



## **MRA Board Memo Cover Sheet**

April 15, 2022

**Project Name:** 1417-1/2 S 2<sup>nd</sup> St W – Bateman Duplex

**Urban Renewal District:** URD II

**Project Location:** 1417 S 2<sup>nd</sup> St W

**TIF Investment:** \$10,680

**Private Investment:** \$508,002

**Ratio of Public to Private Investment:** 1:49 if purchase costs included; 1:35 if not

**Project Description:** Clean up a vacant site in an existing residential neighborhood and replace a derelict building with a new residential duplex (2 bedrooms & 2 bathrooms in each unit), off-street parking, and residential landscaping.

### **Cost Breakdown of TIF Funds:**

#### **Deconstruction/Demolition**

Deconstruction/demolition

\$10,680

**Total TIF Request**     **\$10,680**

**Estimated New Property Taxes from Development:** \$4,200

**Current Property Taxes:** \$1,038.14

**Public Purpose and City of Missoula 2020–2023 Strategic Goals:** This TIF request is consistent with goals of the City of Missoula's 2020–2023 Strategic Plan, particularly those with regard to Community Design and Livability and Environmental Quality.



## MEMORANDUM

**TO:** MRA Board

**FROM:** Annette Marchesseault, RLA *ARM*  
Project Manager/Redevelopment Specialist

**DATE:** April 15, 2022

**SUBJECT:** 1417-1/2 South 2<sup>nd</sup> St West – Bateman Duplex (URD II) – TIF Request

### Overview

John Bateman is purchasing the property at 1417-1/2 South 2<sup>nd</sup> St West with the intention of removing a vacant, dilapidated structure, and building a new duplex as rental property.

Bateman intends to develop this property concurrently with a duplex development on adjacent property at 1417 South 2<sup>nd</sup> St West owned by James Lainsbury. Bateman Construction will be the contractor for both projects.

These derelict properties, located in an existing residential area, have been attractive to squatters and undesirable activities. The buildings have been secured and trash has been removed from the properties.

### Project Description

Bateman's proposed duplex at 1417-½ South 2<sup>nd</sup> St West will front the alley between South 2<sup>nd</sup> and South 3<sup>rd</sup> Street West. The two-bedroom, two-bathroom units are compact. One will have 679 SF of conditioned space, and 343 SF of unconditioned space (balcony, carport, and outdoor storage). The other will have 621 SF of conditioned space, and 339 SF of unconditioned space. The exterior materials will be Hardie cement-fiber board and durable metal wall panels. Windows and doors will be energy efficient and low-flow plumbing will be utilized.

The total cost for the project is estimated at \$518,682 including land purchase, construction, and permit fees. Of that amount, work directly related to construction is estimated at \$360,682.

### Request for Tax Increment Assistance

Bateman is requesting \$10,680 under the TIF program for deconstruction/demolition. It is the professional opinion of Montana Deconstruction Services that major structural deterioration in the existing buildings presents an unsafe condition for deconstruction. They propose instead to use a hybrid model, using heavy equipment and ground personnel to salvage any usable materials once the buildings are down.

### **Deconstruction/Demolition**

Decon/Demo

\$10,680

**Total TIF Request    \$10,680**

### City of Missoula Strategic Plan

This TIF request is consistent with goals of the City of Missoula 2020-2023 Strategic Plan, particularly those with regard to Community Design and Livability, and Environmental Quality, as described in the *Elimination of Blight* and *Urban Renewal Goals* discussions below.

### Economic Stimulus

The total estimated project development cost is \$518,682, if the purchase cost is included, or \$368,682 if not. The developer's request for \$10,680 represents approximately 2.1% of the development cost if land costs are considered, or approximately 2.9% if not. The relationship of public to developer investment is approximately 1:49 if land costs are considered, or 1:35 if not. In either case the ratio is well below the recommended 1:10 ratio of public to private investment.

### Tax Generation

The 2021 tax bill for 1417 ½ S 2<sup>nd</sup> St W is \$1,038.14. Taxes are current. Taxes for a new residential duplex on this parcel could be expected to increase to approximately \$4,200.

### Employment Generation

This project will not create permanent jobs. Construction jobs will be generated during the construction work.

### Elimination of Blight

This project is an example of "smart" urban redevelopment. The new duplex will be located in an existing residential area on a previously developed site that already is served by all necessary utilities. The project is within three (3) blocks of Mountain Line's Route 2, Route 8, and Route 9 bus lines, and convenient walking distance to several retail shopping establishments. The architectural style and scale of the new structure appears to fit well in the adjacent neighborhood.

### Improvement of Public Services

All public services necessary for this development already are in place.

MRA has recently undertaken a curb/gutter/sidewalk project in this neighborhood, including on S 2<sup>nd</sup> St W. The sidewalk project currently stops just east of this project site; it will be completed in 2025/2026 when Russell Street construction is completed.

#### Urban Renewal Goals

This project is consistent with the goals of the URD II plan, which lay out the desire to “encourage sound residential land use development/redevelopment,” and to “encourage and support new land development within or immediately adjacent to areas where public services are available to maximize local government efficiency and to promote a logical growth pattern.

#### Impact Assessment

This project is expected to have a positive impact on the adjacent neighborhood. It will replace a derelict property with two attractive, much-needed housing units.

Temporary dust and noise will occur during demolition and construction, and there may be some temporary disruption of traffic on the alley and on S 2<sup>nd</sup> St W.

#### Financial Assistance

The project is being financed with a construction loan from a local bank.

#### Project Feasibility

The costs and financing plan submitted to Staff seem reasonable.

#### Developer Ability to Perform

The applicant is working with In2itive Architects, who have significant experience in Missoula and with MRA projects including Consumer Direct Phase 1, Burton Street Apartments, Westside Lanes, and Ponderosa Village.

#### Timely Completion

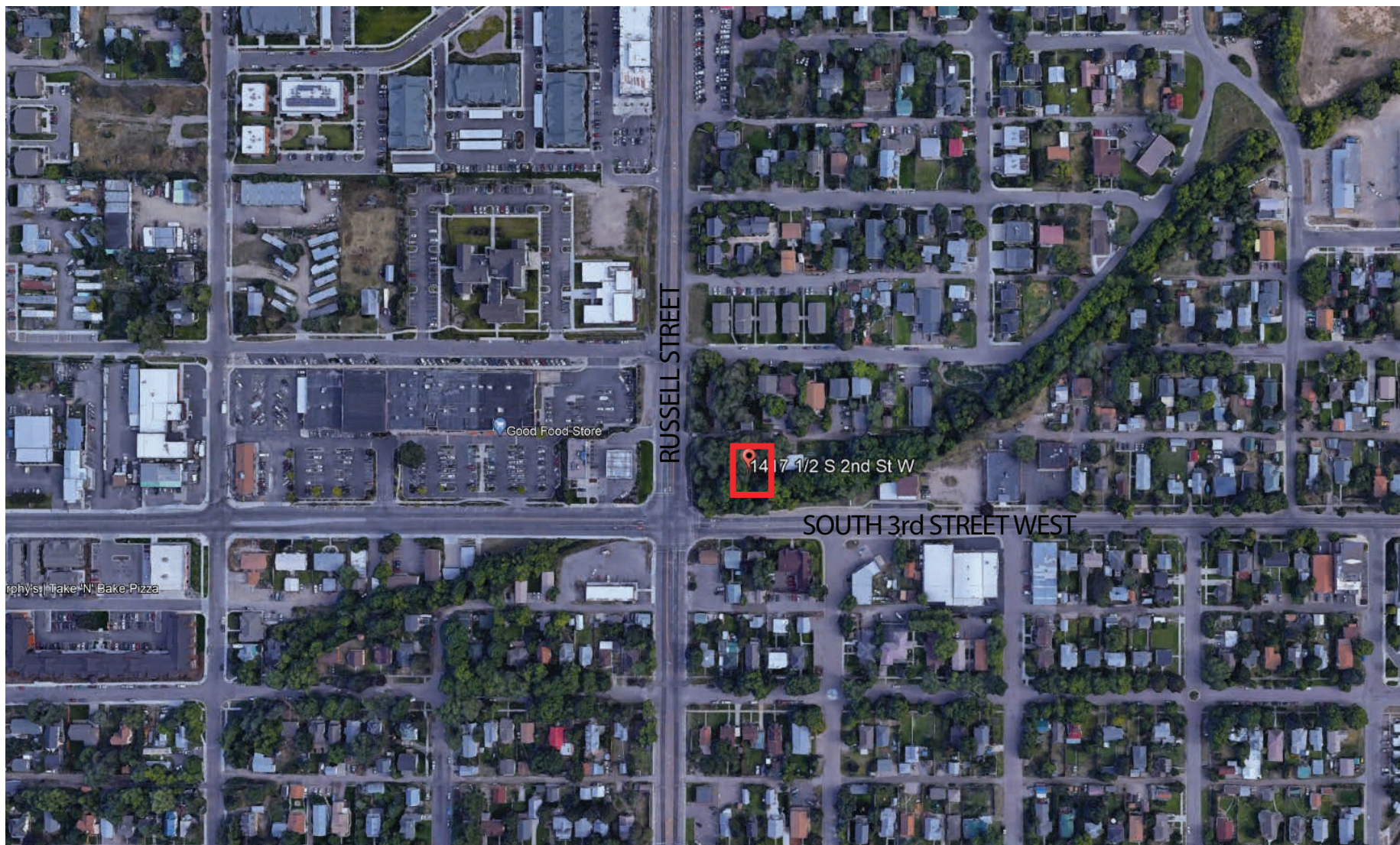
The applicant expects to complete the project by the end of 2022. Staff believes this is a reasonable time frame for a project of this type.

#### Payment of Taxes

Taxes are current.

**RECOMMENDATION: Staff recommends that the Board approve the request from John Bateman in an amount up to \$10,680 for deconstruction/demolition at 1417-1/2 South 2<sup>nd</sup> St West, pending final property purchase documents, with reimbursement for eligible costs upon receipt of proof of payment and lien waivers, and authorize the Board Chair to sign the Development Agreement.**

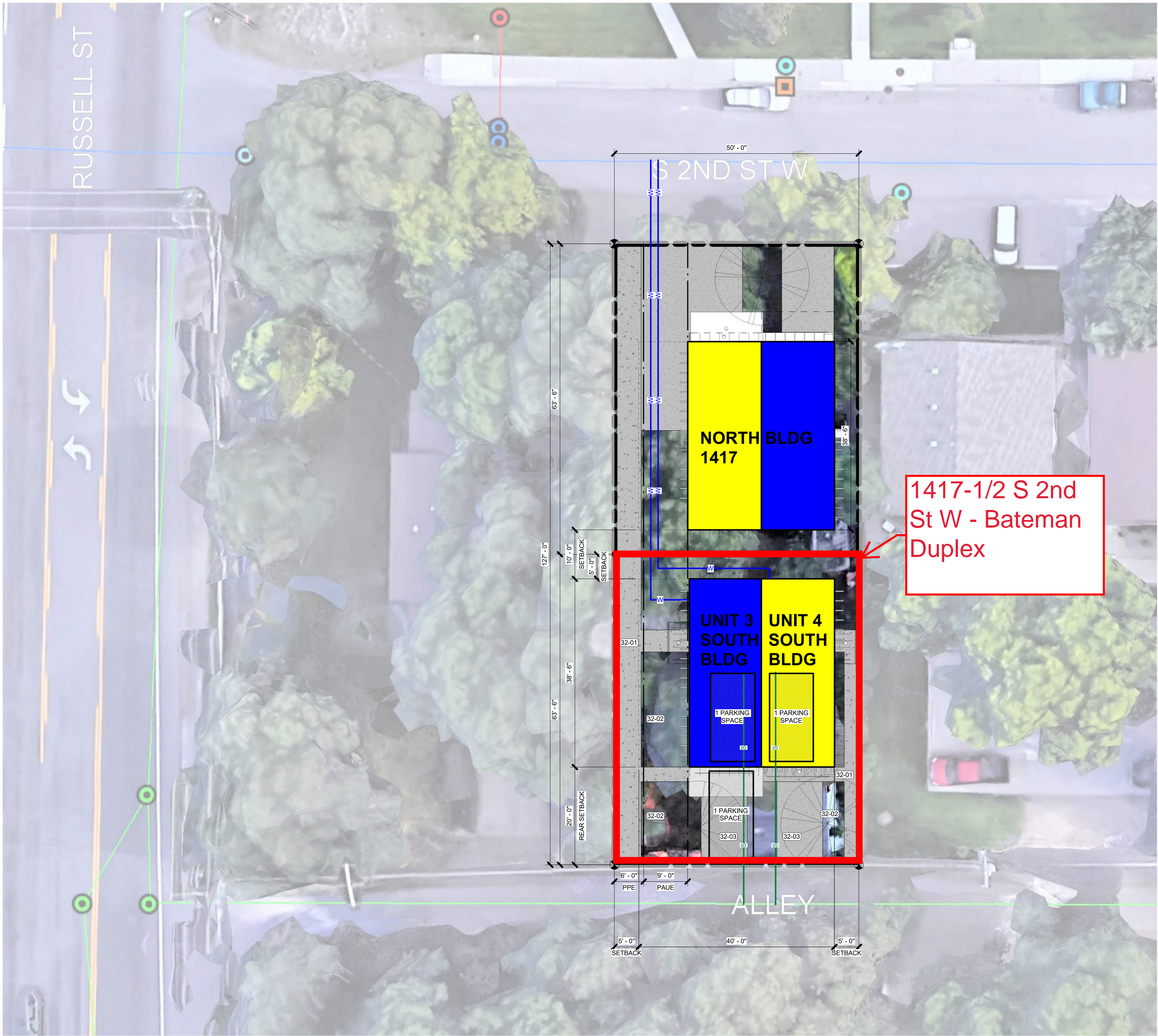




LOCATION PLAN  
1417 S 2nd St W - Bateman Duplex







1 SOUTH BLDG SITE PLAN  
2-A1.1 1" = 10'-0"



KEYNOTES	
32-01	CONCRETE PAVING
32-02	LANDSCAPE AREA
32-03	ASPHALT PAVING

CONCRETE PAVING

ASPHALT PAVING

LANDSCAPING

PARKING SPACE

PROPERTY BOUNDARY

(E) WATER LINE MAIN

(N) WATER SERVICE LINE

(E) SEWER MAIN

(N) SEWER SERVICE LINE

(N) TREE

**SITE PLAN NOTES**

1. VERIFY ALL PROPERTY LINES BEFORE EXCAVATION.

2. PROVIDE DRIP IRRIGATION AT PLANTING BEDS. PROVIDE AUTOMATIC TIMED IRRIGATION SYSTEM WITH RAIN DETECTION. PROVIDE PLANTINGS AND LANDSCAPING AS REQUIRED TO COMPLY WITH APPLICABLE CODES AND REGULATIONS OR COVENANTS THAT MAY APPLY.

3. SEE GEOTECH REPORT FOR SOIL ANALYSIS AND BUILDING AND DRIVEWAY REQUIREMENTS. IF NO GEOTECH REPORT IS AVAILABLE, COMPLETE SITE WORK IN ACCORDANCE WITH MPWSS AND IN CONFORMANCE WITH BEST TRADE PRACTICES.

4. GNRL CONTRACTOR TO VERIFY AS-BUILT ROAD ELEV PRIOR TO EXCAVATION AND AS-BUILT SERVICE LINES.

5. COORDINATE ELECTRIC AND GAS METER LOCATIONS & HOOK UPS WITH NORTHWESTERN ENERGY.

6. ADHERE TO NORTHWESTERN ENERGY'S DETAILS ON PLACING UTILITIES IN THE SAME TRENCH.





1 SOUTH BLDG VIEW FROM SE  
2-A3.0



2 SOUTH BLDG VIEW FROM SW  
2-A3.0



3 SOUTH BLDG VIEW FROM NW  
2-A3.0



4 SOUTH BLDG BIRD'S EYE VIEW  
2-A3.0

3D VIEWS ARE PROVIDED FOR INFORMATIONAL & CLARIFICATION PURPOSES ONLY. ALL CONDITIONS MAY NOT BE SHOWN COMPLETELY.

REV	DESC	DATE	PHASE	DATE
PRE			PRE	
SD			SD	
DD			DD	
CD			CD	