



7505 South Holden Street
Midvale, UT 84047
801- 567-7200
Midvale.Utah.gov

**REDEVELOPMENT AGENCY OF MIDVALE CITY
MEETING AGENDA
August 6, 2024**

PUBLIC NOTICE IS HEREBY GIVEN that the **Redevelopment Agency of Midvale City** will hold an electronic and in-person meeting on the **6th day of August 2024** as follows:

Electronic & In-Person City Council Meeting

This meeting will be held electronically and in-person. **Public comments may be submitted electronically to the Board for consideration at https://midvale.utah.gov/i_want_to/contact_us.php by 5:00pm on August 5, 2024.**

The meeting will be broadcast on the following: **You Tube: Midvale.Utah.gov/YouTube**

6:00 PM

I. GENERAL BUSINESS

A. WELCOME AND ROLL CALL

II. PUBLIC COMMENTS

Any person wishing to comment on any item not otherwise scheduled for public hearing on the agenda may address the Redevelopment Agency of Midvale City Board at this point by stepping to the microphone and giving his or her name for the record. **Comments should be limited to not more than three (3) minutes unless additional time is authorized by the Redevelopment Agency of Midvale City Board.** Citizen groups will be asked to appoint a spokesperson. This is the time and place for any person who wishes to comment on non-hearing items. Items brought forward to the attention of the Redevelopment Agency of Midvale City will be turned over to staff to provide a response outside of the Redevelopment Agency meeting.

III. CONSENT AGENDA

A. Consider Minutes of July 16, 2024 - *[Rori Andreason, HR Director/City Recorder]*

IV. PUBLIC HEARING

A. Consider Amending the Fiscal Year 2025 Budget for the Main Street Project Area Fund and City-Wide Housing Fund - *[Cody Hill, Economic Development Manager]*

ACTION: Consider Resolution No. 2024-20RDA Amending the Fiscal Year 2025 Budget for the Main Street Project Area Fund and City-Wide Housing Fund.

V. ACTION ITEM

- A. Consider **Resolution No. 2024-21RDA** Approving the Initial Terms for an Affordable Housing Incentive Through the Main Street Upper Floor Housing Initiative for the Black Pine, LLC. Mixed-Use Development Located at 7592 South Main Street, Midvale – **[Meggie Troili, RDA Project Manager]**

VI. POSSIBLE CLOSED SESSION

The Board may, by motion, enter into a Closed Session for:

- A. Discussion of the Character, Professional Competence or Physical or Mental Health of an Individual;
- B. Strategy sessions to discuss pending or reasonably imminent litigation;
- C. Strategy sessions to discuss the purchase, exchange, or lease of real property;
- D. Discussion regarding deployment of security personnel, devices, or systems; and
- E. Investigative proceedings regarding allegations of criminal misconduct.

VII. ADJOURN

In accordance with the Americans with Disabilities Act, Midvale City will make reasonable accommodations for participation in the meeting. Request assistance by contacting the City Recorder at 801-567-7207, providing at least three working days' notice of the meeting. TTY 711

A copy of the foregoing agenda was provided to the news media by email and/or fax. The agenda was also posted at the following locations on the date and time as posted above: City Hall Lobby, on the City's website at Midvale.Utah.gov and the State Public Notice Website at <http://pmn.utah.gov>. Board Members may participate in the meeting via electronic communications. Board Members' participation via electronic communication will be broadcast and amplified so other Board Members and all other persons present in the Council Chambers will be able to hear or see the communication.

DATE POSTED: August 1, 2024

RORI L. ANDREASON, MMC
City Recorder

REDEVELOPMENT AGENCY MEETING

Minutes

Tuesday July 16, 2024



**Council Chambers
7505 S Holden Street
Midvale, Utah 84047**

CHAIR: Marcus Stevenson

BOARD MEMBERS: Board Member Paul Glover
Board Member Bonnie Billings
Board Member Dustin Gettel
Board Member Bryant Brown
Board Member Heidi Robinson

STAFF: Matt Dahl, City Manager; Nate Rockwood, Assistant City Manager; Rori Andreason, City Recorder; Garrett Wilcox, City Attorney; Mariah Hill, Administrative Services Director; Adam Olsen, Community Development Director; Laura Magness, Communications Director; Jerimie Thorne, Deputy Public Works Director; Kate Andrus, RDA Program Manager; Cody Hill, Economic Development Director; Wendelin Knobloch, Planning Director; Cody Hill, Economic Development Manager; Erinn Summers, Project and Policy Manager; Chief Randy Thomas, UPD; and Josh Short, Junior Network Administrator.

Chair Stevenson called the meeting to order at 8:51 p.m.

I. GENERAL BUSINESS

A. Roll Call - Board Members Dustin Gettel, Bonnie Billings, Bryant Brown, Heidi Robinson, and Paul Glover were present at roll call.

II. PUBLIC COMMENTS

There was no one who desired to speak.

III. CONSENT AGENDA

A. CONSIDER MINUTES OF June 18, 2024

MOTION: Board Member Paul Glover **MOVED** to approve the consent agenda. The motion was **SECONDED** by Board Member Dustin Gettel. Chair Stevenson called for discussion on the motion. There being none he called for a roll call vote. The voting was as follows:

Board Member Bryant Brown **Aye**
Board Member Dustin Gettel **Aye**
Board Member Paul Glover **Aye**

Board Member Bonnie Billings Aye
Board Member Heidi Robinson Aye
The motion passed unanimously.

IV. ACTION ITEMS

A. CONSIDER RESOLUTION NO. 2024-17RDA APPROVING AN AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF MIDVALE CITY AND PYNES FAMILY HOLDINGS, LLC. SUBORDINATING THE DEED OF TRUST HELD BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY IN FAVOR OF A DEED OF TRUST HELD BY FIRST UTAH BANK TO FACILITATE THE DEVELOPMENT OF CACTUS & TROPICALS AT 7696 S. MAIN, MIDVALE, UTAH 84047.

Kate Andrus said on February 6, 2024, the Redevelopment Agency of Midvale City ("Agency") approved a term sheet for a business loan agreement with Pynes Family Holdings L.L.C. ("Cactus & Tropicals LLC").

The loan agreement was subsequently signed and closed on June 3, 2024, with a deed of trust placed on the collateral property located at 2735 South 2000 East, Salt Lake City, UT 84109 ("Collateral Property").

Pynes Family Holdings, which owns Cactus & Tropicals LLC, currently holds a \$250,000 line of credit with First Utah Bank secured by the same collateral property. They wish to increase this line of credit by an additional \$250,000 to further finance the new Midvale location.

First Utah Bank contacted the Agency to confirm they would increase their credit deed of trust by \$250,000 which would also be secured by the Collateral Property. However, Section 13 of the executed loan agreement states:

13. Negative Covenants of Borrower. Borrower covenants and agrees that, from the date hereof until payment in full of the Loan, unless Agency otherwise consents in writing, it will not enter into any agreement or other commitment the performance of which would constitute a breach of any of the covenants contained in this Agreement or the Loan Documents, including, but not limited to, the following covenants: 13.1 Encumber the Collateral.

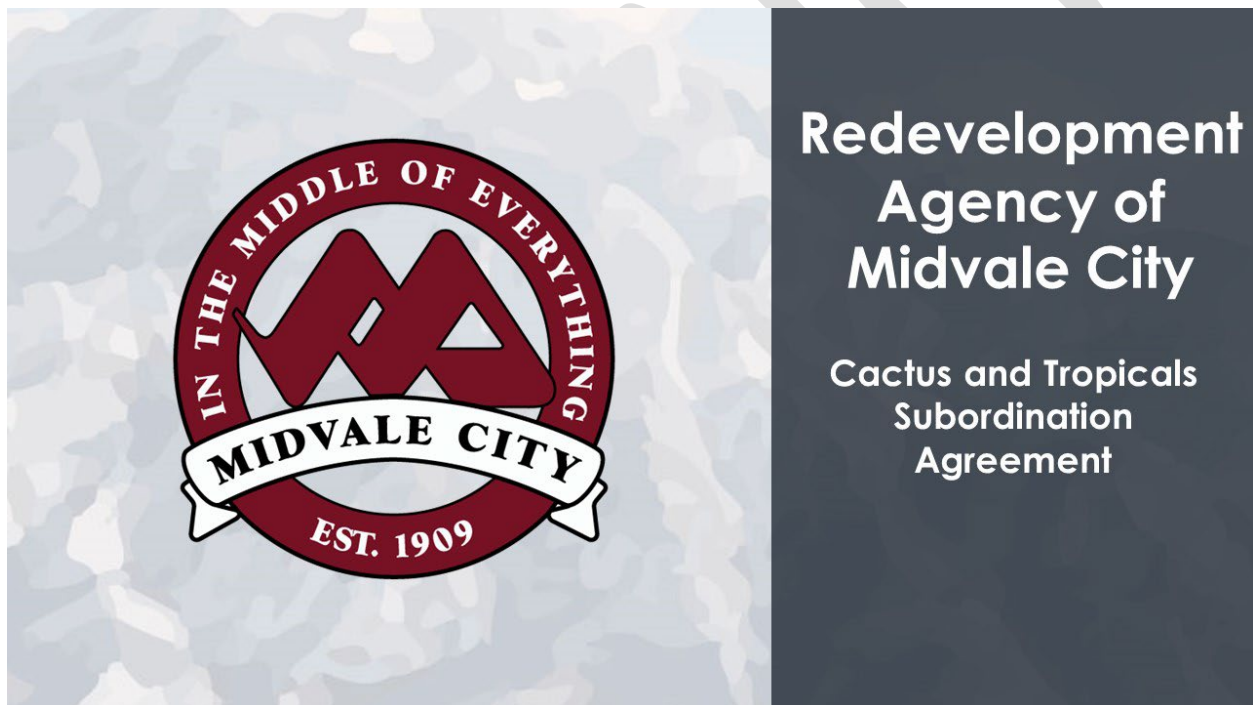
Therefore, in order for Cactus & Tropicals LLC to increase their line of credit with First Utah Bank, the Agency must first provide written consent, because it would further encumber the Collateral Property.

Agency staff is comfortable allowing First Utah Bank to further encumber the Collateral Property with the proposed increase in Cactus & Tropicals LLC's line of credit. This decision is based on the significant amount of equity held in the Collateral Property. Their current loan to value ratio ("LTV") is only 28%. The LTV could only increase to 48%, if

Cactus & Tropicals LLC draws all \$500,000 from their lines of credit. To allow the increase in the line of credit, the Agency will need to sign a Subordination agreement.

Fiscal Impact:

This agreement does not affect the original loan amount of \$250,000 provided by the Agency. The Agency's priority for repayment in case of default would be subordinate to First Utah Bank's increased line of credit. However, a recent evaluation of the Collateral Property has demonstrated that there is more than enough equity to pay the current debt lien against the property, including the increase of \$250,000 to an existing line of credit. If Cactus & Tropicals LLC draws on the \$500,000 line of credit, their LTV would only be 48%.



Summary

- Pynes Family Holdings (owners of Cactus and Tropicals) secured a business loan from the Redevelopment Agency of Midvale (RDA) on February 6, 2024.
- Loan agreement was finalized on June 3, 2024, with collateral placed on a property in Salt Lake City.
- Pynes Family Holdings has an existing line of credit with First Utah Bank secured by the same property.
- Pynes Family Holdings desires to increase their existing line of credit by \$250,000 to support the Midvale location.
- The executed loan agreement with the RDA restricts further encumbrance of the collateral property.
- The RDA is comfortable approving the increased credit line due to the strong equity position of the property.
- Even with the full credit line increase, the LTV would only reach 48%.
- To allow the increase, the RDA needs to sign a Subordination Agreement.

Fiscal Impact

This agreement does not affect the original loan amount of \$250,000 provided by the Agency. The Agency's priority for repayment in case of default would be subordinate to First Utah Bank's increased line of credit. However, a recent evaluation of the Collateral Property has demonstrated that there is more than enough equity to pay the current debt lien against the property, including the increase of \$250,000 to an existing line of credit. If Cactus & Tropicals LLC draws on the \$500,000 line of credit, their LTV would only be 48%.

Board Member Dustin Gettel asked what the impact would be on other Main Street agreements if Cactus & Tropicals leaves the location and if a tenant isn't found for the bank building.

Kate Andrus said the Façade Agreement is with the Becks, and they would still be responsible for honoring their agreement with the City. Cactus & Tropicals would be responsible to honor their agreement and if they left early, they would be in default and would have to pay back what the City has lent them.

Board Member Bryant Brown asked if there are time restrictions on securing a tenant.

Kate Andrus said that there are time restraints on securing a similar tenant if a tenant leaves.

MOTION: Board Member Dustin Gettel MOVED to suspend the rules and approve Resolution No. 2024-17RDA Approving an Agreement between the Redevelopment Agency of Midvale City and Pynes Family Holdings, LLC. Subordinating the Deed of Trust held by the Redevelopment Agency of Midvale City in favor of a Deed of Trust held by First Utah Bank to facilitate the development of Cactus & Tropicals at 7696 S. Main, Midvale, Utah 84047. The motion was SECONDED by Board Member Heidi Robinson. Chair Stevenson called for discussion on the motion. There being none he called for a roll call vote. The voting was as follows:

Board Member Bryant Brown Aye
Board Member Dustin Gettel Aye
Board Member Paul Glover Aye
Board Member Bonnie Billings Aye
Board Member Heidi Robinson Aye

The motion passed unanimously.

B. CONSIDER RESOLUTION NO. 2024-18RDA AUTHORIZING THE CHIEF ADMINISTRATIVE OFFICER TO EXECUTE A SECOND AMENDMENT TO THE INTERLOCAL COOPERATION AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF MIDVALE CITY AND SALT LAKE COUNTY REGARDING THE MAIN STREET FESTIVAL LIGHTING PROJECT.

Kate Andrus said in March 2023, the Redevelopment Agency of Midvale City (RDA) received grant funding for festival season lighting along Midvale Main through the Salt Lake County Tourism, Recreation, Culture and Convention (TRCC) Support Program.

On February 6, 2024, the RDA executed an amendment extending the grant deadline from March 31, 2024, to September 30, 2024.

The originally contracted company, Le Monde Studios Inc., breached their agreement and could not complete the project, causing a delay. Fortunately, RDA staff secured Mountain States Lighting to complete the project, and construction will begin shortly.

Agency staff has been working with Salt Lake County to obtain an extension of the grant deadline. We are now bringing a second amendment to the original grant agreement before the Board, which will extend the grant completion date to December 31, 2024.

FISCAL IMPACT:

The TRCC Support Program is providing \$200,000 as a reimbursement grant. This grant requires matching funds in the amount of \$187,700, which will be funded by the Main Street CDA budget.



Timeline

TRCC Grant Awarded Funding

- Notification of award 03/2023
- The RDA was awarded \$200,000 in grant funds for the installation of festival lighting
- RDA is expected to provide funding in the amount of \$187,700 as part of this project

Design Process

- Complete
- Design Build Amendment approving the cost and complete design to be brought before RDA Board in tonight.

Construction Begins

- Production of material to take place as soon plans are approved
- Road cuts and electrical work to begin the first part of August
- Installation of new streetlights, catenary lights, and projection lights begin mid October

Project Complete

- Installation of lights will be completed by mid-November
- Removal of old streetlights to take place after the complete installation of new lights.

Key Terms of the Amendment

Deadline to Complete Project: The RDA shall complete the design and installation of festival lighting along Midvale Main by December 31, 2024

Deadline to Expend Funds: RDA shall expend all TRCC Funds prior to December 31, 2024

Deadline to Request Reimbursement of TRCC Funds: All requests for reimbursement under this Agreement shall be made on or before March 31, 2025

MOTION: Board Member Heidi Robinson **MOVED** to suspend the rules and approve Resolution No. 2024-18RDA Authorizing the Chief Administrative Officer to Execute a Second Amendment to the Interlocal Cooperation Agreement between the Redevelopment Agency of Midvale City and Salt Lake County Regarding the Main Street Festival Lighting Project. The motion was **SECONDED** by Board

Member Bonnie Billings. Chair Stevenson called for discussion on the motion. There being none he called for a roll call vote. The voting was as follows:

**Board Member Bryant Brown Aye
Board Member Dustin Gettel Aye
Board Member Paul Glover Aye
Board Member Bonnie Billings Aye
Board Member Heidi Robinson Aye**

The motion passed unanimously.

C. CONSIDER RESOLUTION NO. 2024-19RDA AUTHORIZING THE CHIEF ADMINISTRATIVE OFFICER TO ENTER INTO A DESIGN BUILD AMENDMENT BETWEEN THE REDEVELOPMENT AGENCY OF MIDVALE CITY AND MOUNTAIN STATES LIGHTING LLC FOR THE DESIGN AND CONSTRUCTION OF FESTIVAL LIGHTING ON MIDVALE MAIN

Kate Andrus stated On June 18, 2024, the Board authorized the Chief Administrative Officer to enter into an Agreement between the Redevelopment Agency of Midvale City and Mountain States Lighting LLC for the design and construction of festival lighting on Midvale Main.

Since then, RDA staff has been working with Mountain States Lighting to finalize the design and construction plans.

The next step in the design-build process is the execution of the Design Build Amendment, which will allow for the beginning of construction.

Key Terms of the Design Build Amendment with Mountain States Lighting are as follows:

- The Stipulated Sum shall be \$1,152,255.00, subject to authorized adjustments as provided in the Design-Build Documents. This Stipulated Sum shall be construed as a Not-to-Exceed amount.
- Based upon Applications for Payment submitted to the Owner by the Design-Builder, the Owner shall make progress payments on account of the Contract Sum to the Design-Builder 30 days after the application of payment is submitted.
- The Owner shall place retainage of 5% in an interest-bearing account and will account for retainage separately from other amounts paid under the contract. The retainage and interest accrued shall be paid to the Design-Builder upon final payment.
- Design-Builder shall achieve Substantial Completion of the Work no later than November 17, 2024.

FISCAL IMPACT:

The stipulated cost for this project is not to exceed \$1,152,255.00, subject to authorized adjustments as provided in the Design-Build Documents. The TRCC Support Program is contributing \$200,000 as a reimbursement grant towards this project. The Redevelopment Agency of Midvale City has allocated \$1,089,000 within the Main Street CDA budget to fund this project. Additional funds may be allocated from the City Street Light Fund as necessary for expenses related to the street light portion of the project. All existing streetlights will be replaced as part of the project and uniform streetlights will be installed along Main Street from Center Street to 7th Avenue.

Nate Rockwood said there are Gobo lights added to the design. They are on top of the poles and will fill in the gaps between the lighted areas. The Gobo lights will project light patterns down onto the streets. In addition, everywhere there is a pole near a mural, lighting will be added to illuminate the mural. This can't be done on every mural, but it will be added where possible.

He said staff decided to trench to get the power to the lights the way it should be done to do everything they want to do with the lighting as well as to operate each element of the lighting individually. Each light pole will have the Gobo light, the spotlight for the mural, the hanging festival lights, and the regular streetlights. These will be connected to their own circuit; the trenching allows for this. This gives us much more control of what the lights can do, and it allows control the lights with an app.



Timeline

Design Process

- Complete
- Design Build Amendment will approve the final design and cost and will initiate the construction phase

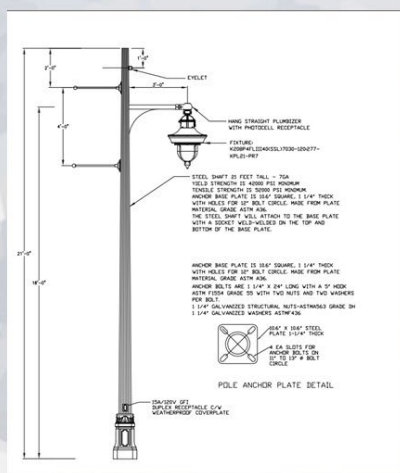
Construction Begins

- Production of material to take place as soon plans are approved
- Road cuts and electrical work to begin the first part of August
- Installation of new streetlights, catenary lights, and projection lights begin mid October

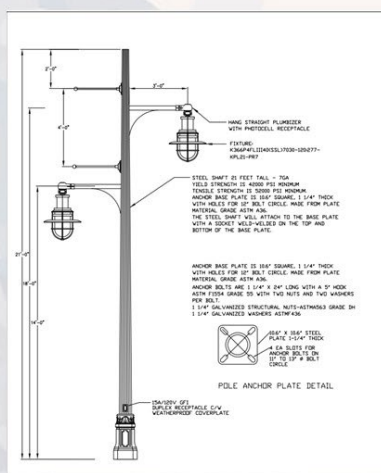
Project Complete

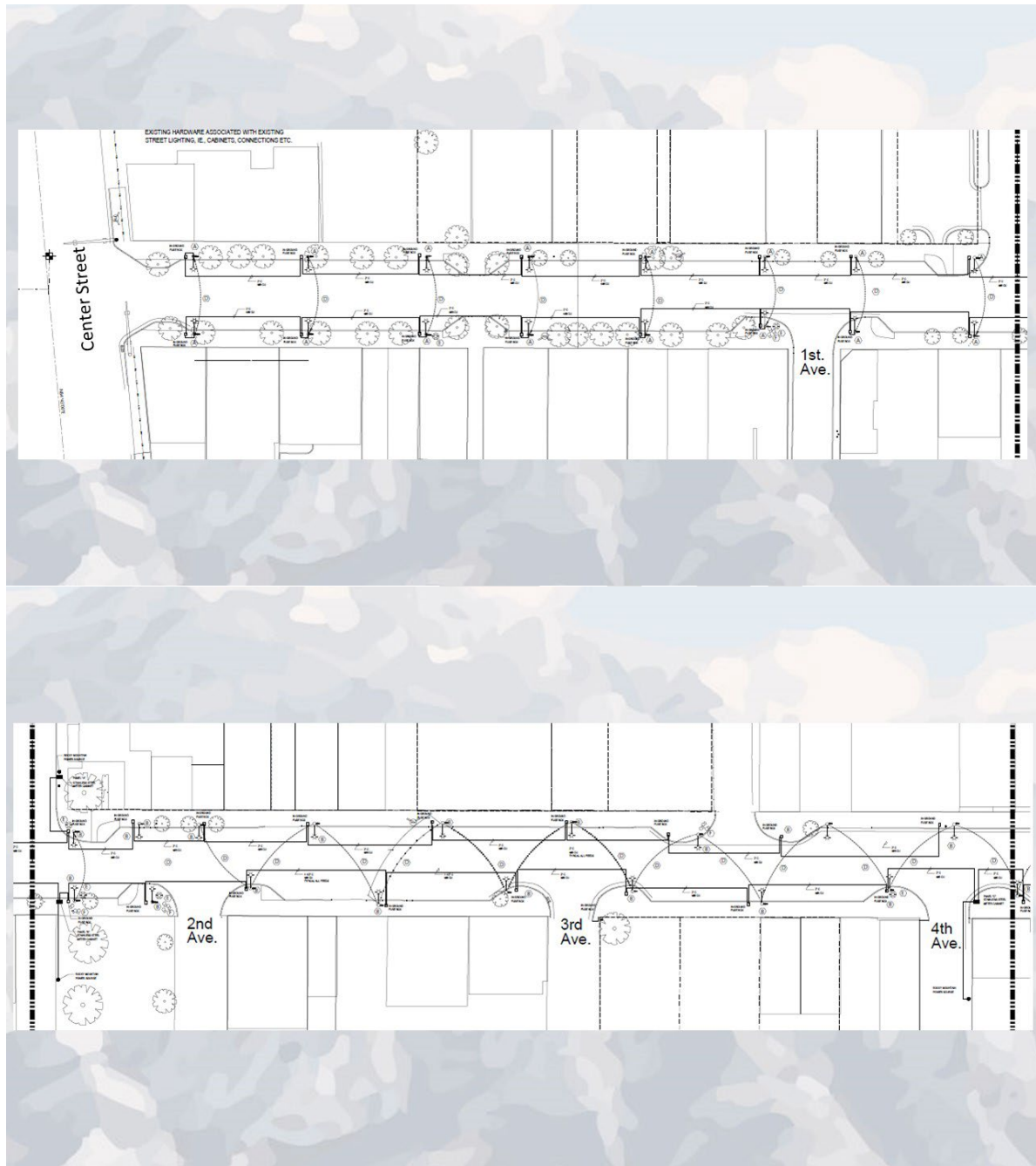
- Installation of lights will be completed by November 17, 2024
- Removal of old streetlights to take place after the complete installation of new lights.

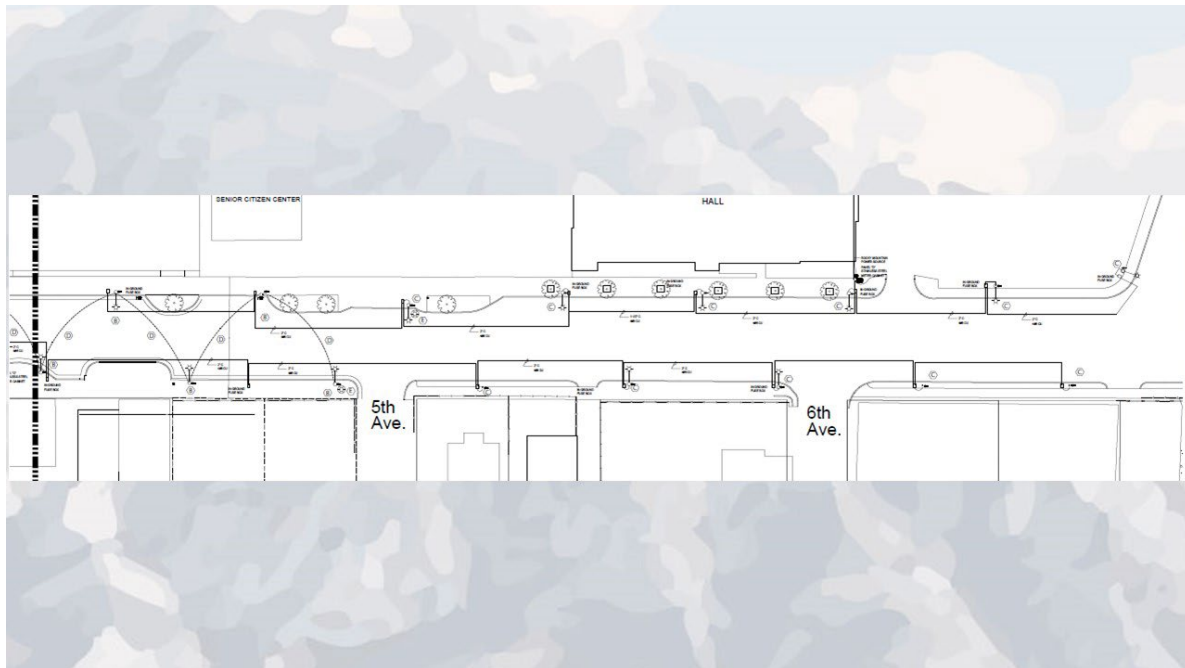
Old Town



New Town







Key Terms

- The Stipulated Sum shall be \$1,152,255.00, subject to authorized adjustments as provided in the Design-Build Documents. This Stipulated Sum shall be construed as a Not-to-Exceed amount.
- Based upon Applications for Payment submitted to the Owner by the Design-Builder, the Owner shall make progress payments on account of the Contract Sum to the Design-Builder 30 days after the application of payment is submitted.
- The Owner shall place retainage of 5% in an interest-bearing account and will account for retainage separately from other amounts paid under the contract. The retainage and interest accrued shall be paid to the Design-Builder upon final payment.
- Design-Builder shall achieve Substantial Completion of the Work no later than November 17, 2024.

Fiscal Impact

The stipulated cost for this project is not to exceed \$1,152,255.00, subject to authorized adjustments as provided in the Design-Build Documents. The TRCC Support Program is contributing \$200,000 as a reimbursement grant towards this project. The Redevelopment Agency of Midvale City has allocated \$1,089,000 within the Main Street CDA budget to fund this project. Additional funds may be allocated from the City Street Light Fund as necessary for expenses related to the street light portion of the project.

Board Member Bryant Brown said he would like to see the City be strategic with the Gobo lights because he knows they can be temperamental to change.

Board Member Heidi Robinson said she wanted to confirm the start time of the trenching.

Nate Rockwood said he is hoping the trenching can start in the next two weeks.

MOTION: Board Member Dustin Gettel **MOVED** to suspend the rules and approve Resolution No. 2024-19RDA Authorizing the Chief Administrative Officer to Enter into a Design Build Amendment between the Redevelopment Agency of Midvale City and Mountain States Lighting LLC for the Design and Construction of Festival Lighting on Midvale Main. The motion was **SECONDED** by Board Member Heidi Robinson. Chair Stevenson called for discussion on the motion. There being none he called for a roll call vote. The voting was as follows:

Board Member Bryant Brown Aye
Board Member Dustin Gettel Aye
Board Member Paul Glover Aye
Board Member Bonnie Billings Aye
Board Member Heidi Robinson Aye

The motion passed unanimously.

MOTION: Board Member Dustin Gettel **MOVED** to Strike the Closed Session. The motion was **SECONDED** by Board Member Paul Glover. Chair

Stevenson called for discussion on the motion. There being none he called for a vote. The motion passed unanimously.

VI. ADJOURN

MOTION: Board Member Paul Glover MOVED to adjourn the meeting. The motion was SECONDED by Board Member Dustin Gettel. Chair Stevenson called for discussion on the motion. There being none he called for a vote. The motion passed unanimously.

The meeting adjourned at 9:15 p.m.

Rori L. Andreason, MMC
City Recorder

Approved this 6th day of August, 2024.



REDEVELOPMENT AGENCY OF MIDVALE CITY SUMMARY REPORT

Meeting Date: August 6, 2024

ITEM TYPE: Public Hearing and Action

SUBJECT: Consider **Resolution No. 2024-20RDA** amending the fiscal year 2025 budget for the Main Street Project Area Fund and City-Wide Housing Fund.

SUBMITTED BY: Cody Hill, Economic Development Manager

SUMMARY:

Staff proposes amendments to the fiscal year 2025 budget for Redevelopment Agency Funds, the Main Street Project Area Fund and City-Wide Housing Fund.

Main Street Project Area Fund

Expense Budget Adjustment: \$61,763 – Per the Second Amendment to the Purchase Agreement between the Agency and The Court Partners, LLC. (“Developer”), executed on April 16, 2024, the Agency will reimburse Developer for expenses related to the development of a bulb-out on the west side of their development located at 7555 S. Main. Although this expense was approved in the Second Amendment to the Purchase Agreement, funds were not appropriated in the FY2025 budget to cover the expense. This expense increase would be added to a new account “Developer Reimbursement” within the fund.

City-Wide Housing Fund

Expense Budget Adjustment: \$2,500,000 – Staff requests this amount be added to the Affordable Housing Incentives expense account. The Agency recently received an Upper-floor Housing Initiative application. The applicant requested more funds to support their project and their proposed affordable housing offering than currently budgeted in the account. If adopted, the account’s expense will increase from \$4,000,000 to \$6,500,000.

FISCAL IMPACT:

Both Funds have sufficient fund balances to accommodate the increases in expenditures. The bulb-out increases the aesthetic and charm of Main Street and will support activating and improving the area. The increased expense in affordable housing will increase the affordable housing availability within the Main Street area and reduce the fund’s fund balance, which the Agency must do to remain compliant with newly adopted state requirements as found in HB 465.

Recommended Motion

“I move that we suspend the rules and pass Resolution No. 2024-20RDA amending the fiscal year 2025 budget for the Main Street Project Area Fund and City-Wide Housing Fund.”

*It is necessary to suspend the rules so that the Developer can quickly be reimbursed for the improvements made and so the Agency may accommodate requests for additional affordable housing incentives.

Attachments:

Resolution 2024-20RDA

Proposed amendments to the FY2025 Budget for the Main Street Project Area Fund and City-Wide Housing Fund

THE REDEVELOPMENT AGENCY OF MIDVALE CITY, UTAH

RESOLUTION 2024-20RDA

A RESOLUTION AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE MAIN STREET PROJECT AREA FUND AND CITY-WIDE HOUSING FUND

WHEREAS, Utah State Code, Sections 10-6-109, 10-6-127, and 10-6-128 of the Uniform Fiscal Procedures Act for Utah Cities, requires that increases in appropriations for operating budgets be made by resolution of the governing body; and

WHEREAS, the required public notice was properly published; and

WHEREAS, pursuant to notice, the public hearing was held on this date, the 6th of August, 2024; and

WHEREAS, in compliance with statutory requirements, the Redevelopment Agency of Midvale City amends the revenue and appropriation budgets of the Main Street Project Area Fund and the City-Wide Housing Fund as detailed on the attached schedule.

NOW THEREFORE BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY, that the included budget amendments be made for the appropriate budgets for the Fiscal Year ending June 30, 2025.

Section 1. **This resolution** shall become effective immediately upon passage thereof.

Section 2. **Passed and Adopted by the Redevelopment Agency of Midvale City Board of Directors, State of Utah, this 6th day of August, 2024.**

Marcus Stevenson
Chief Administrative Officer

Matt Dahl
Executive Director

ATTEST:

Rori L. Andreason, MMC
Secretary

Vote by RDA Board:	Aye	Nay
Bonnie Billings	_____	_____
Paul Glover	_____	_____
Heidi Robinson	_____	_____
Bryant Brown	_____	_____
Dustin Gettel	_____	_____

Redevelopment Agency of Midvale City				
Proposed Budget Amendment				
Account Description				
	FY2025 Original Budget	Proposed Change	FY2025 Proposed Amended Budget	
Main Street Project Area Fund				
Expenditures:				
Developer Reimbursement	-	\$ 61,763	\$	61,763
Use of Fund Balance	(938,132)	(61,763)		(999,895)
TOTAL RECOMMENDED REVENUE BUDGET ADJUSTMENTS				
Main Street Project Area Fund	\$ -	\$ 61,763	\$	61,763

	FY2025 Original Budget	Proposed Change	FY2025 Proposed Amended Budget
City-Wide Housing Fund			
Expenditures:			
Affordable Housing Incentives	4,000,000	\$ 2,500,000	\$ 6,500,000
Use of Fund Balance	(1,981,576)	(2,500,000)	(4,481,576)
TOTAL RECOMMENDED REVENUE BUDGET ADJUSTMENTS			
City-Wide Housing Fund		\$ 2,500,000	\$ 6,500,000

Description

Reimbursement for the Bulb-out in front of the development at 7555 S Main
Increase the use of fund balance

Description

Additional funding for possible project requesting Upper-floor Housing Initiative Funds
Increase the use of fund balance



REDEVELOPMENT AGENCY OF MIDVALE CITY

Meeting Date: August 6, 2024

ITEM TYPE: Action Item

SUBJECT: Consider **Resolution No. 2024-21RDA** Approving the Initial Terms for an Affordable Housing Incentive Through the Main Street Upper Floor Housing Initiative for the Black Pine, LLC. Mixed-Use Development Located at 7592 South Main Street, Midvale.

SUBMITTED BY: Meggie Troili, RDA Project Manager

SUMMARY:

Black Pine ("Applicant") recently applied for an affordable housing incentive through the Main Street Upper Floor Housing Initiative (the "Initiative") to include affordable housing in their West Main mixed-use development (the "Project") located at 7592 Main Street, Midvale. The Applicants application has been reviewed and recommended for funding by a committee comprised of Redevelopment Agency (the "RDA" or "Agency") and City staff.

The Main Street Upper Floor Housing Initiative was approved by the RDA Board in 2019 and is supported by the Agency's dedicated affordable housing funds. The Initiative aims to provide up to 50% of the total rehabilitation and/or development costs of the residential component of a project to be used for affordable housing. Units must be high-quality affordable housing for households who fall at or below 80% of the Area Median Income (AMI). To date, the Initiative has been utilized to support the creation of 16 affordable housing units on Midvale Main Street.

The total cost of the West Main Project is approximately 19M, and Black Pine applied for an incentive amount of \$6,254,275 to cover 50% of the development costs associated with fifty (50) out of the Projects sixty-six (66) total residential units. These fifty (50) units would be deed restricted for low-income households.

After the committees' thorough review of the Applicants Initiative application, Agency staff recommends an affordable housing incentive of \$6,254,275. This funding will enable the creation of fifty (50) one-bedroom affordable housing units on Midvale Main Street. These housing units will be available for a term of 20 years only to households whose income is not greater than an average of 60% of the AMI as defined by Salt Lake County's annual AMI levels, in accordance with the guidelines set by the Department of Housing and Urban Development. To ensure long-term affordability, these units will be subject to deed restrictions, held by the RDA, to that effect as consideration for the funding provided.

Documentation of pre-approval is needed for Black Pine to secure financing for the Project at this time. Once the foundational terms are approved by the RDA Board, the Agency will release a pre-approval letter to the Applicant. This letter will serve only as pre-approval of Black Pines Initiative application. This letter is not a guarantee or commitment to lend, loan, or provide money for the project, but will enable the Applicant to secure financing for the Project.

FISCAL IMPACT: \$6,254,275

STAFF RECOMMENDATION: Agency staff recommends the passing of **Resolution No. 2024-21RDA** Approving the Initial Terms for an Affordable Housing Incentive Through the Main Street Upper Floor Housing Initiative for the Black Pine Mixed-Use Development Located at 7592 South Main Street, Midvale.

Recommended Motion: “I make a motion that we suspend the rules and pass **Resolution No. 2024-21RDA** Approving the Initial Terms for an Affordable Housing Incentive Through the Main Street Upper Floor Housing Initiative for the Black Pine Mixed-Use Development Located at 7592 South Main Street, Midvale.”

Attachments:

- Exhibit A- Resolution No. 2024-21RDA
- Exhibit B- Letter of Pre-Approval (

**THE REDEVELOPMENT AGENCY OF MIDVALE CITY, UTAH
RESOLUTION NO. 2024-21RDA**

**A RESOLUTION APPROVING THE INITIAL TERMS FOR AN
AFFORDABLE HOUSING INCENTIVE THROUGH THE MAIN STREET
UPPER FLOOR HOUSING INITIATIVE FOR THE BLACK PINE
DEVELOPMENT LOCATED AT 7592 SOUTH MAIN STREET, MIDVALE.**

WHEREAS, BLACK PINE LLC, a Utah limited liability company, applied for an affordable housing incentive for a mixed-use development called West Main (“the Project”) through the Agency’s Main Street Upper Floor Housing Initiative (the “Initiative”); and

WHEREAS, its application was reviewed by a committee comprised of the Redevelopment Agency and City staff; and

WHEREAS, staff recommended that BLACK PINE, LLC be pre-approved for an affordable housing incentive in the amount of \$6,254,275 to cover 50% of the development costs associated with fifty (50) of the Projects sixty-six (66) total residential units; and

WHEREAS, this funding will ensure all fifty (50) one-bedroom units are as designated in the Initiative; and

WHEREAS, these housing units will be available for a term length of 20 years only to households whose annual income is an average of 60% of the Area Median Income (“AMI”) as defined by Salt Lake County’s annual AMI levels, in accordance with the guidelines set by the Department of Housing and Urban Development (“HUD”); and

WHEREAS, qualifying households will be eligible to pay rental rates that are reduced to an average of 60% AMI of the market rates within Salt Lake County, as revised by HUD annually; and

WHEREAS, these units will be subject to deed restrictions, held by the Agency, to that effect as consideration for the funding provided; and

WHEREAS, once these foundational terms are approved by the RDA Board, the Agency will release a pre-approval letter to BLACK PINE LLC; and

WHEREAS, the pre-approval letter will serve only as approval of BLACK PINE LLC’s Initiative application. The letter will not provide a guarantee or commitment to lend, loan, or provide money for the project, but will enable BLACK PINE LLC to secure financing; and

WHEREAS, the final terms and conditions of the incentive will need to be approved by the RDA Board.

NOW THEREFORE, BE IT RESOLVED, that based on the foregoing, the Redevelopment Agency of Midvale City Board approves this Resolution, and which approves the initial terms for an affordable housing incentive through the Main Street Upper Floor Housing Initiative for the BLACK PINE LLC mixed-use development located at 7592 South Main Street, Midvale, and incorporates the same as provided in the recitals above.

PASSED AND APPROVED this 6th day of August, 2024.

By: _____
Marcus Stevenson, Chief Administrative Officer

ATTEST:

Rori L. Andreason, MMC
City Recorder

Voting by the RDA Board	“Aye”	“Nay”
Dustin Gettel	_____	_____
Paul Glover	_____	_____
Bonnie Billings	_____	_____
Heidi Robinson	_____	_____
Bryant Brown	_____	_____



Redevelopment Agency of Midvale City
7505 S Holden Street
Midvale, UT 84047
801-567-7200
www.MidvaleCity.org

August 6, 2024

Black Pine, LLC
221 25th Street Suite 213
Ogden, Utah 84401

RE: Letter of Pre-Approval for up to a \$6,254,275 Incentive for 7592 S. Main St.,
Midvale

To Black Pine,

We write this letter to affirm to you and to whom it may concern that you have applied with and have been pre-approved by the Redevelopment Agency of Midvale City (RDA) for funding through Midvale City's Upper Floor Housing Initiative (Initiative). The Initiative seeks to address the need for increased housing in strategic and underserved parts of the community by bringing life back to Midvale's historical core and heart—Main Street. The Initiative promotes affordable housing on Main Street by subsidizing up to 50% of the residential development costs within a mixed-use project and developing upper floors for residential purposes for households whose income falls at or below 80% of the Area Median Income (AMI).

The RDA has reviewed your application and has determined that you qualify for an incentive of up to \$6,254,275 for your proposed project at 7592 S Main Street, Midvale. The proposed project includes 66 housing units (4 studio units, 5 two-bedroom units, and 50 one-bedroom units) as part of a mixed-use development. All fifty (50) of the one-bedroom housing units will be available for the next 20 years only to households whose income is an average of 60% of the Area Median Income as defined by Salt Lake County's annual AMI levels, in accordance with the guidelines set by the Department of Housing and Urban Development (HUD). Households whose income meets the AMI threshold will be eligible to pay rental rates that are reduced to an average of 60% AMI of market rates. This data is revised annually by HUD, and thus the rental rates will be adjusted annually based on this data. These units will be subject to deed restrictions, held by the RDA, to that effect as consideration for the funding provided.

This letter serves only as approval of your Initiative application. This letter is not a guarantee or commitment to lend, loan, or provide money for your project. This pre-approval is contingent upon your Initiative application not being modified. This pre-approval will remain active for 90 days in order for you and the RDA to work through the loan documents and conditions. This includes, but is not limited to, determining disbursement schedules, reporting requirements, adequate collateral and liens, deed restrictions, and pre-closing conditions. The final incentive documents will need to be approved by the RDA Board. If the 90-day approval period expires, your Initiative application is modified, or you and the RDA are unable to agree on the incentive documents and conditions, this approval will be revoked, and you will be required to reapply for an incentive under the Initiative.

We encourage you and your project partners to contact the RDA at rda@midvale.com to discuss any further details. The RDA looks forward to beginning the next steps of this process and commencing the development of these much-needed affordable housing units.

Sincerely,

Matt Dahl
Executive Director
The Redevelopment Agency of Midvale City

