

ORDINANCE NO. 401

AN ORDINANCE OF THE CITY OF HAMILTON ESTABLISHING THE NORTH HAMILTON URBAN RENEWAL AREA, CREATING THE NORTH HAMILTON URBAN RENEWAL DISTRICT, ESTABLISHING THE BOUNDARIES THEREOF AND ADOPTING THE NORTH HAMILTON URBAN RENEWAL PLAN INCLUDING A TAX INCREMENT PROVISION PURSUANT TO MONTANA CODE ANNOTATED TITLE 7, CHAPTER 15, PART 42 AND 43.

Be it ordained by the City Council (the “Council”) of the City of Hamilton, Montana (the “City”) as follows:

Section 1. Recitals.

1.01. The Mayor directed the City staff and the Ravalli County Economic Development Authority (RCEDA) to conduct a study to determine the existence of blight within the North Hamilton urban area, generally focusing on the area along the Highway 93 Business District from Foxfield Street north and portions along Old Corvallis Road from Fairgrounds Road north and east, extending to the portion of the City containing the GlaxoSmithKline (GSK) campus that would be determined as by the results of the study.

1.02. Pursuant to Montana Code Annotated (MCA) 7-15-4202, the City staff and RCEDA prepared a “Statement of Blight” to document the existence of blight and resulting problems in the identified North Hamilton urban area.

1.03. On December 19, 2017, the Hamilton City Council adopted Resolution 1343, Resolution of Necessity – North Hamilton Area, which included a “Statement of Blight” declaring a that blighted area exists within the City by finding, pursuant to MCA 7-15-4210, that at least three of the factors listed in MCA 7-15-4206(2) apply to the area or a part of the area; and declaring that rehabilitation and redevelopment of that area pursuant to the Montana Urban Renewal Law is necessary, desirable, and in the interest of the public health, safety and welfare of the residents of the City.

1.03. The City Council also directed City staff and RCEDA to produce an urban renewal plan for the blighted area which contains a provision for the segregation and application of tax increment financing as a tool to foster rehabilitation and redevelopment in accordance with MCA 7-15-4282.

1.04. On September 18, 2018, this Ordinance entitled "An Ordinance Establishing the North Hamilton Urban Renewal Area, Creating the North Hamilton Urban Renewal District, Establishing the Boundaries Thereof and Adopting the North Hamilton Urban Renewal Plan Including a Tax Increment Provision” was introduced with first reading and a public hearing before the City Council. The City Council referred the plan to the City of Hamilton Planning Board for review.

1.05. On October 1, 2018, in accordance with MCA 7-15-4213, the Planning Board met to review the plan and found the North Hamilton Urban Renewal Plan to be in conformance with

the Hamilton Growth Policy. Further, to demonstrate adherence to MCA 7-15-4206, -4208, -4209 and -4213 the Planning Board found the North Hamilton Urban Renewal area to be zoned for use in accordance with the Hamilton Growth Policy.

1.06. As required by MCA 7-15-4215, notice of a second public hearing in substantially the form presented in, and attached hereto as Exhibit C was published on October 28 and November 4, 2018, in accordance with the procedures set forth in Montana law. The notice was mailed by certified mail at least 10 days prior to the public hearing to the persons whose names appear on the Ravalli County treasurer's tax roll as the owners, reputed owners, or purchasers under contracts for deed of the property, at the address shown on the tax record of the property in the District. The list of owners was based on the geocodes for all real property, the assessor codes for all personal property, and a description of all centrally assessed property located within the urban renewal area at the time of its creation. The City provided the list to the Department of Revenue and the Department verified that the properties matched their list and that the list included owners of personal property and separately assessed improvements.

1.07. On November 7, 2018, the City Council held a public hearing on the North Hamilton Urban Renewal District and Plan. All persons wishing to comment on the North Hamilton Urban Renewal Plan were given an opportunity to speak. All written comments received prior to the hearing regarding North Hamilton Urban Renewal Plan were distributed to Council members and incorporated within the public record.

Section 2. Definitions. The following terms wherever used or referred to in this Ordinance shall have the following meanings:

2.01 "Act" means Montana Code Annotated Title 7, Chapter 15, Parts 42 and 43.

2.02 "Actual taxable value" means the taxable value of taxable property at any time, as calculated from the assessment roll last equalized.

2.03 "Base taxable value" means the actual taxable value of all taxable property within an urban renewal area prior to the effective date of a tax increment financing provision. This value may be adjusted as provided in MCA 7-15-4287 or 7-15-4293.

2.04 "Incremental taxable value" means the amount, if any, by which the actual taxable value at any time exceeds the base taxable value of all property within an urban renewal area.

2.05 "Tax increment" means the collections realized from extending the tax levies, expressed in mills, of all taxing bodies which the urban renewal area or a part thereof is located, against the incremental taxable value.

2.06 "Tax increment provision" means a provision for the segregation and application of tax increments as authorized by MCA 7-15-4282 through 7-15-4299.

2.07 "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

2.08 "Urban renewal area" means a blighted area that the local governing body designates as appropriate for an urban renewal project or projects.

2.09 “Urban renewal district” means an established urban renewal area.

2.10 "Urban renewal plan" means a plan for an urban renewal area/district adopted by the Council in accordance with the provisions of this Ordinance in conformance with the Hamilton Growth Policy which describes potential projects or programs.

2.11 "Urban renewal project or program" means undertakings or activities of a municipality in an urban renewal area for the elimination and for the prevention of the development or spread of blight and may involve redevelopment in an urban renewal area, rehabilitation or conservation in an urban renewal area, or any combination or part of redevelopment, rehabilitation, or conservation in accordance with an urban renewal plan; an urban renewal project may not include using property that was condemned pursuant to Title 70, chapter 30, for anything other than a public use.

2.12 “North Hamilton Urban Renewal District” means the urban renewal area/district established by this Ordinance, consisting of a continuous area within an accurately described boundary, zoned in accordance and planned in conformance with the Hamilton Growth Policy, and is found to be a blighted area.

Section 3. Findings. Based on information presented to the Council to date and taking into consideration all comments received, including those made at several public hearings held, including the public hearing duly held on November 7, 2018, after proper legal notice was given, the Council does hereby make the following findings, determinations and declarations regarding the North Hamilton Urban Renewal District, which is hereinafter referred to as the District:

3.01 A “Statement of Blight” was prepared as required under MCA 7-15-4202, included in the Resolution of Necessity and further incorporated into the North Hamilton Urban Renewal Plan. The “Statement of Blight” documented four conditions of blight, including.

- Defective and inadequate street layout and connectivity
- Unsanitary or unsafe conditions
- Mixed uses of land and buildings
- Diversity of ownership

Through the public process, the Council further identified northern entrance of Hamilton as an area where physical dilapidation or deterioration, or defective construction or arrangement of improvements, constitutes an economic liability to the City.

3.02 The Resolution of Necessity (Resolution 1343) was adopted by the Council on December 19, 2017, 10 months prior to the effective date of creation of the North Hamilton Renewal District and found that the District was blighted in accordance with the Montana Urban Renewal Law.

3.03 The North Hamilton Urban Renewal District includes the real property in the City of Hamilton, County of Ravalli, State of Montana within the North Hamilton urban area including portions along the Highway 93 Business District from Foxfield Street north and portions along Old Corvallis Road from Fairgrounds Road north and east, extending to the portion of the City

containing the GSK campus. The legal boundary description and map of the District are attached hereto as Exhibit B.

- The property to be included in the District consists of a contiguous area with an accurately described boundary.
- The district includes more than 159 separate parcels, more than large enough to afford maximum opportunity, consistent with the sound needs of the City as a whole, for the rehabilitation or redevelopment of the urban renewal area by the private sector.
- The property to be included in the District does not contain property included within an existing urban renewal area district or targeted economic development district.

3.04 The Hamilton Growth Policy was most recently amended in 2015 by the City Council.

3.05 The North Hamilton Urban Renewal Plan for the District was prepared in accordance with the Montana Urban Renewal Law, and is attached hereto as Exhibit A which:

- Describes the opportunity to foster economic vitality in the City of Hamilton through the redevelopment and revitalization of the North Hamilton urban renewal area, serves as is a key entryway to the City from the north and is part of an Opportunity Zone.
- Enhances opportunities for private investment in order to generate jobs and new taxable value for the community.
- Addresses blight through investment in public improvements, infrastructure projects and programs that enhance the quality of life for the citizens of the City of Hamilton. These include improvements that will enable significant opportunities for commercial infill, provide important linkages between motorized and non-motorized transportation and create buffers between commercial, industrial and residential uses.
- Authorizes the use of tax increment financing in support of making rehabilitation and redevelopment improvements. As revenues permit, the City of Hamilton may issue tax increment financed bonds in support of these activities.

3.06 The Hamilton Planning Board Record of Decision dated October 1, 2018, found the North Hamilton Urban Renewal Plan to be in conformance with the Hamilton Growth Policy, and found the North Hamilton Urban Renewal Area to be zoned for use in accordance with the Hamilton Growth Policy.

3.07 Notice of the public hearing was published and mailed by first class rate mail to the property owners in accordance with the procedures set forth in law.

3.08 Upon final adoption, this ordinance approving the North Hamilton Urban Renewal Plan containing the tax increment provision, shall be certified.

3.09 Upon final adoption, this ordinance creating the North Hamilton Urban Renewal District including the tax increment provision, shall be certified.

3.10 A list of the geocodes for all real property, the assessor codes for all personal property, and a description of all centrally assessed property located within the North Hamilton Urban

Renewal District at the time of its creation is included within the North Hamilton Urban Renewal Plan.

3.11 Upon creation of the North Hamilton Urban Renewal District, the RCEDA and City staff are directed to notify the Department of Revenue, Legal Services Office that the North Hamilton Urban Renewal District with a tax increment finance provision has been created and provide the information described herein no later than February 1, 2019, with a copy to the Property Assessment Division.

3.12 The North Hamilton Urban Renewal District is located within the boundaries of Hamilton School District #3 and Corvallis School District #1.

Section 4. Establishment of the Area. The Council hereby establishes the North Hamilton Urban Renewal Area, consisting of the property described in Exhibit B hereto.

Section 5. Creation of District. The Council hereby creates the North Hamilton Urban Renewal District, consisting of the property described in Exhibit B hereto.

Section 6. Plan Adoption. The North Hamilton Urban Renewal Plan for the District, with projects and programs, attached hereto as Exhibit A, is hereby adopted by the Council based on the following requirements and criteria per MCA 7-15-4216 and 4217:

- The area included in the North Hamilton Urban Renewal Plan is covered by the Hamilton Growth Policy, most recently amended in 2015 by the Council.
- The City has by Resolution of Necessity (Resolution 1343) determined that the North Hamilton Urban Renewal area is blighted and designated such area as appropriate for urban renewal.
- The North Hamilton Urban Renewal Plan shall be adopted and approved under this ordinance.
- Prior to approving any urban renewal projects or programs under the North Hamilton Urban Renewal Plan which displace housing, a workable and feasible plan shall exist for making available adequate housing for such persons who may be displaced.
- The North Hamilton Urban Renewal Plan conforms to the Hamilton Growth Policy.
- The North Hamilton Urban Renewal Plan affords maximum opportunity, consistent with the sound needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise.
- Prior to the financing of any urban renewal project or program within the District under the North Hamilton Urban Renewal Plan, a sound and adequate financial program shall exist and may include tax increment, special improvement district, and private financing.

Section 7. Tax Increment Authorization. The North Hamilton Urban Renewal Plan contains a provision for the use of tax increment financing pursuant to MCA 7-15-4282 through 7-15-4292, as funds become available.

Section 8. Base Year. For the purpose of calculating the incremental taxable value for each year of the life of the District, the base taxable value shall be calculated as the taxable value of all real and personal property within the District as of January 1, 2018.

Section 9. Tax Increment Provision. Ravalli County is hereby authorized to segregate, as received, the tax increment derived in the District, and pay such increment to the City Treasurer in care of the City's Financial Administrator Craig Shepherd for deposit into the District Fund for use as authorized by the Act and as authorized herein or by the Council from time to time.

Section 10. Costs That May be Paid From Tax Increments. The tax increments received from the District may be used to directly pay costs of approved urban renewal projects and programs in accordance with MCA 7-15-4288 and -4292. The tax increments may also be used to pay debt service on bonds issued to finance urban renewal projects as defined under the Montana Urban Renewal Law as may from time to time be approved by the Council, in accordance with MCA 7-15-4289. The Council hereby authorizes the use of tax increment in the District to be used to pay debt service on internal and bank financed loans issued to finance all or a portion of the costs of eligible improvements in compliance with the Montana Urban Renewal Law and subject to any limitations imposed by the Montana Constitution.

Section 11. Term of the Tax Increment Provision. The tax increment provision of the District will terminate in accordance with state law. After termination of the tax increment provision, all taxes shall continue to be levied upon the actual taxable value of the taxable property in the District, but shall be paid into funds of the taxing bodies levying taxes within the District.

Section 12. Effect of Urban Renewal Project or Program. The creation of an Urban Renewal project or program or the approval of an Urban Renewal project or program does not affect, abrogate or supersede any rules, ordinances, or regulations of the City relating to zoning, building permits, or any other matters.

Section 13. Filing of Plan and Ordinance. The Council hereby directs the City Clerk to file the North Hamilton Urban Renewal Plan and this Ordinance with the Montana Department of Revenue and each of the taxing jurisdictions levying property taxes within the District in accordance with MCA 7-15-4284.

Section 14. Conflict with Other Ordinances and Resolutions. All parts of ordinances and resolutions in conflict herewith are hereby repealed.

Section 15. Codification. This Ordinance is not to be codified in the Hamilton Municipal Code.

Section 16. Effective Date. The effective date is thirty days after final adoption of the ordinance on second reading. This ordinance shall be in full force and effect on December 7, 2018.

BE IT ORDAINED by the City Council of the City of Hamilton that this Ordinance No. 401 is passed, approved and adopted.

By: _____
Dominic Farrenkopf, Mayor

Attest: _____
Rose M. Allen, City Clerk

EXHIBIT A

NORTH HAMILTON URBAN RENEWAL PLAN, WHICH INCLUDES THE
NORTH HAMILTON URBAN RENEWAL DISTRICT BOUNDARIES LEGAL
DESCRIPTION AND MAP

EXHIBIT B - NOTICE OF PUBLIC HEARING

EXHIBIT C – NOTICE TO PROPERTY OWNERS