

TO: Salt Lake County Council
FROM: Jevon Gibb, Economic Development Director
 Mayor Jenny Wilson
DATE: June 7, 2022
RE: Salt Lake City State Street CRA, Recommended ILA Terms

RECOMMENDED TERMS

Terms	RDA Request	Staff Recommendation
Size	729.53 acres	729.53 acres
Base Year	2016	2021
Base Year Value	\$889,305,536	\$1,383,403,450
Term	20 years	20 years
County Trigger Year	2022	2023. Notice to trigger by Nov. 1, 2022 to trigger in 2023.
Participation Rate	75%	75%
Cap	\$18,224,000	\$8,350,905. Discussed in more detail below.
RDA Admin Fee	10% of project budget	5% of County’s contribution to the programs budget.
County Admin Fee	\$0	2% of County’s share of programs budget.
Housing allocation	10% of total budget to citywide housing. Additional budget for affordable housing within project area.	10% of total budget to citywide housing. Additional budget for affordable housing within project area.
Allowable Uses	No restrictions	Restriction against affordable housing RLF. County increment restricted to certain programs.

BACKGROUND

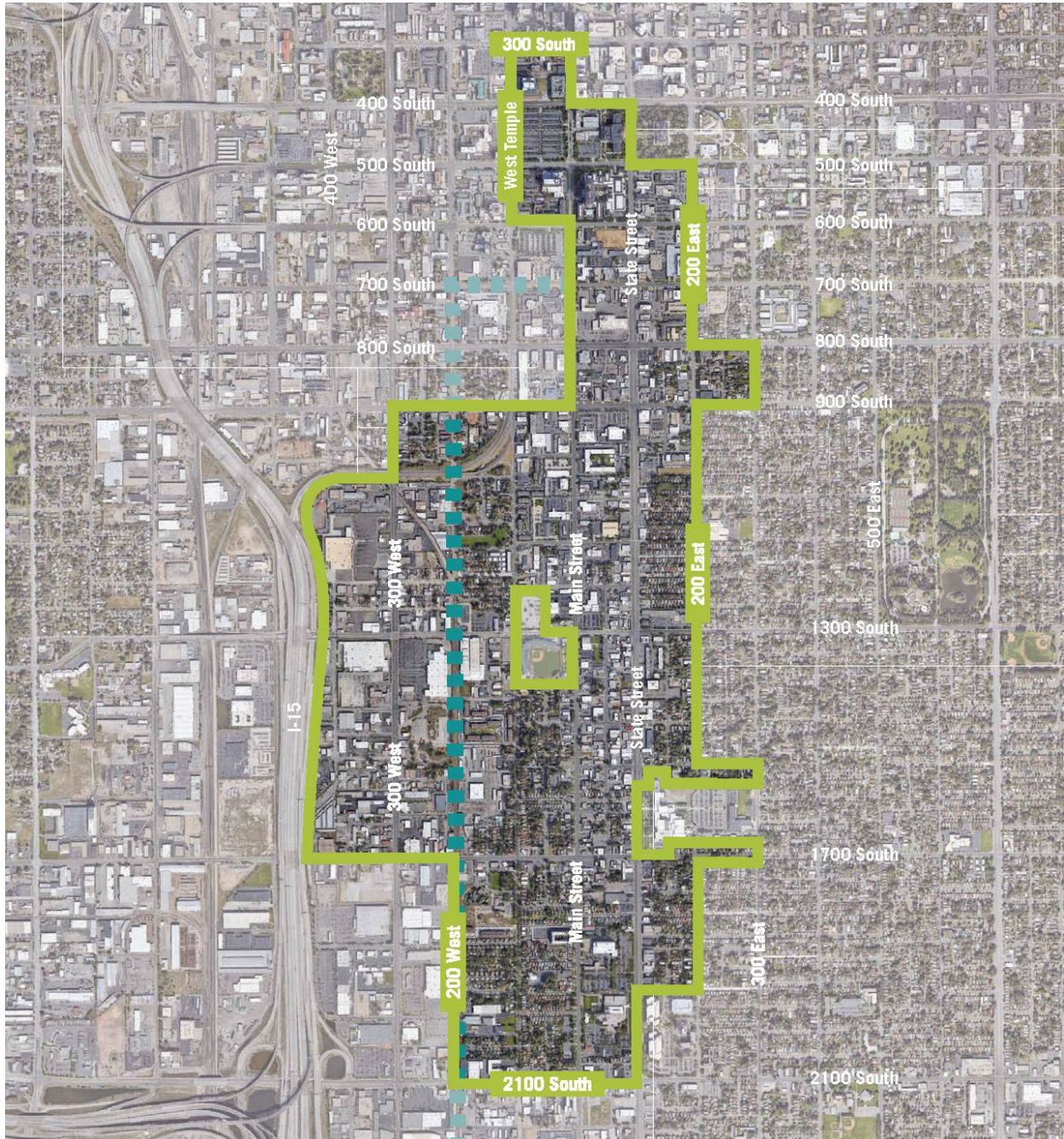
The Salt Lake City State Street CRA project is a 729-acre TIF project with many different neighborhoods and needs. The RDA is requesting \$18.2 million in County increment, as part of \$105 million in total estimated increment from Salt Lake City, the County, and Salt Lake City School District. The RDA already has Interlocal Cooperation Agreements (ILAs) in place with the City and School District with 2016 base years and no cap on participation. The RDA began collecting increment from those two entities in 2021.

Over the last 18 months, the RDA has presented several different budgets for County consideration after repeated County requests for supporting materials. The last budget arranged their request by programmatic areas: affordable housing, public infrastructure upgrades, and distressed property assistance.

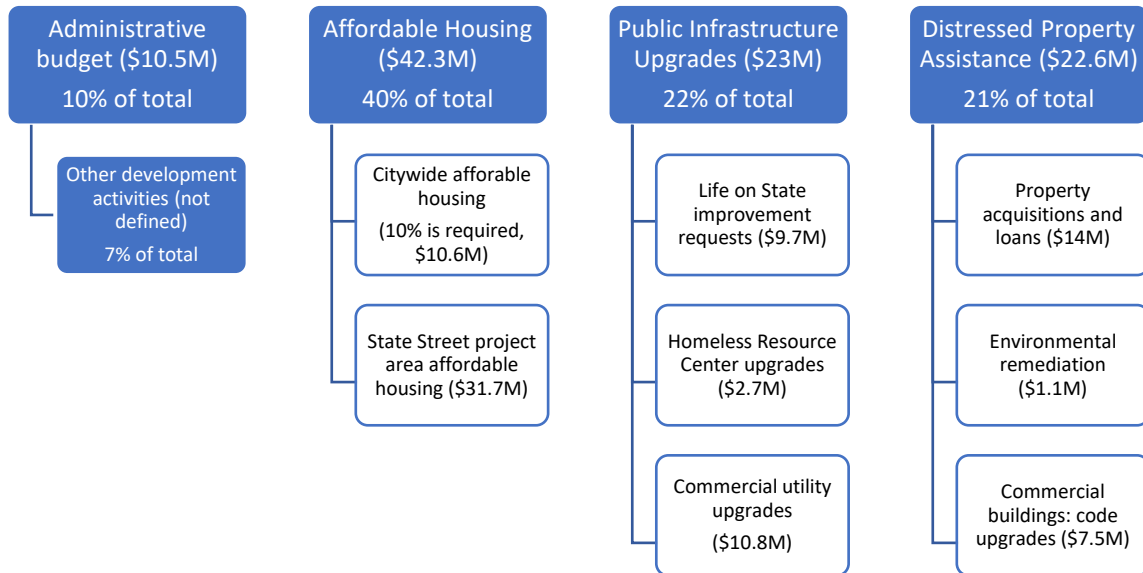
County staff recommend supporting some elements of this program-based approach, while declining the remainder for lack of definition and/or specificity. The County may decide to preserve future participation options for when the RDA can demonstrate a more well-defined scope and goals for catalytic developments within the project area.

PROJECT AREA MAP

The project area includes the southern end of downtown Salt Lake City, two Homeless Resource Centers, the Ballpark neighborhood (but not the Ballpark itself, as that is part of an earlier project area), commercial zones of 300 West, and the length of State Street from 400 South to 2100 South.



RDA PROGRAMMATIC REQUEST



RECOMMENDED COUNTY PARTICIPATION

The County’s “proportionate share” below is rounded to 18% of the relevant budget line item to correspond with County levy rates within the project area boundaries.

	RDA budget	RDA request to County	Recommended County share	Notes
Programs budget	\$95.1 million	\$17,630,620	\$7,804,584	See “Programs Budget” table for more detail.
RDA Admin Fee	\$10.5 million	\$911,153	\$390,229	5% of County’s programs budget
County Admin Fee	\$0	\$0	\$156,092	2% of County’s programs budget
Total	\$105.6 million	\$18,224,000	\$8,350,905	Total County Contribution/Cap

County staff recommend restricting the County’s participation in the State Street CRA to the programmatic areas that meet County public policy goals and show a well-defined need for public money – primarily affordable housing contributions, in this case.

Other programmatic areas proposed by the RDA may eventually prove to be good uses of County increment, but as of the date of this discussion the programs are theoretical or not tied to specific catalytic areas within the project area. That makes those requests difficult to justify.

Affordable Housing

The affordable housing request aligns with County policy, and the RDA has a strong track record in this area. The RDA is proposing to spend \$42.2 million on affordable housing: \$10.5 million for citywide housing funded by 10% of the total CRA budget as required by state law, and \$31.6 million in additional

housing specifically for the State Street project area. This activity would then account for 40% of the total project budget.

The RDA has proposed funding this activity through a revolving loan fund (RLF), which is less efficient than developer reimbursements and which creates a separate category of funds that continue beyond the project duration. Instead, County staff recommend that the County limit permissible uses to developer reimbursements and add other language to ensure that it only funds financial gaps created by affordable housing. County staff also recommend requiring RDA staff to seek approval from their Board for the additional 30% budget commitment (up to \$31.7 million) for State Street-specific affordable housing. Creating sufficient clarity within the Permissible Uses section of an Inter-Local Agreement will require RDA Board commitment to the proposed budget.

Public Infrastructure Upgrades: Life on State, upgrades around Homeless Resource Centers, and commercial utility upgrades

Salt Lake City (not the RDA) has access to up to \$2.8 million of County transportation money for Life on State, of which it has approximately \$2.3 million remaining. That contract provides for improvements between 600 South and 800 South. County staff recommend declining the \$9.7 million ask for Life on State or, alternatively, contributing a smaller amount to facilitate planning studies for future nodes.

The request to support properties near the Homeless Resource Centers would provide money for public safety and streetscape infrastructure improvements. The County's TIF ad hoc committee meeting recommended not using TIF participation for this request, but it also recommended working toward a non-TIF solution for all HRC host cities as a more direct and transparent form of support.

The request for commercial utility upgrades is a good idea but lacks sufficient detail or plans. Due to a lack of clear plans for deploying the money in this programmatic area, County staff recommend declining this portion and requesting that any future proposals take a catalytic-area based approach.

Distressed Property Assistance: acquisitions of nuisance properties, some environmental remediation, and building code upgrades

The property acquisitions budget seems to fund the full costs of acquisition for several properties, instead of the gap created by above-market expenses. While there is no dispute that the project area includes nuisance properties, the public money in the budget should fund only gaps instead of the entire cost. County staff recommend declining this request for now but remaining open to future proposals that can show better definition for specific catalytic areas.

The County can support environmental remediation work in the project area through two EPA-funded programs administered by County staff. Those EPA programs include important qualifying conditions for properties to access remediation money. If properties within the State Street project area do not qualify for the EPA programs, the County could contribute up to its proportionate share for additional work.

The building code upgrades program is proposed as an RLF with forgivable loans to landlords of decaying buildings. This activity is difficult to justify and scope for an entire project area of this size. The RDA provided some rough budget estimates but appears to still lack a clear plan that sets forth the targeted areas, evaluation of current needs, and justification for the quantity of assistance proposed. County staff recommend declining this program area with the option for future evaluation.

PROGRAMS BUDGET TABLE

Program	RDA budget	RDA request to County	Recommended County share	Notes
Affordable Housing	\$42.3 million	\$8,450,160	\$7,601,544	
- Citywide affordable housing	\$10.6 million	\$2,112,540	\$1,901,286	10% of project area budget, required by state code
- State Street affordable housing	\$31.7 million	\$6,337,620	\$5,700,258	County should request a description of how this money will be used and the RDA board's approval to confirm the budget.
Public Infrastructure Upgrades	\$23.3 million	\$4,654,860	\$0	Reserved for possible future participation by catalyst area.
- Life on State improvements	\$9.8 million	\$1,953,020	\$0	County funded the City with \$2.8 million in 4 th Quarter Transportation funds. City has \$2.3 million remaining. Consideration could be given to contributing a smaller amount for facilitating planning studies for additional nodes.
- Homeless Resource Center upgrades	\$2.7 million	\$541,840	\$0	County could consider alternate funding sources for all municipalities that host HRCs.
- Utility upgrades	\$10.8 million	\$2,160,000	\$0	Possible future participation by catalyst area.
Distressed Property Assistance	\$22.6 million	\$4,525,600	\$203,040	Reserved for possible future participation by catalyst area.
- Property acquisitions and loans	\$14 million	\$2,800,000	\$0	Possible future participation by catalyst area.
- Environmental remediation	\$1.1 million	\$225,600	\$203,040	Restricted to properties that do not qualify for County EPA programs.
- Commercial building code upgrades	\$7.5 million	\$1,500,000	\$0	Possible future participation by catalyst area.
Other Development Activities	\$6.9 million	\$0	\$0	Not defined and not contemplated for County participation.
Total Programs budget	\$95.1 million	\$17,630,620	\$7,804,584	Total of Housing, Infrastructure, Distressed Properties, Other

POLICY 1155 ALIGNMENT

Favorable Project Area Considerations (4.1)

Policy number	Policy goal	Consideration
4.1.1	“But for”	Mixed. Some elements of the proposal will not happen “but for” public assistance, such as affordable housing and some infrastructure upgrades. Others are not defined enough for evaluation.
4.1.2	Required terms and conditions	Yes. County could add performance benchmarks to an ILA.
4.1.3	Reimbursement focuses on infrastructure or site preparation outside municipal responsibilities	Mixed. RDA would like participation on infrastructure upgrades, but the proposal needs more definition before County could confidently participate.
4.1.4	High-wage jobs, small business expansion, apprenticeships, or skill development programs.	Unknown. Not enough detail in project proposal.
4.1.5	No excess land for yet-to-be-defined projects	No. State Street is a built-out area, but much of the TIF request is for yet-to-be-defined projects.
4.1.6	TOD or affordable housing	Yes. A major portion of the project request is for affordable housing.
4.1.7	OZ or strategic growth area	Mixed. A minor portion of the project area north of 900 South is within an OZ.
4.1.8	Reactivate an area	Possibly. This is the RDA’s goal, but the large number of unknown and undefined uses of increment hamper evaluation of this factor.
4.1.9	\$500 million+ capital investment without increasing cost of services	Unknown. Total investment is undefined with current redevelopment plans.
4.1.10	Plan for affordable housing funds	Yes. The RDA has an affordable housing program with a track record of funding affordable units and projects throughout the City.
4.1.11	Municipality matches County	Yes. The City is already contributing more money at a higher levy rate than the County.
4.1.12	LEED Gold new construction	Unknown. Given the scope of the project area, it will be difficult for the project to achieve LEED Gold for every redevelopment, renovation, or new building.
4.1.13	Admin fee to County	No, the RDA is not proposing one. The County would require one.

Unfavorable Project Area Considerations (4.2)

Policy number	Policy Goal	Consideration
4.2.1	Fails 4.1 (any of the above)	Mixed. Fails 2 conditions. Mixed on 3 conditions. Unknown or undefined on 3 conditions. Positive on 4 conditions.
4.2.2	Predominately housing, detached single-family or market rate	No. Project area is a blend of uses.
4.2.3	Predominately retail	Not currently, although future commercial revitalization efforts are not well defined.
4.2.4	Zero-sum	Unknown. Future, undefined redevelopment may or may not include zero-sum uses.
4.2.5	Sensitive land	No.
4.2.6	Requests County sales tax	No.