

# DOWNTOWN HELENA

## URBAN RENEWAL DISTRICT



### Fact Sheet March 2018

#### Introduction

The 2016 Downtown Helena Master Plan recommended evaluating a new Downtown Urban Renewal District (URD). Under state statute (MCA 7-15-42), municipalities may create URDs as a tool for economic development in qualifying areas. The initial step is a “Statement of Blight”, which documents specific conditions defined in state statute that contribute to poor health, safety, or inhibit sound growth of the City. If it is determined that blight exists, the City may pass a Resolution of Necessity to form an Urban Renewal District.

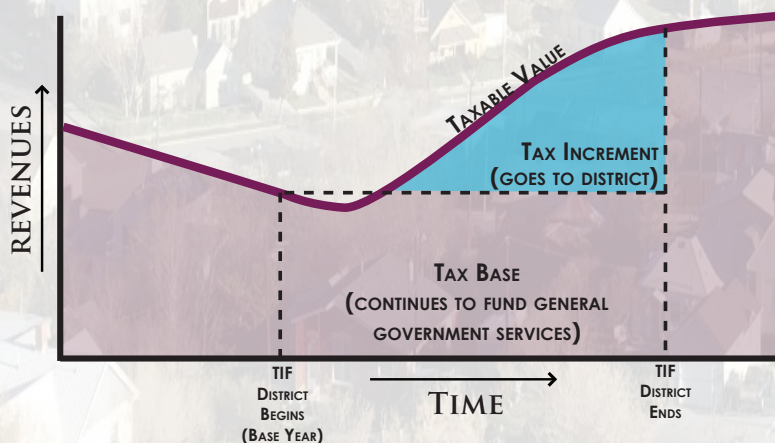
#### What is an Urban Renewal District?

An Urban Renewal District allows cities to reinvest in blighted areas to attract private-sector investment that generates economic growth. In Montana, property taxes pay a large share of City services – things like schools, parks, police, fire, road maintenance, and utilities. In blighted areas, property values are typically flat or declining, so these areas are no longer contributing to the tax base or carrying their fair share of the load. URDs seek to reverse that trend by investing in projects that create jobs, improve quality of life, increase property values, and expand the tax base.

Downtown Helena’s previous Urban Renewal Districts helped build the walking mall and library, and transformed an abandoned railyard into the Great Northern Town Center. More than 80 projects were completed from the 1970s until 2006, when the last Urban Renewal District expired.



*A facade improvement program helped restore historic buildings in the previous downtown URD*



#### How does it work?

Urban Renewal Districts use Tax Increment Financing (TIF) to fund demolition, cleanup, and public infrastructure projects. At the creation the District, the tax base is frozen. This “base year” tax value continues to fund local government services, but taxes from new development or appreciation (the “tax increment”) get reinvested in the District. For large projects, the City can bond against future tax increment revenue, providing a catalyst for redevelopment to occur at a faster pace.



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## Example:

A vacant property that generates \$1,000 in taxes in the base year is redeveloped so that the new taxes are \$1,500. The base year tax of \$1,000 continues to go to fund local government services, but the \$500 increase (the Tax Increment) goes into a special fund to be used for redevelopment projects within the District.



*Vacant or underutilized buildings contribute to blight conditions in the downtown area.*



*Historic downtown buildings continue to need preservation assistance*

## Does TIF raise property taxes?

Tax Increment Financing is not an additional tax. Although it may show up on tax bills as part of an itemized list of how tax funds are allocated, TIF does not raise property taxes. Tax payers in a URD pay the same amount as tax payers outside the District. The only difference is the distribution of tax revenues – a portion of the taxes property owners pay in a URD get redirected into improving their neighborhood.

## Does TIF hurt other taxing jurisdictions?

Each taxing jurisdiction (City, County, School District, etc.) continues to receive its share of the base tax revenues throughout the duration of the District. Only the tax increment is redirected. When the District expires, the taxing jurisdictions benefit from increased property tax revenues due to increased property values in the improved and redeveloped neighborhood, which would likely not exist if the District had not been formed.

## How long do URDs last?

Redevelopment takes time. By law Urban Renewal Districts can run up to 40 years, however the City can decide to sunset the District at any time if the goals for improving the District are met.

## How would TIF be used downtown?

Tax Increment Financing can be used for a wide variety of projects, including both public and private efforts. Prior to establishing an Urban Renewal District, the City must prepare an “Urban Renewal Plan”, consistent with the City’s Growth Policy and Downtown Master Plan. The plan lays out goals and objectives to address the blight conditions identified in the District.

In the Downtown, this could include demolition, environmental cleanup, site preparation, utility upgrades, building façade improvements, transportation upgrades, sidewalk replacement, trails, and other public infrastructure. In all cases, projects must demonstrate public benefit, and funding is typically combined with other sources to leverage the TIF investment.



*Five point intersection at Cruse, N. Last Chance, Neill and Helena Ave. creates congestion and circulation issues in downtown*

For More Information:

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