



CRA BUDGET STAFF REPORT

COMMUNITY REINVESTMENT AGENCY BOARD of SALT LAKE CITY

TO: CRA Board Members

FROM: Jennifer Bruno, Kate Werrett and Allison Rowland

DATE: May 20, 2025

RE: Community Reinvestment Agency Budget (CRA) – FY 26

Project Timeline:

1st Briefing: May 20, 2025

2nd Briefing: TBD

Budget Hearing: May 20, and June 3

Potential Action: June 10 or 12 (TBD)

BUDGET BOOK PAGES: *Key Changes pages 77-88, Department Overview 247-254, Staffing doc: 323-324*

The Community Reinvestment Agency is a tool of the City, as enabled by State law, that allows for the capture of property tax increment in defined areas to reinvest back in those same communities. The stated mission of the City's CRA is "to revitalize neighborhoods and business districts to improve livability, spark economic growth, and foster authentic communities, serving as a catalyst for strategic development projects that enhance the City's housing opportunities, commercial vitality, public spaces, and environmental sustainability." It was renamed in January 2025 from the "Redevelopment Agency" to the "Community Reinvestment Agency" or CRA to align with state law.

The Mayor's FY 2026 Community Reinvestment Agency Recommended Budget includes tax increment spending in all project areas for projects, loan funds, as well as department administration. See page 247 of the Mayor's Recommended Budget book for an overview of the Department including the full mission statement and core values. Staff has also included Attachment 1 showing the CRA's updated guiding framework adopted by the Board in December 2021, which comprises the mission statement, core values and livability benchmarks. **The total proposed FY 26 budget is \$86 million which is \$1.3 million more (1.5%) than FY25.** CRA revenue includes property tax increment, loan proceeds, parking garage and commercial space rental revenues, interest income, an annual transfer from Funding Our Future for affordable housing, and private donations for the Eccles Theater. The largest non-donation source of revenue by far is tax increment, which will generate \$51 million in FY 26, down from \$55 million in FY 25, although that decrease is largely due to the expiration of the Depot District project area.

The Administration provided the following policy goals for the proposed FY 26 budget:

- **"Affordable Housing** - In accordance with the FY26 Affordable Housing Funding Priorities, this goal prioritizes the deployment of the Agency's housing funds for the development of affordable housing units through the Housing Development Loan Program competitive Notice of Funding Availability, acquisition of strategic property, and the issuance of a competitive Wealth Building NOFA. The metrics and goals for these efforts are tracked within the Affordable Housing Construction and Preservation Dashboard.



- **Commercial Opportunities** – With the recent approval of the Agency’s updated Commercial Development Loan Program, the proposed budget includes allocations for commercial assistance programs across multiple project areas.
- **Infrastructure** – The proposed budget includes the allocation of funds for public infrastructure projects such as implementation of the Folsom Corridor plan, as well as public art in multiple project areas. Funds are also proposed for potential improvements and capital repairs to the Gallivan Center.”

State law requires that tax increment be used within the project area where it was generated unless it is used for housing affordable at 80% area median income (AMI) or below, or the Board makes a determination that spending funds outside the project area directly benefits that project area. Other agency revenue sources are more flexible and may be spent outside of project areas for housing and economic development purposes, again within state law limitations. (These are listed in the Additional Information section below). Some CRA divisions are funded through pass-through allocations from project areas or other revenue sources (see chart below), which increases flexibility of those funds but reduces available budget in project areas where they originate.

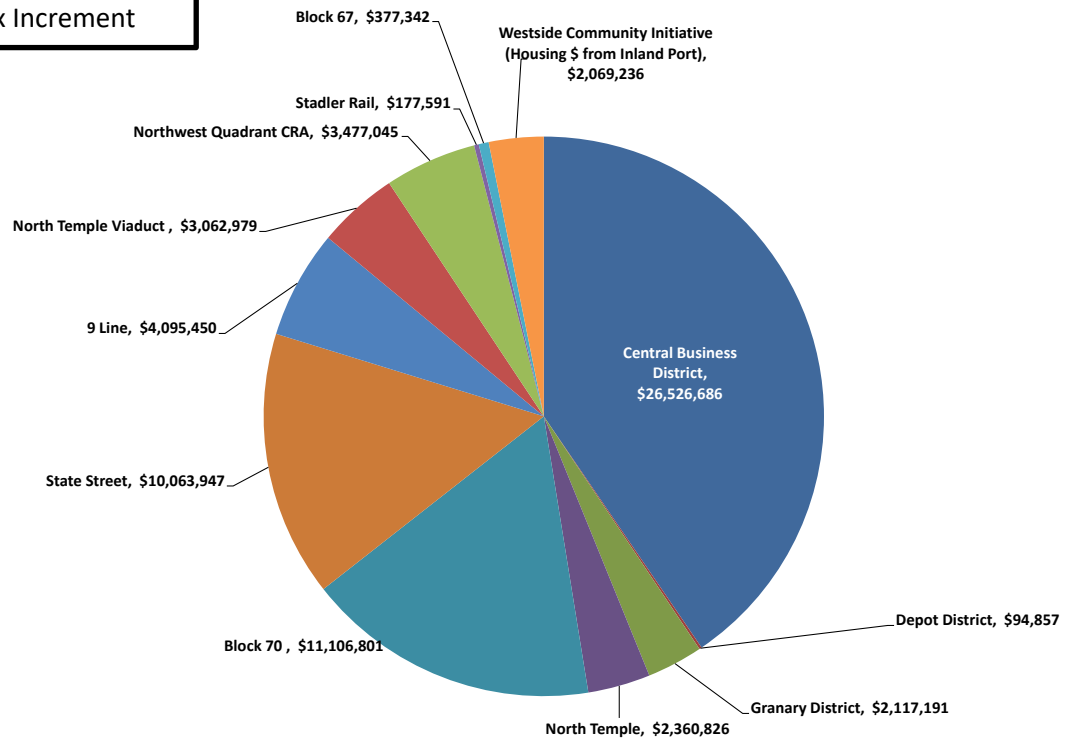
The FY 26 budget does not propose any FTE increases for CRA or Gallivan. This brings the total CRA employee count to 22, and 13 FTEs for Gallivan-related maintenance and programming. *Note: the budget for Gallivan-related maintenance and programming is now handled in a donation account, which is unique for a public space. Gallivan funding and FTEs were transferred to the CRA from the Public Services Department in the FY21 annual budget.*

The following chart outlines the operating budget for each division of the CRA, and separates those that are funded through tax increment, and those that are funded through pass-through revenue from project areas:

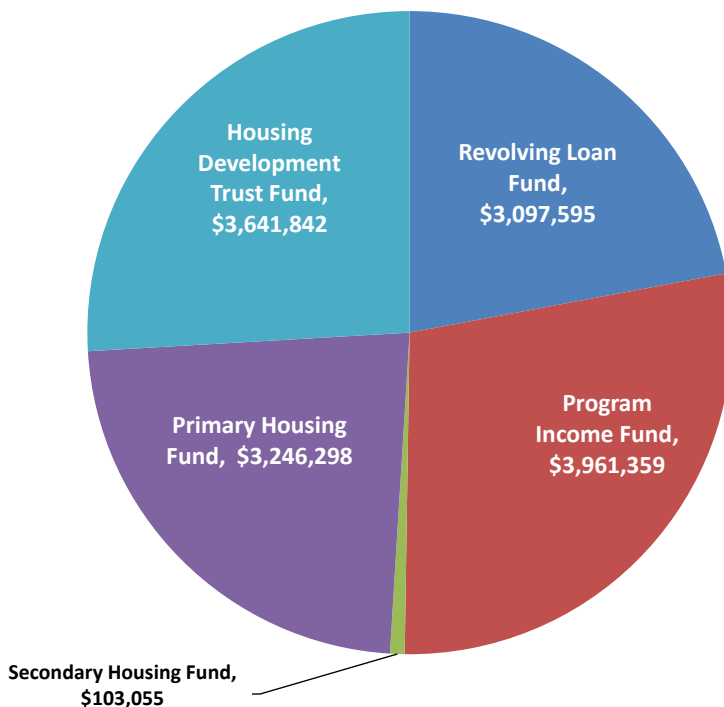
| Expenditures by Project Area/Account | | | | |
|---|---------------------|---------------------|-----------------------|-----------|
| | 2024-25 Adopted | 2025-26 Proposed | Difference Dollars | % |
| Project Areas - Funded primarily with Tax Increment: | | | | |
| Central Business District | \$ 29,893,016 | \$ 26,526,686 | \$ (3,366,330) | -11% |
| Block 70 (Eccles Theater Block) | \$ 11,065,164 | \$ 11,106,801 | \$ 41,637 | 0% |
| Depot District | \$ 7,095,401 | \$ 94,857 | \$ (7,000,544) | -99% |
| Granary District | \$ 1,748,249 | \$ 2,117,191 | \$ 368,942 | 21% |
| North Temple | \$ 1,952,466 | \$ 2,360,826 | \$ 408,360 | 21% |
| North Temple Viaduct | \$ 3,155,765 | \$ 3,062,979 | \$ (92,786) | -3% |
| Northwest Quad CRA (North of I-80) | \$ 2,603,998 | \$ 3,477,045 | \$ 873,047 | 34% |
| Westside Community Initiative (Inland Port Legislation set aside for housing) | \$ 1,835,469 | \$ 2,069,236 | \$ 233,767 | 13% |
| Stadler Rail | \$ 168,744 | \$ 177,591 | \$ 8,847 | 5% |
| State Street - new in FY 23 | \$ 6,517,836 | \$ 10,063,947 | \$ 3,546,111 | 54% |
| 9 Line - new in FY 23 | \$ 3,307,218 | \$ 4,095,450 | \$ 788,232 | 24% |
| Block 67 North - new in FY 25 - West Quarter Block | \$ 365,771 | \$ 377,342 | \$ 11,571 | 3% |
| West Capitol Hill (no longer collecting) | \$ 384,332 | \$ - | \$ (384,332) | -100% |
| Accounts funded internally (with transfers from General Fund or other project areas) | | | | |
| Administration | \$ 5,167,581 | \$ 6,456,132 | \$ 1,288,551 | 25% |
| Housing Development Fund | \$ 2,902,000 | \$ 3,641,842 | \$ 739,842 | 25% |
| Primary Housing Fund | \$ 3,602,241 | \$ 3,246,208 | \$ (355,943) | -10% |
| Secondary Housing Fund | \$ 1,000,000 | \$ 103,055 | \$ (896,945) | -90% |
| Other | | | | |
| Program Income Fund | \$ 1,559,233 | \$ 3,961,359 | \$ 2,402,126 | 154% |
| Revolving Loan Fund* | \$ 332,400 | \$ 3,097,595 | \$ 1,05,650 | 47% |
| TOTALS | \$84,656,884 | ##### | \$ 3,853,043 | 5% |

*RDA Staff indicates the "Commercial Assistance Program" line item in many of the project areas may be administered through the Revolving Loan Fund although it would be tracked in each project area.

**FY 26 Project Areas
funded through Tax Increment**



**FY 25 Multi-use Funds - funded
through other sources including
transfers from project areas**



The FY 26 budget continues the process of bringing budgeting for CRA dollars into context with other City department budgets, and it is included in the Mayor's Recommended Budget book. The Department budget is shown in summary form on page 247, and staffing document on page 323. Key changes are listed on pages 77-88.

The CRA budget can have follow-up discussions through May and June as needed. It will also have public hearings on May 20 and June 3, with tentative adoption scheduled for June 10 or 12.

KEY ELEMENTS OF THE MAYOR'S FY 2026 CRA BUDGET PROPOSAL

Staff has highlighted some key aspects of the Mayor's Recommended FY 2026 CRA Budget:

1. **CRA funding for affordable housing** – The Mayor's Recommended FY 2026 budget reflects a continuation of the policy approach started in FY 20, to streamline affordable housing **development** under the CRA and affordable housing **programming** under the Housing Stability Division of the Community and Neighborhoods Department. One of the initial goals was to create a “one-stop shop” for housing developers seeking financial assistance to deliver affordable housing, recognizing that the CRA can make affordable housing investments Citywide.

The total housing investment proposed in the FY 26 CRA budget is **\$9 million**, a slight increase from FY 25 levels of \$8.8 million. *It should be noted that the Board could choose to allocate **additional funds** for housing programs from any of the project areas (subject to project area regulations), or program income fund. For example, there are several strategic intervention fund holding accounts that are intentionally flexible for a variety of potential investment including affordable housing which the Board could instead dedicate to housing programs.*

Annually, the CRA proposes a variety of strategies to implement various housing goals of the City with its funding sources. The Board adopted the FY 26 strategy in March. See Attachments 2 for a presentation for the housing strategy as long as data from the FY 25 fiscal year. The focus areas for this year are:

- a. **Deeply Affordable Housing** – This priority promotes housing units affordable for those earning 30% Area Median Income (AMI) and below. This is a change from the previous years' definition of 40% AMI and below. CRA staff indicates this better aligns with other City goals. While the City has made progress facilitating the development of deeply affordable units, there is still a shortage for those earning 30% AMI or less.
- b. **Family Housing w/ Amenities for Children** – This priority promotes income-targeted larger housing units for tenant populations with children that have at least three or more bedrooms and includes amenities for children. There is a need for income-targeted family-sized units, especially as more families look outside of Salt Lake City boundaries for housing options and enrollment in Salt Lake City school district decreases. Per the interlocal agreements with the School District for the State Street and 9 Line project areas, the CRA must also priorities affordable family and workforce housing.
- c. **Wealth Building Opportunity** – Facilitate the ability for low-moderate income households to build wealth through different pathways such as homeownership, supplemental income opportunities, stipends for renters, cooperative housing, and other wealth building models. Providing financing for ADUs also supports wealth building by increasing homeowner income and property values.
- d. **Expand Opportunity** - Provide affordable housing within areas that have access to resources that may improve a person's chances of upward economic mobility as identified on CRA's High Opportunity Area Map. In previous years, the CRA Board dedicated funding towards areas of high opportunity. With the majority of that funding expended, including this priority maintains that the Board wants to see affordable housing expanded to Salt Lake City's eastside neighborhoods.
- e. **Neighborhood Commercial and Services** - Promote an array of commercial spaces that support the neighborhoods, such as daycares, restaurants, and retail spaces. This priority ensures that as housing continues to be built throughout the City, residents and neighbors continue to have access to neighborhood services and amenities.

The following chart summarizes the sources and proposed uses in the various accounts:

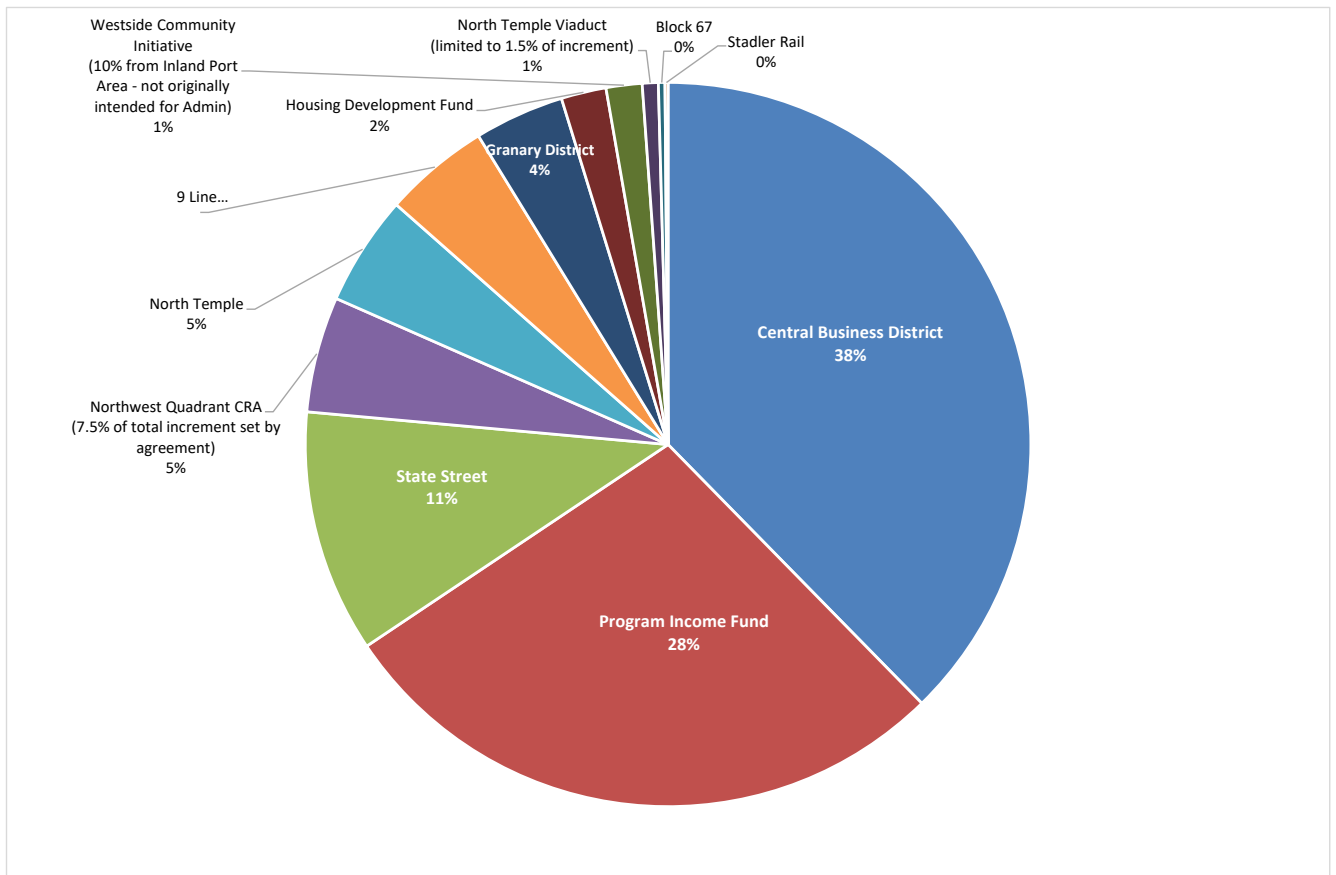
| RDA Housing Funding | | | |
|--|--------------------|---------------------|------------------|
| | FY 2025 Adopted | FY 2026 Proposed | Change |
| Secondary Housing & Development Fund (formerly Project Area Housing Fund) | | | |
| Sources | | | |
| Transfer from State Street | 1,000,000 | 0 | (1,000,000) |
| Transition holding account | 0 | 103,055 | 103,055 |
| Uses | | | |
| Housing Development Loan Program | 1,000,000 | 103,055 | (896,945) |
| Total Secondary Housing Fund | 1,000,000 | 103,055 | (896,945) |
| Primary Housing & Development Fund (formerly Citywide Housing Fund) | | | |
| Sources | | | |
| Loan Repayments - Principle and Interest | 77,821 | 82,000 | 4,179 |
| Interest on Investments | 0 | 248,345 | 248,345 |
| Transfer from 9 Line | 303,072 | 348,753 | 45,681 |
| Transfer from Block 67 North | 36,577 | 37,734 | 1,157 |
| Transfer from Depot | 1,238,620 | 0 | (1,238,620) |
| Transfer from Granary | 276,886 | 345,027 | 68,141 |
| Transfer from North Temple | 308,749 | 423,173 | 114,424 |
| Transfer from NWQ | 250,011 | 333,539 | 83,528 |
| Transfer from Stadler Rail | 16,115 | 17,424 | 1,309 |
| Transfer from State street | 586,886 | 866,120 | 279,234 |
| Transition Holding Account | 507,505 | 544,183 | 36,678 |
| Uses | | | |
| Housing Development Loans - competitive NOFA | 2,684,859 | 2,480,591 | (204,268) |
| Salt Lake School District Housing (required per School District) | 417,382 | 557,838 | 140,456 |
| Non-Loan Housing (required per SL County) | 0 | 207,869 | 207,869 |
| Total Primary Housing & Development Fund | 3,102,241 | 3,246,298 | 144,057 |
| Westside Community Initiative (NWQ Housing) | | | |
| Sources | | | |
| Increment set-aside from Utah Inland Port Authority | 1,835,469 | 1,835,469 | 0 |
| Transition Holding Account | 0 | 133,581 | 133,581 |
| Interest from investments | 0 | 100,186 | 100,186 |
| Uses | | | |
| Administrative budget | 0 | 103,462 | 103,462 |
| Strategic Intervention Holding Account | 1,000,000 | 0 | (1,000,000) |
| Wealth Building Housing Opportunity (Holding Account) | 835,469 | 0 | (835,469) |
| Housing Development Loans - competitive NOFA | 0 | 1,965,774 | 1,965,774 |
| Total Westside Community Initiative | 1,835,469 | 2,069,236 | 233,767 |
| Housing Development Fund | | | |
| Sources | | | |
| Funding Our Future Housing Transfer | 2,590,000 | 0 | (2,590,000) |
| Loan Repayments | 312,000 | 379,000 | 67,000 |
| Interest from Investments | 0 | 288,361 | 288,361 |
| Transition holding account | 0 | 384,481 | 384,481 |
| Uses | | | |
| Administrative budget | 0 | 129,500 | 129,500 |
| Competitive Housing Development Loans | 902,000 | 1,512,342 | 610,342 |
| ADU Program Incentives (Citywide) | 0 | 0 | 0 |
| Wealth Building Housing Opportunities | 2,000,000 | 1,000,000 | (1,000,000) |
| Sugar House DI Property Disposition | 0 | 1,000,000 | 1,000,000 |
| Total Housing Development Fund | 2,902,000 | 3,641,842 | 739,842 |
| Total All Housing Funding | 8,839,710 | 9,060,431 | 220,721 |

- f. **Westside Community Initiative** – This initiative is funded from the 10% set aside from tax increment in the Inland Port jurisdictional boundary, as mandated by the State’s Inland Port enabling legislation. It started receiving revenue in FY 22. The first round of these funds were

distributed to qualifying partners in March 2025 after an open competitive process, and approval by the board. The purpose of the initiative is to “*facilitate the ability for low-moderate income households to build wealth through different pathways such as homeownership, supplemental income opportunities, stipends for renters, cooperative housing, and other wealth building models.*”

2. **Administrative Budget** – The FY 2026 proposed Administrative budget for the CRA represents an 25% increase (\$1.3 million) over the FY 25 budget. The main reason for the increase is a just over 100% increase in Administrative fees, paid to the City based on cost analyses – largely driven by increases in IMS/software contract fees. The sources for this budget include transfers of tax increment revenues from various project areas to cover the approximately \$6.5 million in administrative costs for the 35 FTEs (which includes 13 FTEs relating to the Gallivan Center). The 13 FTEs related to the Gallivan Center are budgeted in the donation account, although they are considered under the purview of the CRA, as reflected in the staffing document. The following charts delineate the sources of funding for the Administrative budget, as well as the specific uses:

| RDA Administrative Budget - Sources | | | | |
|--|---------------------|---------------------|---------------------|------------|
| | FY 2025 Adopted | FY 2026 Proposed | \$ Change | % Change |
| Central Business District | \$ 2,726,570 | \$ 2,432,087 | \$ (294,483) | -12% |
| Program Income Fund | \$ - | \$ 1,803,299 | \$ 1,803,299 | |
| State Street | \$ 485,760 | \$ 699,825 | \$ 214,065 | 48% |
| Northwest Quadrant CRA (7.5% of total increment set by agreement) | \$ 250,011 | \$ 333,539 | \$ 83,528 | 60% |
| North Temple | \$ 231,561 | \$ 317,381 | \$ 85,820 | 85% |
| 9 Line | \$ 263,906 | \$ 304,744 | \$ 40,838 | 16% |
| Granary District | \$ 207,666 | \$ 258,770 | \$ 51,104 | 31% |
| Housing Development Fund | \$ - | \$ 129,500 | \$ 129,500 | |
| Westside Community Initiative (10% from Inland Port Area - not originally intended for Admin) | \$ - | \$ 103,462 | \$ 103,462 | n/a |
| North Temple Viaduct (limited to 1.5% of increment) | \$ 46,796 | \$ 45,945 | \$ (851) | -2% |
| Block 67 | \$ 18,288 | \$ 18,868 | \$ 580 | n/a |
| Stadler Rail | \$ 8,058 | \$ 8,712 | \$ 654 | 9% |
| Depot District (now expired) | \$ 928,965 | \$ - | \$ (928,965) | -114% |
| Block 70 (does not allow for Administrative collection) | \$ - | \$ - | \$ - | n/a |
| Revolving Loan Fund | \$ - | \$ - | \$ - | |
| Primary Housing Fund | \$ - | \$ - | \$ - | |
| Total | \$ 5,167,581 | \$ 6,456,132 | \$ 1,288,551 | 25% |



| CRA Administrative Budget - Uses | | | | |
|----------------------------------|---------------------|---------------------|---------------------|------------|
| | FY 2025 Adopted | FY 2026 Proposed | Change | % |
| Personal Services | \$ 3,170,296 | \$ 3,541,674 | \$ 371,378 | 12% |
| Operating and Maintenance | \$ 450,000 | \$ 450,000 | \$ - | 0% |
| Charges and Services | \$ 450,000 | \$ 450,000 | \$ - | 0% |
| Administrative Fees | \$ 1,000,000 | \$ 2,014,458 | \$ 1,014,458 | 101% |
| Allocation to fund balance | \$ 97,285 | \$ - | \$ (97,285) | -100% |
| Total RDA Budget | \$ 5,167,581 | \$ 6,456,132 | \$ 1,288,551 | 25% |

- a. No official policy guides how much each district contributes to the administrative budget, although to some extent it is related to available increment. The Central Business District is typically the largest contributor, although the percentage has varied. In FY 26 it is proposed to provide 38% of the administrative budget compared to 53% in FY 25 (the CBD project area expires in 2042). Because the Depot District expired last year, the Program Income Fund budget is now picking up the over \$1 million that would have otherwise been contributed by Depot District. Additionally, the Administration is proposing for the Westside Community Initiative and Housing Development fund contribute just over \$200k total to the Administrative budget, when in years past they haven't. Several recent project areas either cap or prohibit spending project area funds on Administrative costs (usually as a result of negotiations with various taxing entities). ***The Board may wish to ask the Administration to evaluate the overall strategy for funding the administrative budget in future years, particularly as the Depot District expired and Granary District will shortly. The Administration has indicated draft recommendations will be developed for the Board to review. Staff note: there is no statutory prohibition against using General Fund dollars to fund***

Redevelopment Agency employees, since they are City employees. The City's elected officials could elect to reimburse CRA for a portion of the housing duties that they perform.

- b. *Because CRA revenues are estimated and can come in either higher or lower than projected, the Board may wish to discuss policy guidance on how the CRA should handle unexpected shortfalls in tax increment revenues, particularly as it relates to the administrative budget,*** which is generally a fixed and ongoing cost (salary and benefits). Staff is inquiring about the level of fund balance remaining after this budget. Board Members previously expressed interest in aligning project area fund balances with fixed costs and contractual obligations to ensure sufficient funding is available to cover those expenses if tax increment significantly decreases in a future year.
- 3. CRA Program and Project Proposals** – The FY2026 CRA budget includes funding for 21 capital projects and/or capital reserve accounts. Overall funding for CRA capital projects is \$7 million across project areas. These are described on **pages 251-253** of the Mayor's recommended budget book and will be reviewed in more detail at the CRA meeting on Tuesday, May 20.

The Board adopted a FY2023 legislative intent to review all CRA accounts with positive balances to ensure the projects and programs still align with current Board policy priorities. The Board may wish to schedule a comprehensive review of these accounts.

Note: Capital project accounts do not lapse at the end of each fiscal year. If approved by the Board, then these would be considered capital accounts and funds would not lapse to the project area's fund balance if unspent by the end of the fiscal year.

4. Other policy areas of the FY 2026 CRA budget

- a. Program Income Fund** – The primary source of funds for this account are revenues generated from the Gallivan and Broadway Center parking structures owned by the CRA (approximately \$1.2 million per year). The budget also includes rents for CRA commercial spaces. It is the most flexible funding in the CRA portfolio, as State law does not place limitations or expectations for how and where funds are spent. In recent years this account has been used to fill funding gaps for infrastructure projects in the Central 9th area and Rio Grande District, provided funding to assist with strategic acquisition along North Temple, as well as provide seed funds for new project areas (9-Line and State Street). Because the Depot District expired this year, the Program Income Fund is proposed to fill the funding gap for the CRA's Administrative budget. This year the Administration is proposing to use these funds as follows:

| Program Income Fund | | | |
|--|----------------------------|-----------------------------|---------------------|
| Sources | FY 2025 Adopted | FY 2026 Proposed | Change |
| Parking Structure Income | \$ 1,290,184 | \$ 1,290,184 | \$ - |
| Rents | \$ 229,449 | \$ 229,449 | \$ - |
| Loan Repayments | \$ 33,600 | \$ 10,000 | \$ (23,600) |
| Interest on Loans | \$ 6,000 | \$ 1,000 | \$ (5,000) |
| Interest on Invested funds | \$ - | \$ 1,041,740 | \$ 1,041,740 |
| Transition holding account | \$ - | \$ 1,388,986 | \$ 1,388,986 |
| | | | \$ - |
| Proposed Uses | | | \$ - |
| Capital Project - Sugarhouse DI Demo | \$ 500,000 | \$ 200,000 | \$ (300,000) |
| Gallivan Maintenance & Repairs | \$ 238,733 | \$ 850,000 | \$ 611,267 |
| Commercial Revolving Loans Holding Account | \$ - | \$ 208,060 | |
| CRA Arts & Culture program - Sugar House Art | \$ - | \$ 25,000 | \$ 25,000 |
| Transfer to Administration Fund | \$ - | \$ 1,803,299 | \$ 1,803,299 |
| Charges and Services | \$ 457,500 | \$ 500,000 | \$ 42,500 |
| Operating and Maintenance | \$ 363,000 | \$ 375,000 | \$ 12,000 |
| | | | |
| Total Program Income Fund | \$ 1,559,233 | \$ 3,961,359 | \$ 2,402,126 |

- b. **“Strategic Intervention” Holding Accounts** – Over the last few budget cycles the Board has approved several allocations for “Strategic Intervention” in several project areas. CRA Staff provided the following policy information about goals for these funds. These funds have been used for timely investments in property purchases (several recent purchases have nearly or fully depleted existing strategic intervention accounts), along with other uses. The Board must approve releasing the funds from a holding account for specific uses. The Board may wish to discuss these line items with more specificity such as prioritizing policy goals for each area, given the quantity of funds that could build up. The Board could also discuss with the Administration using some of these funds for affordable housing development.

| Strategic Intervention Funds | | | |
|---|---------------------|-------------|-------------------|
| | FY 2026 | | Balance* |
| Central Business District (Identified separately as "Downtown for Everyone" project) | \$ - | \$ - | 2,017,256 |
| Granary District | \$ 1,463,394 | \$ - | 421,805 |
| North Temple | \$ 682,741 | \$ - | 861,812 |
| Stadler Rail | \$ 3,354 | \$ - | |
| State Street | \$ 1,595,150 | \$ - | 6,615,245 |
| 9 Line | \$ 2,376,552 | \$ - | 2,316,302 |
| Total | \$ 6,121,191 | \$ - | 12,232,420 |
| <i>*Balance assuming BA #2 of FY 25 is adopted</i> | | | |

- The Administration provided this information for general context on this approach in the FY 25 budget cycle:
“The overarching goal of the Strategic Intervention line items within the various funds is to provide an appropriation into a program that may or may not have a specific project identified yet. This program’s approved uses include property acquisition, site development costs and community benefits. If there is an approved project, or projects, within a program appropriation, those are identified as such. Otherwise, it is anticipated that staff will return to the Board for approval to appropriate funds to specific projects. ”

- c. **Commercial Development Loan Program** – In March 2025 the Board approved the Commercial Development Loan Program (CDLP) (see attachment). The Revolving Loan Fund

will be the distribution point for all of these funds, although they will track which project area the funds originated in, to comply with state law.

| Commercial Development Loan Funds | | |
|--|-----------------------|------------------------|
| | FY 26 proposed | Current balance |
| Central Business District | \$ 1,058,595 | |
| Granary District | \$ - | \$ 2,267,132 |
| North Temple | \$ - | \$ 217,318 |
| State Street | \$ 1,000,000 | |
| 9 Line | \$ 500,000 | \$ 500,000 |
| Depot District | | \$ 1,000,000 |
| Total | \$ 2,558,595 | \$ 3,984,450 |

Note: Strategic Intervention Funds can also be used for commercial purposes.

Revolving Loan Fund (RLF) – The FY 2026 budget proposes \$3.1 million in additional revenue to lend. The Revolving Loan Fund can lend in any project area. The source of funding for the RLF is primarily repayments on commercial loans and interest earnings (housing loans are now administered separately).

- d. Funding for Art** – The proposed budget has several line items for investment in public art in various project areas. The Board may wish to ask the administration how it intends to coordinate with the Arts Council, and whether current Arts Council staffing is sufficient to ensure these funds are spent in a timely manner.

| FY 26 Proposed Allocations for Public Art | | | Notes |
|--|-----------|----------------|---|
| North Temple | \$ | 100,000 | Installation and maintenance reserve for public art in North Temple project area. |
| State Street | \$ | 250,000 | Installation and maintenance reserve for public art in State Street project area. |
| Program Income Fund - Sugar House Art | \$ | 25,000 | Funding for relocation of existing "Art for Hope" pieces. Program Income Fund is used because the Sugar House Project Area has expired. |
| 9 Line | \$ | 100,000 | Installation and maintenance reserve for public art in the 9-line project area. |
| Block 67 | \$ | 37,733 | Installation and maintenance reserve for public art on Japantown Street. To be combined with FY 25 appropriation. |
| Total | \$ | 512,733 | |

- e. Interest income** – The City and CRA earn interest on pooled funds that are invested with the state treasury. Because of market conditions, these amounts are higher than in recent years. The FY 26 budget reflects this additional revenue in the following areas. It should be noted that this funding may not be considered ongoing because if market conditions change and interest rates fall, this funding would also be reduced. Note that this is separate from interest received by the CRA on loans.

| FY 26 Interest Income | |
|-------------------------------|---------------------|
| Central Business District | \$ 2,385,901 |
| Granary District | \$ 167,711 |
| North Temple | \$ - |
| State Street | \$ 278,092 |
| 9 Line | \$ 140,728 |
| Revolving Loan Fund | \$ 229,348 |
| Program Income Fund | \$ 1,041,740 |
| Primary Housing Fund | \$ 248,345 |
| Westside Community Initiative | \$ 100,186 |
| Total | \$ 4,592,051 |

- f. **Japantown Investment** – There is no specific line item in the CRA or City budget relating to the reconstruction of Japantown Street, although it does add some funding for art from Block 67. Construction-level documents were funded in FY 25, and efforts are underway. The Board may wish to ask the Administration for a status update.
- g. **Property Management and Maintenance Budget.** This is a line item that appears in various project areas and is not covered by the centralized CRA Administrative budget. It covers things like maintenance, security, and insurance for properties owned or managed by the CRA. Actual expenditures vary year to year, and any unspent funds lapse to that project area's fund balance.

| Property Management and Maintenance | | | | |
|-------------------------------------|---------------------|---------------------|-------------------|------------|
| | FY 2025 Adopted | FY 2026 Proposed | Change | % Change |
| Central Business District | \$ 1,127,250 | \$ 1,129,568 | \$ 2,318 | 0% |
| Depot District | \$ 172,500 | \$ 50,000 | \$ (122,500) | -71% |
| North Temple | \$ 50,000 | \$ 50,000 | \$ - | 0% |
| State Street | \$ 50,000 | \$ 100,000 | \$ 50,000 | 100% |
| 9 Line | \$ 50,000 | \$ 100,000 | | |
| Total | \$ 1,449,750 | \$ 1,429,568 | \$ 299,750 | 26% |

- h. **Regent Street Maintenance** – The Block 70 (Eccles Theater) project area budget includes an \$80,000 ongoing allocation to the City General Fund to cover costs for maintenance of Regent Street, given the enhanced features of the street are beyond typical City standards, and cost more than a typical city street to maintain. The Attorney's Office indicates that tax increment funds can be used to maintain public infrastructure. ***The Board may wish to ask the Administration if this transfer is the long-term plan for maintenance on Regent Street when the Block 70 CRA ends in 2040, and what the City's policy may be in other enhanced-infrastructure areas (e.g., Central Ninth streetscape improvements, Rio Grande Area festival street the Depot District, daylighting City Creek near North Temple).***
- i. **Gallivan Employees and Maintenance** - The proposed budget continues the management of the 13 Gallivan employees and maintenance under the CRA (accounting is separated from the General Fund). The Board received a report from Gallivan and CRA staff relating to the

strategic plan for the future of the Gallivan center, both in terms of capital projects and programming.

- ***The Board may wish to ask the Administration if Gallivan/CRA staff is working proactively with open streets downtown to leverage activation.***

- j. North Temple Viaduct Debt service** – The CRA created the North Temple Viaduct project area specifically to help offset the debt service costs on a City-issued bond to rebuild and shorten the North Temple Viaduct in 2012, allowing the current TRAX alignment, and to facilitate development that has now materialized in the adjacent area. All increment except a small percentage for administration is transferred to the general fund to offset this annual payment. In the early years of this arrangement, the tax increment generated was not sufficient to cover the full debt service payment, so the general fund covered the remainder. However, starting in FY19, actual tax increment received exceeded debt service payments. In FY 21, the Board re-purposed this surplus to re-invest on North Temple in the soon-to-open State Fair Park International Public Market. In FY 23, the Board approved using the excess \$1 million of this available overage to invest in the Housing Development Fund, to increase the number of affordable units in the City. In FY 24 this source was used to increase the Housing Development Fund by \$1.7 million. For FY 26, the Administration is proposing to use \$5 million to help offset the debt payments that were frontloaded by the general fund.
- k. Eccles Theater Site Operations & Regent Street Activation** – Per the terms of the operating agreement with Salt Lake County, the City/CRA are responsible for any operating costs (net of revenues) that the County experiences in operating the ancillary sites around the Eccles Theater (Black Box, Regent Street Plaza, and Winter Garden). The FY 25 budget proposes \$500,000 for this purpose, an increase of \$25,000 from FY 25. The FY 26 budget also proposes continuing the allocation started in FY 24 for an additional \$25,000 to program the McCarthy Plaza and Regent Street, which the CRA reports to be a very successful endeavor. Consistent with the Council's initial goals for the construction of the Eccles Theater, the UPACA Board continues to ask County staff to find innovative ways to increase programming in the spaces, with a primary goal of activation rather than purely revenue generation.
- l. Block 70/Eccles Theater Debt Reserve** – In previous budget years the CRA has funded a certain reserve to cover debt service for the Eccles Theater, to cover years when tax increment for the block is insufficient to cover payments (originally projected to be a span of 5-8 years, depending on projections). As of FY 25, the Finance Department believes the combination of increment from Block 70 and the current level of debt service reserve is sufficient to cover debt on the Eccles Theater.
- m. Housing and Transit Reinvestment Zones (HTRZ)** – The CRA has two HTRZs approved by the state committee. The 900 South HTRZ will begin collecting when the Granary District CRA project area expires next year. The Board will first see funds in a FY 27 CRA budget amendment. The Salt Lake Central Station HTRZ Phase 1 will also show up in a FY 27 CRA budget amendment. Phase 2 will appear in a FY 30 budget amendment. The phasing of the Salt Lake Central HTRZ was a condition of approval by the state board, and is largely due to overlapping areas with CRA project areas that don't yet expire.

GENERAL POLICY QUESTIONS

- 1. Bonding for catalytic or specific projects** – The Board may wish to ask the Administration whether they have a recommendation for bond-eligible projects in any project area, especially new

project areas like the State Street or 9-Line project areas, given tax increment flow has started. Based on previous discussions, the Board and Administration agreed that bonding early in project areas, as was done for Block 70 and Regent Street/Eccles Theater, makes financial sense, since bonding capacity is maximized early in a project area.

- a. Bonding may also make sense for a project that is of particular immediate interest or importance to the Board, such as Japantown Street improvements.
 - b. The City has the ability to issue bonds for projects supported or offset by CRA tax increment (the North Temple Viaduct rebuild project was financed this way), or it can issue bonds as an agency (A portion of Eccles theater debt and Regent Street Improvements were financed this way via Block 70 increment).
2. **Project Area/Workload Prioritization** – The Board may wish to continue the discussion of project area and/or staff workload prioritization. Staff is continuing to work on Housing and Transit Reinvestment Zones (HTRZs), the recent discussions about a Sports, Entertainment, Cultural and Convention District, and is in continued discussions about new project areas to facilitate developments around the Granary District, which is soon to expire. The CRA is also continuing property disposition work in three expired project areas that no longer collect tax increment to offset these costs (Sugar House, West Capitol Hill, and West Temple Gateway). CRA staff also is critical to the City’s efforts during State legislative discussions about changes to the City’s development tools, which is an increasing workload compared to previous years. Affordable housing development in the City is also an overarching workload handled by CRA staff, as is work on some of the programs approved by the Board in recent years, such as the ADU program. In January 2020 the Board approved two resolutions establishing survey boundaries for potential Community Reinvestment Areas at the University of Utah Research Park, and discussions are ongoing. The two new FTEs added in FY2023 and the new financial analyst FTE proposed in FY2025 may help with this increased workload, but the Board may wish to have additional discussions.
3. **Public/Private Partnership Models and proposals with alternate governance models** - As the City and CRA consider the public-private partnership ideas that are periodically raised, the Board/Council have shared feedback that they prefer to keep elected officials in the appropriate policy-making and budgetary role. The Board requested that staff prepare an overall policy for both the Council and Board to consider in guiding discussions on these models. Staff will return to the board with options that review of these different models to identify pros and cons and establish role clarity, transparency expectations, and staff accountability upfront.
4. **Consistency between CRA and City Policies** – Currently the Board adopts policies to guide CRA investment that typically mirror City policies, although in some cases they are different and/or more targeted to CRA activities. The Board could adopt a blanket policy indicating that if the CRA does not have a policy for a given area, City policy applies.
5. **Fund Balances for Project Areas with Ongoing Funding Obligations** – The Board may wish to review with the Administration the levels of fund balances (“savings accounts” or “cash reserves”) for project areas with ongoing obligations such as the Central Business District which has bond debt service payments and agreements (such as Eccles, Regent Street, and Gallivan) and significantly contributes to the CRA’s annual administration costs. Finance is working with the CRA staff to provide cash balance amounts for each project area.
6. **Pooled Resources vs. Project Area Resources** – Some initiatives and projects previously funded with CRA tax increment have been funded by transferring funds out of one project area, into a pooled account, such as the Primary Housing Fund or Revolving Loan Fund (via appropriation from Fund Balance). Because these accounts are flexible in terms of serving all project areas, this allows for a

project area with limited tax increment to complete projects it might otherwise not be able to afford. There are not clear guiding policies that would help determine when it is appropriate to use this approach for a given project or initiative, but in the past it has enabled the CRA to respond to unique opportunities and projects.

ADDITIONAL & BACKGROUND INFORMATION

1. **Gallivan Utah Center Owners Association (GUCOA)** - GUCOA is the managing agency for the entire block through Covenants, Conditions & Restrictions (CCRs) and is responsible for maintenance and programming. The CRA is the majority owner (over 51%). The CCRs originally contemplated a contractor to provide maintenance and programming which has been provided by the Public Services Department after an RFP process. An assessment is levied on the first floor of adjacent commercial properties to contribute funding to administration, programming, and events. The programming contract has requirements for a set number of events that must be open to the public annually. Gallivan also provides many free events to activate the space consistent with the Council/Board's public policy goals for downtown.
2. **Project Area Expiration Dates** -Project areas have a designated expiration (aka sunset) date. State law allows CRAs to continue spending tax increment already collected in expired project areas such as Sugar House. Sometimes project areas can be extended/renewed for a longer length which happened to the Central Business District. The table below summarizes project area timeframes from creation to expiration.

| Project Area | Initial Collection Year | Last Collection Year |
|-----------------------------|-------------------------|----------------------|
| Central Business District*† | 1983 | 2042 |
| West Capitol Hill** | 1998 | 2022 |
| Depot District† | 1999 | 2024 |
| Granary District† | 2000 | 2025 |
| North Temple† | 2012 | 2039 |
| North Temple Viaduct CDA | 2012 | 2037 |
| Northwest Quadrant | 2019 | 2038 |
| Block 70 CDA | 2016 | 2040 |
| Stadler Rail | 2019 | 2038 |
| Block 67 | 2021 | 2040 |
| 9-Line | 2021 | 2040 |
| State Street | 2021 | 2040 |

NOTE: Only project areas that generate tax increment are listed in the table

**The CRA Board extended the CBD from the original expiration year of 2007*

*** The CRA Board extended the original expiration year to focus on 300 West streetscape improvements*

†In October 2021 the Board approved two-year extensions for these project areas. State law was changed to allow extensions for projects areas negatively impacted by the COVID-19 pandemic

3. **Statutory Definition of Project Area Development (Utah Code 17C-1-102(48))** - The section of Utah Code below is a key list of allowable uses of CRA funds. The Utah Legislature updated this statute in the 2016 General Session.
 - (47) "Project area development" means activity within a project area that, as determined by the board, encourages, promotes, or provides development or redevelopment for the purpose of implementing a project area plan, including:
 - (a) promoting, creating, or retaining public or private jobs within the state or a community;

- (b) providing office, manufacturing, warehousing, distribution, parking, or other facilities or improvements;
- (c) planning, designing, demolishing, clearing, constructing, rehabilitating, or remediating environmental issues;
- (d) providing residential, commercial, industrial, public, or other structures or spaces, including recreational and other facilities incidental or appurtenant to the structures or spaces;
- (e) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating existing structures;
- (f) providing open space, including streets or other public grounds or space around buildings;
- (g) providing public or private buildings, infrastructure, structures, or improvements;
- (h) relocating a business;
- (i) improving public or private recreation areas or other public grounds;
- (j) eliminating blight or the causes of blight;
- (k) redevelopment as defined under the law in effect before May 1, 2006; or
- (l) any activity described in Subsections [\(48\)\(a\)](#) through [\(k\)](#) outside of a project area that the board determines to be a benefit to the project area.

Statutory limitations on retail incentives

In the 2022 legislative session some changes were made to limit a taxing entity's ability to invest in certain retail uses in HB 151 – in summary it prohibits a city or its CRA from making or entering into an agreement to make certain incentive payments for retail facilities. While retail incentives are limited, there are some exceptions, including:

- census tract areas with the median income below 70% AMI (to ease food and service deserts, etc),
- mixed use developments with a certain amount of housing units, or 10% of the units being affordable,
- retail facilities under 20,000 sqft, retail for small businesses, etc.
- Incentives can still be used for public infrastructure, structured parking, main street or historic programs, and environmental mitigation.
- If incentives for retail developments are used, a report must be issued to GOEO.
- If a taxing entity violates any of the incentives restrictions or doesn't submit a report, GOEO can send a notice to the state auditor. There is still the ability to cure the problem or appeal the determination of GOEO.

ATTACHMENTS

1. Attachment 1 - RDA Guiding Framework Transmittal December 2021 (Mission, Core Values and Livability Benchmarks)
2. Attachment 2 – Presentation on Housing Funding Priorities for FY 26
3. Attachment 3 – Presentation on Commercial Development Loan Program approved in March 2025