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I. **Introduction:**

On December 4, 2017, the Kalispell City Council adopted The Downtown Plan as an amendment to the City of Kalispell Growth Policy Plan-It 2035 by Resolution No. 5846. The Downtown Plan addresses a number of key topics that affect the future growth and development of Downtown Kalispell. The primary goal of this Downtown Kalispell Urban Renewal Plan, among other things, is to create a funding mechanism (Tax Increment Finance District) in order to assist in the implementation of The Downtown Plan. The City of Kalispell is seeking to foster the redevelopment of The Downtown Plan area as part of the City’s overall mission to meet its needs of promoting economic development, improving area employment opportunities, improving area housing opportunities and expanding the community’s tax base.

This urban renewal effort is being undertaken pursuant to Montana Urban Renewal Statutes, which provide for the renewal of blighted areas in Parts 7-15-42 and 7-15-43 of Montana Code Annotated as follows:

7-15-4209(1) A municipality, for the purposes of this part and part 43, may formulate a workable program for utilizing appropriate private and public resources:

   (a) to eliminate and prevent the development or spread of blighted areas;

   (b) to encourage needed urban rehabilitation;

   (c) to provide for the redevelopment of such areas; or

   (d) to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably employed to achieve the objectives of such workable program.

   (2) Such workable program may include, without limitation, provision for:

       (a) the prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards;

       (b) the rehabilitation of blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements; by encouraging voluntary rehabilitation; and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and

       (c) the clearance and redevelopment of blighted areas or portions thereof.

II. **Role of Downtown Kalispell:**

Kalispell’s downtown was developed in the late 1800’s and early 1900’s, and has played a prominent role in the City’s history and development. The downtown serves as an important economic contributor in the City and greater Flathead Valley as a tourism destination and as a home to a number of residents, local businesses, banks and local government offices. In addition to the economic benefits of the downtown, it serves as the epicenter of arts, culture and historic
conservation. The downtown is the historic and cultural identity of the community with the Central School Museum, Hockaday Museum of Art, Imagine If Library and numerous historic buildings. These buildings play an important role in defining the rich historical and cultural character of the community.

III. History:

The citizens of Kalispell have always felt that the continued health and vitality of the downtown area was important. Accordingly, in 1979 the City of Kalispell approved the Kalispell Downtown Redevelopment Plan by Ordinance No. 933, which established that blighted areas existed in the plan area and that the rehabilitation, redevelopment, or combination thereof was necessary and in the interest of public health, safety and general welfare of the residents of Kalispell. The plan paved the way for the creation of a Tax Increment Finance District (TIF) that was intended to alleviate blighted conditions, thereby increasing the property values and quality of life for Kalispell’s residents. Approximately $24 million dollars of public money was used to leverage an additional $96 million dollars of private investment for a total of approximately $120 million dollars of public/private investment and creation of 2,000 full time jobs. A few of the key development projects included:

- Market Place/Tydyman’s
- Kalispell Center Mall
- Purchase and remodel Museum at Central School
- Flathead High School Parking lot
- Elrod Elementary Park
- Earl Bennet building
- Affordable Housing projects
- Depot Park
- Hockaday rehab
- Griffin Field/Begg Park - Relocation
- Purchase of multiple City parking lots
- Multiple street, alley, storm water, sidewalk, water and sewer projects
- 1st Avenue West and 1st Avenue East improvements (Streetscape)

Overall, the implementation of the 1979 plan through creation of a TIF was very successful. Within the Downtown TIF District the value of the mill had an average increase in value of approximately 14% (11-year period from 1985-1995), whereas, the remainder of the city had an average increase of 2.6% and the larger county had an average increase of 4.4% during that same time period. Using those same numbers, assuming that there was no TIF District in place, the downtown would have likely increased at the same rate as the rest of the city, which was 2.6%. For example, at a 2.6% increase, the Downtown TIF District value would have been decreased
from $3,514 per mill to $1,825 per mill at the end of 1995. In School District 5 case, it would have meant a decrease in revenue of $492,600 dollars per year at the end of that same 11-year time period vs. if the Downtown TIF had not been implemented. Over 20-year period, the investment in the TIF created an increase in the School District 5 budget in the amount of $9,852,000.00. Conversely, the implementation of the TIF did “freeze” the tax value when implemented. Assuming the same 2.6% growth without the TIF District in place, School District 5 did miss $1,300,000.00 of additional revenue over that same 11-year time period. However, in this scenario, following the sunset of the Downtown TIF, that $1,300,000.00 dollar loss was offset within 3 years due to the increased value of those properties within the Downtown TIF District. This example would also hold true for County assessments. So, although there was a time period where there was no increase in revenue to the County and School District while the TIF was in place, overall the investment within the TIF District created a much higher value, therefore creating a much higher taxable value that will last in perpetuity that more then offsets any short term revenue losses. Additionally, the city used TIF money to build significant infrastructure for the County and School District, which were in the public’s interest and appropriate expenditures for urban renewal money.

Although a number of projects were completed with the 1979 urban renewal plan, there are still blighted conditions (outlined further below) within Downtown Kalispell. Ordinance 1248 and Resolution 4290 outlined downtown parking and the redevelopment of underutilized buildings as projects that needed to be addressed in order to alleviate blighted conditions within the downtown. Although there has been some progress in those areas, there are still many unresolved issues including downtown parking and redevelopment incentives need to be incorporated to facilitate the full utilization of old downtown commercial buildings.

IV. The Downtown Plan:

Similarly to 1979, todays Kalispell residents feel it is important to maintain a viable Downtown Kalispell. Accordingly, in the summer of 2014, city staff conducted numerous public outreach efforts in order to guide the development of The Downtown Plan in order to address current issues within Downtown Kalispell that are inhibiting growth. Seven key issues were brought to light in the public outreach process of the plan development. Key issue number seven identified funding as an inhibitor to plan implementation. Many of the key issues inhibiting downtown could be solved with a significant funding source, of which The Downtown Plan identified a TIF as a potential solution, amongst nine others.

Additionally, six goals/guiding principles were identified within the implementation chapter to make the vision for Downtown Kalispell real, tangible and achievable. Goal number three of the plan states to “provide for business development and redevelopment options within the downtown.” Specifically, goal/guiding principle number three states “creation of a downtown Tax Increment Finance District to assist with implementation of this plan.” Accordingly, the
creation of this Downtown Kalispell Urban Renewal Plan allows for the consideration of a TIF within the Kalispell Downtown, which can be used for appropriate public infrastructure projects in support of the redevelopment of blighted conditions within the Downtown Kalispell Urban Renewal Plan Boundary.

V. Downtown Kalispell Urban Renewal Plan Boundary:

The proposed Downtown Kalispell Urban Renewal Plan Boundary embraces a 95-acre area under multiple ownerships. The plan boundary has been the epicenter of business and social gathering since the city was created. Starting at the intersection of 3rd Avenue West and 1st Street the plan is bound by heading easterly on 1st Street until 3rd Avenue East, thence southerly along 3rd Avenue East until the intersection with 4th Street, thence westerly along 4th Street until 2nd Avenue East, thence southerly along 2nd Avenue East until 5th Street, thence westerly along 5th Street until 1st Avenue East, thence southerly along 1st Avenue East until 9th Street, thence westerly along 9th Street until 1st Avenue West, thence northerly along 1st Avenue West until 5th Street, thence westerly along 5th Street until 2nd Avenue West, thence northerly along 2nd Avenue West until 4th Street, thence westerly along 4th Street to 3rd Avenue West, thence northerly along 3rd Avenue West until the point of beginning, shown in the map below:
VI. Establishing Blight:

A requirement of state law is the determination of blight, which serves to establish the grounds to justify an urban renewal plan. Defining blight is necessary to clarify any misconceptions regarding the term. The word blight is associated with negative connotations and should be used carefully. So as to not offend property owners or community members, it should be noted that blight is a word of choice used in Montana to define negative aspects of a particular urban setting so that they can be identified and remedied. Below is the definition of blight:

7-15-4206 (2) MCA: "Blighted area" means an area that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime; substantially impairs or arrests the sound growth of the city or its environs; retards the provision of housing accommodations; or constitutes an economic or social liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use, by reason of:

a) The substantial physical dilapidation, deterioration, age, obsolescence, or defective construction, material, and arrangement of buildings or improvements, whether residential or nonresidential;
b) Inadequate provision for ventilation, light, property sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;
c) Inappropriate or mixed uses of land or buildings;
d) High density of population and overcrowding;
e) Defective or inadequate street layout;
f) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
g) Excessive land coverage;
h) Unsanitary or unsafe conditions;
i) Deterioration of site;
j) Diversity of ownership;
k) Tax of special assessment delinquency exceeding the fair market value of the land;
l) Defective or unusual conditions of title;
m) Improper subdivision or obsolete planning;
n) The existence of conditions that endanger life or property by fire or other causes; or
o) Any combination of the factors listed above.

House Bill 561, adopted by the 2011 Legislature requires that at least three (3) of the factors listed be identified in the Resolution of Necessity, outlined further in Section 7 of this report. The type of information that can be used to document blight is unique to each community and there is no uniform precedence that has been created.
VII. **Blight Findings of Fact:**

Based upon the evidence provided below, The Downtown Plan exhibited a number of blighted conditions including:

a. *The substantial physical dilapidation, deterioration, age, obsolescence, or defective construction, material, and arrangement of buildings or improvements, whether residential or nonresidential;*

Many buildings lack compliance with current fire and life safety codes due to their age. Aging public and private properties, building, fire and life safety codes and ADA compliance; and underutilization contribute to blighting conditions that erode the economic and social base downtown.

b. *Inappropriate use of land;*

Surface parking lots many of which have aged surfaces and lack landscaping represent underutilized properties in an area centrally located. These underutilized lots result in depressed property values for the lot itself and surrounding properties. The surface parking lots, if not maintained, begin to detract from the downtown and give the impression that the area is run down or otherwise not invested in. This leads to further disincentive to invest in the immediate area and promotes a cycle of disinvestment.

c. *Defective or inadequate street layout;*

A downtown must offer its visitors and residents a variety of transportation options. The current design of Main Street’s right-of-way is not conducive to fostering or enhancing a true main street community. Road designs placing emphasis on all modes of travel rather than just vehicular have shown to set the stage for new investment in new commercial and residential development. Additionally, the lack of long-term parking facilities will make the development of underutilized building space difficult and discourage new commercial development.

d. *Unsanitary and unsafe conditions and existence of conditions that endanger life or property by fire or other causes;*

Traffic downtown makes it difficult for pedestrians, especially the elderly and young, to navigate the streets in the downtown in order to access business. The traffic generally discourages walking in the area of the city where walking should be encouraged. A lack of
provisions for pedestrians, bicyclists and adequate access for those with mobility challenges can lead to unsafe conditions. Affordable access to adequate fire flows needed to sprinkle Main Street buildings cripple businesses who want to utilize second floor and basement space.

VIII. Redevelopment Goals and Recommendations:

The following discussion identifies the blighted issues specifically, provides background on the issues and cites goals and recommendations contained within The Downtown Plan meant to address that particular blighted issue. The recommendations form specific projects to remedy the blighting issues in the area and qualify as revitalization projects. The blighted conditions include:

1) **Transportation network**: Downtown stakeholders realize that U.S. 93, which once brought life to the city has now evolved to the point where it is inhibiting business and the community’s quality of life. Accordingly, U.S. 93 through Downtown Kalispell needs to be restored to Main Street making it more conducive to business, housing and pedestrian activity accommodating safe multi-modal travel. In an effort to move traffic efficiently, the cohesiveness and strong cultural center of Downtown Kalispell has gradually eroded. There is currently a 90’ wide sea of asphalt and concrete providing little in the way of culture, charm, or aesthetics, placing emphasis upon vehicles and detracting from the perspective or experience of the pedestrian. Traffic downtown makes it difficult for pedestrians, especially the elderly and young, to navigate the streets in the downtown in order to access business. The traffic generally discourages walking in the area of the city where walking should be encouraged, as the current design encourages high speed vehicles which pass through the downtown, while penalizes pedestrian movement, bicycle access, and local traffic circulation through the inability to make left turns.

Downtown Kalispell stakeholders recognize a vibrant environment must offer its visitors and residents a variety of transportation options. The current design of Main Street’s right-of-way is not conducive to fostering or enhancing a true main street community. Road designs placing emphasis on all modes of travel rather than just vehicular have shown to set the stage for new investment in new commercial and residential development, which in turn will help accomplish Downtown Kalispell’s goals of being an exciting place with a high quality of life. Relevant goal and recommendations from The Downtown Plan to address the downtown transportation network includes:

*Goal:* Restore U.S. 93 highway corridor in Downtown Kalispell to “Main Street.”

*Recommendations:*
a) Maintain the courthouse couplet as a two-lane traffic circle (one lane north, one lane south) which will be designed to both serve as and enhance the south entrance to the new downtown.

b) Re-establish the historic center lane landscape median north of the Flathead County Courthouse extending from 8th Street to 6th Street.
   - Design features would include landscaping (ground cover and trees)
   - Pedestrian scale lighting
   - A signature art piece to replace the former WWI Doughboy now housed at the Veterans Home in Columbia Falls.

c) Work with MDT to carry the two lane courthouse couplet design with center turn lane north through the entire downtown all the way to the BN Railroad/Core Area Corridor.

d) Key features of the Main Street re-design would include:
   - Creating a center turn lane.
   - Allow left turns at all intersections.
   - Widen sidewalks to accommodate a mix of activity out in the public way such as merchandise display, sidewalk café activity and landscaping.
   - Incorporate bulb outs at intersections to decrease the width of Main Street and side streets for pedestrian crossing.
   - Increase the amount of landscaping and street trees downtown and incorporate necessary irrigation for watering.
   - Incorporate pedestrian scaled street-lighting conducive to a pedestrian environment downtown versus highway standard lighting.

e) Develop wayfinding signage that directs through traffic (especially large truck) around downtown and on the bypass.

f) Designate Willow Glen as the city’s next urban road improvement project to create an east side route that will complement Main Street and the west side U.S. 93 Bypass Route in order to provide a long-term solution to the efficient movement of north-south traffic through the Greater Kalispell Area.

g) Work to incorporate bicycle lanes, bike routes and bicycle facilities into the main street corridor.
Goal: Create an enhanced transportation network.

Recommendations:

a) Incorporate traffic calming techniques into design and improvements of the local street network to enhance pedestrian safety.

b) Identify major gathering or destination points (Core Area, public buildings, parks, commercial areas) in need of pedestrian access and connection.

c) Improve pedestrian and bike access throughout the plan area to improve safety and mobility.

d) Strengthen linkages between Main Street, the Core Area and county buildings to the south.

e) Work with Eagle Transit to integrate bus stops into street design in the appropriate locations.

2) Parking: Parking plays a role in every aspect of downtown. Surveys indicate that there is a perception in the community that parking downtown is lacking or inconvenient. If the community believes parking downtown is inconvenient, then they will be deterred from visiting downtown business. Cooperative efforts should be made to maintain the availability of convenient public parking for customers, employees, and visitors throughout Downtown Kalispell. There are many management tools available to the City to address parking; however, the continued reliance on surface parking will continue to inhibit growth in the downtown. A parking structure, whether free standing or integrated in new mixed-use construction, needs to be part of the long-term planning for downtown. From a practical standpoint, if the city continues to rely on surface parking, future development downtown is effectively capped.

Today there is approximately 140,000 square feet of underutilized space in basements, second floors and vacant or underutilized buildings. As this space comes on the market and is re-used, there will be additional parking demands. If there aren’t new parking options available, we will either see the re-use of existing structures stifled or we will see other structures taken down further eroding our building inventory. Development of a parking structure would allow for future development/reuse of properties without the need of demolishing existing structures.
Parking structures can be beneficial as they allow for increased densities in the core, where it is most economical for the city to provide services. Parking structures allow for surface parking lots to be replaced with new commercial construction, providing substantial new tax revenue. Existing properties close enough in proximity to enjoy the benefits of more all-day parking (employee) will be able to demand higher rents which can bring higher appraisal value to those properties and increased tax revenue to the city. Limiting factors for a parking structure are the associated costs. A parking structure will cost $20,000-$40,000 per parking space. Although the cost is high, as with any development, the longer it is delayed the more expensive it becomes. Relevant goal and recommendation from The Downtown Plan to address Parking Structure:

Goal: Convenient parking for the business community and visitors:

Recommendation: Begin planning the location and funding for a new parking garage within the Downtown Plan Boundary.

3) Surface Parking: Surface parking lots are not the highest and best use of land; however, make up 36% of the parcel space in Downtown Kalispell. Private surface parking lots within the downtown boundary are valued at approximately $15 per square foot of land, whereas, buildings within the downtown boundary are valued at approximately $62 dollars per square foot. The surface parking lots represent underutilized properties that are centrally located in the city. These underutilized lots result in depressed property values (outlined above) for the lot itself and potentially surrounding lots. The surface parking lots, if not maintained, begin to detract from the downtown and give the impression that the area is run down or otherwise not invested in. This will lead to further disincentive to invest in the immediate area and reduce the commercial viability of the downtown. Between surface parking lots and tax-exempt properties a large proportion of the downtown is generating limited to no tax revenue. Additionally, surface parking lots create an uninviting built environment, degrade the natural environment (e.g., by polluting storm water runoff into areas waterways) and are often provided at the expense of more productive investments. Relevant goals and recommendations from The Downtown Plan to address surface parking:

Goal: Provide for business development and redevelopment options within the downtown.

Recommendation: Develop an analysis tool to review each public surface parking lot. This tool should include a determination of the following:

- Is this the best location for downtown parking?
• Is the lot attractively landscaped and accessible?
• Does it meet the minimum city landscape standards?
• Is the surface in good repair or is it in need of repair?
• Is the lot leased out to at least 110-120% of capacity?
• Would the lot be better utilized if it were sold and converted into new retail, office or residential use?

**Goal:** Convenient parking for business community and visitors

**Recommendation:** Allow city surface parking lots to be leveraged for more appropriate uses.

4) **Curb Cuts:** Curb cuts on block faces significantly reduce on-street parking due to the driveway approach itself and line-of-sight setbacks required for ingress and egress. Initial studies show that as many as 20 parking spaces could be added within the downtown boundary by simply right-sizing excessively long or undefined curb cuts or by removing curb cuts that are no longer serving a purpose. As previously mentioned, a parking space within a parking structure will cost between $20,000 to $40,000. By replacing curb lines within the existing city right-of-way 20 parking spaces could be added equating to a savings of $400,000 to $800,000 with the limited cost of replacing short stretches of curb and gutter. Relevant goals and recommendations from The Downtown Plan to address curb cuts:

**Goal:** Convenient parking for business community and visitors.

**Recommendation:** Limit driveway approaches onto streets, encourage parking access onto alleys and remove or limit existing driveway approaches that are not being used to increase the available on-street parking.

5) **Water Lines:** Public infrastructure can be an incentive or an inhibitor to future growth. Infrastructure that supports new technology, i.e. – WIFI, Fiber-optic, etc. in the historic area has been identified as an issue; however, the single greatest issue in downtown Kalispell is ready access to water along Main Street. A municipal water main runs down the east side of Main Street (U.S. 93) approximately 8 feet from the curb. The cost to tap into this line is extremely expensive for east side properties due to the cost of traffic control and cutting into U.S. 93. For properties on the west side it is prohibitive. This issue comes into play as basements and second floor uses are contemplated but lack adequate volumes to meet fire codes. Other uses such as a brewery need increased water supply
just to operate. Relevant goals and recommendations from the Downtown Plan to address water lines.

**Goal:** Provide for business development and redevelopment options within the downtown.

**Recommendation:** Upgrade inadequate infrastructure including city water mains for fire flows to accommodate the full use of historic buildings downtown.

6) *Historic building restoration:* Kalispell is the only Flathead Valley community with a significant stock of historic commercial structures, and the Kalispell Downtown is classified as a historic district. These historic buildings should be protected, enhanced and modeled after. Historic significance is evaluated in terms of the building and its components, the type of construction, the unique materials used in construction, the place the building occupies, or by the significance of the buildings past occupants. Care and consideration should be afforded any effort to enhance the structure and protect the unique circumstances surrounding the structure. Numerous buildings within the downtown plan boundary have historical significance and are on the National Register of Historic Places. Maintaining the historic theme is a costly venture as the materials used on the historic buildings and associated architecture greatly increases construction costs. Accordingly, there are buildings in the downtown that are not constructed to a standard that reflects the historic character of the district and as far as design are incompatible. In terms of redevelopment and restoration efforts, all downtown structures should be viewed as contributing to the historic theme and constructed accordingly. Relevant goals and recommendations from the Downtown Plan to address historic building restoration:

**Goal:** Provide for business development and redevelopment option within the downtown.

**Recommendation:** Offer incentives to encourage historic façade and exterior amenity improvements.

**Goal:** Create a unique and identifiable image for Downtown Kalispell.

**Recommendations:**

a) Craft architectural design standards that are downtown specific that encourage renovations and new construction to blend in with and enhance the current historic flavor of the downtown.
b) Historic preservation to maintain the cultural and visual fabric of Downtown Kalispell.

**Goal:** Become the epicenter for arts, culture and historic preservation within the Flathead Valley.

**Recommendations:**

a) Support preservation, conservation and adaptable reuse of historic buildings.

b) Discourage the demolition of historically or culturally significant structures and sites.

7) **Private property upgrades:** There are many different opportunities for the restoration or adaptive reuse of Downtown Kalispell space, whether it is for the expansion of an existing business, a new retail venture, residential space, or other use. Many business and property owners have incorporated available space into business, retail or residential use; however, 140,000 square feet of space remains underutilized. Limitations to re-use include handicap accessibility, updated electrical service, cabling, network installations, and meeting fire codes. Building and fire codes are potential hurdles in the redevelopment of some unused areas in Downtown Kalispell. Often times trying to convert an older building into a new use causes the project to fall under more stringent codes than when the building was originally constructed. The high cost of renovation to meet new codes is often times the sole reason buildings remain undeveloped, which is impacting the property’s value negatively.

Many downtown buildings have vacant basement and second floor space that is ripe for adaptive reuse. Adaptive reuse, while most often associated with the preservation of historic or architecturally significant buildings, can provide renewed vitality to buildings that may be underused, abandoned, vacant, dilapidated or functionally obsolete. Reuse brings buildings including empty warehouses, vacated offices, abandoned department stores, large historic homes and commercial buildings back to life. These structures can become senior housing, apartments, performing arts venues, offices, banks, municipal buildings, clothing stores, restaurants or lofts to name a few which increases property values for those property owners and the downtown as a whole. Relevant goals and recommendations from the Downtown Plan to address private property upgrades.

**Goal:** Provide for business development and redevelopment options within the downtown.

**Recommendations:**
a) Provide infrastructure that supports new technology.

b) Develop a revolving loan/grant program using TIF or other funding resources to help business fund necessary infrastructure for property reinvestment.

IX. Zoning:

The Downtown Urban Renewal Plan Boundary is located entirely within city limits and is located within the B-4 (Central Business), RA-1 (Apartment), RA-2 (Residential Apartment/Office), R-4 (Residential), R-5 (Residential/Professional Office and P-1 (Public) Zoning Districts. The Kalispell Zoning Regulations state that the Zoning Districts are as follows:

B-4 Zoning District:

“A business district intended to set apart that portion of the city which forms the center for financial, commercial, governmental, professional and cultural activities. This district is not intended for general application throughout the planning area. This zoning district would typically be found in areas designated as commercial on the Kalispell Growth Policy Future Land Use Map.”

R-4 Zoning District:

“Comprised of primarily single-family and duplex dwellings. Development within this district will require all public utilities, and all community facilities. This zoning district would typically be found in areas designated as urban residential on the Kalispell Growth Policy Future Land Use Map.”

R-5 Zoning District:

“An urban residential district intended to accommodate professional offices where it is not deemed desirable to permit a more intensive business activity of a retail nature. Such a district should serve as a buffer between residential areas and other commercial districts and should be associated with arterial or minor arterial streets.”

RA-1 Zoning District:

“A residential district intended to provide for urban areas for multi-family use and compatible non-residential uses of medium land use intensity. It should be served with all public utilities and be in close proximity to municipal services, parks, or shopping districts. This zoning district would typically be found in areas designated as urban residential or high density residential on the Kalispell Growth Policy Future Land Use Map.”

RA-2 Zoning District:

“Provide areas for residential development including multi-family housing and compatible non-residential uses of high land use intensity. This district would typically serve as a buffer zone
between other commercial districts and adjacent residential areas. The location of this district depends on proximity to major streets, arterials, and business districts. This district shall be located within or adjacent to business corridors, shopping islands or the Central Business District. This zoning district would typically be found in areas designated as urban mixed use, high density residential and commercial on the Kalispell Growth Policy Future Land Use Map.”

P-1 Zoning District:

“A public district intended to provide and reserve areas for public uses in order to preserve and provide adequate land for a variety of community facilities which serve the public health, safety and general welfare. Such public uses would include schools, public buildings, parks, airports, jails, utilities, etc. The zoning district would typically be found in the public land use designation as shown on the Kalispell Growth Policy Future Land Use Map but can be applied to any land use designation.”

Zoning Map:
X. Growth Policy:

The Downtown Urban Renewal Plan Boundary is designated by the Kalispell Growth Policy Future Land Use Map as “Commercial,” “Urban Mixed Use” and “Public.” The land use categories are appropriate for the zoning designations outlined above and provided the basis for the zoning designations.

Growth Policy Map:

Additionally, the Kalispell Growth Policy Plan-It 2035 has the following relevant issues, goals and policies that TIF funding could be used to assist in implementing:

Issues:

1. Excessive through vehicular and truck traffic in the downtown and core area detracts from the preservation and maintenance of the historical and cultural character and undermines pedestrian and bicycle safety and access.
2. While the downtown hosts a variety of healthy cultural institutions including the Central School Museum, Imagine IF Library and the Hockaday Museum of Art that draw residents and visitors, there could be a stronger cultural presence in the district, i.e. – new larger library, performing arts center, etc.

3. Water mains are absent on the west side of Main Street making it challenging to install fire suppression systems to meet current fire safety codes.

4. Retrofitting existing buildings in the downtown to meet City building code requirements can be cost prohibitive.

5. Parking within the downtown and Core Area is perceived as inconvenient.

6. Development and other changes in the downtown can be incompatible with the scale, patterns, landmarks, and architecture of its surroundings.

7. MDT is relying on a 1994 EIS that designs the courthouse couplet as four-lane. The EIS only evaluates traffic flow and does not appropriately evaluate other factors such as, economic, historical impacts, social, visual and pedestrians.

GOALS:

1. Divert heavy truck through traffic from the downtown and surrounding neighborhoods.

2. Encourage the development and redevelopment in the downtown.

3. New development should contribute to the community quality of life and its attractiveness as a retirement and tourism destination.

4. Strengthen the downtown as a historical and cultural center of the community and a viable commercial center for residents and tourists.

5. Provide year around cultural opportunities by maintaining outdoor venues and good access to events at the library, museums and other civic spaces.

6. Preserve and enhance Kalispell traditional townscape of Main Street and neighborhood streets designed for slower traffic, walking bicycling and historic town atmosphere.
7. Foster public/private relationships and communicate opportunities for grants, loans, etc.

8. Document and conserve our historical and cultural heritage for the benefit of present and future generations.

Policies:

1. Work to create and support a prosperous core of retailers, restaurants and entertainment uses that keeps the downtown and Core Area active and vibrant.

2. Reinforce and take advantage of downtown’s strengths including its higher concentration of people, investment in buildings and infrastructure, intricate mix of land uses, historic and architectural character, pedestrian orientation, and visitor attraction.

3. Recognize that there are special parking considerations downtown which differ from other areas. Encourage innovative parking management, effective regulation of on-street parking, shared parking provisions, parking standards that encourage reuse of upper floors, and provision of public parking lots and structures.

4. Encourage rehabilitation and reuse of existing downtown buildings.

5. Redevelopment in the downtown should consider the downtown’s historic character and be compatible with the existing built environment.

6. Discourage the demolition of historically or culturally significant structures and sites.

7. Support redevelopment by improving infrastructure to assist the development community.

8. Encourage development and redevelopment by creating incentives for developers to offset infrastructure and other site costs.

9. Redevelopment is encouraged to integrate a variety of residential housing types to accommodate people of different age groups and income levels.

10. Support and encourage the concentration of community events, civic functions, and activities in the downtown.
11. Promote a mix of uses in downtown buildings emphasizing retail uses on the main floor and offices or residential uses on upper floors.

12. Encourage the design of urban streets to provide for convenient circulation, safe pedestrian and bicycle access and avoid excess road width that encourages speeding and makes roadway crossings difficult.

13. Support the preservation, expansion and creation of cultural institutions.

XI. Public Improvements, Building and Site Preparation, Demolition and Clearance:

The City of Kalispell is authorized to demolish, remove, and clear buildings, in whole or in part, structures and other improvements from any real property to carry out the purpose of this plan. The City of Kalispell is also authorized to install and construct or cause to be installed and constructed the public improvements, public facilities and public utilities (within or outside the district) as appropriate or necessary to carry out the plan. Such improvements, facilities and utilities include, but are not limited to, streets, curbs, gutters, sidewalks, street lights, sewer, water distribution, storm sewer, traffic signals, electrical distribution, parks, plazas, playgrounds, telephone systems, fiber optic, parking facilities, landscaping and bus or pedestrian shelters. All such improvements will be undertaken in accordance with the City of Kalispell construction and design standards.

XII. Amendments:

The Kalispell City Council may modify and amend this plan, including modifications and amendments to designate and approve urban renewal projects to be undertaken pursuant thereto, by enacting an Ordinance providing for and setting forth the modification and amendment. No such Ordinance shall be adopted until after public hearing has been conducted and notice of said hearing has been given in accordance with state law.

XIII. Relocation of Persons Displaced

The City of Kalispell shall assist all persons (including families, business concerns, and others) displaced by acquisition of property in the Downtown Kalispell Urban Renewal Plan Boundary in finding other locations and facilities and shall pay relocation payments. Unless otherwise required by state or federal law, relocation procedures and payments shall be in accordance with the Federal Uniform Relocation Act rules as defined by the U.S. Department of Housing and Urban Development that are current as of the date of relocation.
XIV. **Tax Increment Financing:**

The implementation of the Downtown Kalispell Urban Renewal Plan will include the use of Tax Increment Financing as provided in 7-15-4282 through 7-15-4294, MCA for appropriate public infrastructure projects in support of the redevelopment within the Downtown Kalispell Urban Renewal Plan Boundary. TIF districts are typically characterized by blight that limits new investment within the Urban Renewal Plan Boundary.

There is an opportunity here to utilize an effective economic tool, as envisioned by the state legislature, through the creation of a TIF in Kalispell’s Downtown. A TIF would allow the city to appropriately marshal tax revenues to help fund the public infrastructure that will spur a diverse private business base to invest there. It is the primary focus of the Downtown Kalispell TIF proposal to develop the necessary infrastructure to encourage the location, expansion and retention of business and housing opportunities suitable for Downtown Kalispell.

TIF is a state authorized, locally driven funding mechanism that will allow the City of Kalispell to direct property tax dollars that accrue from new development to community and economic development activities. The City of Kalispell would create a TIF District within the urban renewal boundary for the purpose of using tax increment financing as a development tool. TIF is a procedure that allows municipalities to “capture” the additional, or incremental, taxes from the district as it increases in value. There is no increase in property taxes to owners, but all of the incremental ad valorem tax otherwise paid to the various taxing entities is available for eligible development activities. Typical TIF eligible costs would include:

a) Land acquisition;
b) Demolition and removal of structures;
c) Relocation of occupants;
d) The acquisition, construction, and improvement of public improvements or infrastructure, including streets, roads, curbs, gutters, sidewalks, pedestrian malls; alleys; parking lots and off-street parking facilities, sewers, sewer lines, sewage treatment facilitates, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunication lines, rail lines, rail spurs, bridges, publicly owned buildings, and any public improvements authorized by Title 7, chapter12, parts 41 through 45; Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property to be used in connection with improvements for which the ongoing costs may be incurred;
e) Costs incurred in connection with the redevelopment activities allowed under 7-15-4233;
f) Acquisition of infrastructure-deficient area or portions of areas;
g) Administrative costs associated with the management of the urban renewal area or targeted economic development district;
h) Assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by local government itself at its fair value;

i) The compilation and analysis of pertinent information required to adequately determine the needs of the urban renewal area or targeted economic district;

j) The connection of the urban renewal area to existing infrastructure outside the area or district; and

k) The acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.

The City of Kalispell shall establish a Tax Increment Financing District for Downtown Kalispell Urban Renewal District, as defined in this Downtown Kalispell Urban Renewal Plan. The base year for the purposes of measuring any incremental value will be as of January 1, 2018.

XV. **TIF Program Criteria:**

The City of Kalispell will use tax increment financing in conjunction with other funding mechanisms to support the development for appropriate public infrastructure projects in support of the redevelopment within the Downtown Kalispell Urban Renewal Plan Boundary. Infrastructure projects selected for funding will be required to meet certain criteria, based on the goals of this plan. Suggested eligibility criteria for reviewing both publicly and privately initiated requests for infrastructure improvements might include the following:

1) The project must be located within the authorized Downtown Kalispell Urban Renewal Plan Boundary.

2) Additional specific criteria which will be used to evaluate applications for assistance will include but are not limited to:

   a) Job creation – Developments will be evaluated based upon the number of jobs created. Advantage will be given to developments where the wages and benefits for jobs meets or exceeds the current average county wage.

   b) Taxable valuation – In most cases, developers who contribute more to the community’s tax base will be eligible for greater assistance.

   c) Leverage ratios – Tax increment funds will be used to construct infrastructure in support of economic development and redevelopment. Those investments of tax increment financing which result in larger infusion of private or other public capital will generally be viewed more favorable, compared to those which result in smaller infusion of private or other public capital.

XVI. **Management/Financing:**
The Downtown Kalispell TIF would be managed by the City of Kalispell Urban Renewal Agency advisory to Kalispell City Council. Additionally, the City of Kalispell’s Community Development and Finance Departments have the capacity to manage the Downtown Kalispell TIF. The City of Kalispell has other TIF/TEDD Districts located within its municipal boundary and is well versed in the state regulations pertaining to management of TIF’s.

The City of Kalispell is authorized to develop financing programs for redevelopment projects including property tax increments, Special Improvement Districts (SID), payment of impact fees, interest income, bonds, or any other available sources such as gifts and grants.

Tax increment financing will become a major source of funding for redevelopment activities. The implementation of this feature will be in accordance with Title 7, Chapter 15, Part 42, Sections 4282-4292, MCA.

XVII. Conclusion:

Taken as a whole, implementation of all the recommendations contained in this plan would be transformative for Downtown Kalispell. The Downtown Kalispell Urban Renewal Plan provides the catalysis for implementing the vision created through The Downtown Plan planning process. A true test of any redevelopment and/or economic development plan will be whether or not the plan stimulates private investment which results in jobs, an improved tax base, and an increased quality of life for Kalispell residents and employees.