SALT LAKE COUNTY
REGIONAL DEVELOPMENT

TO: Salt Lake County Council
FROM: Mayor Jenny Wilson
Dina Blaes, Director, Office of Regional Development
DATE: October 20, 2020
RE: SLC 9-Line CRA, Recommended Interlocal Agreement Terms

BACKGROUND: The Redevelopment Agency of Salt Lake City is requesting 75% property tax increment over 20-years from Salt Lake County for redevelopment activities, new housing units and administration and operations for the 9 Line Community Reinvestment Area.

The project area is 738 acres, of which approximately 185 acres are tax-exempt, and 113 acres are identified for redevelopment. The area is located two miles from downtown SLC and spans the communities of Poplar Grove to the north and Glendale to the south. The area is characterized by single-family neighborhoods, industrial uses, and small to mid-scale commercial centers. The area includes natural and recreational resources, including parks and two trail corridors.

The Agency's objectives are to strengthen and develop the commercial corridors, create opportunities for living-wage jobs, provide a range of housing choices to attract new residents to the area while mitigating displacement of current households, support the Inland Port by providing a jobs-housing connection, eliminate neglected and vacant land uses and enhance the area's recreational assets including the 9 Line Corridor and the Jordan River Parkway.

Please see the attached summary request for participation prepared by SLC. Also attached is the comprehensive *9 Line Community Reinvestment Plan*.

AGENCY BUDGET: The following summarizes the proposed adoption terms for each taxing entity as well as the status of adoption known to date.

Taxing Entity (TE)	TIF Term	Base Year	Trigger Year	2019 Rate	TIF split	100% TIF Revenues	TE Portion	Cap to Agency	TE Adoption
Salt Lake County	20 Yrs	2016	2021	0.00193	75/25	$ 4,162,422	$ 1,040,611	$ 3,121,817	Pending
SLC School District	20 Yrs	2016	2021	0.00539	75/25	$ 11,613,064	$ 2,903,266	$ 8,709,798	Yes
Salt Lake City	20 Yrs	2016	2021	0.00388	75/25	$ 8,350,725	$ 2,087,681	$ 6,263,044	Yes
Salt Lake Library	20 Yrs	2016	2021	0.00075	75/25	$ 1,604,252	$ 1,604,252		
SL Metro Water District	20 Yrs	2016	2021	0.00029	75/25	$ 622,321	$ 622,321		
SLC Mosquito District	20 Yrs	2016	2021	0.00013	75/25	$ 286,397	$ 286,397		
Central Utah Water District	20 Yrs	2016	2021	0.0004	75/25	$ 861,343	$ 861,343		
					TOTAL	$ 27,500,524	$ 9,405,871	$ 18,094,658	

Based on the proposed adoption scenario above, the City proposes a general project area budget as follows:

Budget Category	Portion	Amount
Redevelopment Activities	80%	$ 14,475,727
Affrodable & Market Housing	10%	$ 1,809,466
Administration & Operations	10%	$ 1,809,466

When asked by the Council CFO to provide more detail on the portion of the budget going to administration and operations, the following response was provided by the City:

A breakdown of the RDA's current operating administrative budget is included in the table below. The RDA is requesting that 10% of the 9 Line's tax increment budget goes to these types of administrative costs, which are essential to successful project areas.

Of note, funding for Gallivan Center personnel comes from the owner's association fees and not tax increment. Other administrative costs such as operations and maintenance that support both the Gallivan Center and Eccles Theater—two regional assets—do come from tax increment. The RDA also owns various income generating properties that helps to offset the Agency's own administrative costs:

Budget Item	**FY 2020/2021 Budget**	**Portion of Budget**
RDA Personnel (19 employees)	$2,100,484	44%
Gallivan Personnel (15 employees)	$1,171,996	25%
Administrative Fees	$ 800,000	17%
Operations & Maintenance	$ 308,116	7%
Charges & Services	$ 202,700	4%
Furniture, Fixtures & Equipment	$ 150,000	3%
Total	**$4,733,296**	

FAVORABLE AREA CONSIDERATIONS – Section 4.1 of SLCo Policy 1155: County Participation in Tax Increment Financing Project Areas:

See SLC materials, Attachment A – Salt Lake County Policy Alignment

RECOMMENDATIONS/DISCUSSION:

Terms	**SLC RDA Request**	**Recommendation/Discussion**
Base Year	2016	2016 There was discussion at the ad hoc meeting, with the RDA staff and during subsequent meetings with the City Council staff about using a base year of 2019 or 2020 for the calculation of the County's TIF. However, because this proposal 1) was delayed in being presented to the County at no fault of the city and 2) multiple base years can complicate the responsibilities of administering the interlocal agreement, the requested base year and base year taxable value are recommended.
Base Year Value	$228,048,136	$228,048,136 Information from Salt Lake County Auditor indicates year over year change in taxable value for the project area:

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<tr><th>Year</th><th>Taxable Value</th><th>% change YoY</th></tr>
<tr><td>2012</td><td>$ 178,288,951</td><td></td></tr>
<tr><td>2013</td><td>$ 181,873,447</td><td>2.01%</td></tr>
<tr><td>2014</td><td>$ 189,027,209</td><td>3.93%</td></tr>
<tr><td>2015</td><td>$ 198,579,580</td><td>5.05%</td></tr>
<tr><td>2016</td><td>$ 226,994,675</td><td>14.31%</td></tr>
<tr><td>2017</td><td>$ 260,169,649</td><td>14.61%</td></tr>
<tr><td>2018</td><td>$ 294,297,459</td><td>13.12%</td></tr>
<tr><td>2019</td><td>$ 327,231,220</td><td>11.19%</td></tr>
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<tr>
<td>Term</td>
<td>20 Years</td>
<td>20 Years</td>
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<td>Trigger Year</td>
<td>2021</td>
<td>2021, assuming the ILA can be drafted, remaining elements negotiated, and a public hearing held and written notice from the Agency before December 31, 2020. If not, the trigger year will be 2022, as evidenced by a written notice from the Agency to the County and County Auditor before December 31, 2021.</td>
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<td>Collection Area</td>
<td>Project Area</td>
<td><u>Option 1 (Recommended)</u>: Maintain a shared boundary between the project area and the collection area.

<u>Option 2</u>: Designate a smaller collection area, or collection areas, including only the commercial and/or industrial nodes in the east and west sections of the project area. Staff explored this option using site visits and information provided in the document titled, 9 Line Community Reinvestment Plan (pages 9-13, primarily). The reduced collection area(s) is not recommended because:
1. The City’s plan emphasizes a more holistic approach to residential, commercial and industrial redevelopment, guided by two master plans that were recently adopted; the Westside Master Plan (2014) and the 9 Line Corridor Master Plan (2015).
2. The cluster of light manufacturing, commercial and multi-family zoned land to the east and the commercial and manufacturing zones to the west appear disconnected and ripe for designation as smaller collection areas; however, the two areas are connected via a Frequent Transit Network and the 9 Line Corridor, an east-west paved shared-use trail, both of which will serve as assets to support redevelopment.</td>
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<td>Participation Rate</td>
<td>75%</td>
<td>50% with increase to 60% at year 5 if certain mutually agreed upon performance benchmarks are met.

Range of options for participation:</td>
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Agency Rate	Agency Receives	County Rate	County Retains
0%	$ -	100%	$ 4,162,422
25%	$ 1,040,606	75%	$ 3,121,817
50%	$ 2,081,211	50%	$ 2,081,211
75%	$ 3,121,817	25%	$ 1,040,606
100%	$ 4,162,422	0%	$ -

The recommendation is predicated on the County working with Salt Lake City to identify opportunities to bring additional, non-TIF based resources to the project area. The resources could include County CDBG or HOME funds to match what the city will be pledging from its Housing and Neighborhood Development, Housing Trust Fund (now housed in the SLC RDA) or other housing programs. In addition, there are opportunities to utilize the County's EPA grant or loan programs and/or the Economic Development Revolving Loan Fund program.

TIF Cap	$3,121,832	$2,081,211 if participation rate remains at 50% for 20 years $2,491,388 if participation rate increases to 60% in year 5
Performance Benchmarks	See handout from SLC outlining possible performance benchmarks in the areas of Housing Opportunities, Sustainable Development and Public Space Enhancements.	
Other Recommended Interlocal Agreement Terms		
County Admin Fee		A portion of the collected increment –3% annually—is paid to the Office of Regional Development for costs associated with evaluating county participation in the project area and ongoing administration of the Interlocal Agreement.
Allowable Uses of Increment		Allowable uses of County tax increment include project-related costs, affordable housing set aside, county administrative fee, and agency administrative costs directly related to the administration of this project area.