



BOARD STAFF REPORT

THE REDEVELOPMENT AGENCY *of* SALT LAKE CITY

TO: RDA Board Members

FROM: Allison Rowland
Budget & Policy Analyst

DATE: December 10, 2019

RE: RESOLUTION: BLOCK 67 NORTH TAX INCREMENT REIMBURSEMENT AGREEMENT

Item Schedule:

Briefing: December 10, 2019

Set Date: n/a

Public Hearing: n/a

Potential Action: December 10, 2019

ISSUE AT-A-GLANCE

The Board will consider approving a resolution that authorizes the Block 67 North Tax Increment Reimbursement Agreement (TIRA). Block 67 North forms part of the planned “West Quarter” development, a residential, commercial and hotel project by Garn Development Company and the Ritchie Group on the City block bounded by 100 South, 200 South, 200 West and 300 West (see map in attached RDA Staff Memo, Exhibit B to Resolution).

The Board established the Block 67 North Community Reinvestment Area (CRA) and the Project Area Plan on March 26, 2019. It is limited to developer properties on the northwest portion of the block, referred to by the developers as Phase I. The proposed TIRA is consistent with the contingencies laid out in the CRA and does not commit any City reimbursement for the developers’ planned Phase II, on the southern side of the block.

At the request of Salt Lake County, the RDA act will act as a pass-through for the transfer of \$15 million of County Transportation funds to the developers, to be used for construction of an underground parking structure. If both phases of the development are completed by 2026, the City RDA will ultimately repay \$15 million of tax increment to the County on behalf of the developers, but the TIRA is structured as a pay-for-performance agreement. This means that repayment is scaled to the amount of work completed. The RDA makes no commitment to provide funding or participate in Phase II, and the maximum Phase I reimbursement is \$3 million—the estimated value of the public benefits for this stage. It should be noted that this project did not go through the standard process used for RDA tax reimbursement agreements, and the involvement of the City as a pass-through for County Transportation Funds should not be viewed as precedent for future arrangements. The updated agreement language reflects this understanding.

The maximum (cap) of total tax increment if both phases are completed is set at \$20,000,000 over twenty years (City and County participation), and includes the standard percentage set-asides for affordable housing (10%) and administration (5%), as well as 10% for Japantown Infrastructure improvements, per the CRA plan. Note

that the total tax increment collected depends on the amount of actual tax increment that is produced, which may be less than \$20 million.

Public Benefits

The TIRA reflects the Board’s primary conditions of RDA participation in Block 67 North, including the following:

- 1. The owners must coordinate aspects of the project with the Japanese-American community on Japantown Street. In particular, a form design agreement and covenant to cooperate must be recorded against the owners’ property, which is intended to secure benefits into the future.
- 2. The owners must construct the proposed midblock walkway in alignment with Downtown Master Plan goals.
- 3. The owners must provide a certain number of public parking stalls, since these represent the justification for the County’s Transportation Funds and the purpose of a regionally-significant parking structure. (See pages 4 and 5 of the attached RDA Staff Memo, Exhibit A to Resolution.) The owners must report the number of public parking stalls each year so that the RDA may monitor that this commitment is met.

Additional Japantown Benefits

The RDA Board committed to the following additional benefits for Japantown:

- 1. The CRA budget allocates 10% of tax increment to be used for Japantown improvements within the 100 South right of way, administered by the RDA.
- 2. The Japantown Design Strategy consultant’s process (funded by the RDA) will align with the potential funding stream provided by tax increment. RDA staff conducted the Selection Advisory Committee process to select a final consultant for the Japantown Design Strategy process. Agency staff is anticipates beginning the Japantown Design Strategy process in January 2020.
- ***The Board may wish to ask for periodic updates from RDA staff on the progress of the Japantown Design Strategy. By way of reminder the Board can fund improvements for Japantown Street from either the Block 67 CRA increment, Downtown CBD increment, or both.***

The RDA Finance Committee unanimously approved the TIRA on December 3.

Goal of the briefing: Review and consider adopting a resolution authorizing the Block 67 North Tax Increment Reimbursement Agreement (TIRA) with developers.

ADDITIONAL INFORMATION

A. Previous Board Action

July 2018	Resolution adopting Block 67 boundary survey
July 2018	Resolution approving an interlocal agreement between the County and Agency regarding the Transportation Funds
November 2018	Block 67 Facilitation Process report presented to the Board

<i>December 2018</i>	Resolution for Japantown
<i>March 2019</i>	Resolution adopting the Block 67 North CRA
<i>August 2019</i>	Resolution approving the interlocal agreement for the collection of tax increment between the Agency and County
<i>September 2019</i>	City Council ordinance approving the Block 67 North CRA
<i>September 2019</i>	Resolution approving the interlocal agreement for the collection of tax increment between the Agency and City

B. Public Process/Outreach

<i>August 2018 – November 2018</i>	Japantown and Block 67 Stakeholders Facilitation Process
<i>January 2019 – Present</i>	Monthly Japantown Working Group Meetings (ongoing)
<i>October – November 2019</i>	Japantown RFP Design Consultant Selection Advisory Committee Process, including Japantown and Block 67 stakeholders