



## **Bluffdale Redevelopment Agency**

### **2015 Annual Report to the Taxing Entity Committee**

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**Dated as of November 1, 2015**



Bluffdale Redevelopment Agency - 2015 Annual Report to TEC

**TABLE OF CONTENTS**

**DISCLAIMER** .....ii

**Gateway Redevelopment Project Area** ..... 1

    ASSESSMENT OF GROWTH OF INCREMENTAL VALUES ..... 1

    DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH .....1

    DESCRIPTION OF ACTIVITY .....2

    REVISED MULTI-YEAR TAX INCREMENT BUDGET.....2

    ESTIMATE OF THE TAX INCREMENT TO BE PAID TO THE AGENCY ..... 3

**Jordan Narrows Economic Development Project Area** ..... 4

    ASSESSMENT OF GROWTH OF INCREMENTAL VALUES .....4

    DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH .....4

    DESCRIPTION OF ACTIVITY .....5

    REVISED MULTI-YEAR TAX INCREMENT BUDGET.....6

    ESTIMATE OF THE TAX INCREMENT TO BE PAID TO THE AGENCY .....6

**Eastern Bluffdale Economic Development Project Area** ..... 7

    ASSESSMENT OF GROWTH OF INCREMENTAL VALUES .....7

    DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH .....8

    DESCRIPTION OF ACTIVITY .....8

    REVISED MULTI-YEAR TAX INCREMENT BUDGET.....9

    ESTIMATE OF THE TAX INCREMENT TO BE PAID TO THE AGENCY .....9

**Other Project Notes** .....10

## INTRODUCTION

The Bluffdale Redevelopment Agency currently receives tax increment from three active project areas, including the Jordan Narrows Economic Development Project Area, the Gateway Redevelopment Project Area, and the Eastern Bluffdale Economic Development Project Area. The current estimated combined increase in taxable values of all property, above the adjusted base values, located within all of the project areas is \$168,878,258. The Agency has pulled the trigger on all three project areas, meaning the Agency has begun collecting tax increment from all three active project areas.

## DISCLAIMER

**Pursuant to Utah Code Ann. § 17C-1-603(3), this report is provided for informational purposes and shall not be relied upon as a request for money by the Agency. Nothing in this report will alter the amount of tax increment the Agency is entitled to receive each year pursuant to approved project area budgets. This report is not a request, is not an amendment to a project area budget, and is solely for the purpose of conveying status information to members of the Agency's taxing entity committee.**

## NOTE REGARDING SOURCES

All information relating to the Project Area Budgets was obtained directly from the adopted Project Area Budgets. All information relating to the Project Area Plans was obtained directly from the adopted Project Area Plans. All information relating to adjusted base values, taxable values, and tax increment generation and receipts was obtained from information and/or reports prepared by the Salt Lake County Auditor's office. Other information relating to the development activity in the Project Areas, etc., came from communications with and/or files belonging to Agency officials, staff, counsel, or consultants.

## Gateway Redevelopment Project Area

The Gateway Redevelopment Project Area was created in 2000, with a tax increment trigger year of 2010. Under the approved Project Area Budget, as amended, the Agency is entitled to receive 100% of the tax increment for up to 15 years, with no maximum cap on the amount. The Project Area Budget requires a 20% allocation to housing, and allows a 10% allocation to administrative costs related to implementation of the Project Area Plan. As provided in the Project Area Budget, the remaining 70% of tax increment is to be used pursuant to a Participation Agreement entered into among the Agency and several developers within the Project Area, for the purposes of constructing public improvement and infrastructure, and providing an affordable rental housing subsidy. The Project Area Plan and Budget contemplated the removal of blight by promoting the redevelopment of the Project Area for retail and residential purposes.

### ASSESSMENT OF GROWTH OF INCREMENTAL VALUES

Adjusted base year value:	\$3,583,026
Prior year's (2014) taxable value:	\$23,550,205
Estimated current year (2015) taxable value:	\$24,256,711

#### *Narrative description of the relative growth in taxable value:*

The Project Area has recognized an estimated increase in assessed valuation, as of 2015, of \$19,481,591. This is a significant increase above the adjusted base value of \$3,583,026.00. The taxable value of the Project Area peaked in 2008 at \$31,374,609.00, and the decrease since that time is attributable to reduced valuations because of the declining economy. In fact, the taxable valuation of the Project Area decreased by \$9,135,204.00 from 2008 to 2009 alone. The taxable value of the Project Area decreased by 3.03% during 2014.

### DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH

#### *Comparison of the original forecasted amount of tax increment to actual receipts:*

The Project Area Budget estimated that the taxable value of the Project Area in 2014 would be \$51,488,355.00, with an estimated \$755,128.21 in tax increment generation. The actual taxable value in 2014 was \$22,836,254, with an actual tax increment generation of \$233,335.

## Bluffdale Redevelopment Agency - 2015 Annual Report to TEC

### *Narrative discussion regarding the use of tax increment:*

Tax increment generated from the Project Area has been and will be used for the following: (1) Agency administration, (2) housing as required by statute, and (3) development incentives pursuant to a Participation Agreement entered into among the Agency and several developers in the Project Area. The tax increment has helped fund the construction and operation of infrastructure and other public improvements to encourage both residential and retail commercial development. Under the Project Area Budget, the tax increment also provides a subsidy for affordable rental housing in the Project Area.

### *Description of the benefits derived by the taxing entities:*

When the Project Area returns to the taxing entities' tax rolls upon expiration of the Project Area Budget, the taxing entities will recognize the benefit of the increased taxable value of all property within the Project Area. As of the end of 2014, the taxable value of the Project Area is 537% above the adjusted base year value.

### **DESCRIPTION OF ACTIVITY**

#### *Narrative of any significant development activity, including infrastructure development, site development, and vertical construction within the project area:*

There has been no significant activity in the Project Area this year. Woodbury Corporation owns the commercial parcels at the corner of Redwood Road and Bangerter Highway and is waiting for an adequate anchor to develop the site. The Agency has been in discussions with Woodbury regarding a potential grocer anchor tenant and related development within the Gateway Project Area.

#### *Narrative regarding the status of any agreements for development within the project area:*

The Agency has a participation agreement with Woodbury, the Bluffs Apartments (affordable housing), and Trophy Homes. The Agency made the payments to both Woodbury and the Bluffs Apartments as prescribed by the participation agreement.

### **REVISED MULTI-YEAR TAX INCREMENT BUDGET**

#### *Prior year's tax increment receipts:*

Tax increment generation from the Project Area totaled \$233,335 for the tax year 2014, and the Agency received this full amount.

## **Gateway Redevelopment Project Area**

## Bluffdale Redevelopment Agency - 2015 Annual Report to TEC

### *Base year value and adjusted base year value, as applicable:*

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The Base Year Value defined in the Project Area Budget is \$5,366,240.00.

The Adjusted Base Year Value calculated by the Salt Lake County Auditor is \$3,583,026.00.

### *Applicable tax rates within the project area:*

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The entire Project Area falls within the 45G taxing district. For the tax year 2015, the applicable tax rate in the Project Area is 0.012861.

### *Schedule of private and public investment within the project area:*

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No significant public investment is scheduled. Private investment schedule is currently unknown, and likely will not be known until Woodbury Corporation has located an anchor tenant.

<b>ESTIMATE OF THE TAX INCREMENT TO BE PAID TO THE AGENCY</b>
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The estimate of the tax increment to be paid to the Agency for the 2015 calendar year is \$240,336.

The estimate of the tax increment to be paid to the Agency for the 2016 calendar year is \$247,545.

## Jordan Narrows Economic Development Project Area

*The Jordan Narrows Economic Development Project Area was created in 2001, with a tax increment trigger year of 2011. Under the approved Project Area Budget, the Agency is entitled to receive 100% of the tax increment for 15 years, up to a maximum cap of \$20,332,915.00. The Project Area Budget requires a 20% allocation to housing, and allows a 10% allocation to administrative costs related to implementation of the Project Area Plan. The remaining 70% of tax increment is to be used for infrastructure, public improvements, land acquisition, and incentives within the Project Area.*

### ASSESSMENT OF GROWTH OF INCREMENTAL VALUES

Adjusted base year value:	\$1,806,874.00
Prior year's (2014) taxable value:	\$36,237,060
Estimated current year (2015) taxable value:	\$36,599,431

#### *Narrative description of the relative growth in taxable value:*

Since its creation, the Project Area has recognized an estimated increase in assessed valuation of \$34,792,557. The taxable value of the Project Area has progressively increased through 2010, experienced a slight drop in 2011, and rose to its highest level in 2014. The taxable value of the Project Area grew by 138% from 2013 to 2014. This taxable value growth is primarily due to residential development within the Project Area

### DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH

#### *Comparison of the original forecasted amount of tax increment to actual receipts:*

The Project Area Budget estimated that at full build-out the Project Area would generate \$1,355,527.00 per year in tax increment. The actual tax increment generated from the Project Area for the tax year 2014 was \$431,007. Of course, the Project Area is not fully built-out yet, which is why the Agency only triggered tax increment collection beginning with the tax year 2011.

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### *Narrative discussion regarding the use of tax increment:*

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The Agency began receiving tax increment from the Project Area for the 2011 tax year. The Agency has used the tax increment for the purposes and in the amounts set forth in the Project Area Budget. Generally, the Project Area Budget authorizes the use of tax increment for housing, Agency administration, infrastructure, public improvements, land acquisition, and other development incentives.

### *Description of the benefits derived by the taxing entities:*

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The Agency pulled the trigger on this project in 2011. The Agency will receive 100% of tax increment during the 15 years beginning with the tax year 2011. The taxing entities will recognize the significantly increased tax base in the Project Area when the Project Area Budget expires after 15 years. As of the end of 2014, the taxable value of the Project Area is 1906% above the adjusted base year value.

<b>DESCRIPTION OF ACTIVITY</b>
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### *Narrative of any significant development activity, including infrastructure development, site development, and vertical construction within the project area:*

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The increased taxable value in the Project Area prior to 2013 has come primarily from the construction of two improvements within the Project Area, including (1) the first phase of the Point of the Mountain Storage Units on a five-acre parcel of land, and (2) the development of the 14-acre subdivision called Bluffdale Heights Commercial.

Most current growth in the Project Area is residential, with homes averaging \$200,000 in value. Apartments and townhomes continue to be built in the Project Area, and a school and a church have been constructed. Significant, primarily residential, development activity is presently occurring within the Independence at the Point development. As a result, the Agency expects continued increase in taxable values within the Jordan Narrows Project Area in the upcoming years.

## Bluffdale Redevelopment Agency - 2015 Annual Report to TEC

*Narrative regarding the status of any agreements for development within the project area:*

The Agency has a development agreement with the developer of the Independence at the Point master planned community and residential construction continues. The Agency has agreed to advance funding for improvements to Porter Rockwell Boulevard, which is expected to benefit both the Jordan Narrows and the Eastern Bluffdale project areas. The upfront costs will be reimbursed through payment of impact fees as the development progresses. The Agency has also authorized affordable housing contributions to the Beacon Hills Apartments development, which is currently under construction.

### REVISED MULTI-YEAR TAX INCREMENT BUDGET

*Prior year's tax increment receipts:*

Tax increment generation from the Project Area totaled \$431,007 for the tax year 2014, and the Agency received this full amount.

*Base year value and adjusted base year value, as applicable:*

The Base Year Value defined in the Project Area Budget is \$1,593,780.00.

The Adjusted Base Year Value calculated by the Salt Lake County Auditor is \$1,806,874.00.

*Applicable tax rates within the project area:*

The entire Project Area falls within the 45F taxing district. For the tax year 2015, the applicable tax rate in the Project Area is 0.012861.

*Schedule of private and public investment within the project area:*

Current private investment is primarily driven by residential development. As noted previously, the developer of Independence at the Point is being advanced funds for improvements to Porter Rockwell Boulevard. Significant private investment is being made in residential development generally within the Project Area.

### ESTIMATE OF THE TAX INCREMENT TO BE PAID TO THE AGENCY

The estimate of the tax increment to be paid to the Agency for the 2015 calendar year is \$517,208.

The estimate of the tax increment to be paid to the Agency for the 2016 calendar year is \$543,068.

## Jordan Narrows Redevelopment Project Area

## Eastern Bluffdale Economic Development Project Area

*The Eastern Bluffdale Economic Development Project Area was created in 1999, with a tax increment trigger year of 2008. Under the approved Project Area Budget, the Agency is entitled to receive 100% of the tax increment for 15 years, with no maximum cap on the amount. The Project Area Budget requires a 20% allocation to housing, and allows a 10% allocation to administrative costs related to implementation of the Project Area Plan. The remaining 70% of tax increment is to be used primarily for the construction of infrastructure within the Project Area, and other development incentives.*

*The Agency discovered that it had mistakenly not been paid approximately \$1.5 million in tax increment from the Eastern Bluffdale EDA to which the Agency was legally entitled. Rather than asking that the various taxing entities return the tax increment money they were mistakenly paid, the Agency sought and received in 2014 a one year extension of increment collection within the project area to allow the Agency to collect one additional year of tax increment in order to compensate for the mistake.*

### ASSESSMENT OF GROWTH OF INCREMENTAL VALUES

Adjusted base year value:	\$13,607,211.00
Prior year's (2014) taxable value:	\$147,377,738
Estimated current year (2015) taxable value:	\$148,851,515

#### *Narrative description of the relative growth in taxable value:*

The Eastern Bluffdale Project Area has recognized an estimated increase in taxable valuation, as of 2015, of \$135,244,304. This is a significant increase above the adjusted base value of \$13,607,211.00. The taxable value of the Project Area hit a peak in 2008 and then saw significant decreases for several years. The taxable value of property within the Eastern Bluffdale Project Area has since recovered. Indeed, the taxable value for 2014 is the highest valuation yet of property within the Project Area.

**DESCRIPTION OF TAX INCREMENT RECEIPTS AND PASS THROUGH**

*Comparison of the original forecasted amount of tax increment to actual receipts:*

The Project Area Budget estimated that the taxable value of the Project Area in 2014 would be \$31,816,700.00, with an estimated \$151,800 in tax increment generation. The taxable value in 2014 was \$147,377,738 with an actual tax increment generation of \$1,635,522.

*Narrative discussion regarding the use of tax increment:*

Tax increment generated from the Project Area has been and will be used for the following: (1) Agency administration, (2) housing as required by statute, (3) construction of infrastructure, and (4) other development incentives as the Agency deems appropriate.

*Description of the benefits derived by the taxing entities:*

Because of the significant increase in assessed valuation of the Project Area, actual tax increment receipts have been higher than originally estimated. This means the taxing entities' investment in the Project Area has yielded significantly higher returns than originally anticipated. When the Project Area Budget expires, the taxing entities will receive a much higher benefit than originally expected. As of 2014, the taxable value of the Project Area is 983% above the adjusted base year value.

**DESCRIPTION OF ACTIVITY**

*Narrative of any significant development activity, including infrastructure development, site development, and vertical construction within the project area:*

The Mountain Pointe Industrial Park, a light industrial park to be developed by ICO Construction (the commercial arm of Ivory Homes), is beginning construction in the near future. C7 Data Centers have expanded by approximately 25,000 square feet. Some residential development has occurred in the Eastern Bluffdale Project Area pursuant to a development agreement with Aclaime and residential construction will continue

## Bluffdale Redevelopment Agency - 2015 Annual Report to TEC

*Narrative regarding the status of any agreements for development within the project area:*

A development agreement is in place with Aclaime for residential development. A \$40,000 financial incentive was provided in a prior year by the Agency for the expansion of C7 Data Centers to offset the cost of impact fees.

### **REVISED MULTI-YEAR TAX INCREMENT BUDGET**

*Prior year's tax increment receipts:*

Tax increment generation from the Project Area totaled \$1,635,522 for the tax year 2014.

*Base year value and adjusted base year value, as applicable:*

The Base Year Value defined in the Project Area Budget is \$15,316,700.00.

The Adjusted Base Year Value calculated by the Salt Lake County Auditor is \$13,607,211.00.

*Applicable tax rates within the project area:*

The entire Project Area falls within the 46B taxing district. For the tax year 2015, the applicable tax rate in the Project Area is 0.012861.

*Schedule of private and public investment within the project area:*

Other than the construction of the Porter Rockwell Boulevard, no significant public investment is currently scheduled.

### **ESTIMATE OF THE TAX INCREMENT TO BE PAID TO THE AGENCY**

The estimate of the tax increment to be paid to the Agency for the 2015 calendar year is \$1,684,588.

The estimate of the tax increment to be paid to the Agency for the 2016 calendar year is \$1,735,125

## Other Project Notes

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### *Note Regarding Future Plans of the Agency*

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The Agency is exploring the possibility of creating one or two more project areas (either CDA or EDA) in the near future, to include property located at the southern end of the City between Camp Williams Road (SR 68) and the Jordan River. With the new multi-billion dollar Utah Data Center being operated by the federal government, the Agency hopes to catalyze commercial growth nearby.