Coeur d'Alene Health Corridor

Urban Renewal Eligibility Report

Prepared for CDA 2030

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Table of Contents

Figures & Charts

Purpose of An Eligibility Report

Maintaining the vitality, safety, and efficiency of urban areas is a complex, expensive challenge. For millennia, local governments around the world have recognized that the public sector has a vested interest in ensuring this process is sustained effectively.

One of the greatest needs in this ongoing effort is adequate funding. In the United States, a specialized tool was created in 1952 to address this problem: Tax Increment Financing (TIF). By 2004 all fifty states had authorized the use of TIF and this tool remains in common use around the country. This tool increases local borrowing capacity for urban renewal capital projects in a target area by committing, for a specific limited time, a substantial portion of future increases (increments) in property taxes in the target area to repaying borrowed funding. At the end of this limited time, the subject area's property taxes, typically increased by the added value of the project, is returned to normal distribution among all taxing entities.

Local authority to use TIF in Idaho is set through two State statutes in Title 50, Municipal Corporations: Chapter 29, Economic Development Act; Chapter 20, Urban Renewal Law. Combined, these Chapters define what local conditions must exist in order for TIF to be used. Fundamentally, in order for an urban renewal challenge to be addressed with this tool, an Urban Renewal Plan must be created. The Plan must provide a range of specific content about a targeted Urban Renewal area and project. In order for an Urban Renewal Project to qualify as such, it too must meet certain specified criteria. (See Sidebar on Page 5.)

These definitions for a qualifying Urban Renewal Project are the foundation for TIF use. If conditions in a potential Project area are consistent with any of the criteria, the project is deemed eligible for creation of an Urban Renewal Plan. Both the Association of Idaho Cities and the legislature's Idaho Urban Renewal Interim Committee emphasize this approach by specifying that the first key step in the urban renewal process is preparation of an eligibility report to determine if use of this tool in the target area is appropriate. At any rate, it is simply logical to demonstrate to decision-makers and the public that a potential project area is – or is not – eligible before undertaking time-consuming and costly planning.

Preface

The purpose of this report is to determine whether the Coeur d'Alene Health Corridor area ("Health Corridor"; Figure 1) qualifies as a deteriorated or deteriorating area pursuant to Idaho Code Section 50-2018(9) and as a deteriorated or deteriorating area pursuant to Section 50-2903(7)(8) under virtually identical definitions. (These definitions are included in Appendix 1.)

Such a determination is required by State law to meet certain requirements for creating an Urban Renewal Project. If the determination is affirmative, local government may pursue a course of action to address specified deteriorated and/or deteriorating conditions via targeted use of Health Corridor property tax revenue. Such a use, known as Tax Increment Financing (TIF), is carefully defined and limited by State law.

TIF is one of very few resources available to address urban renewal challenges across the State. It has been used successfully in the past in Coeur d'Alene. The City and its community development organization partners are considering whether the TIF tool would be appropriate in the Health Corridor – one of the most critically important socio-economic service areas in northern Idaho.

In the following pages, conditions in the Health Corridor and the effects of these conditions are specified and analyzed. This report is not a plan of action. It is carefully limited to answering the question, "Is the Health Corridor eligible for pursuit of an Urban Renewal Project as defined by State law?" If the Health Corridor is indeed eligible, it will be up to local government and its partners to determine whether and how to proceed with a potential Urban Renewal Plan.

For reference, Idaho law defines and focuses an Urban Renewal Project as follows: "(It)… may include undertakings and activities of a municipality in an urban renewal area for the *elimination of deteriorated or deteriorating areas* and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan" (emphasis added; cf., Title 50, Municipal Corporations, Chapter 20, Urban Renewal Law, 50-2018, Section 10).

To obtain the information presented in this report, Panhandle Area Council staff and its consultant used a three-point research approach:

1. Collect and review available research;
2. Conduct physical onsite surveys of existing conditions; and
3. Interview City specialists and subject matter experts to obtain first-hand information and observations.

While all of these methods were helpful, interviews with the following entities were particularly insightful: City of Coeur d'Alene (multiple staff), Kootenai Metropolitan Planning Organization (KMPO), Kootenai Health, CDA2030, ignite cda, Coeur d'Alene Area Economic Development Corporation, and Parkwood Business Properties.

Executive Summary

The community of Coeur d'Alene is in the midst of an era change. Changes in population, industry, technology, lifestyle, commerce, education and health care are occurring at a rapid pace. Community leaders are faced with the challenge of addressing all these moving parts in ways that sustain Coeur d'Alene's vitality and quality of life.

One of this city's strategic assets is the Coeur d'Alene Health Corridor. This area hosts a dynamic set of healthcare-oriented land uses centered around Kootenai Health, one of the few independent community hospitals of its size left in the nation. In the context of a major national period of reinventing health care delivery, Kootenai Health is strategically transitioning from a community hospital to a regional medical center. Its success in this effort to date has been a boon to Coeur d'Alene. Kootenai Health is the county's largest employer – with above average wages (over $58,000 per year for non-physicians) and a range of services that substantially contribute to the city's capacity to thrive and grow.

Kootenai Health and the Health Corridor are at a crossroads. Kootenai Health growth and the various dynamics of change noted above are constraining its capacity to achieve the organization's vision: focusing development in its current location. Without addressing these emerging challenges, Kootenai Health will be forced to pursue an alternate course, one that would place much of its future growth outside of Coeur d'Alene. This would seriously affect the Health Corridor's other health providers, ancillary services there and surrounding businesses that contribute to collective synergy. It could also weaken the Health Corridor's position as a community strategic asset.

Most of these challenges require capital spending to overcome them. One of the few sources of funding available to Idaho cities is urban renewal, specifically Tax Increment Financing (TIF). Nearly every state in the U.S. allows cities to use this mechanism to fund critical changes, especially related to infrastructure. As specified by the Association of Idaho Cities and the legislature's Idaho Urban Renewal Interim Committee, the first key step in the urban renewal process is determination of eligibility for use of this tool in the target area. The Eligibility Report before you was prepared for this purpose.

Two complementary Idaho statutes identify over thirty causes and twenty effects which can in numerous combinations establish eligibility. These statutes have been carefully reviewed and used to evaluate relevant Coeur d'Alene Health Corridor conditions. Through onsite physical surveys, review of available research and interviews with local subject matter specialists, it has been determined that the Health Corridor meets eight eligibility conditions. Only one is necessary to proceed with an urban renewal plan to establish an appropriate project. This report presents insights and findings that justify these conclusions, together with the text of relevant statutes.

Section 1
Eligibility Report Background and Regulatory Requirements

"The trends facing community hospitals are grim. They tend to face declining inpatient volumes; large, well-integrated competitors; a challenging reimbursement environment; and spotty access to capital... But for every story about a community hospital closing or scaling back, another hospital is finding unexpected success... So community hospitals can thrive, but achieving success requires a clear-eyed understanding of their challenges—and their unique opportunities to leverage their close relationships with their communities." From Advisory Board[1], *a national specialist in health care and community hospitals*

Background

The city of Coeur d'Alene is experiencing exceptional growth. To keep pace with this growth, community leaders have advocated and invested in a range of strategic services, infrastructure and regulatory refinements – all of which are intended to sustain a healthy balance of public and private goods and services for residents and visitors alike.

> "Coeur d'Alene is the fastest-growing metropolitan area in the fastest-growing state in the nation, U.S. Census Bureau data show. That metro area, the 11th fastest-growing area in the country, includes Coeur d'Alene, but also the rest of Kootenai County —Post Falls, Hayden, Rathdrum, Athol." Wilson Criscione, Inlander[2]

One of the most remarkable success stories in the pursuit of this balance is Kootenai Health. Since 1956 when the Kootenai Hospital District was created, medical care facilities and services in what is now the Coeur d'Alene Health Corridor (see Figures 1 and 2) have been major contributors to the social and economic well being of the community. In the early decades of growth, it was impossible to predict three things that now bring the district to what appears to be a major crossroad in its future development.

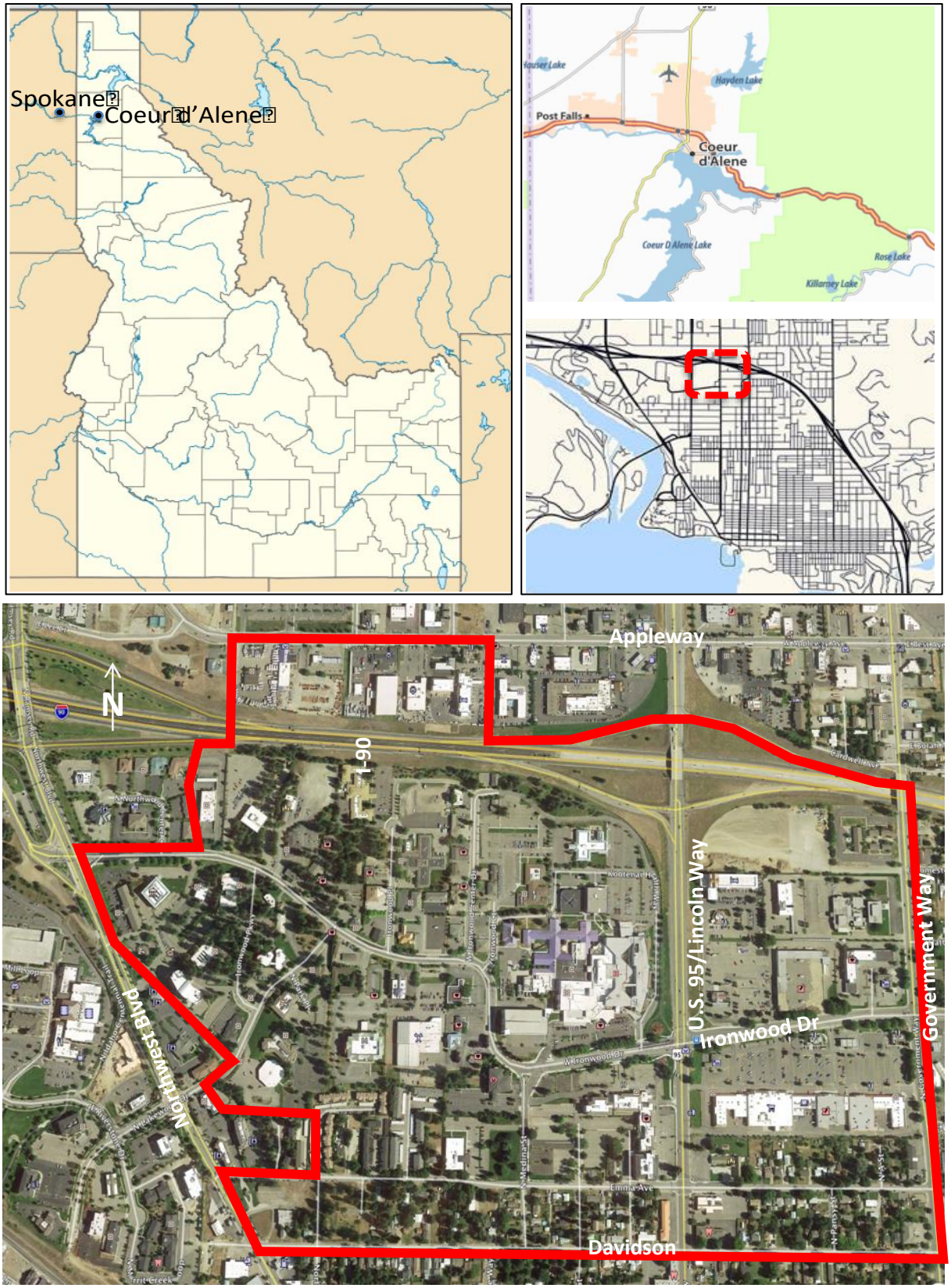
1. The community's substantial growth in recent years.
2. The dramatic changes in healthcare technology, facility requirements and service methods.
3. The physical and land use constraints of past Health Corridor development that now threaten its continued success.

There are many dozens of health-oriented businesses and service organizations in the Health Corridor. By good experience, both locally and nationally, it is the collective and synergistic strength of such health districts that has proven to be critical in their past success. However, this synergy must be strategic. That is, it must continue to identify, anticipate and respond to

[1] https://www.advisory.com/daily-briefing/2016/08/17/community-hospital-success, August 17, 2016
[2] https://www.inlander.com/spokane/in-north-idaho-leaders-brace-for-rapid-population-growth/Content?oid=7619376, January 11, 2018

the three challenges above and to other ongoing changes. The degree of this growth is clear in the highlighted quote above. It provides context for even more remarkable – and challenging – growth in the Health Corridor. While Coeur d'Alene population grew 25% between 2000 and 2010, Kootenai Health's staff grew 44%. While local population rose a further 15% between 2010 and 2017, Kootenai Health's employment grew 71%.

Figure 1: Coeur d'Alene Health Corridor Vicinity
(Boundaries In Red)



Eligibility: Cause and Effect

This Eligibility Report compares characteristics of the Health Corridor to criteria in Idaho State statutes (in Appendix 1) that determine eligibility of urban areas for urban renewal planning and projects. The two statutes are very similar. However, 50-2903 provides somewhat more detail.

Eligibility Reports are consistently prepared at the initiation of the process to consider urban renewal project[3] options. Both the Association of Idaho Cities (see text box below, Items 2 and 3) and the Idaho Legislature's Urban Renewal Interim Committee[4] specifically list preparation of an eligibility report as part of this formal process.

How Urban Renewal Districts are Formed
(From "Urban Renewal 101: A Guide," Association of Idaho Cities, 2007, Page 8)

1. Interest expressed by City Council, any existing urban renewal agency, property owners, developers, or combination.
2. Agency or consultant evaluates if area is eligible for urban renewal and submits report to City Council.
3. City Council determines if area is eligible and if it wants an urban renewal agency to prepare urban renewal plan.
4. Urban renewal agency prepares the urban renewal plan.
5. City Council receives urban renewal plan and refers it to Planning Commission.
6. Planning Commission determines if urban renewal plan is consistent with Comprehensive Plan.
7. City Council holds public hearing; determines whether to adopt plan and form district.

Sometimes there is public controversy about urban renewal eligibility due to a common impression that "slum and blight" must exist in the target area for it to be eligible. This is not true. The statutes emphasize that, in addition to slum and blight, many other conditions can make an area eligible. These conditions are grouped into two primary types of development: Deteriorated; Deteriorating. These two terms are very specifically defined and, when broken down into their components, identify over thirty causes that could contribute to eligibility. It is also important to remember that except in the case of disaster-related causes (like flood or earthquake), specified causes must also be linked to demonstrable "effects". That is, both eligible cause and eligible effect must be demonstrated. Over twenty effects are listed in the statutes. Examples of effects include: "economic underdevelopment"; "substantially impairs or arrests the sound growth of the municipality".

[3] See Sidebar on Page 5 for more about urban renewal projects.
[4] https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2015/interim/150810_urbn_Urban_Renewal_in_Idaho.pdf, August 10, 2015, Page 16.

This report reflects consideration of all causes and effects listed in the statutes. Since they are voluminous, the report only describes those combinations of cause and effect – eight of them - that were found to demonstrate eligibility. Only one finding of eligibility is required. Where eligibility has been identified, the precise language of the statutes is quoted following relevant evidence.

Sidebar: DEFINITION OF URBAN RENEWAL PROJECT, IDAHO CODE § 50-2018(9)

"Urban renewal project" may include undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated or deteriorating areas and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan. Such undertakings and activities may include:

(1) acquisition of a deteriorated area or a deteriorating area or portion thereof;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, off-street parking facilities, public facilities or buildings and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this act in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the agency itself) at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;

(5) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of building or other improvements in accordance with the urban renewal plan;

(6) acquisition of real property in the urban renewal area which, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;

(7) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(8) lending or investing federal funds; and

(9) construction of foundations, platforms and other like structural forms.

Section 2
Land Use Context: The Challenges of Change

Fundamentally, urban renewal is the process of improving the development framework of today to ensure that the desired development of the future is possible. The key challenge in sustaining vitality in any development project is *change*. Change comes in a variety of forms, all of which can be substantial obstacles for local communities. The most common forms of change include:

- Physical deterioration over time
- Capacity of infrastructure to absorb growth
- Technology
- Environment
- Market demand
- Economy
- Capacity to pay for development
- Law – especially land use regulations
- Local values
- Political direction and leadership

With so many dimensions of change, it is clearly difficult for local governments to adopt and adapt the right systems to foster ongoing vitality. With this in mind, many states have provided local governments with a key urban renewal tool: tax increment financing. To determine if any district is eligible for use of this tool, analysis needs to include, then, consideration of both present conditions and future needs. Idaho law defines over thirty causes and over twenty effects that may, in dozens of combinations, demonstrate eligibility.

Most of these criteria address future development intentions. By defining these intentions, or priorities, it becomes possible to clarify relevant challenges to attaining the desired future development. In this context, Coeur d'Alene city leaders in government, business, institutions, and nonprofit development agencies have been very clear that the vitality and future growth of the Coeur d'Alene Health Corridor (see Figure 2, Page 8) is a major community priority. As a foundation for eligibility analysis, this point and other strategic observations are noted below:

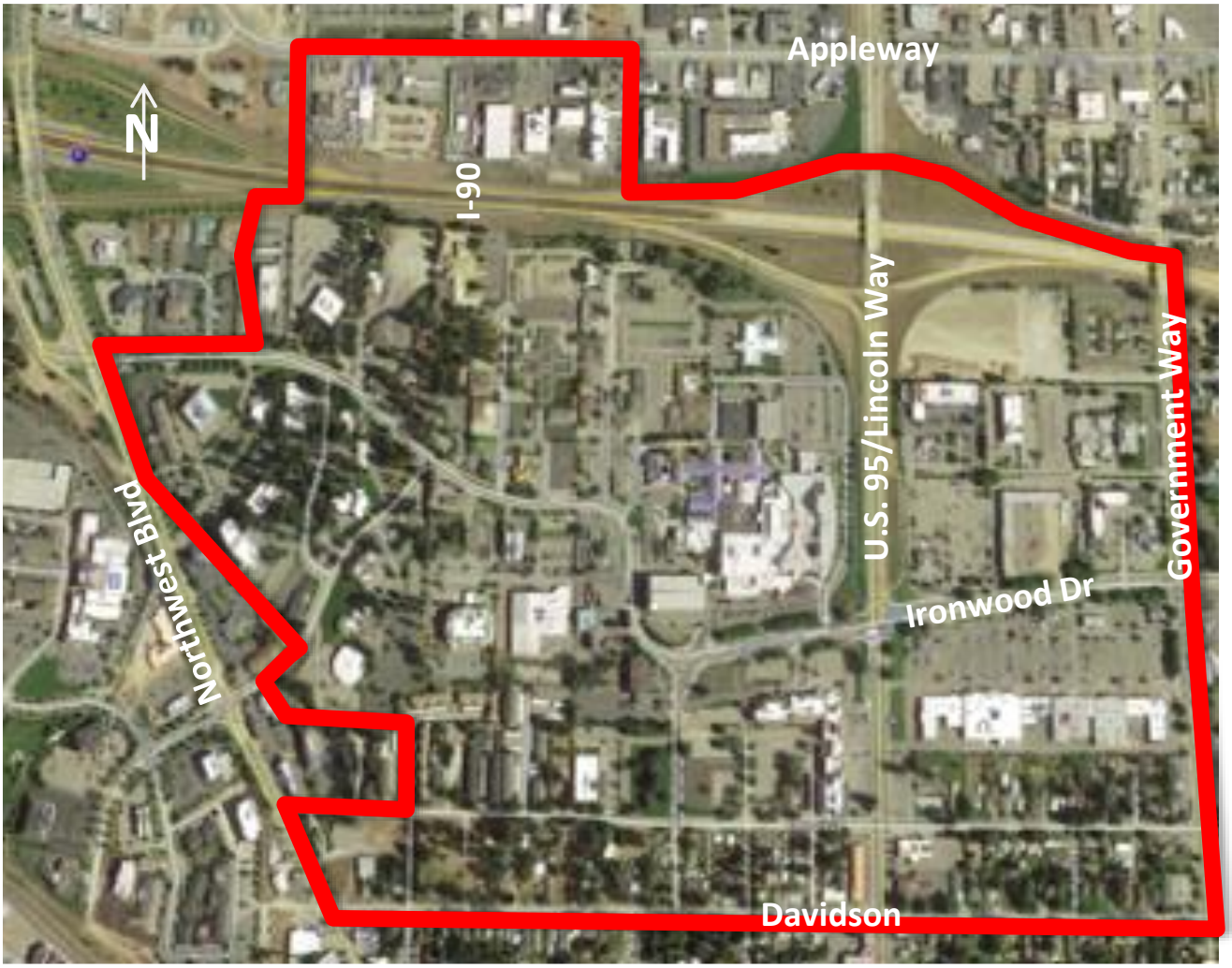
- Kootenai Health and the complementary complex of independent medical service providers in the Health Corridor are a strategic asset for the City of Coeur d'Alene for three key reasons:
    - Collectively, they provide an exceptional set of health services locally, thereby contributing substantially to the health, safety and welfare of the community.
    - Collectively, they represent a major local economic engine, highly beneficial to local socio-economic welfare, in three distinct dimensions:
        - Large volume of high-paying direct jobs combined with property and other tax revenues generated onsite;

        - The economic multiplier effect of this incoming revenue on other businesses;
        - The value the Health Corridor provides to local commerce, industry and other employers in the form of exceptional health-related amenities.
    - Collectively, the Health Corridor provides competition to the cross-border medical complex in Spokane, thereby retaining substantial business revenue that would otherwise leave the city, county and state – again, being highly beneficial to local socio-economic welfare.
- Local experts emphasize that the Health Corridor's competitiveness is dependent on four key variables, all of which are subject to decline:
    - Efficient and convenient traffic access;
    - Physical capacity to continue onsite development and growth;
    - Infrastructure and land capacity to support anticipated growth;
    - Safe and healthy Health Corridor design.
- Local and regional health care providers are changing dramatically in terms of their services, technologies, facility requirements, synergies, and infrastructure needs.
- Past development in the Health Corridor since the mid 20th century reflects a model of health care that is now outdated, extremely inefficient, and inconsistent with 21st century health care needs.
- Many community hospital-medical service complexes around the U.S. have not kept up with changing trends. As their competitiveness declined, a high number closed or were taken over. In Idaho alone, there have been 15 hospital mergers, acquisitions and affiliation changes since 2008 (per Kootenai Health records).
- While the Health Corridor's current density and vitality are a boon to the community, this level of growth (and potential future growth) could not have been anticipated in the mid-late 20th century when the first phases of health-oriented growth began. Specifically, historic regulatory, land use, business development and infrastructure systems have become anachronistic in the face of dramatic change.
- If the Health Corridor's current growth constraints are not successfully addressed, Kootenai Health will certainly be forced to direct development outside the city limits.
    - Any dilution or reduction in the Health Corridor's competitiveness, including capacity to grow more dense internally, is against the City's best interests.

In summary:

- The Health Corridor is a strategic community asset.
- The Health Corridor has needs to remain successful.
- These needs are different than those of the last generation of health care.
- These evolving needs could not have been anticipated when the Health Corridor was in its earlier stages of evolution.
- If these changed needs are not addressed, the vitality and competitiveness of the Health Corridor will be seriously endangered.

Figure 2: Coeur d'Alene Health Corridor
(Boundaries in Red)



Section 3
The Coeur d'Alene Health Corridor: Current Conditions and Challenges

> *"A high priority action identified by over 3,000 citizens [of Coeur d'Alene] who participated in the visioning process was the establishment of a Coeur d'Alene medical corridor from US Highway 95 (US95) to Northwest Boulevard along Ironwood Drive to support needed expansion of medical services and associated medical businesses."* Urban Land Institute Technical Assistance Panel, October, 2017

A. Introduction

This section is organized to accomplish two tasks. First, it provides an overview of the Health Corridor's conditions. Second, in the context of and embedded in the overview, findings of eligibility for urban renewal planning are declared. In this way, the reader is provided with the 'big picture' that provides the rationale(s) and facts for findings, rather than the alternative: a separate section that provides individual findings out of context of the 'big picture'. Therefore, the organized general overview below includes periodic highlighting wherever in the logical flow of information that eligibility findings are made. At the end of the overview, eligibility findings will be briefly summarized.

B. Current Conditions and Challenges

The Health Corridor covers about a half square mile, no part of which is outside the city's municipal boundaries, and is located around the intersection of the area's two major highways: I-90 and U.S. 95. Per Figures 1 and 2, its general boundaries are Appleway Avenue on the north, Northwest Boulevard on the west, Davidson Avenue on the South and Government Way on the east. The area is urban and does not include any agricultural operations or forest land, making it not subject to agricultural exemption noted in relevant Statutes. (Refer to Figure 2 for exact boundaries.)

Per Figure 3, there are primarily four complementary land uses within the Health Corridor:

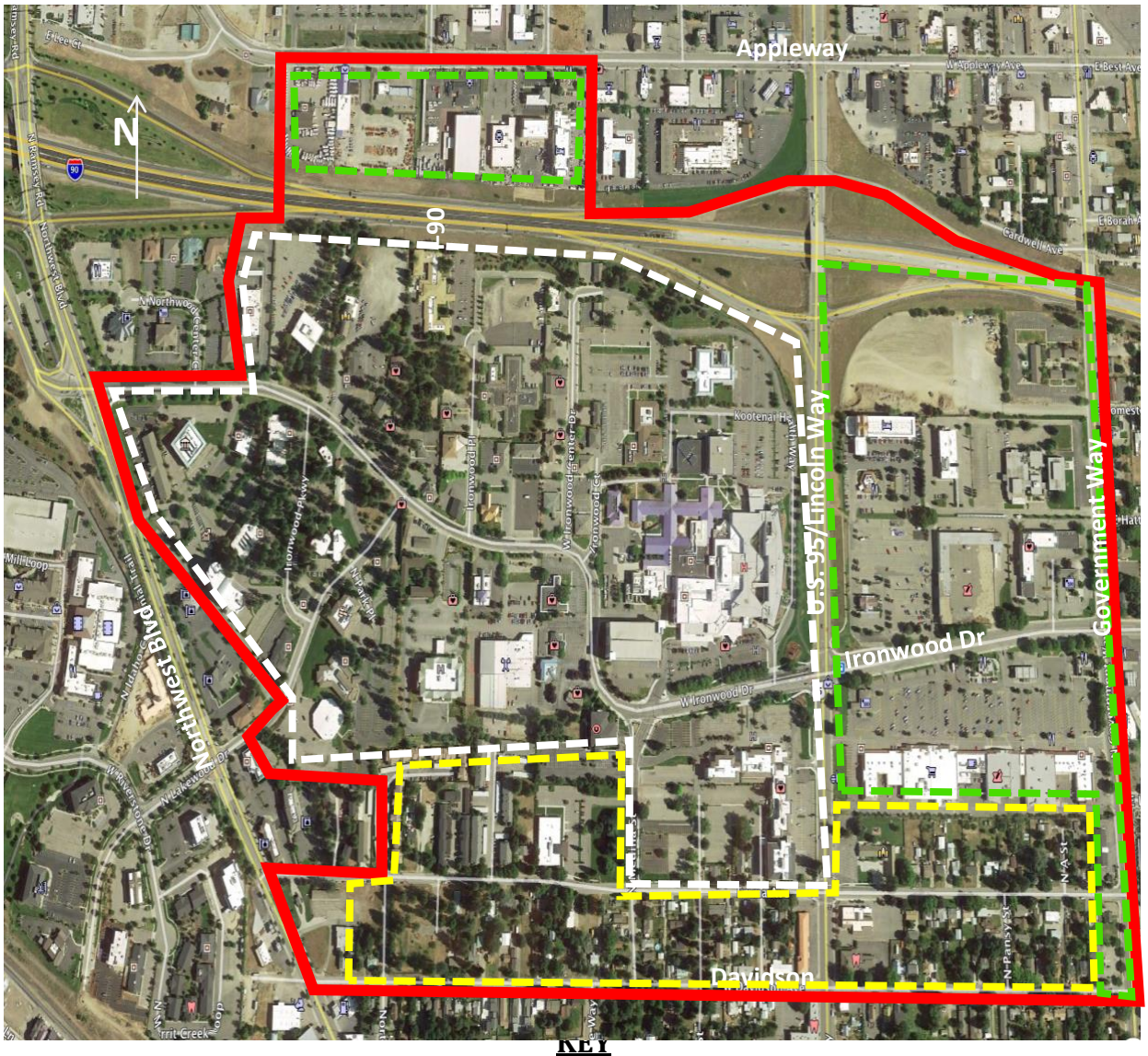
- Health Care
- Commercial Retail
- Single Family Residential
- Multi-family Residential

Health Care is located throughout the Corridor and is concentrated west of Lincoln Way and north of Emma. Commercial Retail is located along major arterials and focused east of Lincoln Way and north of Emma. Single Family Residential occurs along Davidson and Emma Avenues.

Multi-family is concentrated along the north side of Emma west of Medina Street, with a pocket along West Ironwood Drive south of Ironwood Place.

Roughly two-thirds of the area is devoted to healthcare and wellness. This land use is segmented into two distinctly different and complementary categories: Kootenai Health

Figure 3: Coeur d'Alene Health Corridor Land Use Subareas



KEY

Red Line: Corridor Boundary
White Dashed Line: Primarily Health Care
Yellow Dashed Line: Mix of Single Family and Multi-Family Housing
Green Dashed Lines: Retail Goods and Services

hospital/clinic complex and medical office buildings. Most of the latter are very small buildings occupied by single practitioners. This form of medical service is typical of the late twentieth century.

With 3,200 employees operating 24/7, 365 days per year, Kootenai Health, the county's largest employer, serves hundreds of thousands of people each year. The Kootenai Health-owned operations are very large. The hospital has 600,000 square feet of space and the adjacent Kootenai Clinic has 400,000 square feet. Currently, it has the busiest Emergency Room facility in Idaho, serving over 52,000 people per year. This component of the facility was designed in the 1980's to serve 32,000 patients per year. With 331 beds, the hospital also serves 14,000 patients annually while the demand is substantially higher.

Kootenai Health's growth expectations are substantial. Its hiring rate is high and it expects to double its current staff by 2026. Chart 1, below, demonstrates that employment growth has been substantial for years. Every new staff person requires an average of 66 square feet of additional space. While this growth is highly valuable to the community, it faces numerous obstacles. Without the capacity to densify via larger buildings adjacent to Kootenai Hospital and Clinic and to provide structured parking, Kootenai Health's expected growth must be curtailed within the next three years – or locate elsewhere.

Chart 1: Kootenai Health Employment Growth, 2011-2018

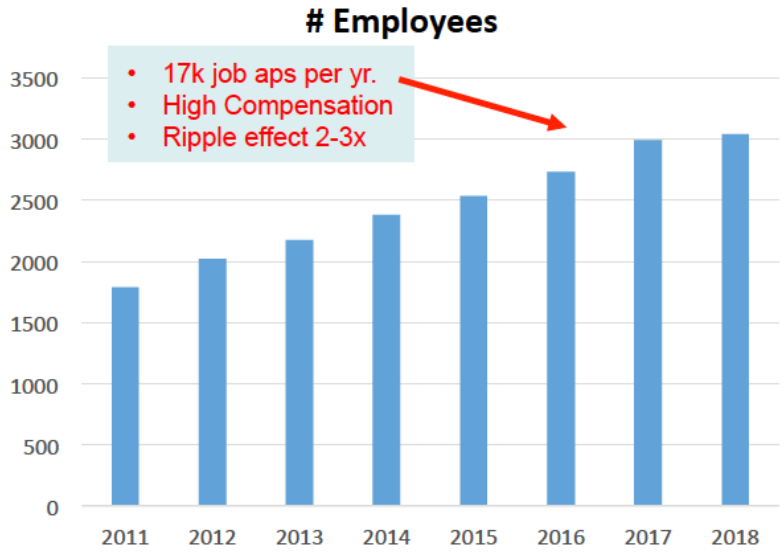


Chart from Kootenai Health, "Our Journey, Real Estate Market Forum", February 21, 2018

In addition to Kootenai Health campus growth, its leaders note the need for concentrated growth in ancillary services (e.g., medical devices, oxygen purveyors, optometry, food service) in the Health Corridor. Such providers need to be easy to find, accessible on foot, safe to reach, and synergistic with each other (e.g., via multi-tenant structures). Again, without such synergistic development, Kootenai Health will be forced to push growth to other geographic areas. This is counter to the City's interests.

Circulation and Traffic Safety

This growing volume of customers and staff is stressed by infrastructure limitations, especially with regard to circulation, parking and sewage capacity. During shift changes and periodically at other times, the three key intersections serving the Health Corridor often fail to keep up with traffic. The classic measure of this service (Level of Service or "LOS") focuses on wait-times for vehicles and uses a Report Card approach of 'A' through 'F'. Very few intersections in Idaho receive an LOS 'F' rating. According to City staff, the following three Health Corridor intersections (illustrated in Figure 4) do so regularly, though their average LOS ratings are higher: Northwest Boulevard at West Ironwood Drive and at Lakewood Drive; Lincoln Way (U.S. 95) at West Ironwood.

This LOS problem results in backups that, over time, have become increasingly frustrating and even dangerous. There were, for example, 261 traffic accidents in the Health Corridor between 2012 and 2015 (not including the Appleway Avenue subarea) per Figure 5. Keep in mind that traffic backing up to the north on both Lincoln Way and Northwest onto I-90 would create a major hazard. With average daily traffic of over 30,000 vehicles per day on the two major north-south arterials, these intersections with I-90 are already stressed.

In addition to congested intersections, internal circulation has become increasingly confusing and dangerous for vehicles, pedestrians and cyclists. Wayfinding is complicated by meandering roads and the presence of six different streets using the name "Ironwood." Wayfinding signage is inadequate. Congestion happens regularly, particularly during three daily shift changes when no less than 700 employees go home and are replaced by a similar number. Pedestrian and cycling routes are weak and generally unconnected. Health Corridor pathways need to be enhanced and connected to regional pathways like North Idaho Centennial Trail. As a result, innumerable unnecessary vehicular trips each day within and to the Health Corridor add to major congestion and safety problems.

Parking is an ongoing and increasing challenge for Kootenai Health. A structured parking facility is needed to absorb 500-600 additional staff. Without this structure, Kootenai Health would have to cap its hiring for the main campus in less than three years. Similar timing is needed for internal circulation improvements, with a similar result if no action is taken.

The City and KMPO specialists confirm that accidents in all three of these categories are high in the Health Corridor along arterials, and exceed City averages for similar areas significantly. Key reasons for this situation include:

- Heavy traffic volumes in an awkward circulation system;
- A circuitous east-west major arterial (West Ironwood Drive), with two severe bends that make ingress, egress and traffic visibility difficult;
- Heavily limited sight-distance at the high-volume intersection of West Ironwood Drive and Medina Street;
- Increasingly higher volumes of pedestrian and cycling traffic that seeks to move within and through the Health Corridor.

Figure 4: Heavily Congested Intersections,
with Periodic Level of Service Grades of "F" (Failing).

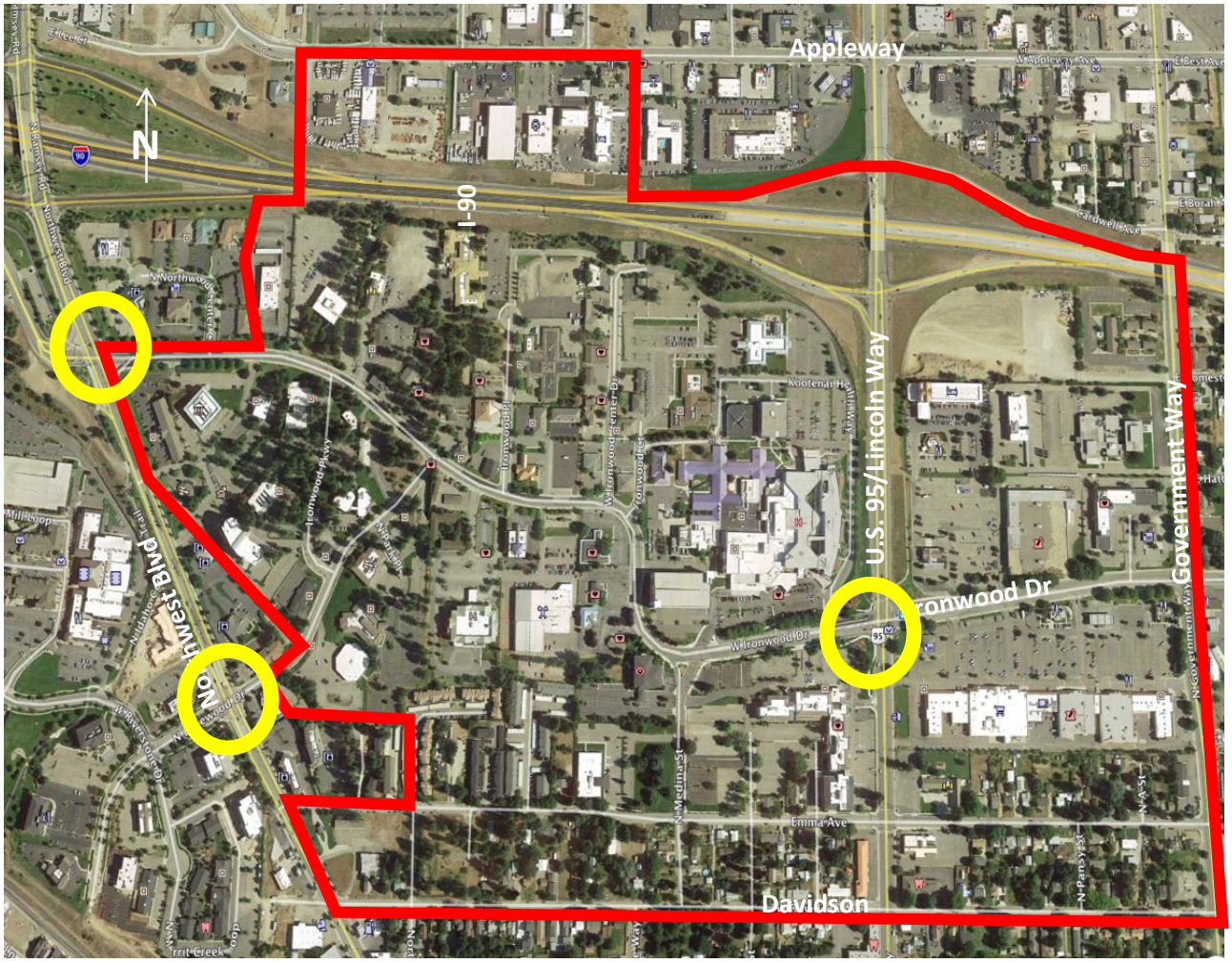
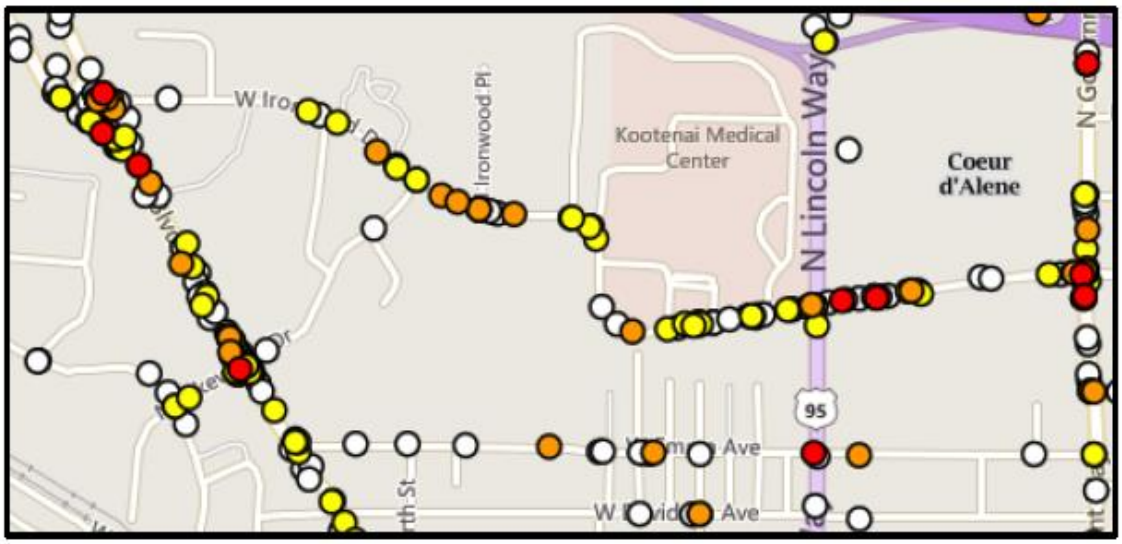


Figure 5: Traffic Accidents in the Health Corridor, 2012-2015
(Not Including the Appleway Subarea)
Each circle reflects a single accident. (Source: http://gis.lhtac.org)



Crash Locations
- Property Damage (local)
- C Injury (local)
- B Injury (local)
- A Injury (local)
- Fatality (local)
- Property Damage (state)
- C Injury (state)
- B Injury (state)
- A Injury (state)
- Fatality (state)

261 Traffic Accidents in the Health Corridor between 2012 and 2015 (not including the Appleway subarea)

Traffic Stacking on South Lincoln Blvd Waiting to Turn Onto West Ironwood Drive and Kootenai Health Area

In 2017, a technical assistance panel from the Urban Land Institute collaborated with CDA 2030 in an assessment of the Coeur d'Alene Health Corridor. One of its key findings was:

> *"Kootenai Health has evolved to a point in their development where they recognize they cannot successfully move ahead on their own. The once optimum location for the original 90-bed facility at the intersection of I-90 and US 95 has become one of the busiest intersections in Northern Idaho. Traffic during several peak hours of the day clog the main access, Ironwood Drive, to the Kootenai Health Campus. Their property holdings are limited. Expansion is stymied by highways that are a barrier to expansion east and north, and the challenge of land assemblage to the west and south. While near term demands can be met, the future ability to serve at their current campus, particularly outpatient needs, is not clear. Solutions to guide their future will need the support, cooperation and partnership of others."*[5]

The regional and internal circulation systems that serve the Health Corridor have already become barriers to desirable development. Kootenai Health emphasizes that if circulation/access problems are not addressed soon, the organization will have to look for other locations regionally to host its future growth. Such an outcome would reduce the Health Corridor's collective strength and its capacity to continue to compete effectively with medical complexes in Post Falls and across state border in Spokane, Washington.

These traffic observations are supported both by City engineering staff and KMPO, the regional transportation entity that coordinates transportation planning in the County. Both circulation and traffic safety conditions qualify the Health Corridor for eligibility, as follows:

ELIGIBILITY FINDING 1: Area which by reason of the presence of a predominance of <u>inadequate street layout</u> results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

ELIGIBILITY FINDING 2: Area which by reason of the presence of <u>unsafe conditions</u> results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare. [Vehicle, pedestrian and bicycle health safety and welfare]

Challenges to Health Corridor growth and vitality go well beyond circulation, access and traffic safety. These challenges are most severe and apparent in six additional dimensions of development: building obsolescence; fire safety; lot layout; diversity of ownership (making

[5] Vision for the Health Corridor, Coeur d'Alene, Idaho. Report of the Urban Land Institute Technical Assistance Panel, October 12-13, 2017, page 1.

consolidation of properties for larger building projects very difficult); cross-border competitiveness disadvantages; combinations of these challenges.

Building Obsolescence

Current medical services-oriented structures in the Health Corridor are primarily a reflection of the mid-late 20th century approach to health care. Single story, single practitioner and very small practices are predominant. Such development resulted in substantial land-use inefficiencies in parking, building design and internal circulation. In addition, many buildings were constructed according to building codes and technology requirements that are increasingly out of date.

Kootenai Health leaders emphasize that in order for medical office buildings today to serve 21st century needs, they need to be able to house multiple health care providers in synergistic settings (including shared parking). Ideally such buildings should be able to support eight or more practitioners with 1,000 square feet or more of space for each. That is, medical office buildings of at least 8,000 square feet are needed, with shared (preferably structured) parking. The cost of converting existing structures for this purpose is high, often prohibitively. So, while many existing buildings may adequately house individual practitioners, they are obsolete in terms of the competitive needs of the Health Corridor as a whole. Its northwest quadrant, the strategic core of the Health Corridor, is critically debilitated for this reason. Even non-medical structures, e.g., an old bank building on Ironwood Drive, are simply not convertible in a cost-effective way.

In addition to the practical efficiencies of more dense and interconnected medical services development, there are federal regulatory requirements that press for this. "Provider-based Billing" (PBB) is a Medicare designation that encourages hospitals to have clinics and other facilities located as close to the hospital as possible. This designation ensures maximum safety for patients and their families. These facilities must be within 250 yards of a hospital in order to treat the separated location as part of the hospital, and pay for services rendered. The rules are complex; what is important is that land within 250 yards of a hospital is particularly valuable for complementary development. Numerous buildings in this sphere around Kootenai Health are obsolete and very low density, resulting in substantial loss of opportunity to address the important PBB option.

As currently developed, the Kootenai Health campus is at 85-90% of physical build-out. There is simply not enough space to accommodate additional necessary growth without systematic change that accommodates larger, more dense buildings and structured parking.

ELIGIBILITY FINDING 3: Area in which there is a predominance of buildings which by reason of obsolescence is detrimental to the public health, safety and welfare.

Lot Layout & Diversity of Property Ownership

There are 287 unique parcels of land in the Health Corridor. Including improvements on the land (specifically structures), the total assessed value of these parcels is just over $300 million. In effect, this is the gross value at risk of being negatively impacted by undesirable change in the future. The parcels have approximately 170 property owners in twelve states. These numbers provide some insight as to why it has been very difficult to acquire and merge properties with the goal of constructing larger buildings (e.g., 8,000 square foot or large medical office buildings). In addition, the diverse group of property owners has a range of investment interests, from long-term hold to exploitation of Kootenai Health's interest in consolidating small parcels. Parcel consolidation for larger projects can take -and has taken – a decade or more.

Kootenai Health and large-scale developers have both had great difficulty with price gougers and other property owners with inflated profit expectations. The prospect of creating a higher density, more efficient, and PBB-oriented campus is being obstructed. It appears that a significant number of property owners can hold out for higher prices longer than Kootenai Health can afford to wait for asking prices to come down to levels that make development viable.

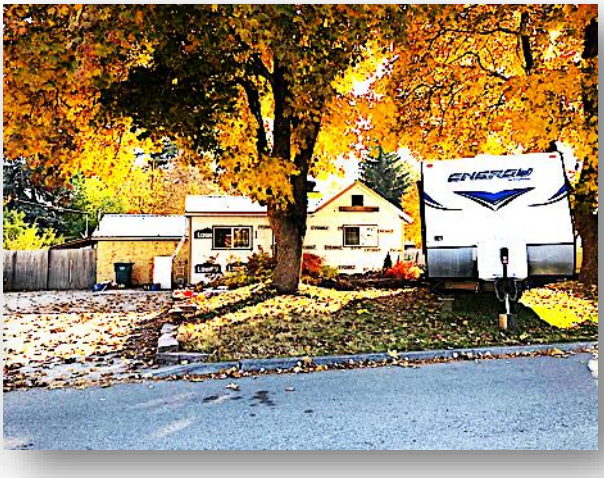
In addition to the diversity of ownership problem, there are many lot layout challenges in the Health Corridor. The western quarter of the area has a steep slope with meandering streets. Internal circulation routes over the years were inserted to respond to topography, a mature tree canopy, and odd lot lines. With no internal circulation master plan, the result is a mishmash of alleys and minor streets cutting through and along odd-length, curvaceous, and often hard-to-access parcels. Addresses are often hard to find, can be difficult to access, and create a variety of parking problems, e.g., knowing where to park to see a particular business. See Figure 6 for an example of this challenge.

Along the southern edge of the Health Corridor, small-lot single family residential is facing transition pressures from small scale professional service firms and developers interested in pursuing lot consolidation for larger projects. In the absence of a specific plan for this area (especially along Emma and Davidson Avenues), conflicting development is occurring. Some homes are being substantially renovated or removed and redeveloped into higher income homes and townhouses. In other places, multi-family and commercial developments have occurred and in a few, larger office buildings and structured parking are on the horizon. In short, change is occurring without a unified sense of direction.

Figure 6: Example of Challenges of Odd Lot Lines, Circuitous Routes and Accessibility in the Health Corridor

(Wider gray lines are street centers; Narrow gray lines are lot lines.)

Examples of Variability in Single Family Residential Trends
on the Same Street and Block: New Construction vs. Renovation



ELIGIBILITY FINDING 4: Area which by reason of the presence of faulty lot layout in relation to size, adequacy, accessibility or usefulness results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

ELIGIBILITY FINDING 5: Area which by reason of the presence of a diversity of ownership results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

Cross-Border Competitiveness Disadvantages

For many decades, Spokane was the undisputed regional medical center for the Inland Northwest. During most of the 20th century, this status didn't endanger community hospitals. However, the new era of health care delivery has forced dramatic change in hospital management and operations. As noted earlier, there have been 15 mergers, acquisitions or affiliation changes around Idaho since 2008.

Recognizing this threat, Kootenai Health established a vision about a decade ago to move from a "community hospital" status to a regional medical center. This metamorphosis has been an immense challenge. So far, the organization has met the challenge and has won numerous awards that demonstrate its success. This progress is an exception in an era of massive change. Recently, Kootenai Health reported that it is now one of just 88 independent community

hospitals (in its bed range -251-350 beds) remaining in the U.S.[6]. Its senior leaders emphasize that there remains much to be done for Kootenai Health to complete the transition to regional medical center successfully.

One of the keys to this success is expanding Kootenai Health's competitiveness with the cross-border community of Spokane. Salaries and wages are substantially higher in the Spokane area. Cost of housing is substantially lower. Washington has no state income tax. In fact, the cost of living in Coeur d'Alene is nearly 15% higher than in Spokane[7] – a major difference among nearly adjacent communities. The medical industry is bigger and more diverse there, offering employees and potential workers more and a broader range of local jobs. Social challenges like Idaho's longstanding weakness in education ratings[8] in the K-12 segment also influence where potential staff will choose to work. Washington consistently outperforms Idaho in this influential criterion in the job search process. In combination, these factors make Coeur d'Alene disadvantaged in cross-border competitiveness within the arena of regional medical center programs.

ELIGIBILITY FINDING 6: Area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of relevant State law.

Sanitary Sewer

According to Kootenai Health, sanitary sewer is a major problem for its future. The cap fee is very high and the City has no identified funding for expansion of the Medina Street line serving its facilities when it grows further. Feed lines west of the Medina sewer line are also said to have limited additional capacity. Other than the data provided in the 2013 Sewer Master Plan (SMP), city staff does not have a current 'percent of capacity' study available for the lines (and more broadly, the two sewer sheds, "A" Basin and "LIN" Basin that connect the Health Corridor to the sewage treatment plant on Northwest Boulevard).

The sewer line in Ironwood has a current capacity of 1 million gallons. Under build-out conditions projected at the time the 2013 SMP was completed, it was anticipated that most of the sewer interceptor lines in the general area will be running at three-quarters of capacity or less. It should be noted that the 2013 SMP used 11.8 Equivalent Residential Units (ERUs) whereas 17 ERUs are allowed by right in the area around Kootenai Health along Ironwood with the current zoning of C-17L and C-17.

Additionally, the 2013 SMP did not include more recent expansion plans for Kootenai Health or the Health Corridor. City staff also note a challenge for future development built over the public

[6] Referenced in *Kootenal Health: Our Journey*, Real Estate Market Forum, February 21, 2018
[7] From Best Places.com, https://www.bestplaces.net/cost-of-living/spokane-wa/coeur-d%27alene-id/60000
[8] For example, U.S. News and World Report currently ranks Washington 6th and Idaho 30th in the quality of education. https://www.usnews.com/news/best-states/rankings/education

sewer that was once within the alley paralleling Medina to its west. Whatever entity constructs on this property would be responsible for the relocation of the existing public sewer line. Collectively, these constraints could affect Kootenai Health substantially. Kootenai Health is currently planning to add, at minimum, a sixty-foot building for inpatient care to its core hospital facility along Ironwood Drive. This proposed development would include a structured parking garage adjacent to Medina.

Without reliable and affordable sewer service, these investments will not be possible. Under master plan or build-out scenarios for Kootenai Health and the Health Corridor, any additional development above 11.8 Equivalent Residential Units per acre will likely exceed portions of the sewer interceptor line capacity. Under these scenarios, capacity problems may also develop downstream bottleneck problems within the system's interceptor pipe lines.

ELIGIBILITY FINDING 7: Area which by reasons of the presence of a deterioration of site or other improvements (sanitary sewer) results in economic underdevelopment of the area (and) substantially impairs or arrests the sound growth of a municipality.

Combinations of Qualifying Factors

State statutes recognize that combinations of specified eligibility criteria should be considered. In the case of the Coeur d'Alene Health Corridor, many of its qualifying criteria can be exacerbated by the compounding influence of others. For example, weaknesses in the circulation system clearly degrade traffic safety for vehicles, pedestrian, and bicyclists. Obsolete structures, when combined with faulty lot layouts and diverse property ownership, make it harder and more costly to strategically consolidate properties for 21st century development. All of the potential added costs of these factors make cross-border competitiveness even more difficult.

ELIGIBILITY FINDING 8: Area which by reason of the existence of a combination of the above factors results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

C. Summary of Findings of Eligibility

In preparation of this report, researchers identified eight conditions that demonstrate the Coeur d'Alene Health Corridor is a deteriorating area per criteria established by Idaho State law. These conditions and details to support the findings are as follows:

1. Area which by reason of the presence of a predominance of **inadequate street layout** results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

2. Area which by reason of the presence of **unsafe conditions** results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare. [Pedestrian and bicycle health safety and welfare]

3. Area in which there is a **predominance of buildings which by reason of obsolescence** is detrimental to the public health, safety and welfare.

4. Area which by reason of the presence of **faulty lot layout** in relation to size, adequacy, accessibility or usefulness results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

5. Area which by reason of the presence of a **diversity of ownership** results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

6. Area which by reason of its **proximity to the border of an adjacent state** is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of relevant State law.

7. Area which by reasons of the presence of a **deterioration of** site or **other improvements (sanitary sewer)** results in economic underdevelopment of the area (and) substantially impairs or arrests the sound growth of a municipality.

8. Area which by reason of the existence of a **combination of the above factors** results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of the municipality, constitutes an economic liability and is a menace to the public health, safety and welfare.

Appendices

1. Relevant Idaho State Law
   A. TITLE 50, MUNICIPAL CORPORATIONS, CHAPTER 20, URBAN RENEWAL LAW, 50-2018
   B. TITLE 50, MUNICIPAL CORPORATIONS, CHAPTER 29, LOCAL ECONOMIC DEVELOPMENT ACT, 50-2903

Appendix 1.A

TITLE 50
MUNICIPAL CORPORATIONS
CHAPTER 20: URBAN RENEWAL LAW

50-2018. DEFINITIONS. The following terms wherever used or referred to in this chapter, shall have the following meanings, unless a different meaning is clearly indicated by the context:

(1) "Agency" or "urban renewal agency" shall mean a public agency created by section 50-2006, Idaho Code.

(2) "Municipality" shall mean any incorporated city or town, or county in the state.

(3) "Public body" shall mean the state or any municipality, township, board, commission, authority, district, or any other subdivision or public body of the state.

(4) "Local governing body" shall mean the council or other legislative body charged with governing the municipality.

(5) "Mayor" shall mean the mayor of a municipality or other officer or body having the duties customarily imposed upon the executive head of a municipality.

(6) "Clerk" shall mean the clerk or other official of the municipality who is the custodian of the official records of such municipality.

(7) "Federal government" shall include the United States of America or any agency or instrumentality, corporate or otherwise, of the United States of America.

(8) "Deteriorated area" shall mean an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare. Provided however, this definition shall not apply to any agricultural operation, as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation or to any forest land as defined in section 63-1701(4), Idaho Code, absent the consent of the forest landowner, as defined in section 63-1701(5), Idaho Code, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

(9) "Deteriorating area" shall mean an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of a municipality,

retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use; provided, that if such deteriorating area consists of open land the conditions contained in the proviso in section 50-2008(d), Idaho Code, shall apply; and provided further, that any disaster area referred to in section 50-2008(g), Idaho Code, shall constitute a deteriorating area. Provided however, this definition shall not apply to any agricultural operation, as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation or to any forest land as defined in section 63-1701(4), Idaho Code, absent the consent of the forest landowner, as defined in section 63-1701(5), Idaho Code, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

(10) "Urban renewal project" may include undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated or deteriorating areas and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan. Such undertakings and activities may include:

(a) Acquisition of a deteriorated area or a deteriorating area or portion thereof;

(b) Demolition and removal of buildings and improvements;

(c) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, off-street parking facilities, public facilities or buildings and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this chapter in accordance with the urban renewal plan;

(d) Disposition of any property acquired in the urban renewal area, including sale, initial leasing or retention by the agency itself, at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;

(e) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

(f) Acquisition of real property in the urban renewal area which, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;

(g) Acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(h) Lending or investing federal funds; and

(i) Construction of foundations, platforms and other like structural forms.

(11) "Urban renewal area" means a deteriorated area or a deteriorating area or a combination thereof which the local governing body designates as appropriate for an urban renewal project.

(12) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan:
(a) Shall conform to the general plan for the municipality as a whole except as provided in section 50-2008(g), Idaho Code; and
(b) Shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and any method or methods of financing such plan, which methods may include revenue allocation financing provisions.

(13) "Related activities" shall mean:
(a) Planning work for the preparation or completion of a community-wide plan or program pursuant to section 50-2009, Idaho Code; and
(b) The functions related to the acquisition and disposal of real property pursuant to section 50-2007(d), Idaho Code.

(14) "Real property" shall include all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest, right and use, legal or equitable, therein, including terms for years and liens by way of judgment, mortgage or otherwise.

(15) "Bonds" shall mean any bonds, including refunding bonds, notes, interim certificates, certificates of indebtedness, debentures or other obligations.

(16) "Obligee" shall include any bondholder, agents or trustees for any bondholders, or lessor demising to the municipality property used in connection with urban renewal, or any assignee or assignees of such lessor's interest or any part thereof, and the federal government when it is a party to any contract with the municipality.

(17) "Person" shall mean any individual, firm, partnership, corporation, company, association, joint stock association, or body politic; and shall include any trustee, receiver, assignee, or other person acting in a similar representative capacity.

(18) "Area of operation" shall mean the area within the corporate limits of the municipality and the area within five (5) miles of such limits, except that it shall not include any area which lies within the territorial boundaries of another incorporated city or town or within the unincorporated area of the county unless a resolution shall have been adopted by the governing body of such other city, town or county declaring a need therefor.

(19) "Board" or "commission" shall mean a board, commission, department, division, office, body or other unit of the municipality.

(20) "Public officer" shall mean any officer who is in charge of any department or branch of the government of the municipality relating to health, fire, building regulations, or to other activities concerning dwellings in the municipality.

History:

[50-2018, added 1965, ch. 246, sec. 18, p. 600; am. 1970, ch. 103, sec. 1, p. 256; am. 1987, ch. 258, sec. 1, p. 525; am. 1987, ch. 259, sec. 4, p. 542; am. 1990, ch. 430, sec. 2, p. 1186; am. 2003, ch. 146, sec. 1, p. 420; am. 2006, ch. 310, sec. 1, p. 953; am. 2011, ch. 229, sec. 6, p. 625; am. 2011, ch. 317, sec. 4, p. 916.]

Appendix 1.B

TITLE 50
MUNICIPAL CORPORATIONS
CHAPTER 29: LOCAL ECONOMIC DEVELOPMENT ACT

50-2903. DEFINITIONS. The following terms used in this chapter shall have the following meanings, unless the context otherwise requires:

(1) "Act" or "this act" means this revenue allocation act.

(2) "Agency" or "urban renewal agency" means a public body created pursuant to section 50-2006, Idaho Code.

(3) "Authorized municipality" or "municipality" means any county or incorporated city which has established an urban renewal agency, or by ordinance has identified and created a competitively disadvantaged border community.

(4) Except as provided in section 50-2903A, Idaho Code, "base assessment roll" means the equalized assessment rolls, for all classes of taxable property, on January 1 of the year in which the local governing body of an authorized municipality passes an ordinance adopting or modifying an urban renewal plan containing a revenue allocation financing provision, except that the base assessment roll shall be adjusted as follows: the equalized assessment valuation of the taxable property in a revenue allocation area as shown upon the base assessment roll shall be reduced by the amount by which the equalized assessed valuation as shown on the base assessment roll exceeds the current equalized assessed valuation of any taxable property located in the revenue allocation area, and by the equalized assessed valuation of taxable property in such revenue allocation area that becomes exempt from taxation subsequent to the date of the base assessment roll. The equalized assessed valuation of the taxable property in a revenue allocation area as shown on the base assessment roll shall be increased by the equalized assessed valuation, as of the date of the base assessment roll, of taxable property in such revenue allocation area that becomes taxable after the date of the base assessment roll, provided any increase in valuation caused by the removal of the agricultural tax exemption from undeveloped agricultural land in a revenue allocation area shall be added to the base assessment roll. An urban renewal plan containing a revenue allocation financing provision adopted or modified prior to July 1, 2016, is not subject to section 50-2903A, Idaho Code. For plans adopted or modified prior to July 1, 2016, and for subsequent modifications of those urban renewal plans, the value of the base assessment roll of property within the revenue allocation area shall be determined as if the modification had not occurred.

(5) "Budget" means an annual estimate of revenues and expenses for the following fiscal year of the agency. An agency shall, by September 1 of each calendar year, adopt and publish, as described in section 50-1002, Idaho Code, a budget for the next fiscal year. An agency may amend its adopted budget using the same procedures as used for adoption of the budget. For the fiscal year that immediately predates the termination date for an urban renewal plan involving a revenue allocation area or will include the termination date, the agency shall adopt and publish a budget specifically for the projected revenues and expenses of the plan and make a determination as to whether the revenue allocation area can be terminated before the January 1 of the termination year pursuant to the

terms of section 50-2909(4), Idaho Code. In the event that the agency determines that current tax year revenues are sufficient to cover all estimated expenses for the current year and all future years, by September 1 the agency shall adopt a resolution advising and notifying the local governing body, the county auditor, and the state tax commission and recommending the adoption of an ordinance for termination of the revenue allocation area by December 31 of the current year and declaring a surplus to be distributed as described in section 50-2909, Idaho Code, should a surplus be determined to exist. The agency shall cause the ordinance to be filed with the office of the county recorder and the Idaho state tax commission as provided in section 63-215, Idaho Code. Upon notification of revenues sufficient to cover expenses as provided herein, the increment value of that revenue allocation area shall be included in the net taxable value of the appropriate taxing districts when calculating the subsequent property tax levies pursuant to section 63-803, Idaho Code. The increment value shall also be included in subsequent notification of taxable value for each taxing district pursuant to section 63-1312, Idaho Code, and subsequent certification of actual and adjusted market values for each school district pursuant to section 63-315, Idaho Code.

(6) "Clerk" means the clerk of the municipality.

(7) "Competitively disadvantaged border community area" means a parcel of land consisting of at least forty (40) acres which is situated within the jurisdiction of a county or an incorporated city and within twenty-five (25) miles of a state or international border, which the governing body of such county or incorporated city has determined by ordinance is disadvantaged in its ability to attract business, private investment, or commercial development, as a result of a competitive advantage in the adjacent state or nation resulting from inequities or disparities in comparative sales taxes, income taxes, property taxes, population or unique geographic features.

(8) "Deteriorated area" means:

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic

or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.
(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.
(d) Any area which the local governing body certifies is in need of redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.
(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.
(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22-4502(1), Idaho Code, or any forest land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

(9) "Facilities" means land, rights in land, buildings, structures, machinery, landscaping, extension of utility services, approaches, roadways and parking, handling and storage areas, and similar auxiliary and related facilities.

(10) "Increment value" means the total value calculated by summing the differences between the current equalized value of each taxable property in the revenue allocation area and that property's current base value on the base assessment roll, provided such difference is a positive value.

(11) "Local governing body" means the city council or board of county commissioners of a municipality.

(12) "Plan" or "urban renewal plan" means a plan, as it exists or may from time to time be amended, prepared and approved pursuant to sections 50-2008 and 50-2905, Idaho Code, and any method or methods of financing such plan, which methods may include revenue allocation financing provisions.

(13) "Project" or "urban renewal project" or "competitively disadvantaged border areas" may include undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated or deteriorating areas and for the prevention of the development or spread of slums and blight and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan. Such undertakings and activities may include:
(a) Acquisition of a deteriorated area or a deteriorating area or portion thereof;
(b) Demolition and removal of buildings and improvement;

(c) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, open space, off-street parking facilities, public facilities, public recreation and entertainment facilities or buildings and other improvements necessary for carrying out, in the urban renewal area or competitively disadvantaged border community area, the urban renewal objectives of this act in accordance with the urban renewal plan or the competitively disadvantaged border community area ordinance.
(d) Disposition of any property acquired in the urban renewal area or the competitively disadvantaged border community area (including sale, initial leasing or retention by the agency itself) or the municipality creating the competitively disadvantaged border community area at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;
(e) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;
(f) Acquisition of real property in the urban renewal area or the competitively disadvantaged border community area which, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;
(g) Acquisition of any other real property in the urban renewal area or competitively disadvantaged border community area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities or where necessary to accomplish the purposes for which a competitively disadvantaged border community area was created by ordinance;
(h) Lending or investing federal funds; and
(i) Construction of foundations, platforms and other like structural forms.

(14) "Project costs" includes, but is not limited to:
(a) Capital costs, including the actual costs of the construction of public works or improvements, facilities, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; and the clearing and grading of land;
(b) Financing costs, including interest during construction and capitalized debt service or repair and replacement or other appropriate reserves;
(c) Real property assembly costs, meaning any deficit incurred from the sale or lease by a municipality of real or personal property within a revenue allocation district;
(d) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;
(e) Direct administrative costs, including reasonable charges for the time spent by city or county employees in connection with the implementation of a project plan;
(f) Relocation costs;
(g) Other costs incidental to any of the foregoing costs.

(15) "Revenue allocation area" means that portion of an urban renewal area or competitively disadvantaged border community area where the equalized assessed valuation (as shown by the taxable property assessment rolls) of which the local governing body has determined, on and as a part of an urban renewal plan, is likely to increase as a result of the initiation of an urban renewal project or competitively disadvantaged border community area. The base assessment roll or rolls of revenue allocation area or areas shall not exceed at any time ten percent (10%) of the current assessed valuation of all taxable property within the municipality.

(16) "State" means the state of Idaho.

(17) "Tax" or "taxes" means all property tax levies upon taxable property.

(18) "Taxable property" means taxable real property, personal property, operating property, or any other tangible or intangible property included on the equalized assessment rolls.

(19) "Taxing district" means a taxing district as defined in section 63-201, Idaho Code, as that section now exists or may hereafter be amended.

(20) "Termination date" means a specific date no later than twenty (20) years from the effective date of an urban renewal plan or as described in section 50-2904, Idaho Code, on which date the plan shall terminate. Every urban renewal plan shall have a termination date that can be modified or extended subject to the twenty (20) year maximum limitation. Provided however, the duration of a revenue allocation financing provision may be extended as provided in section 50-2904, Idaho Code.

History:

[50-2903, added 1988, ch. 210, sec. 3, p. 393; am. 1990, ch. 430, sec. 4, p. 1190; am. 1994, ch. 381, sec. 2, p. 1223; am. 1996, ch. 322, sec. 54, p. 1081; am. 2000, ch. 275, sec. 1, p. 893; am. 2002, ch. 143, sec. 2, p. 396; am. 2011, ch. 317, sec. 6, p. 918; am. 2016, ch. 349, sec. 3, p. 1017.]