SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

REINVESTMENT ADVISORY COMMITTEE STAFF MEMO

DATE: September 9, 2026

PREPARED BY: Kristina Harrold, Project Manager

RE: Revisions to the Housing and Transit Reinvestment Zone ("HTRZ") and Community Reinvestment Area ("Project Area") Tax Increment Reimbursement Program Policies

REQUESTED ACTION: Policy discussion on proposed revisions to the CRA's tax increment reimbursement programs

POLICY ITEM: HTRZ Tax Increment Reimbursement Program Policy and Project Area Tax Increment Reimbursement Program Policy

BUDGET IMPACTS: N/A

EXECUTIVE SUMMARY:

Tax increment reimbursements are a powerful economic development tool, designed to support impactful development projects in Salt Lake City ("City"). The Salt Lake City Community Reinvestment Agency ("CRA") administers tax increment reimbursements through two programs: the Housing and Transit Reinvestment Zone ("HTRZ") Tax Increment Reimbursement Program, and the Project Area Tax Increment Reimbursement Program.

CRA staff are recommending updates to both program policies to ensure alignment with the CRA and City's development goals, as well as add clarity and consistency across the programs.

The Reinvestment Advisory Committee may wish to make recommendations to the CRA Board of Directors regarding the policy revisions described in this memo.

BACKGROUND:

Tax increment reimbursements are extremely lucrative tools for development when compared to traditional financing, as they are direct payments to developers. Developers receive reimbursements on property taxes based on the increased assessed value of completed projects, often for terms of 10 or more years.

The CRA participates in tax increment reimbursement agreements ("TIRAs") through two programs:

The **HTRZ Tax Increment Reimbursement Program Policy** was adopted by the CRA in 2023, following the creation of HTRZs by the Utah State Legislature in 2021. HTRZs enable cities to capture tax revenue growth near public transit stations to fund development, infrastructure, and affordable housing, and Salt Lake City has two active HTRZs: Salt Lake Central HTRZ and 900 South HTRZ.

The CRA's HTRZ Tax Increment Reimbursement Program Policy follows the intent of the State code by supporting development, infrastructure, and affordable housing through tax increment reimbursements that are made available to projects meeting minimum requirements ("Threshold Requirements") on identified collection parcels within HTRZs.

Since the establishment of the CRA's HTRZ Tax Increment Reimbursement Program, the Board has approved two HTRZ TIRAs.

The **Project Area Tax Increment Reimbursement Program Policy** was adopted in 2017 and provides two methods for tax increment reimbursements in existing or new CRA Project Areas:

a. The *Project Area Development Tool* is designed to provide tax increment reimbursements to projects meeting the Threshold Requirements in existing CRA Project Areas.
b. The *Single Property Business Retention Tool* supports projects anywhere in Salt Lake City specifically for the purposes of business retention and economic development. The *Single Property Business Retention Tool* differs from the other tax increment tools in its requirements and approval process, as it requires the simultaneous creation of a community reinvestment area at the same time as tax increment reimbursement approval.

Due to the lucrative nature of TI reimbursements and the high level of staff time required for review and approval of TI reimbursement agreements, TIRAs in Project Areas are reserved for highly impactful and often regionally significant projects. The CRA is actively administering five project area tax increment reimbursements.

ANALYSIS & ISSUES:

Policy Updates

Policy updates are centered around the reimbursement agreement terms (rate, maximum amount, and length) and the Threshold Requirements. The updates are specifically intended to better align the CRA's tax increment reimbursement programs with CRA and City mission and values, as well as create concordance between the three tools.

1. <u>Reimbursement Agreement Terms</u>

Currently, the base reimbursement rate to developers is 60% of the increment that the CRA collects on an annual basis. The maximum annual reimbursement rate is 90% of the CRA's collected tax increment, which developers can meet by providing additional public benefits beyond Threshold Requirements. Public benefits incentives are each worth 10% bonus above the 60% base rate.
The recommended policy revision maintains the base reimbursement rate at 60%, but reduces the maximum rate to 80% and reduces the incentive bonus from 10% per additional public benefit to 5% per benefit.

The 900 South and Salt Lake Central HTRZs were established to support both private and public investments in development, infrastructure, and affordable housing. There are significant public infrastructure improvements required in both HTRZs that will support adjacent private development projects: street, curb and gutter, and stormwater management improvements in the Granary District; transportation safety, multimodal connection, and parking improvements to 500 W; and an expanded street network and utility upgrades in the Depot District. The reduction in maximum tax increment reimbursement rate from 90% to 80% ensures that the CRA and City will have funds to support these critical infrastructure projects. The reduction in incentive bonuses from 10% to 5% further verifies that awarded projects are impactful to the community and provide a higher level of public benefits than typical projects in the market.

As currently written, term lengths are variable by each tax increment reimbursement tool. The CRA's recommendation is to simplify term lengths across the program tools, setting the standard as the lesser of 15 years or the length of time remaining in the HTRZ/Project Area, unless otherwise negotiated.

	Existing Policies	**Proposed Policies**
Base Reimbursement Rate	60%	60%
Maximum Reimbursement Rate	90%	80%
Public Benefit Incentives	10% each	5% each
Term Length	HTRZ – Negotiated (undefined) Project Area Development – The lesser of 10 years or sum of years remaining in the project area Single Property Business Retention Tool – 25 yrs	All – The lesser of 15 years or time remaining in the project area, or otherwise negotiated

2. <u>Threshold Requirements</u>

The recommended policy updates will focus CRA tax increment reimbursement support around the CRA's funding priorities. TIRAs for HTRZs, the Project Area Development Tool, and the Single Property Business Retention Tool each have differing Threshold Requirements that speak to their unique purpose and intent.

<u>HTRZs</u>

The HTRZ Tax Increment Reimbursement Program policy was adopted in 2023 and as such, encapsulates many of the CRA's current funding priorities. The recommended updates are to add in the Art Policy requirement for all projects, and to replace "qualifying livability benchmarks" with Commercial or Housing Funding Priorities for the projects that do not incorporate housing. All other Threshold Requirements remain the same.

Existing HTRZ Threshold Requirements	**Proposed HTRZ Threshold Requirements**
All projects:	All existing Threshold Requirements, AND:

Existing HTRZ Threshold Requirements	Proposed HTRZ Threshold Requirements
• Must meet all applicable standards and objectives of the HTRZ Act and approved HTRZ • Must include activated ground floor space • Must comply with the CRA Sustainable Development Policy • Applicant must provide sufficient evidence that tax increment funding is necessary for the project to succeed Projects that incorporate housing: • At least 10% of housing units within a project must be affordable to those earning 60% AMI and below, or, 20% of units must be affordable to those earning 80% AMI and below Projects that do not incorporate housing: • Projects must meet at least two (2) qualifying livability benchmarks	All projects: • Must comply with the CRA Sustainable Development Policy and Art Policy Projects that do not incorporate housing: • ~~Projects must meet at least two (2) qualifying livability benchmarks~~ • Project must satisfy at least one of the CRA's Commercial Funding Priorities or Housing Funding Priorities

Project Area Development Tool

Unlike HTRZs, tax increment is not meant to be the primary form of CRA financial support in Project Areas. As a result, the Threshold Requirements are more nuanced and reserve the tool for what would be highly impactful projects for the City. Recommended updates will align projects with CRA's current funding priorities and better define eligible projects.

Existing Project Area Threshold Requirements	Proposed Project Area Threshold Requirements
• Align with CRA project area plan • Meet at least one Public Benefit criteria • Applicant must provide sufficient evidence that tax increment funding is necessary for the project to succeed • Project must involve significant private investment to ensure adequate yield of tax increment.	• Projects must be regionally significant. • New construction projects must be above 350,000 square feet of development, unless involving preservation of a historic structure. • Project must meet at least one CRA Housing Funding Priority or one Commercial Funding Priority. • Must include activated commercial space on the ground floor. • Must comply with the CRA Sustainable Development Policy and Art Policy.

<table>
<tr><th>Existing Project Area
Threshold Requirements</th><th>Proposed Project Area
Threshold Requirements</th></tr>
<tr><td></td><td>• Applicant must provide sufficient evidence that tax increment funding is necessary for the project to succeed.</td></tr>
</table>

<u>Single Property Business Retention Tool</u>

The Single Property Business Retention Tool is specifically designed to retain existing Salt Lake City businesses and help them grow and evolve into larger, impactful economic development drivers. The Threshold Requirements for this tool are primarily focused on business metrics.

After receiving feedback from the Department of Economic Development and Mayor Mendenhall, staff propose to maintain most of the existing Threshold Requirements, while adding in the Art Policy.

<table>
<tr><th>Existing Single Property
Threshold Requirements</th><th>Proposed Single Property
Threshold Requirements</th></tr>
<tr><td>• The Local Business must commit to invest a minimum of $12 million in private capital expenditures into the project.
• The Local Business must demonstrate the project will result in job retention and/or job creation. One of the following job creation/retention standards must be achieved:
o The minimum creation of one (1) full-time equivalent permanent job (created or retained) per $50,000 of eligible tax increment.
o The creation or retention of jobs at an aggregate of 110% of the average Salt Lake County wage.
• The Local Business must demonstrate that the tax increment reimbursement is necessary for the project to succeed.
• The Local Business must demonstrate that it is an existing Salt Lake City-based business and the tax increment reimbursement will result in the business remaining or expanding in the City.</td><td>All existing Threshold Requirements, AND:

• Projects must comply with the CRA Sustainable Development Policy and the CRA Art Policy.
The job retention/job creation standards will be defined as:
• [No change] The minimum creation of one (1) full-time equivalent permanent job (created or retained) per $50,000 of eligible tax increment.
• The creation or retention of jobs at an aggregate of 110% of the average Salt Lake County wage, or as required by the Utah Legislature for the Economic Development Tax Increment Financing tax credit, whichever is higher.</td></tr>
</table>

3. Miscellaneous Policy Additions

Additional terms and conditions were included in the three tools to clarify several aspects of the existing tax increment reimbursement policies:

- Eligibility:
  - *"The CRA may determine, in its sole discretion, if the entire project or only specific project elements are eligible."*
  - *"The CRA may consider, in its sole discretion, Reimbursements for projects that are already under construction, assuming that such projects demonstrate financial need. Projects that are already under construction shall not be eligible for any waivers or exceptions of the Policy."*
  - *"Under no circumstances shall the CRA or Salt Lake City have any obligation as a borrower, obligor, guarantor, issuer, co-issuer, or otherwise liable party with respect to project financing of any kind. All tax increment payments will be payable by the CRA solely and directly to the Developer."*

- Inclusion of the CRA fee schedule for TIRA applications.

- Compliance:
  - *"Certain requirements, as determined by the CRA, may be put in place to ensure that projects remain compliant with obligations associated with HTRZ threshold requirements and incentives. Some commitments may be memorialized in loan agreements, restrictive use agreements, or other forms of agreement that are executed at loan closing. Obligations may extend beyond the approved loan term to the extent they are consistent with its intent."*

NEXT STEPS

The CRA Board will consider whether the proposed policy revisions achieve desired outcomes for the tax increment reimbursement tools and take action to approve or amend the updates.

ATTACHMENTS

A. EXISTING Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program Policy
B. REDLINE Amended and Restated Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program Policy
C. CLEAN Amended and Restated Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program Policy
D. EXISTING Community Reinvestment Area Tax Increment Reimbursement Program Policy
E. Repealed and Replaced Project Area Tax Increment Reimbursement Program Policy

ATTACHMENT A

EXISTING Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program Policy

Redevelopment Agency of Salt Lake City

RESOLUTION NO. _16_

Housing and Transit Reinvestment Zone
Tax Increment Reimbursement Program Policy

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING THE RDA HOUSING AND TRANSIT REINVESTMENT ZONE TAX INCREMENT REIMBURSEMENT PROGRAM POLICY

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

WHEREAS, pursuant to the Act, the Redevelopment Agency of Salt Lake City (**RDA**) 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 HTRZ Committee approved Housing and Transit Reinvestment Zone (**HTRZ**) for the purpose of utilizing the funds as allowed by the HTRZ Act.

WHEREAS, the Board of Directors of the Redevelopment Agency of Salt Lake City (**Board**) supports the distribution of tax increment associated with an HTRZ pursuant to the process outlined below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby establish policy guidelines for the RDA HTRZ Tax Increment Reimbursement Program to include the following:

1. **GENERAL**
   a. **Purpose**
   The RDA HTRZ Tax Increment Reimbursement Program (**Program**) may provide project developers or property owners a tax increment reimbursement (**Reimbursement**) for the development of improvements in or associated with an HTRZ that meet the goals and objectives of the HTRZ Act, the executed interlocal agreement between the RDA and Salt Lake City, and the RDA's Mission and Values, and provides significant public benefit. The Program is designed to provide reimbursements that are calculated using Salt Lake County's assessed property value. 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 Salt Lake City, the approved HTRZ, and the RDA's Mission and Values. As provided in the HTRZ Act, a Reimbursement can only be authorized pursuant to a Reimbursement Agreement (**Agreement**), the terms of which are approved by the Board. The Board

reserves the right to modify or deny a tax increment reimbursement application at any time for any reason. The Board's approval of an Agreement shall be made by resolution and include a description of the development the applicant will undertake, the amount of funds the applicant may receive, and the terms and conditions under which the applicant may receive the funds.

c. **Tax Increment Calculation**

The formula to calculate the Reimbursement 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 last equalized prior to the construction of improvements on the property. 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 **New Growth**.
   - Multiply New Growth by the current effective tax rate. *(New Growth) x (Effective Tax Rate) = Total Annual Tax Increment (TI)*

ii. Step 2: Estimate the Annual TI Received by the RDA.
   - Total Annual TI multiplied by the percentage of TI received by the RDA. *(Total Annual TI) x (% of TI received by the RDA) = Total Annual TI Received by the RDA.*

iii. Step 3: Estimate the Annual Reimbursement Payment.
   - Using the developer/property owner reimbursement rate (**Reimbursement Rate**) established in the Agreement, calculate the estimated annual reimbursement payment.
   - *(Total Annual TI Received by the RDA) x (Reimbursement Rate) = Estimated Annual TI 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 Maximum Amount of Tax Increment Available to the Developer or Property Owner Over the Term of the Agreement.
   - *(Estimated Annual TI Reimbursement Payment) x (the Term of the Reimbursement Agreement) = Total TI 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 Reimbursement is dependent on the increment being generated by the project.

d. **Eligible Costs**
The tax increment reimbursement 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 Reimbursement must follow the RDA's administrative design review process. Projects will be required to be in conformance with all Salt Lake City policies, ordinances, and codes.

2. REQUIREMENTS AND STRUCTURE

a. **Threshold Requirements of Projects that Incorporate Housing**
   i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ; and,
   ii. At least 10% of housing units within a project must be affordable to those earning 60% the Area Median Income (AMI) and below, or, 20% of units must be affordable to those earning 80% AMI and below. Income averaging of units within a single project may be utilized to achieve AMI thresholds; and,
   iii. Projects must include activated, ground floor space if not a private residence. Activated, ground floor space means a minimum of 50% of all ground floor, street-facing building facades must contain an active (commercial, retail, or office) use that is not exclusive to the tenants of the building; and,
   iv. Projects must comply with the RDA's Sustainable Development Policy; and,
   v. 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.

b. **Threshold Requirements of Projects that Do Not Incorporate Housing**
   i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ; and,
   ii. Projects must meet **at least two (2)** of the RDA's qualifying livability benchmarks: permanent job creation; affordable commercial spaces; ownership; transportation opportunities; neighborhood safety; community engagement and support; public art; public space; walkability; and building preservation, rehabilitation, or adaptive reuse (collectively, **Qualifying Livability Benchmarks**).
   iii. Projects must include activated, ground floor space; and,
   iv. Projects must comply with the RDA's Sustainable Development Policy; and,
   v. The applicant must provide sufficient evidence (including, but not limited to the project pro forma, senior lender agreements, equity investor agreements,

etc.) that the Reimbursement is necessary for the project to succeed and to verify that the request is reasonable.

c. **Affordable 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 at least 30 years. 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.
   ii. Bedroom Count Mix – The affordable units shall be located on different floors of the building and spread among bedroom counts (1-bedroom, 2-bedroom, 3-bedroom, etc.) in the same proportion as the units available within the rest of the project.

d. **Eligible Project Locations**
Eligible projects shall be located in or associated with an active HTRZ that allows tax increment reimbursements pursuant to the HTRZ Act.

e. **Maximum Reimbursement Term**
The Reimbursement term will be negotiated based upon a project's level of public benefits and demonstrated financial need and shall be consistent with the HTRZ Act.

f. **Maximum Reimbursement Rate**
   i. Base Level Reimbursement – The maximum reimbursement rate for Projects that only meet the Threshold Requirements is 60%.
   ii. Increased Reimbursement Incentives – Projects may be eligible to receive an additional 10% increase in the reimbursement rate for meeting elements listed below, with each element being worth an additional 10%. The possible total maximum reimbursement rate is 90%. The elements are:
      1. Incorporating Qualifying Livability Benchmarks in the project beyond the Threshold Requirements.
      2. Providing an additional 10% of total affordable units at 60% AMI and below beyond the Threshold Requirements.
      3. The inclusion of 3- and 4-bedroom units in projects that incorporate housing.
      4. Meeting a priority identified in the RDA's Annual Housing Funding Strategy established pursuant to the Housing Allocation Funds Policy.

g. **Maximum Reimbursement Amount**
The maximum Reimbursement amount will be negotiated based upon a project's eligible costs, level of public benefits, and demonstrated financial need, and shall be consistent with the HTRZ and HTRZ Act.

3. EVALUATION AND APPROVAL PROCESS

a. 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, on standard RDA forms. All applications must be complete 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: RDA Finance Committee Review.
  RDA staff shall forward complete applications that meet the threshold requirements to the RDA Finance Committee. The RDA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the application and formulate a recommendation to the Board.

  iii. Step 3: Board Consideration of the Tax Increment Reimbursement Agreement Terms.
  Upon review of the application and supporting material, the Board may consider for approval a resolution detailing the Agreement terms.

  iv. Step 4: Agreement Finalization.
  Once the terms of an agreement have been authorized by the Board through an approved resolution, the RDA and developer will execute an Agreement consistent with the terms approved by the Board, and any other legal agreements (including an affordable housing restriction) deemed necessary by the City Attorney's Office.

4. AGREEMENT TERMS

a. **Participation and Reimbursement 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: RDA Discretion
  The RDA intends that the beneficiary of the Reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the project or property, 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 Reimbursements 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.

  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 RDA does not consent to the transfer of the Agreement, the Reimbursement 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 Reimbursement payable by the RDA to the recipient will decrease, and the percentage share of the tax increment received by 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 Reimbursement 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 Reimbursement recipients as per the following:

1. Project Completion: Upon project completion, Reimbursement 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 Reimbursement, Reimbursement 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.

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

5. REPORTING REQUIREMENTS

a. **Reporting**
The RDA shall provide a written briefing to the Board once per fiscal year, which contains an update on the RDA's Reimbursement portfolio. Such briefing shall include a summary of new Agreements, anticipated budget impacts, and project metrics.

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. The statement will be placed in the project file.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this day of December 12th, 2023.

Daniel Dugan (Dec 20, 2023 13:09 MST),
Chair

Approved as to form: Allison Parks (Dec 15, 2023 10:51 MST)
Salt Lake City Attorney's Office
Allison Parks
Date: Dec 15, 2023

THE REDEVELOPMENT AGENCY OF SALT LAKE CITY CORPORATE SEAL

The Executive Director:

☑ does not request reconsideration
☐ requests reconsideration at the next regular Agency meeting.

Erin Mendenhall (Dec 20, 2023 14:01 MST)
Erin Mendenhall, Executive Director

Attest:

City Recorder

ATTACHMENT B

REDLINE Amended and Restated Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program Policy

~~Redevelopment Agency of~~ Salt Lake City Community Reinvestment Agency

RESOLUTION NO. ________

Housing and Transit Reinvestment Zone
Tax Increment Reimbursement Program Policy

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ~~REDEVELOPMENT AGENCY OF~~ SALT LAKE CITY ~~ADOPTING~~COMMUNITY REINVESTMENT AGENCY AMENDING AND RESTATING THE ~~RDA~~CRA HOUSING AND TRANSIT REINVESTMENT ZONE TAX INCREMENT REIMBURSEMENT PROGRAM POLICY

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

WHEREAS, pursuant to the Act, the ~~Redevelopment Agency of~~ Salt Lake City ~~(**RDA**~~Community Reinvestment Agency (**CRA**) administers the collection and distribution of tax increment, including entering into reimbursement agreements (also known as ~~tax increment reimbursement agreements~~**Tax Increment Reimbursement Agreements**, or, **Reimbursement Agreements**, or, **Agreements**) with ~~project developers or~~ owners of property ~~owners associated with an HTRZ Committee~~within an approved Housing and Transit Reinvestment Zone (**HTRZ**) ~~for~~to support the ~~purpose~~construction of ~~utilizing the funds~~certain uses, as allowed by the HTRZ Act and subject to any conditions instituted at the time of HTRZ approval.

WHEREAS, pursuant to Resolution 16-2023, the CRA Board of Directors ~~of the Redevelopment Agency of Salt Lake City (**Board**)~~ (**Board**) adopted the Housing and Transit Reinvestment Zone Tax Increment Reimbursement Program Policy (**Program Policy**) to guide the CRA's distribution of HTRZ tax increment.

WHEREAS, the Board supports the ~~distribution of tax increment associated with an HTRZ pursuant to the~~ goal to enable housing and commercial developments that align with CRA's mission and values by amending and restating the Program Policy and corresponding process ~~outlined below.~~ for the distribution of HTRZ tax increment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ~~REDEVELOPMENT AGENCY OF~~ SALT LAKE CITY COMMUNITY REINVESMENT AGENCY, that we ~~do~~ hereby ~~establish policy guidelines for~~amend and restate the ~~RDA~~ HTRZ Tax Increment Reimbursement Program ~~to include the following~~Policy as follows:

1. **GENERAL**
   a. **Purpose**
   The ~~RDA~~ HTRZ Tax Increment Reimbursement Program (**Program**) may provide project developers or property owners a property tax increment reimbursement (**Reimbursement**) for the development of certain eligible improvements in ~~or associated with~~ an HTRZ that meet the goals and objectives of the HTRZ Act, ~~the executed interlocal agreement between~~subject to any conditions placed on the HTRZ at the ~~RDA~~time of its approval, and ~~Salt Lake City, and the RDA's Mission and~~

~~Values, and provides significant public benefit.~~satisfy this Program Policy. The Program is designed to provide ~~reimbursements~~Reimbursements to encourage development that benefits the public but would not, absent tax increment funding, be financially viable. Reimbursements are calculated using Salt Lake County's assessed property value. The developer or property owner will receive a percentage of the tax increment generated from ~~its~~the project for a specified timeframe~~, and the RDA~~ to reimburse them for Eligible Costs as defined in Section 1.c.ii. The CRA 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 Salt Lake City, the approved HTRZ, and the RDA's Mission and Values. As provided in the HTRZ Act, a~~A Reimbursement ~~can~~shall only be authorized pursuant to a Tax Increment Reimbursement Agreement~~ **(Agreement)**~~, the terms of which are approved by the Board.

The Board reserves the right to modify or deny a tax increment reimbursement application at any time for any reason~~.~~, including the availability of tax increment in the HTRZ. The Board's approval of an Agreement shall be made by resolution and include a description of the development the applicant will undertake, the amount of funds the applicant may receive, and the terms and conditions under which the applicant may receive the funds.

~~c. **Tax Increment Calculation**~~

~~The formula to calculate the Reimbursement 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 last equalized prior to the construction of improvements on the property. 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 **New Growth**.~~
- ~~Multiply New Growth by the current effective tax rate.~~ ~~*(New Growth) x (Effective Tax Rate) = **Total Annual Tax Increment (TI)***~~

~~ii. Step 2: Estimate the Annual TI Received by the RDA.~~
- ~~Total Annual TI multiplied by the percentage of TI received by the RDA. *(Total Annual TI) x (% of TI received by the RDA) = Total Annual TI Received by the RDA.*~~

~~iii. Step 3: Estimate the Annual Reimbursement Payment.~~

- ~~Using the developer/property owner reimbursement rate (**Reimbursement Rate**) established in the Agreement, calculate the estimated annual reimbursement payment.~~
- ~~*(Total Annual TI Received by the RDA) x (Reimbursement Rate) = Estimated Annual TI 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 Maximum Amount of Tax Increment Available to the Developer or Property Owner Over the Term of the Agreement.~~

- ~~*(Estimated Annual TI Reimbursement Payment) x (the Term of the Reimbursement Agreement) = Total TI 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 Reimbursement is dependent on the increment being generated by the project.~~

c. **Eligibility**

i. **Eligible Project Location**

Eligible projects shall be located in or associated with an approved HTRZ, on an identified collection parcel that allows for Reimbursements pursuant to the HTRZ Act.

~~d.~~ii. **Eligible Costs**

The ~~tax increment reimbursement~~Reimbursement will be limited by ~~state law as indicated by Section 63N-3-607(4) of the~~Utah State HTRZ Act and ~~Section 11-41-103 of~~ the Prohibition on Retail Facility Incentive Payments Act. Eligible Costs may also be limited by conditions placed on the specific HTRZ at the time of its approval.

The ~~RDA~~CRA may determine, in its sole discretion, if the entire project or only specific project elements are eligible. In unusual circumstances, the CRA may consider, in its sole discretion, Reimbursements for projects that are already under construction, assuming that such projects demonstrate financial need. Projects that are already under construction shall not be eligible for any waivers or exceptions of the Policy.

~~e.~~a. ~~**Design Review**~~

~~Projects approved for Reimbursement must follow the RDA's administrative design review process. Projects will be required to be in conformance with all Salt Lake City policies, ordinances, and codes.~~

Under no circumstances shall the CRA or Salt Lake City have any obligation as a borrower, obligor, guarantor, issuer, co-issuer, or otherwise liable party with respect to project financing of any kind. All tax increment payments will be payable by the CRA solely and directly to the Developer.

iii. **Eligible Applicants**

Eligible applicants are property owners or project developers who: (a) demonstrate control of the project site through fee ownership or similar long term real property rights, (b) will pay the annual property taxes, and (c) will own and exercise substantial control over the project.

d. **Qualifying Funding Priorities and Livability Benchmarks**

The CRA routinely establishes housing and commercial funding priorities that designate goals for development across all CRA projects (**Housing Funding Priorities** and **Commercial Funding Priorities**). The CRA's Livability Benchmarks are derived from the CRA's core mission and three (3) overarching values: Economic Opportunity, Equity and Inclusion, and Neighborhood Vibrancy. Funding Priorities and Livability Benchmarks that make a project eligible for incentives in accordance with Section 3 will be identified in administrative guidelines (**Qualifying Funding Priorities** and **Qualifying Livability Benchmarks**).

2. PROJECT REQUIREMENTS AND REIMBURSEMENT STRUCTURE

To be eligible for a tax increment Reimbursement Agreement, projects must, at minimum, meet the following minimum requirements (**Threshold Requirements**), in addition to further requirements and clarifications that may be established in the tax increment administrative guidelines.

~~a.~~ **Threshold Requirements** ~~**Threshold Requirements of Projects that Incorporate Housing**~~

a. **for All Projects**

i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ~~; and,~~.

ii. Projects must include activated commercial space on the ground floor. Activated commercial space means that an amount of frontage that is equal to 50% of the length of all street-facing building facades must contain a non-residential use that is open to the public, not exclusive to the tenants of the building, and encourages pedestrian activity and walk-in traffic. Activated commercial spaces shall have a minimum depth of 25 feet. An exception may be provided for projects that are unable to meet the minimum required dimensions because they involve the preservation or rehabilitation of an existing building. Frontage areas occupied by private residences may count toward the overall activation requirement.

iii. Projects must comply with the CRA Sustainable Development Policy and the CRA Art Policy.

iv. The applicant must provide sufficient evidence (including, but not limited to the project pro forma, senior lender agreement(s), equity investor agreements, etc.) that the requested amount and terms are reasonable and necessary for the project to succeed, based on commercially reasonable expectations for developer financial returns.

b. **Threshold Requirements for Projects that Incorporate Housing**

~~ii.~~i. At least 10% of housing units within a project must be affordable to those earning 60% the Area Median Income (AMI) and below, or, 20% of units must be affordable to those earning 80% AMI and below. Income averaging of units within a single project may be utilized to achieve AMI thresholds~~; and,~~ .

~~iii. Projects must include activated, ground floor space if not a private residence. Activated, ground floor space means a minimum of 50% of all ground floor, street-facing building facades must contain an active (commercial, retail, or office) use that is not exclusive to the tenants of the building; and,~~

~~iv. Projects must comply with the RDA's Sustainable Development Policy; and,~~

~~v.~~ Deed restriction - Prior~~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.~~

~~b. **Threshold Requirements of Projects that Do Not Incorporate Housing**~~

~~i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ; and,~~

~~ii. Projects must meet **at least two (2)** of the RDA's qualifying livability benchmarks: permanent job creation; affordable commercial spaces; ownership; transportation opportunities; neighborhood safety; community engagement and support; public art; public space; walkability; and building preservation, rehabilitation, or adaptive reuse (collectively, **Qualifying Livability Benchmarks**).~~

~~iii. Projects must include activated, ground floor space; and,~~

~~iv. Projects must comply with the RDA's Sustainable Development Policy; and,~~

~~v. The applicant must provide sufficient evidence (including, but not limited to the project pro forma, senior lender agreements, equity investor agreements, etc.) that the Reimbursement is necessary for the project to succeed and to verify that the request is reasonable.~~

~~c. **Affordable Housing Requirements.**~~

~~i.~~1. ~~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 ~~at least~~a minimum of 30 years. 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.

~~ii.~~2.Bedroom ~~Count Mix –~~ count mix - The affordable units shall be located on different floors of the building and spread among bedroom counts (1-bedroom, 2-bedroom, 3-bedroom, etc~~.) in the same proportion as the units available within the rest of the project.~~ .).

c. **Threshold Requirements for Projects that Do Not Incorporate Housing**

i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ.

ii. Projects must satisfy at least one of the CRA's Commercial Funding Priorities, as defined in administrative guidelines.

d. **Design Review**

~~d. **Eligible Project Locations**~~

~~Eligible projects shall be located in or associated with an active HTRZ that allows tax increment reimbursements pursuant to the HTRZ Act.~~

~~**Maximum**~~ Projects shall comply with all Salt Lake City policies, ordinances, and codes.

3. REIMBURSEMENT STRUCTURE AND CALCULATION

~~e.~~a. **Reimbursement Term**

The Reimbursement ~~term~~Term will be ~~negotiated based upon a project's level of public benefits and~~ according to demonstrated financial need and ~~shall be consistent with the~~ the overall value of public benefit being provided. The maximum possible Reimbursement Term is equal to the number of collection years remaining in the HTRZ~~ Act.~~ .

~~f.~~b. ~~**Maximum**~~ **Reimbursement Rate**

i. Base Level Reimbursement – The ~~maximum~~base reimbursement rate for ~~Projects~~projects that ~~only~~ meet the Threshold Requirements is 60%.

ii. Increased Reimbursement Rate Incentives – Projects may be eligible to receive an ~~additional 10%~~ increase in the reimbursement rate ~~for meeting elements listed below, with each element being worth an~~ and amount by satisfying the following criteria:

1. Incorporating additional Qualifying Funding Priorities or Qualifying Livability Benchmarks beyond those used to meet the Threshold Requirements, or
2. Substantially exceeding requirements for a Qualifying Funding Priority or Qualifying Livability Benchmark being used to meet the Threshold Requirements.

~~ii.~~ Each additional ~~10%.~~Qualifying Funding Priority or Qualifying Livability Benchmark met is worth an added 5% to the reimbursement rate and amount. The possible total maximum reimbursement rate and amount is ~~90%. The elements are:~~80%.

1. ~~Incorporating Qualifying Livability Benchmarks in the project beyond the Threshold Requirements.~~
2. ~~Providing an additional 10% of total affordable units at 60% AMI and below beyond the Threshold Requirements.~~
3. ~~The inclusion of 3- and 4-bedroom units in projects that incorporate housing.~~
4. ~~Meeting a priority identified in the RDA's Annual Housing Funding Strategy established pursuant to the Housing Allocation Funds Policy.~~

~~g.~~c. **Maximum Reimbursement Amount**

The maximum ~~Reimbursement~~reimbursement amount to be paid to the property owner or developer will be ~~negotiated~~determined based ~~upon~~ on consideration of a project's eligible costs, ~~level of public benefits, and~~ demonstrated financial need, ~~and~~ the overall value of public benefit being provided, as well as the CRA's existing debt obligations. The CRA's authorized uses of tax increment shall have priority over any tax increment reimbursement payments.

d. **Tax Increment Calculation**

The formula to calculate the Reimbursement 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 last equalized prior to application submittal. 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 **New Growth**.
   - Multiply New Growth by the current effective tax rate. *(New Growth) x (Effective Tax Rate) =* ***Total Annual Tax Increment (TI)***

ii. Step 2: Estimate the Annual TI Received by the ~~be consistent~~CRA.
   - Multiply Total Annual TI by the percentage of TI received by the CRA. *(Total Annual TI) x (% of TI received by the CRA) =* ***Annual TI Received by the CRA.***

iii. Step 3: Estimate the Annual TI Received by the CRA after the Administrative Fee is taken out.
   - Multiply Total Annual TI Received by the CRA by 98% to account for the 2% fee set-aside by the CRA for administrative expenses. *(Total Annual TI Received by the CRA) x (0.98%) =* ***Total Annual TI Received by the CRA Post-Admin Fee.***

iv. Step 4: Estimate the Annual Reimbursement Payment.
   - Using the anticipated reimbursement rate (**Reimbursement Rate**), calculate the estimated annual reimbursement payment. Refer to Section 3.b. for more information on how the Reimbursement Rate is determined. *(Total Annual TI Received by the CRA Post-Administrative Fee) x (Reimbursement Rate) =* ***Estimated Annual TI Reimbursement Payment.***

v. Step 5: Calculate the Maximum Amount of Tax Increment Available to the Developer or Property Owner over the Term of the Agreement (**Reimbursement Term**).
   - Refer to Section 3.a. for more information on how the Reimbursement Term is determined. *(Estimated Annual TI Reimbursement Payment) x (Reimbursement Term) =* ***Total TI 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 CRA's sole discretion.

The actual Reimbursement amount will be dependent on the increment that is generated by the project, and demonstration of documented, eligible expenses to be approved by the CRA. Payments will be subordinate to the CRA's existing debt obligations. Applicants should work with ~~the~~ CRA staff to understand these factors within each HTRZ ~~and HTRZ Act~~.

~~3.~~4. EVALUATION AND APPROVAL PROCESS

~~Applications~~

a. Eligible applications that meet the ~~requirements detailed in Section 2~~Threshold Requirements of this Program Policy will be evaluated and processed as ~~detailed below.~~follows:

   i. Step 1: Application Processing and ~~RDA~~CRA Staff Review.
   All applications shall be made to ~~RDA~~CRA staff, on standard ~~RDA~~CRA forms~~.~~, accompanied by proof of payment or a check in the amount of the application fee. All applications must be complete to be evaluated, and if ~~either~~ the ~~applicant or~~ proposed project fails to demonstrate the ability to ~~meet application requirements, RDA~~satisfy Threshold Requirements, CRA staff may deny the application.

   ii. Step 2: ~~RDA~~CRA Finance Committee Review.
   ~~RDA~~CRA staff shall forward complete applications that meet the ~~threshold requirements~~Threshold Requirements to the ~~RDA~~CRA Finance Committee. The ~~RDA~~CRA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the ~~application~~request and formulate a recommendation to the Board.

   iii. Step 3: Board Consideration of the Tax Increment Reimbursement Agreement Terms.
   Upon review of the application and supporting ~~material~~materials, the Board may consider for approval a resolution detailing the Agreement terms.

   iv. Step 4: Agreement Finalization.
   Once the Agreement terms ~~of an agreement~~ have been authorized by the Board through an approved resolution, the ~~RDA~~CRA and developer or property owner will execute an Agreement consistent with the ~~terms~~ approved ~~by the Board, and~~terms, as well as any other legal agreements (~~including~~such as an affordable housing restriction) deemed necessary by the City Attorney's Office.

~~4.~~5. AGREEMENT TERMS

a. **Participation and Reimbursement 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: ~~RDA~~CRA Discretion
The ~~RDA~~CRA intends that the beneficiary of the Reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the project or property, 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 Reimbursements 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~~CRA will have sole discretion to determine the beneficiary of the tax increment.

If, after execution of the Agreement ~~is executed and~~, the real property and/or the project are conveyed to a third party ~~while the improvements are still being constructed,~~during the ~~RDA~~reimbursement term, the CRA will ~~retain~~have the right to ~~consent~~review any request to ~~the~~assign or transfer the Agreement to the ~~new owner~~third party and, in ~~order to ensure that~~its sole discretion, to consent to or deny such assignment or transfer. In determining whether to consent to an assignment or transfer, the CRA may consider whether the benefits ~~the RDA anticipated receiving~~, commitments, obligations, and other terms contemplated under the ~~original~~ Agreement ~~with~~will continue to be satisfied by the ~~original~~proposed new owner or developer ~~are consistent with the new developer. If RDA~~. No assignment or transfer of the Agreement will be effective without the CRA's prior written consent. If the CRA does not consent to the assignment or transfer ~~of~~, the ~~Agreement, the~~CRA will have no obligation to make any further Reimbursement ~~will cease~~payments and the Agreement will automatically terminate~~.~~ upon conveyance of the real property and/or project to a third party.

ii. Tax Appeals
All ~~reimbursement~~Reimbursement recipients shall be required to notify the ~~RDA~~CRA 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 Reimbursement payable by the ~~RDA~~CRA to the recipient will decrease, and the percentage share of the tax increment received by ~~RDA~~CRA shall be increased, so that the dollar amount received by the ~~RDA~~CRA 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 Reimbursement 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 Reimbursement recipients as per the following:

1. Project Completion: Upon project completion, Reimbursement 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 Reimbursement, Reimbursement 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.

b. **Interest**

Interest will not accrue for any reason against the ~~RDA~~CRA on the anticipated or projected tax increment to be reimbursed to the developer.

~~5.~~6. REPORTING REQUIREMENTS

a. **Reporting**

The ~~RDA~~CRA shall provide a written briefing to the Board once per fiscal year, which contains an update on the ~~RDA's~~CRA's Reimbursement portfolio. Such briefing shall include a summary of new Agreements, anticipated budget impacts, and project metrics.

7. COMPLIANCE

Certain requirements, as determined by the CRA and the City Attorney's Office, may be put in place to ensure that projects remain compliant with obligations associated with HTRZ Threshold Requirements and incentives. Some commitments may be memorialized in the Reimbursement Agreement, restrictive use agreements, or other forms of agreement . Such obligations may extend beyond the approved Reimbursement Term to the extent they are consistent with its intent.

~~6.~~8. EXCEPTIONS

~~The~~Subject to the requirements and limitations of the HTRZ Act and other applicable laws, the Board, by a majority vote of those present, may waive requirements or make exceptions to the foregoing criteria and procedures ~~with~~based on a finding that the ~~RDA's~~CRA's mission and values will be furthered by such waiver or exception. ~~RDA~~CRA staff will prepare a written recommendation and statement regarding the waiver or exception. The statement will be placed in the project file.

Passed by the Board of Directors of the ~~Redevelopment Agency of~~ Salt Lake City Community

Reinvestment Agency, this day of
___________________, 202_.

____
~~___________________~~Dan Dugan, Chair

Approved as to form: ___________________________________
Salt Lake City Attorney's Office
~~Allison Parks~~Courtney Lords
Date:_____________________________

The Executive Director:

_______does not request reconsideration
_______requests reconsideration at the next regular Agency meeting.

____
Erin Mendenhall, Executive Director

Attest:

____
City Recorder

ATTACHMENT C

CLEAN Amended and Restated Housing and Transit Reinvestment Zone (HTRZ) Tax Increment Reimbursement Program Policy

Salt Lake City Community Reinvestment Agency

RESOLUTION NO. ________

Housing and Transit Reinvestment Zone
Tax Increment Reimbursement Program Policy

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY AMENDING AND RESTATING THE CRA HOUSING AND TRANSIT REINVESTMENT ZONE TAX INCREMENT REIMBURSEMENT PROGRAM POLICY

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

WHEREAS, pursuant to the Act, the Salt Lake City Community Reinvestment Agency (**CRA**) administers the collection and distribution of tax increment, including entering into reimbursement agreements (also known as **Tax Increment Reimbursement Agreements**, or, **Reimbursement Agreements**, or, **Agreements**) with owners of property within an approved Housing and Transit Reinvestment Zone (**HTRZ**) to support the construction of certain uses, as allowed by the HTRZ Act and subject to any conditions instituted at the time of HTRZ approval.

WHEREAS, pursuant to Resolution 16-2023, the CRA Board of Directors (**Board**) adopted the Housing and Transit Reinvestment Zone Tax Increment Reimbursement Program Policy (**Program Policy**) to guide the CRA's distribution of HTRZ tax increment.

WHEREAS, the Board supports the goal to enable housing and commercial developments that align with CRA's mission and values by amending and restating the Program Policy and corresponding process for the distribution of HTRZ tax increment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALT LAKE CITY COMMUNITY REINVESMENT AGENCY, that we hereby amend and restate the HTRZ Tax Increment Reimbursement Program Policy as follows:

1. **GENERAL**
   a. **Purpose**
   The HTRZ Tax Increment Reimbursement Program (**Program**) may provide project developers or property owners a property tax increment reimbursement (**Reimbursement**) for the development of certain eligible improvements in an HTRZ that meet the goals and objectives of the HTRZ Act, subject to any conditions placed on the HTRZ at the time of its approval, and satisfy this Program Policy. The Program is designed to provide Reimbursements to encourage development that benefits the public but would not, absent tax increment funding, be financially viable. Reimbursements are calculated using Salt Lake County's assessed property value. The developer or property owner will receive a percentage of the tax increment generated from the project for a specified timeframe to reimburse them for Eligible

Costs as defined in Section 1.c.ii. The CRA will receive the residual tax increment generated by the project.

b. **Authorization**
A Reimbursement shall only be authorized pursuant to a Tax Increment Reimbursement Agreement, the terms of which are approved by the Board.

The Board reserves the right to modify or deny a tax increment reimbursement application at any time for any reason, including the availability of tax increment in the HTRZ. The Board's approval of an Agreement shall be made by resolution and include a description of the development the applicant will undertake, the amount of funds the applicant may receive, and the terms and conditions under which the applicant may receive the funds.

c. **Eligibility**

i. **Eligible Project Location**
Eligible projects shall be located in or associated with an approved HTRZ, on an identified collection parcel that allows for Reimbursements pursuant to the HTRZ Act.

ii. **Eligible Costs**
The Reimbursement will be limited by Utah State HTRZ Act and the Prohibition on Retail Facility Incentive Payments Act. Eligible Costs may also be limited by conditions placed on the specific HTRZ at the time of its approval.

The CRA may determine, in its sole discretion, if the entire project or only specific project elements are eligible. In unusual circumstances, the CRA may consider, in its sole discretion, Reimbursements for projects that are already under construction, assuming that such projects demonstrate financial need. Projects that are already under construction shall not be eligible for any waivers or exceptions of the Policy.

Under no circumstances shall the CRA or Salt Lake City have any obligation as a borrower, obligor, guarantor, issuer, co-issuer, or otherwise liable party with respect to project financing of any kind. All tax increment payments will be payable by the CRA solely and directly to the Developer.

iii. **Eligible Applicants**
Eligible applicants are property owners or project developers who: (a) demonstrate control of the project site through fee ownership or similar long term real property rights, (b) will pay the annual property taxes, and (c) will own and exercise substantial control over the project.

d. **Qualifying Funding Priorities and Livability Benchmarks**

The CRA routinely establishes housing and commercial funding priorities that designate goals for development across all CRA projects (**Housing Funding Priorities** and **Commercial Funding Priorities)**. The CRA's Livability Benchmarks are derived from the CRA's core mission and three (3) overarching values: Economic Opportunity, Equity and Inclusion, and Neighborhood Vibrancy. Funding Priorities and Livability Benchmarks that make a project eligible for incentives in accordance with Section 3 will be identified in administrative guidelines (**Qualifying Funding Priorities** and **Qualifying Livability Benchmarks**).

2. PROJECT REQUIREMENTS AND REIMBURSEMENT STRUCTURE

To be eligible for a tax increment Reimbursement Agreement, projects must, at minimum, meet the following minimum requirements (**Threshold Requirements**), in addition to further requirements and clarifications that may be established in the tax increment administrative guidelines.

a. **Threshold Requirements for All Projects**

    i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ.

    ii. Projects must include activated commercial space on the ground floor. Activated commercial space means that an amount of frontage that is equal to 50% of the length of all street-facing building facades must contain a non-residential use that is open to the public, not exclusive to the tenants of the building, and encourages pedestrian activity and walk-in traffic. Activated commercial spaces shall have a minimum depth of 25 feet. An exception may be provided for projects that are unable to meet the minimum required dimensions because they involve the preservation or rehabilitation of an existing building. Frontage areas occupied by private residences may count toward the overall activation requirement.

    iii. Projects must comply with the CRA Sustainable Development Policy and the CRA Art Policy.

    iv. The applicant must provide sufficient evidence (including, but not limited to the project pro forma, senior lender agreement(s), equity investor agreements, etc.) that the requested amount and terms are reasonable and necessary for the project to succeed, based on commercially reasonable expectations for developer financial returns.

b. **Threshold Requirements for Projects that Incorporate Housing**

    i. At least 10% of housing units within a project must be affordable to those earning 60% the Area Median Income (AMI) and below, or, 20% of units must be affordable to those earning 80% AMI and below. Income averaging of units within a single project may be utilized to achieve AMI thresholds.

        1. Deed restriction - 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 a minimum of 30 years. 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.
2. Bedroom count mix - The affordable units shall be located on different floors of the building and spread among bedroom counts (1-bedroom, 2 bedroom, 3-bedroom, etc.).

c. **Threshold Requirements for Projects that Do Not Incorporate Housing**
   i. Projects must meet all applicable standards and objectives of the HTRZ Act and the approved HTRZ.
   ii. Projects must satisfy at least one of the CRA's Commercial Funding Priorities, as defined in administrative guidelines.

d. **Design Review**
   Projects shall comply with all Salt Lake City policies, ordinances, and codes.

3. REIMBURSEMENT STRUCTURE AND CALCULATION

a. **Reimbursement Term**
   The Reimbursement Term will be according to demonstrated financial need and the overall value of public benefit being provided. The maximum possible Reimbursement Term is equal to the number of collection years remaining in the HTRZ.

b. **Reimbursement Rate**
   i. Base Level Reimbursement – The base reimbursement rate for projects that meet the Threshold Requirements is 60%.
   ii. Increased Reimbursement Rate Incentives – Projects may be eligible to receive an increase in the reimbursement rate and amount by satisfying the following criteria:
      1. Incorporating additional Qualifying Funding Priorities or Qualifying Livability Benchmarks beyond those used to meet the Threshold Requirements, or
      2. Substantially exceeding requirements for a Qualifying Funding Priority or Qualifying Livability Benchmark being used to meet the Threshold Requirements.

   Each additional Qualifying Funding Priority or Qualifying Livability Benchmark met is worth an added 5% to the reimbursement rate and amount. The possible total maximum reimbursement rate and amount is 80%.

c. **Maximum Reimbursement Amount**
   The maximum reimbursement amount to be paid to the property owner or developer will be determined based on consideration of a project's eligible costs, demonstrated

financial need, the overall value of public benefit being provided, as well as the CRA's existing debt obligations. The CRA's authorized uses of tax increment shall have priority over any tax increment reimbursement payments.

d. **Tax Increment Calculation**
The formula to calculate the Reimbursement 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 last equalized prior to application submittal. 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 **New Growth**.
   - Multiply New Growth by the current effective tax rate.
     (New Growth) x (Effective Tax Rate) = ***Total Annual Tax Increment (TI)***

ii. Step 2: Estimate the Annual TI Received by the CRA.
   - Multiply Total Annual TI by the percentage of TI received by the CRA. *(Total Annual TI) x (% of TI received by the CRA) =* ***Annual TI Received by the CRA.***

iii. Step 3: Estimate the Annual TI Received by the CRA after the Administrative Fee is taken out.
   - Multiply Total Annual TI Received by the CRA by 98% to account for the 2% fee set-aside by the CRA for administrative expenses.
     (Total Annual TI Received by the CRA) x (0.98%) = ***Total Annual TI Received by the CRA Post-Admin Fee.***

iv. Step 4: Estimate the Annual Reimbursement Payment.
   - Using the anticipated reimbursement rate (**Reimbursement Rate**), calculate the estimated annual reimbursement payment. Refer to Section 3.b. for more information on how the Reimbursement Rate is determined. *(Total Annual TI Received by the CRA Post-Administrative Fee) x (Reimbursement Rate) =* ***Estimated Annual TI Reimbursement Payment.***

v. Step 5: Calculate the Maximum Amount of Tax Increment Available to the Developer or Property Owner over the Term of the Agreement (**Reimbursement Term**).
   - Refer to Section 3.a. for more information on how the Reimbursement Term is determined. *(Estimated Annual TI Reimbursement Payment) x (Reimbursement Term) =* ***Total TI 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 CRA's sole discretion.

The actual Reimbursement amount will be dependent on the increment that is generated by the project, and demonstration of documented, eligible expenses to be approved by the CRA. Payments will be subordinate to the CRA's existing debt obligations. Applicants should work with CRA staff to understand these factors within each HTRZ.

4. EVALUATION AND APPROVAL PROCESS

a. Eligible applications that meet the Threshold Requirements of this Program Policy will be evaluated and processed as follows:
    i. Step 1: Application Processing and CRA Staff Review.
    All applications shall be made to CRA staff, on standard CRA forms, accompanied by proof of payment or a check in the amount of the application fee. All applications must be complete to be evaluated, and if the proposed project fails to demonstrate the ability to satisfy Threshold Requirements, CRA staff may deny the application.

    ii. Step 2: CRA Finance Committee Review.
    CRA staff shall forward complete applications that meet the Threshold Requirements to the CRA Finance Committee. The CRA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the request and formulate a recommendation to the Board.

    iii. Step 3: Board Consideration of the Tax Increment Reimbursement Agreement Terms.
    Upon review of the application and supporting materials, the Board may consider for approval a resolution detailing the Agreement terms.

    iv. Step 4: Agreement Finalization.
    Once the Agreement terms have been authorized by the Board through an approved resolution, the CRA and developer or property owner will execute an Agreement consistent with the approved terms, as well as any other legal agreements (such as an affordable housing restriction) deemed necessary by the City Attorney's Office.

5. AGREEMENT TERMS

a. **Participation and Reimbursement 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: CRA Discretion

The CRA intends that the beneficiary of the Reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the project or property, 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 Reimbursements 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 CRA will have sole discretion to determine the beneficiary of the tax increment.

If, after execution of the Agreement, the real property and/or the project are conveyed to a third party during the reimbursement term, the CRA will have the right to review any request to assign or transfer the Agreement to the third party and, in its sole discretion, to consent to or deny such assignment or transfer. In determining whether to consent to an assignment or transfer, the CRA may consider whether the benefits, commitments, obligations, and other terms contemplated under the Agreement will continue to be satisfied by the proposed new owner or developer. No assignment or transfer of the Agreement will be effective without the CRA's prior written consent. If the CRA does not consent to the assignment or transfer, the CRA will have no obligation to make any further Reimbursement payments and the Agreement will automatically terminate upon conveyance of the real property and/or project to a third party.

ii. Tax Appeals
All Reimbursement recipients shall be required to notify the CRA 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 Reimbursement payable by the CRA to the recipient will decrease, and the percentage share of the tax increment received by CRA shall be increased, so that the dollar amount received by the CRA 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 Reimbursement 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 Reimbursement recipients as per the following:

1. Project Completion: Upon project completion, Reimbursement 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 Reimbursement, Reimbursement 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.

b. **Interest**
Interest will not accrue for any reason against the CRA on the anticipated or projected tax increment to be reimbursed to the developer.

6. REPORTING REQUIREMENTS

a. **Reporting**
The CRA shall provide a written briefing to the Board once per fiscal year, which contains an update on the CRA's Reimbursement portfolio. Such briefing shall include a summary of new Agreements, anticipated budget impacts, and project metrics.

7. **COMPLIANCE**
Certain requirements, as determined by the CRA and the City Attorney's Office, may be put in place to ensure that projects remain compliant with obligations associated with HTRZ Threshold Requirements and incentives. Some commitments may be memorialized in the Reimbursement Agreement, restrictive use agreements, or other forms of agreement . Such obligations may extend beyond the approved Reimbursement Term to the extent they are consistent with its intent.

8. EXCEPTIONS
Subject to the requirements and limitations of the HTRZ Act and other applicable laws, the Board, by a majority vote of those present, may waive requirements or make exceptions to the foregoing criteria and procedures based on a finding that the CRA's mission and values will be furthered by such waiver or exception. CRA staff will prepare a written recommendation and statement regarding the waiver or exception. The statement will be placed in the project file.

Passed by the Board of Directors of the Salt Lake City Community Reinvestment Agency, this day of ____________________, 202_.

____
Dan Dugan, Chair

Approved as to form: ___________________________________
Salt Lake City Attorney's Office

Courtney Lords
Date:____________________________

The Executive Director:

_______does not request reconsideration
_______requests reconsideration at the next regular Agency meeting.

____
Erin Mendenhall, Executive Director

Attest:

____
City Recorder

ATTACHMENT D

EXISTING Community Reinvestment Area Tax Increment Reimbursement Program Policy

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. R-9-2017

Adopted November 14, 2017

Tax Increment Reimbursement Program Policy

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING AN RDA TAX INCREMENT REIMBURSEMENT PROGRAM POLICY

WHEREAS, the Redevelopment Agency of Salt Lake City ("RDA") was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act ("Act").

WHEREAS, the Act grants the RDA authority to enter into participation agreements (also known as tax increment reimbursement agreements) with property owners within a project area, for the purpose of providing incentives in the form of tax increment to redevelop the property.

WHEREAS, the RDA has a Tax Increment Reimbursement Program ("Program"), whose purpose is to provide reimbursement for certain upfront development costs related to projects in RDA Project Areas that meet the intent of the RDA's project area plans or that achieve Salt Lake City's economic development goals for business retention and expansion.

WHEREAS, the Board of Directors ("Board") adopted a Tax Increment Reimbursement Program Policy ("Policy") on June 13, 2017.

WHEREAS, the Board considered revisions to the Policy on October 10, 2017, and tentatively adopted the revisions on October 10, 2017.

WHEREAS, the policy below incorporates the tentative revisions adopted by the Board on October 10, 2017 and reviewed and finally adopted by the Board on November 14, 2017.

WHEREAS, the Board supports the goal to provide tax increment reimbursements through the Program pursuant to the process outlined below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby establish policy guidelines for the RDA Tax Increment Reimbursement Program to include the following:

1. GENERAL

1.1 Mission

The RDA Tax Increment Reimbursement Program ("Program") may provide project developers a tax increment reimbursement ("Reimbursement") for the development of improvements in an RDA project area that meet the goals and objectives of the RDA's project area plans and provide significant public benefit, or for the development of improvements that achieve Salt Lake City's economic development goals for business retention and expansion. The Program is designed to provide reimbursements that are calculated using Salt Lake County's assessed value. The developer 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.

1.2 Authorization

A Reimbursement shall only be given by the RDA pursuant to a Participation and Reimbursement Agreement ("Agreement") approved by the Board. The Board shall reserve the right to deny a tax increment reimbursement application at any time for any reason. Any approval of an Agreement shall be made by resolution, which shall include the terms of the Agreement.

1.3 Reimbursement Categories

Only projects that are within the following baseline categories shall be initially eligible for Reimbursement:

a. *Project Area Development.*

   Projects that are located within a previously established RDA project area that achieve the RDA's project area development goals as defined in the project area plan.

b. *Single Property Business Retention Tool.*
   Projects that are located within Salt Lake City's municipal boundaries that achieve the City's economic development goals for business retention and expansion. Projects shall only be eligible for Reimbursement if the RDA Board simultaneously authorizes creation of a property-specific RDA project area for the project.

1.4 Maximum Tax Increment Calculation

The formula to calculate the potential maximum total tax increment reimbursement generated from the proposed improvements shall be as follows:

a. *Step 1: Calculate the Total Annual Tax Increment.*
   i. The difference between the base taxable value of the proposed project prior to improvements and the estimated new growth in taxable value resulting from the improvements. *(New Growth – Base Value).*
   ii. Multiplied by the current effective tax rate.
   (New Growth – Base Value) x (Effective Tax Rate) = Total Annual TI.

b. *Step 2: Calculate the Annual Tax Increment Collected by the RDA.*
   i. Total Annual TI multiplied by the percentage of TI collected and retained from the taxing entities by the RDA. *(Total Annual TI) x (% of TI collected by the RDA) = Annual TI Collected by the RDA.*

c. *Step 3: Calculate the 1st Year Developer Allocation.*

   i. *(Annual TI Collected by the RDA) x (Participation Rate) = Estimated Year 1 TI Reimbursement to Developer.* Refer to Sections 2 and 4 for more information on calculating the participation rate between the RDA and the developer.

d. *Step 4: Calculate the Maximum Amount of Tax Increment Available to the Developer Over the Term of the TI Reimbursement Agreement.*
   i. *(Estimated Year 1 Tax Increment Reimbursement to Developer) x (the Term of the Reimbursement Agreement) = Total Developer Tax Increment Available Over the Term.* An annual growth multiplier based on current economic conditions may be applied to this calculation.

The actual total of the tax increment reimbursement may fluctuate. Tax increment reimbursement is dependent on the increment being generated by the project, and projects that do not generate sufficient tax increment during the Reimbursement Term will not qualify for the full tax increment reimbursement amount.

1.5 Eligible Costs

The tax increment reimbursement will be limited to funding hard cost construction and site improvements. Use of funds for environmental remediation or demolition shall be considered on a case-by-case basis. The RDA may determine if the entire project or only specific project elements are eligible.

1.6 Design Requirements

Projects approved for tax increment reimbursement must consider the RDA's Design Guidelines and utilize the guidelines as practicable. Projects will be required to be in conformance with all Salt Lake City policies, ordinances, and codes.

2. REQUIREMENTS AND STRUCTURE: PROJECT AREA DEVELOPMENT

2.1 Scope

Any Agreement authorized for a project that is in the Project Area Development category will meet the following requirements.

2.2 Threshold Requirements

Projects must meet the following requirements:

a. Projects shall achieve a minimum of: a) align with the RDA's project area plan in the applicable RDA project area, and; b) meet at least one of the following Public Benefit criteria: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Permanent Job Creation/Retention, Architecture/Urban Design, Economic Impact, Affordable Housing.
b. The applicant must provide sufficient evidence that tax increment funding is necessary for the project to succeed and to verify that the request is reasonable.

c. The proposed project must involve significant private investment so as to assure adequate yield of tax increment.

2.3 Eligible Project Locations

Eligible projects shall be located in a tax increment collection area within an active RDA project area that allows tax increment reimbursements pursuant to the project area plan.

2.4 Maximum Reimbursement Term

The maximum reimbursement term shall be 10 years or the sum of the remaining operating years of a project area, whichever is less.

2.5 Participation Rate

Salt Lake City's participation rate shall be determined by the number of years the applicable RDA project area is in operation at the time of project completion, and the number of Public Benefit Incentives the project qualifies for.

a. Projects Completed Years 1 through 5 from the Establishment of a Project Area.
For projects that are initiated *and* completed within the first five years of the date the project area was established, the standard participation rate shall be determined as follows:

- i. 70% of the annual tax increment generated by the project and captured and retained by the RDA for years 1 through 5 of the Reimbursement Term.
- ii. 50% of the annual tax increment generated by the project and captured and retained by the RDA for years 6 through 10 of the Reimbursement Term.
- iii. Projects shall be eligible for up to a 20% increase for qualifying for Public Benefit Incentives.

b. Projects Completed 6 or More Years from the Establishment of a Project Area, but Excluding Five Years Prior to the Expiration of a Project Area.
For projects that are completed between year six of the date the project area was established and five years from the date that the project area will expire (i.e. years 6 through 20 of a project area with a 25-year life span), the standard participation rate shall be determined as follows:

- i. 50% of the annual tax increment generated by the project and captured and retained by the RDA for the full Reimbursement Term.
- *ii.* Projects shall be eligible for up to a 20% increase for qualifying for public benefit incentives.

c. *Projects Completed Five Years Prior to the Expiration of a Project Area.*
Projects completed within five years prior to the date of project area expiration are not eligible for tax increment reimbursement.

d. Public Benefit Incentives.

An increase to the standard participation rate shall be available if the project meets more than one of the following Public Benefit criteria: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Permanent Job Creation/Retention, Architecture/Urban Design, Economic Impact, and Affordable Housing. For each criterion fulfilled, beyond the initial Public Benefit Incentive required to meet the eligibility requirement to apply for a tax increment reimbursement, the project may receive a 5% increase from the standard participation rate, with a maximum increase of 20%.

Figure 1: Participation Rate Calculation Chart – Project Area Development

PROJECT AREA YEARS	TERM MAXIMUM	TERM INSTALLMENT	PARTICIPATION RATE		
			STANDARD	PUBLIC BENEFIT INCREASE	MAXIMUM TOTAL
Project is completed within 1 - 5 years of establishing the project area	10 Years	1 - 5 Years	70%	Up to 20%	90%
		5 - 10 Years	50%	Up to 20%	70%
Project is completed within 6 - 20 years of establishing the project area	10 Years or the remaining term of the project area, whichever is less	1 - 10 Years	50%	Up to 20%	70%
Project is completed within 21 - 25 years of establishing the project area	Not eligible for tax increment reimbursement funding.				

Note: Project Area Years are based on a project area with a 25-year operating period.
Note: A 5% increase to the standard reimbursement installment rate shall be available for each eligible Public Benefit criteria met by the project, for a maximum increase of 20%.

3. REQUIREMENTS AND STRUCTURE: SINGLE PROPERTY BUSINESS RETENTION TOOL

3.1 Scope

Any Agreement authorized for a project that is in the Single Property Business Retention Tool category will meet the following requirements.

3.2 Process

The RDA Board may create a single property owner Community Reinvestment Area ("Single Property CRA") for an existing Salt Lake City property owner or business with a long-term lease of property in Salt Lake City ("Local Business") if the Local Business owner proposes a project that achieves the City's economic development goals for business retention and expansion. Upon creation of the Single Property CRA, the Local Business may become eligible for tax increment reimbursement, as outlined in Section 3.4. The RDA shall seek the City's participation as a taxing entity for the Single Property CRA, subject to the City Council's approval, and the RDA may also seek participation in the Single Property CRA from non-City taxing entities. The RDA Board has the authority to create the Single Property CRA and approve the Agreement for Reimbursement simultaneously.

3.3 Annual Agreement Limit

The RDA may execute a maximum of four (4) Agreements for a project in the Single Property Business Retention Tool category within a single calendar year.

3.4 Threshold Requirements

The Local Business seeking a Single Property CRA and related Agreement must achieve the following threshold requirements to receive a tax increment reimbursement pursuant to this section:

a. The Local Business must commit to invest a minimum $12 million in private capital expenditures into the project.

b. The Local Business must demonstrate the project will result in job retention and/or job creation. One of the following job creation/retention standards must be achieved:

    i. The minimum creation of one (1) full-time equivalent permanent job (created or retained) per $50,000 of eligible tax increment.

    ii. The creation or retention of jobs at an aggregate of 110% of the average Salt Lake County wage.

c. The Local Business must demonstrate that the tax increment reimbursement is necessary for the project to succeed.

d. The Local Business must demonstrate that it is an existing Salt Lake City-based business and the tax increment reimbursement will result in the business remaining or expanding in the City.

e. The project must employ sustainable construction practices consistent with a reputable sustainable building program approved by the Executive Director.

Once RDA staff has confirmed that the Local Business meets the threshold requirements for tax increment reimbursement listed above, the Local Business' application for tax increment reimbursement will be reviewed and finalized pursuant to this policy.

3.5 Maximum Reimbursement Term

The maximum reimbursement term shall be 25 years for Agreements eligible under the Single Property Business Retention Tool category.

3.6 Participation Rate

Salt Lake City's maximum participation rate shall be determined by the level of economic and public benefit provided by the project. The standard rate shall be 70% and the standard maximum rate shall be 80%, as follows.

a. *Standard.*
The standard participation rate for Agreements eligible under Single Property Business Retention Tool shall be 70% of the annual tax increment generated by the project and statutorily captured and retained by the RDA for economic development.

b. *Economic and Public Benefit Incentives.*
An increase from the standard participation rate, as defined in 3.6(a), may be obtained if the project meets up to two economic and public benefit criteria defined herein. For each of the following criterion fulfilled, the project may be eligible for a 5% increase in the participation rate, for a maximum of a 10% increase: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Significant Job Creation, Significant Wage Generation, Significant Economic Impact, Architecture/Urban Design, and Unique Construction or Tenant Improvements.

c. *Additional RDA Participation: Special Consideration*
The RDA Board may, at its discretion, increase its participation rate up to a maximum of 90% if the Local Business can demonstrate either extraordinary project cost burden or that the project achieves additional public benefit beyond the standard number of public benefit incentives required in Section 3.6. The analysis of either or both scenarios shall be performed by the RDA's third-party financial consultant and reviewed by RDA staff prior to presenting to the RDA Board for consideration.

Figure 2: Participation Rate Calculation Chart – Single Property Business Retention Tool

STANDARD	ECONOMIC/PUBLIC BENEFIT INCREASE	MAXIMUM TOTAL	SPECIAL CONSIDERATION
70%	Up to 10%	80%	Up to 90%

4. EVALUATION AND APPROVAL PROCESS

4.1 Scope

An Agreement eligible under the Project Area Development category will be evaluated and processed as described in Section 4.2. An Agreement eligible under the Single Property Business Retention Tool category will be evaluated and processed as described in Section 4.3.

4.2 Project Area Development

a. *Step 1: Application Processing and RDA Staff Review.*
All applications shall be made to RDA staff, on standard RDA forms. All applications must be complete 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.

b. *Step 2: RDA Finance Committee Review.*
RDA staff shall forward complete applications that meet minimum requirements to the RDA Finance Committee. The RDA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the application and formulate a recommendation to the Board.

c. *Step 3: Adoption of the Tax Increment Reimbursement Agreement Terms.*
Upon review of the application and supporting material, the Board shall consider for approval a resolution that approves the Agreement terms.

d. *Step 4: Agreement Finalization.*
Once the terms of an agreement have been authorized by the Board, the RDA and developer shall execute an Agreement.

4.3 Single Property Retention Tool

Refer to Appendix A for a visual representation of the Single Property Retention Tool evaluation and approval process.

a. *Step 1: Application Processing and RDA Staff Review.*
All applications shall be made to RDA staff, on standard RDA forms. All applications must be complete 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.

b. *Step 2: Small Group Meetings.*
If the proposed application meets the RDA staff's initial evaluation criteria, RDA staff will schedule small group meetings with the Board to provide Board members with an overview of the proposed project, anticipated economic and public benefits of the project, and identification of any public costs the project may impose on the City. If Board members are generally supportive of the proposed project, the Board will schedule a public meeting to discuss the proposed project pursuant to Step 3.

c. *Step 3: Initiation of a Community Reinvestment Project Area Plan.*
Upon presentation of the general overview of the proposed project in a public meeting, the Board may adopt a resolution initiating a community reinvestment project area plan ("CRA Plan"). The resolution shall designate the geographical area, and authorize the RDA to conduct the required analysis under Utah Code 17C to create a project area. If the Board does not adopt a resolution, the application shall be deemed disapproved.

d. *Step 4: Reimbursement Application Evaluation.*
The RDA shall carry out the following to evaluate the Reimbursement application.

   i. *Third Party Financial Analysis.*
   RDA staff shall consult with a third party financial analyst to provide a recommendation with a supporting analysis on 1) the public benefit anticipated to be derived from the proposed project 2) any public costs the project may impose on the City's General Fund and 3) determination of financial need and whether or not the proposed project might reasonably

occur through private investment without the Reimbursement. The third party will also, if applicable, conduct an analysis of comparable values of equivalent properties (both the difference and the percentage relative to comparable values) to ensure that the Reimbursement is not being used to reimburse overvalued land costs. The third party financial analysis shall be provided to the Board prior to the Board's consideration of the Reimbursement application.

ii. *RDA Finance Committee Review.*
RDA staff shall, after receiving the third party analysis on financial feasibility referenced above, forward the complete application that meets minimum requirements and the financial feasibility analysis to the RDA Finance Committee. The RDA Finance Committee shall evaluate the application, supplemental materials, and other documentation necessary to thoroughly review the application in accordance with the policy contained herewith and formulate a recommendation to the Board. The RDA Finance Committee shall provide a recommendation of approval or denial of all applications to the Board for consideration.

e. *Step 5: CRA Plan Creation.*
RDA staff shall draft the required components of the CRA Plan, including a description of project area boundaries, project area activities, conformance with the general plan, anticipated public benefits, and the project area budget.

f. *Step 6: Public Comment Period and Public Hearing.*
RDA staff shall transmit all relevant information to the Board, including an overview of the project, description of the proposed benefits to the local economy, proposed increase in assessed property values, and any potential concerns of the project. Upon receipt of the transmittal, the RDA Board may schedule a public comment period and hearing as follows and as required under Utah Code 17C:

i. *Public Comment Period.*
Thirty-days prior to holding a public hearing, the RDA Board shall have the CRA Plan available to the public.

ii. *Public Hearing.*
The Board shall hold a public hearing to allow public comment on the proposed CRA Plan and whether the RDA should revise, approve, or reject the plan.

g. *Step 7: Adoption of the CRA Plan and Agreement Terms.*

i. *Board.*
Either simultaneously or in separate public meetings, the Board may consider as part of the Board's consideration of the Agreement the following resolutions: 1) a resolution that approves the CRA Plan, 2) a resolution authorizing an interlocal agreement to facilitate the receipt of project area funds by the RDA, and 3) a resolution that approves the Agreement. If the Board does not adopt one or more of these resolutions,

the application shall be deemed disapproved.

In addition, if non-City taxing entities will be participating in the Single Property CRA, the Board shall consider a resolution authorizing an interlocal agreement to facilitate the receipt of project area funds from the taxing entity that is participating.

As statutorily required, a contest period and notice of the CRA Plan adoption shall occur.

ii. *City Council.*
The City Council may consider for approval an ordinance that approves the community reinvestment project area plan. In addition, the City Council may consider for approval a resolution authorizing an interlocal agreement to facilitate the receipt of project area funds by the RDA. If the City Council does not adopt the ordinance and/or resolution, the application shall be deemed disapproved.

h. Step 8: Agreement Finalization.
Once the terms of an agreement have been authorized by the Board, the RDA and developer shall execute an Agreement.

5. AGREEMENT TERMS

5.1 Participation and Reimbursement Agreement Terms

In addition to standard terms outlining the tax increment reimbursement process as recommended by legal counsel, the following terms shall be included in the Agreement:

a. *Reimbursement to Benefit Project Owner: RDA Discretion.*
The RDA intends that the beneficiary of the tax increment reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the property, 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 reimbursements 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.

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 RDA does not consent to the transfer of the Agreement, the tax increment reimbursement will cease and the Agreement will terminate.

b. *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 related to the tax increment reimbursement. In the event that any such appeal results in a reduction in property taxes, the percentage share of the tax increment payable to the recipient shall be decreased, and the percentage share of the tax increment payable to the RDA shall be increased, so that the dollar amount payable to the RDA is the same as if no appeal of the assessed value had been made.

c. *Recapture Provisions in the Event of Default.*
Agreements shall require the recapture of all or a portion of tax increment reimbursement funds allocated to a project that fails to meet its economic or public benefit requirements as provided in the Agreement.

d. *Participant Reporting Requirements.*
Agreements shall require reporting from reimbursement recipients as per the following:
   i. Project Completion: Upon project completion, reimbursement recipients shall provide a report that includes the total cost of improvements, a summary of completed improvements, and outcome metrics relating to project-specific requirements as per the Agreement.
   ii. Annual Pre-Reimbursement: Contingent upon receiving an annual reimbursement, reimbursement recipients shall provide a report that includes notification of any tax appeals and outcome metrics relating to project-specific requirements as per the Agreement. As applicable, the report shall include relevant data that is certified by a financial officer or public accountant.

5.2 Interest

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

6. REPORTING AND COMMUNICATIONS

6.1 Reporting

The RDA shall provide a written briefing to the Board, no less than annually per fiscal year, which contains an update on the RDA's Reimbursement portfolio. Such briefing shall include a summary of new Agreements, anticipated budget impacts, and project metrics.

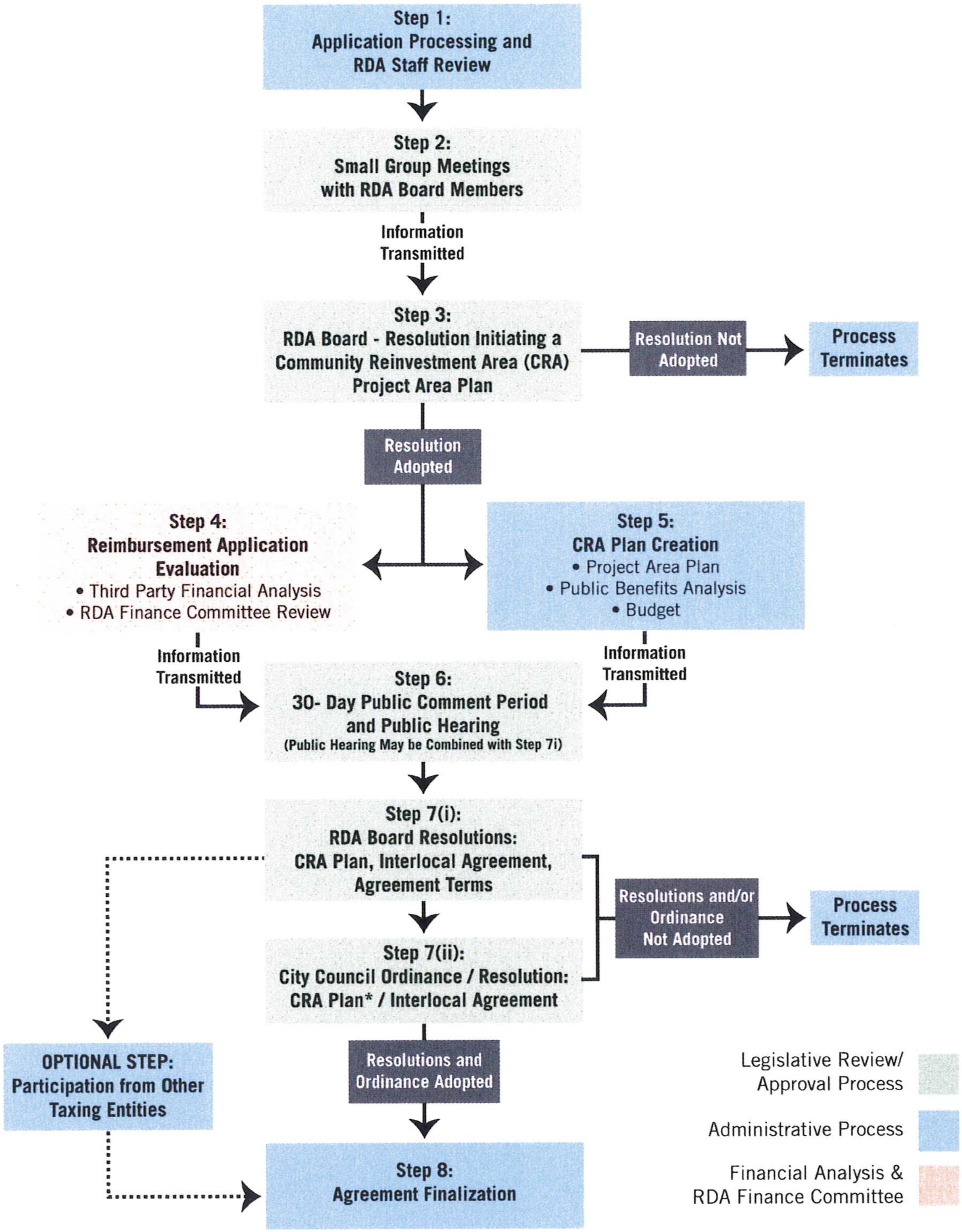
6.2 Communications

For each Agreement entered into as facilitated through the Single Property Business Retention Tool, an informational sheet, that summarizes the project and anticipated economic and public benefits, shall be created and made available to the public.

Appendix A:

RDA TAX INCREMENT REIMBURSEMENT PROGRAM: SINGLE PROPERTY RETENTION TOOL

APPLICATION EVALUATION AND APPROVAL PROCESS



*As statutorily required, a contest period and notice of the CRA Plan adoption shall occur.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 14th day of November, 2017

Lisa R. Adams, Chairperson

Transmitted to the Executive Director on 11-14-2017.

The Executive Director:

X does not request reconsideration
______ requests reconsideration at the next regular Agency meeting.

Jacqueline M. Biskupski, Executive Director

Approved as to form: ______________________
Salt Lake City Attorney's Office
Katherine N. Lewis

ATTEST:

CITY RECORDER

THE REDEVELOPMENT AGENCY OF SALT LAKE CITY
CORPORATE
SEAL

HB_ATTY-#64947-v1-TI_Reimbursement_Policy_(Nov_14).docx

*This resolution was replaced by an updated version adopted Novermber 14, 2017

TENTATIVE

RESOLUTION NO. R-9-2017 **RDA Tax Increment Reimbursement Program Policy** October 10 **, 2017**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING AN RDA TAX INCREMENT REIMBURSEMENT PROGRAM POLICY

WHEREAS, the Redevelopment Agency of Salt Lake City ("RDA") was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act; and

WHEREAS, the Utah Community Reinvestment Agency Act grants the RDA authority to enter into participation agreements (also known as tax increment reimbursement agreements) with property owners within a project area, for the purpose of providing incentives in the form of tax increment to redevelop the property; and

WHEREAS, the RDA has a Tax Increment Reimbursement Program ("Program"), whose purpose is to provide reimbursement for certain upfront development costs related to projects in RDA Project Areas that meet the intent of the RDA's project area plans or that achieve Salt Lake City's economic development goals for business retention and expansion; and

WHEREAS, the Board of Directors ("Board") intends to replace the Tax Increment Reimbursement Program Policy adopted on June 13, 2017 with the policy below; and

WHEREAS, the Board supports the goal to provide tax increment reimbursements through the Program pursuant to the process outlined below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby establish policy guidelines for the RDA Tax Increment Reimbursement Program to include the following:

1. GENERAL

1.1 Mission

The RDA Tax Increment Reimbursement Program ("Program") may provide project developers a tax increment reimbursement ("Reimbursement") for the development of improvements in an RDA project area that meet the goals and objectives of the RDA's project area plans and provide significant public benefit, or for the development of improvements that achieve Salt Lake City's economic development goals for business retention and expansion. The Program is designed to provide reimbursements that are calculated using Salt Lake County's assessed value. The developer 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.

1.2 Authorization

A Reimbursement shall only be given by the RDA pursuant to a Participation and Reimbursement Agreement ("Agreement") approved by the Board. The Board shall reserve the right to deny a tax increment reimbursement application at any time for any reason. Any approval of an Agreement shall be made by resolution, which shall include the terms of the Agreement.

1.3 Reimbursement Categories

Only projects that are within the following baseline categories shall be initially eligible for Reimbursement:

a. *Project Area Development.*

   Projects that are located within a previously established RDA project area that achieve the RDA's project area development goals as defined in the project area plan.

b. *Single Property Business Retention Tool.*
   Projects that are located within Salt Lake City's municipal boundaries that achieve the City's economic development goals for business retention and expansion. Projects shall only be eligible for Reimbursement if the RDA Board simultaneously authorizes creation of a property-specific RDA project area for the project.

1.4 Maximum Tax Increment Calculation

The formula to calculate the potential maximum total tax increment reimbursement generated from the proposed improvements shall be as follows:

a. *Step 1: Calculate the Total Annual Tax Increment.*
   i. The difference between the base taxable value of the proposed project prior to improvements and the estimated new growth in taxable value resulting from the improvements. *(New Growth – Base Value).*
   ii. Multiplied by the current effective tax rate.
   (New Growth – Base Value) x (Effective Tax Rate) = Total Annual TI.

b. *Step 2: Calculate the Annual Tax Increment Collected by the RDA.*
   i. Total Annual TI multiplied by the percentage of TI collected and retained from the taxing entities by the RDA. *(Total Annual TI) x (% of TI collected by the RDA) = Annual TI Collected by the RDA.*

c. *Step 3: Calculate the 1st Year Developer Allocation.*
   i. *(Annual TI Collected by the RDA) x (Participation Rate) = Estimated Year 1 TI Reimbursement to Developer.* Refer to Sections 2 and 4 for more information on calculating the participation rate between the RDA and the developer.

d. *Step 4: Calculate the Maximum Amount of Tax Increment Available to the Developer Over the Term of the TI Reimbursement Agreement.*
   i. *(Estimated Year 1 Tax Increment Reimbursement to Developer) x (the Term of the Reimbursement Agreement) = Total Developer Tax Increment Available Over the Term.* An annual growth multiplier based on current economic conditions may be applied to this calculation.

The actual total of the tax increment reimbursement may fluctuate. Tax increment reimbursement is dependent on the increment being generated by the project, and projects that do not generate sufficient tax increment during the Reimbursement Term will not qualify for the full tax increment reimbursement amount.

1.5 Eligible Costs

The tax increment reimbursement will be limited to funding hard cost construction and site improvements. Use of funds for environmental remediation or demolition shall be considered on a case-by-case basis. The RDA may determine if the entire project or only specific project elements are eligible.

1.6 Design Requirements

Projects approved for tax increment reimbursement must consider the RDA's Design Guidelines and utilize the guidelines as practicable. Projects will be required to be in conformance with all Salt Lake City policies, ordinances, and codes.

2. REQUIREMENTS AND STRUCTURE: PROJECT AREA DEVELOPMENT

2.1 Scope

Any Agreement authorized for a project that is in the Project Area Development category will meet the following requirements.

2.2 Threshold Requirements

Projects must meet the following requirements:

a. Projects shall achieve a minimum of: a) align with the RDA's project area plan in the applicable RDA project area, and; b) meet at least one of the following Public Benefit criteria: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Permanent Job Creation/Retention, Architecture/Urban Design, Economic Impact, Affordable Housing.
b. The applicant must provide sufficient evidence that tax increment funding is necessary for the project to succeed and to verify that the request is reasonable.
c. The proposed project must involve significant private investment so as to assure adequate yield of tax increment.

2.3 Eligible Project Locations

Eligible projects shall be located in a tax increment collection area within an active RDA project area that allows tax increment reimbursements pursuant to the project area plan.

2.4 Maximum Reimbursement Term

The maximum reimbursement term shall be 10 years or the sum of the remaining operating years of a project area, whichever is less.

2.5 Participation Rate

Salt Lake City's participation rate shall be determined by the number of years the applicable RDA project area is in operation at the time of project completion, and the number of Public Benefit Incentives the project qualifies for.

a. *Projects Completed Years 1 through 5 from the Establishment of a Project Area.*
For projects that are initiated *and* completed within the first five years of the date the project area was established, the standard participation rate shall be determined as follows:
    i. 70% of the annual tax increment generated by the project and captured and retained by the RDA for years 1 through 5 of the Reimbursement Term.
    ii. 50% of the annual tax increment generated by the project and captured and retained by the RDA for years 6 through 10 of the Reimbursement Term.
    iii. Projects shall be eligible for up to a 20% increase for qualifying for Public Benefit Incentives.

b. *Projects Completed 6 or More Years from the Establishment of a Project Area, but Excluding Five Years Prior to the Expiration of a Project Area.*
For projects that are completed between year six of the date the project area was established and five years from the date that the project area will expire (i.e. years 6 through 20 of a project area with a 25-year life span), the standard participation rate shall be determined as follows:
    i. 50% of the annual tax increment generated by the project and captured and retained by the RDA for the full Reimbursement Term.
    ii. Projects shall be eligible for up to a 20% increase for qualifying for public benefit incentives.

c. *Projects Completed Five Years Prior to the Expiration of a Project Area.*
Projects completed within five years prior to the date of project area expiration are not eligible for tax increment reimbursement.

d. *Public Benefit Incentives.*
An increase to the standard participation rate shall be available if the project meets more than one of the following Public Benefit criteria: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Permanent Job Creation/Retention, Architecture/Urban Design, Economic Impact, and Affordable Housing. For each criterion fulfilled, beyond the initial Public Benefit Incentive required to meet the eligibility requirement to apply for a tax increment reimbursement, the project may receive a 5% increase from the standard participation rate, with a maximum increase of 20%.

Figure 1: Participation Rate Calculation Chart – Project Area Development

PROJECT AREA	TERM	TERM	PARTICIPATION RATE

YEARS	MAXIMUM	INSTALLMENT	STANDARD	PUBLIC BENEFIT INCREASE	MAXIMUM TOTAL
Project is completed within 1 - 5 years of establishing the project area	10 Years	1 - 5 Years 5 - 10 Years	70% 50%	Up to 20% Up to 20%	90% 70%
Project is completed within 6 - 20 years of establishing the project area	10 Years or the remaining term of the project area, whichever is less	1 - 10 Years	50%	Up to 20%	70%
Project is completed within 21 - 25 years of establishing the project area	Not eligible for tax increment reimbursement funding.				

Note: Project Area Years are based on a project area with a 25-year operating period.
Note: A 5% increase to the standard reimbursement installment rate shall be available for each eligible Public Benefit criteria met by the project, for a maximum increase of 20%.

3. REQUIREMENTS AND STRUCTURE: SINGLE PROPERTY BUSINESS RETENTION TOOL

3.1 Scope

Any Agreement authorized for a project that is in the Single Property Business Retention Tool category will meet the following requirements.

3.2 Process

The RDA Board may create a single property owner Community Reinvestment Area ("Single Property CRA") for an existing Salt Lake City property owner or business ("Local Business") if the Local Business owner proposes a project that achieves the City's economic development goals for business retention and expansion. Upon creation of the Single Property CRA, the Local Business may become eligible for tax increment reimbursement, as outlined in Section 3.4. The RDA shall seek the City's participation as a taxing entity for the Single Property CRA, subject to the City Council's approval, and the RDA may also seek participation in the Single Property CRA from non-City taxing entities. The RDA Board has the authority to create the Single Property CRA and approve the Agreement for Reimbursement simultaneously.

3.3 Annual Agreement Limit

The RDA may execute a maximum of four (4) Agreements for a project in the Single Property Business Retention Tool category within a single calendar year.

3.4 Threshold Requirements

The Local Business seeking a Single Property CRA and related Agreement must achieve the following threshold requirements to receive a tax increment reimbursement pursuant to this section:

a. The Local Business must commit to invest a minimum $12 million in private capital expenditures into the project.

b. The Local Business must demonstrate the project will result in job retention and/or job creation. One of the following job creation/retention standards must be achieved:

    i. The minimum creation of one (1) full-time equivalent permanent job (created or retained) per $50,000 of eligible tax increment.

    ii. The creation or retention of jobs at an aggregate of 110% of the average Salt Lake County wage.

c. The Local Business must demonstrate that the tax increment reimbursement is necessary for the project to succeed.

d. The Local Business must demonstrate that it is an existing Salt Lake City-based business and the tax increment reimbursement will result in the business remaining or expanding in the City.

e. The project must employ sustainable construction practices consistent with a reputable sustainable building program approved by the Executive Director.

Once RDA staff has confirmed that the Local Business meets the threshold requirements for tax increment reimbursement listed above, the Local Business' application for tax increment reimbursement will be reviewed and finalized pursuant to this policy.

3.5 Maximum Reimbursement Term

The maximum reimbursement term shall be 25 years for Agreements eligible under the Single Property Business Retention Tool category.

3.6 Participation Rate

Salt Lake City's maximum participation rate shall be determined by the level of economic and public benefit provided by the project. The standard rate shall be 70% and the maximum shall be 90%, as follows.

a. Standard.
The standard participation rate for Agreements eligible under Single Property Business Retention Tool shall be 70% of the annual tax increment generated by the project and statutorily captured and retained by the RDA for economic development.

b. Economic and Public Benefit Incentives.
An increase from the standard participation rate, as defined in 3.6(a), may be obtained if the project meets certain economic and public benefit criteria. For each of the following criterion fulfilled, the project may be eligible for a 5% increase in the participation rate, for a maximum of a 20% increase: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Significant Job Creation, Significant Wage Generation, Significant Economic Impact, Architecture/Urban Design, and Unique Construction or Tenant Improvements.

Figure 2: Participation Rate Calculation Chart – Single Property Business Retention Tool

STANDARD	ECONOMIC/PUBLIC BENEFIT INCREASE	MAXIMUM TOTAL
70%	Up to 20%	90%

4. EVALUATION AND APPROVAL PROCESS

4.1 Scope

An Agreement eligible under the Project Area Development category will be evaluated and processed as described in Section 4.2. An Agreement eligible under the Single Property Business Retention Tool category will be evaluated and processed as described in Section 4.3.

4.2 Project Area Development

a. *Step 1: Application Processing and RDA Staff Review.*
All applications shall be made to RDA staff, on standard RDA forms. All applications must be complete 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.

b. *Step 2: RDA Finance Committee Review.*
RDA staff shall forward complete applications that meet minimum requirements to the RDA Finance Committee. The RDA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the application and formulate a recommendation to the Board.

c. *Step 3: Adoption of the Tax Increment Reimbursement Agreement Terms.*
Upon review of the application and supporting material, the Board shall consider for approval a resolution that approves the Agreement terms.

d. *Step 4: Agreement Finalization.*
Once the terms of an agreement have been authorized by the Board, the RDA and developer shall execute an Agreement.

4.3 Single Property Retention Tool

Refer to Appendix A for a visual representation of the Single Property Retention Tool evaluation and approval process.

a. *Step 1: Application Processing and RDA Staff Review.*
All applications shall be made to RDA staff, on standard RDA forms. All applications must be complete 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.

b. *Step 2: Small Group Meetings.*
If the proposed application meets the RDA staff's initial evaluation criteria, RDA staff

will schedule small group meetings with the Board to provide Board members with an overview of the proposed project and anticipated economic and public benefits. If Board members are generally supportive of the proposed project, the Board will schedule a public meeting to discuss the proposed project pursuant to Step 3.

c. *Step 3: Initiation of a Community Reinvestment Project Area Plan.*
Upon presentation of the general overview of the proposed project in a public meeting, the Board may adopt a resolution initiating a community reinvestment project area plan ("CRA Plan"). The resolution shall designate the geographical area, and authorize the RDA to conduct the required analysis under Utah Code 17C to create a project area. If the Board does not adopt a resolution, the application shall be deemed disapproved.

d. *Step 4: Reimbursement Application Evaluation.*
The RDA shall carry out the following to evaluate the Reimbursement application.

   i. *Third Party Financial Analysis.*
   RDA staff shall consult with a third party financial analyst to provide a recommendation on 1) the public benefit anticipated to be derived from the proposed project and 2) determination of financial need and whether or not the proposed project might reasonably occur through private investment without the Reimbursement. The third-party financial analysis shall be provided to the Board prior to the Board's consideration of the Reimbursement application.

   ii. *RDA Finance Committee Review.*
   RDA staff shall, after receiving the third party analysis on financial feasibility referenced above, forward the complete application that meets minimum requirements and the financial feasibility analysis to the RDA Finance Committee. The RDA Finance Committee shall evaluate the application, supplemental materials, and other documentation necessary to thoroughly review the application in accordance with the policy contained herewith and formulate a recommendation to the Board. The RDA Finance Committee shall provide a recommendation of approval or denial of all applications to the Board for consideration.

e. *Step 5: CRA Plan Creation.*
RDA staff shall draft the required components of the CRA Plan, including a description of project area boundaries, project area activities, conformance with the general plan, anticipated public benefits, and the project area budget.

f. *Step 6: Public Comment Period and Public Hearing.*
RDA staff shall transmit all relevant information to the Board, including an overview of the project, description of the proposed benefits to the local economy, proposed increase in assessed property values, and any potential concerns of the project. Upon receipt of the transmittal, the RDA Board may schedule a public comment period and hearing as follows and as required under Utah Code 17C:

   i. *Public Comment Period.*
   Thirty-days prior to holding a public hearing, the RDA Board shall have the CRA Plan available to the public.

ii. *Public Hearing.*
The Board shall hold a public hearing to allow public comment on the proposed CRA Plan and whether the RDA should revise, approve, or reject the plan.

g. *Step 7: Adoption of the CRA Plan and Agreement Terms.*

i. *Board.*
Either simultaneously or in separate public meetings, the Board may consider as part of the Board's consideration of the Agreement the following resolutions: 1) a resolution that approves the CRA Plan, 2) a resolution authorizing an interlocal agreement to facilitate the receipt of project area funds by the RDA, and 3) a resolution that approves the Agreement. If the Board does not adopt one or more of these resolutions, the application shall be deemed disapproved.

In addition, if non-City taxing entities will be participating in the Single Property CRA, the Board shall consider a resolution authorizing an interlocal agreement to facilitate the receipt of project area funds from the taxing entity that is participating.

As statutorily required, a contest period and notice of the CRA Plan adoption shall occur.

ii. *City Council.*
The City Council may consider for approval an ordinance that approves the community reinvestment project area plan. In addition, the City Council may consider for approval a resolution authorizing an interlocal agreement to facilitate the receipt of project area funds by the RDA. If the City Council does not adopt the ordinance and/or resolution, the application shall be deemed disapproved.

h. *Step 8: Agreement Finalization.*
Once the terms of an agreement have been authorized by the Board, the RDA and developer shall execute an Agreement.

5. AGREEMENT TERMS

5.1 Participation and Reimbursement Agreement Terms

In addition to standard terms outlining the tax increment reimbursement process as recommended by legal counsel, the following terms shall be included in the Agreement:

a. *Reimbursement to Benefit Project Owner: RDA Discretion.*
The RDA intends that the beneficiary of the tax increment reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the property, 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 reimbursements 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.

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 RDA does not consent to the transfer of the Agreement, the tax increment reimbursement will cease and the Agreement will terminate.

b. *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 related to the tax increment reimbursement. In the event that any such appeal results in a reduction in property taxes, the percentage share of the tax increment payable to the recipient shall be decreased, and the percentage share of the tax increment payable to the RDA shall be increased, so that the dollar amount payable to the RDA is the same as if no appeal of the assessed value had been made.

c. *Recapture Provisions in the Event of Default.*
Agreements shall require the recapture of all or a portion of tax increment reimbursement funds allocated to a project that fails to meet its economic or public benefit requirements as provided in the Agreement.

d. *Participant Reporting Requirements.*
Agreements shall require reporting from reimbursement recipients as per the following:
   i. Project Completion: Upon project completion, reimbursement recipients shall provide a report that includes the total cost of improvements, a summary of completed improvements, and outcome metrics relating to project-specific requirements as per the Agreement.
   ii. Annual Pre-Reimbursement: Contingent upon receiving an annual reimbursement, reimbursement recipients shall provide a report that includes notification of any tax appeals and outcome metrics relating to project-specific requirements as per the Agreement. As applicable, the report shall include relevant data that is certified by a financial officer or public accountant.

5.2 Interest

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

6. REPORTING AND COMMUNICATIONS

6.1 Reporting
The RDA shall provide a written briefing to the Board, no less than annually per fiscal year, which contains an update on the RDA's Reimbursement portfolio. Such briefing shall include a summary of new Agreements, anticipated budget impacts, and project metrics.

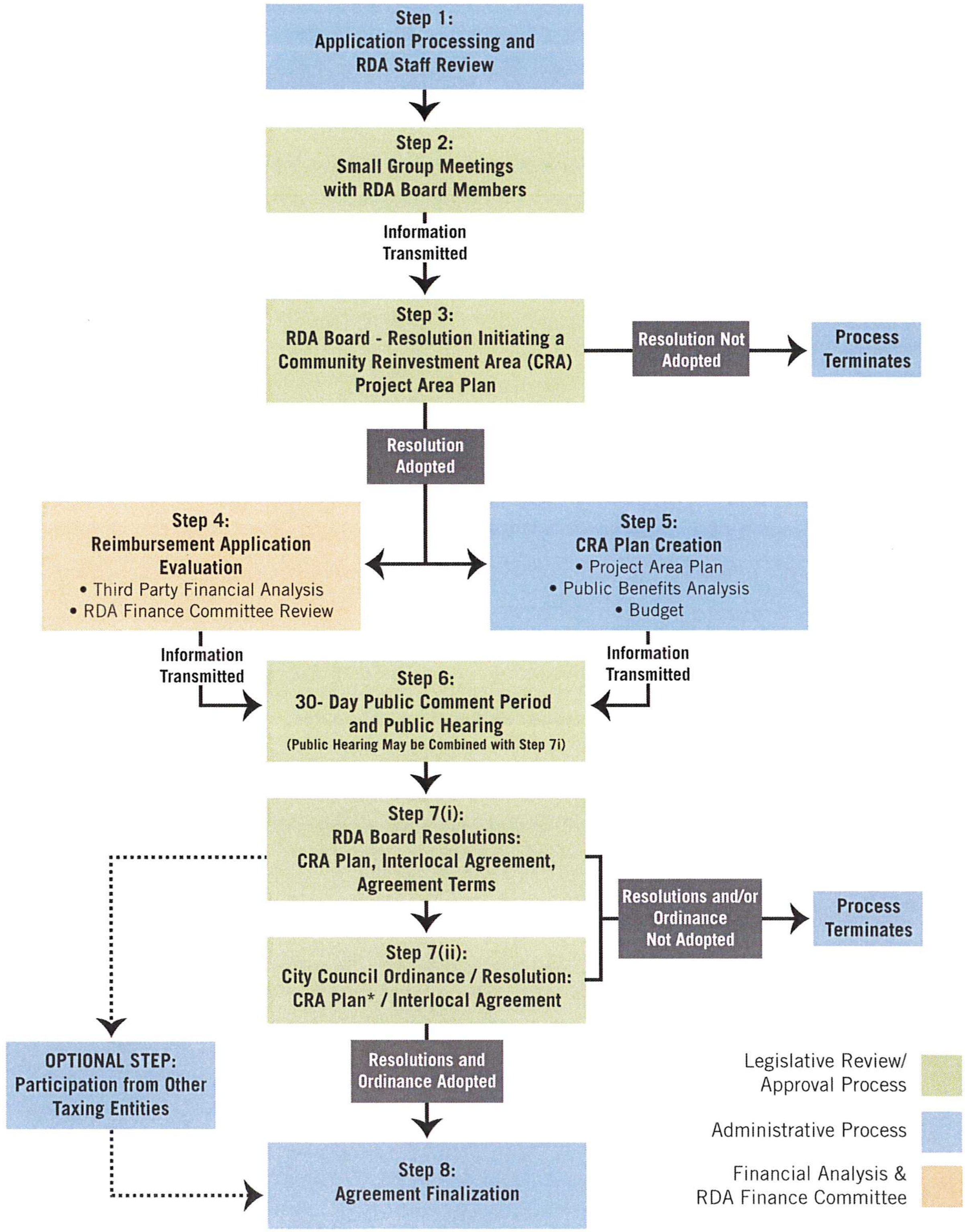
6.2 Communications

For each Agreement entered into as facilitated through the Single Property Business Retention Tool, an informational sheet, that summarizes the project and anticipated economic and public benefits, shall be created and made available to the public.

Appendix A:

RDA TAX INCREMENT REIMBURSEMENT PROGRAM: SINGLE PROPERTY RETENTION TOOL

APPLICATION EVALUATION AND APPROVAL PROCESS



*As statutorily required, a contest period and notice of the CRA Plan adoption shall occur.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 10th day of Oct 2017

Lisa R. Adams, Chairperson

THE REDEVELOPMENT AGENCY OF SALT LAKE CITY CORPORATE SEAL

Transmitted to the Executive Director on 10-17-2017.

The Executive Director:

✓ does not request reconsideration

______ requests reconsideration at the next regular Agency meeting.

Patrick W Leary 10/24/2017

Jacqueline M. Biskupski, Executive Director

Acting Exec. Director

Approved as to form:

Salt Lake City Attorney's Office

Katherine N. Lewis

ATTACHMENT E

Repealed and Replaced Project Area Tax Increment Reimbursement Program Policy

Salt Lake City Community Reinvestment Agency

RESOLUTION NO. ________

Project Area
Tax Increment Reimbursement Program Policy

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY REPEALING AND REPLACING THE CRA TAX INCREMENT REIMBURSEMENT PROGRAM POLICY

WHEREAS, the Salt Lake City Community Reinvestment Agency (**CRA**) formally known as the Redevelopment Agency of Salt Lake City was created to transact the business and exercise the powers provided for the Community Reinvestment Agency Act (**Act**).

WHEREAS, the Act grants the CRA authority to create Community Reinvestment Areas (**Project Areas**) for the purpose of economic development and community benefits.

WHEREAS, the Act grants the CRA authority to enter into participation agreements (also known as **Tax Increment Reimbursement Agreements**, or, **Reimbursement Agreements**, or, **Agreements**) for the purpose of providing Project Area funds for the purpose of incentivizing Project Area development.

WHEREAS, the CRA Board of Directors (**Board**) adopted the initial Tax Increment Reimbursement Program Policy on June 13, 2017 and amended the policy on November 14, 2017.

WHEREAS, the Board supports the goal to facilitate mission-aligned developments in Project Areas and encourage business retention in Salt Lake City by repealing and replacing the Tax Increment Reimbursement Program Policy and corresponding process for the distribution of tax increment for eligible expenses.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY, that we do hereby establish policy guidelines for the Project Area Tax Increment Reimbursement Program to include the following:

1. **GENERAL**
   a. **Purpose**
   The Project Area Tax Increment Reimbursement Program (**Program**) may provide project developers or property owners a property tax increment reimbursement (**Reimbursement**) for the development of certain eligible improvements in a Project Area that provide significant public benefit and meet the goals and objectives of the Act, the CRA's Project Area plans, and the CRA's Mission and Values. The Program additionally may provide property owners or local businesses a tax increment Reimbursement for the development of improvements for business retention and expansion, and meet the City's economic development goals. The Program is designed to provide Reimbursements to encourage development that benefits the

public but would not, absent tax increment funding, be financially viable. Reimbursements are calculated using Salt Lake County's assessed property value. The developer, property owner, or business will receive a percentage of the tax increment generated from the project for a specified timeframe to reimburse them for Eligible Costs as defined in Section 1.c.iii. The CRA will receive the residual tax increment generated by the project.

b. Authorization

A Reimbursement shall only be authorized pursuant to a Tax Increment Reimbursement Agreement, the terms of which must be approved by the Board.

The Board reserves the right to modify or deny a tax increment reimbursement application at any time for any reason, including the availability of tax increment in the Project Area. The Board's approval of a ReimbursementAgreement shall be made by resolution and include a description of the development the applicant will undertake, the amount of funds the applicant may receive, and the terms and conditions under which the applicant may receive the funds.

c. Eligibility

i. **Reimbursement Categories**

Only projects that are within the following categories shall be eligible for Reimbursement:

a. Project Area Development Tool

Projects located within an established Project Area that meet the miminum requirements (**Threshold Requirements**) defined in this policy and meet CRA's Project Area development goals as defined in the Project Area plan.

b. Single Property Business Retention Tool

Projects that are located within Salt Lake City's municipal boundaries that achieve the City's economic development goals for business retention and expansion.

ii. **Eligible Project Locations**

Eligible projects of the Project Area Development Tool shall be located in or associated with an active Project Area that allows tax increment reimbursements pursuant to Utah State Code 17C.

Eligible projects of the Single Property Business Retention Tool shall be located within Salt Lake City's municipal boundaries. Projects shall only be eligible for Reimbursement if the CRA Board simultaneously authorizes creation of a property-specific Project Area for the project (**Single Property CRA**).

iii. **Eligible Costs**

Reimbursement will be limited to funding hard costs of construction and site improvements. The CRA may determine, in its sole discretion, if the entire project or only specific project elements are eligible. In unusual circumstances, the CRA may consider, in its sole discretion, Reimbursements for projects that are already under construction, assuming that such projects demonstrate financial need. Projects that are already under construction shall not be eligible for any waivers or exceptions of the Policy.

Under no circumstances shall the CRA or Salt Lake City have any obligation as a borrower, obligor, guarantor, issuer, co-issuer, or otherwise liable party with respect to project financing of any kind. All tax increment payments will be payable by the CRA solely and directly to the Developer.

iv. **Eligible Applicants**

Project Area Development Tool: Eligible applicants are property owners or project developers who: (a) demonstrate control of the project site through fee ownership or similar long term real property rights, (b) will pay the annual property taxes, and (c) will own and exercise substantial control over the project.

Single Property Business Retention Tool: Eligible applicants are existing Salt Lake City property owners or businesses with a lease of the property (**Local Businesses**) who will pay the annual property taxes and will own and exercise substantial control over the project.

d. Qualifying Funding Priorities and Livability Benchmarks
The CRA routinely establishes housing and commercial funding priorities that designate goals for development across all CRA projects (**Housing Funding Priorities** and **Commercial Funding Priorities)**. The CRA's Livability Benchmarks are derived from the CRA's core mission and three (3) overarching values: Economic Opportunity, Equity and Inclusion, and Neighborhood Vibrancy. Funding Priorities and Livability Benchmarks that make a project eligible for incentives in accordance with Section 3 will be identified in administrative guidelines (**Qualifying Funding Priorities** and **Qualifying Livability Benchmarks**).

2. PROJECT REQUIREMENTS AND REIMBURSEMENT STRUCTURE

To be eligible for a tax increment Reimbursement Agreement, projects must, at minimum, meet the Threshold Requirements**,** in addition to further requirements and clarifications that may be established in the tax increment administrative guidelines.

a. Threshold Requirements for the Project Area Development Tool

i. Projects must be

1. Regionally significant, offering transformational opportunities for commercial activity and/or housing that will positively impact the neighborhood and surrounding community; OR
2. Equal to or above 350,000 square feet of development, unless the project includes preservation of a historic structure, as defined in administrative guidelines.

ii. Projects must meet at least one eligible CRA Housing Funding Priority or Commercial Funding Priority for the associated project Area, as defined in administrative guidelines.

iii. Projects must include activated commercial space on the ground floor. Activated commercial space means that an amount of frontage that is equal to 50% of the length of all street-facing building facades must contain a non-residential use that is open to the public, not exclusive to the tenants of the building, and encourages pedestrian activity and walk-in traffic. Activated commercial spaces shall have a minimum depth of 25 feet. An exception may be provided for projects that are unable to meet the minimum required dimensions because they involve the preservation or rehabilitation of an existing building.

iv. Projects must comply with the CRA Sustainable Development Policy and the CRA Art Policy.

v. 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 and that no other CRA program would help to fill the funding gap. Approval of reimbursement is based on commercially reasonable expectations for developer financial returns.

b. Threshold Requirements for the Single Property Business Retention Tool

i. The Local Business must commit to invest a minimum of $12 million in private capital expenditures into the project.

ii. The Local Business must demonstrate the project will result in job retention and/or job creation. One of the following job creation/retention standards must be achieved:

1. The minimum creation of one (1) full-time equivalent permanent job (created or retained) per $50,000 of eligible tax increment.
2. The creation or retention of jobs at an aggregate of 110% of the average Salt Lake County wage, or as required by the Utah Legislature for the Economic Development Tax Increment Financing tax credit, whichever is higher.

iii. The Local Business must demonstrate that the tax increment reimbursement is necessary for the project to succeed.
iv. The Local Business must demonstrate that it is an existing Salt Lake City-based business and the tax increment reimbursement will result in the business remaining or expanding in the City.
v. Projects must comply with the CRA Sustainable Development Policy and the CRA Art Policy.

c. Design Review

Projects shall comply with all Salt Lake City policies, ordinances, and codes.

3. REIMBURSEMENT STRUCTURE AND CALCULATION

a. Reimbursement Term

The maximum Reimbursement term shall be 15 years or the sum of the remaining operating years of a project area, whichever is less, and according to a demonstrated financial need and the overall value of public benefit being provided.

b. Reimbursement Rate

i. Base Level Reimbursement – The base reimbursement rate for projects that meet the Threshold Requirements is 60%.
ii. Increased Reimbursement Rate Incentives – Projects may be eligible to receive an increase in the reimbursement rate and amount by satisfying the following criteria:
    1. Incorporating additional Qualifying Funding Priorities or Qualifying Livability Benchmarks beyond those used to meet the Threshold Requirements, or
    2. Substantially exceeding requirements for a Qualifying Funding Priority or Qualifying Livability Benchmark being used to meet the Threshold Requirements.

Each additional Qualifying Funding Priority or Qualifying Livability Benchmark met is worth an added 5% to the reimbursement rate and amount. The possible total maximum reimbursement rate and amount is 80%.

c. Maximum Reimbursement Amount

The maximum reimbursement amount to be paid to the property owner or developer will be determined based on consideration of a project's eligible costs, demonstrated financial need, the overall value of public benefit being provided, as well as the CRA's existing debt obligations. The CRA's authorized uses of tax increment shall have priority over any tax increment reimbursement payments.

d. Tax Increment Calculation

The formula to calculate the Reimbursement 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 last equalized prior to application submittal. 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 **New Growth**.
   - Multiply New Growth by the current effective tax rate.
     (New Growth) x (Effective Tax Rate) = ***Total Annual Tax Increment (TI)***

ii. Step 2: Estimate the Annual TI Received by the CRA.
    Multiply Total Annual TI by the percentage of TI received by the CRA. *(Total Annual TI) x (% of TI received by the CRA) =* ***Total Annual TI Received by the CRA.***

iii. Step 3: Estimate the Annual TI Received by the CRA after the Administrative Fee is taken out.
    Multiply Total Annual TI Received by the CRA by 98% to account for the 2% fee set aside by the CRA for administrative expenses. *(Total Annual TI Received by the CRA) x (0.98%) =* ***Total Annual TI Received by the CRA Post-Admin Fee.***

iv. Step 4: Estimate the Annual TI Received by the CRA after the Housing set-aside is taken out.
   - Multiply Total Annual TI Received by the CRA Post-Admin Fee by 90% to account for the 10% set-aside by the CRA for housing. *(Total Annual TI Received by the CRA Post-Admin Fee) x (0.90%) =* ***Total Annual TI Received by the CRA Post-Housing and Admin Fee.***

v. Step 5: Estimate the Annual Reimbursement Payment.
   - Using the anticipated developer/property owner reimbursement rate (**Reimbursement Rate**), calculate the estimated annual reimbursement payment. Refer to Section 3.b. for more information on how the Reimbursement Rate is determined. *(Total Annual TI Received by the CRA Post-Housing and Admin Fee) x (Reimbursement Rate) =* ***Estimated Annual TI Reimbursement Payment.***

vi. Step 6: Calculate the Maximum Amount of Tax Increment Available to the Developer or Property Owner Over the Term of the Agreement. (**Reimbursement Term**).

- Refer to Section 3.a. for more information on how the Reimbursement Term is determined. *(Estimated Annual TI Reimbursement Payment) x (Reimbursement Term) =* ***Total TI 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 CRA's sole discretion.

The actual Reimbursement amount will be dependent on the increment that is generated by the project, and demonstration of documented, eligible expenses to be approved by the CRA. Payments will be subordinate to the CRA's existing debt obligations. Applicants should work with CRA staff to understand these factors within each Project area.

4. **EVALUATION AND APPROVAL PROCESS**
Applications that meet the requirements detailed in Section 2 will be evaluated and processed depending on the type of tool being used.

a. Evaluation and Approval for Project Area Development Tool
Applications that meet the requirements will be evaluated and processed as detailed below.

i. Step 1: Application Processing and CRA Staff Review.
All applications shall be made to CRA staff, on standard CRA forms, accompanied by proof of payment or a check in the amount of the application fee. All applications must be complete to be evaluated, and if either the applicant or proposed project fails to demonstrate the ability to meet application requirements, CRA staff may deny the application.

ii. Step 2: CRA Finance Committee Review.
CRA staff shall forward complete applications that meet the Threshold Requirements to the CRA Finance Committee. The CRA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the application and formulate a recommendation to the Board.

iii. Step 3: Board Consideration of the Tax Increment Reimbursement Agreement Terms. Upon review of the application and supporting material, the Board may consider for approval a resolution detailing the Agreement terms.

iv. Step 4: Agreement Finalization.
Once the Agreement terms have been authorized by the Board through an approved resolution, the CRA and developer or property owner will execute an Agreement consistent with the approved terms, as well as any other legal agreements (such as an affordable housing restriction) deemed necessary by the City Attorney's Office.

b. **Evaluation and Approval for Single Property Business Retention Tool**
Applications that meet the requirements will be evaluated and processed as detailed below.

Projects shall only be eligible for Reimbursement if the CRA Board simultaneously authorizes creation of a Single Property CRA. The CRA shall seek the City's participation as a taxing entity in the Single Property CRA, subject to the City Council's approval, and the CRA may also seek participation in the Single Property CRA from non-City taxing entities.

The CRA may execute a maximum of four (4) agreements for projects in the Single Property Business Retention Tool category within a single calendar year.

i. Step 1: Application Processing and CRA Staff Review.
All applications shall be made to CRA staff, on standard CRA forms, accompanied by proof of payment or a check in the amount of the application fee. All applications must be complete to be evaluated, and if either the applicant or proposed project fails to demonstrate the ability to meet application requirements, CRA staff may deny the application.

ii. Step 2: Small Group Meetings.
If the proposed application meets the CRA staff initial evaluation criteria, CRA staff will schedule small group meetings with the Board to provide Board members with an overview of the proposed project, anticipated economic and public benefits of the project, and identification of any public costs the project may impose on the City. If Board members are generally supportive of the proposed project, the Board will schedule a public meeting to discuss the proposed project pursuant to Step 3.

iii. Step 3: Initiation of a Community Reinvestment Project Area Plan.
Upon presentation of the general overview of the proposed project in a public meeting, the Board may adopt a resolution initiating a community reinvestment Project Area plan (**CRA Plan**). The resolution shall designate the geographical area and authorize the CRA to conduct the required analysis under Utah Code 17C to create a Project Area. If the Board does not adopt a resolution, the application shall be deemed disapproved.

iv. Step 4: Reimbursement Application Evaluation.
The CRA shall carry out the following to evaluate the Reimbursement application.
   1. Third Party Financial Analysis.
   CRA staff shall consult with a third party financial analyst to provide a recommendation with a supporting analysis on 1) the public benefit anticipated to be derived from the proposed project, 2) any public

costs the project may impose on the City's General Fund, and 3) determination of financial need and whether or not the proposed project might reasonably occur through private investment without the Reimbursement. The third party will also, if applicable, conduct an analysis of comparable values of equivalent properties (both the difference and the percentage relative to comparable values) to ensure that the Reimbursement is not being used to reimburse overvalued land costs. The third party financial analysis shall be provided to the Board prior to the Board's consideration of the Reimbursement application.

2. CRA Finance Committee Review
CRA staff shall, after receiving the third party analysis on financial feasibility referenced above, forward the complete application that meets minimum requirements. and the financial feasibility analysis, to the CRA Finance Committee. The CRA Finance Committee shall evaluate the application, supplemental materials, and other documentation necessary to thoroughly review the application in accordance with the policy contained herewith and formulate a recommendation to the Board. The CRA Finance Committee shall provide a recommendation of approval or denial of all applications to the Board for consideration.

v. Step 5: CRA Plan Creation
CRA staff shall draft the required components of the CRA Plan, including a description of Project Area boundaries, Project Area activities, conformance with the general plan, anticipated public benefits, and the Project Area budget.

vi. Step 6: Public Comment Period and Public Hearing
CRA staff shall transmit all relevant information to the Board, including an overview of the project, description of the proposed benefits to the local economy, proposed increase in assessed property values, and any potential concerns of the project. Upon receipt of the transmittal, the CRA Board may schedule a public comment period and hearing as follows and as required under Utah Code 17C:

1. Public Comment Period
Thirty-days prior to holding a public hearing, the CRA Board shall have the CRA Plan available to the public.
2. Public Hearing
The Board shall hold a public hearing to allow public comment on the proposed CRA Plan and whether the CRA should revise, approve, or reject the plan.

vii. Step 7: Adoption of the CRA Plan and Agreement Terms

1. Board.
Either simultaneously or in separate public meetings, the Board may consider as part of the Board's consideration of the Agreement the following resolutions: 1) a resolution that approves the CRA Plan, 2)

a resolution authorizing an interlocal agreement to facilitate the receipt of Project Area funds by the CRA, and 3) a resolution that approves the terms of the Agreement. If the Board does not adopt one or more of these resolutions, the application shall be deemed disapproved.

In addition, if non-City taxing entities will be participating in the Single Property CRA, the Board shall consider a resolution authorizing an interlocal agreement to facilitate the receipt of Project Area funds from the taxing entity that is participating.

As statutorily required, a contest period and notice of the CRA Plan adoption shall occur.

2. City Council

   The City Council may consider for approval an ordinance that approves the community reinvestment Project Area plan. In addition, the City Council may consider for approval a resolution authorizing an interlocal agreement to facilitate the receipt of Project Area funds by the CRA. If the City Council does not adopt the ordinance and/or resolution, the application shall be deemed disapproved.

viii. Step 8: Agreement Finalization

Once the terms of an agreement have been authorized by the Board, the CRA and developer shall execute a Reimbursement Agreement.

5. AGREEMENT TERMS

a. Participation and Reimbursement 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: CRA Discretion

The CRA intends that the beneficiary of the Reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the project or property, 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 Reimbursements 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 CRA will have sole discretion to determine the beneficiary of the tax increment.

If, after execution of the Agreement, the real property and/or the project are conveyed to a third party during the reimbursement term, the CRA will have the right to review any request to assign or transfer the Agreement to the third party and, in its sole discretion, to consent to or deny such assignment or transfer. In determining whether to consent to an assignment or transfer, the CRA may consider whether the benefits, commitments, obligations, and other terms contemplated under the Agreement will continue to be satisfied by the proposed new owner or developer. No assignment or transfer of the

Agreement will be effective without the CRA's prior written consent. If the CRA does not consent to the assignment or transfer, the CRA will have no obligation to make any further Reimbursement payments and the Agreement will automatically terminate upon conveyance of the real property and/pr project to a third party.

ii. Tax Appeals
All Reimbursement recipients shall be required to notify the CRA 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 Reimbursement payable by the CRA to the recipient will decrease, and the percentage share of the tax increment received by CRA shall be increased, so that the dollar amount received by the CRA 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 Reimbursement 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 Reimbursement recipients as per the following:

1. Project Completion: Upon project completion, Reimbursement 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 Reimbursement, Reimbursement 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.

b. Interest
Interest will not accrue for any reason against the CRA on the anticipated or projected tax increment to be reimbursed to the developer.

6. REPORTING REQUIREMENTS

a. Reporting
The CRA shall provide a written briefing to the Board once per fiscal year, which contains an update on the CRA's Reimbursement portfolio. Such briefing shall include a summary of new Agreements, anticipated budget impacts, and project metrics. Reimbursement recipients will be required to report data to the CRA subject to the terms in the final Agreement. Reimbursements may be terminated for projects not in compliance with the Agreement's reporting requirements.

7. COMPLIANCE

Certain requirements, as determined by the CRA, may be put in place to ensure that projects remain compliant with obligations associated with Threshold Requirements and incentives. Some commitments may be memorialized in the Reimbursement Agreement, restrictive use agreements, or other forms of agreement. Such obligations may extend beyond the approved Reimbursement Term to the extent they are consistent with its intent.

8. EXCEPTIONS

Subject to the requirements and limitations of the Act and other applicable laws, the Board, by a majority vote of those present, may waive requirements or make exceptions to the foregoing criteria and procedures base on a finding that the CRA's mission and values will be furthered by such waiver or exception. CRA staff will prepare a written recommendation and statement regarding the waiver or exception. The statement will be placed in the project file.

Passed by the Board of Directors of the Salt Lake City Community Reinvestment Agency , this day of
___________________, 2026.

____

____
Dan Dugan, Chair

Approved as to form: __________________________________
Salt Lake City Attorney's Office
Courtney Lords
Date:____________________________

The Executive Director:

_______does not request reconsideration
_______requests reconsideration at the next regular Agency meeting.

____
Erin Mendenhall, Executive Director

Attest:

____
City Recorder