



# UTAH STATE BOARD OF EDUCATION

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## **MEMORANDUM**

**TO:** Members, Utah State Board of Education

**FROM:** Martell Menlove, Ph.D.  
Chief Executive Officer

**DATE:** January 9, 2014

**INFORMATION:** Various Ways a Community Development Agency May Create a Project Area Plan

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### **Background:**

A community may, by ordinance adopted by its legislative body, approve the creation of a community development and renewal agency. That agency has the power to create three different types of project areas: urban renewal, economic development, or community development.

### **Key Points:**

Since many economic and urban renewal project areas are brought forth to the State Board of Education, the Board may find it helpful to gain knowledge on the different project areas that can be created. Community Development projects do not come before the State Board of Education as these are "opt-in" projects and will be discussed in detail as well.

### **Anticipated Action:**

No action is anticipated.

**Contact:** Bruce Williams, Associate Superintendent, 801-538-7514  
David Roberts, School Finance Director, 801-538-7668  
Cathy Dudley, MSP Budget and Property Tax Specialist, 804-538-7667

# COMMUNITY DEVELOPMENT AND RENEWAL AGENCIES

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*September 18, 2013*

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Image source: itsmarta.com

# INTENT OF REDEVELOPMENT

- Fund the revitalization of areas within communities through tax increment financing (TIF)
- To create more jobs to the State of Utah
- Encourage and promote development

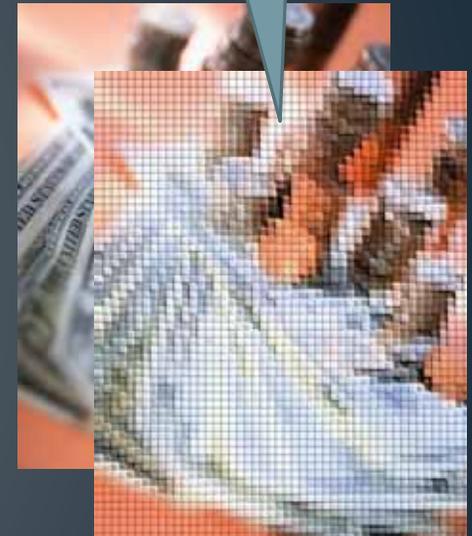
# TAX INCREMENT



Property Value



$$X \text{ Tax Rate} =$$



Tax Revenues

# Taxing Entity Committee (TEC)

- 2 school district representatives
- 2 county representatives:
  - In a county of the second, third, fourth, fifth, or sixth class, 2 representatives appointed by resolution of the legislative body of the county
  - In a county of the first class:
    - 1 representative appointed by the county executive; and
    - 1 representative appointed by the legislative body of the county in which the agency is located
- 2 representatives of the city if the agency was created by a city or town
- 1 representative appointed by Utah State Board of Education
- 1 representative from all other taxing entities within the agency's boundaries

- URBAN RENEWAL
- ECONOMIC DEVELOPMENT
- COMMUNITY DEVELOPMENT

Three  
Different  
project areas  
can be  
created



- URBAN RENEWAL

- Requires the approval of blight
- Catalyst for initiating development or more intense development of a blighted or under-used area

- ECONOMIC DEVELOPMENT

- Create jobs and economic opportunity for community and state

- COMMUNITY DEVELOPMENT

- Encourage and promote development
- No taxing entity committee
- Other taxing entities participate voluntarily through interlocal agreements
  - Property tax
  - Sales tax

# Impact on Public Education

- Over the past 20 years (since June, 1993), taxing entity (agency) committees have approved:
  - 74 Redevelopment (blight-based) projects
  - 77 Economic Development projects
- Since the inception of the community development track, there are 66 projects that the Utah State Board of Education is aware of
- 80 redevelopment agencies
  - 74 in cities
  - 6 in counties
- Total of 251 individual redevelopment (urban renewal, economic development, or community development projects)

## Impact on Public Education (*Continued*)

- For Fiscal Year 2013:
  - Projects have collected \$143.8 million in increment
  - The annual diversion of those dollars from the Public Education Basic Tax Rate =
    - \$16.9 million
  - The impact on the other 5 school district tax rates statewide =
    - \$57.4 million
  - Total of
    - \$74.3 million (51.6%)

# EXAMPLES-SOUTH JORDAN CITY

- **North Jordan Gateway (located between I-15 and the hillside of the Jordan River)**
  - Base Year (1999) Value - \$65,189
  - 2012 Value - \$52,590,223
  - 80,573% increase in value
  - Fifteen-year project ending in 2018
- **South Gate Area #3 (106<sup>th</sup> South and 400 West)**
  - Base Year (1997) Value - \$2,561,846
  - 2012 Value - \$93,776,358
  - 3,560% increase
  - Fifteen-year project ending 2014

# Why Approve Projects?

- Project is of short duration
  - Collects the tax increment for short term and gets the project area back “on line” to distributing higher value property taxes to taxing entities in ten years or less
- The amount of tax increment is small – under \$100,000 per year.
  - 20% of increment to Olene Walker Affordable Trust Fund not required
- There has been a successful negotiation with the Taxing Entity Committee (TEC) to hold the school district harmless due to the potential impact of the project
  - County treasurer pass-through
  - Direct mitigation payments to the school district

## Why Approve Projects (*Continued*)

- The RDA/EDA plan is reasonable and accomplishable within the parameters of the plan
- The redevelopment agency is willing to meet periodically throughout the term of the project to report back to the TEC regarding progress towards goals and performance of the developer/employer
- It is important to the local school district that the RDA/EDA project proceeds
- “But For” the infusion of tax increment dollars, it is reasonable to assume the project would not take place in a reasonable time and at the appropriate location

- Any redevelopment project is presented to the Utah State Board of Education for their approval or opposition

The image features a background of vertical lines in various shades of blue and grey, creating a textured, wood-like appearance. A solid teal horizontal bar spans the width of the image, containing the contact information. Below this bar is a solid grey horizontal bar.

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