

MINUTES
FROM THE MEETING OF THE
REDEVELOPMENT ADVISORY COMMITTEE
Wednesday, August 7, 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:

Dale Christiansen, Chair	Lance Dunkley, Vice-Chair
Brian Doughty	Mark Isaac
Jason Head	Darin Mano

The following members were absent:

Claudia O’Grady	Mojdeh Sakaki
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Also Present:

Danny Walz, Chief Operating Officer; Robyn Smith, Office Facilitator; Kort Utley, Senior Project Manager; Tracy Tran, Project Manager; Kalli Ruiz, Accountant II.

2. Briefing by the Staff

A. Strategic Plan Update

Mr. Utley gave an update on the status of the Guiding Framework (formerly known as the Strategic Plan). He said the RDA’s mission and values form the foundation of the framework, which details the purpose and intended economic, social, and physical outcomes expected among the projects and partnerships of the RDA, with the project evaluation as the final part to the framework.

Mr. Utley said that building upon the mission and values, Staff will evaluate each project based on Thresholds, Livability Benchmarks and Program Criteria. He said primary considerations are to ensure the project and workplans align with the project area’s specific goals and its particular needs. He added evaluating financial viability and making certain there is a need for public assistance within the project, is the final step in the initial evaluations.

Mr. Utley explained the next step is to evaluate the livability benchmarks and determine how many public benefits are created. He added that staff took into consideration the recommendation from RAC regarding the timeliness item to reward projects at the

conceptual phase, rather than ‘shovel-ready’ projects. This would allow the RDA would have more input in the project to ensure the inclusion of public benefit options. He said once staff determines the public benefit, they will then determine which loan program to pursue, and look at how the RDA underwrites a project.

Mr. Utley said this will set up a structure for staff to evaluate any idea, project, or loan and use the language in the framework in reporting and communication to advise RAC and Board. He further explained the thought behind the categorization is due to the desire for a project to really hit all three categories.

B. High Opportunity Notice of Funding Availability Update

Ms. Tran explained she was there to update RAC on the Affordable Housing NOFA, not the High Opportunity NOFA (the agenda was incorrect). She explained that the RDA has approximately \$10.7 million available for affordable housing of which \$4.5 million must be awarded in high opportunity areas and \$6.2 million for affordable housing anywhere within the boundaries of the Salt Lake City.

Ms. Tran said the RDA released the NOFA on June 24, 2019 and staff hosted two informational sessions that were held in July with applications due on August 16, 2019. She further explained that the NOFA will be administered according to policy adopted by the RDA Board in June 2018 which outlines 11 funding priorities, including such things as transit proximity, mixed-income projects, displacement prevention, diversity and innovation of housing types, and neighborhood revitalization. Ms. Tran explained the policy lays out the approval process and the general terms for underwriting. She added that to meet the initial threshold and to be eligible for funding, projects should include a few of the priorities, 20% of total housing units within the project must be affordable for those earning 60% AMI or below.

Ms. Tran said once all the applications are received, staff will do a threshold review to ensure each project meets the minimum requirements. Staff will then review and evaluate each project in depth. She said once the evaluation is complete, the applications will be presented to the RDA Finance Committee for a recommendation to the RDA Board.

C. Budget Update

COO Walz gave an overview of the FY20 approved budget to RAC. He explained the process by which the budget was presented to the Board, reviewing the presentation (attached) and explaining how staff reviewed three years of historical allocations, which aligned with the Mayor’s term and the changes within the Agency after the separation of powers. He said that while this is the window the FY20 budget is based off, future budgets will include a 5-year snapshot to get a broader view of RDA funding history.

COO Walz also said that staff will use the metrics within the Guiding Framework in order to measure the impact a project had, review historical data, and previous budget allocations to

determine if the project was successful. He added that the information will inform and guide staff when making budget requests.

Mr. Mano asked where the \$1 million in loan payments is allocated. COO Walz explained that the RDA will put those funds back into the revolving loan fund to be used for new loans adding that the principal balance in the revolving loan fund is approximately \$16 million. Ms. Ruiz explained the reason the loan fund is currently low is due to the two large loans the RDA Board recently approved for the Union Hotel and 255 State Street projects.

Mr. Isaac mentioned the amount of real estate the RDA must maintain seems to be a burden and Mr. Walz said the sale of the State Street property and the Overnighter Hotel helped to reduce costs to maintain the properties.

Mr. Mano commented that he hopes the land the RDA owns will not just be offered up to large developers such as Central 9th but go towards smaller projects that make a big impact in neighborhoods and livability. COO Walz said that the RDA is hoping to create the State Street and 9 Line project areas more equitable with both small and large projects. He added that the Agency has not allocated funds for property acquisition for FY20.

D. NWQ, LLC Tax Increment Reimbursement Update

COO Walz provided an update on the NWQ, LLC tax increment reimbursement agreement. He said prior to the legislative session when the State captured the bulk of the property south of I-80, the RDA created a community reinvestment area for the property just north of I-80, which is approximately 3000 acres. Mr. Walz said that the RDA entered into an interlocal agreement with Salt Lake City to capture 75% of the City's tax increment. At that time the RDA was unable to execute agreements with additional taxing entity partners before the legislature stepped in. He further explained, that in addition to creating the project area and interlocal agreement with the City, the RDA entered into a master plan development agreement and tax increment reimbursement agreement with NWQ, LLC.

COO Walz said that this agreement consists of 3000 acres for manufacturing, warehousing and distribution development. He said the RDA is working with the developers on what qualifies for reimbursement in the first phase, consisting of 378 acres. The developers are looking at capital expenditures of upwards of \$300 million, creating six million square feet of development space and targeting potentially 3000 jobs. He explained that in the agreement the developer would receive a tax increment reimbursement of 70% of what is received by the agreement with the City, up to a maximum reimbursement amount of \$28 million.

COO Walz said that the tax increment reimbursement will be utilized for water and sewer, electrical, road networks, infrastructure, and building upgrades. It is the hope that the Agency's participation will help pay for some of the burden associated when developing in the northwest quadrant area. He added the agreement was approved by the Finance Committee and would be presented to the RDA Board at the August 20, 2019 meeting.

Mr. Mano asked with the little control the City has in the northwest quadrant, what is RDA doing and how does it benefit the City. COO Walz explained 10% of the increment is captured for affordable housing which directly benefits the city. He added the agreement with the developer was completed prior to the State stepping in, so the RDA is already committed to putting it towards the infrastructure. He further explained that the RDA also receives 10% of the state's portion of tax increment that was negotiated as part of the legislature.

Mr. Dunkley asked what the timeline was for the developers to complete the project. COO Walz said there wasn't a timeframe and explained that the clock is already ticking for the project area, the motivation is now all on the developer. The sooner they build, the higher the opportunity the developer has of receiving more of the increment to offset their costs. He added that the developer already has over \$80 million in costs of which the RDA can only reimburse up to \$27 million.

3. Approval of the minutes of the May 1, 2019 meeting.

Vice-Chair Dunkley made a motion to approve the minutes from the May 1, 2019 meeting. Mr. Isaac seconded the motion. Upon roll call, the motion passed unanimously.

4. Business

None

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 August 7, 2019.