

# Development Plan

# City of Hillsboro Renaissance Zone

Contents	
INTRODUCTION	3
DESCRIPTION OF THE PROPOSED RENAISSANCE ZONE	3
MANAGEMENT OF RENAISSANCE ZONE	5
GOALS AND OBJECTIVES OF THE ZONE	6
SELECTION OF PROJECTS IN THE ZONE	7
RENAISSANCE FUND ORGANIZATION	14
LOCAL COMMITMENT	14
APPENDIX I - ZONE EXPANSION AUGUST 2016	18

# **INTRODUCTION**

The City of Hillsboro is the Traill County seat and is situated halfway between two of North Dakota's largest metropolitan centers, Fargo and Grand Forks. Founded in 1881, Hillsboro sits on the banks of the Goose River in eastern North Dakota in the fertile Red River Valley. Agriculture has dominated the area's economy, and the city's population has continued to grow in recent years.

Hillsboro, North Dakota is served by Interstate 29, US Highway 81, major freight railroad, and a municipal airport. The City of Hillsboro is approximately 1.09 sq. miles and has a 2010 US Census Population of 1,603.

#### I. DESCRIPTION OF THE PROPOSED RENAISSANCE ZONE

*Provide a map that identifies the geographic boundaries and blocks in the proposed Renaissance Zone. Number each proposed block.* 

The proposed Renaissance Zone consists of twenty-four blocks (two qualifying as half blocks) generally located in the downtown commercial and residential area of Hillsboro. The property is fully outlined on the map within this plan and is specifically identified by parcel number and address. The purpose for selecting the proposed area is to revitalize the once bustling economic and social activity of the area, which has deteriorated since commercial relocation began several decades ago. Much of the area now consists of older, un-kept housing and deteriorating buildings. As this area of the City continues to decline in economic and aesthetic value, property values decrease, resulting in further neglect and declines in value.

The initial determination of the zone boundary was suggested by the Hillsboro Economic Development Corporation.

1. To claim half blocks because of government buildings, identify the tax exempt government buildings.

RZ Block Number	Building(s)
4	Traill County Historical Society
12	Hillsboro City Hall
13	Hillsboro Fire Department

2. Indicate for those properties to be initially targeted the types of projects the city wants to encourage in those properties.

The following properties represent potential Renaissance Zone projects. The list is not meant to be all encompassing and is not intended to limit or restrict opportunities for property owners wishing to participate in the Renaissance Zone program.

- i. Redevelopment of vacant lot located at 22 W. Caledonia Ave. (Block 11).
- ii. Redevelopment of vacant lot (former water tower lot) located at 201 N. Main St. (Block 10).
- iii. Rehabilitation of retail 15 Main St. S. (Block 12).
- iv. Rehabilitation of retail (former theatre) 21 Main St. N. (Block 11).
- v. Rehabilitation of retail/mixed-use 107 N. Main St. (Block 9).
- vi. Rehabilitation of retail 115 Main St. N. (Block 9).
- vii. Rehabilitation/redevelopment of retail/mixed use- 121 Main St. N (Block 10).
- viii. Rehabilitation of multi-family housing unit (Hill House apartment) 16 2<sup>nd</sup> St. SW (Block 8).
- ix. Rehabilitation of multi-family housing units 20 2<sup>nd</sup> Ave. NW Units 1-6
- x. Rehabilitation of multi-family housing units (Block 5 of Traill Addition)
- xi. Rehabilitation of light commercial (HACO Addition)
- xii. Rehabilitation of light commercial (Bloomfield Addition)
- xiii. Rehabilitation of retail/mixed use (Block 4 Kingman Addition)
- 3. Provide a list of the natural and historical assets/sites in the zone, the location of each, and description of how they will fit into and be enhanced by the zone. The majority of the proposed zone lies within the original town site of the City of Hillsboro and subsequently contains many older buildings with unique construction and design characteristics. Much of the area lends itself to redevelopment as it relates to the historical characteristics contained therein. It is the intent of the City of Hillsboro to preserve those historical characteristics to the best of its ability. Where applicable and practical, the City of Hillsboro, in cooperation with the respective developers, may consult with the State Historical Society of North Dakota, the Traill County Historical Society and/or area architects for guidance in preserving the historical assets within the proposed zone.
- 4. Provide a description of any local regulatory burdens that may affect renovation of historic properties and the incorporation of mixed use development, and how these burdens will be eased for developers and investors. The only local regulatory burdens which may affect renovation of historic properties and the incorporation of mixed-use development are zoning ordinances. Zoning variances may be requested to ease any regulatory burdens faced by developers and investors.
- Inventory of buildings on each block indicating block number, owner, address and their present use and condition. See attached spreadsheet.

#### II. MANAGEMENT OF RENAISSANCE ZONE

 Identify who will manage day-to-date Renaissance Zone activities and, the membership of the local zone authority, if one is established. The City of Hillsboro will administer all zone activities through the City Auditor's office. A Renaissance Zone Review Board will be instituted to develop and review all applications and/or proposals. The Board shall be comprised of three members appointed by the Mayor and approved by the Hillsboro City Council. Board appointments shall be considered from the following areas of interest: economic development, housing, local business, financial sector and residents.

Information dissemination, application and eligibility determination will be the responsibility of the City Auditor. Applications will be reviewed by the Renaissance Zone Review Board and recommendations forwarded to the Hillsboro City Council for final authorization. The Renaissance Zone Review Board will post and advertise meetings, which will be open to the public. The agenda for each meeting will be made available according to the City of Hillsboro's public notification policies.

2. Describe how the city will market and promote its Renaissance Zone.

Promotional, development and management strategies to maximize investment in the zone will primarily be the task of the City Auditor's office and will include the following:

- Direct mailings to owners of property in the zone
- Direct mailings to local Realtors
- Direct mailings to local contractors
- Public Information Notices in the City's official newspaper

The City of Hillsboro works closely with the Hillsboro Economic Development Corporation (HEDC) to market the region for business and economic growth. An approved Renaissance Zone will provide HEDC with additional incentives to offer to local property owners.

3. Describe how the city will monitor the progress of each zone project until it is completed.

Individual files will be kept for each project/activity taking place in the zone and will include, but not limited to: applicant information; project proposals and costs; financial assistance provided; tax incentives, exemptions and credits requested and/or received; and an analysis of potential impact on state and local taxes.

4. Describe how the city will monitor projects during the five-year tax exemption period for possible transfer of the tax exemption to another qualified taxpayer or for termination of the tax exemptions.

Exemptions go with the property, and will be written on the property card. The annual assessment process will be a second check to ensure the property information is maintained.

5. Describe how the city will maintain records on each Renaissance Zone project, to include collecting required reportable information (See Section XIII of the program guidelines).

The City Auditor will document and maintain the information on each Renaissance Zone project. The information collected will support the North Dakota Department of Commerce – Division of Community Services guidelines for reporting and documentation. The City Auditor will provide an annual activity and monitoring report to the North Dakota Department of Commerce – Division of Community Services for each Renaissance Zone project approved from the previous calendar year.

#### III. GOALS AND OBJECTIVES OF THE ZONE

- Describe what the city hopes to accomplish in its zone. Include a description of the city's vision for the area and the major activities such as rehabilitation of buildings, new construction, leasing of buildings, etc. it wants to encourage.
  Vision: The City of Hillsboro's vision for the Zone is that of a transformed district where utilization of commercial, residential and industrial resources are maximized while maintaining the historic attractiveness of the area and quality of life attributes of the entire City.
- 2. Describe how the city's goals and objectives for the Renaissance Zone fit into the overall comprehensive or strategic plans for the city. Goals: The City of Hillsboro's goal for this plan is to develop and structure a renaissance zone that will facilitate development, redevelopment and rehabilitation of the area, encourage mixed use development, promote the return of economic vitality to the area and create a thriving city center which will become a commercial and residential destination for residents and visitors alike. The City's strategic plan clearly indicates a need for redevelopment and rehabilitation to the downtown area which has been heavily impacted by the emergence of the Interstate 29 development. Objectives: The objectives of the City of Hillsboro, the Renaissance Zone Review Board and the City Auditor's office will be to offer financial incentives, various tax

exemptions and credits that will enhance desirable economic and residential opportunities through capital investment within the Zone.

The vision, goals and objectives established in this plan are consistent with the City of Hillsboro's Strategic Plan, last updated in December 2012. Page 3 of the City's Strategic Plan lists the economic stressors placed on Hillsboro's retail trade and commercial district since the advent of the Interstate highway. Page 10 of the City's Strategic Plan lists community weaknesses such as: dilapidated homes, need for more rental homes and others which encompass the majority of the proposed renaissance zone.

3. Identify milestones or benchmarks to monitor progress of the Renaissance Zone in achieving the city's goals and objectives for the zone.

While there may be many methods to measure progress within the zone, the City of Hillsboro plans to track activity and progress through building permits and their cognizant improvement value, the number of projects approved and value of assistance/incentives granted, and the property values in the area. Ultimately, the property value assessment may prove to be the best indicator regarding zone progress.

The City of Hillsboro will establish a milestone to have the first four properties identified in this plan either under development/redevelopment by year five. Additionally, planned development/redevelopment/renovation of single family homes should consist of at least five approved or pending projects by year five.

Thereafter, the City hopes to approve projects at an average rate of two per year through year ten of the zone authorization.

It is hoped that the value of property in the zone will increase at a rate greater than that of the City as a whole and the City will, if practical, annual conduct an assessment of the zone to determine growth of property values.

#### IV. SELECTION OF PROJECTS IN THE ZONE

1. For commercial zone projects describe the local requirements for project approval. These may include such things as a minimum cost per square foot for rehabilitation; requiring rehabilitation when someone purchases a building; job creation; an expected increase in property value after rehabilitation; landscaping; leasehold improvements; etc. The city may with DCS approval, revise the selection criteria and local requirements.

Project proposals will be submitted to the City Auditor's office for eligibility review.

#### Eligibility criteria for all potential projects are established as follows:

- Consistency with the Renaissance Zone Development Plan
- Consistency with the City of Hillsboro Strategic Plan
- Conformance with applicable City Ordinances
- Taxpayer may not have been the beneficiary of a previous zone project for the same purpose
- Property must be zone according to its actual use
- Purchases, leases or improvements may not be made prior to application approval

#### Additional eligibility criteria for rehabilitation:

Rehabilitation of property must be at least fifty percent of the current true and full value. At least eighty percent of the investment made must consist of capital improvements such as structural, weatherization, electrical, plumbing, heating, ventilation or central air conditioning system improvements. Capital improvements do not include cosmetic repairs such as floor coverings, furnishings, and interior painting or cabinetry improvements/replacement. *See Rehabilitation Criteria for Commercial Property, page 15 & Renaissance Renovation/Purchasing, page 17.* 

#### Additional eligibility criteria for new commercial construction:

None

#### Additional eligibility criteria for newly purchased buildings:

- See Renaissance Renovation/Purchasing, page 17.
- See Tax Exemption Chart in Appendix A of Renaissance Zone Application Packet.

#### Additional eligibility criteria for commercial leases:

• Proposed lease must not be executed prior to application approval.

#### **Property Tax Exemptions for Approved Projects:**

- Property tax exemptions may be granted up to 100% of the current true and full value, excluding land, to any property for a business or investment purpose.
- Property tax exemptions may be granted up to 100% of the value of newly constructed buildings, less the value of any buildings on the same site demolished after Zone approval.
- All property tax exemptions may be granted for a period of up to five years and are exclusive on the land on which the buildings are situated.

- 2. For single-family zone projects, describe how the city will determine "primary residence," and describe any local requirements that must be met, such as rehabilitation or other work to increase property value in order to be approved as a zone project. The city may, with DCS approval, revise the local requirements. Homeowners and potential homeowners located within the zone will be notified by the City Auditor's office as such and available incentives, credits and exemptions that are available. Primary residence determination will be concluded according to North Dakota State Law as contained in the North Dakota Century Code. In order to verify primary residence, the City may review and/or request the following:
  - City utility bills
  - Federal and State income tax returns
  - Physical occupancy of the home
  - Deed
  - Documentation from the Traill County Assessor's Office

#### Eligibility criteria for all potential projects are established as follows:

- Consistency with the Renaissance Zone Development Plan
- Consistency with the City of Hillsboro Strategic Plan
- Conformance with applicable City Ordinances
- Taxpayer may not have been the beneficiary of a previous zone project for the same purpose
- Property must be zone according to its actual use
- Purchases, leases or improvements may not be made prior to application approval

#### Additional eligibility criteria for rehabilitation:

- Rehabilitation of property must be at least twenty percent of the current true and full value. At least eighty percent of the investment made must consist of capital improvements such as structural, weatherization, electrical, plumbing, heating, ventilation or central air conditioning system improvements. Capital improvements do not include cosmetic repairs such as floor coverings, furnishings, and interior painting or cabinetry improvements/replacement. See Rehabilitation Criteria for Residential Property, page 16 & Renaissance Renovation/Purchasing, page 17.
- Not more than twenty percent of the total investment may consist of capital improvements to detached outbuildings.

#### Additional eligibility criteria for new residential construction:

None

#### **Property Tax Exemptions for Approved Projects:**

- Property tax exemptions may be granted up to 100% of the current true and full value, excluding land, to any property for a business or investment purpose.
- Property tax exemptions may be granted up to 100% of the value of newly constructed buildings, less the value of any buildings on the same site demolished after Zone approval.
- All property tax exemptions may be granted for a period of up to five years and are exclusive on the land on which the buildings are situated.
- If residential property is not to be used as the applicant's primary residence, the 50% commercial requirement for rehabilitation is required.

If the proposal is determined to be eligible, it will be presented at the next Renaissance Zone Review Board meeting. The Board will further review the application using the following criteria:

- Historic significance and aesthetic value of the existing residence (or residence to be constructed) and the extent to which the visible exterior and surrounding grounds are improved. The exterior of the property must, at a minimum, have all deteriorated conditions removed.
- The extent to which the life expectancy of the residence is extended. Life expectancy of the residence should reasonably be expected to be increased by twenty years or more as a result of the improvements made.
- 3. Describe types of projects, if any, that the city will not approve for state and local tax exemptions. One example might be not approving a purchase of a building that does not need to be rehabilitated, unless it is for the purpose of preventing a building from becoming vacant or for job retention or creation. Other examples might be not approving specific types of businesses or projects that only involve a purchase. Ineligible project proposals include the following:
  - Proposals determined non-compatible with the City's Strategic Plan
  - Businesses whose primary income is derived from selling adult entertainment
  - Businesses whose primary income is derived from leasing space for storage or warehousing.
- 4. Describe the process for receiving, reviewing, and approving applications for zone projects to determine if they meet state and local requirements, and to assure that the purchase, rehabilitation, lease, and historical preservation and renovation has not started or been completed before local and state approval as a zone project. Project proposals will be submitted to the City Auditor's office for eligibility review. If the proposal is determined to be eligible, it will be presented at the next Renaissance Zone Review Board meeting. The Board will further review the application using the following criteria:

- Historic significance and aesthetic value of the existing building (or building to be constructed) and the extent to which necessary exterior and surrounding grounds improvements are made to eliminate visibly deteriorated conditions.
- The condition of the property and the extent to which life expectancy is increased. Life expectancy of the property is, within reason, expected to be increased by at least twenty years.
- The project's ability to demonstrate a positive return on investment to the City and State in terms of economic or aesthetic value. To establish aesthetic value, the project proposal must demonstrate such value(s) outweigh the investment of credits and/or exemptions requested, either in terms of real dollars or some other measurable criteria.
- Public comments prior to and at the meeting.

The Board, at its option, may deny the proposal as submitted, request additional information or approve the proposal and forward its recommendation to the Hillsboro City Commission. The Hillsboro City Commission, at its option, may deny the proposal as submitted, send the proposal back to the Renaissance Zone Review Board for additional information or approve the proposal. Upon approval of the proposal by the City Commission, the proposal will be forwarded to the North Dakota Division of Community Services for final consideration.

5. Describe how projects will be reviewed to determine public benefit, and not just benefit to the taxpayer.

The City of Hillsboro makes this assurance through its review and due diligence process outlined. The City Auditor's office will offer a critical review of each application to the Renaissance Zone Review Board, who then has the opportunity to research project benefits to the City. Recommendations for approval of Zone projects will then be forwarded to the City Commission, where again Commission members will have the opportunity to research project benefits to the City. All Renaissance Zone Review Board and City Commission meetings are open to the public for project review and public comment. It is not the intent of the City of Hillsboro to generously offer Zone incentives without comparable return on investment from cognizant projects.

#### NOTE: A potential zone project does not have to be approved just because it meets the minimum state and local program requirement. The city has the right to reject a project, especially if the public benefit is minimal or non-existent.

6.

Describe the basis for determining the amount of local property tax to be exempted for five years. Some examples are 100% exemption of the current taxes for five-years; 100% of the cost of improvements; some other percentage for purchases of buildings that don't

require rehabilitation; a sliding scale exemption; different percentages for exemption for residential versus commercial; etc. Each potential zone project applicant must be able to determine from the description the amount of the exemption that will be approved for his or her potential zone project. The city, with DCS approval, may revise the property exemptions.

Commercial Toperty		
Level of Reinvestment*	Percentage of Property	
As a percentage of the City's Assessed Building Value	Tax Exemption	
Less than 10%	0%	
10% to 22%	40%	
20% to 34%	60%	
36%-49%	80%	
50% & More**	100%	

**Commercial Property** 

\* The level of reinvestment includes capital improvements only, not the purchase price of the property or cosmetic improvements. The Renaissance Zone Development Plan defines capital improvement as the cost incurred for repair, replacement or renovation of a building's exterior, roof, structure, electrical and/or plumbing systems, heating/ventilation/air conditioning systems, windows, exterior doors, elevators and other accessibility improvements. The City Auditor may also consider other improvements that are a permanent and integral part of the building, as well site improvements need to correct drainage problems that have resulted in damage to the building.

\*\*Projects meeting or exceeding the 50% reinvestment level required for a commercial/investment rehabilitation project will be classified as a purchase with major improvements project and will be eligible for the same incentives as a rehabilitation project.

Level of Reinvestment*	Percentage of Property
As a percentage of the City's Assessed Building Value	Tax Exemption
Less than 5%	0%
5% to 9%	40%
10% to 14%	60%
15%-19%	80%
20% & More**	100%

#### **Residential Property**

\* The level of reinvestment includes capital improvements only, not the purchase price of the property or cosmetic improvements. The Renaissance Zone Development Plan defines capital improvement as the cost incurred for repair, replacement or renovation of a building's exterior, roof, structure, electrical and/or plumbing systems, heating/ventilation/air conditioning systems, windows, exterior doors, elevators and other accessibility improvements. The City Auditor may also consider other improvements that are a permanent and integral part of the building, as well site improvements need to correct drainage problems that have resulted in damage to the building.

\*\*Projects meeting or exceeding the 50% reinvestment level required for a commercial/investment rehabilitation project will be classified as a purchase with major improvements project and will be eligible for the same incentives as a rehabilitation project.

Also, refer to the North Dakota State Tax Commissioner Schedule RZ booklet: Renaissance Zone Act exemptions and tax credits.

7. State in the plan if the city will allow utility infrastructure projects. If the city will allow projects then the city must describe how they will monitor the approved projects in and outside the Renaissance Zone.

#### Utility Infrastructure Projects

The 2009 Legislature passed a bill that would allow a portion of the investment required to bury overhead utility lines to be applied to the overall Renaissance Zone investment requirements. The exemptions apply to regulated industry that included, but is not limited to, electrical, gas lines and communication infrastructure. Is does not apply to utility infrastructure that a property owner pays special assessments to the city for a specified period of time such as water, sewer or pavement improvements.

What criteria will be used to approve infrastructure projects?

- A minimum of 80% of the project investment be used toward capital improvements to the building and a maximum of 20% of the project investment can be used toward undergrounding utilities.
- The overall project investment must meet the established minimum investment criteria for the type of project specified.

How will the City of Hillsboro monitor projects in and outside the Zone?

 The City Auditor will monitor all Renaissance Zone projects and projects outside the Zone through on-site building inspections conducted in conjunction with the rehabilitation projects. Additionally, all Renaissance Zone project costs and expenses must be verified prior to the submittal of final project documentation to the North Dakota Department of Commerce – Division of Community Services.

Determine the tax credits available to property owners affected by the utility infrastructure project.

 Applicants are eligible to receive up to a 100% property tax exemption on the building and improvements for five years beginning with the date of completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion.

#### V. RENAISSANCE FUND ORGANIZATION

The City of Hillsboro has, at the present time, elected to not create a Renaissance Fund Organization. The City does, however, reserve the right to create, develop or contract with a Renaissance Fund Organization in the future.

#### VI. LOCAL COMMITMENT

- 1. Describe the results of the final legal public hearing on the Development Plan. How many people attended? What issues were raised? How did the city address the issues?
- 2. Provide letters of support from the community. A letter of support from the school district and county must be included.
- 3. Provide a resolution from the city indicating that it will approve the tax exemptions and credits provided for in the Renaissance Zone Act.

# Rehabilitation Criteria for Commercial Property

#### Additional eligibility criteria for rehabilitation of commercial property:

Rehabilitation of property must be at least fifty percent of the current true and full value. At least eighty percent of the investment made must consist of capital improvements such as structural, weatherization, electrical, plumbing, heating, ventilation or central air condition system improvements. Capital improvements do not include cosmetic repairs such as floor coverings, furnishings, and interior painting or cabinetry improvements/replacement.

Percentage off Property Tax*	Type of Capital Improvement
75-100%	Weatherization $\rightarrow$ siding, windows, insulation, doors & roof Major structural/foundation (i.e. basement wall)**
50-75%	Major electrical $\rightarrow$ wiring, new fuse boxes, code compliance Major plumbing $\rightarrow$ pipes and fittings behind walls**
25-50%	Minor electrical → fixtures, GFIC** Minor plumbing → fixtures, exposed lines** Minor structural → drywalls or repair of foundation cracks** Landscaping → additional, miscellaneous***
0-25%	Mechanical $\rightarrow$ heat, ventilation, central air conditioning**

# \* Excludes land value

# **\*\*** Plus a combination of items listed below

\*\*\* Miscellaneous includes: driveways, access walkways, retaining wall & privacy fencing

# Rehabilitation Criteria for Residential Property

#### Additional eligibility criteria for rehabilitation of residential property:

Rehabilitation of property must be at least twenty percent of the current true and full value. At least eighty percent of the investment made must consist of capital improvements such as structural, weatherization, electrical, plumbing, heating, ventilation or central air condition system improvements. Capital improvements do not include cosmetic repairs such as floor coverings, furnishings, and interior painting or cabinetry improvements/replacement.

Percentage off Property Tax*	Type of Capital Improvement
75-100%	Weatherization $\rightarrow$ siding, windows, insulation, doors & roof Major structural/foundation (i.e. basement wall)**
50-75%	Major electrical $\rightarrow$ wiring, new fuse boxes, code compliance <sup>**</sup> Major plumbing $\rightarrow$ pipes and fittings behind walls <sup>**</sup>
25-50%	Minor electrical $\rightarrow$ fixtures, GFIC** Minor plumbing $\rightarrow$ fixtures, exposed lines** Minor structural $\rightarrow$ drywalls or repair of foundation cracks** Landscaping $\rightarrow$ additional, miscellaneous***
0-25%	Mechanical $\rightarrow$ heat, ventilation, central air conditioning**

### \* Excludes land value

- **\*\*** Plus a combination of items listed below
- \*\*\* Miscellaneous includes: driveways, access walkways, retaining wall & privacy fencing

# Renaissance Renovation/Purchasing

Once an applicant submits the documents for the Renaissance five-year exemption, the City Auditor's office has several steps that it needs to perform prior to approval and after the permit completion.

- If the five-year exemption is for renovation, once the documents are submitted, the Assessor's office should appraise the property for its current true and full value.
- After the five-year exemption is approved, the building owner will need to notify the Auditor's office to perform a final inspection on the permit. Even though the building is frozen at a reduced value, each year the Auditor's office reports how many exemptions are given.
- After the five-year period expires, the Auditor's office goes back to the building to reappraise the building to the current market conditions.

- If the five-year exemption is for purchasing a building in the Renaissance Zone, the Auditor's office would need to research if the transfer was an Arm's Length<sup>1</sup> transaction. This eliminates sales between relatives, trades, and many other factors. These are not considered Arm's Length transactions.
  - If the transaction is Arm's Length, once the documents are submitted, the Assessor's office should appraise the property for its current, true and full value. This value will be the base for giving the percentage of exemption.
  - If during the time period, the new owners would like to renovate the building, the building owner will need to notify the Auditor's office to perform a final inspection on the permit. Even though the building is frozen at a reduced value, each year the Auditor's office reports how many exemptions are given.
  - After the five-year period expires, the Auditor's office goes back to the building to reappraise the property to the current market conditions.

<sup>&</sup>lt;sup>1</sup> A transaction freely arrived at in the open market, unaffected by abnormal pressure or by the absence of normal competitive negotiation as might be true in the case of transaction between related parties.

#### VII. APPENDIX I - ZONE EXPANSION AUGUST 2016

The proposed expansion to the Hillsboro Renaissance Zone includes blocks in the Hill City Original Townsite, which are primarily light industrial uses. These properties are right in the center of downtown with rail and state highway access. There is much traffic to these properties and is an aging part of town with many properties built in the 1950s and 1960s. Renovation to these properties would significantly improve Hillsboro's city center, along with benefiting the tax base.

Additional blocks were chosen in the Bloomfield Addition and HACO Addition to target aging commercial properties in a prime commercial area of Hillsboro. These properties have aging metal and brick structures that could use renovation to keep from further deteriorating.

Blocks in the Kingman Addition were selected due to heavy deterioration of multi-family and single family housing units. These blocks were not selected in the original Renaissance Zone plan due to the total number of blocks available. These properties are in high demand, and need renovation and/or new development to continue to be viable properties for Hillsboro.