



Bonneville Research

URBAN RENEWAL/ECONOMIC DEVELOPMENT HOUSING STUDY

April 29, 2010

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Thank you for the opportunity to provide you with the attached Bonneville Research Urban Renewal/Economic Development Housing Study.

The goal of the study is to provide Salt Lake County with reliable information about the financial implications of the Tax Increment supported housing.

Purpose of the Study:

- Assess the current status of the 20% housing set aside as required by law
- Understand how much housing money has been spent and for what
- Evaluate the timing of anticipated moderate housing plans and expenditures
- Determine the number of affordable housing units developed or preserved and how many households at what levels of income benefited from this housing
- Examine and evaluate policies for use of the TIF housing set-aside, identify best practices
- Estimate the total economic impact of housing set-aside expenditures and the state and local taxes generated by those expenditures
- Estimate the potential impact of the 2009 statute change on affordable housing development and preservation

Outcomes of the Study:

- Identify cities in need of technical assistance
- Identify opportunities to improve local moderate income housing efforts
- Identify opportunities for integrated planning efforts and cooperation in use of housing set-aside funds

To answer these questions, Bonneville Research reviewed approved budgets, actual annual revenues and planned and completed housing projects of all redevelopment, urban renewal, or economic development projects in Salt Lake County.

We wish to thank the directors and staffs of the Redevelopment Agencies throughout Salt Lake County for their time and cooperation in contributing to this report. Thanks also to Larry Newton and Cathy Dudley of the Utah State Office of Education for providing information and access to their files, and especially to Mike Gallegos, Dale Carpenter, and Salt Lake County for their support of this project.

Major Findings of the Study:

Redevelopment agencies play a critical role in providing housing affordable for working families, low income seniors, and disabled individuals. Redevelopment agencies have helped build and/or rehabilitate 2,040 affordable housing units, and 170 Senior Housing and 133 Special Needs units.

Forty-five project areas in Salt Lake County are projected to generate \$752,378,176 in total tax increment and a total of \$163,076,809 for housing. Of that projected income dedicated to housing, \$12,020,741 has been received and \$5,615,460 (47%) has been spent to date.

Redevelopment agencies have the potential to be a leading funder of affordable housing in Utah, and a source of matching monies required by the federal government and private developers.

Redevelopment Project Areas (RDAs) prior to 2006, Urban Renewal Project Areas (URAs) since 2006, and Economic Development Project Areas (EDAs) prior to 2009 are required to deposit at least 20 percent of the property tax revenues generated from their activities into a special fund called a "Housing Fund." These funds can only be used for the purpose of increasing, improving, and preserving the community's supply of affordable housing or providing or replacing needed housing in a project area.

Redevelopment housing monies have the potential also to facilitate residential and therefore enrollment stability to troubled schools.

All redevelopment activities are intended to increase property values – and increasing, improving, and preserving the community's supply of housing also has a positive impact on property tax revenues – for all local jurisdictions within a project area.

Most agencies contacted however felt that housing and especially affordable housing development was an area they needed technical assistance on how to better utilize housing monies available in their individual communities.

Bonneville Research therefore sees an excellent opportunity for Salt Lake County to work with individual cities to assist them with housing projects within their community. It must be strongly emphasized that TIF housing monies generated in a community must be expended in that same community unless specifically waved. Coordinated activities could include:

- Property rehabilitation programs
- Administering proposals from qualified developers
- Administering loans and other incentives to help acquire, rehabilitate and build housing
- Condominium and Mobile Home conversion tenant assistance programs
- Homebuyers training programs

- Down payment/closing cost assistance programs
- First -Time homebuyer programs

Redevelopment Supported Housing in Salt Lake County

It has been sixteen years since legislation was enacted encouraging expenditures of tax increment income to support moderate income housing projects and programs, and nearly a decade since Redevelopment Agencies' projects were required to make TIF investments in affordable housing. During that time, no county-wide or state-wide analysis has been done to examine the collective progress of RDAs in creating and preserving moderate income housing.

The purpose and intent of this study is to assess the current status (through November 2009) of the 20% housing set aside for Redevelopment, to take a snapshot in time of the state of Redevelopment-supported housing in Salt Lake County to understand how much tax increment for housing has been collected and spent County-wide, and to review how that money has benefitted moderate income County residents.

The landmark legislation that modernized neighborhood development law in 1993 allowed redevelopment agencies to spend up to 20% of their TIF on affordable housing outside project areas but within municipal boundaries. Only Salt Lake City and Salt Lake County utilized this voluntary option, so our review largely begins with RDA projects created after 1998 legislation that gave RDAs incentive to extend the life of the project TIF collection if the RDA dedicated 20% of that income to moderate income housing and adopted a moderate income housing plan. Several RDAs created new projects to take advantage of this incentive in 1998 and 1999, when all newly created project areas were required to set-aside 20% of their increment income for housing as a trade off for shorter project periods and more stringent criteria for designating project areas. Legislation in 2000 required a 20% housing set aside for all new project areas.

We also report on discussions with RDA Directors regarding the current and potential impacts and trends resulting from legislation in 2006 which replaced Redevelopment Areas with newly created Urban Renewal Areas and Community Development Areas, the latter of which was exempted from the housing requirement, and 2009 legislation which eliminated the housing requirement for EDAs.

METHODOLOGY

Interviews were conducted during the fall of 2009 with Redevelopment and Community Development Directors and staffs of each of the agencies in the County that have redevelopment (RDA), community development (CDA), economic development (EDA), or urban renewal (URA) project areas. Data on the original project area budgets and current budget status were obtained from the RDAs and the Utah State Office of Education.

We included in the analysis of total RDA assisted housing only those units that specifically targeted households earning 80% of area median income (AMI) or less. RDAs rightly maintain that the creation of infrastructure stimulates and contributes both directly and indirectly to the creation of income

targeted housing and housing generally, and that this contribution to the community is often discounted or overlooked. While we acknowledge that contribution, it is simply impossible to quantify in any realistic or meaningful way, and is beyond the scope of this study.

No attempt was made to differentiate the type or amount of assistance (e.g. loans, grants, land donations) or any use of RDA TIF or other contributions to leverage other funds for meeting the housing requirement.

PROJECTS AND PROJECTIONS

We identified 45 projects which specifically set aside 20% of TIF for moderate income housing or which contribute TIF to housing projects or a city housing fund. Collectively, these project areas – when adopted – projected income dedicated to housing totaling \$157 million.

The actual amount of income for housing received by the agencies collectively as of this writing is less than 10% of the total projected income figure - \$12.0 Million.

There are a number of reasons for this. Budget projections are, after all, estimates made well into the future – in most cases 15 to 20 years. Projections are made in good faith but are sometimes overly optimistic. Budgets are reviewed and re-set every year, and as standard practice, Agencies request a higher increment (each November) than anticipated in order to assure that the Agency receives all the tax increment proceeds it is entitled to the following spring for reinvestment in the project area or within the municipality.

Changes in the marketplace, unforeseeable contingencies such as the recent Great Recession, and changes in course by major companies/employers courted by economic development specialists all can have a major effect – positive or negative – on the evolving budget of a project area.

In a number of cases, Agencies amended their plans to adjust to these changes by delaying the start of the increment collection period, or “not pulling the trigger” on the start of the TIF collection until a later date.

The practice of “back-loading” the increment for housing – delaying the allocation of TIF income to a housing fund or project well into the project period, adopted by some Agencies/projects – also adds to the budget uncertainty.

INDIVIDUAL CITIES - STATUS

Bluffdale

Bluffdale has three project areas approved, and is just now beginning to receive the first year of increment income from its first project area, East Bluffdale EDA (approved 1999). None has been spent so far. East Bluffdale EDA is expected to produce \$77,000 per year for moderate income housing.

The Gateway RDA (est. 2000) is set to “trigger” this year and increment will begin to be received in 2010. The Gateway is partially developed with market-based condominiums (Trophy Homes) and with the tax credit (LIHTC) developed Bluffs Apartments. All rents are set by LIHTC guidelines, and 100% of units are targeted at households earning 60% or less of AMI. There are a total of 168 subsidized units in The Bluffs (56 2-bedroom units, 112 3-bedroom units). The 20% Housing Increment is fully committed back to the development to pay for the infrastructure that made the project area housing and future site development possible, so there will be no additional revenue stream from this project for housing city-wide.

The Jordan Narrows EDA (2000) is inactive at this time. It was originally projected to produce just over \$4 million in Housing TIF, but that appears unlikely in the foreseeable future. Income for housing could be as low as \$7,000 per year for the life of the project once the trigger is pulled.

Bluffdale has no current plans for the eventual use of its Housing TIF, but is using CDBG funds to produce an up-dated Moderate Income Housing Plan next year which will guide its housing policies and future development decisions.

Future plans include possible application for a retail project area (Woodbury), which may include a 20% housing component. Also under consideration but further down the road is a possible EDA associated with the Mountain View Corridor at Redwood Road.

Draper

Draper RDA has four current project areas, but only one- the East Bangerter EDA - has a housing set aside requirement. Housing TIF from this project was back-loaded and is just now beginning to be collected.

Draper has a current Moderate Income Housing Plan. Approximately 75% of the City’s housing stock is less than ten years old, and incomes and land prices in Draper are higher than in most locales in the County. This combination of factors will make effective use of housing TIF challenging. The City is just beginning to plan for use of its limited housing TIF.

Draper plans two new CDAs in the next year or two, one with eBay next to its West Freeway RDA and a second retail project on State Street.

Holladay

Holladay’s Olympus EDA (2005) began producing increment for housing in 2006, and housing TIF from the Village Center RDA (2006) was first received in 2008. Holladay reports having received a total of \$273,000 for its housing fund from these two project areas so far. The City plans to allow this fund to build up so that in time it will be substantial enough to support viable housing programs and projects.

The Cottonwood Mall URA (2008) project is on hold awaiting improved market conditions. Some observers believe it may be years before the project is back on track. The URA was originally

budgeted to produce over \$19 million in housing set-aside income over the 15-year project lifetime. That income now appears to be unlikely to be generated in the near future, if ever.

Midvale

Midvale has two project areas, the Bingham Junction RDA and Jordan Bluffs RDA, which were created under special legislation in order to develop a 350 acre remediated Superfund (CERCLA) site. Jordan Bluffs development has not yet reached the point to trigger collection of tax increment. Through the two RDAs, Midvale will pay some \$38 million in water, sewer, roads, and other infrastructure as well as any additional environmental costs that may arise. The housing set aside was not required, but Midvale has committed to set aside 20% of its increment income for housing and allocates that set aside each year.

Most housing currently being developed on the site is market rate condominiums and apartments, however plans are completed for the development of 85 units senior housing on-site that would be in within the moderate income housing range, and Wasatch Properties is completing a 235 unit affordable tax credit project. The City reports that their development agreements tie 20% of the \$38 million in infrastructure investment to an estimate of 2,500 units to be built on-site, resulting in 500 affordable units. Additionally, Midvale has committed that if the housing investment on-site falls short of the 20% target as the project expiration date(2033) approaches, that the remaining balance of tax increment up to that 20% will be deposited in a housing fund for use City-wide.

The RDA will receive its first increment income from the project in March 2010. Also next year, the City plans a new housing study to coincide with a revision of its General Plan. The City plans to look at building its community and housing development staffing capacity and creation of a housing trust fund as part of this effort. Future housing efforts are likely to focus on in-fill (as Midvale is largely built-out), rehabilitation/preservation of existing housing, transportation related development, and income targeted housing.

Murray

Murray has two large project areas which, like the Bingham Junction site in Midvale, required extensive environmental remediation to make the sites developable. The Smelter Site RDA (1999) initial project budget has been substantially revised over time and continues to be adjusted - plans changed dramatically when Intermountain Healthcare stepped in to build its regional medical center on the property. Original projections of a total increment of \$16.7 million and a housing increment of \$3,099,728 beginning in 2002 no longer apply. Revised budget figures set the total increment at \$11,528,630 and housing income at \$2,251,726 over the 15 year life of the project area. The City reports that housing increment is starting this year at \$200,000 annually.

Likewise the Fireclay RDA (2005) original plans and budgets have been adjusted downward due to market conditions. Fireclay is a transportation related development under the Murray City ordinance, designed as a walk-able mixed-use residential, retail and commercial area adjacent to the 4500 South TRAX station. The 20% increment set aside for housing is estimated at \$2,357,874. Some

of that will be spent on site - over 300 townhouse and live work units are planned. The first housing increment from the project is \$211,185 just received by the RDA in late 2009. Neither the Smelter Site nor Fireclay housing TIF has been spent yet.

Murray evaluated its housing market earlier this year and has a current Moderate Income Housing Plan that addresses the needs of its aging population and aging housing stock. Goals are to increase homeownership opportunities for low to moderate income households and increase the supply of affordable housing, and to develop a homeownership housing rehabilitation program. Down-payment and closing cost assistance loans through the Utah Community Development Corporation, and a Murray-based neighborhood nonprofit following the Neighborhood Housing Services model are in the works. The City will also use its Housing TIF in conjunction with low income housing tax credits (LIHTC) to create more affordable rentals.

Future RDA projects are on the back burner while Fireclay develops, though the City may extend its Central Business District project area life beyond its scheduled expiration in 2014 or create a new CDA in the CBD.

Riverton

Riverton's 13400 South EDA, created in 1998 primarily to bring over 600 jobs to Riverton with the development of the Intel Campus, never achieved the original aspirations of Intel or the City. The original budget projected \$4.6 million in TIF for moderate income housing, with the first increment to be received in 2011. Intel partially developed the property, but then suffered business reversals and could not continue to develop the Campus. Intel subsequently sold the property to the LDS Church, a non-profit entity. Some other portions of the property have also been sold.

None of the housing TIF was realized and will not be in future years. The City states that just over \$1 million in infrastructure improvements may be credited legally to affordable housing development on site.

The City does have a Moderate Income Housing Plan under development. Riverton reports that it is not likely to do another redevelopment/economic development project in the next five years.

Sandy

Of five project areas, Sandy City has just one project area with a housing set-aside requirement, the South Towne Ridge EDA (2003) which began generating \$182,064 in housing TIF in 2006. This annual income may increase substantially in subsequent years due to the recent commitment of the Workers Compensation Fund to site its new building in the project area. The Albion Village condominiums, moderately priced market rate units, were built within the project area, benefiting from the EDA-induced infrastructure.

There is approximately \$600,000 in Sandy's housing fund at this time. Housing funds have been used to assist in the relocation of resident homeowners in a mobile home park in the City that was sold for development.

In 2009, Sandy launched its "Own in Sandy" program with \$100,000 to \$150,000 in dedicated housing funds to encourage purchases of new homes by qualified moderate-income first time homeowners. The target is 20 homes in approved subdivisions, and four such purchases have been completed thus far. However, Sandy officials have realized that due to the high real estate prices – and higher household incomes – that the program guidelines will need to be adjusted to better fit the market. They are in the process of doing that as of this writing. Sandy is also planning to purchase property with up to \$500,000 of its housing funds to facilitate a 250-unit mixed-income and tax credit apartment project in the City Hall vicinity serving households at 60% to 80% AMI.

Longer range plans for historic Sandy include in-fill development and purchasing of run-down properties adjacent to City-owned parcels to assemble for low-mod homes or senior housing. The emphasis will be on improving the overall housing stock in the older part of town through identifying problem properties and either rehabilitating or demolishing and replacing these for self-help or workforce housing.

Future plans include extending the Civic Center North EDA or do a new CDA in that area, now being studied. The City will explore a new CDA in the area near the soccer stadium for mixed-use with a high density, mixed-income housing component, and another possible CDA surrounding the 10200 South TRAX station for transportation-related development with high density housing. This is now part of a Master Study planning process, and the TOD could include TIF subsidies for affordability.

One other possible URA or CDA project area with a housing component is the area around 9400 south and 700 East (Belmont Station). An EDA for BD Medical expansion will not include housing. Sandy will consider voluntary use of TIF for housing on-site within project areas to encourage quality development.

Salt Lake City

The Salt Lake City RDA has assisted far and away the most housing to date of any RDA in the state, likely more than all other RDAs combined. The City's use of TIF for housing dates to the 1970's construction of 591 units of senior housing in three complexes (Multi-Ethnic, Phillips Plaza, and St. Mark's Plaza).

The Capital City has six active project areas, all of which have created income dedicated to affordable housing. Housing increment of 20% is required in 3 of the 6 (West Capitol Hill, Depot District and Granary District), and as a matter of policy since the mid-1990s, the City has chosen to contribute to its housing fund from the earlier, exempt project areas. The RDA Board dedicates 10% of TIF income from those earlier project areas, Central Business District (1981), Sugarhouse (1985) and West Temple Gateway (1996), with the allocations split evenly between housing support within the project

area and housing funds spent City-wide. The RDA has contributed \$6,656,687 to the Salt Lake City Housing Trust Fund from 1999 through 2009.

The RDA offers a number of loan programs which utilize TIF and other available and matched funding sources. These include new low-interest construction loans for commercial property conversion to residential use or to meet ADA accessibility requirements, loans and grants for high performance building renovations meeting LEED and Energy Star standards, short term residential property acquisition loans for mixed-income housing projects, and loans for underground or structured parking for housing developments.

The City also has a policy of promoting and financing mixed-use and mixed-income housing developments, and has assisted a large number and wide variety of market rate projects, including loft housing, condominiums, and apartments. RDA has partnered with nonprofits and the Salt Lake City Housing Authority in tax credit and other affordable housing new construction, and has assisted in maintaining affordability in housing projects with expiring federal contracts.

RDA funds have assisted a sizable number of special needs projects, including those for transitional and permanent housing for the homeless, housing for persons with mental illness and substance addictions, housing for domestic violence victims, and single room occupancy (SRO) units. The RDA has also provided renovation funds to the Road Home men's shelter.

We have identified a total of 1516 RDA supported housing units in 29 projects that are affordable to households earning less than 80% of AMI. This total (through March 2010) includes 50 ownership units, 108 senior housing units, and 133 special needs housing units. It does not include the aforementioned 591 pre-1980 senior units.

The RDA currently is financing three projects that are underway which include 219 affordable units of new construction and 38 being rehabilitated. Additionally, RDA recently funded the rehabilitation of 141 units of senior housing (Multi-Ethnic) which it originally helped finance in the 1970's.

The Agency had approximately \$2.1 million in its Project Area Housing Fund at the close of the 2008-2009 fiscal year. These funds are allocated for land acquisition, transit-oriented development projects, and developer incentives for housing within existing project areas. These funds may be used to benefit households earning up to 120% of AMI.

The RDA also had at that time approximately \$1.4 million of allocated funds in its City-Wide Housing Fund which will benefit households at or below 80% of AMI. These allocations include 2009 TIF funds that will be transferred to the Salt Lake City Housing Trust Fund in 2010.

The City is in the process of creating a new CDA to facilitate the construction of the North Temple viaduct, which likely will not include a housing component. There have been very preliminary discussions about creating a new URA for the North Temple Corridor. No EDAs are planned, the Agency anticipates that future projects will focus on urban renewal, and believes that the removal of the requirement for the housing set-aside will not affect its future plans or commitment to invest in

moderate and mixed-income housing. The City supports county-wide planning for locating and funding low-moderate income housing and homeless facilities and services.

Salt Lake County

Salt Lake County is responsible for economic development and renewal efforts in the unincorporated areas of Salt Lake County and as such has two new URAs and one successfully completed economic development area, the Cottonwood Corporate Center EDA, a ten year project which was completed ahead of schedule and is now closed.

The Cottonwood Corporate Center EDA generated \$2.4 million in tax increment dedicated to moderate income housing. The County retains those funds in its Housing Trust Fund for future moderate income housing projects and programs. \$200,000 was loaned in the Buy in Magna program, a down-payment assistance loan project that supported 5 homes for moderate income families. This money has since been repaid to the Trust Fund.

Salt Lake County's new urban renewal projects – Arbor Park in Magna and West Millcreek, were just approved in late 2009. West Millcreek, the larger of the two, is adjacent to and just north of Murray's Fireclay RDA. Like Fireclay, it is a Brownfield/CERCLA site, which is now undergoing Phase 1 assessment. Plans are for a 20-year mixed-use, mixed income residential, commercial, retail, and light industrial transportation-related development project with parks and trails. The West Millcreek URA is projected to generate \$ 27,223,170 in total TIF income and \$4,452,847 in housing set aside funds.

Arbor Park/Magna URA encompasses 41 acres with a high percentage of blighted, out-dated facilities and vacant abandoned buildings, and a high crime rate. The fifteen-year project will generate a total TIF of just under \$5 million over the project life, and \$994,400 in housing TIF, beginning in 2016.

The County has also initiated the State Street Charrette process examining the section of State from 3900 South to the Murray City line. It's estimated that a 20 year urban renewal project could boost the current \$95 m. taxable base value of the area to \$252 million and produce \$3.3 to \$4.4 million in housing TIF. Lastly, the County is examining a possible retail project in Kearns for a future project area.

South Jordan

South Jordan boasts the most RDA project areas with eleven, seven of which dedicate 20% of TIF to housing, for a total projected housing increment of \$23 million over the next 13 years. The City RDA also has the highest number of EDAs and projects with back-loaded income for housing. Currently, the RDA reports that it has collected \$900,000 in dedicated housing funds from its project areas. None of the housing TIF has been spent to date, so South Jordan has both challenges and great opportunities to deploy this money effectively to enhance the community.

The City has initiated and contracted for a new housing plan to evaluate its options, including homeownership assistance programs with loan funds and interest buy-downs, senior housing, rehabilitation of housing in older subdivisions, and relocation of homes that are subject to UDOT eminent domain from the planned widening of Redwood Road. The new housing planning process coincides with an up-date of the City's General Plan now underway.

With the massive and unique new Daybreak planned community growing despite the economic slump and a city-wide median household income in the range of \$96,000 per year and median housing prices of \$340,000, South Jordan has issues meeting housing affordability levels that most communities in the county envy, but are no less complex in their own right. The City currently lacks capacity to keep ahead of this growth curve and will likely spend some of its projects income on building capacity and on technical assistance. South Jordan does not plan to dedicate any of its housing TIF to the OWHLF.

There are two new CDAs in process- the South Station transportation oriented development at the terminus of the TRAX line in Daybreak, and the Daybreak Commercial project area. The latter has already generated capital investment of more than \$400 million while still retaining 150 acres available for additional development. South Station may include on site housing. Neither area has a dedicated housing set aside.

South Salt Lake

South Salt Lake City has three active project areas. The largest, Market Station URA, will dedicate 100% of its housing set aside, \$11,124,385, to site infrastructure to support on-site housing in the transportation oriented development. The project is just getting underway, so no funding is available at this time.

Conversely, the Third East-Park Creek RDA ended in 2009 having produced \$946,112 in housing TIF. Housing TIF from the Upper Millcreek-Southbrook RDA is projected at \$1,117,625. Between the two projects, \$336,628 is now available to be spent. The City has budgeted \$70,000 for its "face lift" program, which offers homeowners grants up to \$2000 for home improvements. The program, new this year, has assisted 30 homeowners so far. South Salt Lake will be one of the first 3 RDAs to receive funds from a new OWLTF program matching the state dollars with local tax increment housing funds to expand moderate income housing initiatives. That program is in final planning stages as of this writing.

South Salt Lake is contemplating future CDAs and URAs to address its aging and increasingly blighted housing stock and to increase homeownership in the community. The City is challenged with one of the lowest median income levels of any community in the county at roughly 36,000 per household. Staffing for housing and community development is spread thin, so the RDA could use capacity-building assistance.

Taylorsville

Taylorsville has one project area with a housing set aside, the 5400 South and Bangerter RDA. Originally projected to generate \$3.4 million in housing TIF, Taylorsville has lowered its expectations substantially and doesn't anticipate significant tax increment from the project and has no current estimate on the proceeds for housing. No TIF has been received yet.

Taylorsville is looking at three possible future project areas. An RDA blight survey overlays the area around 4800 South and Redwood Road, where a Utah Nonprofit Housing Corp. senior housing project of 62 units utilizing HUD funding and a land grant from the RDA is set to break ground in spring 2010. A possible CDA or EDA may be launched in the southwest corner of the City on what is now UDOT property, possibly hosting a USTAR facility or a research/business park. And the 5400 South 2600 West/City Hall property would comprise a 19 acre CDA.

Taylorsville is 94% built out and much of its existing, aging housing stock could benefit from rehabilitation, so rehab and in-fill development will be a focus of future housing efforts.

West Jordan

The City of West Jordan reports that six project areas contribute to its affordable housing budget, even though five of the six pre-date the housing requirement. This voluntary contribution to the City's Housing Fund has a current balance of \$1,135,983. A total of \$160,000 has been spent to-date, all of that dedicated to the Utah Nonprofit Housing Corp.'s 62-unit Sugar Factory Senior Housing project (outside of an RDA area but within City limits).

The Briarwood RDA (2003) dedicates 20% to moderate income housing. The 15-year project area was originally slated to generate \$2,819,830 in housing funds, with 2007 as the first year of TIF receipts. The RDA reports that it now considers those projections to be wildly optimistic, and that in fact, increment received to date is below the \$100,000 threshold that triggers the housing set aside requirement. So far, the housing income totals \$40,581 (included in the above housing fund balance of \$1.1 m.) The RDA plans and prefers to use these funds for on-site housing, as the area hosts a light rail station and revitalized retail.

One of West Jordan's three EDAs pre-dates the housing set aside requirement, and two received waivers from the Olene Walker Housing Loan Fund. None of these projects contribute to the Housing Fund.

West Jordan is one of three communities participating in the OWHLF \$2.8 million pilot program matching state with local TIF funds. The City plans to use the joint funding to buy down property to facilitate the development of 74-92 tax credit subsidized units, with a portion of those units reserved for disabled persons. City TIF of approximately \$200,000 to \$400,000 will serve as gap financing in the deal.

West Jordan has a current moderate income housing plan and will be aggressively seeking to leverage its housing fund with other housing financing sources. The City has a HUD supported; market rate 250 unit multi-family project underway.

West Jordan does not plan any new project areas in the immediate future, as it will concentrate on completion of two EDAs – Kraft Maid and Oracle – which are on hold due to market conditions.

West Valley City

West Valley City has eight RDA and EDA project areas, five of which include a 20% housing set aside. Original budget projections estimated a total housing TIF from these projects at \$34,386,640. To date, the West Valley City RDA housing fund has received \$ 249,671 from two of the five. The 5600 W. Gateway RDA (2002) began generating housing income in 2004 and has contributed \$40,987 through 2008. Housing increment from the Jordan River EDA (2000) amounts to \$208,684. The housing TIF for the City Center EDA is set to begin in 2010, and the other two EDAs – Southwest (2008) and North Central (2008) – are brand new project areas. The RDA has released \$60,000 of the \$249,671 TIF received thus far for a first time homebuyers down-payment and closing costs assistance program operating in conjunction with the State's Home Run program.

The City has an up-dated Moderate Income Housing Plan which addresses as its priority rehabilitation in targeted neighborhoods, emphasizing multi-family buildings that have not been adequately maintained. Code enforcement, assistance with emergency repairs, maintenance of mobile homes (6.5% of the City's housing stock), and increasing the supply units affordable to very low income households (30% of AMI or less) are also goals. The RDA has expressed mild interest in creating a housing trust fund.

West Valley City does not plan any additional new project areas in the immediate future as it focuses on its two newest EDAs successful. Longer term, the City may examine a Business Improvement District and options for developing the Granger Crossing area.

RDA Assisted Housing County-Wide

Table – RDA - Housing by Type

Housing by Type	# Housing Units
Homeownership	46
Multi-Family Rental	1,648
Town House/Condo	43
TOTAL	1,737
Senior Housing	170
Special Needs	133

Source: Bonneville Research, 2010

HOUSING CONTRIBUTIONS BY EDAs

Of the 45 existing project areas in the County that contribute increment income to housing, one – third (14) are EDAs. Those EDAs are projected to contribute \$57,379,534 to housing programs, or 37% of the total potential housing income and 5% of the actual money spent to date.

Certainly, this is a substantial source of moderate income housing finance for cities within Salt Lake County. Elimination of the 20% housing set aside requirement for future EDAs (SB 205, 2009 General Session) will have a significant negative effect upon future housing revenue streams at the local level. Though the legislation allows cities the option to include a housing TIF contribution in future EDAs, it is likely that many will not “opt in”.

RDA directors are divided on this issue. Those who would oppose restoring the housing mandate expressed difficulties in working with the Olene Walker Housing Loan Fund waiver process in previous projects, or object in principle to the requirement that the OWHLF be involved in the local decision-making process. Most understand that the process for obtaining a waiver from the OWHLF is no longer a serious impediment or obstacle to approval of an EDA. Some directors did cite difficulties in they had encountered in the process previously.

Other directors said they support using EDAs to generate revenues for moderate-income housing as sound policy, especially given that EDAs do create jobs which create additional service and housing demands within the municipality. Some directors suggested that if the TEC were to advocate for including housing increment in an EDA budget that they could do so successfully.

One suggestion was that rather than a hard mandate of 20%, that there could be flexibility in negotiating the percentage contribution for housing with the targeted business/industry and the TEC. Strengthening the option for TECs to choose to include a housing set aside for new EDAs through incentives, such as extending the project period and increment collection, are under discussion.

RDA's and Intergovernmental Planning and Cooperation

Most RDAs were intrigued by and supportive of the concept of “sharing” their project area increment with that of another RDA when their project areas simultaneously affect a neighborhood or community of interest that straddles the municipal boundary. At the least, integrated and cooperative planning by the affected municipalities, their Agencies and their residents would be beneficial to all even if it were a bit cumbersome. RDA directors cited obvious complexities and difficulties involving two city councils, schedules and timing, separate revenue streams, etc., and were unanimous in stating that such intergovernmental participation would have to be on a case-by-case basis, and only for adjoining project areas with a common municipal boundary. Directors do not believe that a statute change would be required to allow sharing TIF for a common purpose – which an intergovernmental agreement would suffice.

There are no examples of such TIF-sharing cooperation, but opportunities do exist that could prove instructional and precedent-setting, such as in the County's West Millcreek and Murray's Fireclay project areas, where cooperative planning for development of the broader area is underway.

Several RDAs expressed frustrations working with existing public housing authorities' limited abilities to address their local housing needs, and indicated that they would consider new approaches to meet those needs, including looking at possibilities of starting their own housing authorities.

TECHNICAL ASSISTANCE AND CAPACITY-BUILDING NEEDS

Several communities expressed a desire for technical assistance and/or consulting services.

A number of RDAs plan to use some of their housing TIF to bolster their internal staffing capacity to initiate and supervise housing and community development programs and projects (e.g. Midvale, South Salt Lake, and South Jordan). Several are also planning to up-date their moderate income housing plans (some in anticipation of new and increasing housing TIF income) and might benefit from technical assistance in doing so.

Possible policy considerations for Salt Lake County would be to provide or facilitate technical assistance for RDAs that would wish to take advantage of TA services, and to examine the option of creating a county-wide approach to capacity-building that RDAs might utilize if they chose not to use their increment income to build up their own staffs.

Many RDAs have limited awareness of or experience with housing trust funds locally or nationally. Several expressed interest in hearing more about how trust funds could benefit their communities and in technical assistance in establishing housing trust funds that could hold their TIF income pending new plans or projects, to target specific needs, to use as “matching” funds for other housing

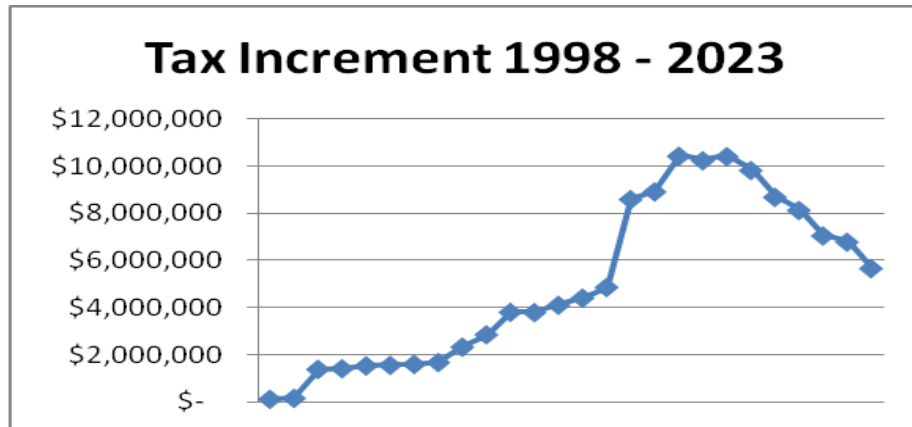
program or investment dollars, or simply to allow the fund to grow to an amount large enough to make a difference.

Some RDAs also expressed both interest and reservations in the concept of bonding against future TIF income in order to meet immediate housing needs. The recent housing market slump has increased that reluctance, so it's unlikely that any RDAs will move in that direction in the future due to the risks with so many uncertainties about the market. Technical assistance in this area may be useful in the future but is not a pressing concern.

Future Plans and Trends

The amount of tax increment income for moderate income housing county-wide will escalate dramatically in the next several years. A number of RDAs are just now beginning to receive or are on the cusp of receiving substantial new housing TIF revenue. Since this revenue source is one of the largest sources available for affordable housing development subsidy and finance, how that money gets utilized in the next decade will have a significant effect upon the nature and type moderate income housing stock in the county, and most importantly, the ability of or extent to which communities meet the varied and growing needs of diverse households for affordable housing.

The graph at the right illustrates the upward trend of housing TIF receipts in the next several years. It is more descriptive than definitive, given the large room for error in projecting actual income between



now and 2033 for the 45 project areas examined. The drop-off in housing TIF revenues in the out years is due to expiration of a number of existing project areas. We cannot predict the creation of new project area that may generate housing TIF, though there likely will be some established that would soften the downward curve.

Under the new statutes, CDAs and EDAs are no longer required to set-aside TIF for affordable housing, so URAs will be the primary source for TIF assisted housing development and revenue in the future. It is probable that most new project areas will be created under CDA rules and that most of these will likely not opt to include a moderate income housing component. This is especially likely in the suburban communities in the county where the housing stock is newer and there are more vacant, undeveloped land parcels.

The focus of the more mature “inner ring” suburban cities with older housing stock will be likely be preservation, rehabilitation, neighborhood revitalization, in-fill housing, and redevelopment of blighted or Brownfield properties. These communities will likely tend more towards creating URA project areas and will be more favorably disposed to creating project area moderate income and mixed-income housing.

Revitalization of older shopping centers, strip malls and commercial corridors (e.g. sections of State Street and Redwood Road) are among the plans of several municipalities and the County

All RDAs plan to spend their housing TIF within their city boundaries - no RDAs plan to send their housing funds to the OWHLF for allocation. Only two Salt Lake County project areas to-date have requested waivers of the housing requirement from the OWHTF (West Jordan's Bingham Park/Kraft Made and Data Center/Oracle), and it is not likely that additional waivers will be requested for new project areas in the near future.

Transportation related development, particularly centered around TRAX stations and other public transit centers, has boomed in recent years and will continue to expand along with light and commuter rail and other transit options. These developments are particularly well-suited for inclusion of moderate income housing.

Walk-able, mixed-use developments, including a mix of housing options and prices is a trend that will continue to grow, as will the re-use of abandoned, contaminated or blighted industrial or commercial sites. Redevelopment Agencies will play a central, critical role in revitalizing these blighted properties and in creating new diverse and vibrant neighborhoods.

Recommendations and Conclusions

So far, legislation encouraging and/or mandating investment of RDA tax increment income for moderate income housing has not made a substantial contribution to the creation or preservation of income targeted housing in Salt Lake County. Relatively little redevelopment or economic development income outside of Salt Lake City has been spent in the past decade. As a result, few low and moderate income households to date have benefitted from the legislation directing TIF to housing.

Much of the projected income of redevelopment and economic development projects hasn't materialized yet, or may not in the future, and consequently neither has, nor will, the planned investment in moderate income housing.

Suburban cities continue to struggle with political resistance to higher density housing, rental housing, and subsidized housing, undermining efforts to meet local needs for income targeted and special needs housing. As a consequence, some have focused on financing less politically controversial housing projects and programs like homeownership assistance and senior housing. While these are worthy and needed, city leaders and housing advocates need to better educate the public about the value and quality of modern income targeted multi-family housing.

RDA's rightly argue that they should not bear an undue burden or responsibility for creating and preserving moderate income housing, that other sources of financing for housing need to be

maximized. It is incumbent upon housing advocates to continue to press for increased funding (and/or dedicated revenue streams) for housing programs like the Olene Walker Housing Loan Fund, private activity and government bonds, and other sources.

Redevelopment Agencies should establish systems or data bases for tracking of the numbers of units created using TIF as part of the housing project financing, including the ranges of incomes of the households served. This data collection should include economic data; other dollars leveraged, multipliers, job creation, and estimated tax receipts from the construction/rehab of TIF assisted housing. No Agencies appear to be tracking the direct and indirect economic impacts of their expenditures of dedicated housing funds. This would benefit Agencies in educating policy-makers about the benefits of utilizing TIF for affordable housing projects and programs.

Standardized reporting of project area budget projections and actual income and expenditures would enhance collective RDA transparency and credibility and should be studied as an option by the Redevelopment Association.

Agencies and housing advocates should redouble efforts to educate school districts about the importance of affordable housing addressing a variety of needs (e.g. seniors, special needs housing) to stable neighborhoods and stable schools.

The Legislature should consider revising or repealing the statute passed in 2009 eliminating the 20% set aside requirement for EDAs. At the least, incentives should be in place for taxing entities committees to opt to include project budgets a percentage of TIF dedicated to moderate income housing in future EDAs.

Back loading of the housing TIF should be discouraged or statutorily banned.

Cities and Agencies have not planned well for how best to utilize TIF revenues for housing. Most wait for developers to approach them with potential projects rather than seek out projects that fit the city's general plan or moderate income housing plan or address specific housing needs in the community. Few policies are in place to maximize the value of the housing TIF. Most Agencies lack the capacity to leverage and deploy the TIF income to housing in an efficient, effective vision and policy directed manner.

Cities and Agencies should consider following the lead of Salt Lake City and Salt Lake County in establishing housing trust funds to maximize the use of housing TIF. HTFs can focus more energy and attention on maximizing the leveraging of TIF housing funds, are more accessible to the public than RDAs.

Agencies should pursue options for more technical assistance and cooperative programs with Salt Lake County and with other agencies.

Policy considerations for RDAs should include creating housing trust funds.

Progress of Redevelopment Agencies county-wide in creating moderate income housing and addressing critical housing needs in the County should be examined periodically.

It must be strongly emphasized that TIF housing monies generated in a community must be expended in that same community unless specifically waved.

APPENDIX

CITY/Project Area	Base Year	Housing \$ Available	Expires	Total Projected Tax Increment	Total Projected Housing Increment	Total Housing TIF Received to Date	Total Housing TIF Spent to Date	Backload?	Type
BLUFFDALE									
Gateway	1999		2015	\$12,500,000	\$1,135,998	\$0	\$0	yes	RDA
East Bluffdale	1998		2014	\$1,300,000	\$264,960	\$77,000	\$0	Yes	EDA
Jordan Narrows	1999		2015	\$1,324,800	\$4,066,583*****	\$0	\$0	Yes	EDA
DRAPER									
East Bangerter	1991	2008	2015	\$13,977,132	\$2,795,426	\$0	\$0	Yes	EDA
HOLLADAY									
Village Center	2005	2008	2023		\$4,692,248	\$0	\$0	No	RDA
Olympus	2004	2006	2020		\$2,380,951	\$273,000	\$0	No	EDA
Cottonwood Mall	2007	2010	2025	\$126,441,476	19,266,221***	\$0	\$0	No	URA
MIDVALE									
Bingham Junction	2003	2010		\$63,600,000	(20%) 7,\$600,000*	\$0		No	RDA
Jordan Bluffs	2003					\$0	\$0	No	RDA
MURRAY									
Smelter Site	1999	2002	2016	11,258,630	2,,251,726	\$0	\$0	No	RDA
Fireclay	2004	2008	2030	\$19,205,384	\$7,798,680	\$0	\$0	No	RDA
				530,741	106,148				
RIVERTON									
13400 S. Bangerter	1998		2022	\$20,158,	\$4,907,811****	\$0	\$0	No	EDA

SANDY						600,000				
South Towne Ridge	2002	2006	2020	\$6,675,000	\$1,335,000	\$600,000		\$20,000	No	EDA
SALT LAKE CITY										
Central Business	1981	rev. 2007	2040	#	10% voluntary					RDA
Sugar House	1985	rev. 2007	2014	#	10% voluntary					RDA
W. Temple Gateway	1996		2018	#	10% voluntary					RDA
W. Capitol Hill	1996	1998	2018	\$5,270,000	\$1,317,500	\$456,801		\$456,801	No	RDA
Depot District	1998	2000	2022	\$166,666,667	\$25,000,000	\$4,676,429		\$4,676,429	No	RDA
Granary District	1998	1999	2022	\$66,666,667	\$10,000,000	\$42,230		42,230	No	RDA
SALT LAKE COUNTY										
Cottonwood	Closed					\$2,400,000		\$200,000		EDA
West Millcreek	2008	2012	2031	\$27,223,170	\$4,452,847	0		0	No	URA
Arbor Park/Magna	2008	2016	2023	\$4,971,900	\$994,400	0		0	Yes	URA
SOUTH JORDAN						\$900,000				
South Gate	1998	2007	2013	\$18,633,098	\$4,480,797			\$0	Yes	EDA
S. Jordan Parkway	1999	2012	2015	\$5,973,627	\$1,570,131	\$0		\$0	Yes	EDA
S. I-15 Frontage Rd.	1999	2019	2022	\$20,380,940	\$3,815,728	\$0		\$0	Yes	RDA
N. Jordan Gateway	2000	2012	2015	\$17,723,088	\$4,155,712	\$0		\$0	Yes	EDA
S.J. Towne Center	2002	2005	2018	\$8,355,156	\$946,039			\$0	No	RDA
S.J. The District	2003	2006	2020	\$21,619,317	\$4,323,863			\$0	No	RDA
Merit Medical	2005	2007	2020	\$19,485,197	\$3,893,197			\$0	No	EDA

SOUTH SALT LAKE										
3300 South				\$2,783,511	\$556,702					RDA
Market Station	2007	2010	2025	\$55,621,777	\$8,343,090	\$0		\$0	No	URA
Upper Millcreek					\$1,117,625	\$229,520			No	
300 East-Park Creek					\$946,112	\$107,108			No	
TAYLORSVILLE										
5400 S. Bangerter	2007		2023	\$17,132,000	\$3,426,400	\$0		\$0	No	URA
WEST JORDAN										
Town Center	1989	2000	2032			1,135,983		\$160,000	Yes	RDA
Industrial Park	1990	2001	2033						Yes	RDA
Southwire	1990	2002	Closed 2009			\$0	\$0		Yes	RDA
Spratling	1992	2001	2024						Yes	RDA
Downtown	1993	2002	2025						Yes	RDA
Briarwood	2003	2006	2018	\$21,854,005	\$2,819,830				No	RDA

WEST VALLEY CITY										
West Gateway	2001	2015	2019	\$16,111,325	\$4,288,822	\$40,987		\$0	Yes	RDA
City Center	2003	2010	2024	\$22,310,075	\$4,537,088	\$0		\$0	Yes	EDA
Jordan River	1999	2004	2019	\$16,402,749	\$2,568,852	\$208,683		\$0	No	RDA
Southwest	2007		2023	\$80,586,813	\$13,699,758	\$0		\$60,000		EDA
North Central	2007		2023	\$46,460,598	\$9,292,120	\$0		\$0		EDA
GRAND TOTALS				\$752,378,176	\$163,076,809	\$12,020,741	\$0	\$5,615,460		

Notes: * Midvale Bingham Junction: Midvale plans to voluntarily dedicate 20% of the \$38 million TIF infrastructure investment from Bingham Junction to support moderate income housing development on the site.

** Murray Smelter Site: Original projections of \$16,749,407 in total TIF and \$3,039,728 in housing income have been reduced to \$11,258,630 and \$2,251,726, respectively. Likewise, Fireclay projections have been reduced to \$530,741 in total increment and \$106,148 in housing set-aside, well off the original projections of \$19,205,384 and \$7,798,680.

*** Holladay Cottonwood Mall: Due to the economic downturn, the project is inactive and may remain so for some time, so projected TIF may not be realized.

**** Riverton Intel Site: Project is closed.

***** Bluffdale Jordan Narrows: Project is currently inactive and may remain so for some time, so projected TIF may not be realized.

Salt Lake City: Pre-1998 project areas are not required to set-aside housing funds and the Agency does not prepare annual reports to the Taxing Entities for these projects.