



City of South Salt Lake Redevelopment Agency AGENDA

I, Portia Mila, Redevelopment Agency Chair, hereby determine that conducting the RDA meeting at an anchor location presents a substantial risk to the health and safety of those who may be present at the anchor location. The World Health Organization, the President of the United States, The Governor of Utah, the County Health Department and Mayor, and the Mayor of South Salt Lake City have all recognized a global pandemic exists related to the new strain of the coronavirus, SARS- CoV-2. Due to the State of emergency caused by the global pandemic, I find that conducting a meeting at an anchor location under the current state of public health emergency constitutes a substantial risk to the health and safety of those who may be present at the location.

Dated: August 5, 2020

Signed: _____ /s/ Portia Mila

Public notice is hereby given that the City of South Salt Lake Redevelopment Agency will hold an electronic meeting on **Wednesday, August 12, 2020**, via Zoom, see log in information attached, commencing at **6:00 p.m.**, or as soon thereafter as possible.

Conducting: Portia Mila, RDA Chair

Opening Ceremonies

1. Roll Call

No Action Comments

1. Bills, Claims, and Communications
2. Report of the Executive Director

Approval of Minutes

May 27, 2020

June 3, 2020

June 17, 2020

July 8, 2020

Unfinished Business

1. Continued Discussion on Tax Increment Participation for the Riverfront Development
2. Update on RDA Projects
3. Review of Economic Development Strategic Plan Goals
4. RDA Training

Motion for Closed Meeting

Adjourn

Posted August 7, 2020

CITY COUNCIL

MEMBERS:

LEANNE HUFF
COREY THOMAS
SHARLA BYNUM
PORTIA MILA
SHANE SIWIK
NATALIE PINKNEY
RAY DEWOLFE

220 E MORRIS AVE
SUITE 200
SOUTH SALT LAKE CITY
UTAH
84115
P 801.483.6027
F 801.464.6770
TTY: 711
SSLC.COM

Those needing auxiliary communicative aids or other services for this meeting should contact Craig Burton at 801-483-6027, giving at least 24 hours' notice

Please click the link below to join the webinar:

<https://zoom.us/j/99744012728?pwd=d1B4RTUxaUhlNzJub3JoMFY5ZkZ2Zz09>

Passcode: 199903

Or iPhone one-tap :

US: +13462487799,,99744012728# or +16699006833,,99744012728#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 669 900 6833 or +1 253 215 8782 or +1 312 626 6799
or +1 929 205 6099 or +1 301 715 8592 or 833 548 0276 (Toll Free) or 833 548 0282
(Toll Free) or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)

Webinar ID: 997 4401 2728

International numbers available: <https://zoom.us/u/adlPrQp5eC>

CITY OF SOUTH SALT LAKE REDEVOLEPMENT AGENCY
MINUTES OF MEETING HELD
August 12, 2020

Date/Time/Place Wednesday, August 12, 2020
6:02 p.m.
220 East Morris Avenue #200
South Salt Lake, Utah 84115

Conducting LeAnne Huff

DIRECTORS PRESENT:

Sharla Bynum, Ray deWolfe, LeAnne Huff, Natalie Pinkney,
Corey Thomas and Shane Siwik

DIRECTORS EXCUSED:

Portia Mila

STAFF PRESENT:

Mayor Cherie Wood
Hannah Vickery, City Attorney
Randy Sant, Economic Development Consultant
Kyle Kershaw, Finance Director
Terry Addison, Fire Chief
Alex White, Community Development Director
Craig Burton, City Recorder
Ariel Andrus, Deputy City Recorder

Opening Ceremonies

1. Roll Call.

No Action Comments.

1. Bills, Claims, and Communications. None.

2. Report of the Executive Director. None.

Approval of Minutes

May 27, 2020
June 3, 2020
June 17, 2020
July 8, 2020

Director Bynum moved to approve these minutes.

MOTION: Sharla Bynum

SECOND: Corey Thomas

Roll Call Vote:

Bynum: Yes

deWolfe: Yes

Huff: Yes

Mila: Absent

Pinkney: Yes

Siwik: Yes

Thomas: Yes

New Business

- 1. Continued Discussion on Tax Increment Participation for the Riverfront Development.** Economic Development Consultant, Randy Sant, reviewed a handout with the Board of the history, current situation, and staff's recommendation for this project. A copy is attached to these minutes and incorporated by this reference.

Director Thomas asked how many single family homes are being built.

Director deWolfe said the first round is fifty-seven and the second is seventy-six.

Mr. Sant explained that the trigger date for the increment will be 2022. The Board will vote on this when staff brings it back as a formal amendment to the interlocal agreement.

- 2. Update on RDA Projects.** Mr. Sant explained that a development group out of California wants to build a project across the street from RC Willey. It is a tech center project with new office tech space, some retail, and could have a little resident component. They estimate it will be a seven to eight year project. The developer has submitted his application to the City and requested that they consider creating a Community Reinvestment Area (CRA). Staff will be bringing the redevelopment project area plan in September for the Board's consideration of tax increment participation. The developer would like to start construction next year.

Mr. Sant also advised that the Dakota Pacific project is well underway. Staff is starting the process of approaching the taxing entities and asking for their participation. They are interested in starting their Phase II and Phase III. Mr. Sant doesn't believe they will need to participate much with tax increment on the Phase III portion. It will bring a little more retail than the Phase I part of the project.

There is another developer interest in looking at State Street where the former D'Ambrosio property is and looking at doing additional development on that side of the street. He inquired if there would be any tax increment assistance for that.

- 3. Review of Economic Development Strategic Plan Goals.** Mr. Sant reminded the Board that they reviewed this plan in 2018 and staff asked the Board to identify what

they felt were the most important things they should be doing. Out of that exercise there were four major goals that were the top priorities.

One was looking to improve the 3300 South corridor. Staff felt that the best way to do this was to focus on a neighborhood development plan for the area. They have been working on this plan and it should be ready to bring to the Board in the next month. One of the things they have looked at is rather than creating one big project area, staff felt it would be best to create three or four smaller project areas. That way they could put a reasonable budget together to take to the other taxing entities. The participation level would be less and it would be more finite in what they are participating on. There has been discussion with developers who are very interested in moving into this area.

Another goal was to continue to focus on developing the downtown corridor. They have been doing really well on this goal. Mr. Sant reviewed all the development going on there.

The third goal was to develop business retention. Mr. Sant is the business liaison contact. Over the last few months he's had a lot of opportunity to talk to businesses and work with them as they work with the City on their projects. They were going to do a retention survey last year but it got cut when the budget was reduced. This year it was added to the budget so they are working right now to get the first six businesses set up and are hoping to take those surveys this month.

The last goal was to look at how to improve the State Street District. Because of reduction of funding they have not done anything on this goal yet.

Mr. Sant suggested that the Economic Development Strategic Plan be updated. It was created in 2015. He would like to come back and discuss with the Board some of the goals and objectives that they feel staff should be looking at.

Mr. Sant also noted that the Riverfront property was never on the tax rolls because it was UTA's property and we never had any property taxes coming from that. Today they have seventy-three million of new assessed value that is coming in from that piece of property.

4. **RDA Training.** Mr. Sant reviewed some RDA training with the Board. A copy is attached to these minutes and incorporated by this reference. He explained that they have two types of redevelopment project areas they can create. One is an urban renewal project area and the other is a community reinvestment project area. The difference is if you create an urban renewal project area you have to make a finding of blight. The advantage to creating this type of project is you have a limited power of eminent domain. Many RDA's avoid creating these because they are expensive. You have to go through the blight finding and have public hearings on blight that can sometimes be very controversial.

With a community reinvestment area you have the same powers, you can do the same things, they are less costly to create, but they do not have the eminent domain power.

It is a more flexible approach and can be used for the same types of development but the blight finding is not required and they do not have any power of eminent domain.

Mr. Sant then talked about tax increment financing and how it works. It is the redirection of the agency of increasing property taxes arising from new development on land within the project area. It is subject to terms conditions and approval of the other taxing entities. It is a result of the development capital infused into the project area. It is a self-funding development because there is not tax increment if the developer doesn't build what he indicates he is going to build. It comes from the increase that comes from the development.

When a project area is created, the property assessed values within that project area are frozen. Whatever property taxes are being generated from that value continue to flow to the taxing entities, it does not go to the agency. When a developer builds on that property he is going to increase the value of that property. The tax increment is the difference of the new value the development creates minus the base year value. It is not currently on the tax rolls. This is the piece we talk to the other taxing entities about participating with us.

The developer provides finance statements to the agency so they can determine if the project is viable. They get an idea of what his costs of infrastructure are, and they look at what the gap is based on the revenue he is generating, what he's got in equity, what he wants to barrow, and they use the tax increment to fund the gap. The priority is to give the tax increment to fund the construction of infrastructure because it benefits the city. They may also look at helping acquire the land. Then they go to the taxing entities and ask them to agree to provide a portion of that.

They protect the agency by preparing a development agreement that the developer will enter into that does not give him anymore increment than what is created in the project area, making it clear that it is a risk on him and that he has to create the assessed value in order for him to get back the return he is asking for.

With every project area they are allowed to take a portion of the increment to pay for the agency's services. Generally that is five percent. There is also a ten percent requirement that every project area has to hold back for affordable housing as defined by the RDA and city. In total, fifteen percent of the increment generated is held back for the agency and affordable housing and the rest is used for the actual project itself.

Director Pinkney made a motion to adjourn.

MOTION: Natalie Pinkney

SECOND: Ray deWolfe

Roll Call Vote:

Bynum: Yes
deWolfe: Yes
Huff: Yes
Mila: Absent
Pinkney: Yes
Siwik: Yes
Thomas: Yes

The meeting adjourned at 6:57 p.m.

/s/ Portia Mila
Portia Mila, RDA Chair

/s/ Craig D. Burton
Craig D. Burton, Secretary

TAX INCREMENT PARTICIPATION RIVERFRONT DEVELOPMENT

BACKGROUND:

In 2014, the South Salt Lake Redevelopment Agency created the 3900 South Community Development Project Area. As part of that creation they adopted a project area budget, that outline the potential tax Increment that the project would produce and the amount of that increment that would be provided to the developer for the infrastructure costs associated with the development. That adopted budget provides the developer 75% of the available tax increment for a 15-year period. The Riverfront estimated assessed value, which would be created by 413,000 square feet of flex-warehouse, 288 apartment units, and 56 town homes, was estimated to be \$60,748,708 upon completion. This assessed value was estimated to produce \$871,805 in property tax. The city's portion of this new property tax would be \$156,246 annually.

In December of 2015, the agency and the city approved an interlocal agreement for tax increment participation for the Riverfront development. The terms of this agreement allowed 75% of the city's property tax to flow to the agency for a 15- year period. Assuming the assessed value upon completion would be \$60,748,708, the city portion of the total property tax would be \$156,246, and the 75% participation would provide \$117,185 annually. The total amount provided over 15 years for the developer incentive would be \$1,757,768. Therefore, under the approved budget and interlocal agreement the maximum incentive that would come from the city would be \$1,757,767. This incentive was for the estimated \$7,500,000 for the infrastructure the total development required, and \$1,500,000 for property acquisition, for the flex warehouse development.

The agency met with the other taxing entities (county, school district) to obtain their participation of providing tax increment. The county agreed to provide 60% of their increment for a 15-year period, subject to participation by the school district. The school district did not agree to participate. Therefore, no increment was passed to the developer.

The project area still exists and the interlocal agreement between the city and agency has not been terminated. We still could pass to the developer 75% of city produced tax increment for a 15- year period.

CURRENT SITUATION

In order to compensate for the lost of the tax increment, the developer approached to city in 2018 regarding amending their development agreement to scrap the residential development, and to build 150 townhouses that could be rented. This would provide the developer with a higher return on his investment along with a better and longer revenue stream. In the presentation the city council asked what type of incentive could be provided to encourage the development of the single- family homes. The developer indicated the amount would need to be \$1-2 million to assist with the infrastructure and the land write down that would be required for a single- family residential lots. The council requested that the RDA administration work with the developer on the incentive needed and bring the request back to the agency for consideration.

In our discussions with the developer they have indicated that the infrastructure improvements would be \$980,000 and the estimated land write down would be an estimated 1.5 million, for a total amount of \$2,480,000.

Today, the assessed value of the project area is \$73,248,795. Utilizing the current certified tax rate of the city, the property tax generated for the city is \$116,978, which is less than the adopted budget. The reason is because the city certified tax rate is less than the rate in 2015. If the same terms are applied (75% participation, 15 -year period), then the increment that would flow to the agency for an incentive would be \$87,733 annually. Paid over 15-years, this would result in a total incentive of \$1,315,995. This incentive is adequate to cover the infrastructure and a small portion of the land write down. It should also be mentioned the developer has moved forward with the single- family development, based on the understanding that the agency/city would provide an incentive. In discussing the progress of the development 90% of the single-family lots have been sold. The average price for these homes is \$375,000 which are great for the workforce housing market.

RECOMMANDATION

The developer has met the request of the city and proceeded with a single -family development. The agency and city have approved an interlocal agreement, which provides 75% of the tax increment for a 15-year period. It is the recommendation of the RDA staff that this agreement be amended to reflect the new assessed value, a new date to trigger the increment, and to include a new cap of \$1,400,000 for the total increment to be paid for the incentive from the city. This amended agreement would be prepared for adoption by both the agency and city. It is also recommended, that we provide in the tax increment participation agreement with the developer that in the event we are successful in obtaining any additional increment from other taxing entities (county), that increment will be passed through to the developer up to a total participation of \$2,480,000. It should be clear that the developer is not guaranteed any other increment, other than the 75% amount produce by the city portion of the property tax.

In summary, the developer receives 75% of the tax increment collected by the agency from the city, for a period of 15 years, or up to a cap of \$1,400,000. This incentive compensates the developer for the cost of the infrastructure (road, water, sewer, storm water, fencing), and a portion of the land write down cost for a single- family development. The developer will be required to provide the agency documentation of these costs as part of the tax increment agreement.

REDEVELOPMENT SUMMARY

WHAT IS REDEVELOPMENT?

Redevelopment is a set of tools provided under state law, Title 17C of the Utah Code, that empowers local governments in economic development, job creation, eliminating blight, and achieving the goals of development, reconstruction and rehabilitation of residential, commercial, industrial, and retail districts. Municipalities and counties are authorized to create redevelopment agencies, also known as urban renewal agencies, to use these tools.

Redevelopment is a term that has a long history in Utah, but in 2006, the Utah Legislature broke “redevelopment” down into three different tracks, including Urban Renewal, Economic Development, and Community Development. Each of those three tracks serves a somewhat different purpose. The same legislation also changed the legal name of agencies from “Redevelopment Agencies” to “Community Development and Renewal Agencies,” but many Agencies across the state still go by the historical nomination of Redevelopment Agency, or RDA.

Urban Renewal is the new term for what was historically redevelopment. The goal of Urban Renewal is to eliminate blight from specific areas within the community.

Economic Development is a tool that redevelopment agencies can use to help promote job growth in the community. The redevelopment agency can use tax increment to help encourage business relocation, expansion, and development through incentives targeted toward the creation of high-quality jobs.

Community Development is a flexible tool that allows redevelopment agencies the opportunity to encourage all kinds of new development that the community believes will be beneficial, including mixed-use and retail. Community Development provides a flexible alternative to the more rigid Urban Renewal and Economic Development tracks.

Examples of redevelopment tools:

- Ability to assemble land for development
- Ability to utilize tax increment and issue bonds
- Ability to invest in infrastructure to assist private enterprise
- Ability to increase affordable housing stock

Redevelopment Agencies use redevelopment powers and tools as a catalyst in revitalizing their communities. Redevelopment encourages new development, creates jobs and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. As of 2010 in Utah, 70 cities and 5 counties have redevelopment agencies.

Redevelopment can help a community implement a revitalization effort for downtowns, retail areas, neighborhoods or industrial areas. Redevelopment plans are locally created and adopted so they can respond to a community’s unique needs and vision.

Redevelopment plans can help communities to:

- Attract new jobs and businesses
- Create more affordable housing
- Stimulate private reinvestment in local neighborhoods and businesses
- Reduce crime
- Stimulate development of improvement programs
- Stimulate private investment and help rehabilitate homes and businesses
- Build or improve roads, utilities and public facilities
- Preserve open space
- Transform hazardous waste sites (called brownfields) into productive uses
- Create, adopt and/or implement specific plans
- Initiate and fund comprehensive planning efforts

WHAT IS A REDEVELOPMENT AGENCY?

The Redevelopment Agency, also known as a Community Development and Renewal Agency, is a separate, distinct legal entity from the City. However, the City Council serves as the governing board of the Agency. And, the Redevelopment Agency can utilize city staff or hire its own staff and advisors to carry out its day-to-day operations as well as to help formulate and implement redevelopment plans.

The benefit of this system is that the Redevelopment Agency is ultimately responsible to the voting public through the elected governing body that oversees the Agency.

WHAT CAN REDEVELOPMENT DO?

Redevelopment activities may include the rehabilitation/reconstruction of existing structures, the redesign/re-planning of areas with inefficient site layout, the demolition and clearance of existing structures, the construction/rehabilitation of affordable housing and the construction of public facilities including, but not limited to, public buildings, streets, sidewalks, sewers, storm drains, water systems and street lights. All of this contributes to general economic revitalization of an area, making it more attractive for additional investors.

Through redevelopment, a project area receives focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate and add to the housing stock, as well as gain active participation and investment by residents and local business which would not otherwise occur. These revitalization efforts have positive effects that spill over the project area boundaries and improve the entire community.

Examples of activities/benefits generated through redevelopment:

- Commercial mixed-use projects
- New/rehabilitated affordable and market-rate housing
- New and revitalized schools
- Increased investment in the area
- Living wage job creation
- Transportation facilities
- Sales, hotel and utility tax revenue
- Youth recreation and service centers
- Community beautification

- Renewed civic pride

WHY CAN'T PRIVATE ENTERPRISE DO IT ALONE?

Community redevelopment is usually accomplished by forming a partnership of public and private enterprise. Public funds are used to lay the foundation and provide the pre-conditions that are necessary for private enterprises to be interested in and capable of investing their financial resources. One can think of a redevelopment project as a way to “level the playing field.” A Redevelopment Agency may do this by assisting with extraordinary costs of making land within a project area ready for rehabilitation or for new development.

Through the redevelopment process, a partnership of public and private efforts can join forces to bring new life to deteriorating areas.

The blighted areas designated for redevelopment are those areas where private enterprise has failed to revitalize an area. If deterioration is not stopped and turned around, the area will be unattractive for business investment. Public funds are used to leverage private investment into these blighted areas. These funds may also be spent to improve streets, utilities, landscaping, etc. to encourage and attract private development.

Also, the State of Utah requires local participation in state efforts to attract new business and industries to Utah. The Agency has the tools to provide the required local participation.

WHAT ARE THE POWERS OF AN AGENCY?

The Redevelopment Agency has powers that are typical for a local governmental agency and unique powers that are exercised only by redevelopment agencies. Examples of these general powers include:

- Adopt a budget or enter into interlocal cooperation agreements
- Buy and sell property
- Make certain types of loans or grants to carry out the redevelopment plan
- Construct improvements
- Rehabilitate, modernize, consolidate or remove structures
- Assist in the development or rehabilitation of housing for use by moderate-income and low-income families

In addition to these general powers, a Redevelopment Agency has unique powers that include:

- The ability to buy private property for resale to another private person or organization
- The limited ability to use the power of eminent domain (condemnation) to acquire private property
- The power to collect property tax “increment” in order to finance the redevelopment program of the community

Importantly, the Agency has no taxing powers or authority.

WHY IS REDEVELOPMENT IMPORTANT?

Redevelopment is one of the most effective ways to breathe new life into deteriorated areas plagued by social, physical, environmental or economic conditions which act as a barrier to new investment by private enterprise. Through redevelopment, a project area will receive focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate and add to the housing stock, and gain active participation and investment by citizens which would not otherwise occur.

WHAT IS BLIGHT?

Urban Renewal, or true “redevelopment,” can only be used in areas that suffer from adverse physical and economic conditions, defined in the law as “blight.” However, blight is irrelevant in Economic Development and Community Development project areas.

The following types of adverse physical and economic conditions have been observed in redevelopment areas to be examples of blight.

Adverse Physical Conditions

- Unsafe building conditions
- Aging, deteriorating, and poorly-maintained buildings, sometimes interspersed with well-maintained buildings
- Incompatible adjacent or nearby uses of land parcels that hinder economic activity
- Adverse physical factors, such as susceptibility to flooding and earthquakes, that demand significant improvements to buildings in order that they be safe for occupancy
- Small and irregularly shaped lots under multiple ownership that are vacant or underutilized
- Outdated and inefficient building configuration and design that does not meet current business needs
- Unsafe access into buildings or parking lots
- Inadequate and obsolete infrastructure, (i.e. utilities, storm drainage, sewers, street lighting, and confusing and inefficient street systems)

Adverse Economic Conditions

- High business vacancies, low commercial leases and high turnover rates
- Vacant and underutilized land or buildings
- Depreciated or stagnant property values and other evidence of disinvestment
- Hazardous waste and other negative environmental conditions
- High incidence of criminal activity, sometimes equated with an over-concentration of bars, liquor stores or adult stores
- Lack of neighborhood businesses to serve residents, such as banks, pharmacies or grocery stores
- Residential overcrowding

WHY DOES THE AGENCY HAVE THE LIMITED POWER OF EMINENT DOMAIN (CONDEMNATION OF PROPERTY)?

Eminent domain or condemnation is the right of a government to take private property for public use in exchange for just compensation. Agencies may use this redevelopment tool—in very narrow circumstances—to assemble many separate parcels of land into a site large enough for their needs in order to reduce or eliminate a blighting condition. However, the Agency’s power of eminent domain is severely limited because the Agency can only exercise eminent domain if an overwhelming majority of property owners within an Urban Renewal project area consent to the Agency’s use of eminent domain. Without that property owner consent, the Redevelopment Agency cannot unilaterally exercise eminent domain on any private property.

Redevelopment agencies very rarely use eminent domain. This is because eminent domain may only be utilized after negotiations between the Agency and the private property owner fail. In most cases, the benefits and profits to be gained by the private property owner are clear. When eminent domain is used, it is typically because the well being of the residents or businesses in the project area are in jeopardy. Occasionally redevelopment agencies might also use eminent domain to condemn hazardous and dilapidated structures located in economically weak areas.

The Agency is required by The Utah Community Development and Renewal Agencies Act to hold public hearings on the action, to pay the owner fair market value and to give the occupant all relocation benefits and allowances entitled by law. Acquiring property this way is typically used only as a last resort since it is generally time-consuming and costly. The time period for acquiring property through eminent domain within the project area may not exceed 5 years after the establishment of the project.

WHAT IS RELOCATION?

Relocation is the displacement of a business or family for the purpose of clearing land and preparing it for its designated use. If a household or business is displaced due to property acquisition by a Redevelopment Agency, occupants may be entitled by law to certain moving assistance benefits. These benefits help assist families, individuals, businesses and nonprofit organizations to relocate. Relocation benefits include:

- Assistance in finding a new location
- Payments to help cover moving costs
- Additional payments for certain other costs
- Redevelopment agencies must make every effort to accommodate property owners and ensure that they are compensated for the costs involved in relocating their business and reasonable moving expenses

The law also protects homeowners displaced by eminent domain. The owner must be fully compensated for the fair market value of the property. In addition, local agencies must provide relocation benefits. Local agencies condemning properties must furnish a relocation advisor to assist homeowners who are displaced.

If a renter must leave an apartment or any other type of legal rental unit, a relocation specialist will work with the renter and landlord to find a decent and safe replacement apartment or rental unit that is comparable to the present apartment in terms of price, size, and neighborhood conveniences. The renter is eligible to receive moving expenses.

IF A CITIZEN SHOULD DECIDE TO SELL PROPERTY TO THE AGENCY, WHO DETERMINES THE SELLING PRICE?

A property owner may sell their property to a Redevelopment Agency. An Agency seeking to acquire property for redevelopment normally appraises the land and offers the owner its fair market value, which must be not less than the appraised value of the property.

The Agency would hire an independent appraiser to establish the fair market value of the property. If the owner is not satisfied with the appraised value of the property, they may hire their own appraiser to re-evaluate the property after which both appraisals will be compared and a selling price negotiated. Fair market value is the value that the property would have if it were placed in today's market place and sold.

WHAT IS A REDEVELOPMENT PLAN?

The plan provides the Agency with direction and powers to take certain actions such as to buy and sell land within the area covered by the plan (project area), to improve dilapidated facilities, and to use tax increment financing.

The redevelopment plan provides a legal framework for planning and implementing revitalization activities in a redevelopment project area. A redevelopment plan:

- Describes the purposes and objectives of eliminating deteriorated conditions
- Sets the basic goals, powers and limitations within which the Redevelopment Agency must conduct its activities over the life of the project
- Is broad and flexible. The plan should set forth basic powers and limitations and should provide a general statement of redevelopment objectives and techniques that clearly establishes how the Agency intends to remove deterioration from the project area

The redevelopment plan must also be in harmony with the city or county general plan. A redevelopment plan generally contains the following components:

- A legal description of the project area in written and graphic form and a description of land uses
- Descriptions of the proposed actions to be taken to carry out redevelopment (These descriptions cover the duties, powers, and authorities of the Redevelopment Agency and describe the rights of owners and tenants.)
- Descriptions of the authority and limitations for financing the activities necessary to implement the plan
- Plans for how the Agency will implement redevelopment projects to remove the deterioration

Adoption of a redevelopment plan is normally a lengthy and complicated process involving public participation and preparation of specific reports and documents. This process typically takes between 12 and 18 months. The duration of the redevelopment plan cannot exceed 25 years, unless authorized by the taxing entity committee.

WHO ADOPTS THE REDEVELOPMENT PLAN?

A redevelopment plan is adopted by both the Agency Board and by ordinance of the governing body of the community. Public hearings are required so that community input can be considered before the plan is adopted.

The redevelopment process involves a series of legally mandated steps. The following basic steps must be followed:

- For Urban Renewal, the Agency first adopts a survey area encompassing portions of the community that might benefit from redevelopment.
- After the survey area is adopted, or if no survey area is required because the Agency is doing Economic Development or Community Development, the Agency selects a redevelopment project area that is coterminous with or smaller than the survey area.
- The Agency develops a draft redevelopment plan.
- The Agency then circulates the draft plan.

- The Agency then requests input on the draft plan from the property owners in the proposed project area, taxing entities and the public. A draft project area plan must be available to the public at the Agency's offices during normal business hours.
- The Agency consults with affected taxing entities and the community.
- The local governing body/Agency calls for a public hearing on the proposed plan.
- The plan and budget are adopted.
- For Community Development, the Redevelopment Agency also negotiates separate interlocal cooperation agreements with each taxing entity wishing to participate in the project

WHAT IS A PROJECT AREA?

The project area is an officially adopted boundary in which actual redevelopment will take place. The project area must first go to public hearing (giving citizens who will be included in the project area a chance to express their views) after which the Redevelopment Agency acts on the adoption of the project area and becomes primarily responsible for future projects.

For Urban Renewal, before a project area is established, a survey area is designated to determine whether or not a redevelopment project is feasible. Preliminary studies, such as feasibility studies, are conducted to make a determination of the blighting conditions within the area.

Based upon this evaluation, the Redevelopment Agency selects a project area and indicates how the purpose of the Community Development and Renewal Law can be attained by redevelopment of this area. A project area can be reduced in size prior to adoption of the redevelopment plan, but cannot be enlarged without amending the survey area. A project area can also include non-adjacent properties.

HOW IS REDEVELOPMENT FINANCED?

Redevelopment is primarily financed by tax increment revenue. Other revenue sources include loans, grants and issuance of tax allocation bonds.

Typically, agencies use tax increment funds to leverage financial assistance from various agencies of the state and federal governments, and private sources.

The most common bond instrument used by redevelopment agencies to finance projects is called a tax allocation bond or revenue secured bond. These bonds, which are a loan of money to an Agency, are not a debt of the community or the general taxpayer. Rather, they are repaid solely from tax increment revenue generated within the project area. In other words, increased tax revenues generated through redevelopment activities are funneled back into the project area to stimulate more development as well as to pay the costs involved.

WHAT IS TAX INCREMENT?

Tax increment is the primary source of revenue that redevelopment agencies have to undertake redevelopment projects. It is based on the assumption that a revitalized project area will generate more property taxes than were being produced before redevelopment. When a redevelopment project area is adopted, the current assessed values of the property within the project area are designated as the base year value.

Tax increment comes from the increased assessed value of property, not from an increase in tax rate. Any increases in property value, as assessed because of change of ownership or new construction, will increase tax revenue generated by the property. This increase in tax revenue is the tax increment that goes to the Agency.

For example, a property owner pays \$1,000 on land assessed at \$100,000 this year. If, as a result of new construction on the property, the property increases in assessed valuation to \$500,000, the property owner would pay \$5,000 at the same standard tax rate. The \$4,000 increase is called "tax increment." Redevelopment agencies are entitled to collect this increase in property tax revenues, or tax increment, on the acreage they redeveloped to repay the debt involved in the project, and to reinvest these dollars in redevelopment activities within the project area. As well, 20 percent of that tax increment money goes into a housing fund set aside specifically to finance low- to moderate- income housing.

WILL PROPERTY TAXES BE RAISED?

The Redevelopment Agency has no power to set tax rates or levy property taxes. Property tax on properties within a redevelopment project area is governed by the same laws as on properties outside redevelopment project areas.

When redevelopment activities are successful, the property values within and around the redevelopment project area increase over time due to the sale of property, or the rehabilitation and new construction of buildings. Thus, property tax increment revenues are the result of the rise in property values, not an increase in tax rates. The changed image and improved economic base increase the marketability of property in the area. Redevelopment activities enhance the marketability of properties.

HOW ARE OTHER JURISDICTIONS AFFECTED BY TAX INCREMENT FINANCING?

Taxing entities such as the county, school districts, and special districts that serve the project area continue to receive all the tax revenues they were receiving the year the redevelopment project was formed (the base year). In addition, taxing entities may receive a portion of the incremental increase in property tax revenues from a redevelopment project area, if adopted as part of the project area budget.

No redevelopment projects occur without taxing entity approval. For Urban Renewal and Economic Development projects, the taxing entities are represented by a taxing entity committee that reviews and, in its discretion, approves project area budgets. The taxing entity committee's approval is required before the Redevelopment Agency can collect any tax increment.

For Community Development projects, the Redevelopment Agency does not convene a taxing entity committee. Instead, the Redevelopment Agency works independently with each taxing entity located within the project area. The Redevelopment Agency and each taxing entity may agree to an interlocal cooperation agreement giving the Redevelopment Agency a portion of tax increment generated in the Community Development project area.

WHAT IS ECONOMIC DEVELOPMENT?

Economic development is used to increase the number and quality of jobs in the state of Utah. Economic Development Project Areas have assisted in the creation of many employment opportunities throughout the State of Utah. Fundamentally and

operationally, Economic Development Projects differ from Redevelopment Project Areas in that Economic Development Project Areas are not required to have or prove blight. As such, without Blight as a constraint, economic development project areas must produce new high paying “quality jobs” as defined by Utah Law. In addition, economic development project areas may not have retail uses as the primary component of the project area. Any retail components must be ancillary to the primary uses which create the new job opportunities.

HOW ARE AN ECONOMIC DEVELOPMENT PLAN AND BUDGET ADOPTED?

A five step process must be followed to adopt an economic development plan and budget.

First, an area is targeted for economic development. This is called a “survey area.” Second, the Agency prepares an economic development plan and project area budget describing the economic development project to be accomplished as a result of the Agency’s participation.

Third, the Agency board holds one or more public hearings to obtain comments and suggestions on the proposed plan and budget. The Agency board and the city council then adopt, adopt with modifications, or reject the plan. Adopting the plan establishes an economic development project area.

Fourth, if the plan includes the use of tax increment, a committee of representatives from the affected taxing agencies approves, approves with changes, or rejects the project area budget.

WHAT HAPPENS AFTER AN ECONOMIC DEVELOPMENT PLAN AND BUDGET ARE ADOPTED?

After plan and budget adoption, the Agency negotiates an agreement with an employer who will provide the additional employment opportunities. If the plan is prepared without a specific economic development partner, the Agency follows the plan to encourage economic development.

HOW DOES COMMUNITY DEVELOPMENT DIFFER FROM URBAN RENEWAL AND ECONOMIC DEVELOPMENT?

A Community Development Plan can be used to achieve the goals of either an Urban Renewal or Economic Development Plan. It does not have a taxing entity committee but instead individual Interlocal Agreements are negotiated with each taxing entity which will participate in a portion or all of the tax increment created in the project area.

Redevelopment (RDA)

101

Organization and Authority

City of South Salt Lake
Redevelopment Agency

March 27, 2019

The Redevelopment Agency

“a separate body corporate and politic” and a political subdivision of the State

Neighborhood Development Agency

Redevelopment Agency

Community Development and Renewal Agency

Community Reinvestment Agency

RDA

CDA

URA

EDA

CDRA

CDUR

CRA

A Separate Entity (NOT a City Department)

RDA funds accounted for separately

City is not liable for RDA obligations

Different statutory purposes

Different officers, employees,
consultants, legal counsel

*Separate notices/meeting times/agendas/
minutes for open and public Board meetings

RDA Powers

Enter into contracts

Sue and be sued

Buy, sell and lease property

Borrow money

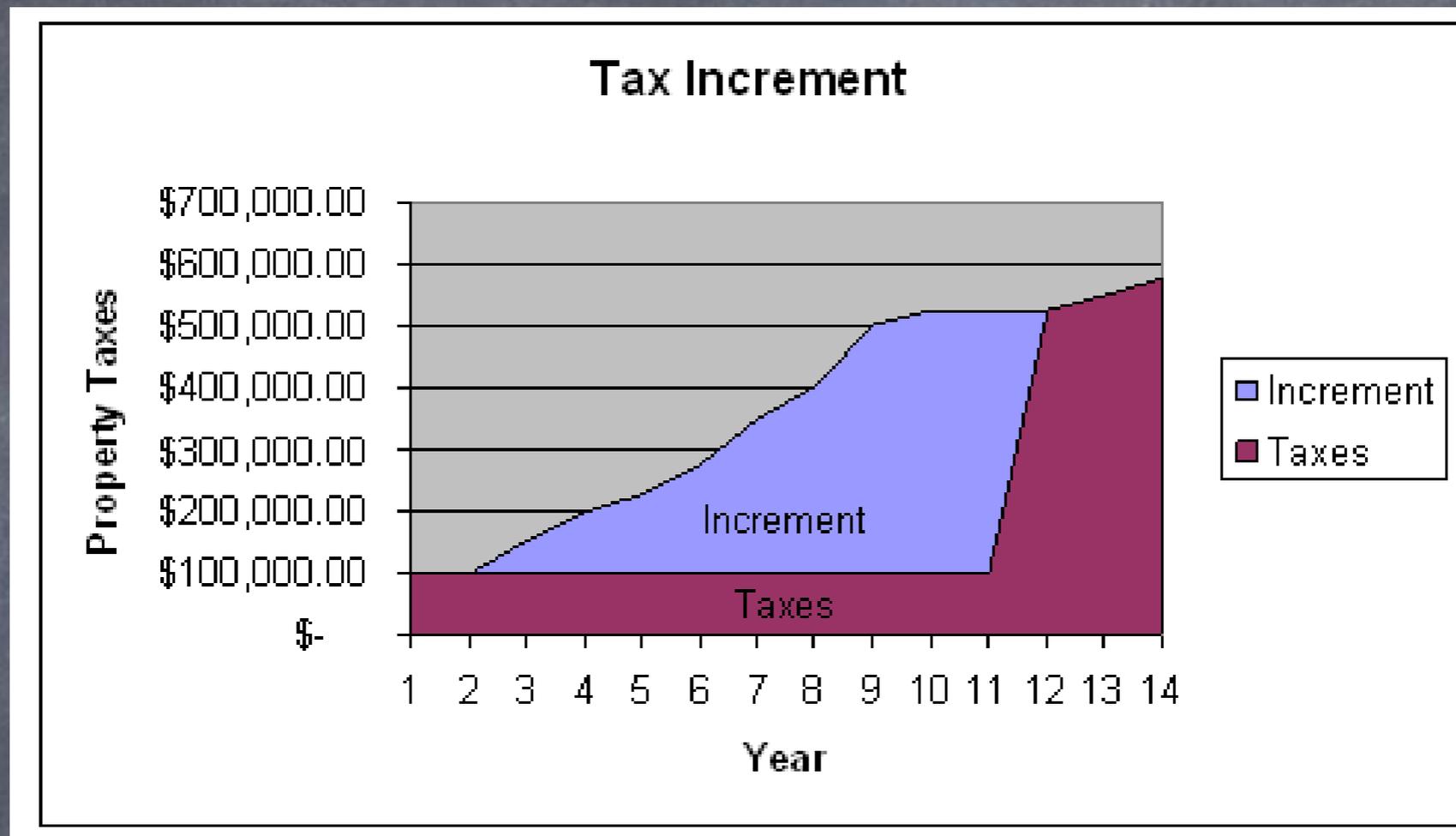
Pay City fees (exactions, impact fees, etc)

Gift

Limited Eminent Domain

**Engage in Project area
development**

RDA* Funding



Sales Tax

Grants

*No independent power to tax or raise revenue

Project Area Development

Tax increment financing (TIF):
the fuel that drives the machine

Board creates project areas

Funded by interlocal agreement

”As determined by the Board”

Project Area Development

Incentivize community development,
economic development, urban
renewal, community reinvestment

Business Expansion/Attraction

Affordable Housing

Demolition

Title clearing

New Development

Business Retention

Land Assembly

"As determined by the Board"

RDA Obligations

Annual Budget

Annual (November 1) Report

Annual Open and Public Meetings Act Training

Separate records (from City)

Separate funds (from City)

*Register with Lt. Gov. database by July 1, 2019

**Interlocal cooperation agreement compliance

Statutory Separation of Powers

Legislative

Governing
Board



Executive

Executive
Director or
Designee

Governing Board

Members of the City Council

Exercises all legislative powers of the
Agency

“Set the ship’s course and destination”

Executive Director

By statute, the Mayor of the City is the
Executive Director of the RDA

Exercises all executive powers of the
Agency

“Keep the ship on course”

Legislative Powers (Governing Board)

Defines Agency policy/project area
development

Establishes and dissolves project areas

Approves interlocal agreements

Approves annual Agency budget

Approves property acquisitions outside of
established project areas

Legislative Powers (Governing Board)

Issue Bonds

Loans from one project area to another

Certain expenses outside a project area

Limited eminent domain

Executive Powers **(Executive Director, or Designee)**

Implements Agency policy

Administers day-to-day management

Administrative/personnel officer

Applies Agency budget

Manages Agency property

Carries out project area plans

Recommendations

Bylaws, Policies and Procedures approved
by Board and Executive Director

Interlocal cooperation agreement with the
City

Questions?