

MINUTES
FROM THE REGULAR MEETING OF THE
REDEVELOPMENT ADVISORY COMMITTEE
Wednesday, March 6, 2019
451 South State Street, **Room 326**
City & County Building
Salt Lake City, Utah
4:00 p.m.

1. Roll Call

The following members were present:

Claudia O’Grady Dale Christiansen, Chair Brian Doughty
Lance Dunkley, Vice-Chair

The following members were absent:

Darin Mano Mark Isaac

Also Present:

Danny Walz, Chief Operating Officer; Jill Wilkerson-Smith, Deputy Chief Operating Officer; Robyn Smith, Office Facilitator; Tammy Hunsaker, Sr. Project Manager; JP Goates, Project Manager; Corinne Piazza, Project Manager; Tracy Tran, Project Manager; Benj Becker, Zions Bank Public Finance; Kort Utley, Sr. Project Manager; Susan Lundmark, Project Manager; Jolynn Walz, Office Manager; Emily Hase, potential New RAC Member

2. Briefing by the Staff

RDA Updates

- Ms. Hunsaker gave an update on the Ribbon Property Loan amendment. She explained that the Finance Committee heard a presentation on the amendment and gave a positive recommendation to amend the loan terms to the RDA Board. The RDA Board adopted a resolution approving the loan terms at its February 2019 meeting.

3. Approval of the minutes of the January 10, 2019 special meeting.

Chair O’Grady made a motion to approve the minutes from the January 10, 2019 special meeting. Mr. Dunkley seconded the motion. Upon roll call, the motion passed unanimously.

4. Business

A. Election of Chairperson and Vice-Chairperson

Chair O’Grady nominated Vice-Chair Christiansen for Chair. Mr. Dunkley seconded the motion. Vice-Chair Christiansen accepted the nomination.

Vice-Chair Christiansen nominated Mr. Dunkley for Vice-Chair. Chair O’Grady seconded the motion. Mr. Dunkley accepted the nomination.

Upon roll call, the motions passed unanimously.

B. Sugar House, West Temple Gateway, and West Capitol Hill Project Area Transition and Dissolution Update – Tammy Hunsaker, Project Manager

Ms. Hunsaker gave an update on Project Area transition for Sugar House, West Temple Gateway, and West Capitol Hill. She explained that Sugar House and West Temple Gateway are no longer collecting tax increment but are still active project areas. West Capitol Hill is collecting tax increment through an extension only for the limited purpose for the 300 South streetscape project.

The RDA Board adopted a motion in January of 2016, to discontinue the RDA loan program in Sugar House due to the RDA no longer collecting tax increment in 2016. The RDA is no longer offering loans in Sugar House and the tax increment reimbursement policy precludes applications from moving forward if it’s in the last five years of the Project Area’s collection period. So as of now, the RDA is no longer offering any program, however, the area is still open to finish development of the old DI property site.

West Temple Gateway recently concluded its tax collection period in 2018 and the RDA is no longer offering tax increment reimbursements but still actively accepting loan applications.

There are five outstanding projects in the area which will remain open until all are completed:

- Infinite Scale Development;
- Spy Hop;
- West Montrose site redevelopment;
- Jefferson mixed-use; and
- 900 South streetscape

West Capitol Hill is still collecting tax increment through 2022 for the limited purpose of the completion of 300 West streetscape improvements. The other active projects in the area are:

- Arctic Court single family home;
- Marmalade Block mixed-use development; and
- Marmalade Park

Ms. Hunsaker said the purpose of this review was to update RAC on the three transitioning project areas and to receive a recommendation from RAC to the Board on discontinuing the loan programs for West Temple Gateway and West Capitol Hill. Ms. Hunsaker added that if RAC

does make this recommendation, they may also consider recommending that loans for RDA led projects be made available and for any applications on hand but add a cutoff date for future applications. There is a limited amount of loan funds available as the RDA has received a few applications for large amounts, which the RDA Finance Committee will meet regarding. Affordable housing loans are available citywide so those would continue to be offered. Ms. Hunsaker said the RDA is requesting a recommendation from RAC to discontinue to the loan program for West Temple Gateway and West Capitol Hill.

COO Walz explained that the state statute does not clearly define when programs should be discontinued within a completed project area.

Ms. O'Grady said that the city has seen the benefits of the project area(s) and that benefit is spilling out into the community with new investments. She added that the project area(s) have served its purpose and would like to see the RDA finish up open programs and use funds in other areas. Vice-Chair Dunkley and Mr. Doughty agreed.

Chair Christiansen asked staff to pass on RAC's recommendation to have an official end date for:

- 1) Accepting loan applications in West Temple Gateway and West Capitol Hill; and
- 2) Allow loans for RDA led projects in closed project areas.

C. Draft Housing Allocation Policy Framework

Ms. Hunsaker gave an overview of the draft Housing Allocation Policy Framework. She explained that the draft policy framework establishes two housing funds, a Primary and Secondary housing fund which align with different sections of the Utah Title 17C – Community Reinvestment Agency Act. Ms. Hunsaker stated that by allocating funds pursuant to state statute, the RDA will be better able to track funding and ensure requirements are being met. She added that through the annual budget process, the framework would direct housing funds to both the primary and secondary housing funds with the funds being used to further both citywide and project area housing goals. The difference between the two is that the Primary Housing Fund allocations are mandated by state statute, and the Secondary Housing Fund allocations are not. She added that within the Primary and Secondary housing funds, funding shall be equally prioritized between citywide and project area geographic targets.

Ms. Hunsaker said that allocations for the Secondary Housing Fund may include the 10% housing set-aside from the Central Business District as well as additional allocations for housing, such as the recent Affordable Housing Notice of Funding Availability which may be deposited into this account. She further explained that the annual allocations to the Housing Trust Fund shall be standardized and allocated from the Secondary Housing Fund. This will allow the RDA to be better able to track and fulfill reporting requirements for the Primary Housing Fund.

Ms. Hunsaker then asked RAC members if they had any questions or concerns with what was presented. RAC members had no concerns or questions. Ms. Hunsaker stated the next steps would be to bring back a policy resolution.

D. Block 67 North Community Reinvestment Area Draft Plan

COO Walz, Deputy COO Wilkerson-Smith, Ms. Piazza and Mr. Becker from Zions Bank Public Finance provided background and an update the Block 67 North CRA project.

COO Walz gave an update regarding the consideration of a new project area that was brought to the RDA by the developer.

Deputy COO Wilkerson-Smith said that this project is being promoted as an LA Live concept that will feed into the Vivant Smart Arena and the Salt Palace Convention Center creating a mid-block connection. She explained there are two phases to the project whereas phase one includes a residential tower, hotel, mid-block street with retail and restaurants, and part of an underground parking structure, and phase two would include a business tower, some residential, continuation of the mid-block street to the south and the parking structure built out towards the south.

Deputy COO Wilkerson-Smith added that the developer requested the RDA create a CRA on a portion of Block 67 as an overlay to the existing Central Business District project area. She added that the use of the tax increment proceeds would be used to offset the cost of the parking structure.

Ms. Piazza explained the general draft plan and the main elements of the CRA plan including boundaries, how the parking structure would align with the Downtown Master Plan, and RDA participation by initiating interlocal agreements and negotiations for the reimbursement agreement with the developer.

Mr. Becker said the Financial Benefit Analysis was completed by Zions Bank Public Finance on the RDA's behalf and incorporated in the CRA Plan.

Chair Christiansen asked for more information regarding the gap in funding. COO Walz explained that the Developer's cost per parking space is approximately \$53,000 making the gap to approximately \$11.5 million. When this was reviewed by Zions, the cost per space came to \$35,000, lowering the gap to approximately \$5 million. COO Walz continued that the main public benefit during Phase I is the parking garage which is for public, residential units, and the proposed hotels. However, that the bulk of the parking will be completed in Phase II.

Mr. Becker stated that Phase I is estimated to be completed in 2022 with Phase II taking approximately another 5 years. He added that the plan is to roll straight into Phase II once Phase I is near complete and meets agreed upon benchmarks.

COO Walz said that the parking structure would be a ground lease although the proforma and ground lease have not yet been formalized. He added that this is a pay for performance rather than a loan with the developer.

E. Project Area Creation Priorities

COO Walz provided background on how the RDA selects new project areas. Now that 9-Line and State Street project areas have been approved, RDA staff will now look into other potential project area locations.

Ms. Lundmark said that staff met with representatives from the school district about the Salt Lake City School Board being a taxing entity partner for the State Street and 9 Line project areas. They indicated that they had no issues with the 9-Line Project Area boundaries, however, they would not support the State Street Project Area boundaries as presented. Stating that the boundaries went too far west and preferred that they stay along the State Street corridor. Ms. Lundmark stated that RDA staff is currently working through potential options on what to do with that information.

Ms. O'Grady asked if at this point the options are to either reevaluate the boundaries or move forward without the Salt Lake City School District. COO Walz said that the first option is problematic because the plan is already approved and submitted to the County Assessor. To make changes to the boundaries, the entire process would have to start over. COO Walz stated that now that the creation process is negotiated by Interlocal agreements, RDA Staff will, in the future, engage the Tax Entity partners prior to the plan being approved.

COO Walz said the second option is not preferred. He added that staff is working on additional options such as keeping the current project area boundaries and lower the school districts tax increment percentage from 75% to 65% or a hybrid of keeping the project area as it is and having the school districts portion come through the RDA and back to them without having to go through the County.

Ms. Lundmark provided an overview of the following current and potential project areas:

- State Street
- 9 Line
- Block 67
- Brickyard
- Research Park
- Grand Boulevards along 500 South and 600 South
- West University
- Transportation Reinvestment Zone (TRZ) along 400 South and 400 West
- S-Line Extension (TRZ)
- East Downtown (TRZ)
- Granary District (expansion and extension)
- Depot District (extension)
- North Temple Viaduct (amendment and extension)

Chair Christiansen asked if RDA staff has looked at overlaying potential project areas with the Opportunity Zones. COO Walz said yes. He added that now that the Opportunity Zones are established it makes sense to try and overlay where feasible or where it would make the most sense.

Ms. O'Grady stated that with such a long list and developer's requesting overlays, she recommended Staff to prioritize the work of the RDA over developers.

Vice-Chair Dunkley expressed his desire for a Project area within Rose Park. COO Walz said there have been discussions with Board Member Rogers about creating a Project area near the commercial hub at 600 West and 1000 North. The conclusion of those conversation was the preferred redevelopment in that area revolved around housing since that can be accomplished without setting up a project area. COO Walz stated Staff would add the area to the list and continue to review.

5. Adjournment.

There being no further business the meeting was adjourned.

Dale Christiansen, Chairperson

This document along with the digital recording constitute the official minutes of the Redevelopment Advisory Committee held March 6, 2019.