Post Falls Downtown Urban Renewal District

Economic Feasibility Study
April 2021
FINAL

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Prepared for: City of Post Falls

Post Falls Urban Renewal For The Community

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Introduction

Urban renewal and revenue allocation financing are one of the most significant tools available to Idaho communities for attracting and retaining businesses, generating economic development, promoting job creation and encouraging development of deteriorating and underutilized areas.

The State of Idaho provides limited options for cities and counties to use in financing costly public infrastructure and other needed public improvements necessary to attract and retain businesses. Revenue allocation financing allows communities to make a site "ready" for development, including extending water, sewer, streets and other improvements that reduce the cost to businesses of relocating or expanding. Revenue allocation financing also allows Idaho cities and counties to compete with other areas in attracting industry and business to Idaho.

This feasibility report focuses on a study area of approximately 548 acres within the City of Post Falls, Idaho (the "City"). The proposed Post Falls Downtown Urban Renewal District (URD) area comprises a mix of land uses (commercial, residential and a small, focused area of industrial), including vacated mill operations and older residential neighborhoods. The old mill operations utilized large land areas bordering the Spokane River on the west side of the district and along the south side of I-90 on the east side of the district, with block sizes and lots/parcels and blocks exceeding 75,000 square feet. The older neighborhoods lie primarily in the center of the proposed district on a tighter grid block system. Both the old mill sites and neighborhoods contain a lack of/or deteriorating roads, curb, gutter and sidewalks, stormwater facilities and lighting. This analysis has incorporated the potential development for these sites. It also utilizes the City's Parking Plan to determine other future development opportunities, where appropriate.

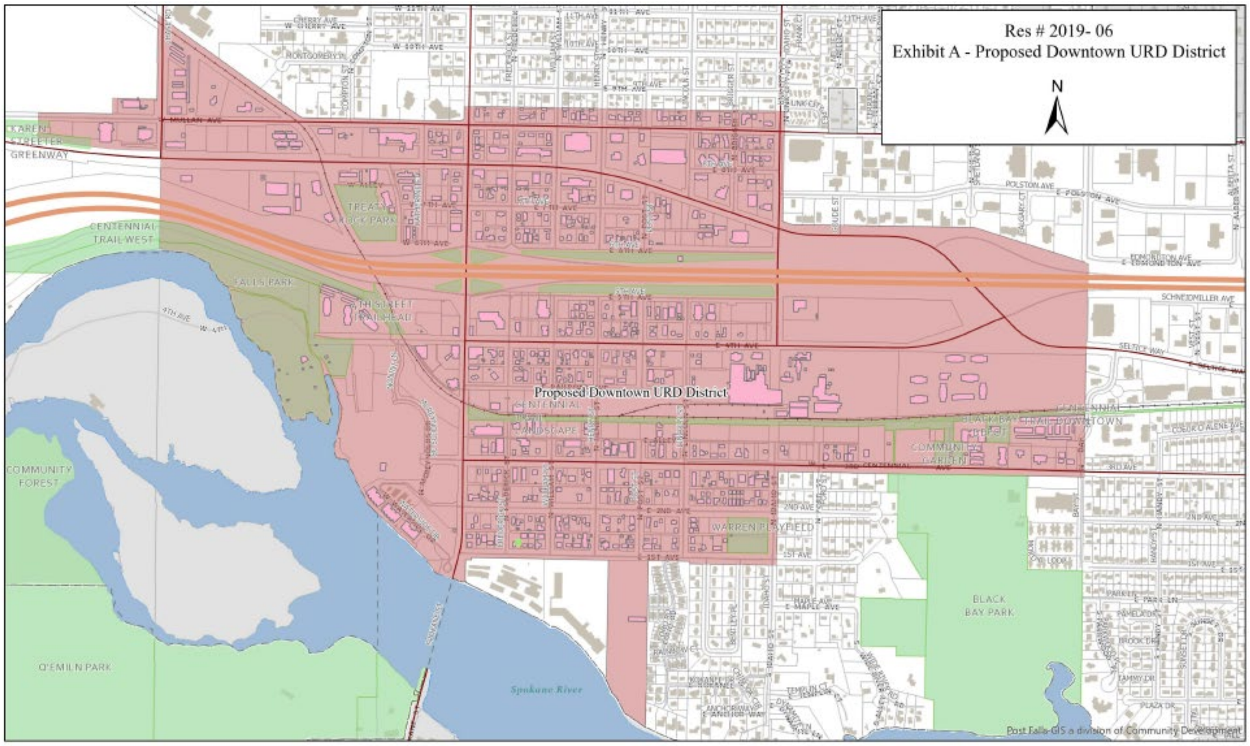
This study lays the groundwork to assess the feasibility of the proposed Post Falls Downtown District from an economic perspective and constitutes an economic feasibility study as required by Idaho Code § 50-2905. The public benefits resulting from this partnered development include:

- Job creation from implementing the Urban Renewal Plan for the Post Falls Downtown Urban Renewal Project (the "Plan") as well as potential for "spinoff" developments both within and outside of the Post Falls Downtown District boundaries
- Underutilized property or land can be developed to a productive use
- Infrastructure upgrades enhance capacity for surrounding area and community at large
- Improvements to local transportation systems benefit the community at large
- Increasing local tax base may mean property owners enjoy lower levy rates in the future
- Increased local tax base also bodes well for enrollment in the public schools and overall budget
- Successful projects generate increased sales and income taxes for the State

Boundary

The subject area examined in this report includes the City's downtown core. The Study Area is generally located north and south of Interstate 90 (I-90) with the northern boundary along both sides of Mullan Avenue, Spokane River to the south, Idaho Road and Bay Street to the east, and approximately 600-feet east of the Empire Center Boulevard/Seltice Way intersection to the west. The Burlington Northern Santa Fe (BNSF) rail spur runs through the proposed District area (see Figure 1).

Figure 1. Post Falls Downtown Urban Renewal District Boundary

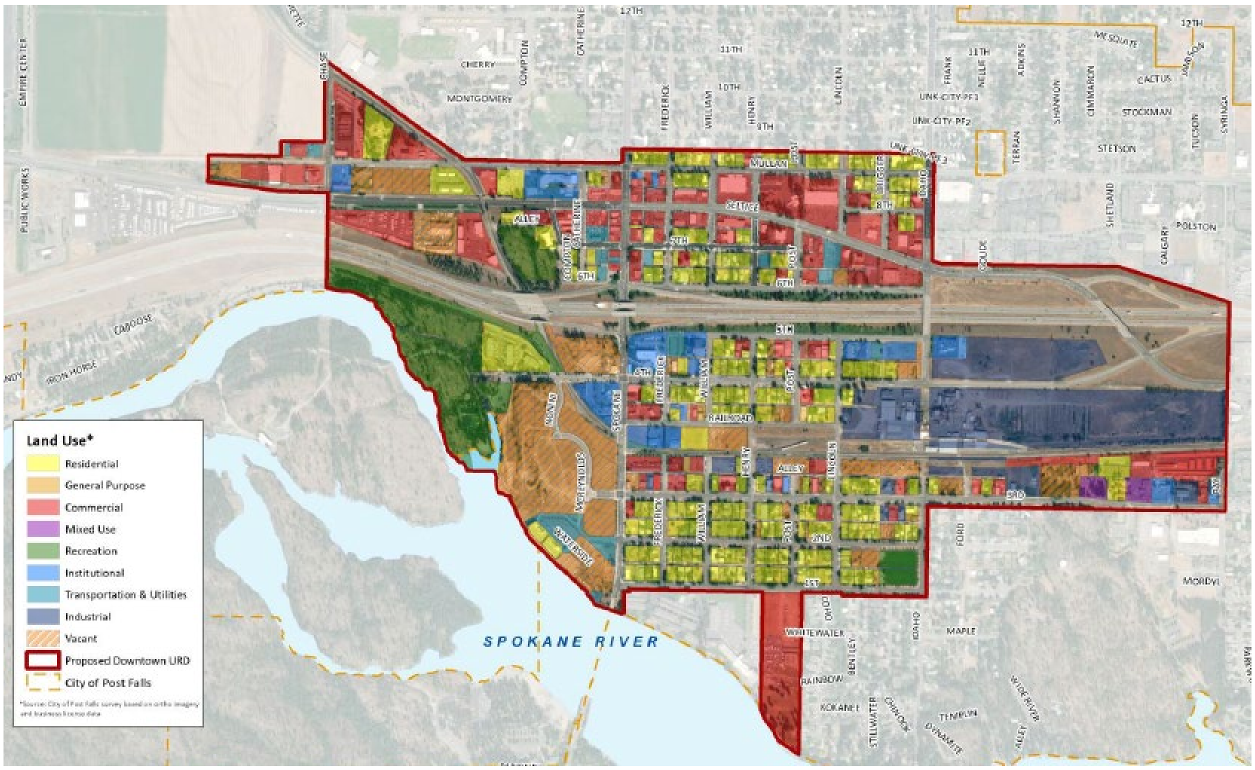


Existing Conditions

Zoning

Figure 2 depicts the different land uses encompassing the 548 acres. The area primarily consists of small, urban lots which are mainly developed, with some undeveloped areas prime for development.

Figure 2. Land Uses within Post Falls Downtown URD



Proposed improvement projects contained within this study adhere to the City's future land use and zoning plans as set forth in the City of Post Falls Comprehensive Plan, SmartCode, Parking Plan, and City Center Master Plan Update as well as other City planning documents.

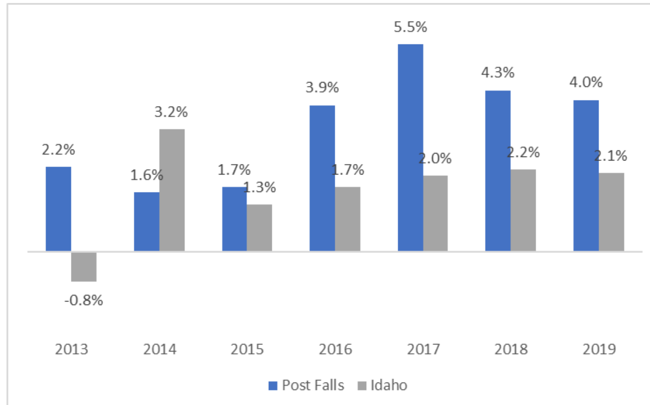
Social and Economic Conditions

POPULATION	MEDIAN HOUSEHOLD INCOME	POVERTY RATE	BACHELOR'S DEGREE OR HIGHER
43,400	$54,021	14.7%	19.8%

Regional Overview	Post Falls
Historical Population Change (2014 - 2019)	15%
Total Industry Jobs (2013)	8,501
Total Industry Jobs (2018)	11,637
Total Industry Jobs Change %	37%
Labor Force Participation Rate	66.2%
Median Household Income (2018)	$54,021

Source: U.S. Census

Figure 3. Annual Population Growth Rate, 2013-2019 (compared to Idaho)



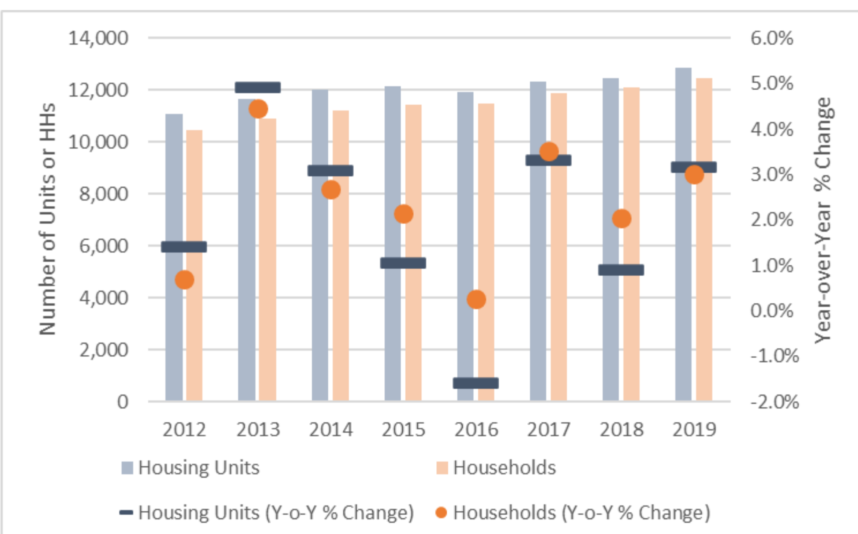
Income

Per capita income is measured in terms of a family's "money income." Money income includes wages and salaries plus other income such as social security and unemployment benefits.

Adjusted for inflation, per capita income has increased 8.6% in Post Falls from 2014 to 2019.

Housing Units and Households

Figure 4. Housing Units and Households (number and % change)



Source: U.S. Census

Financial Analysis

Taxable Value of Property in Area

The estimated total assessed value of all properties in the proposed Post Falls Downtown District boundary is $182,265,405 (assessment year 2020). This is roughly 5.6% of the City's final total assessed taxable value in 2020. For this study, we use the 2020 assessed value of $182,265,405 as the base value of the Post Falls Downtown District. If the Plan is adopted on or before December 31, 2021, the Kootenai County Assessor will calculate the base using tax accounts for all properties in the Post Falls Downtown District boundary, which may differ slightly from the value assessment roll as of January 1, 2020.

Table 1. Total Estimated Assessed Value

Post Falls Downtown Urban Renewal District (assessed 2020)	$ 182,265,405
City of Post Falls (2020 final assessment)	$ 3,226,337,884

Sources: Kootenai County Assessor, City of Post Falls, Post Falls Urban Renewal Agency

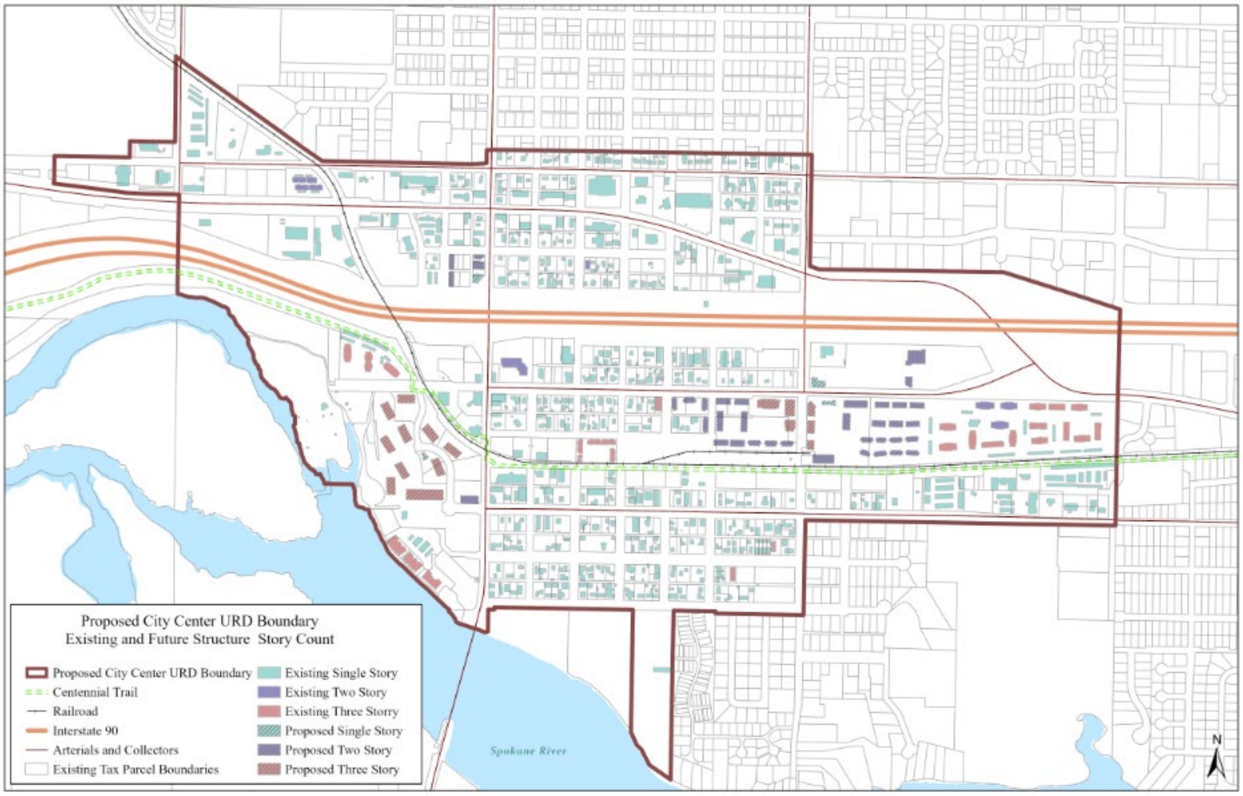
Future Development

As the *2019 Post Falls Downtown URD Eligibility Report* cites, the area is defined as a "deteriorating area" under Idaho Code Sections 50-2018(9), and is comprised of old mill operations and older neighborhoods. Both old mill sites and neighborhoods, located primarily in the center of the proposed District, contain a lack of/or deteriorating roads, curb, gutter and sidewalks, stormwater facilities and lighting. Infill development is required to revitalize this area.

Infill development will attract people and spur economic growth, creating an active and vibrant downtown core—a goal of Post Falls leadership and citizens, as indicated in the *2005 City Center Master Plan* and again in the *2021 City Center Master Plan Update*. Stakeholders also resonate with mixed-use development areas that will offer more diversified housing options and opportunities to support commercial activity. This vision has driven the future development scenarios set forth in this analysis.

Information contained in this section was obtained from City staff and engineers working with developers currently investing within the District boundary. All future development scenarios comply with the *City of Post Falls 2020 Comprehensive Plan*. The map below illustrates where future development and redevelopment opportunities exist. The two most current opportunities in the District include the former Idaho Veneer and Post Falls Landings sites. Development of these areas were accounted for in the model as well as the planned development at the former GW Hunters site (located north of I-90 along Spokane Street) and are further exemplified later in this section.

Figure 5. Existing and Future Structure Story Count within the Proposed Downtown URD Boundary



Source: City of Post Falls Community Development Department

City Planning staff and Welch-Comer Engineers applied the existing *Post Falls City Center Parking Plan (2018)* layout to determine best-case scenarios for future development within the proposed URD boundary. Three different scenarios were conducted based on structure lot coverage and how many stories of commercial space could be allowed grounded upon planning and zoning practices. The three scenarios ranged from conservative (Scenario A) to more aggressive development (Scenarios B and C).

According to City Planning staff, there are approximately 804,830 square feet of commercial space located within the proposed Downtown Urban Renewal District boundary. Based on the total net usable square feet of commercial space available, the commercial space situated within the proposed district boundary accounts for roughly 36% of the City's total commercial footprint. Because Scenarios B and C would more than double the commercial footprint within the City and exponentially within the URD's commercial footprint, Scenario A was used for this analysis based on rates of absorption. This process was further vetted on current real estate conditions and absorption rates. It is understood that each of the larger known developments proposed, as outlined below, will be a catalyst for further development activity within the URD.

	% Increase to **City's** Commercial Footprint			% Increase to proposed **District's** Commercial Footprint		
	1 Story	1.5 Stories	2 Story	1 Story	1.5 Stories	2 Story
Scenario A	26%	58%	89%	74%	161%	248%
Scenario B	58%	104%	151%	161%	291%	422%
Scenario C	89%	151%	213%	248%	422%	595%

Source: Welch-Comer Engineers, City of Post Falls Community Development Department, author's calculations

The future development analysis was conducted on a block-by-block basis and parcel-by-parcel for the best understanding of adjacent uses and compatible future use scenarios. Most blocks/parcels within this analysis are developed. In such cases, residential or commercial uses were reallocated and projected assessed valuations were determined based on similar uses around the City. For example, if the City's Parking Plan calls for 50% of a block to be developed commercial and 50% residential and the current use is 100% residential, 50% of the parcels were reallocated as commercial and given assessed values based on similar current commercial uses around the City. Those parcels that made most sense to be commercial over residential were reallocated as such (e.g. corner lots, or based on adjacent uses, etc.).

As noted, three large catalyst developments are currently underway and act as some of the anchors within this URD. The former Idaho Veneer site was built out as indicated by the developer and building layout was provided by the developer's engineer, J-U-B Engineers, Inc. Approximately 126 units are proposed—a mix of urban and garden townhomes—along with a 200-unit multi-family complex, potential hotel, assisted living quarters, and roughly 76,500 square feet of commercial space. Figure 6 illustrates the conceptual master plan for the Veneer Mill Site Redevelopment.

Figure 6. Conceptual Master Plan, Veneer Mill Site Redevelopment

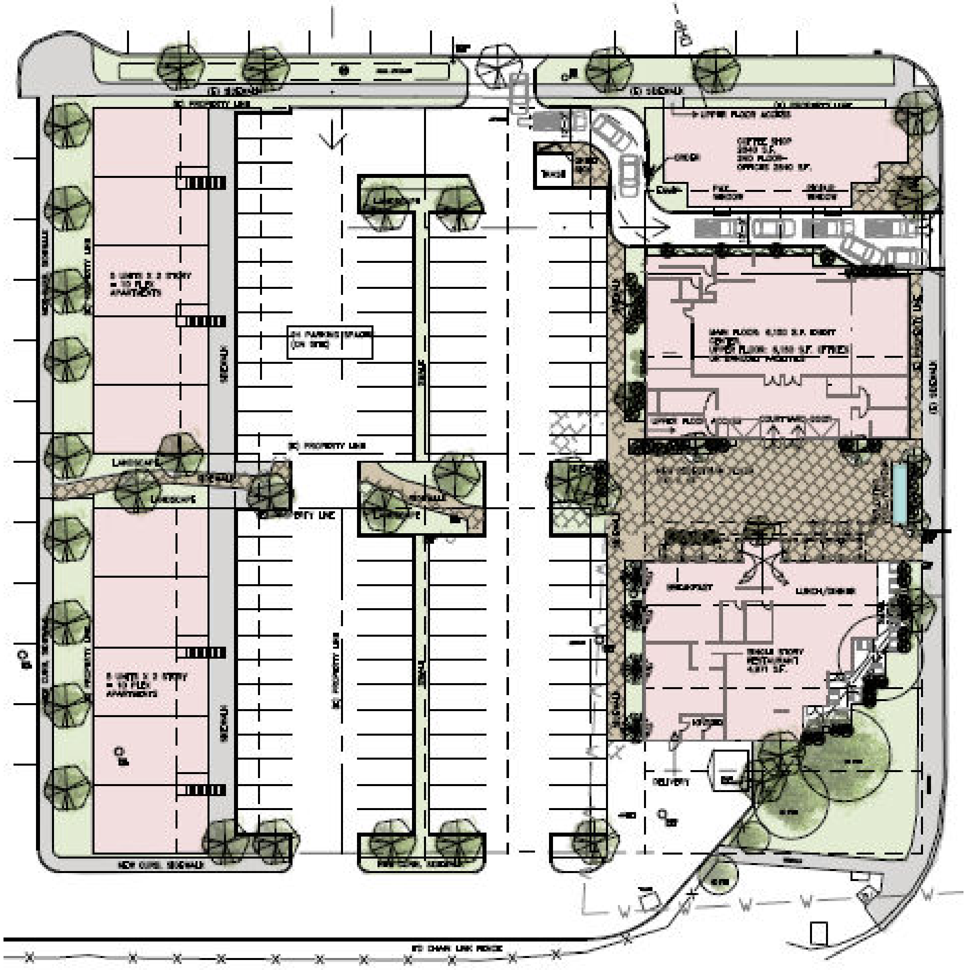
Source: Design Workshop

The purchase of the Post Falls Landings site was not final at the time of this study but was built out based on current and future zoning and land use plans—primarily mixed use with an emphasis on commercial development. Residential assessed values were determined based on current condo units in the vicinity and commercial development was estimated using current mixed-use and commercial developments.

The former GW Hunters site is in the process of being redeveloped into a mixed-use development. Proposed plans incorporate the existing coffee shop space and include an event center with banquet facilities, a pedestrian plaza, single-story restaurant, and two 10-plex apartment buildings (two-story)—see Figure 7.

All future commercial development analyzed in this study is included in the Job Impacts section.

Figure 7. Conceptual Site Plan, 7th & Spokane St. (former GW Hunters site)



Source: ML Architect & Associates

For purposes of this study, the timing of future development was determined by known prospective developments (the Veneer site was analyzed through fiscal years 2021 to 2027 and the Landings through fiscal years 2022 to 2038) coupled with spreading the remainder of development through the life of the District. Absorption will play a large role in this proposed buildout as building improvements are extensive. Thus, we provide three different buildout scenarios (no-build, 50% buildout, 100% buildout) to provide the City of Post Falls and Post Falls Urban Renewal Agency with the conservative and most comprehensive picture of what to expect from a tax increment revenue perspective.

Infrastructure

Public infrastructure and improvement projects anticipated within the Post Falls Downtown District boundary are outlined in the tables below, for a total estimated cost of roughly $67 million. The proposed public infrastructure and improvement projects are prioritized and the estimated project costs by priority are summarized in Table 3.

Due to revenue projections, as more fully set forth below, the phased tier approach reflects the anticipated order based on current market and development conditions which will most likely change based on the ever-changing market demands, any unanticipated development or development timeliness. The projects were prioritized by City staff based on need and public input obtained through the City Center Master Plan Update, stakeholders, and public officials, including input from Post Falls Urban Renewal Agency. This study is premised upon the economic feasibility of the Tier 1 Projects. The unfunded projects are set forth in the list of Tier 2, 3, and 4 Projects, outlined below. Public infrastructure and improvement projects prioritized as a high priority within the proposed Post Falls Downtown District are detailed in Table 4.

Infrastructure TIERS are likely to change with market conditions and as development occurs.

If development occurs more quickly than projected and/or other funding sources become available through either grants or partnerships with the City and/or developers on project funding, then the Agency may reprioritize projects as listed in 1, 2, 3 and 4 below. Additionally, the Agency may be able to undertake additional projects through developer advanced funding of projects. Please note that some of these estimates will change as projects move forward and are more defined. The estimated project costs do not account for inflation.

Table 2. Estimated Project Costs by Tier Level

Tier Level	Total
1	$18,220,000
2	$6,905,000
3	$11,950,000
4	$30,062,000
Total	$67,137,000

Source: Welch-Comer Engineers, City of Post Falls, author's calculations

Table 3. Potential Public Infrastructure and Improvement Projects, Tier 1 projects

Tier 1

Project Name	Description	Estimated Cost, 2020 $
City Center Parking Lots	Land Acquisition plus design and construction cost of two at-grade parking lots. Location TBD.	$1,600,000
City Center Parking Plan - Street Completion Plan	Multiple street revitalization projects consistent with the City Center Parking Plan – south of I-90. Locations TBD. See City Center Parking Plan.	$10,000,000
Roundabout at 4th & Seltice Way	Design, ROW and construction of single lane roundabout at the intersection of 4th & Seltice Way.	$700,000
Frontage Improvements Spokane Street West Side	Post Falls Landings 2nd Additional Sidewalk and Landscaping Improvements.	$250,000
4th Ave Frontage Improvements between William and Idaho Street	Road widening, stormwater, sidewalk, illumination, etc., along between William & Idaho Street.	$550,000
Idaho Street – 3rd to 4th Avenue	New roadway construction including 2-lanes, sidewalk, bike lanes, stormwater, & illumination.	$1,000,000
Idaho Veneer Site North	4th Ave frontage improvements, including roadway, public utilities and ped/bike facilities between Idaho Street and Seltice Way on the north of 4th Avenue.	$1,140,000
Idaho Veneer Site South	4th Ave frontage improvements, including roadway, public utilities and ped/bike facilities between Idaho Street and Seltice Way on the south side of 4th Avenue.	$1,000,000
Esplanade Improvements	Earthwork, roadway, stormwater, ped access, and illumination improvements associated with riverfront esplanade at the very west end of 3rd Avenue	$730,000
3rd Ave Extension, west of McReynolds	Extension of 3rd Avenue with new roadway which includes roadway, ped facilities, utilities, illumination.	$850,000
McReynolds Connection	Road connection south of 3rd Ave roundabout. Includes roadway, pedestrian facilities, and utilities.	$400,000
	TOTAL TIER 1 ESTIMATED COST	**$18,220,000**

Source: Welch-Comer Engineers, City of Post Falls, author's calculations

Table 4. Potential Public Infrastructure and Improvement Projects, Tiers 2, 3, and 4 projects

Tier 2

Project Name	Description	Estimated Cost, 2020 $
Signal at 3rd & Spokane	Design and installation of traffic signal at the intersection of 3rd Ave & Spokane Street	$563,000
Railroad Property along RR and Switch Yard	Property Purchase for potential parking and/or park & open space.	$1,185,000
Centennial Trail - RR R/W Acquisition & Trail Construction	ROW purchase, Centennial Trail design & construction from Spokane Street to Bay Street and Chase Street to Spokane Street.	$2,752,000
Entry Monuments	Entry Monument installation/construction at locations TBD.	$300,000
Wayfinding Signage	Wayfinding design, construction and install at locations TBD.	$100,000
Public Art	Type and locations to be determined. Assumed 10 separate pieces.	$500,000
Water Tower Improvements/Highlights	Structural engineering, illumination, & paint/improvements to existing water tower.	$180,000
Fire Station - Fence and Sewer Connection	Fencing and sewer service connection.	$25,000
4th Ave Frontage Improvements (excluding Idaho Veneer)	Road widening, stormwater, sidewalk, illumination, etc, between William St. and Lincoln St. (frontage).	$1,100,000
Waterline Extension, Marina Condos to Falls Park	Waterline improvements at PF Landings Condos.	$200,000
	TOTAL TIER 2 ESTIMATED COST	**$6,905,000**

Tier 3

Project Name	Description	Estimated Cost, 2020 $
Seltice/Mullan Couplet Project - Street Completion Plan	Planning, engineering and construction of several streets and intersections associated with a potential couplet of Seltice & Mullan.	$10,000,000
Event Center Spaces	Land acquisition, architecture, design and construction of space(s) TBD.	$1,200,000
Railroad Avenue to Idaho Street	Extension of Railroad Avenue to Idaho thru Idaho Veneer site includes roadway and public utilities.	$750,000
	TOTAL TIER 3 ESTIMATED COST	**$11,950,000**

Tier 4

Project Name	Description	Estimated Cost, 2020 $
Warren Park Improvements	On site and offsite improvements could include roadway, parking, play equipment and/or field improvements.	$412,000
Apply Improvements - Parking Plan North of Freeway	Multiple street revitalization projects consistent with the City Center Parking Plan – North of I-90	$5,000,000
Ped & Bike Connections Across Freeway (Henry or Lincoln)	Grade separated pedestrian/bicycle crossings at Henry Street or Lincoln Street.	$3,500,000
Site Remediation (General)	General site clean up and remediation in locations TBD.	$4,650,000
Land Acquisition General	Land acquisition as needed and at locations TBD.	$16,500,000
	TOTAL TIER 4 ESTIMATED COST	**$30,062,000**

Note: If grants or other leveraging funding sources become available, or new development and redevelopment of existing properties occur sooner than anticipated, tier 2, 3, or 4 projects may be completed earlier or projects may be re-prioritized.

Source: Welch-Comer Engineers, City of Post Falls, author's calculations

The benefits of reduced infrastructure costs and better economic returns associated with new development and redevelopment of existing, older properties will motivate local developers and entrepreneurs to overcome the barriers that have stymied infill and redevelopment projects in the past.

Other benefits of the vision for the District include:

- Placing residents closer to jobs and community services
- Create a livable, walkable, and shoppable downtown core
- New construction revitalizes the area and boosts the neighborhood's economy
- Maximizes the utilization of existing infrastructure and facilities
- The opportunity to offer more transportation options than the suburbs.
- The ability for businesses to be closer to residents and existing facilities
- The mature landscaping can reduce cost and increases property values, as opposed to raw land
- This type of infill project invests back into the existing community

Projected Assessed Values

The projected property assessed values based on the three buildout scenarios identified within the proposed Post Falls Downtown District boundary are shown in Table 6.

Inflation is accounted for in the "Projected Assessed Value"—2.04% annually. The "Percent Growth" shown is based on the projected assessed value from the current fiscal year compared to previous fiscal year shown. Since the projected assessed value accounts for inflation, inflation in the percent growth is implied.

Projected Property Assessed Value at End of District Life	
BASE (2020):	$182.3M
NO DEVELOPMENT:	$278.5M
50% DEVELOPED:	$374.9M
100% DEVELOPED:	$471.2M

Each buildout scenario was based on similar developments and their current assessed values based on average assessed values per square feet. The different growth scenarios show the proposed projects in three scenarios and are distributed evenly across each proposed development in the District for assessment purposes:

1) a worst-case scenario where no new development occurs;

2) a moderate scenario where 50% of all proposed new developments are built; and

3) the best-case scenario where all the proposed new developments are built out by the end of the district's life in 2041 (**increment is collected through 2042**) – if district is established in 2021.

As mentioned earlier, the timing of the projected new developments is based on existing infrastructure and the benefits dispersed across other areas around the City. Absorption also plays a large role in these proposed buildout scenarios as improvements can be extensive. The following buildout scenarios provide a conservative, yet holistic approach.

The Post Falls Downtown District's termination date is December 31, 2041; however, the Agency will continue to receive revenue allocation proceeds from assessment year 2041 and are collected in 2042 which is represented in the cash flow analysis. Therefore, the projected property assessed values at end of district life are stated for the fiscal year 2042.

Table 5. Projected Assessed Value Growth by Growth Scenario ($2021)

Fiscal Year	No Development		50% Developed		100% Developed	
	Projected Assessed Value	Percent Growth	Projected Assessed Value	Percent Growth	Projected Assessed Value	Percent Growth
2021	$182,265,405	2.0%	$182,265,405	---	$182,265,405	---
2022	$185,983,619	2.0%	$185,983,619	2.0%	$185,983,619	2.0%
2023	$189,777,685	2.0%	$193,261,329	3.9%	$196,744,974	5.8%
2024	$193,649,150	2.0%	$202,731,572	4.9%	$211,813,994	7.7%
2025	$197,599,593	2.0%	$212,395,007	4.8%	$227,190,422	7.3%
2026	$201,630,624	2.0%	$223,255,381	5.1%	$244,880,139	7.8%
2027	$205,743,889	2.0%	$234,337,307	5.0%	$262,930,726	7.4%
2028	$209,941,064	2.0%	$245,645,304	4.8%	$281,349,545	7.0%
2029	$214,223,862	2.0%	$257,183,985	4.7%	$300,144,108	6.7%
2030	$218,594,029	2.0%	$265,474,410	3.2%	$312,354,791	4.1%
2031	$223,053,347	2.0%	$273,933,960	3.2%	$324,814,572	4.0%
2032	$227,603,635	2.0%	$282,566,084	3.2%	$337,528,533	3.9%
2033	$232,246,749	2.0%	$291,374,304	3.1%	$350,501,859	3.8%
2034	$236,984,583	2.0%	$300,362,212	3.1%	$363,739,840	3.8%
2035	$241,819,069	2.0%	$309,533,473	3.1%	$377,247,876	3.7%
2036	$246,752,178	2.0%	$318,891,827	3.0%	$391,031,477	3.7%
2037	$251,785,922	2.0%	$328,441,092	3.0%	$405,096,262	3.6%
2038	$256,922,355	2.0%	$338,185,162	3.0%	$419,447,970	3.5%
2039	$262,163,571	2.0%	$347,083,749	2.6%	$432,003,927	3.0%
2040	$267,511,708	2.0%	$356,163,867	2.6%	$444,816,027	3.0%
2041	$272,968,947	2.0%	$365,429,220	2.6%	$457,889,492	2.9%
2042	**$278,537,513**	**2.0%**	**$374,883,585**	**2.6%**	**$471,229,657**	**2.9%**

*includes new development and is adjusted for inflation (2.04%)

Projected Tax Increment Revenue

The projected revenue allocation proceeds also referred to as Tax Increment Revenues (TIF) from the assessed value growth broken out in the three build-out scenarios are shown in *Table 7, Table 8,* and *Table 9*. The 2020 levy rates were used collectively for each of the taxing districts that overlap the Post Falls Downtown District boundary (0.00933902). By the end of the district's life, in 2042, it is estimated that there is potential to generate roughly $29.4 million in tax increment revenue, if fully developed as analyzed, and $19.3 million at 50%.

Figure 8. Projected Tax Increment Revenue at end of Post Falls Downtown Urban Renewal District life ($2021)

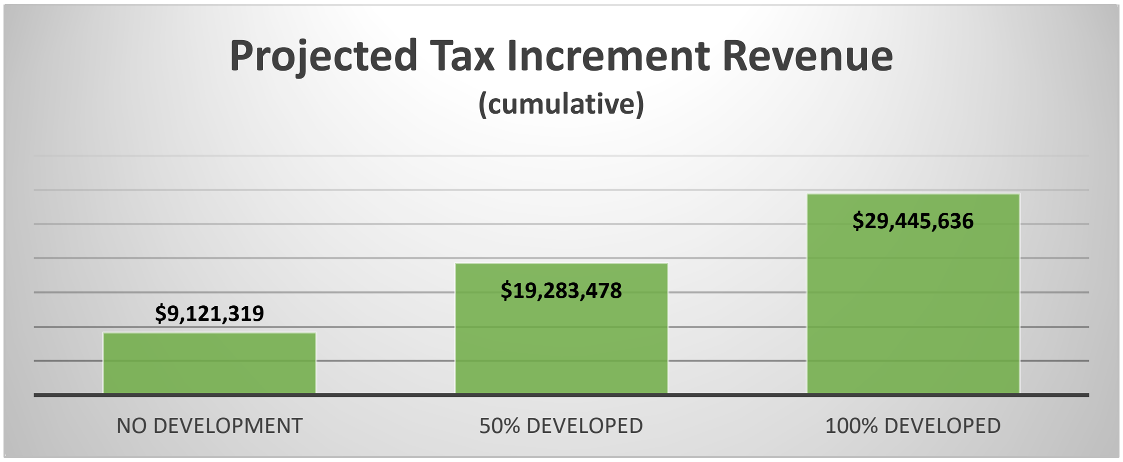


Table 6. Tax Increment Revenue Projection: No Development Scenario ($2021)

No Development						
Fiscal Year	Projected Assessed Value	Base	Increment Value	Tax Rate	Tax Increment Yield (annual)	TIF (cumulative)
2021	$182,265,405	$182,265,405	---	0.0093390200	---	---
2022	$185,983,619	$182,265,405	---	0.0093390200	---	---
2023	$189,777,685	$182,265,405	$7,512,280	0.0093390200	$70,157	$70,157
2024	$193,649,150	$182,265,405	$11,383,745	0.0093390200	$106,313	$176,470
2025	$197,599,593	$182,265,405	$15,334,188	0.0093390200	$143,206	$249,519
2026	$201,630,624	$182,265,405	$19,365,219	0.0093390200	$180,852	$430,371
2027	$205,743,889	$182,265,405	$23,478,484	0.0093390200	$219,266	$649,638
2028	$209,941,064	$182,265,405	$27,675,659	0.0093390200	$258,464	$908,101
2029	$214,223,862	$182,265,405	$31,958,457	0.0093390200	$298,461	$1,206,562
2030	$218,594,029	$182,265,405	$36,328,624	0.0093390200	$339,274	$1,545,835
2031	$223,053,347	$182,265,405	$40,787,942	0.0093390200	$380,919	$1,926,755
2032	$227,603,635	$182,265,405	$45,338,230	0.0093390200	$423,415	$2,350,169
2033	$232,246,749	$182,265,405	$49,981,344	0.0093390200	$466,777	$2,816,946
2034	$236,984,583	$182,265,405	$54,719,178	0.0093390200	$511,023	$3,327,970
2035	$241,819,069	$182,265,405	$59,553,664	0.0093390200	$556,173	$3,884,143
2036	$246,752,178	$182,265,405	$64,486,773	0.0093390200	$602,243	$4,486,386
2037	$251,785,922	$182,265,405	$69,520,517	0.0093390200	$649,253	$5,135,639
2038	$256,922,355	$182,265,405	$74,656,950	0.0093390200	$697,223	$5,832,862
2039	$262,163,571	$182,265,405	$79,898,166	0.0093390200	$746,171	$6,579,033
2040	$267,511,708	$182,265,405	$85,246,303	0.0093390200	$796,117	$7,375,150
2041	$272,968,947	$182,265,405	$90,703,542	0.0093390200	$847,082	$8,222,232
2042	**$278,537,513**	**$182,265,405**	**$96,272,108**	**0.0093390200**	**$899,087**	**$9,121,319**

*adjusted for inflation (2.04%)

Table 7. Tax Increment Revenue Projection: 50% Developed Scenario ($2021)

50% Developed						
Fiscal Year	Projected Assessed Value	Base	Increment Value	Tax Rate	Tax Increment Yield (annual)	TIF (cumulative)
2021	$182,265,405	$182,265,405	---	0.0093390200	---	---
2022	$185,983,619	$182,265,405	---	0.0093390200	---	---
2023	$193,261,329	$182,265,405	$10,995,924	0.0093390200	$102,691	$102,691
2024	$202,731,572	$182,265,405	$20,466,167	0.0093390200	$191,134	$293,825
2025	$212,395,007	$182,265,405	$30,129,602	0.0093390200	$281,381	$472,515
2026	$223,255,381	$182,265,405	$40,989,976	0.0093390200	$382,806	$855,321
2027	$234,337,307	$182,265,405	$52,071,902	0.0093390200	$486,301	$1,341,622
2028	$245,645,304	$182,265,405	$63,379,899	0.0093390200	$591,906	$1,933,528
2029	$257,183,985	$182,265,405	$74,918,580	0.0093390200	$699,666	$2,633,194
2030	$265,474,410	$182,265,405	$83,209,005	0.0093390200	$777,091	$3,410,284
2031	$273,933,960	$182,265,405	$91,668,555	0.0093390200	$856,094	$4,266,379
2032	$282,566,084	$182,265,405	$100,300,679	0.0093390200	$936,710	$5,203,089
2033	$291,374,304	$182,265,405	$109,108,899	0.0093390200	$1,018,970	$6,222,059
2034	$300,362,212	$182,265,405	$118,096,807	0.0093390200	$1,102,908	$7,324,968
2035	$309,533,473	$182,265,405	$127,268,068	0.0093390200	$1,188,559	$8,513,527
2036	$318,891,827	$182,265,405	$136,626,422	0.0093390200	$1,275,957	$9,789,484
2037	$328,441,092	$182,265,405	$146,175,687	0.0093390200	$1,365,138	$11,154,621
2038	$338,185,162	$182,265,405	$155,919,757	0.0093390200	$1,456,138	$12,610,759
2039	$347,083,749	$182,265,405	$164,818,344	0.0093390200	$1,539,242	$14,150,001
2040	$356,163,867	$182,265,405	$173,898,462	0.0093390200	$1,624,041	$15,774,042
2041	$365,429,220	$182,265,405	$183,163,815	0.0093390200	$1,710,571	$17,484,612
2042	**$374,883,585**	**$182,265,405**	**$192,618,180**	**0.0093390200**	**$1,798,865**	**$19,283,478**

*includes new development and is adjusted for inflation (2.04%)

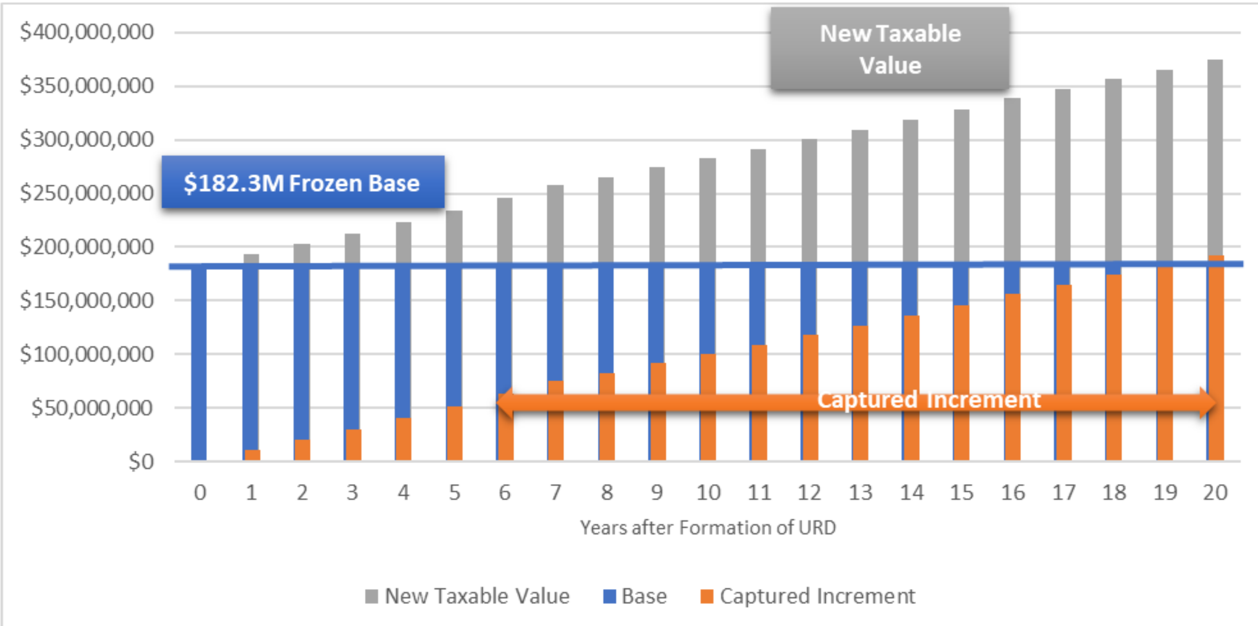
Table 8. Tax Increment Revenue Projection: 100% Developed Scenario ($2021)

100% Developed						
Fiscal Year	Projected Assessed Value	Base	Increment Value	Tax Rate	Tax Increment Yield (annual)	TIF (cumulative)
2021	$182,265,405	$182,265,405	---	0.0093390200	---	---
2022	$185,983,619	$182,265,405	---	0.0093390200	---	---
2023	$196,744,974	$182,265,405	$14,479,569	0.0093390200	$135,225	$135,225
2024	$211,813,994	$182,265,405	$29,548,589	0.0093390200	$275,955	$411,180
2025	$227,190,422	$182,265,405	$44,925,017	0.0093390200	$419,556	$695,510
2026	$244,880,139	$182,265,405	$62,614,734	0.0093390200	$584,760	$1,280,271
2027	$262,930,726	$182,265,405	$80,665,321	0.0093390200	$753,335	$2,033,606
2028	$281,349,545	$182,265,405	$99,084,140	0.0093390200	$925,349	$2,958,955
2029	$300,144,108	$182,265,405	$117,878,703	0.0093390200	$1,100,872	$4,059,826
2030	$312,354,791	$182,265,405	$130,089,386	0.0093390200	$1,214,907	$5,274,733
2031	$324,814,572	$182,265,405	$142,549,167	0.0093390200	$1,331,270	$6,606,003
2032	$337,528,533	$182,265,405	$155,263,128	0.0093390200	$1,450,005	$8,056,008
2033	$350,501,859	$182,265,405	$168,236,454	0.0093390200	$1,571,164	$9,627,172
2034	$363,739,840	$182,265,405	$181,474,435	0.0093390200	$1,694,793	$11,321,965
2035	$377,247,876	$182,265,405	$194,982,471	0.0093390200	$1,820,945	$13,142,911
2036	$391,031,477	$182,265,405	$208,766,072	0.0093390200	$1,949,671	$15,092,581
2037	$405,096,262	$182,265,405	$222,830,857	0.0093390200	$2,081,022	$17,173,603
2038	$419,447,970	$182,265,405	$237,182,565	0.0093390200	$2,215,053	$19,388,656
2039	$432,003,927	$182,265,405	$249,738,522	0.0093390200	$2,332,313	$21,720,969
2040	$444,816,027	$182,265,405	$262,550,622	0.0093390200	$2,451,966	$24,172,934
2041	$457,889,492	$182,265,405	$275,624,087	0.0093390200	$2,574,059	$26,746,993
2042	**$471,229,657**	**$182,265,405**	**$288,964,252**	**0.0093390200**	**$2,698,643**	**$29,445,636**

*includes new development and is adjusted for inflation (2.04%)

Figure 9 summarizes the increment revenue throughout the life of the district at 50% development buildout and the new taxable value into perpetuity.

Figure 9. Captured Increment throughout life of Post Falls Downtown Urban Renewal District (**if only 50% Development**)—$2021



Taxing Districts

The assessed value of the properties in an urban renewal district at the time the district is put in place is called the **base** value. The **increment** value is the amount that the assessed value increases above the base after the urban renewal district is put in place. In general, and subject to Idaho Code 50-2908, an agency receives an allocation of revenue from property tax dollars generated from incremental value.

Taxing districts have the ability to collect their full budget requests. This includes the allowed 3% annual budget increase and forgone amounts. This is because property taxes are budget driven and not assessment driven. Under Idaho Code § 63-802, taxing entities are constrained in establishing levy rates by the amount each budget of each taxing district can increase on an annual basis and/or by levy limits.

In addition, without the Revenue Allocation Area and its ability to pay for public improvements and public facilities, fewer substantial improvements within the Revenue Allocation Area would be expected during the term of the Plan; hence, there would be lower increases in assessed valuation to be used by the other taxing entities.

A result of new construction occurring outside the revenue allocation area (Idaho Code §§ 63-802 and 63-301A) is the likely reduction of the levy rate as assessed values increase for property within each taxing entity's jurisdiction. From and after December 31, 2006, Idaho Code § 63-301A prohibits taxing entities from including, as part of the new construction roll, the increased value related to new construction within a revenue allocation area until the revenue allocation authority is terminated. Any new construction within the Project Area is not available for inclusion by the taxing entities to increase their budgets. Upon termination of the District or de-annexation of area, the taxing entities will be able to include the accumulated new construction roll value in setting the following year's budget and revenue from such value ***is not limited to*** the three percent increase allowed in Idaho Code § 63-802(1)(a).

As of the date of this study, the most recent levy rates (2020) were used in this study for purposes of the analysis—0.00933902. The Study has made certain assumptions concerning the levy rate. The levy rate is estimated to stay level for the life of the revenue allocation area. More than likely, this rate will be lower in future years as development occurs. If the overall levy rate is less than projected, or the assessed values do not increase as expected, or expected development fails to occur as estimated, the Agency shall receive fewer funds from revenue allocation.

Pursuant to Idaho Code § 50-2908, the Agency is not entitled to revenue allocation proceeds from certain levy increases (e.g. from bonds) which are allowed by either specific statutory authorization or approved by an election of the qualified electors of the particular taxing district. Therefore, for any levy election, the Agency will not receive revenue allocation funds which would have been generated by imposing that levy on the assessed valuation within the Project Area. The Study has taken this statute into account.

Dedicating efforts to maintaining a healthy economy is one variable in a viable city. These efforts will produce induced economic benefits in terms of jobs, sales, and expected overall increase in population, including student enrollment. The impact of potential increases in school enrollment—and resulting increases in funding—has the potential to offset some of the impacts felt through allocating these revenues elsewhere for the short-term.

Job Impacts

Job creation is one of the core outcomes of urban renewal. As a result of business growth within an urban renewal district, the spill-over effects from job creation and the wealth it generates is injected throughout the region.

Approximately 15% of the total jobs in the City of Post Falls are located within the proposed URD boundary. Of the roughly 1,800 employed in the boundary limits, 30% are Post Falls residents, 18% from Coeur d'Alene, and 5% each from Hayden and Spokane Valley (U.S. Census LEHD, 2018). Approximately 22% of

Figure 10. Job Flows within proposed Post Falls Downtown URD (2018)

Source: U.S. Census, Center for Economic Studies, LEHD (2018) all jobs in the proposed URD are employed in accommodation and food services, with another 15% in healthcare. By far, the largest employing sectors within the District.

The potential future development of the commercial areas around the District is used to estimate the number of jobs and resulting multiplier effects. Job impacts are broken down by the largest economic drivers for the District—the former Veneer site and Post Falls Landings. Although it is unknown what will be developed at the Post Falls Landings site, the planned zoning for the site, mixed-use, was used as a proxy. Initial jobs were estimated using industry standards (facility classification multipliers derived from data published by the Urban Land Institute)—floor-to-area ratios based on building sites and average number of employees per square foot by industry.

The economic activity related to these jobs is a result of the millions of dollars of goods and services purchased from local vendors and the wages and benefits paid to local workers. The initial outlay of funds circulates to the business owners and employees that supply the materials, goods and services needed for business. These contractors, businesses, and employees continue the economic ripple effect by purchasing goods and services.

Residential development will undergo short-term job impacts. During the construction phase, millions of dollars will be spent for the wages and benefits of construction employees. These one-time, short-term impacts were not calculated—only long-term job impacts were produced. However, these workers, as well as employees of all suppliers, will spend a portion of their wages on household consumer goods such as groceries, rent, vehicle expenses, health care, entertainment, etc. Once the development is completed and occupied, commercial activity and new residential households will spend millions of dollars, annually, in the course of their daily activities. This recirculation of the original expenditures multiplies their impact through these indirect and induced effects.

The extent to which the initial expenditures multiply is estimated using economic models that depict the relationships between industries and firms and their employees. These models are built upon expenditure patterns that are reported to the U.S. Bureau of Labor Statistics, the U.S. Census Bureau and the Bureau of Economic Analysis. Data is regionalized so that it reflects and incorporates local conditions such as average wages, expenditure patterns and resource availability and costs.

The multipliers used in this analysis were generated by an economic modeling tool produced by IMPLAN using U.S. Bureau of Economic Analysis' RIMS II multipliers. For planning purposes, the district has the potential to create roughly 1,013 direct jobs if all commercial areas were to be fully built out—a significant contribution to the roughly 1,800 jobs currently existing in the District boundary. The additional 1,013 jobs would create another 162 jobs in other sectors across the community and region.

Figure 11. Number of Jobs in Downtown URD Boundary (current vs. based on future development)

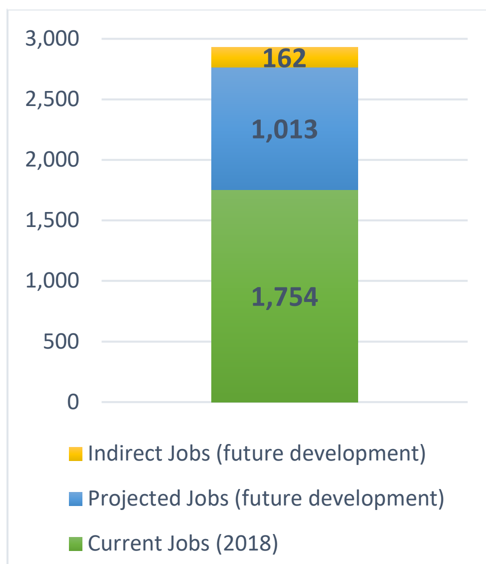


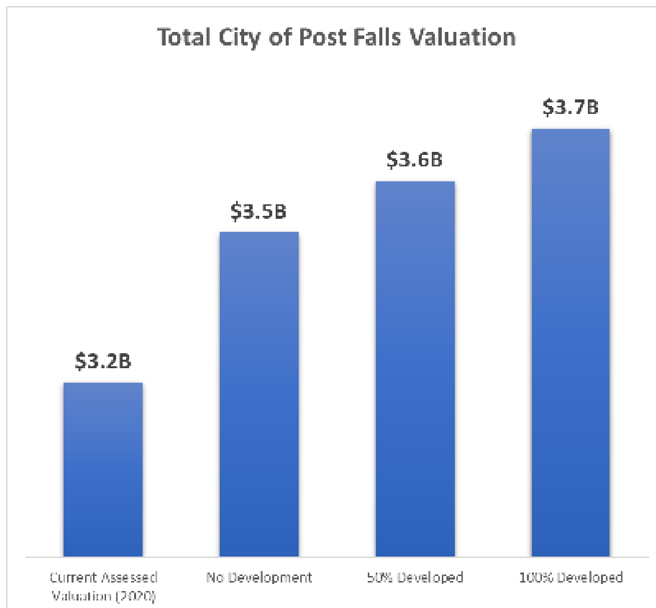
Table 9. Job Impacts, Post Falls Downtown Urban Renewal District

Future Development	Total JOB IMPACTS		
	Direct	Indirect + Induced	Total
Former Veneer Site	339	54	394
Post Falls Landings	171	27	199
Remainder of District	502	80	582
Total	1,013	162	1,175

Once the development is completed and occupied, commercial activity and new residential households will spend millions of dollars annually in the course of their daily activities. This recirculation of the original expenditures multiplies their impact through these indirect and induced effects.

Conclusion

Given the proposed infrastructure project and improvement list focusing on Tier 1 Projects and future new development estimates and data to project tax increment revenue, the proposed Post Falls Downtown Urban Renewal District is deemed **economically feasible**. Infrastructure tiers are likely to change with market conditions and could be undertaken should revenue allocation proceeds exceed projections, or other funding sources become available. The Post Falls Downtown District has the potential to add roughly $289 million to property tax assessments following termination of the district. If only 50% of the planned development is to occur, an additional $193 million to the current assessed valuation, within the proposed URD boundary, could be expected—all of which would increase the City's total current assessed taxable valuation by $471 million under the 100% developed scenario and $374.8 million under the 50% development scenario. As noted, future development will occur based on absorption as some developments are sizeable and may react slower to the market.



Increment revenue projected to accrue is upwards of $29.4 million if fully developed as planned, $19.2 million if only 50% of the planned development is to occur, and $9.1 million in a no development scenario—the most conservative estimate.

Cumulative Estimated Tax Increment Revenue Generated by End of District Life ($2021)		
No Development	50% Developed	100% Developed
$9,121,319	$19,283,478	$29,445,636

The anticipated commercial and industrial growth stimulated by the creation of this urban renewal district, will also lead to job creation. For planning purposes, the district has the potential to create roughly

1,013 direct jobs if all commercial areas were to be fully built out—a significant contribution to the roughly 1,800 jobs currently existing in the District boundary. The additional 1,013 jobs would create another 162 jobs in other sectors across the community and region. Such impacts which will create an increase of flow of earnings to circulate around the community by, ultimately, increasing tax revenues and the overall tax base—bettering the community as a whole.

Appendix: Cash Flow

All income will be used or allocated to infrastructure costs. It is practice of the Post Falls Urban Renewal Agency to budget annually for all infrastructure improvements. Those improvements currently committed to, planned or underway, but not completed, approved and dedicated to and accepted by the City will be set aside in a Capital Account for disbursement upon completion, approval and dedication.

Cash Flow Analysis

Post Falls Urban Renewal District

Based on 50% Development and Tier 1 Projects ($2021)

	Year	2021-2031	2032-2042*
Beginning Balance		**$ -**	**$ 339,070**
Source of Funds			
	Revenue Allocation	$ 4,369,070	$ 15,017,099
Total Funds Available		**$ 4,369,070**	**$ 15,356,169**
Use of Funds			
Total Infrastructure Expenditures		**$ 3,780,000**	**$ 14,440,000**
Net available for Operating Expenses & Debt Service		**$ 589,070**	**$ 916,169**
Operating Expenses			
	Agency Operating Expenses	$ 250,000	$ 250,000
Total Operating Expenses		**$ 250,000**	**$ 250,000**
Reimbursements			
	Reimbursement of Approved Infrastructure Costs (advanced by Proponents or the City and debt service)	$ 339,070	$ 666,169
Total Debt Service		**$ -**	**$ -**
Total Use of Funds		**$ 4,030,000**	**$ 14,690,000**
Ending Balance		**$ 339,070**	**$ 666,169**