

**TO:** Salt Lake County Council  
**FROM:** Mayor Jenny Wilson  
 Jevon Gibb, Economic Development Director  
**DATE:** April 7, 2021  
**RE:** Millcreek Woodland Ave CRA Project, Recommended Interlocal Agreement Terms

**RECOMMENDED TERMS:**

Terms	Agency Request	SLCo Recommendation
<b>Base Year</b>	2020	2020
<b>Base Year Value</b>	\$8,244,900	\$8,244,900
<b>Term</b>	20 Years	20 Years
<b>Trigger Year</b>	2023	2023
<b>Collection Area</b>	Project Area	Project Area
<b>Participation Rate</b>	80%	75%
<b>Cap</b>	\$1,066,972	The greater of \$797,522 or the contribution of Millcreek City, but not to exceed \$1,066,972
<b>Performance Benchmarks</b>	None	None
<b>Administrative Fee</b>	0%	3%
<b>County Admin Fee</b>	None	A portion of the County’s 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.
<b>Allowable Uses of Increment</b>	As set forth in Project Plan	As set forth in Project Plan

**BACKGROUND:** The Millcreek Community Reinvestment Agency (the “Agency”) is requesting up to approximately \$1 million in tax increment financing (TIF) over 20 years at 80% participation from Salt Lake County and the Salt Lake County Library to support redevelopment efforts connected to Millcreek Center.

The Agency created the Millcreek Center CRA in 2020 to facilitate the creation of an urban center on land along both sides of 3300 South, between 900 East to the west and Highland Drive to the east. The County participated on that project at 75% over 20 years with no cap on contribution.

The Woodland Avenue project area exists within the footprint of Millcreek Center. The relevant parcels were previously annexed by Salt Lake City when Millcreek was an unincorporated part of Salt Lake County. In 2020, jurisdiction over these parcels was transferred from Salt Lake City to Millcreek.

Due to that history, the taxing entities, most notably the school districts, are not the same for Millcreek Center and Millcreek Woodland Avenue. As a result, the Agency created a new TIF project for these parcels.

TIF revenue would be used to finance a bond package that the Agency would secure to fund improvements to the project area. At this time, the exact improvement or activities and the resulting financing gap lack clear definition.

## **AGENCY BUDGET:**

### **PROPOSED BUDGET: USES OF TAX INCREMENT**

Uses	Total	NPV at 4%
Redevelopment Activities	\$2,915,263	\$1,835,753
CRA Housing Requirement	546,612	344,204
Project Area Administration	182,204	114,735
<b>Total Uses of Tax Increment Funds</b>	<b>\$3,644,078</b>	<b>\$2,294,691</b>

Note: Our Recommended Terms would change the Total Budget from \$3,644,078 to between \$3,201,348 and \$3,644,078.

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

- 4.1.1 – “But for”: Potentially. The Agency’s proposed \$3 million bond package is not an actual financing gap. We acknowledge, though that this project exists within the larger Millcreek Center project and identifying a financing gap for the smaller area alone would be problematic. While this is a key requirement for any project, we are willing to consider whether other considerations make this imperfect project “good enough”.
- 4.1.2 – Required terms and conditions: Yes
- 4.1.3 – Reimbursement focuses on infrastructure or site preparation: Yes. Most of the work will be demolition, infrastructure, and site preparation to incorporate these parcels into the larger plan.
- 4.1.4 – High-wage jobs, small business expansion, apprenticeships, or skill development programs: No.
- 4.1.5 – No excess land for yet-to-be-defined projects: Yes.
- 4.1.6 – TOD or, if residential component, affordable housing: Yes. Millcreek Center will include TOD and this project has no residential component.
- 4.1.7 – OZs or strategic growth areas: No. Not an Opportunity Zone or strategic growth area.
- 4.1.8 – Reactivate an area: Potentially. Area is not blighted, but it is not achieving its potential and the planned development will add substantial value.

- 4.1.9 – \$500mn+ capital investment without increasing cost of services: No, but this is also a very small project.
- 4.1.10 – Plan for affordable housing funds: Yes, with an extra 5% to Housing.
- 4.1.11 – Municipality matches county: Yes, if County approves Recommendation.
- 4.1.12 – LEED Gold new construction: No
- 4.1.13 – Admin fee to County: Yes, under Recommendation.

#### Unfavorable Project Area Considerations

- 4.2.1 – Fails 4.1 (any above): Fails 3 of 13.
- 4.2.2 – Predominately housing, detached single-family, or market rate: No
- 4.2.3 – Predominately retail: No
- 4.2.4 – Zero-sum: Yes, but mitigated by some Policy considerations.
- 4.2.5 – Sensitive land: No
- 4.2.6 – Requests County sales tax: No

#### **RECOMMENDATIONS/DISCUSSION:**

Despite concerns about the due diligence involved, we evaluated this project more as an amendment to Millcreek Center and used the standards we previously applied for that project. We also took into consideration the historical issues related to annexation and the need for Millcreek City to build a city center to create a more sustainable tax base. While the retail and mixed-use developments proposed in this project raise potential issues around zero-sum development, the limited size of the project and the factors above mitigate this concern. As a result, we recommend participation in the project as provided in the Recommended Terms.

We note that the Salt Lake County Library would be excluded from participation. Because we are evaluating this project as an amendment to Millcreek Center, we recommend the participation rate from that project (75% as compared to the 80% recommended by Agency). Finally, the proposed cap on the project now matches the contribution of Millcreek City, with the ability to increase if the City increases its own contribution.