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**November 4, 2011**

**TO: Candi Beaudry**  
**CC: Sandy Fischer**  
**FROM: Terry Moore, Abe Farkas, and Beth Goodman**  
**SUBJECT: SOUTH BILLINGS BOULEVARD URBAN RENEWAL DISTRICT:  
MARKET CONDITIONS, FUNDING, AND BARRIERS TO  
REDEVELOPEMNT**

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## 1 INTRODUCTION

The City of Billings established the South Billings Boulevard URD and a tax increment finance district in 2008 to address development issues in the south center region of Billings. The City of Billings, in partnership with Big Sky Economic Development Agency (BSEDA) developed an Urban Renewal Plan to manage and fund the South Billings Boulevard URD. The Urban Renewal Plan is an overarching document that guides future development in the South Billings Boulevard URD. Among other things, that plan called for the development of a more detailed development plan, design guidelines, and other implementation measures.

ECONorthwest (ECO), as a subconsultant to AECOM in developing the Master Plan for the South Billings Boulevard Urban Renewal District (URD), is providing this technical memorandum to be incorporated into the final Master Plan document. The memorandum provides supporting data and analysis on three main topics: (a) market conditions that affect the South Billings Boulevard URD's competitive position, (b) funding and finance issues associated with implementation of the plan (including a pro forma analysis), and (c) implementation issues and strategies for overcoming major barriers to the area's redevelopment.

### 1.1 ORGANIZATION OF THIS MEMORANDUM

This memorandum is organized into the following sections:

- *Section 2, Methods* describes the methods used in the market analysis and the forecast of funding for tax increment financing (TIF) revenue.
- *Section 3, Market Conditions* focuses on factors that affect potential future development of the South Billings Boulevard URD. Its purpose is to give an idea of the redevelopment potential in the South Billings Boulevard URD and how

that might increase in response to public policies and investments that the South Billings Boulevard URD might implement.

- *Section 4, Funding* discusses funding and finance issues associated with implementation of the plan, including a forecast of TIF revenue.
- *Section 5, Implementation* discusses implementation activities and timing.

## 2 METHODS

This memorandum includes: (1) a market analysis of the economic conditions of the South Billings Boulevard URD relatively to the rest of Billings and (2) a forecast of TIF revenue available for financing redevelopment. This section describes the methods used in the market analysis and the geographies used in the analysis.

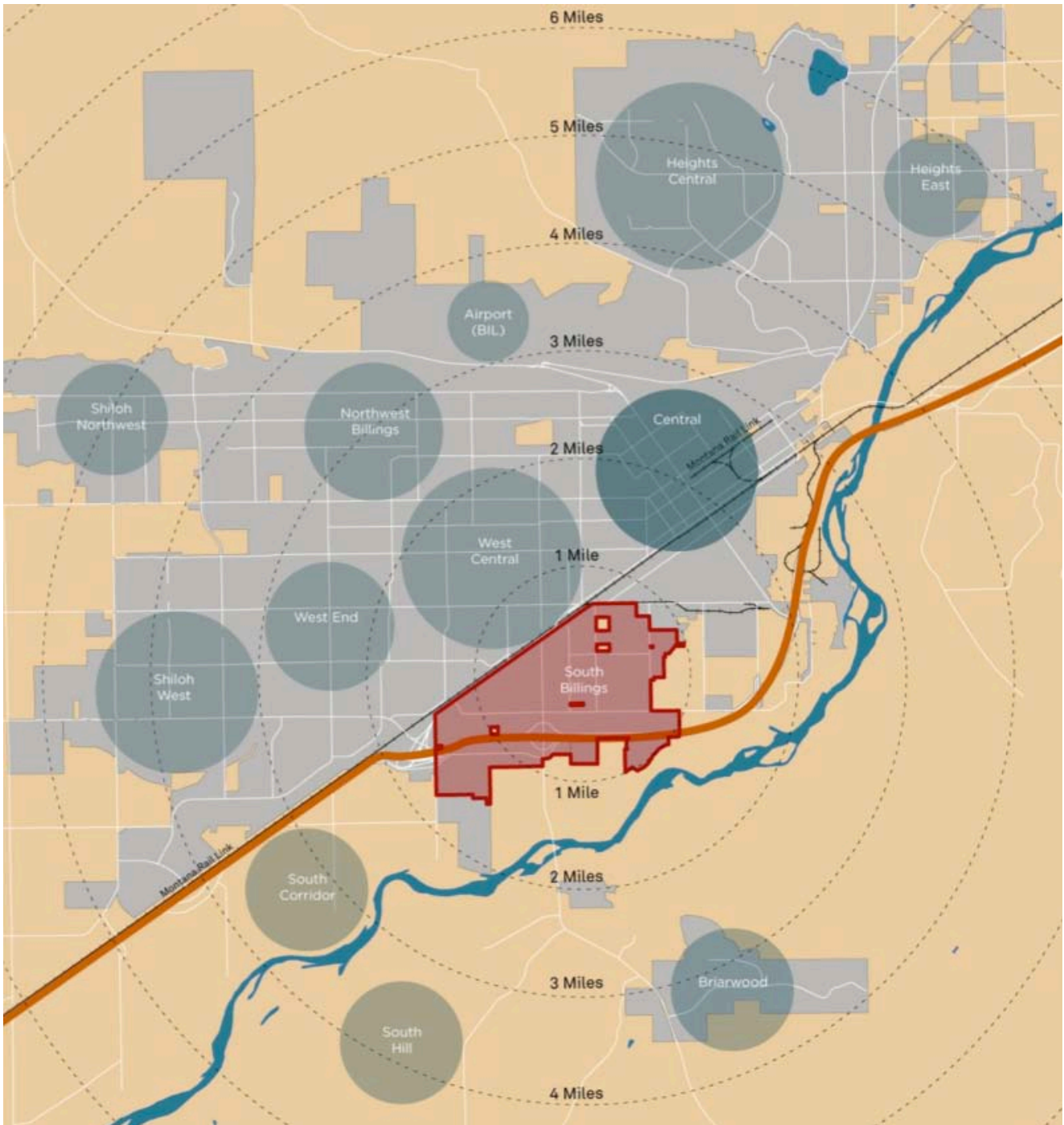
ECO's market analysis addresses (1) market factors that influence development in the South Billings Boulevard URD and (2) a conceptual finance plan that describes broadly some of the costs and options available. To develop this analysis, ECO took the following steps:

- **Review of data and documents.** ECO reviewed and analyzed available economic data related to Billings, which includes information about the market value of land, land use, vacant lands, and property size. In addition, ECO reviewed City of Billings and statewide policies.
- **Baseline forecast.** ECO described forecast of potential development in Billings based on historical population and employment growth trends, and available forecasts of population and employment in the Billings region.
- **Interviews with industry experts (brokers, land owners, developers, and business owners/managers).** The project team interviewed several industry experts in Billings to better understand the opportunities and barriers to development and to get ideas about actions that the public and private sectors could take to improve development opportunities.
- **Site visit.** ECO visited the South Billings Boulevard URD and collected information on existing land use, transportation, and development activity.
- **Discussion with the team.** ECO participated in public and advisory committee meetings, as well as discussions about the project with the consulting team and City staff.

### 2.1 GEOGRAPHIES USED IN THIS ANALYSIS

The South Billings Boulevard Urban Renewal District (URD) is a sub-area of the City of Billings. Map 1 shows the South Billings Boulevard URD in relation to the rest of Billings and surrounding areas.

**Map 1. South Billings Boulevard URD in relation to Billings**



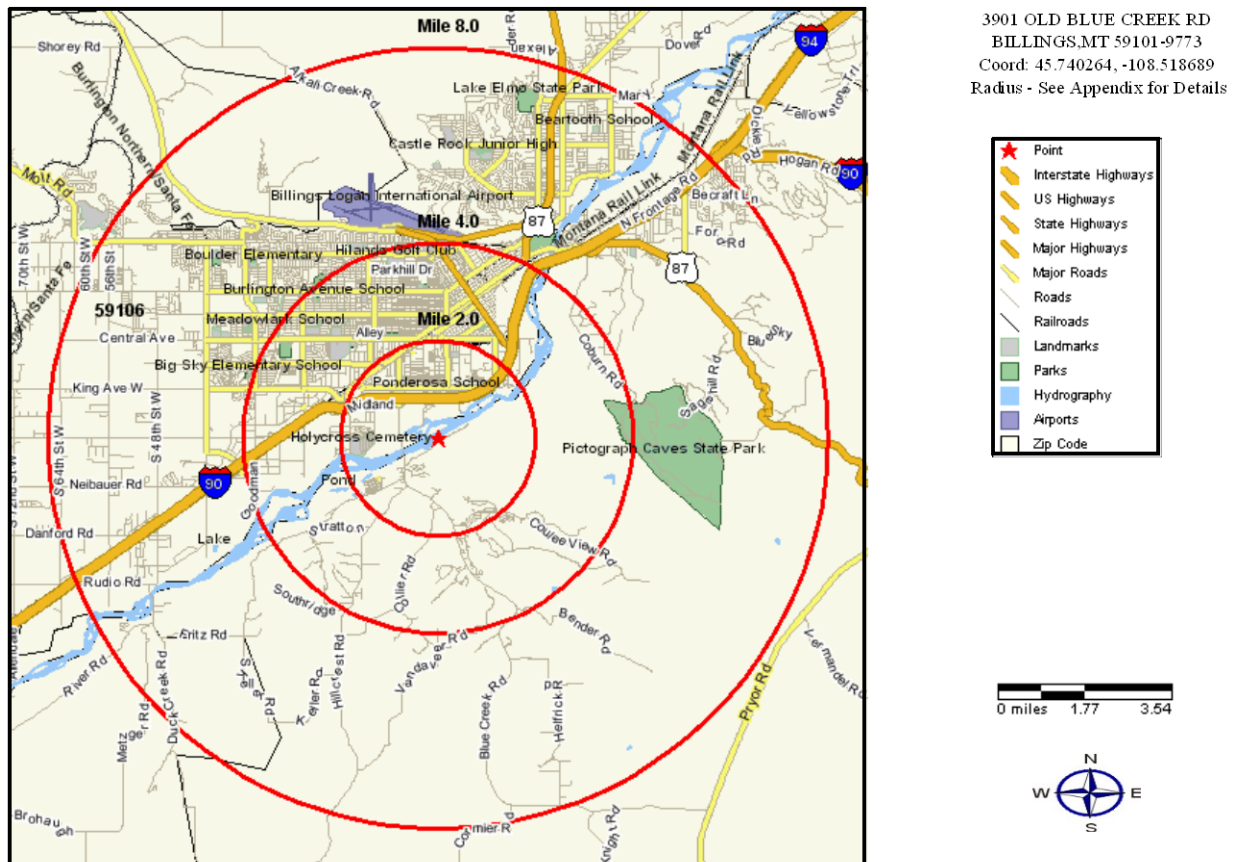
Source: AECOM

While data is readily available to describe market conditions for the City of Billings, information specific to the South Billings Boulevard URD is not readily available. Throughout this report, we used available data to describe citywide or regional market conditions. We used data from Nielsen<sup>1</sup> to describe demographic and socioeconomic conditions in an area approximating the South Billings Boulevard URD in relation to areas in the Billings area.

We analyzed data for three areas in Billings based on a central point south of the city:

- A 2-mile radius with an arc of development that approximates the South Billings Boulevard URD. This memorandum refers to this area as the South Billings Area.
- A 4-mile radius that includes West End, Downtown, and the East Billings URD but leaves out the Heights. This memorandum refers to this area as Central Billings.
- An 8-mile radius that takes in the entire City limits and some rural development at the edge. This memorandum refers to this area as the Billings Area

**Map 2. Geographies used in this report**



<sup>1</sup> Nielsen is a nationally recognized company that provides data that is commonly used in market analysis. The information in this report is based on data from the Nielsen SiteReports' 2010 Demographic Snapshot report.

## 3 MARKET CONDITIONS

### 3.1 SUMMARY OF MARKET CONDITIONS

This section summarizes the market conditions described in the remainder of this section.

#### Demographics and socio-economic characteristics

South Billings' population grew at about half the rate of all population in Billings. South Billings is generally more racially and ethnically diverse than population overall population of Billings. South Billings residents generally were less educated, had lower incomes, and more likely to live below the federal poverty line than all of Billings' population.

- **South Billings' population grew slower over the last 20 years than overall growth in the City.** Billings is Montana's most populous city and is larger than any city in a 500-mile radius. The population has grown at a rate of just over 1% for the last 20 years, adding more than 21,000 people over the last 21 years. About 8% of Billings' population is located in the South Billings Boulevard area. Over the last 20 years, South Billings grew about half as quickly as the City of Billings, adding about 900 new people.
- **South Billings' population is more racially and ethnically diverse than the City's population.** The City of Billings is predominantly white, with the most common racial minorities being American Indian (5% of population in 2010), Black (1% of population), and other races (6% of population). About 6% of Billings' population is ethnically Hispanic or Latino. Racial minorities are more prevalent in the South Billings Area, with the most common minority groups being American Indian (10% of population in 2010), Black (3% of population), and other races (9% of population). About 11% of South Billings' population is ethnically Hispanic or Latino.
- **South Billings' population has lower educational attainment than the City's overall average.** More than one-quarter of people in the City of Billings have a Bachelor's degree or higher and about 40% have a high school diploma or less educational attainment. Ten percent of South Billings' residents have a Bachelor's degree or higher and 60% have a high school diploma or less educational attainment. One of the common themes from stakeholder interviews was that finding skilled workers was difficult in South Billings.
- **South Billings' household income is lower than the City's average.** About 50% of Billings' households earn less than \$50,000, compared with 65% of households in South Billings. About 7.7% of Billings' families were below the federal poverty line, compared with 10.9% of South Billings' households.

## Employment characteristics

The characteristics of the economy in Billings, Yellowstone County, and the larger surrounding region affect economic opportunities in South Billings. The mix of firms in Billings is generally indicative of the types of firms that may locate in South Billings.

- **Yellowstone County's employment growth outpaced the state and the nation since 1970.** Between 2000 and 2010, employment in Yellowstone County increased from nearly 65,000 in 2000 to more than 75,000 in 2010, an increase of 17% (about 10,700 jobs). The sectors accounting for nearly 60% of employment growth were Health and Social Assistance, Retail, and Accommodations and Food Services. The sectors accounting for nearly 60% of employment growth were Health and Social Assistance, Retail, and Accommodations and Food Services. In comparison to the average wage in the County (\$38,000 per year), only Health and Social Assistance has above average wages (averaging \$46,500 per year).
- **Billings is the regional employment center in Yellowstone County.** In 2010, the Billings area had about 56,800 employees, accounting for about three-quarters of employment in Yellowstone County. The South Billings Boulevard area had about 3,800 employees or about 7% of Billings' employment.
- **Billings is a nexus for energy production.** Energy production is an important part of the economy in Billings and Montana. Montana has the largest coal reserves in the nation with about 120 billion tons and a pipeline from the tar sand deposits in Alberta, Canada runs near to Billings, is the nexus for several oil and gas pipelines, and has two refineries. More than 1,000 jobs in Billings are directly related to oil and gas exploration (accounting for 22% of Billings mining jobs) or petroleum manufacturing (accounting for nearly one-third of Billings manufacturing jobs).
- **Billings' unemployment rate has been lower than the national or state average over the last decade.** The unemployment rate in the Billings Metropolitan Statistical Area shows seasonal variation, but has generally moved downward until 2008. After hitting a low of 2.1% in late 2006, the rate rose to 6.4% in January 2011. These rates are low relative to national averages.
- **South Billings has broad mix of businesses.** There are nearly 180 known businesses in South Billings in 2011. The mix of businesses includes: manufacturers; warehousing and distribution; automotive, farm and other parts suppliers; repair shops; construction firms; regionally-serving retail; convenience stores; restaurants; hotel and hospitality businesses; recreation-related businesses; personal care and fitness services; and nonprofit and religious organizations.

- **South Billings' mix of employment by occupation is overall similar to the City average, with variation in the mix of occupations.** The most common occupations in Billings and South Billings are office and administrative support. However, South Billings has a relatively high share of transportation/moving workers and relatively fewer sales/related workers compared to the City average.

### Residential characteristics

South Billings accounts for about 7% of the City's housing, the majority of which is single-family detached and owner-occupied. Housing in South Billings is generally less expensive than housing in the rest of Billings.

- **Billings added nearly 500 new dwellings per year.** From 1998 to 2010, Billings averaged about 470 new dwelling units per year. The number of permits peaked in 2003, with about 650 permits issued that year. Since 2004, the annual number of permits issued varied from about 500 permits per year to about 300 permits per year.
- **South Billings accounts for about 7% of the City's housing.** Billings has about 50,000 dwelling units, with nearly 3,5000 dwellings located in South Billings.
- **South Billings' mix of housing types, aside from single-family detached housing, is different from the City's average.** Nearly two-thirds of housing in Billings and South Billings is single-family detached housing. South Billings has a larger share of mobile homes (25%) than the City average (11%). South Billings has a smaller share of multifamily housing (6%) than the City average (22%).
- **South Billings has more owner-occupied housing than the City average.** About two-thirds of Billings' housing is owner-occupied, compared with three-quarters of housing in South Billings.
- **South Billings' housing is generally less expensive than the City average.** About one-third of housing in Billings is valued at between \$80,000 and \$150,000, compared to more than half of housing in South Billings. Less than 15% of housing in Billings is valued at \$80,000 or less, compared with one-quarter of housing in South Billings.

### Growth projections

Population and employment in the City of Billings is growing and likely to continue growing.

- **Billings is forecast to grow by about 25,000 people over the next 20-years.** The forecast for population growth in Yellowstone County shows the County

growing by about 34,600 people over the next 20-years.<sup>2</sup> If Billings continues to account for about 75% of the County's population, then Billings would grow by about 25,000 people over the next 20 years. For population, that means, in rough and round terms, an increase of about 1,300 people per year in Billings; at about 2.3 people per dwelling unit, that is about 550 dwelling units per year. Over the last 12 years, Billings averaged about 470 new dwelling units per year, so those numbers are relatively consistent.

- **Employment is likely to continue growing in Billings.** The forecast of employment growth in Yellowstone County show the County growing by about 26,000 employees over the next-20 years.<sup>34</sup> As the regional economic center, Billings is likely to attract the majority of job growth in Yellowstone County. If Billings continues to account for about 75% of Yellowstone County's employment growth, the City will add nearly 20,000 jobs over the next 20-years. Depending on the type of employment, employees typically require an average of anywhere from 250 to 2,000 square feet of gross built space (in offices, stores, warehouses, and factories). Some of that employment will work out of residential space (e.g., some professional services; construction workers) and will not require new employment space. As a rough estimate, the expected employment growth for Billings would create an average annual demand in the City for new commercial and industrial space of 330,000 square feet or more.

South Billings Boulevard can capture a share of Billings' population and employment growth. Growth in South Billings depends on (1) in the amount of growth in the Billings area, and (2) the District's comparative advantages, relative to other areas in Billings, for capturing that growth, as later in the memorandum.

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<sup>2</sup> Montana Department of Commerce's Economic and Demographic Databook

<sup>3</sup> Montana Department of Commerce's Economic and Demographic Databook

<sup>4</sup> The ratio of employment growth to population growth is typically 50%, with growth of two persons for every new job. The ratio employment to population in Billings forecast is 75%, with 1.3 persons added for every new job.



### 3.2 MARKET CONDITIONS IN SOUTH BILLINGS BOULEVARD AND THE SURROUNDING AREAS

Billings is Montana’s most populous city. It is located in Yellowstone County, Montana’s most populous county. Billings is larger than any city in a 500-mile radius, making it a center for commercial, educational, medical, and transportation services. Billings’ primary trade area consists of Yellowstone County and 14 surrounding counties, including approximately 250,000 people from Montana, Wyoming, South Dakota, and North Dakota. Billings has three colleges, two hospitals, two oil refineries, and an airport.

#### 3.2.1 Population and demographics

Table 1 shows population in Billings, Yellowstone County, and Montana in 1990, 2000, 2010, and 2015 (projected). In 2010, the City of Billings had about 106,500 people, about 15% of Montana’s population and 72% of Yellowstone County’s population. Over the 20-year period, Billings grew at 1.1% and Yellowstone County grew at about 1.4% annually, faster than the state overall. South Billings and Central Billings grew at a slower rate than the rest of Billings. South Billings accounted for about 8% of population in the City of Billings in 2010, down from 9% of the City’s population in 1990.

**Table 1. Population in Billings, Yellowstone County, and Montana in 1990, 2000, 2010, and 2015 (projected)**

	1990	2000	2010	Change 1990-2010		
	Census	Census	Estimate	Number	Percent	AAGR
South Billings Area	7,780	8,280	8,689	909	12%	0.55%
Central Billings	44,699	46,474	50,465	5,766	13%	0.61%
Billings Area	93,125	104,376	118,418	25,293	27%	1.21%
City of Billings	85,073	89,847	106,529	21,456	25%	1.13%
Yellowstone County	113,560	129,560	148,850	35,290	31%	1.36%
Montana	800,200	903,270	988,870	188,670	24%	1.06%

Source: U.S. Census, Nielsen 2010 Demographic Snapshot  
 Montana Economic and Demographic Databook, page 340, Accessed:  
[http://www.msubillings.edu/caer/PDF/2005%20Databook%20Golden%20Valley\\_Pondera.pdf](http://www.msubillings.edu/caer/PDF/2005%20Databook%20Golden%20Valley_Pondera.pdf)  
 City of Billings 2010: Billings Urban Area Long-Range Transportation Plan  
 Note: Central Billings includes the South Billings Boulevard , West End, Downtown, EBURD

Table 2 shows that, relative to the rest of Billings, South Billings is home to a larger share of racial and ethnic minorities (22% in South Billings versus 12% in Billings): 10% American Indian or Alaskan, 3% Black, and 9% “Other.” About 11% of South Billings residents are Hispanic, compared with 6% in Billings.

**Table 2. Race and ethnicity in South Billings and Billings, 2010**

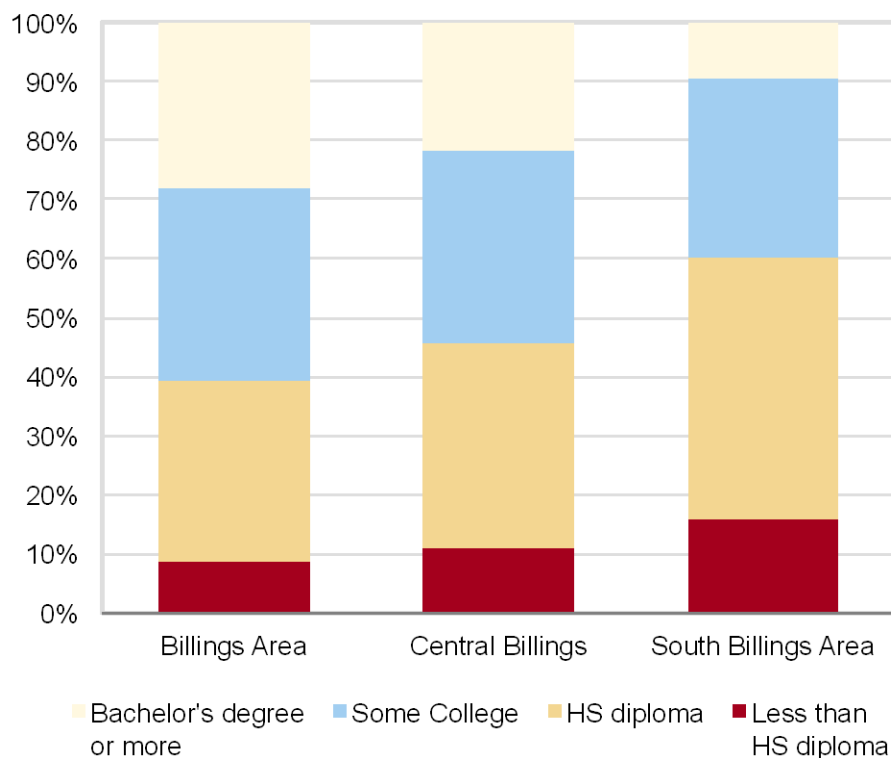
	White	American Indian	Black	Other	Total	Hispanic
South Billings Area	78.5%	10.0%	2.5%	9.0%	100.0%	11.2%
Central Billings	84.5%	6.5%	1.8%	7.2%	100.0%	8.1%
Billings Area	88.5%	4.7%	1.3%	5.6%	100.0%	5.7%

Source: Nielsen 2010 Demographic Snapshot

Figure 1 shows that educational attainment in South Billings is relatively low: about 45% of South Billings residents have a high school diploma as their highest educational attainment, compared with about 31% in Billings. Relatively fewer residents have bachelor’s degrees (less than 10%), and relatively more residents have less than a high school diploma (about 15%). The percent of high school graduates in Billings increased from 68% in 1970 to 89% in 2000 (*Growth Policy 2008*).

On average, the South Billings population is younger than the Billings population: the median age in South Billings is 35, versus 38 in Billings.

**Figure 1. Educational attainment in South Billings, Central Billings, and the Billings Area, 2010**

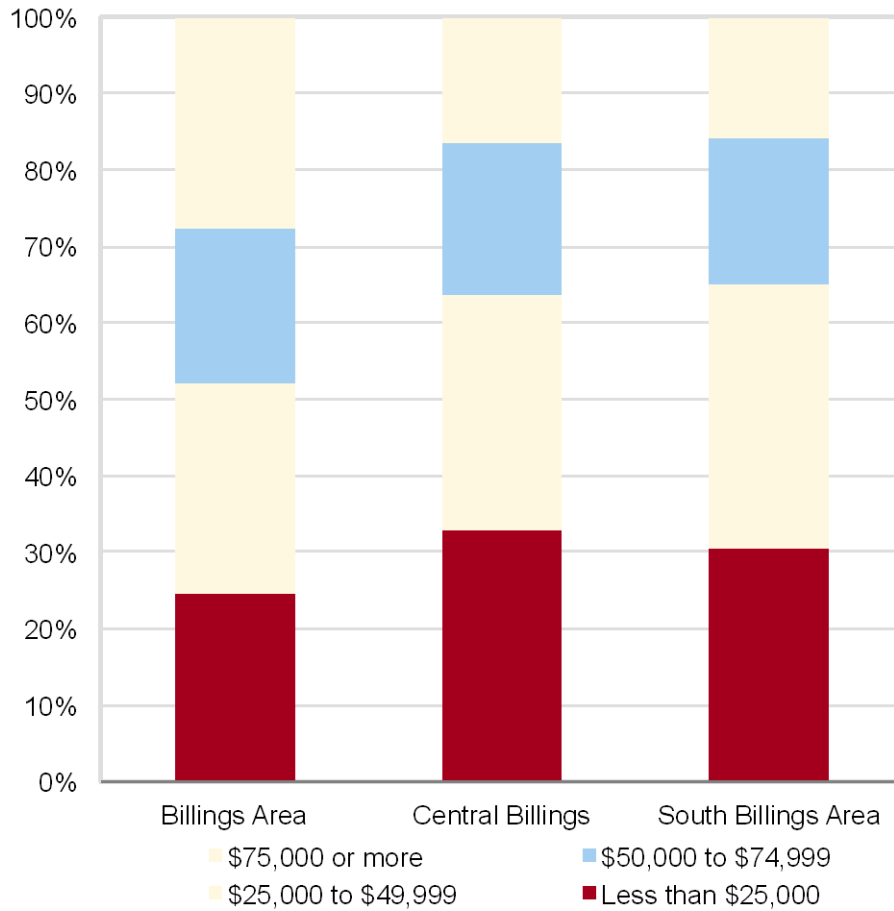


Source: Nielsen 2010 Demographic Snapshot

### 3.2.2 Income

The median household income in Billings is higher than that in Montana overall (*Housing Needs Assessment 2008*). Within Billings, however, household income is lower in South Billings than in the larger Billings area. Figure 2 shows household income in South Billings and Billings in 2010. Almost two thirds of South Billings residents have incomes below \$50,000.

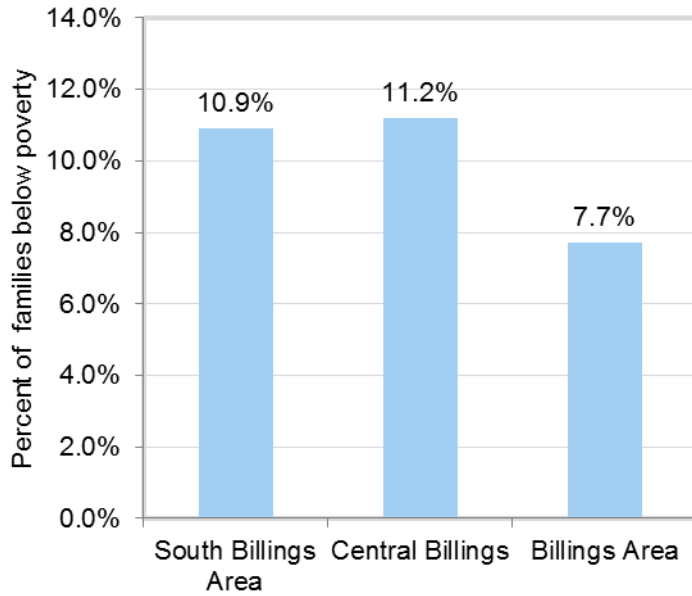
**Figure 2. Percent of Billings households across income categories, 2010**



Source: Nielsen 2010 Demographic Snapshot

Figure 3 shows the poverty rate in Billings, Central Billings, and South Billings. The poverty rate in South Billings (11%) is about the same as the poverty rate for Central Billings. The larger Billings area has a lower poverty rate (8%).

**Figure 3. Percent of families below poverty in Billings, 2010**



Source: Nielsen 2010 Demographic Snapshot

### 3.2.3 Employment

Table 3 shows changes in employment in Yellowstone County between 2000 and 2010. Yellowstone’s employment increased from nearly 65,000 in 2000 to more than 75,000 in 2010, an increase of 17% (about 10,700 jobs) at an average annual growth rate (AAGR) of 1.5%. The sectors accounting for nearly 60% of employment growth were Health and Social Assistance (3,500 new jobs), Retail (1,450 new jobs), and Accommodations and Food Services (1,200 new jobs).

**Table 3. Change in covered employment in Yellowstone County, 2000 to 2010**

Sector	2000	2010	Change 2000 to 2010		
			Difference	Percent	AAGR
Natural Resources and Mining	436	628	192	44%	3.7%
Construction	3,398	4,252	854	25%	2.3%
Manufacturing	3,256	3,022	-234	-7%	-0.7%
Wholesale	5,077	5,076	-1	0%	0.0%
<b>Retail</b>	<b>9,030</b>	<b>10,483</b>	<b>1,453</b>	<b>16%</b>	<b>1.5%</b>
Transportation & Warehousing & Utilities	2,969	3,212	243	8%	0.8%
Information	1,170	1,388	218	19%	1.7%
Finance & Insurance	2,448	2,857	409	17%	1.6%
Real Estate Rental & Leasing	921	1,027	106	12%	1.1%
Professional, Scientific & Tech. Srv.	3,117	4,007	890	29%	2.5%
Management of Companies	321	332	11	3%	0.3%
Admin. Support & Cleaning Srv.	4,623	4,826	203	4%	0.4%
Private Education	438	642	204	47%	3.9%
<b>Health &amp; Social Assistance</b>	<b>8,714</b>	<b>12,244</b>	<b>3,530</b>	<b>41%</b>	<b>3.5%</b>
Arts, Entertainment & Recreation	1,155	1,847	692	60%	4.8%
<b>Accomodations &amp; Food Services</b>	<b>6,648</b>	<b>7,852</b>	<b>1,204</b>	<b>18%</b>	<b>1.7%</b>
Other Services (except Public Admin.)	2,999	3,131	132	4%	0.4%
Government	7,995	8,632	637	8%	0.8%
<b>Total</b>	<b>64,715</b>	<b>75,458</b>	<b>10,743</b>	<b>17%</b>	<b>1.5%</b>

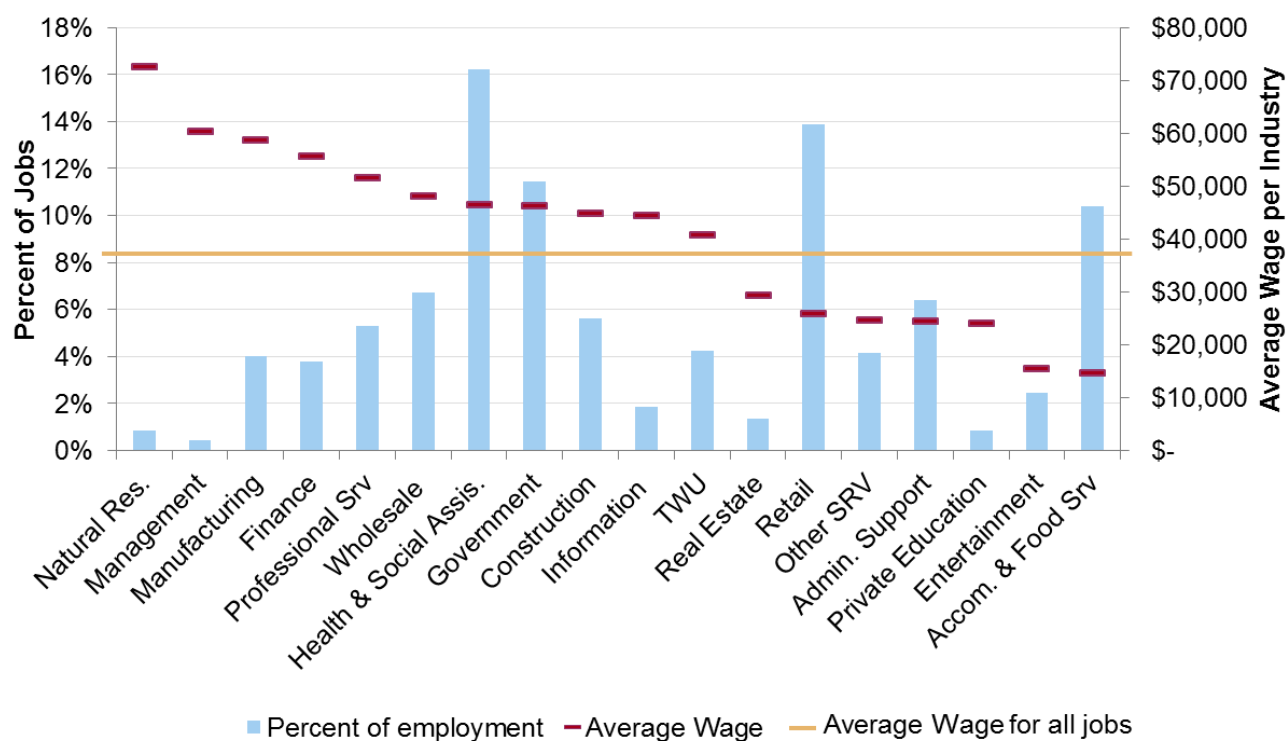
Source: State of Montana Department of Labor and Industry, Research and Analysis Bureau, Annual summary of the Quarterly Census of Workforce and Employment

Note: AAGR is average annual growth rate

Note: Bold denotes sectors with the largest growth in employment.

Figure 4 shows a comparison to the share of covered employment by sector with average wage per sector for Yellowstone County in 2010. Figure 4 shows that the sectors that accounted for more than 10% of employment and have higher than average wages were Health Care and Social Assistance and Government. The sectors accounting for more than 10% of employment with lower than average wages were Retail and Accommodation and Food Service. The fastest growing sector between 2000 and 2010 (Health and Social Services) had above average wages but the second and third quickest growing sectors (Retail and Accommodations and Food Services) had lower than average wages.

**Figure 4. Comparison of covered employment to average wage per sector, Yellowstone County, 2010**



Source: State of Montana Department of Labor and Industry, Research and Analysis Bureau, Annual summary of the Quarterly Census of Workforce and Employment

Energy production is an important part of Montana’s economy. Montana has the largest coal reserves in the nation with about 120 billion tons, mostly throughout the central and eastern portions of Montana.<sup>5</sup> Alberta, Canada, directly north of Montana, has tar sands deposits that allow Canada to be ranked second in the world (after Saudi Arabia) in petroleum reserves – Billings is near to a pipeline coming from those fields, is the nexus for several oil and gas pipelines, and has two refineries. More than 1,000 jobs in Billings are directly related to oil and gas exploration (accounting for 22% of Billings

<sup>5</sup> Montana DEQ: <http://www.deq.mt.gov/ClimateChange/Energy/EnergySupply/SScoal.asp>

mining jobs) or petroleum manufacturing (accounting for nearly one-third of Billings manufacturing jobs).

In 2010, the Billings area had about 56,800 employees, accounting for about three-quarters of employment in Yellowstone County. The Central Billings area had about 23,800 employees and the South Billings Boulevard area had about 3,800 employees.<sup>6</sup>

According to information maintained by the City, there are nearly 180 known businesses in South Billings in 2011. The mix of businesses includes: manufacturers; warehousing and distribution; automotive, farm and other parts suppliers; repair shops; construction firms; regionally-serving retail; convenience stores; restaurants; hotel and hospitality businesses; recreation-related businesses; personal care and fitness services; and nonprofit and religious organizations.

Table 4 shows the share of employees by industry in South Billings and Billings in 2010. Office/admin support and transportation/moving were the occupations with the largest share of employees in South Billings. Compared with other parts of the city, South Billings has a relatively high share of transportation/moving workers and relatively fewer sales/related workers.

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<sup>6</sup> The employment estimate is based information from the Nielsen 2010 Demographic Snapshot and does not include self- employed workers or unpaid family workers. There were about 4,000 self-employed workers and 160 unpaid family workers in the Billings Area in 2010.

**Table 4. Share of employment by occupation in Billings, 2010**

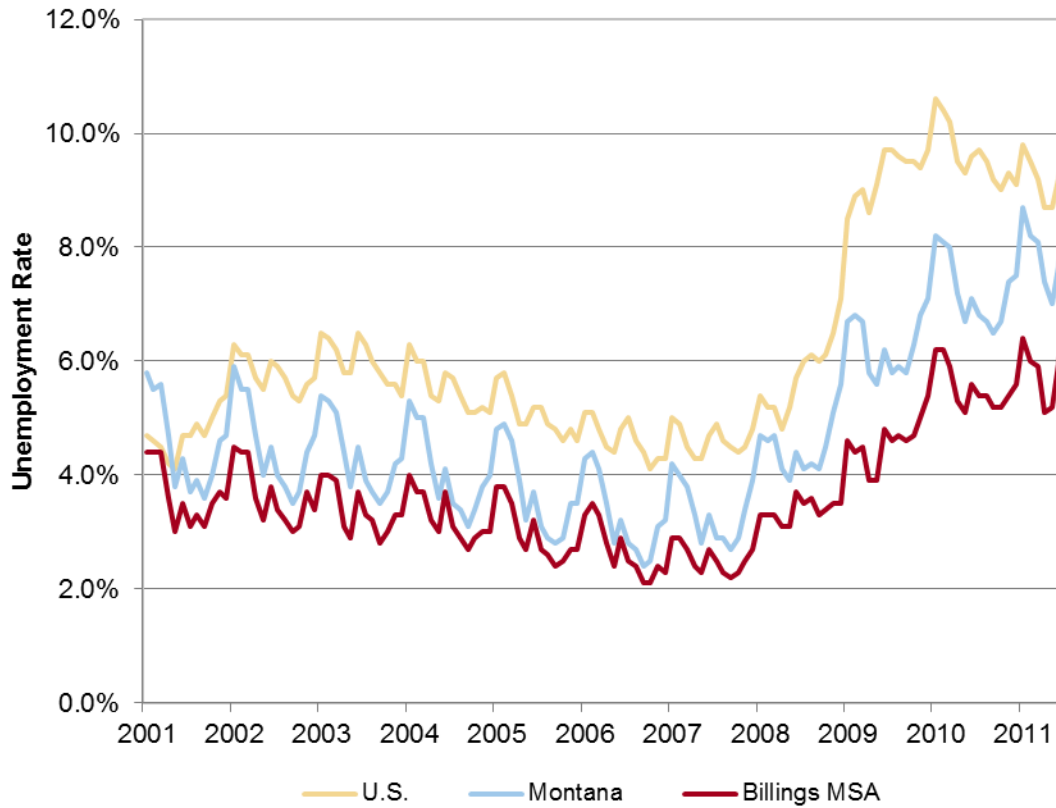
	South Billings Area	Central Billings	Billings Area
Office/Admin Support	15%	17%	16%
Transportation/Moving	11%	8%	7%
Sales/Related	9%	13%	13%
Building Grounds Maint	8%	6%	4%
Food Prep/Serving	8%	7%	6%
Production	7%	6%	5%
Construction/Extraction	7%	6%	5%
Maintenance Repair	6%	4%	4%
Management	5%	6%	8%
Personal Care/Svc	4%	3%	3%
Healthcare Support	3%	4%	3%
Edu/Training/Library	3%	3%	4%
Health Practitioner/Tec	3%	4%	6%
Protective Svcs	2%	2%	2%
Architect/Engineer	2%	2%	2%
Business/Financial Ops	2%	3%	4%
Community/Soc Svcs	2%	2%	2%
Life/Phys/Soc Science	1%	1%	1%
Legal	0%	1%	1%
Arts/Entertain/Sports	0%	1%	1%
Farm/Fish/Forestry	0%	0%	0%
Computer/Mathematical	0%	1%	1%

Source: Nielsen 2010 Demographic Snapshot

Figure 5 shows the unemployment rate in the U.S., Montana, and the Billings Metropolitan Statistical Area (MSA includes Yellowstone and Carbon Counties) from 2001-2011. The unemployment rate in the Billings MSA shows seasonal variation, but it generally moved downward until 2008. After hitting a low of 2.1% in late 2006, the rate rose to 6.4% in January 2011. The unemployment rate in the Billings MSA were consistently lower than the State and national averages.



**Figure 5. Unemployment rate, U.S., Montana, Billings Metropolitan Statistical Area, 2001-2011**

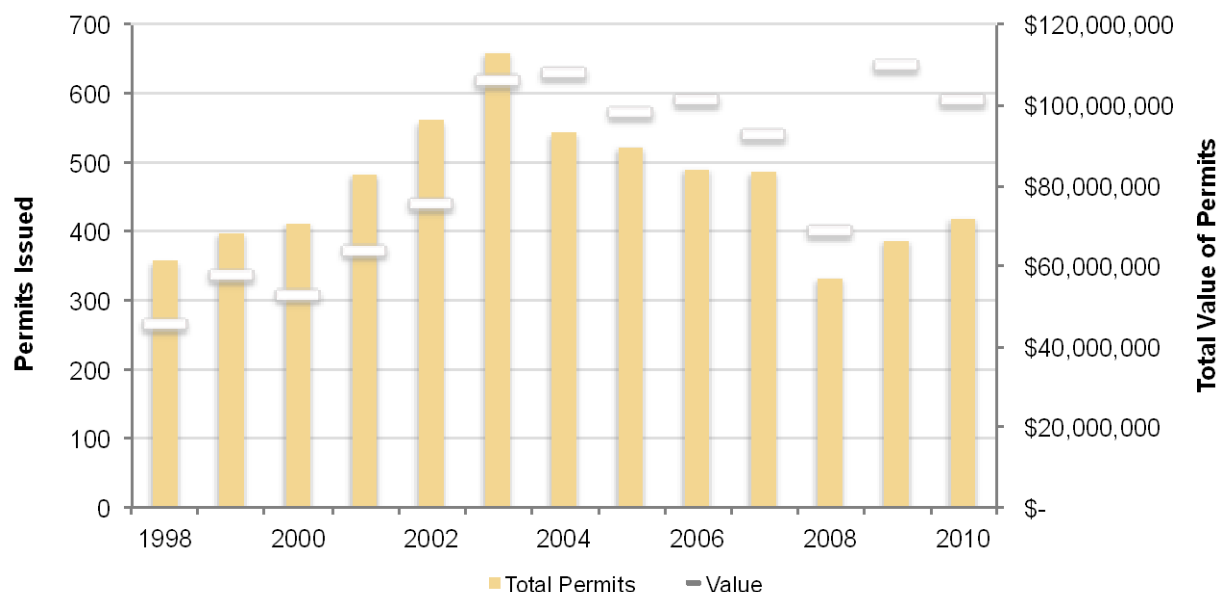


Source: Bureau of Labor Statistics, series LAUMT30137403, <http://data.bls.gov>

### 3.2.4 Residential development trends

Figure 6 shows the total number of building permits and valuation per year between 1998 and 2010 for *all new residential construction*, including single-family dwellings, duplexes, and multi-family dwellings. The City issued an average of 470 permits per year over the 12-year period. The total number of building permits issued declined from a high of 995 in 2003 to a low of 388 in 2009, then increased slightly in 2009. Overall value fell from its high in 2008 down to current levels similar to those in 2000. These patterns reflect national trends.

**Figure 6. Building permits and valuation in Billings, all types, 1998-2010**



Source: Monthly Building Permit Reports, City of Billings  
Accessed: <http://bil.ci.billings.mt.us/buildinginspection/default.aspx>

Table 5 shows the number of dwelling units in Billings in 2010. Single-family homes made up about two thirds of all dwelling units across Billings. Multifamily units made up about one quarter of dwelling units, except for in South Billings, where mobile homes constitute a much larger share of homes (25%, compared with 11% in Billings).

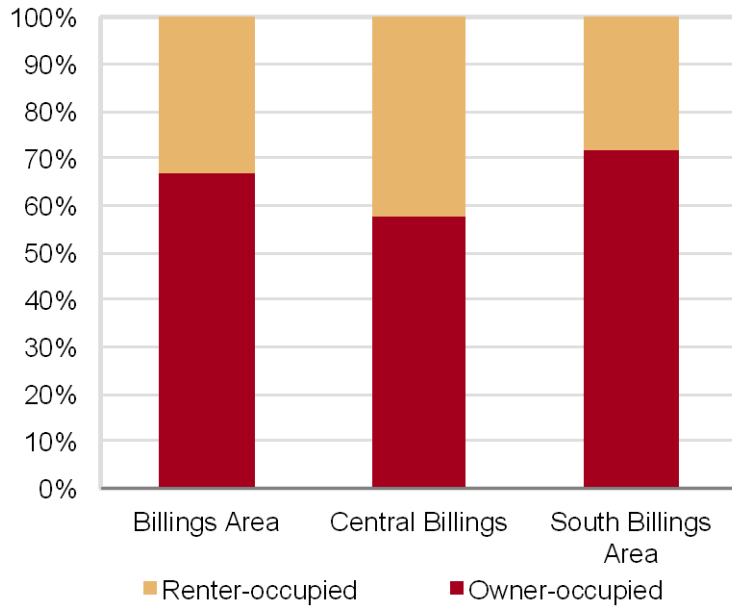
**Table 5. Dwelling units in South Billings Area, Central Billings, and the Billings area, 2010**

	South Billings Area		Central Billings		Billings Area	
	Number	Percent	Number	Percent	Number	Percent
Single Family, detached	2,201	64%	14,023	59%	31,637	62%
Single Family, attached	165	5%	1,200	5%	2,481	5%
Multifamily	214	6%	6,280	27%	11,092	22%
Mobile Home	881	25%	2,182	9%	5,452	11%
<b>Total</b>	<b>3,461</b>	<b>100%</b>	<b>23,685</b>	<b>100%</b>	<b>50,662</b>	<b>100%</b>

Source: Nielsen  
Note: Multifamily includes duplexes

Figure 7 shows tenure of occupied housing in 2010. More than two-thirds of housing is owner-occupied in Billings and the South Billings Boulevard Area and about 57% of housing is owner-occupied in Central Billings.

**Figure 7. Tenure of occupied housing units, 2010**

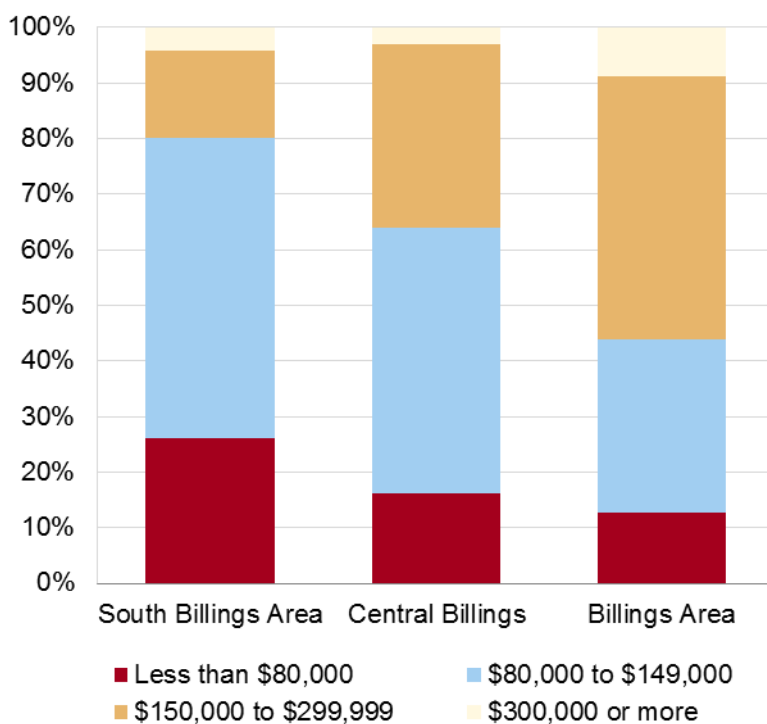


Source: Nielsen 2010 Demographic Snapshot

Housing values in Billings have increased annually over the past several years, except in 2009, when median home prices dropped by 1.4% (*Housing Needs Assessment, 2008*). Out of ten Billings neighborhoods, South Billings has the lowest average home sale prices: the average sale price in Blue Creek / Duck Creek was more than twice the average sale price in South Billings in 2008 (*Housing Needs Assessment, 2008*). South Billings also had the lowest average loan amount of the ten neighborhoods in 2006 (*Growth Policy, 2008*).

Figure 8 illustrates 2010 housing values for South Billings, Central Billings, and the Billings area. About 80% of homes in South Billings have values below \$150,000, compared with 44% of homes in the larger Billings area.

**Figure 8. Value of owner-occupied housing units, 2010**



### 3.2.5 Population and employment forecasts

The Montana Economic and Demographic Databook prepared by Montana State University Billings forecasts population and employment in Montana counties up to 2030. Table 6 shows Yellowstone County is projected to grow from about 145,000 people in 2010 to almost 179,770 in 2030, a change of 34,590 people, an average annual growth rate of 1.07%.

**Table 6. Population forecast in Yellowstone County, 2010-2030**

Year	Population	Change
2010	145,070	--
2012	148,200	3,130
2014	151,380	3,180
2016	154,640	3,260
2018	157,920	3,280
2020	161,310	3,390
2030	179,660	18,350
<b>Change 2010-2030</b>		
Number		34,590
Percent		24%
AAGR		1.07%

Source: Montana Economic and Demographic Databook, page 340  
Accessed: [http://www.msubillings.edu/caer/PDF/2005%20Databook%20Golden%20Valley\\_Pondera.pdf](http://www.msubillings.edu/caer/PDF/2005%20Databook%20Golden%20Valley_Pondera.pdf)

Table 7 shows an employment forecast for Yellowstone County from 2010 to 2030. Yellowstone County is projected to grow from almost 106,000 workers in 2010 to about 132,000 in 2030, a change of 26,100 workers, or an average annual growth rate of 1.11%.

**Table 7. Employment forecast in Yellowstone County, 2010-2030**

Year	Employment	Change
2010	105,940	--
2012	109,100	3,160
2014	112,240	3,140
2016	115,380	3,140
2018	117,890	2,510
2020	120,410	2,520
2030	132,040	11,630
<b>Change 2010-2030</b>		
Number		26,100
Percent		25%
AAGR		1.11%

Source: Montana Economic and Demographic Databook, page 337  
Accessed: [http://www.msubillings.edu/caer/PDF/2005%20Databook%20Golden%20Valley\\_Pondera.pdf](http://www.msubillings.edu/caer/PDF/2005%20Databook%20Golden%20Valley_Pondera.pdf)

### 3.2.6 Implications for development in South Billings Boulevard

The main implication for the South Billings Boulevard district planning is that there is likely to be growth in the Billings area and that the district can capture a share of that growth. What happens in South Billings Boulevard depends on (1) how much growth there is in the Billings area, and (2) what share of that growth the district captures.

- **Population is likely to continue growing in Billings.** Population in the City of Billings grew consistently over the past 20-years. Population in Billings grew slightly faster than Montana but slightly slower than Yellowstone County over the last 20-years. Population in Billings grew by 25% over the past 20-years, with population in Yellowstone County increasing by 31% over the same period.

The forecast for population growth in Yellowstone County shows the County growing by about 34,600 people over the next 20-years. As the regional population and employment center, Billings is likely to grow at the same rate or faster than Yellowstone County. It seems reasonable to assume that, after the current recession plays out, Billings will see growth over the next 20 years at about the rate it has seen historically over the last 20 years. That is what all the long-run forecasts are currently saying.

In rough terms, the long-term prospects for Billings are for growth in population and employment at a rate of around 1.1% per year. For population, that means, in rough and round terms, an increase of about 1,300 people per year in Billings; at about 2.3 people per dwelling unit, that is about 550 dwelling units per year; for the last 12 years, Billings averaged about 470 new dwelling units per year, so those numbers are relatively consistent.

- **Employment is likely to continue growing in Billings.** Employment in Yellowstone County grew by 17% over the 2000 to 2010 period, with the biggest increases in Health and Social Assistance, Retail, and Accommodations and Food Service. Employment in the Billings Area accounted for about 75% of the County's employment in 2010.

The forecast for employment growth project that Yellowstone County will grow by about 26,100 people over the next-20 years, driven, in part, by growth in energy demand. As the regional economic center, Billings is likely to attract the majority of job growth in Yellowstone County. If Billings continues to account for about 75% of Yellowstone County's employment growth, the City will add nearly 20,000 jobs over the next 20-years

Depending on the type of employment, employees typically require an average of anywhere from 250 to 2,000 square feet of gross built space (in offices, stores, warehouses, and factories). Some of that employment will work out of

residential space (e.g., some professional services; construction workers) and will not require new employment space. As a rough estimate, the expected employment growth for Billings would create an average annual demand in the City for new commercial and industrial space of 330,000 square feet or more.

The share that the South Billings Boulevard district gets of the Billings growth depends on several demand and supply factors (including the ultimately plan, its policies, and any investments the City might make to increase the value of the district as a location for development). We address those in the next section.

### **3.3 FACTORS THAT AFFECT REDEVELOPMENT POTENTIAL IN THE SOUTH BILLINGS BOULEVARD DISTRICT**

While local governments and service districts cannot control the short-term real estate market, their actions can influence the market: policy decisions about land use regulation (zoning and development code), infrastructure development (location, capacity, and funding), and redevelopment policy (urban renewal). Local governments can shape future development types and can sometimes influence expectations about pricing for land in the market.

This analysis focuses on the mid- to long-term market in the South Billings Boulevard district. It looks more at longer-term fundamentals than current market prices and volumes – more at the longer trends than at the business cycles. Our assessment of available demographic information and growth projections for the Billings area leads us to conclude that the character of today’s real estate market is not a likely predictor of market demand in the 10-20 year planning horizon. In a longer planning horizon, physical and regulatory characteristics may give South Billings Boulevard some advantages relative to other areas for development in the Billings region, if not overall, then for a particular development type. Each sub-area of the Billings market has somewhat different combinations of advantages and disadvantages that affect development potential: land, location, natural resources, infrastructure, and public services.

While evaluating property development usually requires a comparison: “how does this property compare to other properties?” it also requires some notion of net value – of the property attributes relative to the price. Good site and location attributes do not mean a property will develop quickly if it is priced way beyond what the market will pay for those attributes.

A distinction often made in property evaluation is between *location* and *site* characteristics. Location characteristics are about all the things around a property; site characteristics are those of the property itself.

For South Billings Boulevard we are not evaluating a single site, but the entire urban renewal district. At a regional level, all of the sites have similar locational characteristics: they are flat, have public services (except for some with inadequate roads, sanitary sewer service, or stormwater service), and are located at an interchange with Interstate 90. But at the neighborhood level, the properties have different locational characteristics: for example, the opportunities for development near the Interstate, at the intersection of King Avenue and South Billings Boulevard (a commercial employment center with excellent highway visibility) are very different than the opportunities in opportunities at the intersection of Orchard Street and State Avenue (a residential neighborhood at the edge of the study boundary).

This analysis does not distinguish between site and locational characteristics and does not consider particular sites (properties). Rather, we provide an overview of development potential of the South Billings Boulevard URD by looking at three broad categories of factors: physical, market, and policy factors.

### 3.3.1 Location

The South Billings Boulevard URD has several important locational advantages relative to other areas in Billings:

- **Proximity to Interstate 90.** The South Billings Boulevard URD is located at an Interstate 90 interchange, with the Interstate bisecting the district.
- **Proximity to amenities and commercial areas.** South Billings Boulevard URD is located at the southern edge of Billings, with Billings Downtown Billings about one mile north of the district and the West End directly to the west of the district.
- **Future urban growth.** South Billings is positioned to benefit from future urban growth to the south and southwest of the District.

The key comparative advantage for the South Billings Boulevard district is the direct access to Interstate 90 and proximity to other commercial areas, such as downtown and the West End. The district is an obvious location for additional urban development.

### 3.3.2 Transportation and access

Access is critical to successful redevelopment of an area. Access applies both regionally and locally. It is an advantage to be connected to areas outside Billings for freight, market penetration, and tourism. Locally, it is an advantage to get people into and through an area efficiently, making it easy for people to stop (park) and participate in activities (work, shop, recreate).

The South Billings Boulevard URD is connected to the rest of Billings primarily by Laurel Road, King Avenue, and South Billings Boulevard. The URD is, however, separated from the rest of Billings by the railroad tracks that parallel Laurel Road, along the north boundary of the district. Relatively few roads cross the railroad tracks,



limiting local access to the district. The district is connected to regional transportation routes through an interchange with Interstate 90 and State Route 212.

Met Transit operates weekday and Saturday bus service within the study area, with two bus lines running through the district and one bus line serving the edge of the district. There are no bicycle lanes through the district, as well as limited sidewalks and other pedestrian amenities (lighting, crosswalks, benches etc). There is no established pedestrian link between the district and downtown or the West End.

The northwestern border of the District is Laurel Road, with Montana Rail Link railroad tracks running parallel to Laurel Road. Montana Rail Link is a regional Class II freight railroad, serving Montana, Idaho, and Washington. Montana Rail Link connects with the Burlington Northern and Santa Fe (BNSF) railway. This railroad gives businesses located near or adjacent to the rail line opportunity for freight service, which will be most important to firms that need to ship bulky goods.

While access to and from the study area, and circulation *through* the study area, is relatively convenient, circulation *within* the district is limited by an incomplete road network in residential areas. These deficiencies are documented in the main report but include:

- Reconstructing some streets (e.g., Orchard Lane, Hallowell Lane, or Jackson Street) and complete local streets.
- Improving access from outside the district from the north, such as at Calhoun Lane or Orchard Lane or from the west at Moore Lane.
- Adding curbs and gutters for stormwater management key streets within the District.
- Bicycle and pedestrian improvements throughout the district, including adding street lighting and sidewalks and streetscape improvements where necessary.

The overall evaluation of the relative transportation advantages or disadvantages of the South Billings Boulevard URD depend on the scale and on the users being evaluated. At a regional level, the district scores well: excellent and direct highway access and access to a short-haul railroad. For industrial and commercial users these are all positives. Access to the rest of Billings from the URD is limited because there are relatively few streets that cross Laurel Avenue. Within the district, some parts of the area have a complete street grid but other areas have an incomplete street grid that needs maintenance or reconstruction. With the kinds of improvements suggested in the main report, which may take some time to implement, the street system would be able to offer good access to all properties.

### 3.3.3 Physical characteristics and infrastructure

Urban growth and redevelopment requires certain physical characteristics and types and levels of infrastructure to support its growth: paved streets, public water, sanitary sewer, and stormwater facilities. The South Billings Boulevard URD study area is relatively flat, with minimal grade change.

The main report describes the infrastructure deficiencies in the District. In short, the infrastructure deficiencies include incomplete or lacking: sanitary sewer, access to municipal water, stormwater facilities, and road network (as described above). The areas that will need some or all of these infrastructure improvements include: Calhoun Lane, Orchard Lane, Hallowell Lane, Jackson Street, Vaughn Lane, and Phillip Street. The total estimate for water, sanitary sewer, stormwater, and transportation system upgrades is approximately \$40 million.

The infrastructure limitations are a significant barrier for development in the South Billings Boulevard URD. Areas with deficient infrastructure are highly unlikely to develop further until the infrastructure deficiencies are addressed. The areas with complete (or nearly complete) infrastructure will develop sooner. For example the Four Corners sub-area, around the intersection of King Avenue and South Billings Boulevard, have relatively complete infrastructure. This is the area of the District that is growing the most and where businesses have recently located.

### 3.3.4 Existing uses and compatibility

Existing uses in the area can have an impact on the likely location of redevelopment projects as well as the likely timing of redevelopment. What businesses and developers judge to be compatible uses depends on what they want to develop. Surrounding industrial uses will be less risky for most industrial redevelopment than surrounding residential uses. But compatibility is not absolute and is traded-off against relative prices. Thus, one finds pioneering redevelopment of commercial and residential space in industrial areas because land prices are low relative to other properties and to the locational characteristics.

Vacant lots are typically considered more attractive as opportunities for redevelopment in the short-term because they present fewer barriers and costs, such as relocation of existing businesses and demolition of existing structures. Established businesses or residential areas are sometimes considered less likely to redevelop while there are other, more attractive sites in the area.

Existing land uses in the South Billings Boulevard URD include a mixture of uses:

- Industrial uses include: Warehousing and distribution; wholesale and suppliers of construction, agricultural, automotive, and other equipment; manufacturing of agricultural and other equipment; and construction.

- Commercial uses include: hotels; restaurants; regional retail (e.g., Sam’s Club and Cabela’s); local retail (e.g., convenience store); self-storage; and other small-scale commercial uses.
- Residential uses include: single-family detached houses; mobile home parks; and townhouses.
- Public uses include: Parks (e.g., Amend Park and Optimist Park); schools; and government offices.
- Nonprofit uses include: Boys and Girls Club, religious institutions, and other nonprofit organizations.

For the most part, commercial, residential, public and non-profit uses are generally compatible, especially if traffic from large-scale retail is not routed through residential neighborhoods. The biggest compatibility issue is between industrial uses and residential uses, with problems around truck traffic in neighborhoods and noise and odor issues that affect nearby residences.

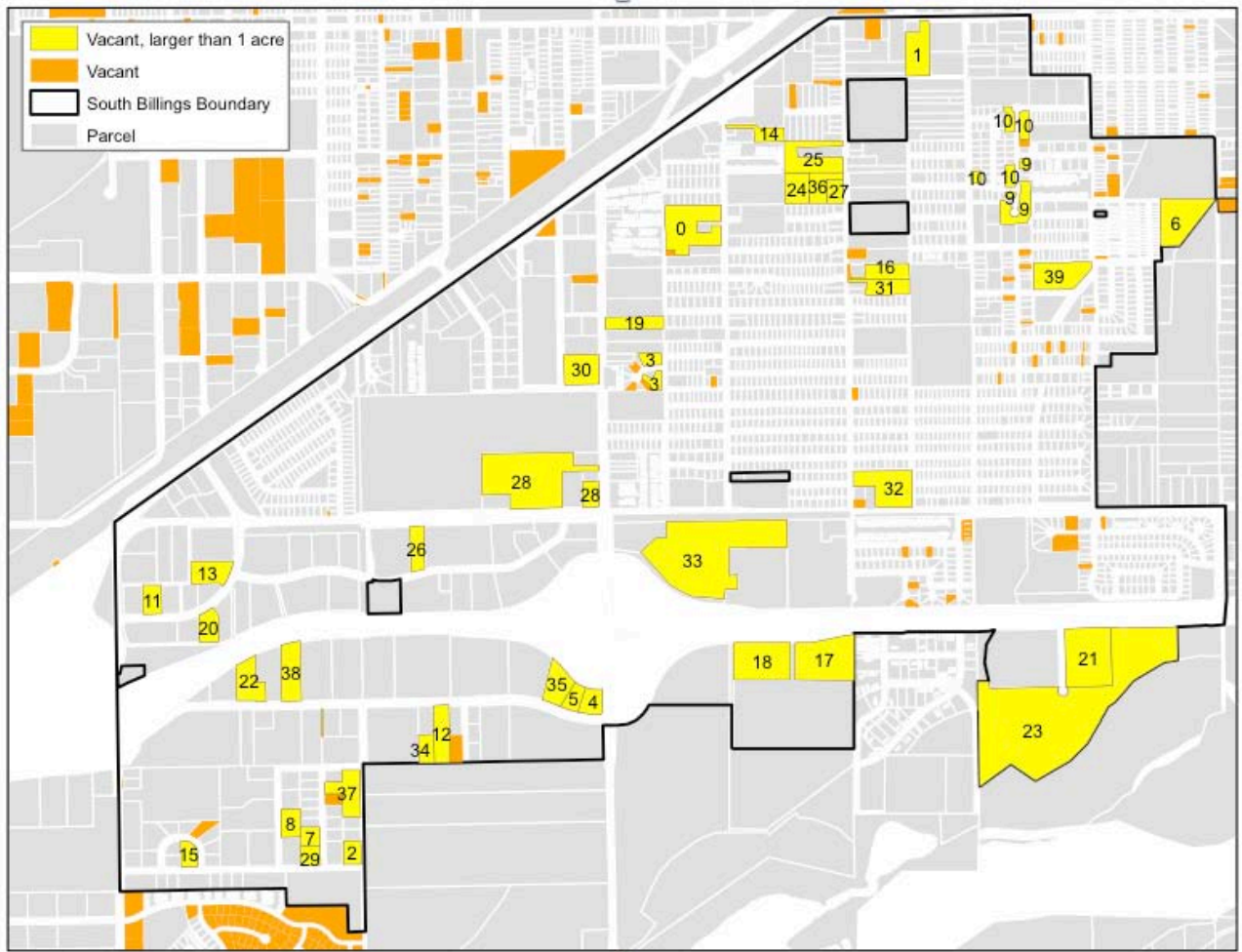
### **3.3.5 Lot size, ownership, and land value**

Land ownership patterns are a challenge to redevelopment when existing parcels are small and owned by many different owners. Any large-scale development will require assembly of smaller parcels into one larger site. When these parcels are owned by a variety of people who may or may not be willing to sell, land assembly can be an impediment.

The South Billings Boulevard URD study area has about more than 2,500 parcels in about 1,200 acres. The majority of the parcels are smaller than half an acre. The District has about 170 acres of vacant parcels in 148 parcels. The average vacant parcel size is about one acre, with seven parcels larger than five acres and two 13-acre parcels. The proliferation of small lots can create a need to assemble land for many types of office, commercial and residential projects.

Map 3 shows vacant parcels larger than one acre in the South Billings Boulevard Urban Renewal District. Map 3 shows that the majority of vacant land is concentrated around I-90, with most of the large parcels adjacent to the Interstate.

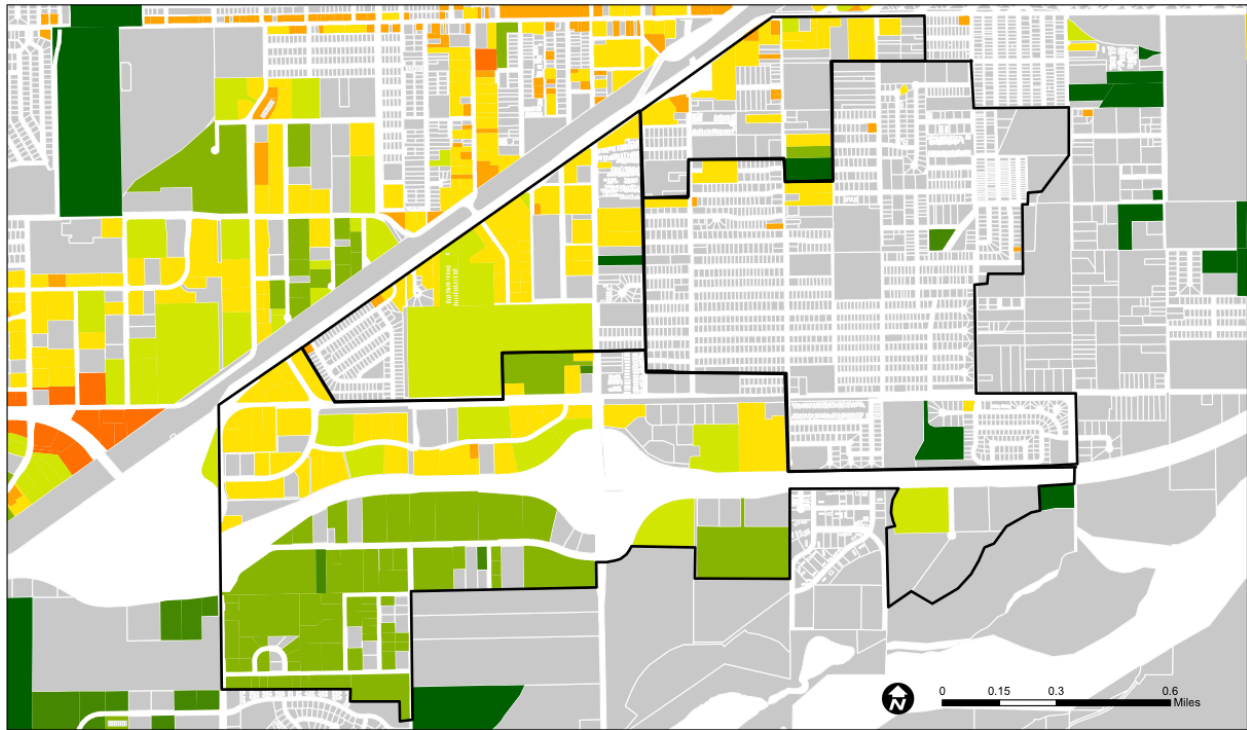
**Map 3. Vacant parcels larger than one acre, South Billings Boulevard Urban Renewal District, 2010**



City of Billings GIS

Map 4 shows commercial and industrial land value per acre. In general, commercial and industrial land in the District has a value of \$250,000 per acre or less, with most land valued at \$150,000 per acre or less. In comparison, commercial and industrial land in the West End generally has values between \$150,000 to \$1,000,000 per acre and \$200,000 or more per acre in other parts of Billings.

**Map 4. Commercial and industrial land value per acre, South Billings Boulevard Urban Renewal District, 2010**



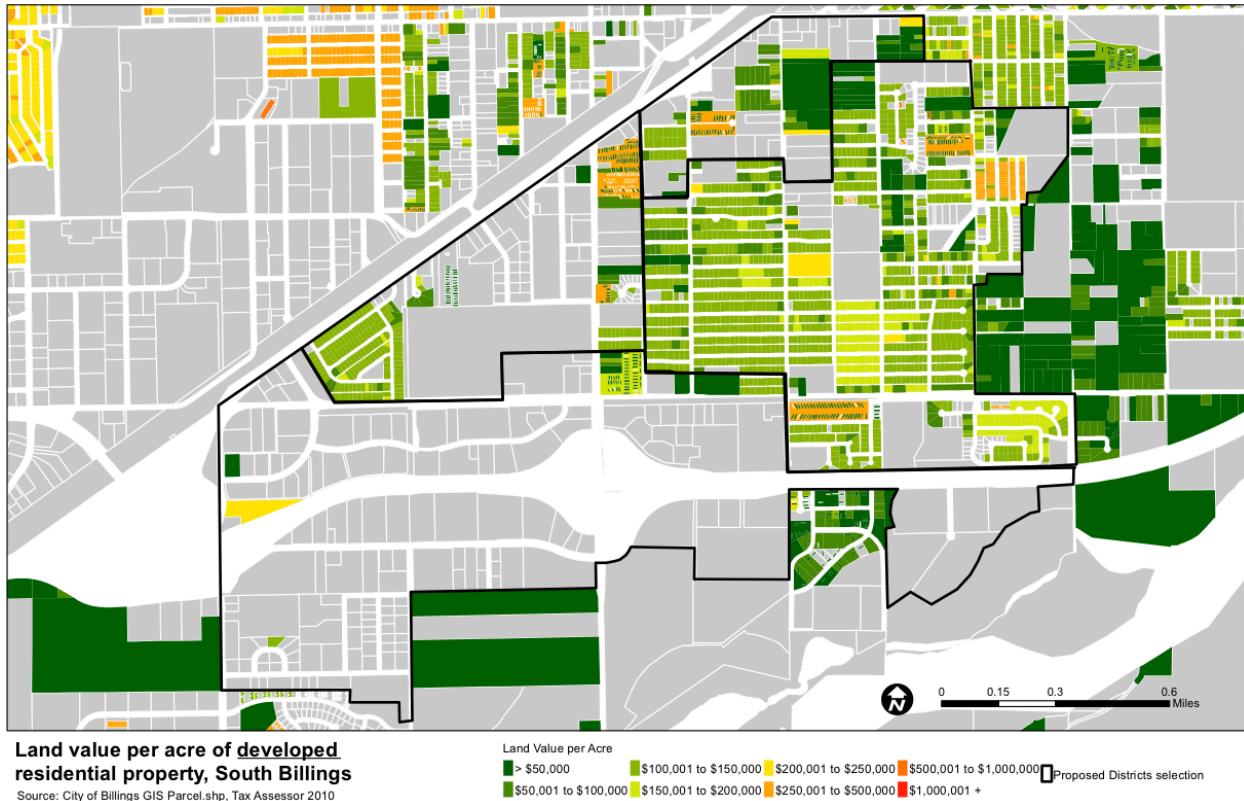
**Land value per acre of developed industrial and commercial property, South Billings**

Source: City of Billings GIS Parcel.shp, Tax Assessor 2010

City of Billings GIS

Map 5 shows residential land value per acre. In general, residential land in the District has a value of \$200,000 per acre or less, with most land valued at \$150,000 per acre or less. In comparison, residential land in other parts of Billings is generally valued at \$200,000 or more per acre, with substantial areas valued at between \$250,000 to \$500,000 per acre.

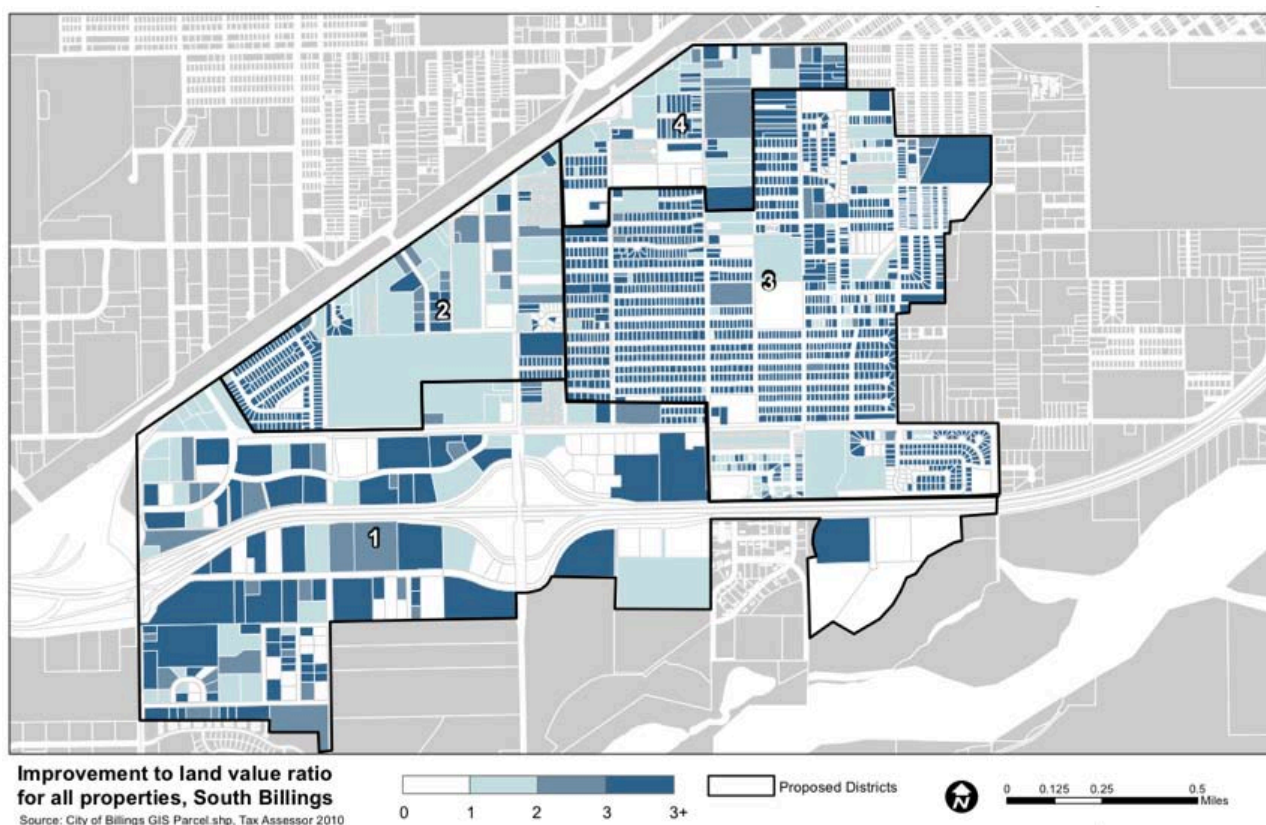
**Map 5. Residential land value per acre, South Billings Boulevard Urban Renewal District, 2010**



City of Billings GIS

Map 6 shows the improvement to land value ratio for all properties in the District, which is an indicator of redevelopment potential for land with existing development. Parcels with a low improvement to land value ratio (i.e., parcels where the improvement value is less than or equal to the land value) are more likely to redevelop than parcels with a high improvement to land value ratio. For example, a parcel with an improvement to land value ratio of one (i.e., where the improvement value is the same as the land value) has more redevelopment potential than a parcel with an improvement to land value ratio of three (i.e., where the improvement has three times the value of the land).

**Map 6. Improvement to land value ratio for all properties, South Billings Boulevard Urban Renewal District, 2010**



City of Billings GIS

Maps 3 and 6 show that land prices in the District are generally lower than the City average and that the District has land for development, either vacant land or redevelopable land. In general, the size of and diversity of parcel types and locations in the South Billings Boulevard URD provides numerous of opportunities for all types of development. The parcels larger than five acres provide opportunity for larger-scale development or economic uses that require more land (e.g., manufacturing or distribution).

### 3.3.6 Historical economic, market, and development activity

A forecast of future development activity in the South Billings Boulevard URD requires some reference to what kind of development has occurred in the area and Billings, and some assumptions about what the future market might be like for various types of development. This section gives an overview for broad categories of development: industrial, commercial (office and retail), and residential.

Section 2.7 establishes some broad boundaries for likely growth in Billings. It shows information to justify an assumption that post-recession development in Billings will be on the order of 450-550 dwelling units per year, and 330,000 square feet of commercial and industrial space (employment space).

The South Billings Boulevard URD can capture a share of Billings' population and employment growth. Growth in South Billings Boulevard depends on (1) in the amount of growth in the Billings area, and (2) the District's comparative advantages, relative to other areas in Billings, for capturing that growth.

Relative to other areas of the City, the District has the advantage of excellent access to and visibility from Interstate 90, proximity to downtown and West Billings, and a relatively large supply of buildable lands. The Area's disadvantages include: incomplete sanitary sewer and transportation infrastructure and incomplete or lack of sidewalks or bike paths. In addition, while land costs in the District are somewhat lower than in other parts of Billings, the amenities in the District are also less than in other parts of Billings, making the District less appealing to potential residents and businesses.

South Billings is a relatively underperforming area of Billings. Over the past 20 years, residential development in South Billings has occurred at less than half the pace of the City of Billings. Table 1 shows that the South Billings Area grew at an average annual growth rate of 0.55% between 1990 and 2010, compared with the City of Billings annual average of 1.13% growth. In 2010, the South Billings area accounted for 8% of the City's population, compared with 9% in 1990.

In 2010, the Billings area had about 56,800 employees, accounting for about three-quarters of employment in Yellowstone County. The Central Billings area had about 23,800 employees and the South Billings Boulevard area had about 3,800 employees, accounting for about 7% of Billings' employment. The majority of employment in South Billings was in office and administrative support occupations. Compared with other parts of the city, South Billings has a relatively high share of transportation/moving workers and relatively fewer sales/related workers.



### **3.3.7 Public policy**

There are not obvious and major barriers to redevelopment created by public policy. A case can be made that the opposite is true:

- South Billings Boulevard is an urban renewal area: it now has tools available for redevelopment that are not available in other places (e.g. funding, financing).
- The South Billings Boulevard URD has been subject of policy plans focusing on the future vision for the area. This document and earlier plans lay the groundwork for development and show public commitment for successful redevelopment.
- There appear to be no big regulatory or political barriers to redevelopment in the South Billings Boulevard URD.

### **3.3.8 Implications for development in the South Billings Boulevard URD**

The considerations above were discussed as part of the creation of a development concept for the South Billings Boulevard URD and strongly influenced the concepts recommended in the main report. It is not a coincidence that the conclusion here potentially feasible redevelopment supports the recommended concept for redevelopment.

In this section we take a long-run perspective: redevelopment in the South Billings Boulevard URD will probably be a least a 20-year process, and probably longer. The development pattern we describe is not one that will be attained quickly. It is our assessment, from an economic and market perspective, of what the South Billings Boulevard URD could aspire to and have some reasonable hope of achieving over the long run.

#### **Residential development potential**

Over the next 20 years, residential development in the City of Billings is expected to include 550 dwelling units (du) per year. If South Billings were to share in residential growth in proportion to its population, it might get an average of 40 units per year. If South Billings were to share in residential growth in proportion to its recent historical population growth, it might get an average of 20 units per year.

The amount and type of residential development will be restricted by market conditions. Even the modest estimates for development may be high, certainly in the short run. As the economy slowly recovers, the opportunity for new development will also slowly increase.

With current market conditions, demand for residential development is greatly reduced. Residential development in Billings for the last three years has been down to a

small percentage of its historical average (or market report will have the actual numbers). South Billings is getting a small share of that substantially reduced residential growth.

The market for residential development in the District is mainly infill development, on parcels generally smaller than 10 acres. In the next five or more years, the types of development that are potentially feasible are single-family units about 800 to 1,100 square feet on lots around 6,000 square feet, with a one-car garage.

Building multifamily housing will be difficult based on feedback from developers and brokers: (1) existing zoning limits multifamily density to about 10 dwelling units per acre; (2) the neighborhood opposes most types of attached housing; and (3) there may not be market demand for attached housing in the District. Given current market conditions, public subsidy and changes to land use codes are probably necessary to make attached housing with modest density (e.g., 12 to 20 dwellings per net acre) feasible.

### **Commercial and industrial development potential**

South Billings Boulevard URD has long-term opportunities for employment growth. Employment growth in South Billings will occur unevenly over time, with the areas that have characteristics that appeal to potential employers (e.g., good roads, sewer and water service, etc.) developing sooner. The employment sectors with the greatest opportunity for growth in Billings are: agricultural services, energy production and services, regional medical services, and warehousing and distribution. Retail and services will grow as Billings' population increases and visitor counts increase. Growth in South Billings will be affected by the presence of existing businesses that serve the larger region, such as Sam's Club or Cabela's, as well as businesses that serve visitors, such as the hotels and conference facilities.

Over the next 20 years, average job growth in Billings is expected to be about 20,000 new jobs. Right now, South Billings has about 7% of Billings' employment within the District. If South Billings captures about 7% of new employment, the District would grow by 1,400 jobs over the next 20 years, requiring about 465,000 square feet of new built space. If South Billings grows at ½ the rate of Billings, the District would capture 700 new jobs, requiring nearly 230,000 square feet of new built space. This estimate for new commercial and industrial built space may be optimistic, especially in the current economic climate.

The area along I-90, centered around the intersection of South Billings Boulevard and King Avenue, is generally the area most likely to grow soon. The types of development that will occur in this area are similar to what is currently there: commercial, retail, and industrial. The neighborhood has ample vacant or partially vacant land to accommodate growth, including the site with Cabela's and areas north of King Avenue.

South of I-90, there are several vacant sites about 10 acres in size, as well as some smaller sites, that provide opportunity for larger scale development, including industrial uses, back office functions, hospitality, or large-scale retail uses that require a large site and/or highway visibility. Some sites are likely to redevelop over the next few years while others may redevelop further into the decade.

The District has several large vacant parcels that could accommodate new commercial or industrial development, as well as redevelopment opportunities, including: (1) available sites along Midland, (2) some of the public as well as private sites around Amend Park, (3) along Orchard Street approximately from Optimist Park to State Avenue, (4) the triangle at the intersection of Laurel Rd. and King Avenue and (5) other redevelopable areas within the District. A number of parcels will not redevelop until the market can support greater density, which would make redevelopment financially feasible. These areas are more likely to develop sometime beyond the next three to five years and may need to wait until infrastructure improvements are completed.

Mixed-use development will depend on improvements in the district. Developing a village center or building vertically integrated mixed-use (e.g., a building with retail on the first floor and housing on the upper floors) will require improvements to infrastructure, land use accommodation for more multi-family housing by right to support the mixed use, and development of other amenities to make the District more attractive. Mixed-use is more likely to develop 7 to 10 years out or more.

## 4 FUNDING

Public funds will likely be needed in the South Billings Boulevard URD to help pay for the cost of upgrading and improving infrastructure, such as water, sewer, storm water, and street facilities.

An important source of public funds for infrastructure projects in South Billings Boulevard URD is tax increment financing (TIF). This section describes how TIF works, and illustrates how much TIF will be generated in the South Billings Boulevard URD over the life of the Urban Renewal District. We also suggest potential types of indebtedness the City could use to get more money upfront for infrastructure projects, to be repaid with TIF revenue over time. The forecasts of TIF revenues in this section are based on key assumptions from the previous section about the type and amount of new development that can be reasonably expected in the South Billings Boulevard URD over the next 10 to 20 years.

### 4.1 INTRODUCTION TO TIF

Tax Increment Financing (TIF) is one method cities can use to finance the cost of public infrastructure and stimulate private development within designated urban renewal areas. It is a widely used mechanism for economic development. According to the Council of Development Finance Agencies, it is used in 49 states and the District of Columbia; annually, TIF legislation is responsible for catalyzing financing for hundreds of public and private sector development projects.<sup>7</sup>

Urban renewal is a state-sanctioned program that can be adopted by cities, towns, counties, or city-county consolidated governments in Montana to help them, through partnerships with the private sector, implement adopted plans that revitalize specified areas within their jurisdiction. Urban renewal, through the provision of tax increment financing, can provide for capital improvements such as parks, streets, parking garages, and transit systems that stimulate private investment and attract new businesses, jobs, and residents. It can also be used to assist with development activities that are approved in an Urban Renewal Plan such as financing for affordable housing or mixed-use transit oriented development.

In Montana and most other states, urban renewal areas may only be formed within contiguous boundaries surrounding areas deemed “blighted.” The Montana Code Annotated states that blighted areas, among other characteristics, impair the economic growth of municipalities, restrict the provision of housing accommodations, aggravate traffic problems, or place public health and safety at risk.<sup>8</sup>

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<sup>7</sup> 2008 TIF State-By-State Report. Council of Development Finance Agencies. December 2008.

<sup>8</sup> See Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43.  
[http://data.opi.state.mt.us/bills/MCA\\_toc/7\\_15.htm](http://data.opi.state.mt.us/bills/MCA_toc/7_15.htm).

Tax increment financing is the primary funding tool used within Tax Increment Financing Districts (TIFD). The tax increment revenue is generated within a TIFD when a designated area is established and the taxable value within that area is frozen (often called the *frozen base*). When property values increase (through either property appreciation or new taxable development) the taxable value in excess of the frozen base is known as the *increment*. Taxing jurisdictions continue to collect tax income from the frozen base, but agree to release property tax revenue from the increment value to the TIFD. The property taxes collected by the TIFD from incremental value are known as TIF revenues. The TIFD can then spend TIF revenues directly, or can issue bonds secured by future TIF revenues to pay for identified public improvements and/or investments in private projects that are in the public interest.

In Montana, qualified TIFD projects eligible for TIF are residential, commercial, industrial, and mixed-use. Any cost that is incurred in connection with a qualified urban renewal project may be covered by TIF, including: streets, sidewalks, parking lots, sewer infrastructure, land acquisition, and utility infrastructure.

## 4.2 HOW IS TIF CALCULATED?

This section describes how TIF revenues are calculated for parcels within the South Billings Boulevard URD boundary.

The first step in TIF calculation is determining the value of the frozen base. This is simply the assessed value of the parcels within South Billings Boulevard URD at the time of its adoption. The TIF is then calculated based on the increase in assessed value over the frozen base. In Montana, properties are appraised every six years. The value is assessed by subtracting the new appraised value from the previous old value. The difference is then “phased-in” at 16.66% per year over the next six years until the property is reappraised again.<sup>9</sup> This method for assessing the value of properties affects how much TIF revenue a TIFD can generate from year to year since assessed value does not increase at the same rate that the appraised (real market) value does.

After the assessed value is calculated, the taxable value is estimated by using state and local exemptions. The taxable value is multiplied by the mill levy to reach the real property tax. Roughly the same process is used to estimate the private property (e.g., machinery, equipment, vehicles) tax. Table 8 uses a hypothetical scenario to show how tax increment is calculated for \$1,000,000 in real property value.

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<sup>9</sup> For instance, assume that a property formerly appraised at \$100 is reappraised at \$200. Therefore, in year 1 after the reappraisal, the assessed value is \$116.66. In year 2, it is \$133.33; year 3 it is \$150.00, and so on until it is assessed at \$200.00 in year six and reappraised once more. The difference between the new appraisal and \$200 is calculated and the cycle repeats.

**Table. Hypothetical TIF revenue estimate for \$1 million new real property value**

TIF Calculation	Value	Comments
Assessed Value	\$ 1,000,000	Real property increment only; phase-in of appraised value
Comstead Exemption	\$ (175,000)	DOR exemption; 17.5% for commercial (Comstead), 41.8% for residential (Homestead)
Subtotal	\$ 825,000	Assessed value minus exemption
Taxable Value	\$ 22,440	Equals 2.72% of subtotal above, per DOR exemption for every property
Mill Levy	\$ 640.400	Estimated; tax per \$1,000 in taxable value
<b>Real Property Tax</b>	<b>\$ 14,371</b>	<b>Taxable value multiplied by mill levy</b>

Calculated by ECONorthwest, based on FY 2011-12 data from Montana DOR.

Table 8 estimates that an assessed real property value increment of \$1,000,000 over the frozen base would generate roughly \$14,000 in TIF revenues for South Billings Boulevard URD. That is, the tax increment generated is roughly 1.4% of every \$1,000,000 invested in new construction.<sup>10</sup>

South Billings Boulevard URD can make expenditures with TIF revenues in the years the TIF is generated, or they can issue bonds or take out other forms of indebtedness to cover much larger upfront costs, to be paid back with TIF revenues over time.<sup>11</sup> Table 9 takes the hypothetical TIF revenue above and estimates the amount of revenue that it can leverage for South Billings Boulevard URD. Table 9 indicates that roughly \$14,000 in TIF revenue (from \$1,000,000 in commercial development) could be leveraged into \$130,000 in bonds to be paid back over 20 years.

**Table 9. Hypothetical bond value calculation, using TIF revenues from Table 8**

Bond Calculation	Value	Comments
Total Annual Increment	\$ 14,371	Increment from \$1,000,000 of new commercial investment
Coverage Ratio	30%	Bond issuers require additional coverage to mitigate risks to investors
Interest Rate	5.50%	Estimated interest rate
Amortization Period	20	Years required to pay off the bond
Financing Fee	2%	Fees paid to issuers, bond counsel, and other financial advisors
<b>Bond Proceeds</b>	<b>\$ 130,000</b>	<b>Amount of bond proceeds leveraged from TIF revenues</b>

Calculated by ECONorthwest

In addition to traditional long-term urban renewal bonds, other forms of indebtedness could be used to leverage future TIF revenues to support upfront capital costs for public infrastructure projects in South Billings Boulevard URD. Borrowing money to speed up the timing of infrastructure projects can help alleviate blight and jumpstart private redevelopment efforts in the URD, leading to more direct investment, increasing taxable value, and generating more TIF revenues. Tax Anticipation Notes (TANs) are one example of indebtedness that South Billings Boulevard URD could use to provide upfront funds for projects. TANs and other alternative funding sources are discussed later in Section 4.7.

<sup>10</sup> This estimate does not include the value of personal property (equipment etc), which could add to the increment generated. The amount depends on the value of the property.

<sup>11</sup> The initial life of a TIF district is 15 years. A city may sell bonds at any time during the span of the district, which allows the termination date of the district to coincide with the final payment date of the bonds issued.

### 4.3 FORECAST OF TIF REVENUES IN SOUTH BILLINGS BOULEVARD URD

For the purposes of calculating TIF revenues, the Montana Department of Revenue (DOR) divides South Billings Boulevard URD into two areas based on the applicable mill rates. One area, known as South Billings Boulevard URD 2T5 has a mill rate of 536.780 per \$1,000 of taxable value. The other area, known as South Billings Boulevard URD 23T5 has a mill rate of \$640.400. All of the incremental value in South Billings Boulevard URD is currently within area 23T5, and therefore our forecast of TIF revenues focuses on this area.

City staff provided ECO with GIS shapefiles for South Billings Boulevard URD, including detailed assessment data on all property within the URD. This data was sorted into residential and commercial property, and based on mill rates. Property values were then reduced by the applicable homestead/comstead exemption and multiplied by the taxable percent (2.72% for FY 2011-12) to determine the taxable value.

#### 4.3.1 Key assumptions

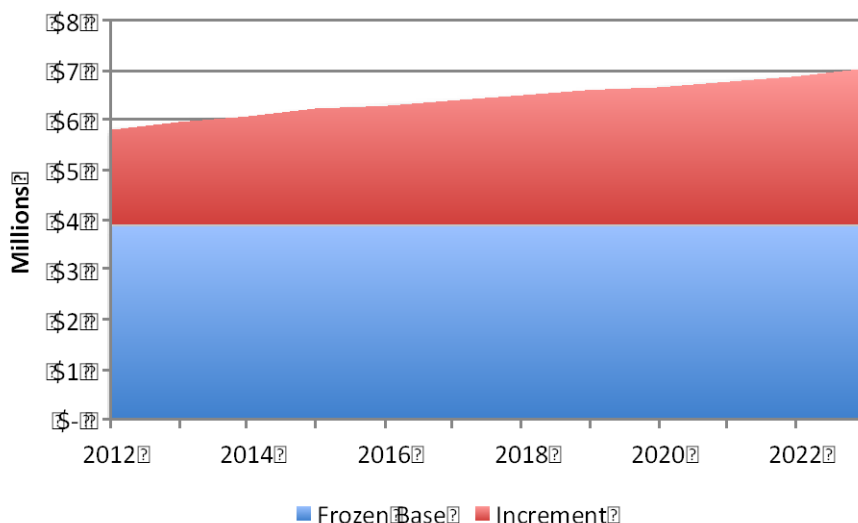
- **Appreciation.** Forecasting taxable value is relatively easy through FY 2014-15, which is all part of the current assessment cycle, which means existing property will appreciate by the same amount each year, as the total value is phased in. After FY 2014-15, we assumed modest appreciation, including 1% per year for residential property, and 3% per year for commercial property through FY 2020-21. These conservative assumptions account for current economic conditions, and the likelihood that the next assessment cycle will see little growth in assessed value. For later years (FY 2021-22 and beyond), we assume appreciation of 3.25% for residential and 3.5% for commercial.
- **New construction.** For new construction, we assumed there would be an average of 20,000 sq. ft. of new commercial construction each year, with a value of \$60 per sq. ft. For residential development, we assumed there would be no construction in 2011-12, with construction gradually increasing to 20 units per year in 2015-16 (roughly half of South Billings Boulevard URD's "fair share" of citywide growth as described in Section 3 of this report). We assume urban renewal investment in the URD would be successful at making it more attractive for new development over time, and we assume residential development would continue to gradually increase from 20 units per year in 2020 to 30 units per year in 2030. We assume all residential construction would be single-family (estimated assessed value of \$110,000 per unit) until at least FY 2015-16, at which point in time a growing share of new development would be multifamily units (assessed value of \$150,000 per unit).
- **Tax rates and exemptions.** Mill rates were held constant in all years for the purposes of our analysis. For the duration of the forecast period, we assumed homestead and comstead exemptions would continue to increase continuing the

trend experienced over the past decade. Likewise we assume the taxable percent will continue to decline over the forecast period, in line with historical trends. The combination of increasing homestead/comstead exemptions and decreasing taxable percent, while mill rates remains constant means that the amount of property tax revenue as a percentage of assessed value declines over time. It is possible that trends in DOR exemptions and taxable percent will change, which could result in TIF revenues that exceed our forecast.

#### 4.4 RESULTS

Figure 9 shows our forecast of taxable value growth in South Billings Boulevard URD 23T5.<sup>12</sup> Total taxable value is anticipated to increase at an average annual rate of 1.7% per year, growing from \$5.8 million in FY 2011-12 to \$7.0 million in FY 2022-23. As the frozen base remains a constant \$3.9 million, all future growth adds to the incremental value that generates TIF revenues for South Billings Boulevard URD.

**Figure 9. South Billings Boulevard URD, forecast taxable value, FY 2011-12 to FY 2022-23**



Source: ECONorthwest

Table 10 shows the forecast TIF revenues for South Billings Boulevard URD. With a mill rate of 640.400 per \$1,000 of taxable value, South Billings Boulevard URD would generate \$1,233,222 of TIF revenue in FY 2011-12, and would grow at an average annual growth rate of 4.5% per year, generating an estimated \$2.0 million in TIF revenue in FY

<sup>12</sup> Note that our forecast stops in FY 2022-23 as that would be the year the district would sunset, unless the district incurs indebtedness to extend the life of the district beyond the 15-year limit. Also, as mentioned previously, this forecast of taxable value is only for area 23T5, and does not include the total taxable value for the entire South Billings Boulevard URD, since area 2T5 has taxable value less than its frozen base, and therefore has no increment value.



2022-23. A portion of TIF revenue in South Billings Boulevard URD, however, is committed to paying debt service on public infrastructure investments made to support commercial development in Miller’s Crossing. Therefore, total South Billings Boulevard URD TIF revenue is reduced by \$280,000 per year to determine the amount of TIF revenue for new projects. This TIF revenue for new projects is estimated to be \$953,222 in FY 2012-13, and climb to \$1.7 million in FY 2022-23. Total TIF Revenue for new projects over the lifetime of the South Billings Boulevard URD will be about \$16.2 million.

**Table 10. South Billings Boulevard URD, forecast TIF revenue, FY 2012-13 to FY 2022-23**

FYE	Increment	Mill Rate	Less Miller's Crossing	TIF Revenue for New Projects
2012	\$ 1,926,000	640.400	\$ (280,000)	\$ 953,000
2013	2,066,000	640.400	(280,000)	1,043,000
2014	2,175,000	640.400	(280,000)	1,113,000
2015	2,330,000	640.400	(280,000)	1,212,000
2016	2,418,000	640.400	(280,000)	1,268,000
2017	2,508,000	640.400	(280,000)	1,326,000
2018	2,600,000	640.400	(280,000)	1,385,000
2019	2,693,000	640.400	(280,000)	1,444,000
2020	2,787,000	640.400	(280,000)	1,504,000
2021	2,890,000	640.400	(280,000)	1,571,000
2022	3,004,000	640.400	(280,000)	1,644,000
2023	\$ 3,122,000	640.400	\$ (280,000)	\$ 1,719,000

Source: ECONorthwest, 2011

The forecast TIF revenues for new projects shown in Table 10 would provide a total of \$16.2 million for the South Billings Boulevard URD through 2022-23. With a revenue stream of roughly \$1,000,000 per year, it could take the South Billings Boulevard URD many years of waiting and saving TIF revenues to afford any substantial public infrastructure projects.

The City could spend TIF as it accumulates annually but this would slow growth of tax generating projects because some infrastructure improvements would happen later and because TIF can be used to narrow the financing gap on development projects.

Alternatively, the City can have TIF available sooner by borrowing money through Tax Anticipation Notes or a line of credit, which could be applied to infrastructure projects and assist with development projects sooner. This activity would generate TIF quicker.

For example, the City may be able to issue a three or five year Tax Anticipation Note (TAN) for about \$3 million to \$5 million in FY 2012-13. The City would pay the TAN off by the end of the period. They could issue a bond, possibly as large as \$8 million or \$9 million (depending on the structure of the TAN and the bond). This type of borrowing could require extending the life of the district to pay debt service on the bonds, depending on the length of the bond.

## 4.5 IMPLICATIONS

- Purpose of urban renewal is to capture and invest tax dollars within a district to help stimulate redevelopment in that district.
- Strategic investments in infrastructure typically help to stimulate redevelopment.
- The City will has choices about how and when to spend the TIF revenues. The City will need to decide how much TIF revenue to dedicate to infrastructure projects. The City will also need to decide when to spend the revenues and whether to use borrowing (through TANs and bonds) to make revenues available sooner.
- The City will need to look to other sources of funding, such as those described below and in Appendix A, to fill the gap in funding for infrastructure and other projects in the District.

## 4.6 ADDITIONAL FUNDING SOURCES AND STRATEGIC PARTNERSHIPS

Redeveloping South Billings Boulevard will require funding from sources other than TIF revenues and creating strategic partnerships. This section lists funding sources, to supplement TIF revenues, for South Billings Boulevard briefly. Appendix A describes these programs in more detail, as well as providing information about economic development agencies and nonprofit agencies in Billings and Montana.

- **Tax Anticipation Notes (TAN).** Short-term, tax-exempt, low interest loans used by state and local governments to finance immediate projects that will be repaid with future tax revenues. TANs are sometimes used in TIF districts to provide up front funds for projects in situations where the TIF district does not have adequate annual funds nor is it able or desirable to issue long-term bonds for those projects.
- **New Markets Tax Credits.** The New Markets Tax Credit (NMTC) Program enables tax credits to be secured for qualified economic development projects with designated areas. NMTC's, which are processed through Community Development Entities (CDEs), can help fund new development or redevelopment of job creating projects by providing very low interest rate equity investments or loans for a seven year period. NMTCs have been used for a wide variety of qualified projects including: hotels, mixed-use projects, performing arts facilities, office buildings and industrial developments. In limited circumstances the equity/loan can be forgiven.
- **EB-5** is a federal program designed to enable foreigners to obtain a US visa leading to citizenship by making a \$500,000 investment, at low interest rates, in American economic development projects. Each \$500,000 investment must create 10 jobs for US residents - these can be primary jobs (directly part of the business or project), and/or secondary jobs (those that are indirectly associated with the

business/project as well as induced by it). Common EB-5 projects include: senior housing facilities, hotels, office buildings, industrial facilities, retail and infrastructure projects (when these are linked to any of the preceding). Montana does not yet have an EB-5 regional center.

- **Low Income Housing Tax Credits.** Federal tax program provides tax credits for acquisition, rehabilitation, new construction of rental housing targeted to lower-income households. At least 20% of residential units must be restricted to low income residents with income less than 50% median gross income of the area – or at least 40% of the units must be restricted to low income residents with income of 60% or less of the median gross income of the area.
- **HUD 221 (d) (4) loan program.** Provides a financing guarantee for up to 80% of development project costs for new construction or rehabilitation of market rate multi-family housing, which helps reduce the amount of equity a developer needs to raise and helps bring down the overall cost of financing.
- **HUD 202 Supportive Housing For the Elderly.** Provides interest-free capital advances to private, nonprofit sponsors to finance housing development for low-income seniors.
- **HUD 108.** This is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Section 108 loan capacity is determined by the annual CDBG allocation to the City.
- **Public 63-20 and Non-profit 501c3 Bonds.** Allow public agencies (e.g., state universities, public hospitals) and nonprofit corporations (e.g., museums, Y's, nonprofit development entities) to issue tax-exempt bonds to finance up to 100% of the cost of a facility for a tax-exempt purpose, such as a training facility or medical clinic.
- **SBA 504 Loan Program.** Administered by a Certified Development Company (CDC), the Small Business Administration 504 Loan Program is a long-term financing tool for eligible small businesses to use for major fixed assets, such as land and buildings. (I think Big Sky administers or facilitates these SBA programs in Billings??)
- **SBA 7(a) Loan Program.** Administered by a CDC, the Small Loan Advantage and Community Advantage 7(a) Loan Initiatives are aimed at expanding access to capital for small businesses and entrepreneurs in underserved communities to help drive economic growth and job creation.

Potential partnerships for implementing the Master Plan include:

- **Economic development agencies.** Big Sky Economic Development agency will be a key partner in the redevelopment of South Billings. They have access to the

Small Businesses Administration (SBA) loans and other grants. They can blend their resources with the City's resources (e.g., TIF) and other resources for redevelopment.

- **Local lenders.** The City should work with local lenders to educate them about financing opportunities and specific projects in South Billings. Lenders may not be aware of the financing tools (e.g., TIF revenues, New Market Tax Credits, EB5 funds, etc.). The City will need to demonstrate how these tools work, what roles the City and lenders can play with these tools, and how the tools can be applied to specific projects.
- **Private developers.** The City should meet with private developers on a regular basis to build closer relationships and to make sure that the City is aware of what projects the developers are pursuing, as well as what resources the City can bring to bear for key redevelopment and economic development projects.
- **Local nonprofits and foundations.** Nonprofits and foundations may have access to financial resources that the City does not. Nonprofits, with the City's help, can issue 501c3 bonds. Projects that the bonds could be used for include nonprofit medical clinics, an office facility for a group of nonprofits, a nonprofit trade training and incubation center.
- **Public housing authority and nonprofit housing providers.** These organizations can assist with redevelopment through building affordable, workforce, and senior housing that is compatible with the District. They are able to access federal programs, such as low income housing tax credits HUD 202 low-interest loans. In addition, housing authorities and nonprofit organizations can both issue bonds.
- **Education resources.** The City should work with Montana State University-Billings and any existing trade schools to increase access to trade and other types of training. The purpose of this partnership would be to align the training opportunities with the City's economic development goals by identifying gaps in existing training programs. These partnerships would be key in starting a trade training and business incubator. Partnerships with MSUB could lead to the development of other programs to serve the community. The City's role in this partnership would vary, depending on the City's goals, and could be simply providing funding for the project.
- **Hospitals.** Partnering with the two local hospitals is an option for securing a medical clinic in South Billings. The purpose of the partnership would be to bring medical services to South Billings, fulfilling part of the City's vision of development in South Billings. The hospitals can issue bonds (63-20 bonds). Preliminary discussions suggest that non-conventional methods of delivery (mobile clinics, tele-medicine, physician assistants and space sharing with other organizations) should be explored. The City's role in this partnership would

vary, depending on the City's goals, and could be simply providing funding for the project.

## **5 IMPLEMENTATION OF THE SOUTH BILLINGS MASTER PLAN**

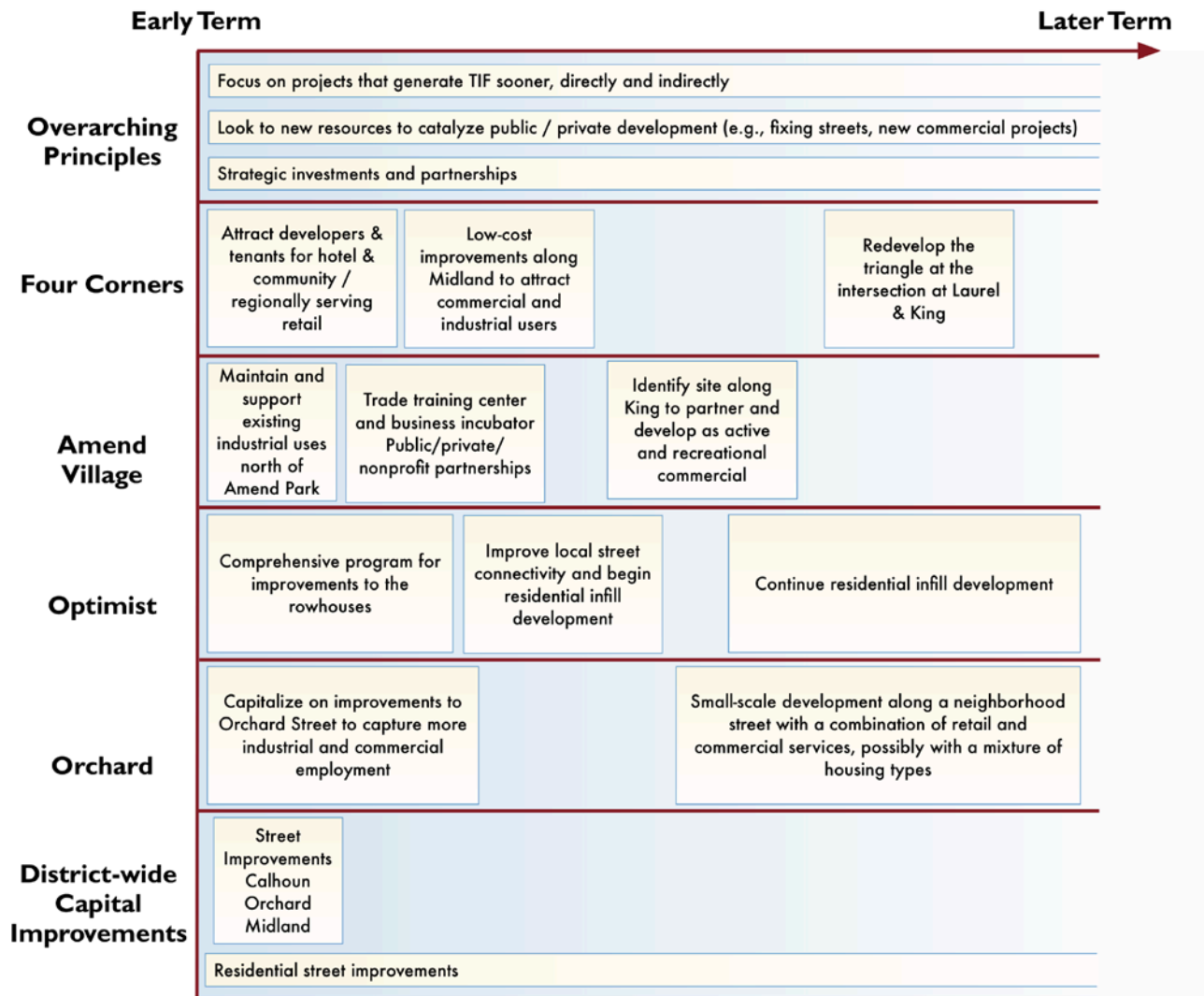
The full report describes the vision for future development of the South Billings URD and the four neighborhoods within the District. This section describes the implementation and phasing of the vision of the Master Plan. It also describes the comparative advantages of the District and the four neighborhoods for achieving the Master Plan vision.

### **5.1 IMPLEMENTATION AND PHASING**

A targeted and coordinated implementation strategy is necessary to overcome the market and other barriers to redevelopment in South Billings and implementation of the community's goals for South Billings, as described within this Plan. Implementation of the Master Plan will not happen all at once and is likely to take 15 to 20 years, possibly longer. This time frame is fairly typical for areas such as South Billings.

Figure 10 gives an overview of the approach to implementing the South Billings URD Master Plan.

**Figure 10. Overview of Implementation of the South Billings URD Master Plan**



Source: ECONorthwest

Implementation of the Master Plan will depend, in part, on building on successful projects within the District. Redevelopment may be gradual over the first three to five years of the planning period but momentum will gradually increase as conditions within the District improve. Figure 10 shows that key principles about investments and partnerships apply throughout the District:

- **Focus on projects that generate TIF.** The increment generation in the District right now is not sufficient to cover all of the projected infrastructure costs. Further, homestead/comstead exemptions and other details of the property tax structure in Montana affect the timing and amount of increment, and limit the revenue benefits associated with certain types of development, especially owner occupied residential. Strategic investment in private projects that will generate TIF, especially in the early years, will benefit the entire District with increased resources. Commercial and industrial development will generate the most TIF. Well-designed, quality multifamily housing will generate more TIF than single-family housing.
- **Look to new resources to catalyze development.** South Billings residents and businesses have expressed a desire to attract a range of new development. Commercial facilities such as full service restaurants, a branch bank, and new hotel are often sited. Service facilities such as medical and dental clinics, branch library, and training centers are among those desired. While South Billings offers good locations for many of these uses, the market, on its own is unlikely to support them without public assistance. The District does have access to TIF, a very helpful resource, but one that will need to be further leveraged to help the area achieve more of its goals. To further reduce the risks for private developers/investors, and to help close the gap between construction costs and achievable rents, alternative financing tools will need to come into play. Some of these tools are available only in areas that meet certain conditions (e.g., levels of unemployment or poverty). South Billings as a whole or in part should be eligible for a number of these financial assistance programs. These sources include tax credit programs (e.g., new market tax credits, affordable housing tax credits), HUD section 108, and EB5 (a program that secures economic development funds from foreigners who want to become US citizens). Each of these resources has potential to provide either lower interest rate loans or, in some cases less expensive equity, that can help make projects more economically viable. Appendix A lists potential funding sources for South Billings, in addition to TIF revenues.

Figure 10 shows implementation strategies for each of the four neighborhoods, from actions that should be taken early in the implementation process to actions that could be more effective later in the process. Early term projects for each neighborhood include:



- **Four Corners.** The area right around the intersection of King Avenue and South Billings Boulevard probably has the greatest development opportunities in the District, and has attracted the most attention from potential investors and developers. The area has large sites that are assembled, excellent transportation access and visibility, and has already benefited from TIF resources for infrastructure improvements.
  - A key strategy will be increasing commercial uses in this area. Working with developers and potential tenants in the near term on ready to go sites to secure a greater mix of uses that include community and regionally-serving commercial uses will further improve the development opportunities on adjacent sites.
  - Midland presents opportunities for new commercial and industrial uses. These include, distribution facilities, energy related support industries, and various transportation and parts businesses. Some relatively low-cost improvements, such as completing the sidewalk network or streetscape improvements, are possible investments that could give the area a stronger business/industrial park image and competitive advantage. This should help attract a broader range of new industrial users along and around Midland. Industrial and commercial development, while still subject to various tax deferrals, is a good generator of TIF. Ideally, infrastructure improvements would be directly linked to commitments from the private sector to expand existing facilities and/or build new ones. Relatively small investments in the early years of implementation could bring not only jobs, but also increase the revenue available in the District for other future projects.
- **Amend Village.** The Amend Village neighborhood is dominated by Amend Park but also includes an industrial area and mobile home parks north of Amend Park. This area offers opportunities for continued industrial uses, as well as opportunities to capitalize on recreation and other public uses in the Park.
  - The industrial area north of Amend Park is an active, functional industrial area, where there are many parcels (many smaller), with many land ownerships. Keeping this area functioning for employment uses, including industrial uses, will be important, as a way to support existing businesses and give new businesses a potential area to grow in. Exiting businesses can be supported through various loan programs provided by Big Sky Economic Development, and if they choose to physically expand and create required numbers of new jobs, may be eligible for low interest loan programs such as EB5.
  - There is considerable interest in the District in starting a trade training center and business incubator. This center would both offer job training to better prepare the workforce in South Billings and the metro area for actual jobs

would also foster growth of emerging businesses, a number of which should locate in South Billings after their incubation period. Developing such a center can be challenging. Needs would include: 1) securing agreement among public and private partners on the functions and size of such an operation, 2) acquiring a viable site, 3) finding funding for capital and operations. Potential partners to create and operate such a center include: MSUB, Big Sky Economic Development, the City and County, private businesses, and faith-based organizations interested in training and business incubation. One way that the City could help start the center would be making available at viable terms publically owned land on to construct the training/incubation center. One site for possible consideration might be the currently owned Parks Department site now being used by public works for operations and storage.

- **Optimist.** The Optimist neighborhood is primarily residential, with some public and non-profit uses. It borders the Orchard neighborhood, which is home to multiple industrial businesses. Orchard Lane is a street that is used both by residents of the neighborhoods and by businesses located in the District, including trucks associated with neighborhood industrial businesses. The neighborhood's primary opportunity is to retain its residential character but improve the quality and variety of new housing on some of its infill sites..
  - Making improvements to the rowhouses in the neighborhood is an important starting point for redevelopment in the neighborhood. Interviews have revealed that the current maintenance and other issues with the rowhouses are negatively affecting the potential for the Optimist area to redevelop. We recommend a comprehensive program to address this, potentially in partnership with the adjacent middle school and other service assistance providers, that could include: increased code enforcement, support for the formation of a homeowner's association, low-interest loans or grants for rehabilitation of and improvements to individual units, and increased access to social services for tenants and owners of units.
  - Improving local street connectivity will be important for continuing residential redevelopment. The Optimist neighborhood has opportunities for residential infill development which could include new single family housing and duplexes, as well as possible multifamily units for seniors.
- **Orchard.** The Orchard neighborhood is a primarily industrial and commercial area, adjacent to the residential areas in the Optimist neighborhood. The City should focus on making infrastructure improvements, such as street improvements, that make the neighborhood more accommodating to commercial and industrial businesses and at the same time attractive to residents of the area

The mid- and later term projects shown in Figure 10 are:

- **Four Corners.** A key, highly visible redevelopment opportunity in this neighborhood is the triangle parcel at the intersection of Laurel Road and King Ave. This site offers longer-term redevelopment opportunities, as the District becomes more attractive to businesses because of improvements to infrastructure and increased economic activity in the District. This site is a relatively large and is readily accessible by cars driving by on Laurel Road. It is, however, isolated from residential areas and not suited for many industrial uses. The triangle could be viable for commercial uses that require excellent automotive access and good visibility, such as a market or another combination of service and retail uses. It could also be developed for community uses preferably in combination with some commercial activities.
- **Amend Village.** The recreational activity centered on the Park offers opportunities for creating an active and recreational commercial center in this neighborhood. Doing so would require identifying a site in the neighborhood along King Avenue for development that incorporates opportunities for active recreation (e.g., a rock gym, recreation-related retail, or some type of outdoor recreation), as well as tying into the other recreational elements in the District (e.g., soccer in Amend Park, the nearby Yellowstone River, or Cabela's).
- **Optimist.** Later-term activity in Optimist neighborhood will likely consist of continued residential infill development with perhaps more emphasis on nicely designed, good quality, well managed multi-family units.
- **Orchard.** As the neighborhood redevelops, developing a small-scale commercial center may be possible in the residential area in the Orchard neighborhood, such as along a major road as Vaughn Avenue. This area could include a mixture of uses, such as neighborhood-serving retail and services along the street edge with more dense housing options where the parcels have more depth.

## 5.2 MARKETING STRATEGY

This section describes the site characteristics that are assets for attracting new development and expanding existing businesses as well as capturing new ones; in other words, it describes the *competitive advantages* of the South Billings Boulevard URD and its neighborhoods. City of Billings staff can build on this list as a starting place to develop a more detailed and thorough attraction and retention strategy for South Billings. The purpose of this section is to highlight the positive aspects of the District that recommend it for growth; as such, it does not provide a detailed description of the constraints or competitive disadvantages. These are documented in other sections of the memorandum.

### 5.2.1 Competitive advantages of the entire South Billings URD

Each economic region has different combinations of productive factors: land (and natural resources), labor (including technological expertise), and capital (investments in infrastructure, technology, and public services). While all areas have these factors to some degree, the mix and conditions of these factors vary, allowing firms in an area to produce goods and services more cheaply, or to generate more revenue, than firms in other areas. The combination of these factors describes the competitive advantages for the area.

The competitive advantages of the South Billings Boulevard URD form the basis for economic growth in the District. The District's advantages for commercial and industrial development are:

- Access and visibility from I-90
- Proximity to amenities and commercial areas with Billings
- Urban infrastructure and services, which are only complete (and an advantage) for to some areas within the District
- Existing economic base, which includes the commercial and industrial businesses in the District
- Vacant land, including several parcels larger than five acres
- Relatively low land costs, which is off-set by lower amenities relative to other parts of Billings
- Access to the Yellowstone River
- New commercial development that can catalyze redevelopment
- Access to a range of potential public financing tools to stimulate new development and help expand existing or attract new development and businesses (see Appendix A)

Advantages for residential development are:

- Expected population growth in Billings of 25,000
- Low housing costs, relative to other parts of Billings
- Vacant land for residential development, including opportunities for infill development
- Relatively low land costs
- Access to parks, ranging from neighborhood parks to large, community parks
- Existing schools in the District
- New commercial development that can catalyze redevelopment, including neighborhood commercial
- Access to the Yellowstone River
- Access to a range of public financing tools to assist with rehab of existing units and development of new ones

Completion and implementation of the Master Plan will become a competitive advantage. A coordinated investment strategy, codified and adopted via this plan, provides increased certainty about public sector investments in and the vision for the future of the District. The Plan: clarifies and prioritizes essential infrastructure improvements for the District; identifies potential redevelopment opportunities in each of the four neighborhoods within the District; and suggests a range of funding/financing sources intended to help stimulate earlier and more significant private investment. This increased certainty and possibility of direct partnerships is an important benefit to property and business owners, and creates a competitive advantage for the area

## **5.2.2 South Billings neighborhoods**

### **Four Corners**

The long-term vision for the Four Corners neighborhood is as an employment center that provides diverse regional and local services. Development in Four Corners will include regional and locally-serving retail and services, services for visitors (e.g., hotels), recreational opportunities in the areas near Amend Park, and industrial and distribution businesses.

Four Corner's advantages for achieving this vision are:

- Four Corners is the largest industrial and commercial employment center of the District. It is the area where redevelopment is occurring and the place where additional redevelopment is most likely to occur sooner.

- The neighborhood has high visibility from and direct access to I-90.
- South Billings Boulevard and King Avenue are heavily traveled roads that connect the neighborhood with the rest of Billings.
- Main opportunity sites in the neighborhood with larger parcels of vacant land are located near: (1) the northern corner of the I-90 interchange east of South Billings Boulevard, (2) the southern corner of the I-90 interchange east of South Billings Boulevard, and (3) at the southwest corner of the neighborhood to the south of Midland Road.
- The neighborhood has existing regional destinations, such as Sam's Club, Cabela's, and the hotel with conference center.
- Four Corners has opportunities for connection with the Yellowstone River, which may be attractive to businesses considering locating south of I-90.

The Four Corners neighborhood is likely to have redevelopment sooner than other parts of South Billings and may act as a catalyst to redevelopment in other neighborhoods, especially areas near the South Billings Blvd and King Avenue intersection. The timing of redevelopment in Four Corners is dependent on infrastructure improvements, the extent to which public resources are available to help incentivize additional private investment, and the overall economic recovery of the regional and national economies.

### **Amend Village**

The vision for Amend Village is that the neighborhood will continue to be the home to businesses and Amend Park, with new housing and neighborhood services developing adjacent to Amend Park. The neighborhood will develop a broader mixture of uses, with improved infrastructure and community amenities. Amend Park may attract businesses and nonprofits that create a recreational activity hub. The vision for development of Amend Village include a combined trades training center and business incubator.

Amend Village's advantages for achieving this vision for development are:

- Amend Park serves the Billings region and is an actively used park. The park provides amenities for people living and working in the area and provides opportunities for developing recreational businesses.
- The existing businesses north of Amend Park function like a small industrial cluster. The area provides a lower-cost facilities where industrial and manufacturing businesses can develop and grow.
- Opportunity sites in the area include a larger vacant and underutilized parcels near Amend Park, as well as the triangle of redevelopable land at the corner of

King Avenue and Laurel Road, in addition to smaller vacant and redevelopable sites throughout the neighborhood.

- Proximity to commercial development in the Four Corners neighborhood.
- The neighborhood offers potential for multifamily residential development, including senior housing, as part of the mix of uses near Amend Park.
- Publicly owned sites, aside from the park, that may offer redevelopment opportunities over time.

## **Optimist**

The vision for development in the Optimist neighborhood is development of a well-connected, walkable, diverse, safe, and affordable neighborhood. The neighborhood will combine amenities, such as tree-lined streets and community gardens, with opportunities for small growing business into a neighborhood where people have opportunities to live and work.

Optimist's advantages for achieving this vision include:

- Existing neighborhoods, with residents and others who are committed to living in the neighborhood and making it a better place to live. Residents in this neighborhood are diverse and have a strong sense of community pride.
- Small vacant parcels and infill opportunities throughout the district.
- Amenities, such as Optimist Park, the Boys and Girls Club, and neighborhood schools.

## **Orchard**

The long-term vision for development of the Orchard neighborhood is as a walkable, vibrant neighborhood with a mix of local and neighborhood oriented businesses, diverse housing choices, and neighborhood amenities. The vision includes retirement housing, community gardening programs, a multi-generational community center, and adaptive reuse of existing commercial and industrial buildings. The vision or Orchard and Optimist include development of a small commercial area along Vaughn Avenue, with services for local residents.

Orchard's advantages for achieving this vision include:

- Existing businesses provide an employment base to build from.
- Underused or abandoned commercial and industrial buildings can be adapted for reuse for new businesses.
- The surrounding residential neighborhoods, in Orchard and Optimist, provide opportunities for growth of small, locally-serving retail and service uses.





### 5.3 NEXT STEPS

The next steps for implementation build on the work in the Master Plan

- Make strategic investments to leverage the capacity of the TIF through combining it with other sources of revenue. Key investments should be ones that will catalyze additional development. For example, talk with commercial brokerage firms and property owners about what infrastructure improvements in Midland would help catalyze new commercial and industrial development. For improvements that serve residential as well as commercial interests such as Orchard Street, using TIF to help secure enhancements like sidewalks and streetlight may make these areas more inviting for redevelopment..
- Identify and secure the most viable and robust economic development/redevelopment tool kit. This memorandum forecasts TIF revenue and describes potential development tools. One of the City's first steps should be exploring how to secure and use other key funding sources. A couple of examples are listed below:
  - Explore the viability of New Market Tax Credits to South Billings. The entire District is not eligible for these tax credits. The City should contact the Montana Community Development Corporation to identify eligible census tracts, and how NMTCs can be blended with TIF and other tools for South Billings projects. (Beth, you should make sure that it is indeed the Mont CDC that does NMTC there)
  - Work with Big Sky Economic Development, the Montana Community Development Corporation, and the State to evaluate what it takes to establish an EB5 regional center in Montana.
- Once the financing tool kit is complete, the City should meet with lenders and developers to discuss the tools, how they can be blended with private resources and what kinds of projects they can be applied to..
- Meet with key developers, large institutions (e.g., MSUB and the hospitals), and other key stakeholders about the Master Plan's objectives and to explain the financing tool kit. Find out how the City and the stakeholders can assist each other in identifying and developing projects in South Billings.
- Talk with key property owners of the Four Corners area, which includes the California entity that developed the Sam's Club and Cabela's sites, about how the remaining land could and what kinds of development might be possible there. There may be opportunities to integrate some community desired uses such as bank branch and/or medical clinic into the mix. Share information about the development tool kit with these entities and explain how it can help them achieve their goals and your..

- Conduct a feasibility study about the training center and business incubator. The study should gauge the need for the center, including what types of training should be offered and what types of businesses would benefit from the center. The study should also identify capital and operating costs as well as other challenges, and identify potential partnerships for developing/operating the Center.

## APPENDIX A: POTENTIAL FUNDING SOURCES FOR REDEVELOPMENT IN SOUTH BILLINGS

This appendix lists potential funding sources for redevelopment in South Billings. These funding sources would supplement funding available from TIF revenues.

### FEDERAL PROGRAMS

- **New Markets Tax Credits.** The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities (defined for certain census tracts). The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. The CDE must utilize the cash received in exchange for tax credits within 12 months of receipt.

The law requires that NMTCs be used to make investment capital available (i.e. loans or direct investment) to businesses in qualifying low-income communities, create jobs, and encourage economic development. Examples of projects the tax credits can be used for include: expansions of small businesses, large mixed-use real estate developments, including industrial, retail or manufacturing. They can also be used to rehabilitate for-sale housing units or construct such communities. facilities as charter schools, health centers, or museums. Generally rental housing is not eligible, although in some circumstances NMTCs can be used to finance mixed-use projects where less than 80% of the gross rental income comes from dwelling units.

In 2011, the Montana Community Development Corporation, a CDE, received \$56 million in federal tax credits for revitalization of low-income communities. Montana's first allocation of NMTCs, awarded in 2008, provided nearly \$40 million in tax credits for projects in Butte, Bozeman, Helena, and Missoula. It is important to note that the gross amount of tax credits awarded translates into approximately one fifth of that amount in actual dollars that can be invested into a project.

Specific tracts are eligible for NMTCs in three classifications: severely distressed with all primary criteria met; severely distressed with one or more primary criteria met; severely distressed with one or more secondary criteria met. Currently, in South Billings, at least five tracts are classified as severely distressed.

For more information on New Market Tax Credits, please visit the Montana Community Development Corporation's website:

[http://www.mtcdc.org/index.php?option=com\\_content&view=article&id=111&Itemid=195](http://www.mtcdc.org/index.php?option=com_content&view=article&id=111&Itemid=195)

The following websites provide NMTC eligibility criteria and interactive mapping tools:

[http://www.novoco.com/new\\_markets/resources/maps\\_data.php](http://www.novoco.com/new_markets/resources/maps_data.php)

[http://www.cdfifund.gov/what\\_we\\_do/mapping\\_instructions.asp](http://www.cdfifund.gov/what_we_do/mapping_instructions.asp)

- **EB-5** is a federal program designed to enable foreigners to obtain a US visa leading to citizenship by making a \$500,000 investment in American economic development projects. Each \$500,000 investment must create 10 jobs for US residents - these can be primary jobs (directly part of the business or project), and/or secondary jobs (those that are indirectly associated with the business/project as well as induced by it). The businesses or projects receiving EB-5 funds must be located in a Targeted Employment Area (TEA). TEAs are areas within a state that meet federal unemployment guidelines. Rural areas automatically qualify. Metro areas with populations over 50,000 must have areas within them that meet or exceed 150% of the national unemployment rate to qualify as a TEA. EB-5 funds usually are collected by entities called Regional Centers (RC). These centers recruit qualified foreign investors and identify eligible projects or businesses within the RC's territory, which can be as small as a county or large as a state. Currently, Montana does not yet have an EB-5 RC but there is interest in establishing one or more.

The types of projects/businesses that have been most successful using EB-5 include: hotels, senior housing, office projects, retail and manufacturing, as well as mixed-use developments. More information about EB-5 can be found at the U.S. Immigration and Naturalization Services's web site:

<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnnextoid=facb83453d4a3210VgnVCM100000b92ca60aRCRD&vgnnextchannel=facb83453d4a3210VgnVCM100000b92ca60aRCRD>

- **Low Income Housing Tax Credits.** Federal tax program provides tax credits for acquisition, rehabilitation, new construction of rental housing targeted to lower-income households. At least 20% of residential units must be restricted to low income residents with income less than 50% median gross income of the area – or at least 40% of the units must be restricted to low income residents with income of 60% or less of the median gross income of the area. The median income for Billings is \$45,957, which suggests that many households in South Billings would qualify for such units. More information can be found at the U.S. Department of Housing and Urban Development's website:  
<http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/basics/>

- **HUD 221 (d) (4) loan program.** Provides a financing guarantee for up to 80% of development project costs for new construction or rehabilitation of multi-family housing, which helps reduce the amount of equity a developer needs to raise and helps bring down the overall cost of financing. More information can be found at the U.S. Department of Housing and Urban Development's website:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/progdesc/rentcoopshg221d3n4](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/rentcoopshg221d3n4)
- **HUD 202 Supportive Housing For the Elderly.** Provides interest-free capital advances to private, nonprofit sponsors to finance housing development for low-income seniors. The capital advance does not have to be repaid as long as the project serves low-income seniors. The nonprofit must provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of \$25,000. Occupancy in Section 202 housing is open to any very low-income household comprised of at least one person who is at least 62 years old at the time of initial occupancy. More information can be found at the U.S. Department of Housing and Urban Development's website:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/progdesc/eld202](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/eld202)
- **HUD 108.** The loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.

Loan commitments are often paired with **Economic Development Initiative (EDI)** or **Brownfield Economic Development Initiative (BEDI)** grants, which can be used to pay predevelopment costs of a Section 108-funded project. They can also be used as a loan loss reserve (in lieu of CDBG funds), to write-down interest rates, or to establish a debt service reserve. More information on the HUD 108 loan program is available at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs/108](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/108)

- **Federal Historic Rehabilitation Tax Credits.** The Federal Historic Preservation Tax Incentives program encourages private sector rehabilitation of income-

producing historic buildings. The program is administered by the National Park Service and the Internal Revenue Service, in partnership with State Historic Preservation Offices. The program allows a 20% tax credit for certified rehabilitation of certified historic structures. It also allows a 10% tax credit for rehabilitation of non-historic, non-residential buildings built before 1936. The rehabilitation must be substantial and must involve a depreciable building. The credit is claimed for the year the project is completed. The L&L Building at 2624 Minnesota Avenue, was one of dozens of buildings in downtown Billings rehabilitated taking advantage of historic tax credits. More information can be found by visiting the National Parks Service website:

<http://www.nps.gov/hps/tps/tax/incentives/index.htm>

## LOCAL FUNDING SOURCES

- **Tax Anticipation Notes (TAN).** Short-term, tax-exempt, low interest loans used by state and local governments to finance immediate projects that will be repaid with future tax revenues. TANs are sometimes used in TIF districts to provide up front funds for projects in situations where the TIF district does not have adequate annual funds nor is it able or desirable to issue long-term bonds for those projects. Eligibility is determined by comparing the amount of the TAN to a jurisdiction's general fund.
- **Non-profit 63-20 and 501c3 Bonds.** Allow public agencies (e.g., state universities, public hospitals) and non-profit corporations (e.g., museums, Y's, non-profit development entities) to issue tax-exempt debt to finance up to 100% of the cost of a facility for a tax-exempt purpose. Up to 5% of the facility can be used by for profits if the bonds are tax-exempt. If the bonds include a taxable element then a greater portion of the facility can be used by for profits. A local government must endorse the facility. It must be mostly occupied by a tax-exempt entity. The facility must revert to the ownership of the endorsing local government at the retirement of the debt for 63-20 bonds.
- **Special Improvement Districts.** Allows a group of properties to form a special improvement district - a legal entity that can take advantage of low interest bonds to finance public improvements (such as street paving, curbs and gutters, water mains, sewer and storm drains) within the district. The property owners carry the burden of repaying the bonds, typically included in property taxes over a 12 to 15 year period, or by paying the entire amount within 30 days of the bid being awarded. More information is available from the City of Billings at: <http://ci.billings.mt.us/index.aspx?NID=1017>
- **SBA 504 Loan Program.** Administered by a Certified Development Company (CDC), the Small Business Administration 504 Loan Program is a long-term financing tool for eligible small businesses to use for major fixed assets, such as land and buildings. The loan can cover up to 40% of project costs (up to \$1.5

million, typically, but in certain circumstances can be as high as \$4 million) with the remaining financing to be provided by a private lender (50%) and owner's equity (10%). More information is available from the Big Sky Economic Development Corp at: <http://bigskyeda-edc.org/finance-tax.php>

- **SBA 7(a) Loan Program.** Administered by a CDC, the Small Loan Advantage and Community Advantage 7(a) Loan Initiatives are aimed at expanding access to capital for small businesses and entrepreneurs in underserved communities to help drive economic growth and job creation. Both loan initiatives are capped at \$250,000, offer substantial loan guarantees, streamlined application process, and quick approval processes. The Small Loan Advantage initiative targets small business, while Community Advantage targets community-based, mission-focused financial institutions which were previously not able to offer SBA loans. The Montana Community Development Corporation was recently made an administrator of SBA 7(a) loans. More information is available from the U.S. Small Business Administration's website at: <http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program>

## ECONOMIC DEVELOPMENT AGENCIES IN MONTANA

- **Big Sky Economic Development.** An Economic Development Corporation (EDC) located in Billings, offering the following services: financing and tax incentives (including SBA 504 loan packages), business recruitment, business expansion and retention, small business operations and planning consulting, community development (grant administration and training), technical assistance with government procurement contracts, statewide manufacturing outreach and assistance center. More information is available from the Big Sky Economic Development Corp at: <http://bigskyeda-edc.org/finance-tax.php>.
- **Montana Community Development Corporation (MCDC).** [A Community Development Entity \(CDE\) with offices in Missoula, Bozeman, and Kalispell. The MCDC offers loans \(SBA 504 and SBA 7a\), NMTCs, small business development assistance, and technical assistance with procurement. More information is available from the Montana Community Development Corporation's website: <http://www.mtcdc.org/>](#)

## LOCAL NONPROFIT AND FAITH-BASED ORGANIZATIONS

- **The Montana Community Foundation, Helena.** The Foundation works with donors, charitable organizations, cities and towns to play a critical role in both philanthropic and community development. The Foundation currently has about \$58 million in assets. They occasionally post competitive grant opportunities on their website: <http://www.mtcf.org/>.

- **Billings Community Foundation.** The Billings Community Foundation makes grants for a wide variety of charitable purposes in the following focus areas: Education, basic human needs, arts and culture, natural resources and conservation, economic development, and endowment building. Applicants must be a 501(c)(3) organization. More information can be found at: <http://www.billingscommunityfoundation.org/>
- **Foundation for Community Vitality, Billings.** The FCV is an active participant in capacity building and provides financial support for general operations as well as programs and activities. Through rigorous fieldwork and networking, the FCV selects exemplary organizations to support through contributions, in-kind support and technical assistance. Economic development, conservation and preservation of landscapes, and culture are areas the foundation targets. More information can be found at: [http://www.fcv.net/Foundation\\_for\\_Community\\_Vitality/Home.html](http://www.fcv.net/Foundation_for_Community_Vitality/Home.html)
- **American Independent Business Alliance, Bozeman.** Works to build vital local economies based on independent, locally owned businesses and prevent chain proliferation and other trends from displacing local entrepreneurs. IBAs unite locally owned independent businesses, citizens and community organizations to achieve this goal. Does this through public education, facilitating cooperation, and creating a strong voice. More information can be found at: <http://www.amiba.net>
- **Montana Community Credit Unions for Community Development, Helena.** Montana Credit Unions for Community Development is a state-wide nonprofit organization working together with Montana's credit unions to improve the lives and financial independence of all Montanans. More information can be found at: <http://montanacreditunions.coop/>