

REDEVELOPMENT IN UTAH

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HISTORY OF UTAH RDA

First RDA Law was Created

- In 1969 the Utah Legislature created The Neighborhood Development Act of 1970.

1983 Revision

- Added Incremental rollback of “haircut”.
- Created the different levels of Incremental percentages available to the Agencies (100-80-75-70-60).
- Created a Project Area Life (32 years).
- Delayed the taking of Increment for 7 years.
- 100 acre Project Areas.

1993 Revisions

- Created the Economic Development Project Area.
- Created the Taxing Entity Committee (TEC).
- Reduced the life of a Project Area to 24 Years.
- Allowed use of haircut funds for roads, recreational, and parks.

1998 Revision

- An Agency is allowed to bypass the TEC if the Project is approved by 2/3 Vote and 20% of the Increment is pledged for housing.

2000 Revisions

- Repealed the 1998 Revision.
- Required any Project Area that generated more than \$100,000 annually to spend 20% on housing.
- RDA was required to prepare a Housing Plan.
- Created the “Education Housing Development Project Area”.

2001 Revisions

- Repealed, reenacted, and rewrote the RDA Statutory Provisions into Title 17B Chapter 3.
- Required school districts to report their vote on any Project Areas within 45 days to their school board.
- County Auditors/Assessors were required to provide the values within a Project Area to the TEC.

2003 Revisions

- Expanded Blight criteria for Projects that Include Superfund Sites.
- Superfund Sites over 100 acres received 60% of Tax Increment, without TEC approval.

2005 Revision

- RDA law was “frozen” for one year.

2006 Revision

- RDA Statute was rewritten and reorganized.
- Community Development and Renewal Agency.
- 2/3 vote required of TEC.
- Created 3 types of Project Areas.
- Eliminated Education Housing Project Areas.
- Community Development track created.
- Annual meeting of TEC required.
- Redefined blight.
- Eliminated the special uses for haircut dollars.
- Sales Tax can be used in CDA Project Areas.

2009 Revisions

- Eliminated housing participation from Economic Development Projects. Housing only required in Urban Renewal Tracts.

TAX INCREMENT FINANCING

Tax Increment Financing (TIF)

- TIF is the redirection of the increased property taxes arising from new development on the land within the Project Area, to the Agency during the term of the Project.
- Tax Increment can leverage private development through infrastructure installation, land purchases, tax refunds, special assessment payments, and bond payments.

Benefits the Derive from the use of TIF

- Utah law is quite flexible regarding potential uses of TIF.
- TIF can be used to offset the costs of the Redevelopment Agency, some of these costs are; Administration, Overhead, Operating Expenses, Consulting Fees, etc.

- **Financing or Refinancing**

Environmental Remediation

Site Preparation / Demolition

Infrastructure

Land Purchase

Beautification

Housing

Relocation Costs

Construction

Renovations

Items Excluded from TIF

- Construction of Municipal Buildings

Municipal buildings are buildings that are owned and operated by a municipality for the purpose of providing one or more primary municipal functions including:

Fire Station

City Hall

Police Station

Court or Judicial Building

- It does not include Cultural or Recreational Buildings.

SALES TAX REVENUE

Sales Tax Revenue

- The Agency may negotiate, by separate Interlocal Agreement, the use of incremental sales tax revenues in addition to TIF.
- Can use Sales Tax for the same purposes as TIF.
- Permitted to be used in Community Development Areas.

TYPES OF PROJECT AREAS

1. Urban Renewal
2. Economic Development
3. Community Development

Urban Renewal

- Used to eliminate and revitalize blighted areas.
- Only Project Area that allows for limited eminent domain.
- Blight criteria is very specific and defined.
- TEC approval is required for budget.
- Cost to create is more expensive.
- Blight Study required.
- Blight Finding has to be approved by TEC.
- Public Hearing required on blight.
- Housing participation required, unless waived.

Economic Development

- Used to promote nonretail job creation within a Community.
- Benefit Analysis is required to be prepared and adopted.
- TEC approval is required for budget.

Community Development

- More flexible approach to redevelopment.
- Can be used for any type of development.
- Quicker to create.
- Allows for sales tax participation.
- Participation on Projects is negotiated through interlocal agreements with each taxing entity that levies a tax in the Project Area.

Creation Process

- Survey Area Resolutions
- Plan & Budget Created
- Public Hearings Required
 - a. One for blight (if required)
 - b. One for Plan (all Areas)
- Notice Requirements (all Areas)
 - a. 30 days prior to hearing to owners and taxing entities
 - b. Two weeks prior published in newspaper
- Resolutions / Ordinances
- Creation notice published in newspaper

Creation Process Continued

- Taxing entities notified
- Budget / interlocal agreements negotiated or approved.
- Projects are implemented

TEC

- 2 Reps from County
- 2 Reps from City
- 2 Reps from School Board
- 1 Rep from State Board of Education
- 1 Rep from all other taxing entities
- **2/3 majority vote required**

Eminent Domain

- Must have the presence of blight.
- Subject to the Utah Relocation Assistance Act.
- Permitted for 5 years after the Plan becomes effective.
- Requires a written petition and 2/3 vote of members of the Agency board.
- Single family residential property requires support to condemn from 80% owner – occupied property which represents at least 70% of the value.
- Commercial property from the owners of 75% of the owner – occupied property, which represents at least 60% of the value.

Annual Agency Responsibilities

- Agency must adopt budgets prior to June 22.
- Agency must hold a property noticed hearing.
- Agency must file its budget with State Auditor on the prescribed budget forms.
- Agency is required to comply with the Audit requirements of Title 51 (can combine with the audit of the Community which created the Agency).
- Agency must file a November 1st Report, or hold an annual meeting.
- Report is not to be used by the County to determine payment of increment to Agency.

Project Funding: A Challenge

- Tightening of Credit Markets
- Developer Financing more difficult
- Downturn is still real
- Need to be creative
- Leverage of Resources critical

Leverage Uses

- Assessment bonds
- Source of revenue to support City issued bonds
- Developer purchase of bonds
- Developer use to support cash flow
- Lease payments
- Inducements
- Land Purchase

Assessment Bonds

- Utilized to fund infrastructure
- Designated Assessment Area
- Security priority lien on Real Property
- 3:1 value to debt
- Uses:

Parking lots / structures

Curb / gutter / sidewalk

Large system wide -
infrastructure

Roads & Bridges

Operation / maintenance

TAX INCREMENT SUPPORTED DEBT

Types of Increment Available

- Property Tax
- Sales and use taxes
- Transient Room taxes
- TRCC: Restaurant, car rental, and tourism tax
- State incremental revenues
 - a. GOED (income & corporate sales tax)

Qualified Uses of Tax Increment

- Public and private infrastructure
- Participation agreements with developer
- Land acquisition
- Inducements to the developer for specific land-uses or tenants

PROJECT EXAMPLES

Rio Tinto Stadium



Scheels Store



Proctor & Gamble Plant

