

BLOCK 67 NORTH COMMUNITY REINVESTMENT AREA
Project Area Term Sheet
Salt Lake County
August 2019



SLCRDA

LOCATION

The Block 67 North Community Reinvestment Area ("CRA") is located on the northern portion of the block between 100 South and 200 South Streets and 200 West and 300 West Streets. Please see *Attachment A: Block 67 North CRA Map* for reference.

CONTEXT

The development taking place within the CRA ("Phase I") is the first phase of a larger West Quarter project ("Development") proposed for the entirety of Block 67, including the block's southern half ("Phase II"). Block 67 is of locational importance within the downtown core, has seen limited to no new development for several decades, and has a significant amount of underutilized and vacant land. The area is also home to Salt Lake City's remaining Japantown, including the Salt Lake Buddhist Temple and Japanese Church of Christ. The Redevelopment Agency of Salt Lake City ("Agency") has been working closely with stakeholders from the area to facilitate that the Development considers and enhances Japantown.

PURPOSE AND RATIONAL FOR THE USE OF PUBLIC FUNDS

The selection of the Block 67 North Project Area is the result of reviewing a request from the Ritchie Group ("Developer") for the purpose of a mixed-use, entertainment, and retail development. The original request from the Developer included assistance in the form of a new CRA and removing Block 67 from the existing Central Business District Project Area ("CBD") to create a new CRA. However, the tax increment from the south side of the block is pledged to bond service obligations and the boundary cannot be changed. As a result, the CRA will consist of the north half of the block which does not collect increment from CBD.

The Development includes participation by Salt Lake County ("County") in the amount of \$15 million ("Transportation Funds") for the purpose of constructing a regionally significant underground parking structure ("Parking Structure") as part of the mixed-use Development. The Developer will utilize the available tax increment financing ("Tax Increment") through the Agency to repay the County's \$15 million. The Agency will serve as a pass through for the County's \$15 million, but will not be responsible for any shortfall that may occur.

DEVELOPMENT DETAILS

The Developer has proposed a large scale mixed-use urban project with the following taking place within the CRA:

- One residential tower with ~240 units
- ~20,000 square feet of commercial (up to three restaurants and a rooftop bar)
- One dual-branded hotel with ~272 keys
- 354 total stalls with 308 stalls being committed to residential and hotel programming, and 46 stalls of public parking

ESTIMATED TAX INCREMENT YIELD AND CRA BUDGET

The base value, 20 year collection period and County participation, and CRA budget is as follows:

BASE YEAR & TAXABLE VALUE	
Base Year	2018
Base Year Taxable Value	\$11,531,400
COLLECTION PERIOD & PARTICIPATION	
First Year	2022
Term	20 years
Total Projected Tax Increment	\$14,423,516
Total County Tax Increment Revenue	\$2,188,656
Total Tax Increment to County (25%)	\$547,164
BUDGET	
Redevelopment Activities	75%
Surrounding Area Infrastructure Improvements	10%
Housing	10%
Administrative	5%
TAX INCREMENT BY PHASE	
Phase I Cap (Subject to Phase II)	\$3,000,000
Phase II Cap	\$15,000,000 (including the \$3M from Ph I)

TERMS OF INTERLOCAL AGREEMENT ("Agreement")

Transportation Funds:

The County will transfer \$15 million to the Agency to be used to facilitate the construction of the Parking Structure, and upon completion of any County and Developer requirements, the Agency will convey the Transportation Funds (in one lump sum per the County's request) to the Developer as provided in a tax increment reimbursement agreement to construct the Development.

County Revolving Loan Program:

The County will provide written verification that the Tax Increment the Agency repays the County for the

Transportation Funds will be used by the County solely for a new revolving loan program and that Salt Lake City and/or the Agency will have the right to request future funds from this program in its pro-rata share of the City's portion of the Tax Increment that the Agency repaid for the Transportation Funds, to be used for projects within Salt Lake City.

Tax Increment:

As per the chart above, the Agency shall be entitled to retain 75% of the County's portion of the Tax Increment generated from development activities in the Block 67 North Project Area for 20 years. The Agency will retain 10% of the Tax Increment the Agency receives for projects that benefit the Japantown neighborhood in and adjacent to the Block 67 North Project Area. The Agency will also retain 5% of the Tax Increment the Agency receives for the Agency's administrative costs, and 10% of the Tax Increment the Agency receives for affordable housing in compliance with Utah Code 17C.

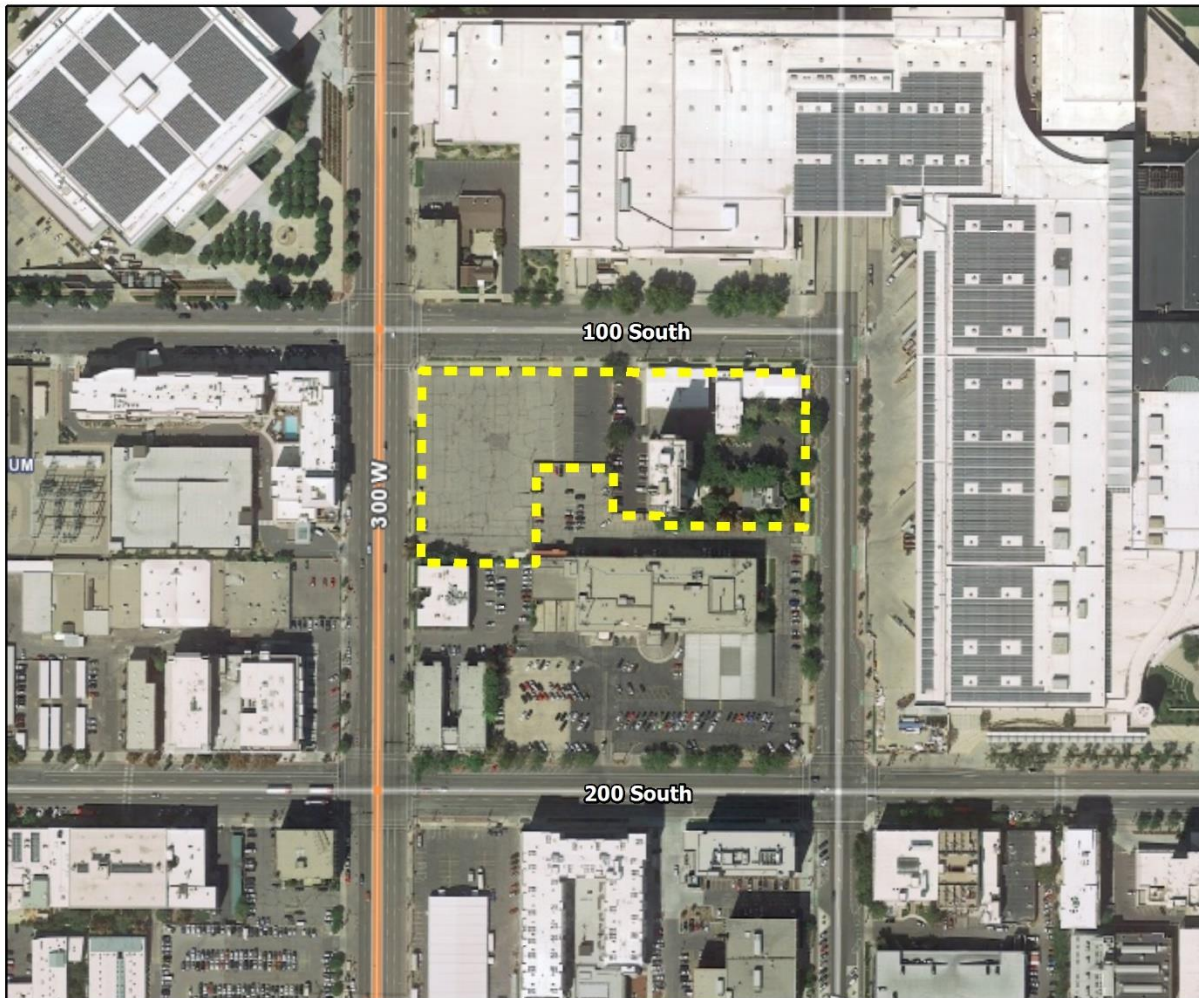
If the Tax Increment the Agency receives from the CRA is not sufficient to repay the entire amount of the Transportation Funds to the County, the Agency shall have no liability for the shortfall and will not be responsible for covering the gap in funds from any Agency or City source of revenue.

Agency's Obligation to Repay the County the Transportation Funds:

- **Phase I:**
 - The County will receive up to \$2.6 million for the completion of Phase I within the CRA, as equated to the value of the public benefit received via 46 parking stalls that will be built in Phase I.
- **Phase II:**
 - The Developer is obligated to complete Phase I in order to trigger the Agency's obligation to repay to the County more than the Phase I repayment of \$2.6 million.
 - The Developer has up to 2026 to begin Phase II.
 - If the total increment paid to the County reaches the \$2.6 million cap for Phase I and the Developer has not begun Phase II, Tax Increment will be collected and withheld until Phase II begins.
 - If the Developer ceases construction of Phase II or does not complete Phase II by 2029, the Agency's obligation to the Phase II repayment shall cease, the Agreement shall terminate, and Agency shall take reasonable steps to terminate the CRA.
 - If the Developer commences construction of Phase II but will not, for reasons outside of Developer's control, complete Phase II by December 31, 2029, the Agency may, in its sole discretion, extend the deadline in writing to complete Phase II and the Agreement will not terminate.
- **Increment Cap:**
 - If the Developer meets the Agency's requirements for Phase I and Phase II of the Development and the total \$15 million reimbursement cap is reached prior to the 20 year term, the CRA will expire and the Agreement shall terminate.

Any other terms and conditions as recommended by the City Attorney's Office.

Attachment A: Block 67 North CRA Map



Legend



Block 67 North CRA

0 125 250 500
Feet

