

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 p.m. Council Chambers were open to the public, and the meeting was held in person and by teleconference. The video conference was conducted via Zoom and was made available to all members of the public in a format that allowed all participants to hear the meeting, including all deliberations by members of the Urban Renewal Agency board and other speakers addressing the board, whether in person or via virtual connection, and to comment if so desired, all of which was noted in the agenda, email, and notices at council chambers and on the city's website.

Present were Chairman Gary Warr, Commissioner Shonna Fraser, Commissioner Bryan Craig and Commissioner Jason Peterson. Commissioner Kathy Cone was excused.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, Planning and Zoning Manager Ida Clark, and IS Director Carlos Hernandez. Legal Counsel Ryan Armbruster joined the meeting via Zoom.

PLEDGE OF ALLEGIANCE:

Chairman Warr led the audience in recitation of the pledge of allegiance.

CONSENT CALENDAR:

Items in the consent calendar are as follows:

- A. Approve minutes of the December 3, 2020 regular meeting
- B. Review and approve claims for January 2021
- C. Review and approve staff financial reports for January 2021
City of Jerome, \$811.48; Elam & Burke, Inc., \$1,591.10; Valbridge Property Advisors, \$6,500.00

Commissioner Craig. made a motion to approve the consent calendar as presented. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

SUMMIT CAPITAL HOUSING PROJECT UPDATE:

Mr. Williams reported on the project and stated that milestones are being reached. The fair reuse appraisal was conducted and received in a 112-page document. He stated the document is an important part of the process in ongoing negotiations with Summit Creek Capital for redevelopment of this parcel. The fair reuse appraisal was done for the residential and common space portions of the development; the commercial development would require a separate fair reuse appraisal.

Mr. Armbruster reviewed the document with the board and noted that the fair reuse appraisal is required prior to the conveyance of property under the urban renewal statute. The company which conducted the fair reuse appraisal is competent and experienced in this type of appraisal. The document provides a good summation of what a fair reuse appraisal is and why it differs from a fair market value appraisal. Based on their analysis, the property is valued at \$-1.4 million. Mr. Armbruster stated this figure is premised on the following: a fair reuse appraisal

takes the project as proposed and accepted by the Agency, and determines that the Agency imposes a variety of restrictions upon the developer to develop the project over a specific period of time; from a real estate perspective, this does not allow the developer to develop the property to its highest and best use which would attract investors and provide the basis for a traditional fair market value appraisal. The appraiser has reviewed, confirmed and verified all information provided to them by the developer. They compare the information to standards and norms typical of the industry or provide their opinion on the property's worth on the fair reuse appraisal process. Information reviewed includes expenses incurred by the developer to develop the property, the quality of improvements proposed by the developer and the necessary "income capitalization approach," a method to estimate the value of the property based on the income it will generate. This approach was used to determine the fair reuse appraisal amount. They also looked at the project return in terms of potential rents based on the number of units proposed to be developed along with the valuation of the project at a particular point in time.

Mr. Armbruster stated that in order for an investor or developer to move forward with the project, they will need assistance conveying the five acres for zero consideration is one option of providing said assistance. The Agency may consider other activities or contributions to the project that would be appropriate and eligible under the urban renewal statutes including but not limited to site clearance, site demolition and assistance in construction of the infrastructure improvements (sidewalks, street enhancements, etc). He encouraged the board to read the executive summary to better understand the contents of the document. He and Mr. Williams will schedule a session with Summit Capital to negotiate the final elements of the Disposition and Development Agreement (DDA) to bring to the board for review. The fair reuse appraisal also identifies the schedule of performance which indicates that conveyance of the property could happen in May 2021 with construction beginning once they have obtained required approval. Construction will take approximately twelve months and then the rental process will take another three to four months. There have not been any discussions regarding phasing of the project (unit placement) and staff is hopeful the lender and investors are lined up so that the project can be completed in one phase; multiple phases could complicate the process of conveying the property.

Councilman Peterson commented on the frustration with "giving free property" but the Agency still assisting with infrastructure. Mr. Armbruster stated this is typical in the way that an Agency deals with properties acquired for purposes of redevelopment. Because of site conditions and the type of development which the Agency seeks to attract under its urban renewal plan, it is not similar to selling a piece of property for the fair market value. From an economic standpoint, without Agency assistance, it is unlikely that any developer would be able to do all site work and infrastructure improvements necessary to build a 31-unit, for-rent housing project on these five acres. The former project proposed for this property which was considered by another developer was not feasible due to the redevelopment needs of that project; neither a lender nor an investor would have considered participating. Mr. Williams stated the fair reuse appraisal process is very unique. Local governments have the option of putting up land for auction or going through this process with the benefit of having an Urban Renewal Agency (URA). With auctions the municipality loses all control over what comes of the auction (i.e. no control over quality of the project, landscaping and beautification desires, etc.). Many considerations go into the development of a project including land price and the ability to offset infrastructure costs that ultimately result in a desired project. It is unknown at this time what type of infrastructure improvements are needed nor what type of incentives can be offered by the Agency to make the project work. Staff will be meeting with Summit Creek Capital within the next few weeks to

review the development agreement and identify their needs, what incentives they may be eligible to receive and what the Agency can offer. Once the agreement is drafted it will be presented to the board for further consideration. Mr. Williams stated a hard copy of the fair reuse appraisal is available upon request.

RENNISON AWARD FROM IDAHO HOUSING AND FINANCE ASSOCIATION:

Mr. Williams spoke of John Rennison, with the Rennison Company, and the recent presentations made at previous City Council and URA meetings pertaining to housing projects. Mr. Rennison presented two options for housing, one located on S. Lincoln near Dairy Queen and another near D.L. Evans Bank. The Rennison Company was awarded tax credits for the site near D. L. Evans Bank, and Mr. Williams stated that it was believed that the Idaho Housing and Finance Association, at their discretion, made the decision to award credits to one favorable project with 30 units. The Rennison Company will be closing on the property this week, and then they will be pursuing a special use permit (SUP) as the current zoning allows for high density housing with a permit. They will go before the Planning and Zoning Commission in February.

Upon inquiry by Commissioner Craig, Mr. Williams stated that he does not foresee any issues with the permit application although the property owner to the east may have concerns. Additionally, there may be traffic concerns to neighbors, and the engineering department is looking at future traffic control methods for the intersection of Avenue I and S. Lincoln. Ms. Clark stated that the design review for the project will be done concurrently with the SUP application and that surrounding neighbors will be able to see the proposed design during the hearing. She also stated that there were agreements on the design when the property was purchased. Mr. Williams is confident that the housing project will be attractive. He spoke of the total investment amount, the value of taxable property with the new housing project, the Agency's 10% match in infrastructure and URA area boundary lines. A map of the area was shown to the board and Mr. Williams proposed the possibility of adding curb/gutter/sidewalk east from D.L. Evans to Buchanan along with street lighting. A detached sidewalk would provide for safer pedestrian access for nearby residents. Although this would go beyond URA area boundary lines, the work may be justified as it will relieve a hardship for neighboring residents and foot traffic. Mr. Williams believes the additional lighting would be beneficial to the neighborhood. Once the SUP is issued Mr. Williams expects a presentation by the Rennison Company to the URA. Building permits will also be required prior to moving forward with a development agreement. The Rennison Company will now own and have interest in property north of D.L. Evans, and will also be making additional public improvements (i.e. streetscaping, etc.) on S. Lincoln. Mr. Armbruster stated that staff will come back after further discussions to review a formal agreement addressing contributions and infrastructure. Given the characteristics of the property, Mr. Armbruster is comfortable in justifying revenue funds used to pay for improvements just beyond the URA boundary. Mr. Williams noted that this project is in Area 5, and there are revenue funds due to the Magic Valley Quality Milk Producers (MVQMP) improvements, however there are other interests with the available cash on hand. Any URA involvement in the project will include a reimbursement agreement whereby payments will be reimbursed for improvements made by the developer over a period of time.

LEGISLATIVE UPDATE:

Mr. Armbruster stated that the state legislature will convene on Monday, January 11th. Since the last URA meeting, Mr. Armbruster has not seen anything new pertaining to the three

bills that are expected to be introduced in the legislature from the Interim Property Tax Committee. He expects proposals from individual legislators that will attempt to address the homeowner's exemption, the Circuit Breaker, and a move by the school district association to see about imposing impact fees for new development within school district boundaries; details will need to be addressed due to some constitutional issues. Other topics expected in the legislature include education, health and welfare, corrections, etc. and there seems to be a big push to appropriate a substantial amount of money for transportation improvements. There have been reports of a \$600 million surplus that the state could spend on a variety of projects. Another issue to be addressed is the array of executive order authority the governor does or does not have and an effort to streamline, limit or substantially modify whatever those orders or authorities are at the moment. Mr. Armbruster stated that there has been discussion about reviewing appropriate property tax exemptions if granted. There has been talk about Micron receiving a substantial property tax exemption based upon the statute that was not directed to them but under which they qualified. He believes the issue of property taxes will be front and center, and the legislature will attempt to address substantive issues of the session first and then deal with rules on various state agencies and other tasks if needed. It is uncertain how COVID will affect everything; the state house is controlled by the legislature and will follow their rules pertaining to access to the building and social distancing; a mask mandate is not expected. The governor's State of the State will be virtual.

Chairman Warr commented on a discussion with Representative Lickley regarding taxing districts and their ability to take the 3% but the information was unclear. Mr. Armbruster stated that one of the bills to be proposed by the interim committee is complicated and tied to an index. For example, if the index is going to continue at the 3% budget increase capacity for taxing entities, the bill states that taxing entities can consider new construction value to increase the budget with a hard cap at 4% no matter what the budget calculation; anything beyond 4% would require voter approval. He spoke of the concerns cities and counties are facing with uncertainty regarding the direction of the bill. Mr. Williams stated that the bill is very concerning. Growth will not pay for itself any longer, and there is little incentive for a small community to grow. Growth brings impact to smaller cities (i.e. heavier use on roads, the need for more first responders, etc.) and the inability to increase the budget is problematic. Chairman Warr agreed that a cap would not be good for small communities.

STAFF REPORTS:

Mr. Williams spoke regarding the tennis courts at Shepherd's Park and noted that the fence is down but an environmental assessment is required before any further action can be taken. Once completed, staff will move forward with demolishing the tennis courts and a request for qualified bids for reconstruction will be published. The process of selecting a qualified bid can take 30-45 days, and staff is hopeful that reconstruction on the tennis courts will begin in early spring.

In Area 2, Mr. Williams stated a building permit has not yet been received for the Scoular project, but dirt has been moved and a building pad has been established. Intermountain Gas is still in the design phase of the gas line and may be partnering with a fiber optics provider to provide fiber optics to the subdivision as well. The Agency will not be obligated to fund the fiber optics. The gas line should be completed by April 1st before Scoular is ready to operate.

Mr. Williams spoke to Dave Thibault with EHM Engineers regarding site planning and documents for the Nelson-Jameson project, and staff expects development of their new project in

the spring. He provided a quick overview of city projects: twelve (12) commercial or industrial projects, six (6) which are expected to move forward this year and six (6) which are “strong possibilities”; 12 different housing projects; and, 10 single-family home subdivisions either in the planning phase, under construction or currently under expansion. The City is in a good position for housing options once Agri Beef comes to Jerome County. He concluded by stating that there are active projects in all four URA districts which greatly contribute to the growth and development of the community. Upon inquiry by Commissioner Craig, Mr. Williams stated there has not been any progress on one piece of property discussed in previous meetings.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this January 7, 2021 regular meeting at 3:45 p.m.

Chairman Gary Warr

Secretary Jason Peterson