



**City of Missoula, Montana
City Council Committee Agenda Item**

Committee: Housing, Redevelopment and Community Programs

Item: Referral - Resolution of Intention to Bond for the Scott Street Ravara Project

Date: February 28, 2024

Sponsor(s): Annie Gorski

Department or function: Missoula Redevelopment Agency

Prepared by: Annie Gorski

Ward(s) Affected:

<input checked="" type="checkbox"/> Ward 1	<input type="checkbox"/> Ward 4
<input type="checkbox"/> Ward 2	<input type="checkbox"/> Ward 5
<input type="checkbox"/> Ward 3	<input type="checkbox"/> Ward 6
<input type="checkbox"/> All Wards	<input type="checkbox"/> N/A

Action Required:

Approve a resolution approving the Ravara project and infrastructure improvements as urban renewal projects for the North Reserve-Scott Street Urban Renewal District and declaring the intention of the City to use tax increment revenues or tax increment revenue bonds to pay, reimburse, or finance eligible costs thereof

Recommended Motion(s):

I move the City Council: Approve a Resolution Approving the Ravara Project and Infrastructure Improvements as Urban Renewal Projects for the North Reserve-Scott Street Urban Renewal District; Making Findings with Respect Thereto; and Declaring the Intention of the City to use Tax Increment Revenues or Tax Increment Revenue Bonds to Pay, Reimburse, or Finance Eligible Costs Thereof.

Timeline:

Committee discussion:	February 28, 2024
Council action (or sets hearing):	March 4, 2024
Public Hearing (if required):	Click or tap here to enter text.
Final Consideration	March 4, 2024
Deadline:	Click or tap here to enter text.

Background and Alternatives Explored:

In 2020, the City of Missoula purchased 19.1 acres of land to the west of Scott Street and opposite Charlo Street, in the North Reserve-Scott Street Urban Renewal Area, utilizing \$6,604,000 in tax increment revenue bonds. The City, the MRA, and the northside neighborhood have been taking steps to redevelop the eastern nine acres of the property since White Pine Sash ceased operation in 1996.

In February 2021, the City and Ravara Development, LLC (Ravara) executed a Letter of Intent (LOI) identifying Ravara as the master developer of the approximately nine acres on the eastern

portion of City owned property along Scott Street. Ravara, an affiliate of Goodworks Development, is serving as the City's agent to develop the property into a mix of housing types, neighborhood commercial uses, and open space. The LOI with Ravara identified a commitment from the Missoula Redevelopment Agency to fund the needed public infrastructure for the development.

On May 16, 2022, the City Council approved a reimbursement resolution authorizing reimbursement of design and engineering costs necessary to implement recommendations in the North Reserve-Scott Street Master Plan and redevelop the eastern nine acres of the City owned Scott Street property (*Attachment 1: Plat Map – Tracts 1,2,and 3*), in the event that City Council approved the issuance of tax increment revenue bonds for the project.

On January 25, 2024, the Missoula Redevelopment Agency Board recommended that City Council approve a bond resolution for the Ravara workforce housing project and infrastructure improvements, in an amount not to exceed \$9,800,000. Redevelopment of the home ownership parcel (Tract 2) and the market rate parcel (Tract 3) require improvements in the right of way (Tract 1), in the northern portion of White Pine Park for Palmer Street, and on Tract 2. The planned improvements include:

- **Infrastructure Improvements:** The redevelopment of Tracts 2 and 3 requires extension of utility mains, public streets, sidewalks, landscaping, and lighting in the right-of-way, as well as a new bus stop and cycle track on Scott Street, compaction of non-structural soil on Tract 2, removal of unsuitable soils, and related improvements. The infrastructure improvements, including master planning, design and engineering, are expected to cost up to \$6,235,774, including contingency.
- **Ravara Project: workforce housing construction gap:** The income-restricted units in the Ravara project on Tract 2 will constitute attainable workforce housing, within the meaning of Section 90-6-143, Montana Code Annotated. Pursuant to Sections 7-15-4283 and 7-15-4288 of the Act, workforce housing is infrastructure, the costs of which are an eligible use of tax increment financing. Including 46 income-restricted workforce housing units in the Ravara project on Tract 2 creates a funding gap of \$3,250,000. Utilizing MRA's Workforce Housing Pilot Program to provide \$3,250,000 in construction gap funding allows 51 percent of the units to be sold to households earning 120 percent of Area Median Income and below.
- With costs of financing, staff anticipates that completing the infrastructure improvements and the Ravara project are up to \$9,800,000.

It is not unusual for City Council to approve a resolution of intention to bond and later to approve a bond resolution. Staff is recommending the two-step approval for this project, to allow the initial earthwork to begin, before returning to City Council with a bond resolution in the spring. The bond resolution will include the final recommended principal amount and terms related to bonding.

Financial Implications:

There are no financial implications for the City's General Fund. All financial impacts will be to the North Reserve-Scott Street Urban Renewal District. There is sufficient bonding capacity in the North-Reserve Scott Street Urban Renewal District to bond for the infrastructure improvements and Ravara project workforce housing funding gap.

Links to external websites: