UTAH STATE BOARD OF EDUCATION

Martell Menlove, Chief Executive Officer
Lorraine Austin, Board Secretary

Tami W. Pyfer, Chair
David L. Crandall, First Vice Chair
David L. Thomas, Second Vice Chair

Dixie L. Allen
Kim R. Burningham
Keith M. Buswell
Leslie B. Castle
Barbara W. Corry
Dan Griffiths
Heather Groom
Michael G. Jensen
Jennifer A. Johnson
Jefferson Moss
C. Mark Openshaw
Debra G. Roberts

**MEMORANDUM**

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

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

**DATE:** February 7, 2014

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

---

**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:**
This is for informational purposes only.

**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

250 East 500 South P.O. Box 144200 Salt Lake City, UT 84114-4200 Voice: (801) 538-7517 Fax: (801) 538-7768

**COMMUNITY DEVELOPMENT AND RENEWAL AGENCIES**

**Chapter 17C, Utah Code Annotated**

A community may, by ordinance adopted by its legislative body, approve the creation of a community development and renewal agency. An agency or community may authorize an agency to conduct (1) urban renewal, (2) economic development, or (3) community development activities in a project area that includes an area within an authorizing agency or community's boundaries. Each of these project areas has unique characteristics.

Each agency that adopts or proposes to adopt an urban renewal or economic development project area plan must create a taxing entity committee.

**Urban Renewal**

An urban renewal project is a catalyst for initiating development or more intense development of a blighted or under-used area. An agency board may begin the process of adopting an urban renewal project area by adopting a resolution that:

- Designates an area located within the agency's boundaries;
- Contains a statement that the survey area requires study to determine whether:
    - One or more urban renewal projects within the survey area are feasible; and
    - Blight exists within the survey area;
- Contains a description or map of the boundaries of the survey area.

After the resolution is passed and if the finding of blight isn't related to an inactive industrial site or inactive airport site, a blight study needs to be conducted within the survey area. If an agency makes a finding that blight exists in the proposed urban renewal project area, the agency may not adopt the project area plan until the taxing entity committee approves the finding of blight.

A taxing entity committee may not disapprove an agency's finding of blight unless the committee demonstrates that the conditions the agency found to exist in the urban renewal project area that support the agency's finding of blight do not exist or do not constitute blight.

The 2006 Legislative session redefined the definition of blight to be more specific. Some of those new definitions of blight include that the proposed project area consists predominantly of nongreenfield parcels, physical dilapidation, deterioration, or defective construction of buildings or infrastructure or significant noncompliance with current building code, safety code,

health code, or fire code requirements or local ordinances. The full statute regarding blight can be found at UCA 17C-2-303.

**Economic Development Projects**

In order to adopt an economic development project area plan, an agency must adopt a resolution creating the plan. The draft project area plan needs to include such things as:

- The standards that will guide the economic development
- Contain a general statement of the land uses, layout of principal streets, population densities, and building intensities of the project area and how they will be affected by the economic development
- Describe how the economic development will create additional jobs (new to the state); and
- Include an analysis of whether adoption of the project area plan is beneficial under a benefit analysis.

**Community Development Project**

An agency may negotiate with a taxing entity and public entity for the taxing entity's or public entity's consent to the agency receiving the entity's or public entity's tax increment or sales tax revenues, or both, for the purpose of providing funds to carry out a proposed or adopted community development project area plan.

The consent of a taxing entity or public entity may be expressed in:

- A resolution adopted by the taxing entity or public entity; or
- An interlocal agreement, under Title 11, Chapter 13, Interlocal Cooperation Act, between the taxing entity or public entity and the agency.

Throughout the years at the Utah State Office of Education (USOE), there have been potential reasons for voting in favor of RDA/EDA projects. Those reasons are listed below:

- 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–total is under $100,000 per year. No 20 percent of increment to Olene Walker Affordable Trust Fund.
- The project has received a waiver from the Olene Walker Trust Fund Board indicating that this community does not need funds for affordable housing.
- There has been a successful negotiation with the Taxing Agency Committee which holds the school district harmless due to the potential impact of the RDA/EDA–through either county treasurer pass-through or direct mitigation payments paid directly to the school district.
- 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 Taxing Agency Committee regarding its 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.
- The process of setting the Basic Tax Rate is revenue-based and the levy amount is set so as to generate the total state-wide dollar amount set by the Legislature.