

## **2015 MODIFICATION OF URD III BOUNDARY DETERMINATION OF BLIGHT**

The purpose of this Determination of Blight study is to investigate whether sufficient cause can be shown, pursuant to State statutes, to expand the western Urban Renewal District III (URD III) boundary to include the remainder of a neighborhood that is largely within the current boundary and to include parcels associated with Southgate Mall that are currently wholly surrounded by the District (see attached map “URD III – Boundary Adjustment 2015” as Exhibit 1).

URD III was created in 2000 through Ordinance No. 3163 which adopted the URD III urban renewal plan which included a Tax Increment Financing provision as authorized by Montana Codes Annotated (MCA) Title 7, Chapter 15, Parts 42 and 43. The Finding of Blight that preceded the Ordinance included the aforementioned neighborhood area but did not include the Southgate Mall parcels in its final report. However, the report did detail the commercial activities on those parcels as part of the context of URD III.

Under the provisions of State Urban Renewal Law, municipalities are empowered “to adopt or approve, modify or amend such plans” (7-15-4254 MCA). 7-15-4221 M.C.A. *“Modification of urban renewal project plan”* states that to modify an urban renewal plan by ordinance, the City may apply the same steps and procedures that are used to adopt a new district or the steps may be pursuant to a procedure set forth in the urban renewal plan. The URD III Plan’s amendment procedure (Chapter VI – Implementation, Amendment) is set forth below.

### **Amendment**

The URD III Plan may be amended in accordance with Montana statute. In addition, any changes to the land use element shall be made consistent with Missoula zoning regulations. The City Council may modify and amend the Plan, including modifications and amendments to designate and approve urban renewal projects to be undertaken pursuant thereto, by enacting an Ordinance providing for and setting forth the modification and amendment. No such ordinance shall be adopted until after a public hearing has been conducted thereon and notice of said hearing has been given in accordance with State Law.

If the modification or amendment involves the addition or deletion of land from the District, mailed notice shall be given to all persons owning property to be added or deleted at the time and the manner provided by Section 7-15-4215 (1), M.C.A. All notices shall provide the information regarding the modification required by Section 7-15-4215 (1), M.C.A. Nothing herein shall limit or affect the authority of the Council to undertake and carry out renewal activities on a yearly basis as provided by Section 7-15-4220, M.C.A.

Subsequent to the URD III Plan being adopted, the Montana Department of Revenue (MTDOR) created Administrative Rules (MT ARM 42.18.1401-1411) that elaborate the process and documentation needed to create or amend the boundaries of all Tax

Increment Financing districts and for MTDOR to certify the new TIF District or boundary modifications.

### **Modifying the URD III Western Boundary**

The original Study of Blight for URD III conducted in 2000, included a western boundary of Reserve Street. The neighborhood between the Montana Rail Link (MRL) Bitterroot Branch Line and Reserve Street that is south of South Avenue is part of its “Sub-Area B”. The Study described the neighborhood as:

*The majority of this Sub-area west of the railroad is low to moderate income residential... This Sub-area B, like Sub-area A, is lacking sidewalks and some curbs, gutters, and paving...*

After showing demographic table data illustrating the low income nature of the neighborhood and predominance of rental property, the Study cites the City of Missoula’s 1996 Transportation Plan:

*The Transportation Plan Update identifies an area that includes much of Sub-area B as having one of the lowest percentages of sidewalks (11% of the block faces) of any of the Missoula developed urban areas.*

*According to the 1996 Transportation Plan Update, areas identified for encouragement of infill residential and commercial development include the portions of Sub-area A and Sub-area B that lie west of the railroad tracks.*

Like other low-income neighborhoods in Missoula, a mix of uses such as light industrial, vehicle repair, and construction equipment storage were, randomly interspersed with a variety of older single-family residences and newer dense multifamily facilities. Aging modular and mobile homes were scattered among the other uses.

From the public record at the time, there were many discussions as to the final placement of the District’s boundary lines. During the process, the five-block area of the neighborhood between Eaton and Clark Streets with Livingston Avenue to the north and Agnes Avenue to the south, was proposed at this time to be included into URD III but was excluded from the final District. Since that time TIF funds have been used to upgrade and install curbs, sidewalks, and boulevards and to reconstruct streets in all of the neighborhood east of Eaton Street within URD III. This seems to have led to increased maintenance of private properties and reinvestment throughout that area.

The five-block area has not received much attention and has continued to deteriorate since the 2000 study and so, continues to fall under several of the definitions of “blight” set forth in State Law (M.C.A. 7-15-4206 attached as Exhibit 2) for eligibility to be included in an Urban Renewal District.

The definitions of blight that fit the conditions within the proposed modification of the western boundary of URD III are:

**7-15-4206 (2) MCA:** *"Blighted area" means an area that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime; substantially impairs or arrests the sound growth of the city or its environs; retards the provision of housing accommodations; or constitutes an economic or social liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use, by reason of:*

- *the substantial physical dilapidation; deterioration; defective construction, material, and arrangement; or age obsolescence of buildings or improvements, whether residential or nonresidential*

The type of residences in this sub-area fall into three categories: multifamily developments, mobile homes on both owner-occupied and rental lots, and single-family "stick-built" homes. Many of the kinds of units show visible signs of dilapidation and disrepair. Light industrial and commercial uses are widely varied and interspersed or adjacent to the residential uses. The range of commercial uses includes light industrial, warehousing and mini-storage, and construction equipment and vehicle storage.

Tax valuations on seventy percent of the properties have decreased over the past 10 years while valuations of the adjacent neighborhood within URD III have generally increased or remained static. The lower values may be due in some part to changing taxation rules by the State but are in larger part, the result of disinvestment and deterioration of the structural improvements in the area.

- *inappropriate or mixed uses of land or buildings*

There is no discernible order or pattern to the location of residential, retail, light industrial, or warehousing uses in the area. This creates potential conflict between incompatible uses. Such conflict may cause health and safety concerns or prevent orderly redevelopment of the area.

- *defective or inadequate street layout*

There are virtually no sidewalks, curbs, or gutters in the area. This creates a safety issue for all pedestrians, especially children. In addition to the obvious safety issues of people walking in driving lanes, lack of sidewalks creates a situation where the edges of the public and private space in the right-of-way are undefined, leading to haphazard vehicle parking and equipment storage that forces pedestrians further into driving areas and impedes marketing the area for redevelopment.

- *unsanitary or unsafe conditions*

Issues raised above including lack of sidewalks and haphazard vehicle parking and equipment storage, lack of storm water drainage along curbs and into appropriate drains could pose health issues on parcels where the water may accumulate. There are several construction and business vehicle storage areas and other equipment storage areas that are not visually shielded or well protected from inappropriate access. Some residential parcels are used for storage of abandoned or wrecked vehicles and household appliances.

- *deterioration of site;*

Several of the residences and commercial structures appear to be deteriorating. Many of the industrial lots interface inappropriately directly onto smaller adjacent residential lots. Street right-of-way paving is adequate but deteriorating from the edges due to lack of adequate drainage.

### **Determination of Blight – Modifying the URD III Western Boundary:**

Pursuant to the findings above, the area bounded by Clark Street on the west, Eaton Street on the east, Livingston Avenue on the north and Agnes Avenue on the south is blighted under the criteria set forth by State Law. Should the City Council declare the area blighted and find that including it into URD III is the best way to address the conditions, the Mary Avenue right-of-way between Clark and Reserve Streets should also be included in URD III. This allows right-of-way improvements in the neighborhood to be extended and connected to the Reserve Street arterial.

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### **Modifying the Internal URD III Boundary to Include Southgate Mall**

The blight study and urban renewal plan adopted in 2000 excluded the four large parcels making up Southgate Mall. At that time ownership of the parcels included three anchor stores (JC Penney, Dillard's, and Sears) and the main body of the Mall owned by Southgate Mall Associates. The record from the time reflects that the decision to exclude the overall Mall property from the study was a strategic one rather than one based on the conclusions of the study. The study did note that some of the buildings within the Mall area constructed in the 1970s were beginning to show some age issues and the mall format may have begun to be obsolete.

Southgate Mall was constructed at the outskirts of 1970s Missoula, in part, on a former lumber mill site. Transportation issues that the very large parcels created were acceptable due to the low intensity uses around it. As Missoula has grown over the past forty years, minor connectivity, area traffic circulation and congestion issues caused by the size and location of Southgate Mall have greatly expanded. Additionally, national retail business trends and shopping preferences have changed greatly since 2000. Although during that time Southgate Mall has undergone significant internal renovation to stay attractive to shoppers and tenants, it must make major programmatic and structural changes to remain a relevant shopping alternative and avoid joining a growing number of failing malls across America.

In June, 2015, WGM Group, Inc., a private engineering and planning firm in Missoula, provided MRA with a professional assessment of the current conditions at the Southgate Mall area as they relate to the definition of blight within State Law. Included in the assessment are specific conditions at the Southgate Mall that meet definitions of “blight” set forth in State Law (M.C.A. 7-15-4206 attached as Exhibit 2) for eligibility to be included in an Urban Renewal District.

The following excerpt from the WGM Group assessment is a list of definitions of blight that fit the conditions within the proposed modification of internal URD III boundary to include Southgate Mall. (MRA staff has re-formatted the list found in Exhibit 3 in terms of font and spacing for consistency with this and other documents.)

#### **From Area Assessment by WGM Group, Inc.:**

- *Substantial physical dilapidation, deterioration, age obsolescence, or defective construction, material, and arrangement of buildings or improvements*

While this condition was not found in the original blight determination for URD III, the study did note that many structures and improvements were showing signs of age and obsolescence. Fifteen years later, age obsolescence is a significant issue for the Mall. The buildings and improvements, which were designed in 1977, lack the external focus, amenities, arrangement, and mix of tenants that are required for a viable shopping center today.

- *Defective or inadequate street layout*

Many issues related to inadequate street layout have been addressed in the district, however, circulation in and around the Mall remains an issue. The Mall lacks connectivity with the neighborhood to the west and has limited access to Brooks Street. The lack of a traditional block pattern within the Mall property makes pedestrian and bicycle circulation difficult and contributes to cut-through traffic on the Mall ring roads and parking lots. These conditions contribute to safety concerns, congestion, and limited bicycle/pedestrian use.

- *faulty lot layout in relation to size, adequacy, accessibility, or usefulness*

The traditional 1970s mall design included a large, irregular shaped parcel, interrupted by three independently owned parcels for the major department stores. While important at the time to landing anchor stores, this configuration makes redevelopment of the Mall difficult due to the size, shape, and access to the various parcels.

- *excessive land coverage*

The Mall creates a “superblock” within the district that is isolated from adjacent land uses by large parking lots with limited landscaping, pedestrian access, or other amenities. This creates problems for access and circulation within the District, as well as, limited connectivity between the Mall and adjacent neighborhoods and businesses.

- *diversity of ownership*

Similar to [above], the independent ownership of parcels within the Mall creates a significant impediment to changes that would allow the Mall to redevelop or repurpose the property.

- *improper subdivision or obsolete platting*

The existing subdivision plat, which lacks public road connections, non-motorized facilities, landscaping, and amenities, is obsolete by today’s standards.

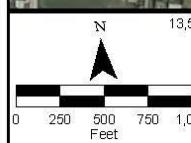
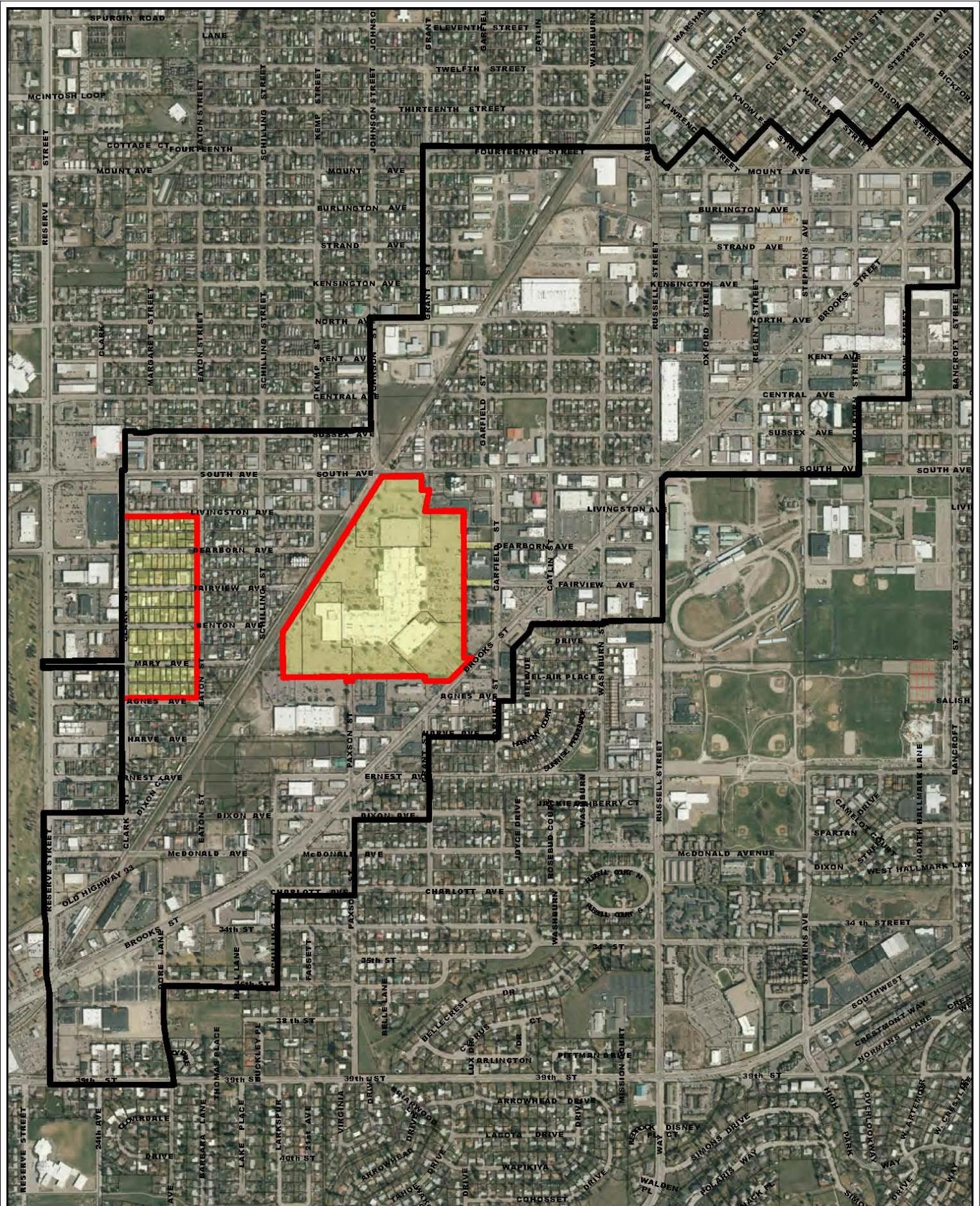
**(End of WGM Group, Inc. excerpt).**

**Determination of Blight -**

**Modifying the Internal URD III Boundary to Include Southgate Mall**

State Law declares that “the prevention and elimination of such [blighted] areas is a matter of state concern...” (M.C.A. 7-15-4202). It further states that an urban renewal area or urban renewal project ... “may include undertakings or activities... for the elimination and for the prevention of the development or spread of blight.” (M.C.A. 7-15-4206). In those statements and others, State Law makes it clear that urban renewal activities should look to both rectifying existing conditions and addressing issues that demonstrate real potential to become blight.

Therefore, pursuant to the determination of blight above, and consistent with the policy of elimination and prevention of blight found within State Law, the four parcels known as Southgate Mall wholly surrounded by URD III meet the definition of blight set forth in State Law.



Missoula Redevelopment Agency  
Date: September 23, 2015  
Prepared By: Tod Gass

Area Map For:  
**URD III - Boundary Adjustment 2015**  
City of Missoula Redevelopment Agency  
140 W. Pine St. Missoula, MT 59802  
Note: The information on this map has not been field verified.



## Exhibit 2

**7-15-4206. Definitions.** The following terms, wherever used or referred to in part 43 or this part, have the following meanings unless a different meaning is clearly indicated by the context:

- (1) "Agency" or "urban renewal agency" means a public agency created by [7-15-4232](#).
- (2) "Blighted area" means an area that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, that substantially impairs or arrests the sound growth of the city or its environs, that retards the provision of housing accommodations, or that constitutes an economic or social liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use, by reason of:
  - (a) the substantial physical dilapidation, deterioration, age obsolescence, or defective construction, material, and arrangement of buildings or improvements, whether residential or nonresidential;
  - (b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;
  - (c) inappropriate or mixed uses of land or buildings;
  - (d) high density of population and overcrowding;
  - (e) defective or inadequate street layout;
  - (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
  - (g) excessive land coverage;
  - (h) unsanitary or unsafe conditions;
  - (i) deterioration of site;
  - (j) diversity of ownership;
  - (k) tax or special assessment delinquency exceeding the fair value of the land;
  - (l) defective or unusual conditions of title;
  - (m) improper subdivision or obsolete platting;
  - (n) the existence of conditions that endanger life or property by fire or other causes; or
  - (o) any combination of the factors listed in this subsection (2).
- (3) "Bonds" means any bonds, notes, or debentures, including refunding obligations, authorized to be issued pursuant to part 43 or this part.
- (4) "Clerk" means the clerk or other official of the municipality who is the custodian of the official records of the municipality.
- (5) "Federal government" means the United States of America or any agency or instrumentality, corporate or otherwise, of the United States of America.
- (6) "Local governing body" means the council or other legislative body charged with governing the municipality.
- (7) "Mayor" means the chief executive of a city or town.
- (8) "Municipality" means any incorporated city or town in the state.
- (9) "Neighborhood development program" means the yearly activities or undertakings of a municipality in an urban renewal area or areas if the municipality elects to undertake activities on an annual increment basis.
- (10) "Obligee" means any bondholder or agent or trustee for any bondholder or lessor conveying to the municipality property used in connection with an urban renewal project or any assignee or assignees of the lessor's interest or any part of the interest and the federal government when it is a party to any contract with the municipality.

(11) "Person" means any individual, firm, partnership, corporation, company, association, joint-stock association, or school district and includes any trustee, receiver, assignee, or other person acting in a similar representative capacity.

(12) "Public body" means the state or any municipality, township, board, commission, district, or other subdivision or public body of the state.

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

(14) "Public use" means:

- (a) a public use enumerated in [70-30-102](#); or
- (b) a project financed by the method provided for in [7-15-4288](#).

(15) "Real property" means all lands, including improvements and fixtures on the land, all property of any nature appurtenant to the land or used in connection with the land, and every estate, interest, right, and use, legal or equitable, in the land, including terms for years and liens by way of judgment, mortgage, or otherwise.

(16) "Redevelopment" may include:

- (a) acquisition of a blighted area or portion of the area;
- (b) demolition and removal of buildings and improvements;
- (c) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal provisions of this part in accordance with the urban renewal plan; and
- (d) making the land available for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself, at its fair value for uses in accordance with the urban renewal plan. If the property is condemned pursuant to Title 70, chapter 30, the private enterprise or public agencies may not develop the condemned area in a way that is not for a public use.

(17) (a) "Rehabilitation" may include the restoration and renewal of a blighted area or portion of the area in accordance with an urban renewal plan by:

- (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;
- (ii) acquisition of real property and demolition or removal of buildings and improvements on the property when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce traffic hazards, to eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;
- (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal provisions of this part; and
- (iv) subject to [7-15-4259](#)(4), the disposition of any property acquired in the urban renewal area, including sale, initial leasing, or retention by the municipality itself, at its fair value for uses in accordance with the urban renewal plan.

(b) Rehabilitation may not include the development of the condemned area in a way that is not for a public use if the property is condemned pursuant to Title 70, chapter 30.

(18) "Urban renewal area" means a blighted area that the local governing body designates as appropriate for an urban renewal project or projects.

(19) "Urban renewal plan" means a plan for one or more urban renewal areas or for an urban

renewal project. The plan:

- (a) must conform to the growth policy if one has been adopted pursuant to Title 76, chapter 1; and
- (b) must be sufficiently complete to indicate, on a yearly basis or otherwise:
  - (i) any land acquisition, demolition, and removal of structures; redevelopment; improvements; and rehabilitation that is proposed to be carried out in the urban renewal area;
  - (ii) zoning and planning changes, if any, including changes to the growth policy if one has been adopted pursuant to Title 76, chapter 1;
  - (iii) land uses, maximum densities, building requirements; and
  - (iv) the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements.

(20) (a) "Urban renewal project" may include undertakings or activities of a municipality in an urban renewal area for the elimination and for the prevention of the development or spread of blight and may involve redevelopment in an urban renewal area, rehabilitation or conservation in an urban renewal area, or any combination or part of redevelopment, rehabilitation, or conservation in accordance with an urban renewal plan.

(b) An urban renewal project may not include using property that was condemned pursuant to Title 70, chapter 30, for anything other than a public use.

## Exhibit 3

### WGM Group, Inc. Assessment

#### **Executive Summary**

The Mall currently meets as many as six of the conditions that define blight under Montana's Urban Renewal Law (M.C.A. 7-15-4206). These are age obsolescence, defective or inadequate street layout, excessive land coverage, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, and obsolete platting. The Mall is also at risk for future blight conditions, including physical dilapidation, unsanitary or unsafe conditions, and deterioration of the site if the Mall were to fall into decline.

Nationally, fifteen percent of malls are expected to fail within the next decade.<sup>1</sup> Unlike other property types, mall values are primarily driven by the quality and productivity of the center. As malls get more productive, they are more in demand from new, growing retailers. Conversely, as they lose tenants, it's harder to find quality replacements.

Anchor obsolescence and e-commerce are two of the highest risk factors for malls.<sup>2</sup> Southgate Mall has taken direct steps to counter these risks by attracting new anchor tenants, acquiring adjacent properties to allow for expansion, and diversifying the tenant base to include entertainment and neighborhood services.

The departure of Sears creates a large vacancy of an anchor tenant. The ability to use Tax Increment Financing to repurpose the building will be important for maintaining mall health. Further, investing in infrastructure, neighborhood connectivity, and amenities that support Mall redevelopment will be critical to the long-term health of the Mall and the Urban Renewal District.

#### **Urban Renewal Law**

Montana's Urban Renewal Law<sup>3</sup> states that the prevention and elimination of blight is a matter of state policy and concern. According to state law the existence of blighted areas can, among other things, contribute to the depreciation of property values; constitute an economic and social liability; impair or arrest the sound growth of municipalities; retard the provision of housing accommodations; aggravate traffic problems; and impair the elimination of traffic hazards and the improvement of traffic facilities.

"Blighted Areas" are defined in 7-15-4206 MCA as areas that, among other things, substantially impair or arrest the sound growth of the city or its environs and retard the provision of housing accommodations, in their present condition and use, by reason of:

- (a) the substantial physical dilapidation, deterioration, **age obsolescence**, or defective construction, material, and arrangement of buildings or improvements, whether residential or nonresidential;

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<sup>1</sup> Green Street Advisors, 2015 U.S. Mall Outlook, <http://fortune.com/2015/01/28/2015-mall-outlook/>

<sup>2</sup> Green Street Advisors, <http://www.greenstreetadvisors.com/pdf/GreenStreet-REA-MallOutlookExcerpt-20150127.pdf>

<sup>3</sup> Montana Code Annotated, Title 7, Chapter 15, Part 42, [http://leg.mt.gov/bills/mca\\_toc/7\\_15\\_42.htm](http://leg.mt.gov/bills/mca_toc/7_15_42.htm)

- (b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;
- (c) inappropriate or mixed uses of land or buildings;
- (d) high density of population and overcrowding;
- (e) defective or inadequate street layout;**
- (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;**
- (g) excessive land coverage;**
- (h) unsanitary or unsafe conditions;
- (i) deterioration of site;
- (j) diversity of ownership;**
- (k) tax or special assessment delinquency exceeding the fair value of the land;
- (l) defective or unusual conditions of title;
- (m) improper subdivision or obsolete platting;**
- (n) the existence of conditions that endanger life or property by fire or other causes; or
- (o) any combination of the factors listed in this subsection.

A municipality may use appropriate private and public resources to eliminate and prevent the development or spread of blighted areas; to encourage needed urban rehabilitation; and to provide for the redevelopment of such areas.

This includes provision for the prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation of blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements; by encouraging voluntary rehabilitation; and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and the clearance and redevelopment of blighted areas or portions thereof (7-15-4209 MCA).

A municipality may use these powers if it has determined that at least three of the factors constituting blight listed in 7-15-4206(2) apply to the area or a part of the area; and the rehabilitation and/or redevelopment of an area is in the interest of the public health, safety, morals, or welfare of the residents of the municipality (7-15-4210 MCA).

### **Urban Renewal District III Plan**

The September 2000 *Urban Renewal Study Area Report* identified the following blight factors present in URD III:<sup>4</sup>

- (e) defective or inadequate street layout; There is evidence of inadequate street layout due to the configuration of streets adjacent to Brooks and the railroad tracks. This causes traffic circulation problems and may be a contributing factor to automobile crashes.
- (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness; Faulty lot layout was found in relation to size, adequacy, accessibility, or usefulness due to the

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<sup>4</sup> Urban Renewal Study Area Report, September 2000, Chapter IV,  
<http://www.ci.missoula.mt.us/DocumentCenter/Home/View/134>

orientation of Brooks and the railroad tracks. This caused many lots to be laid out in odd shapes and sizes, rendering many of them inadequate in terms of accessibility or usefulness.

(h) unsanitary or unsafe conditions; Examples of unsafe conditions were found in the high number of crash locations found in the Study Area in relation to the Page 4 rest of the City. Also, lack of provisions for pedestrians and bicyclists can lead to unsafe conditions.

(m) improper subdivision or obsolete platting; The Bitterroot Branch Line and Brooks Street cross the underlying grid system at an angle and have created irregular shaped lots which are reflected in the orientation of the buildings and improvements. This situation creates undesirable intersection configuration and poor access to commercial properties.

### **Southgate Mall Blight Conditions**

Southgate Mall currently meets the following conditions that define blight under Montana's Urban Renewal Law (7-15-4206 MCA):

- (a) Substantial physical dilapidation, deterioration, age obsolescence, or defective construction, material, and arrangement of buildings or improvements: **While this condition was not found in the original blight determination for URD III, the study did note that many structures and improvements were showing signs of age and obsolescence. Fifteen years later, age obsolescence is a significant issue for the Mall. The buildings and improvements, which were designed in 1977, lack the external focus, amenities, arrangement, and mix of tenants that are required for a viable shopping center today.**
- (e) Defective or inadequate street layout: **Many issues related to inadequate street layout have been addressed in the district, however, circulation in and around the Mall remains an issue. The Mall lacks connectivity with the neighborhood to the west and has limited access to Brooks Street. The lack of a traditional block pattern within the Mall property makes pedestrian and bicycle circulation difficult and contributes to cut-through traffic on the Mall ring roads and parking lots. These conditions contribute to safety concerns, congestion, and limited bicycle/pedestrian use.**
- (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness; **The traditional 1970's mall design included a large, irregular shaped parcel, interrupted by three independently owned parcels for the major department stores. While important at the time to landing anchor stores, this configuration makes redevelopment of the Mall difficult due to the size, shape, and access to the various parcels.**
- (g) Excessive land coverage: **The Mall creates a "superblock" within the district that is isolated from adjacent land uses by large parking lots with limited landscaping, pedestrian access, or other amenities. This creates problems for access and circulation within the District, as well as, limited connectivity between the Mall**

and adjacent neighborhoods and businesses.

- (j) diversity of ownership; **Similar to (f), the independent ownership of parcels within the Mall creates a significant impediment to changes that would allow the Mall to redevelop or repurpose the property.**
- (m) Improper subdivision or obsolete platting: **The existing subdivision plat, which lacks public road connections, non-motorized facilities, landscaping, and amenities, is obsolete by today's standards.**

### **Urban Renewal District III Plan Goals**

The December 2000, *Urban Renewal District III Plan* identified the following problems and opportunities relative to the Mall area.<sup>5</sup>

#### **Transportation, p. 6-7:**

One of the main blighting influences in the District is the status of the transportation system. As stated in the Findings Section of the Study, unusual street layout and lot layout resulting from the configuration of Brooks Street and the railroad right-of-way has caused a number of undesirable conditions including poor and difficult access to properties, unusually small and irregularly shaped parcels, and dangerous street intersections.

The Study also noted there are very few bicycle and pedestrian facilities in the area. With the exception of the bicycle/pedestrian trail adjacent to the railroad tracks, there are virtually no bicycle lanes and few sidewalks. Some sidewalks along Brooks Street were installed during the summer of 2000, however, a comprehensive sidewalk system that connects retail and other commercial and recreational opportunities with residential neighborhoods and motels is still lacking. Currently Missoula Urban Transportation District bus service in the area is limited. Investigations undertaken through the Study process revealed that nearly 90% of the area has no sidewalks and a large portion does not have curbs and gutters either.

Most parking in the area is accomplished through private off-street parking lots constructed prior to the City's parking lot landscaping requirements. There is a negative visual impact to an area when landscaping and other aesthetic elements are not used liberally to break up the "asphalt sea" effect that large parking lots create.

Policies to Provide Guidance for decisions regarding Transportation (page 41 Missoula Urban Comprehensive 1998 Plan Update):

- Increase the efficiency of the transportation system.
- Encourage use of alternative transportation (bus system, bicycle and pedestrian) through subdivision design and the land use pattern.

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<sup>5</sup> Urban Renewal District III Plan, December 2000,  
<http://www.ci.missoula.mt.us/DocumentCenter/Home/View/140>

- Specify design standards for new development which provide non-motorized transportation networks, accommodate public transportation and limit air pollution.

Goal:

- Encourage a land use pattern which facilitates all modes of transportation (motorized and non-motorized vehicles, pedestrian and mass transit) for safe, healthy, affordable, efficient and convenient access for residential, commercial and industrial uses and emergency response (page 51 Missoula Urban Comprehensive 1998 Plan Update).

Specific Goals Regarding Transportation (page 51 Missoula Urban Comprehensive 1998 Plan Update):

- Integrate street improvement plans with land use plans and goals; allow for input from those affected by planned improvements and mitigate negative impacts.
- Improve existing and provide for new bicycle and pedestrian facilities recommended in the 1996 Missoula Urban Transportation Plan Update and the City of Missoula Transportation Policy resolution.
- Plan for and provide transportation facilities that implement air quality objectives in the 1996 Missoula Urban Transportation Plan Update and the City of Missoula Transportation Policy resolution.
- Plan for and provide transportation facilities that implement safety objectives in the 1996 Missoula Urban Transportation Plan Update and the City of Missoula Transportation Policy resolution.

URD III Goals:

- Projects arising out of the URD III Plan affecting transportation issues will be expected comply with the relevant parts of the Missoula Transportation Plan as adopted and amended from time to time. Where projects fall outside the provisions of the Missoula Transportation Plan they will be required to go through Page 7 the local Metropolitan Planning Organization (MPO) or the review and approval of the City's Engineering Office, as appropriate.
- Encourage placement of street trees, boulevard enhancements landscaping and pedestrian friendly amenities to soften any strip-development appearance.

### **Community and Public Facilities, p. 8-9:**

Like public buildings and spaces, private spaces and structures have a visual impact on the community, and should be designed with careful consideration given to aesthetics. Aesthetic consideration should include choice of building materials, surrounding environment, land coverage, massing and scale. Where the private sector can be influenced by a public partner in development, the community should strongly encourage excellence in urban design as an element of the partnership.

The Study found that there is only one public park and one public school in this area. The two are in close proximity to one another, leaving the rest of the District with very few private or public gathering places, indoors or out, outside of Southgate Mall and the nearby Fairgrounds. This may not be adequate for the Missoula community that places a

high value on parks, open spaces and public interaction. Southgate Mall provides indoor shopping, community meeting rooms and high volume public interaction, but its use is subject to Mall policies and is therefore, not completely "public". One of the area's predominant public amenities is the portion of the Bicycle Commuter Network that largely follows along the Bitterroot Branch Line of the MRL railroad tracks. While this is a great asset to the area, there is an approximate 2000 foot long gap in the trail forcing users to search for alternate routes on the street network around the gap, which lessens its value as a true commuter route.

The Study also noted that there are few aesthetic amenities in the area, especially in terms of landscaping, either associated with businesses or public facilities or in the public right-of-way. Street trees will be planted as part of the major street projects but much of the URD III area lacks healthy trees which provide shade and a pleasant contrast to the urban built environment, as well as help to clean the air.

#### URD III Goals:

- Encourage the use of landscaping in all URD private and public projects and facilities.
- Encourage the Bicycle Commuter Network to be considered not only as a bicycle/pedestrian facility but also as a public amenity to the adjacent neighborhoods.
- Develop landscaping standards for public places and rights-of-way that encourage planting of trees, shrubs, flowers and other ornamental plantings as appropriate.
- Encourage park development of currently undeveloped dedicated parkland where appropriate.
- Develop public amenities such as Bicycle/pedestrian facilities, parks, public art, etc. which would encourage the use of Commercial areas as gathering places which could be accessed by a variety of transportation modes.

#### **Commercial Development, p. 9-10:**

The Study found that the configuration of Brooks Street and the railroad right-of-way interrupts the underlying street grid system. This causes difficulties at intersections and business accesses, and an overabundance of small and irregular shaped lots.

The configuration of Brooks and the railroad tracks also has caused some vacant parcels to have very limited access by being located on streets that are either dead ends or are not thru-streets. Businesses that rely somewhat on exposure would not be suited for these parcels which may make them difficult to lease or develop. Moreover, where access is difficult or confusing, frustrated motorists spend extra time and fuel finding their commercial destinations or simply avoid the area.

Although the Study found no glaring examples of deterioration of sites, many structures and improvements are showing signs of age and obsolescence. The older shopping centers, for example, lack many of the basic amenities which would be required of them if they were proposed for construction today. Additionally, there were several areas where trash and debris have accumulated.

The following commercial land use designations of the Missoula Urban Comprehensive 1998 Plan Update are represented within the District:

Community Commercial Designation - this designation is intended to encompass those retail goods and services, financial institutions, business and professional offices and personal services which are routinely used by residents. These areas need to be located for convenient access.

**URD III Goals:**

- Create a vibrant commercial area which is typified by architectural excellence and compatibility with adjacent neighborhoods.
- Redevelop existing industrial and light industrial areas, when appropriate, to assure the community has adequate opportunity to develop businesses which create jobs and expand and diversify the tax base. Redevelopment of such industrial property should be mindful of community changes over the years and the existence of other uses nearby.
- Consider ways to effectively temper conflicts at commercial/residential interfaces.
- Balance the commercial/retail need for auto related facilities and infrastructure with the need for human scale facilities and infrastructure.

**Residential, p. 13-14:**

Like the rest of the country, Missoula is experiencing a change in demographics to an increasingly older population with a need for housing with convenient access by all modes of transportation, to shopping, recreational opportunities, and personal services. In addition, the Study observed that the need for assistance to low and moderate income households is currently being addressed by several other agencies. However, forming partnerships with other department and other agencies to accelerate this effort will be part of the urban renewal efforts.

**URD III Goals:**

- Provide opportunities to develop a broad range of housing alternatives including market-rate housing, affordable housing, as well as subsidized public housing.
- Encourage the continuance of vibrant residential neighborhoods through partnerships with existing agencies taking full advantage of the established network of services targeting residential development.
- Promote commercial development design that considers impacts to the residential neighborhoods.

**Development in General, p. 15-16:**

As stated in the section above, the area is lacking many aesthetic qualities and amenities in both the commercial and residential areas. The Transportation Section touched upon the problems of unsafe intersections and lack of bicycle and pedestrian facilities. These problems can be caused from a number of conditions and can be addressed in a variety of ways with plans used as a guide.

Urban sprawl is an issue addressed by the community on a number of occasions and infilling of the existing urban area has been identified as a priority. Vacant and underutilized land is found throughout the District area and should be encouraged to be developed appropriately where access and public facilities allow.

**URD III Goals:**

- In coordination with other public agencies, non-profit and for-profit developers, encourage sound residential land use development which will provide a variety of housing alternatives for people of all ages, incomes and backgrounds.
- Encourage development of vacant property in this area to enhance in-fill in the urban core.
- Promote residential development of vacant and underutilized property where appropriate and where access and public facilities allow.
- Promote rehabilitation of existing housing units and preservation of existing sound neighborhoods.
- Encourage consideration of creative and innovative housing alternatives, such as co-housing, housing cooperatives, and condominiums.
- In conjunction with the Missoula Office of Planning and Grants, assure suitable, compatible, and adequate residential development opportunities exist through appropriate zoning and re-zoning in the area.

**Conclusion**

Montana's Urban Renewal Law allows creation of Urban Renewal Districts and use of Tax Increment Financing for the purpose of preventing and eliminating blight. Southgate Mall currently meets as many as six of the blight conditions defined by M.C.A. 7-15-4206. The Mall is also at risk for future blight conditions, including physical dilapidation, unsanitary or unsafe conditions, and deterioration of the site if the Mall were to fall into decline.

Southgate Mall has taken direct steps to counter these risks by attracting new anchor tenants, acquiring adjacent properties to allow for expansion, and diversifying the tenant base.

Modification of the URD III boundary to include the Mall property will allow the use of Tax Increment Financing to eliminate existing blight conditions and reduce the risk of further blight in the future. This modification is consistent with the goals laid out in the 2000 Urban Renewal District Plan and will be critical to the long-term health of the Mall and the District.