The establishment of specific zoning classification and the assignment of those zoning classifications to parcels of land within the City of Helena are performed through the purpose and

intent of *Title 11*, the Helena City Code, and must meet the criteria and guidelines pursuant to Section 76-2-301, et. Seq, MCA. and is a function of Helena Zoning Commission.

5. The City of Helena, is proposing to, create the Capital Hill Urban Renewal District (URD) and adopt an Urban Renewal District Plan (Plan) with a Tax Increment Financing (TIF) provision pursuant to Title 7, Chapter 15, Part 42 and 43 of the MCA, for this District.
6. The area under consideration is of a general rectangular shape beginning one block north of Prospect Avenue, extending one block south of 11th Street, bounded to the west by N Dakota Street and to the east by I-15, including a number of hotel parcels around the highway interchange. It also includes the Samuel V. Stewart Homes development managed by the Helena Housing Authority, located on a block bounded by Billings Avenue, Butte Avenue, Montana Avenue, and Roberts Street (see attached map).
7. The City of Helena has contracted with Better City to prepare the Capital Hill Urban Renewal District Plan and assist in the creation of the Capital Hill URD in order to use Tax Increment Financing for redevelopment and revitalization of the area. TIF financing is one tool among other financial and programmatic tools to address blighted conditions and promote redevelopment in the Capital Hill URD.
8. In accordance with Section 7-15-4213, MCA, a URD plan must be reviewed by the local government's planning board to determine its conformity with the growth policy and the planning board must make a recommendation to the local governing body with respect to its conformance.
9. The Lewis and Clark Consolidated Planning Board has the authority under 7-15 4213 MCA to determine if the Capital Hill Urban Renewal District plan is in conformance with the 2019 Growth Policy.

GROWTH POLICY GOALS AND OBJECTIVES

10. Applicable goals and policies from the growth policy and the evaluation of conformance of the Capital Hill Urban Renewal Plan with those goals and policies are outlined below.

POPULATION AND ECONOMY

11. [G.01] Promote and sustain Helena's economic vitality, supporting existing businesses and attracting a diverse range of economic sectors that provide employment opportunities.

[O.01] Create and sustain a diverse local economic base by:

- Helping retain, promote and expand existing businesses and industry;
- Supporting innovative, entrepreneurial enterprises;
- Creating 'business campus' and mixed-use models;
- Developing mechanisms that promote provision of workforce housing;
- Attracting new businesses and clean industry.

[O.02] Support the maintenance and growth of local businesses, providing infrastructure and developing resources and educational programs.

[O.04] Encourage partnerships between public and private business sectors in the Helena area, promoting a healthy business community.

[O.05] Create and maintain incentive programs and other financial resources promoting job development, including expansion of existing industries and attraction of new ones.

HOUSING

12. [G.02] Support provision of housing that is safe, available, accessible, and affordable for all Helena residents.

[O.12] Promote and maintain development of a diverse housing stock, helping to:

- Minimize depletion of natural resources;
- Reduce land consumption and demands on the physical environment;
- Provide housing options for all residents;
- Optimize infrastructure use;
- Prepare Helena to meet emerging needs.

[O.14] Support the development of housing located in proximity to necessary services and quality of life assets, including generalized physical, technological, social and economic infrastructure.

[O.17] Work to involve the community in developing housing-related planning and design standards that will provide more housing consistent with the character of the neighborhoods.

[O.18] Encourage maintenance of housing in an attractive, safe and sanitary condition, helping extend the service life of housing and enhancing the general appearance of the city and its neighborhoods.

TRANSPORTATION

13. [G.05] Establish and maintain a strong multi-modal transportation system for Helena, providing opportunity for all to travel safely and efficiently, on-pace and in concert with demand and overall Growth Policy objectives.

[O.39] Develop and enhance a transportation system in Helena that:

- Facilitates the safe, efficient movement of people, goods and services;
- Supports non-motorized and recreational needs;
- Promotes livable neighborhoods;
- Supports the needs of Helena's elderly, disabled and disadvantaged populations;
- Improves safe pedestrian and bike routes;
- Respects the area's natural and historic context;
- Improves and connects to regional transit systems.

[O.40] With Montana Department of Transportation (MDT), plan a logical, long-range arterial system for Helena, including interstate access that promotes compact, highly- connected land use patterns and that may be systematically implemented through right-of- way reservations.

[O.41] Coordinate transportation investment with efficient land use patterns, making cycling and walking a practical transportation alternative.

[O.42] Promote transportation facilities and land use patterns that support resource efficiency and reduce the output of greenhouse gasses.

LAND USE

14. [G.10] Plan for and establish types and quantities of land uses in Helena supporting community needs, neighborhood centers, aesthetics and the City's long-term sustainability.

[O.76] Support land use patterns that:

- Promote compatible, well-designed development;
- Foster the long-term fiscal health of the community;
- Maintain and enhance resident quality of life;
- Implement related master plans and/or facility plans.

[O.78] Encourage infill development on vacant and under-utilized land within the city, directing growth to areas currently served by, or in close proximity to, existing infrastructure and that harmonizes with the character of existing neighborhoods.

15. The Capital Hill URD Plan has the following goals and/or projects to develop partnerships with local property owners to expand business opportunities in the area; and by promoting the District as a place to:

Goal #1: Improve Streetscape and Connectivity

1. Consider developing a brand for the Capitol Mall URD area that reflects it as:
 - a. an entryway into the community;
 - b. designated as one of three “neighborhood centers” in the Helena Growth Policy;
 - c. a tourism center being the location of the majority of hotels in the community;
 - d. the gateway to the State Capital and State Campus; and
 - e. the gateway to the new Heritage Museum.
2. Evaluate whether converting Prospect Avenue and 11th Street from one-way couplets to two-way streets would improve public safety, connectivity, and access to the built environment.
3. Work with the Montana Department of Transportation to develop design standards for a street cross-section and streetscape elements for the Prospect Avenue and 11th Street arterial couplets that will include continuous sidewalks and bike paths throughout the corridor, improve connectivity between neighborhood centers, and enhance aesthetics;
4. Develop design standards for City streets throughout the URD to include “complete streets” concepts that will do business, accommodate and create safe separation between pedestrian, bike, and automobiles, improve aesthetics, and include streetscape components such as lighting, greenery, and trees;
5. Work with the State of Montana to create permeable, walkable corridors that improve connectivity between the State Campus, new Heritage Museum, and the commercial uses in the URD area.
6. Adopt landscaping approaches that promote water conservation efforts and lighting technologies and techniques to optimize a “dark sky” environment.
7. Consider adding a transit stop in the area. A new clinic may be part of the Capitol Mall redevelopment, which may generate new customers for bus service.

Goal #2: Improve Infrastructure for Redevelopment

1. Identify public infrastructure improvements that can help facilitate new private sector investment such as the extension of Sanders Street and Vandelay Street through the former site of the Capital Mall. Utilize URD funds to make improvements.
2. Sewer and water mains, storm water retention, sidewalks, curb gutter and streets, landscaping. The City is enhancing storm water infrastructure through a project called the Davis Gulch Basin project. Locations for improvements include but are not limited to Montana Avenue and Washington Drive, 11th Avenue, and Sanders Street involving rerouting, increasing line capacity, inlet improvements, and reducing surcharge, among others.
3. Entry corridor 11th and Prospect retaining walls, sidewalks, street scape to welcome visitors through the corridor.
4. Due to its age and history, Stewart Homes has significant infrastructure needs that will need to be addressed during any future major housing rehabilitation, possible new development, and other redevelopment activity on the site. These infrastructure needs could include street repair/replacement, curb and gutters, storm water, sewer, accessibility and safety improvements, and possible street realignment. URD funds will provide a funding source to address infrastructure needs in this area.

Goal #3: Neighborhood Center Area

1. Work with the developer of the former site of the Capital Hill Mall to achieve the objectives in the Helena Growth Policy for a Neighborhood Center area, including: a. higher densities and compact land use patterns that allow a mix of housing, retail, office, open space or medical uses; b. a mix of activities; c. more transportation options to improve connectivity, public transportation, and walkability; d. a variety of housing types; e. an aesthetically appealing physical setting and enhanced experience of entering the city; and f. integration with surrounding neighborhoods.

Goal #4: Redevelop, Rehabilitate, and Re-Tenant Underutilized and Underperforming Properties

1. Encourage infill development on vacant and underutilized land within the city, directing growth to areas currently served by, or in close proximity to, existing infrastructure and that harmonizes with the character of existing neighborhoods by: a. Coordinating with current property owners to determine their willingness to sell, contribute property into a redevelopment, or undertake redevelopment themselves and secure agreements; b. Aligning incentives to offset the cost of assemblage, demolition, and infrastructure improvements to ensure redevelopment projects utilizing those properties identified in (a) above meet investment parameters; and c. Soliciting interest from the development community by issuing RFQ's/RFP's to undertake redevelopment projects.
2. Provide a number of new housing units and mixed-use developments to strengthen a neighborhood's viability and stability by: a. Identifying single family detached rental properties that could be assembled and redeveloped to provide higher density rental housing or mixed-use development; b. Identifying commercial properties that are underutilized, with low occupancy, or vacant that can be assembled and redeveloped.
3. Consider allowing taller residential and commercial developments and mixing compatible uses to increase housing and commercial opportunities while using services and infrastructure more efficiently.

Goal #5: Housing

1. Support and expand the supply of housing for lower income, senior citizens, persons with disabilities, homeless, and others with special needs by: a. Purchasing property with URD funds, preparing sites for redevelopment, and discounting the sale of land to developers of low-income properties.
2. Support the preservation and rehabilitation of the existing housing stock, in particular the Stewart Homes development and other Helena Housing Authority properties as well as the Rocky Mountain Development Councils' Eagle Manor Residences.
3. Encourage the maintenance of housing in an attractive, safe and sanitary condition, helping extend the service life of housing and enhancing the general appearance of the city and its neighborhoods.
4. Adopt policies to ensure single family detached rental properties are maintained and provide quality accommodations for Helena residents within the URD area.

16. The URD plan is in conformance with the 2019 Growth Policy Goals and Objectives because:

1. It encourages working with the Capital Hill Mall owners and others to work towards establishing the area as a Neighborhood Center and to take into consideration aesthetics and long-term sustainability.

2. It encourages the establishment of entryway corridor and other stands ensuring a well-designed compatible development that will take into consideration the existing character of the neighborhood and surrounding land uses.
 3. The URD Plan promotes development and redevelopment of underutilized areas and vacant land, thus encouraging infill development that will take advantage of existing infrastructure.
 4. The Plan encourages the City to work with MDOT to create a multimodal network that not only facilities motorized transportation through this corridor but also encourage a more walkable neighborhood. The URD Plan speaks to increasing the number of sidewalks along the major corridors and enhancing the street scaping along with these improvements, thus helping to preserve the neighborhood and making the area for attractive for investment.
 5. The URD Plan encourages the use of incentives and to support investment into the area and encourage the potential of new mixed use and commercial areas as well as any needed improvements for existing businesses.
 6. The Plan has several goals that are supportive of housing. It encourages the preservation and rehabilitation of existing stock and the further development of other mixed use/mixed income housing. This aligns with the housing goals of the 2019 Growth Policy which supports the development and maintenance of hosing stock and promotes creating housing opportunities for a variety of housing types. Both Plans promote the development of housing next to existing infrastructure.
 7. Both the 2019 Growth policy and the Capital Hill URD Plan emphasize the use of existing infrastructure to further encourage development of an area and to take advantage of existing patterns. This will better ensure compatibility with surrounding neighborhoods and will not only be more cost efficient but also energy efficient.
- 17.** The Future Land Use Map in the 2019 Helena Growth Policy reflects the community interest in preserving natural resource values, avoiding environmental degradation, preserving public investments in infrastructure, and providing for efficient, cost-effective expansion of the community.
- 18.** The Future Land Use Map designed some parts of the City as Mixed-Use areas. The concept of mixed-use development can be an important growth management policy for the City of Helena. If properly planned and developed, mixed-use areas will mature into quality neighborhoods that enjoy higher densities, a mix of activities, more transportation options, and convenient shopping and services the Capital Hill URD Plan is in conformance with the 2019 Growth Policy as it is related to Land use because it promotes mixed uses in the URD; encourages infill development and using existing infrastructure to guide development projects; and it identifies the need for pedestrian facilities to encourage a more cohesive neighborhood. It also recognizes the commercial aspect of the property. The Commercial designation in the Future Land Use Map Lands is where the predominant use is the transaction of goods or services such as retail, office, restaurants, entertainment, etc.; such areas are usually near arterials or have good access to major streets. These properties are expected to have limited single-unit residential uses but may include high-density residential uses and residences associated with a commercial use.
- 19.** The Capital Hill URD area has also been designated as an area for a Neighborhood Center in the 2019 Growth Policy. The replacement development concept calls for a mix of housing, retail and office, and will likely have a ripple effect on the surrounding commercial and residential properties. It may also influence the future of the Prospect/11th Avenue couplet, potentially arguing for pedestrian-friendly revisions to each arterial to maximize the attractiveness and viability of this evolving center. The replacement development concept calls for a mix of housing,

retail and office, and will likely have a ripple effect on the surrounding commercial and residential properties.

20. The City of Helena has typically used Euclidian zoning which focuses on land uses and their separation or compatibility with surrounding land uses. Other types of zoning options include design standards that address building and site design, including parking, landscaping, and signage. Form-based codes primarily focus on building shape instead of use and may include an element of site design. “Hybrid” or “composite” zoning uses selected requirements from a variety of sources, and may regulate uses, building form and site design.
21. The entire Study Area is primarily zoned B-2 (General Commercial) District along with R-0 (Residential/Office) District and some R-2 (Residential) District and R-3 (Residential) District.
22. All the current zoning of the property within this boundary is consistent with the Future Land Use designations in the 2011 Growth Policy.
23. The Capital Hill area has been designated as a Neighborhood Center which will provide an opportunity to establish new zoning districts or zoning overlays to encourage mixed use and afford the opportunity for flexibility and design.
24. The Capital Hill Urban Renewal Plan is in conformance with the 2019 City of Helena Growth Policy per 7-15-4213 et al of Parts 7-15-4201 and 4301, et Seq., Montana Code Annotated (MCA).

DRAFT RECOMMENDED MOTION

The Lewis and Clark County /City of Helena Planning Board, based on its review and findings, recommends to the Helena City Commission that the Capital Hill Urban Renewal District Plan is in conformance with the 2019 City of Helena Growth Policy, and that the area of the Capital Hill URD is zoned for uses in accordance with these plans