RESOLUTION NO. RDA2024_________

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF SOUTH SALT LAKE ADOPTING THE SOUTH SALT LAKE HOUSING AND TRANSIT REINVESTMENT ZONE TAX INCREMENT PROGRAM POLICY.

WHEREAS, the Housing and Transit Reinvestment Zone Act (the "HTRZ Act") was enacted to further several objectives including promoting a higher utilization of public transit and increasing the availability of housing including affordable housing; and

WHEREAS, pursuant to the HTRZ Act, the Redevelopment Agency of South Salt Lake (the "Agency") administers the tax increment, including entering into reimbursement agreements (also known as tax increment reimbursement agreements) with project developers or property owners associated with an approved South Salt Lake Housing and Transit Reinvestment Zone (HTRZ) for the purpose of utilizing the funds as allowed by the HTRZ Act; and

WHEREAS, the Board of Directors of the Agency supports the distribution of tax increment associated with an HTRZ pursuant to the process outlined in the attached South Salt Lake Housing and Transit Reinvestment Zone Tax Increment Policy, attached as Exhibit A and incorporated herein by this reference;

NOW THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF SOUTH SALT LAKE, AS FOLLOWS:

1. That the South Salt Lake Housing and Transit Reinvestment Zone Tax Increment Policy, substantially in the form attached hereto as Exhibit A (the "HTRZ Policy") is approved.

APPROVED AND ADOPTED by the Redevelopment Agency of South Salt Lake, Utah, on this _____day of __________, 2024.

REDEVELOPMENT AGENCY OF SOUTH SALT LAKE:

____

LeAnne Huff, RDA Chair

RDA Board Vote as Recorded:

Huff: ______
Thomas: ______
Bynum: ______
Mitchell: ______
Sanchez: ______
Pinkney: ______
Williams: ______

Attest:

____

Agency Secretary

EXHIBIT A

South Salt Lake Housing and Transit Reinvestment Zone Tax Increment Program Policy

DOWNTOWN SOUTH SALT LAKE HOUSING AND TRANSIT REINVESTMENT ZONE (HTRZ) TAX INCREMENT PROGRAM POLICY

1. GENERAL

a. Purpose

The South Salt Lake Redevelopment Agency (the “RDA”) Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program (**Program**) may grant developers or property owners a portion of tax increment (**Tax Increment Allocation**) to induce the development of improvements in or associated with an HTRZ that meet the goals and objectives of the HTRZ Act, the RDA’s approved HTRZ Application, approved by the HTRZ Committee on December 20, 2023, the executed interlocal agreement between the RDA and South Salt Lake City (the “City”), and the RDA’s mission and values; and provides significant public benefit. The Program is designed to provide property tax increment within the approved HTRZ above the base year value, established in 2022 (Base Year), and, as assessed and collected by Salt Lake County. The developer or property owner will receive a percentage of the tax increment generated from its project for a specified timeframe, and the RDA will receive the residual tax increment generated by the project.

b. Authorization

The RDA shall determine whether a project meets the goals and objectives of the HTRZ Act, the executed interlocal agreement between the RDA and the City, the approved HTRZ, and the RDA’s mission and values. As provided in the HTRZ Act, a Tax Increment Allocation can only be authorized pursuant to a Participation Agreement (**Agreement**), the terms of an Agreement are approved by the RDA Board. The RDA Board reserves the right to modify or deny a tax increment application at any time for any reason. The RDA Board’s approval of an Agreement shall be made by resolution and include a description of the development the applicant will undertake, the Tax Increment Allocation the applicant may receive, and the terms and conditions under which the applicant may receive the Tax Increment Allocation.

c. Tax Increment Calculation

The formula to calculate the Tax Increment Allocation generated from the proposed improvements shall be as follows:

i. Step 1: Estimate the Total Annual Tax Increment.
   - Determine the property's taxable value as shown upon the assessment roll of the Base Year, as defined in the approved HTRZ Application. This value is referred to as the property’s **Base Taxable Value**.
   - Calculate the difference between the Base Taxable Value of the property prior to improvements and the property’s estimated taxable value after the improvements have been made. This difference is referred to as **Incremental Value**.
   - Multiply Incremental Value by the current effective tax rate.
     (Incremental Value) x (Effective Tax Rate, net of county assessment and collection mills) = Total Annual Tax Increment

(TIF)

ii. Step 2: Estimate the Annual TIF ($'s) Received by the RDA.
   - Total Annual TIF Dollars multiplied by the percentage of TIF received by the RDA. *(Total Annual TIF $'s) x (80%, i.e. Share of TIF received by the RDA) = Total Annual TIF ($'s) Received by the RDA.*

iii. Step 3: Estimate the Annual Tax Increment Allocation Payment.
   - Using the developer/property owner Tax Increment Allocation rate (**Allocation Rate**) established in the Agreement, calculate the estimated annual allocation payment.
   - *(Total Annual TIF Received by the RDA) x (Allocation Rate) = Estimated Annual TIF Reimbursement Payment.* Refer to Section 2 for more information on calculating the participation rate between the RDA and the developer.

iv. Step 4: Calculate the Estimated Amount of Tax Increment Available to the Developer or Property Owner Over the Term of the Agreement.
   - *(Estimated Annual TIF Reimbursement Payment) x (the Term of the Allocation Agreement) = Total Estimated TIF Available to Developer or Property Owner Over the Term.* An annual growth multiplier based on current economic conditions may be applied to this calculation, at the RDA's sole discretion.

Actual Tax Increment Allocation is dependent on the increment being generated by the project.

d. **Eligible Costs**

The tax increment allocation will be limited by state law as indicated by Section 63N-3-607(4) of the HTRZ Act and Section 11-41-103 of the Prohibition on Retail Facility Incentive Payments Act. The RDA may determine, in its sole discretion, if the entire project or only specific project elements are eligible.

e. **Design Review**

Projects approved for increment allocation will be required to follow the City's development review process. Projects will be required to be in conformance with all City policies, ordinances, and codes.

2. REQUIREMENTS AND STRUCTURE

Projects meeting the General and Specific Requirements listed below will receive a Tax Increment Allocation Rate of at least 50%. Additional Allocation Rate, up to 90%, will be determined on a project-by-project basis based on meeting or exceeding the Non-Exhaustive Requirements listed in Section a,b, and c below. All HTRZ tax increment funds not remitted to the project will be utilized to enhance and benefit the HTRZ area and to administer the program, pursuant to the HTRZ Act and the approved HTRZ.

Owner's of certain parcels in the HTRZ have been instrumental in pioneering the revitalization of the Downtown zone prior to the creation of this policy, through their participation in the Central Pointe and S-Line transit stops (the "Downtown Sewer Public Improvement District" or "PID"), and by pulling building permits for residential units prior to the adoption of the HTRZ. In recognition of investments made to initiate the City's vision of this transit-oriented zone, at the sole discretion of the RDA Executive Director, applicants that secured a certificate of occupancy for multifamily housing before July 1, 2025 located on parcel(s) designated within the approved HTRZ will be eligible for a Tax Increment Allocation payment not to exceed an Allocation rate of 25%. As any such housing project relies on executing on plans that were established before implementation of this Policy, applicants that meet the criteria of the preceding sentence are not subject to the Specific Requirements set forth herein.

a. **General Requirements**

   i. Projects must meet the standards and objectives of the HTRZ Act and the Downtown SSL HTRZ, unless otherwise specifically exempted per administrative action and action letter or RDA Board Resolution; and,

   ii. The applicant must provide sufficient evidence (including, but not limited to the project pro forma, senior lender agreement(s), equity investor agreements, etc.) that tax increment funding is necessary for the project to succeed and to verify that the request is reasonable.

   iii. Independent review and findings to support and verify the sufficient evidence provided in section 2(a)(ii) as verified by an independent 3rd party review as determined at the sole discretion by the RDA.

b. **Specific Requirements**

   i. **As determined by the RDA, Projects that Incorporate Housing**

      - At least 12.5% of housing units within a project must be affordable to those earning 80% of the Salt Lake County Area Median Income (AMI) or below during the 15-year collection term. Exceptions:
         - RDA deems in its sole discretion that the 12.5% affordability threshold may be met cumulatively across different projects (e.g. units from a 100% affordable building resulting plus 100% market-rate buildings blending to 12.5% across all projects by phase or in totality of the HTRZ).
         - In conjunction with the preceding sentence, a partial exception may be granted to those initial Phase 1 property owners that secured approximately $32 million of financing to fund critical infrastructure improvements in the Downtown and East Streetcar Zones necessary to affect the vision and redevelopment around the Central Downtown Sewer Public Improvement District.
      - Projects must include activated, ground floor space if not a private residence. Activated ground floor space means a minimum of 20% of all ground floor. Street-facing building facades must contain an active (commercial, retail, office, or other community support space) use that is not exclusive to the tenants of the building; and,
      - At the sole discretion of the RDA, projects must meet **at least three (3)** of the HTRZ Enhancement benchmarks:

1. Public facing building amenities
2. Permanent job creation
3. Affordable commercial spaces
4. Transportation opportunities
5. Public art
6. Public space
7. Walkability
8. Enhanced design standards beyond zoning requirements
9. Energy efficiency building standards
10. Adaptive reuse of existing buildings (collectively, **HTRZ Enhancement Benchmarks**), as further defined below.

ii. **As determined by the RDA, Projects that do not Incorporate Housing**
   - Projects must include activated, ground-floor space beyond zoning requirements; and,
   - At the sole discretion of the RDA, projects must meet **at least five (5)** of the RDA's HTRZ Non- Exhaustive Enhancement Benchmarks.

c. **Residential Development Non-exhaustive Enhancements**
As determined by the RDA, residential development that include, or have met the following enhancements are automatically eligible for an Allocation Rate higher than 50% to partially or fully offset associated costs with the following:
   i. Non-federal tax credit funded Project includes greater than 12.5% of affordable units; or,
   ii. Developer causes that affordable units are maintained as affordable in excess of the 15-year collection term,
   iii. Projects that incorporate housing that meet five (5) or more of the RDA's HTRZ Enhancement Benchmarks; or
   iv. The inclusion of for-sale residential units; and
   v. The inclusion of affordable family-sized units (3+ bedroom units).

d. **Non-Residential Development Non-Exhaustive Enhancements**
As determined by the RDA, non-residential development that include, or have met the following enhancements are automatically eligible for an Allocation Rate higher than 50% to partially or fully offset associated costs with the following
   i. Projects that meet six (6) or more of the RDA's HTRZ Enhancement Benchmarks,

e. **AMI Housing Requirements.**
   i. Deed Restriction - If the project qualifies for a reimbursement based on the incorporation of housing, prior to executing an Agreement, a restriction shall be recorded against the property that requires continued use of the specified units as affordable housing for the term of the project area within the HTRZ. Both rent and income restrictions shall be

included to limit the maximum rent that can be charged for a unit and to require that the unit be made available only to households with qualifying incomes.

f. **Eligible Project Locations**
Eligible projects must be in or associated with an active approved HTRZ that allows tax increment reimbursements pursuant to the HTRZ Act and the approved HTRZ.

g. **Tax Increment Allocation Term**
The Tax Increment Allocation term will be 15 consecutive years of increment allocation collection within a 30-year period, pursuant to the HTRZ Act.

3. EVALUATION AND APPROVAL PROCESS

a. Reimbursement Applications (Applications) that meet the requirements detailed in Section 2 will be evaluated and processed as detailed below.

  i. Step 1: Application Processing and RDA Staff Review.
  All Applications shall be made to RDA staff and consultants, on standard RDA forms. All Applications must be complete, as determined by RDA staff, to be evaluated, and if either the applicant or proposed project fails to demonstrate the ability to meet application requirements, RDA staff may deny the application.

  ii. Step 2: Third Party Financial Analysis
  RDA, at their sole discretion staff shall use a qualified third party consultant to provide a recommendation with supporting analysis on 1) the public benefit anticipated by the proposed development and 2) determination of financial need and whether or not the proposed development might reasonably occur without reimbursement. The third party analysis will be provided to the Administrative Panel and/or RDA Board prior to their consideration of the Reimbursement application.

  iii. Step 3: Administrative Panel Review.
  RDA staff shall forward complete applications and Third Party Analyses that meet the threshold requirements to the Administrative Panel. The Administrative Panel shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the application and formulate a recommendation to the RDA Board.

  iv. Step 4: RDA Board Consideration of the Reimbursement Agreement Terms. Upon review of the application and supporting material, the RDA Board may consider for approval a resolution detailing the Agreement terms.

  v. Step 5: Agreement Finalization.
  Once the terms of an agreement have been authorized by the RDA Board through an approved resolution, the RDA and developer will execute an Agreement consistent with the terms approved by the RDA Board, and any other legal agreements (including an affordable housing restriction) deemed necessary by the City Attorney's Office.

b. Applications for HTRZ tax increment allocations shall include a development pro forma, projected construction schedule, estimated year for commencing tax increment collection and disbursement, and other information as deemed necessary to complete a financial analysis and pro forma review. Applications must include all required information to be considered for approval.

4. AGREEMENT TERMS

a. Participation and Tax Increment Allocation Agreement Terms

In addition to any other terms as recommended by legal counsel, the following terms shall be included in the Agreement:

i. Reimbursement to Benefit Owner:
The RDA intends that the beneficiary of the Reimbursement will be the owner of the project for the life of the Agreement. The Agreement and all benefits conferred under the Agreement shall benefit the project and be recorded against the property to run with the land, with the intent that all tax increment allocations will remain with the owner of the real property and project. In the event that the ownership of the real property and improvements are severed, the RDA will have sole discretion to determine the beneficiary of the tax increment allocation.

If the Agreement is executed and the real property and project are conveyed to a third party while the improvements are still being constructed, the RDA will retain the right to consent to the transfer the Agreement to the new owner, in order to ensure that the benefits the RDA anticipated receiving under the original Agreement with the original developer are consistent with the new developer. If the RDA does not consent to the transfer of the Agreement, the tax increment allocation will cease and the Agreement will terminate.

ii. Tax Appeals
All reimbursement recipients shall be required to notify the RDA if they have applied for a property tax appeal with Salt Lake County. In the event that any such appeal results in a reduction in property taxes, the percentage share of the tax increment allocation payable by the RDA to the recipient will decrease, and the percentage share of the tax increment received by the RDA shall be increased, so that the dollar amount received by the RDA is the same as if no appeal of the assessed value had been made.

iii. Recapture Provisions in the Event of Default
Agreements shall require the recapture of tax increment allocation funds allocated to a project that fails to meet the requirements as provided in the Agreement.

iv. Participant Reporting Requirements
Agreements shall require the following reporting from tax increment allocation recipients as per the following:

1. Project Completion: Upon project completion, tax increment allocation recipients shall provide a report that includes, but is not limited to, the total cost of improvements, a summary of completed

improvements, and outcome metrics relating to project-specific requirements.

2. Annual Pre-Reimbursement: Contingent upon receiving an annual tax increment allocation, recipients shall provide a report that includes a notification of any tax appeals and outcome metrics relating to project-specific requirements. As applicable, the report shall include relevant data that is certified by a financial officer or public accountant. Additionally, recipients shall provide a detailed affordable housing report, including verified incomes of the tenants and a calculation that shows that the affordable units meet the required AMI threshold, and proof that requirements are being met.

b. **Interest**

Interest will not accrue against the RDA on the anticipated or projected tax increment to be reimbursed to the developer.

5. MONETIZATION OF TAX INCREMENT

As a condition of approval, the RDA may require in the Agreement that a Project applicant consent that Tax Increment Allocation to developer may be monetized through the issuance of tax-exempt bonds via the RDA or a Public Infrastructure District. Such bond issuance may pledge any or all of the TIF received by the RDA (including anticipated Tax Increment Allocation to developer) from any project within the HTRZ at any time in the planning, entitlement, or development process, including prior to construction. Additionally, an RDA- or PID-issued bond may pledge tax increment, both RDA's share and the Tax Increment Allocation, from one or multiple projects. If the RDA elects to issue a bond, in lieu of annual payments made to the developer, the RDA, PID, or City will remit to the developer its pro-rata share of net proceeds generated by the bond (or equivalent amount from other available funds) pursuant to the developer's allocation rate established in the Agreement and accounting for all other sources of pledged revenue included in the bond indenture, which pro ration shall be calculated by a third-party bond underwriter and approved the RDA administrators. For fully approved Program applicants, funds from bond proceeds will be remitted within 60 days of bond closing, subject to state statues including Chapter 4 of Title 17D, Chapter 1 of Title 17B, and the HTRZ Act. A Program applicant with a project completed or under construction will receive its annual TIF pursuant to the Agreement until the RDA or PID provides written notice of its intent to issue a bond secured by a pledge of the Developer's Tax Increment Allocation.

6. EXCEPTIONS

The Board, by a majority vote of those present, may waive requirements or make exceptions to the foregoing criteria and procedures with a finding that the RDA's mission and values will be furthered by such waiver or exception. RDA staff will prepare a written recommendation and statement regarding the waiver or exception.

HTRZ ENHANCEMENT BENCHMARKS

Permanent Job Creation – The creation of high quality jobs within the boundaries of the HTRZ. High quality jobs are defined as jobs that have an annual gross wage that is at least 125% of the average wage of Salt Lake County.

Affordable Commercial Spaces – Decrease the displacement risk of existing businesses within the HTRZ and reduce the barriers of entry for new businesses and services, particularly locally owned and independent businesses that promote the Downtown South Salt Lake identity, local economic vitality, and that will provide essential services currently lacking in the Downtown South Salt Lake neighborhood.

Transportation Opportunities – The promotion of a multimodal transportation network within the HTRZ that ensures convenient and equitable access to various transportation options. Standards that would meet this benchmark include, but are not limited to, car sharing, bike sharing, and transit pass programs for employees and residents.

Public Art – In consultation with the City and the South Salt Lake Arts Council, the inclusion of publicly visible and accessible murals and other street art that promotes cultural expression and adds to the experience, value and identity of Downtown South Salt Lake.

Public Facing Building Amenities - In consultation with the City inclusion of publicly accessible: activated street corners, rooftop amenities, parking and/or employee parking, plaza/recreation/gathering spaces, or public support spaces that provide public access

Public Space – In consultation with the City, significant community amenities (parks, promenades, plazas, etc.) that provide opportunities for social interaction, neighborhood events, and enhance the Downtown South Salt Lake identity.

Walkability – The creation of a walkable downtown and connectivity that supports a safe and engaging pedestrian experience. As further outlined in the City's adopted streetscape, open space, and other adopted plans, including providing access to free public transportation.

Enhanced Design Standards - In consultation with the City inclusion of design standards beyond zoning requirements outlined in The Downtown South Salt Lake Design Standards.

Energy Efficiency Standards - Documentation of building certification meeting or exceeding (TBD) energy efficiency standards such as Energy Star (75+), Site EUI of 22, Fannie Mae Green Building (Towards Zero), or DFCM High Performance Building certification.

Adaptive Reuse of Existing Buildings – The acknowledgement of Downtown South Salt Lake's history and uniqueness through repurposing of historic and underutilized structures. Adaptive reuse is encouraged with general requirements outlined in Section 5.8 of The Downtown South Salt Lake Zoning Ordinance & Design Standards.