

Area Creation Process URA/EDA/CDA

July 17, 2008

Christine Richman
Senior Associate
(801)521-7724
Christine@wepc.biz

Three Types of Areas

- Urban Renewal
 - Requires blight finding
 - Catalyst for initiating development or more intense development of a blighted or under-used area
 - Limited use of eminent domain allowed
 - Taxing Entity Committee
- Economic Development
 - Create jobs and economic opportunity for community and state



Three Types of Areas

- Taxing Entity Committee
- Community Development
 - Encouragement, promotion or provision of development
 - No Taxing Entity Committee
 - Others participate voluntarily through interlocal agreements

- Urban Renewal Areas
 - Most complex
 - Three key components
- Economic Development Areas
 - Require TEC involvement
 - Two key components
- Community Development Areas
 - Least Complex
 - One key component
 - Independent interlocal agreements



URBAN RENEWAL AREA COMPONENTS

Eminent Domain

- Use of Eminent Domain identified in Plan
- Single Family
 - Owner consents or
 - Petition of owners of >80% of parcels and >70% of value of owner-occupied property
- Commercial
 - Owner consents or
 - Petition of owners of >75% of parcels and 60% of value of property
- 2/3 vote of Agency Board



Blight Study

- Parcel by parcel analysis
- Predominantly nongreenfield parcels
- Zoned for urban purposes and served by utilities
- 50 percent parcels with nonagricultural/nonaccessory buildings or improvements
- Presence of at least 4 of the following:

Blight Factors

- One of the following (can be interspersed with well-maintained buildings)
 - Substantial physical dilapidation, deterioration or defective construction of buildings or infrastructure or
 - Significant noncompliance with current building, safety, health or fire codes
- Unsanitary or unsafe conditions that threaten health, safety or welfare



Blight Factors

- Environmental hazards requiring remediation
- Excessive vacancy, abandoned buildings or vacant lots within area zoned for urban use and served by utilities
- Abandoned or outdated facilities posing a threat to public health, safety or welfare
- Criminal activity higher than comparable nonblighted areas; and
- Defective conditions making title unmarketable



Blight Study

- At least 50 percent of parcels affected by at least one blight factor (not necessarily the same factor)
- Affected parcels comprise at least 66 percent of acreage
- OR
- The site is a Superfund site



URA Plan Requirements

- Describe boundaries, land uses, layout of streets, population densities, etc.
- Identify standards guiding urban renewal
- Show how the purposes of title attained by urban renewal
- Be consistent with General Plan
- Describe how plan will reduce or eliminate blight



URA Plan Requirements

- Describe any specific projects
- Identify how private developers, if any, will be selected and identify each private developer currently involved
- State the reasons for selection of project area
- Describe physical, social and economic conditions



URA Plan Requirements

- Describe any tax incentives offered
- Analyze the benefit of financial assistance or other public subsidy:
 - Reasonableness of costs
 - Efforts to maximize private investment
 - Rationale for use of tax increment
 - Estimate of total tax increment
 - Anticipated public benefit



URA Plan Requirements

- Beneficial influences on tax base
- Associated business and economic activity
- Whether adoption of plan is necessary and appropriate to reduce or eliminate blight
- Any buildings or uses eligible for National or State Register of Historic Places
- Other information deemed appropriate



Economic Development Area Components



EDA Plan Requirements

- Describe boundaries, land uses, layout of streets, population densities, etc.
- Identify standards guiding economic development
- Show how the purposes of title attained by economic development
- Be consistent with General Plan
- Describe how plan will create additional jobs



EDA Plan Requirements

- Describe any specific projects
- Identify how private developers, if any, will be selected and identify each private developer currently involved
- State the reasons for selection of project area
- Describe physical, social and economic conditions

EDA Plan Requirements

- Describe any tax incentives offered
- Analyze the benefit of financial assistance or other public subsidy:
 - Reasonableness of costs
 - Efforts to maximize private investment
 - Rationale for use of tax increment
 - Estimate of total tax increment
 - Anticipated public benefit

EDA Plan Requirements

- Beneficial influences on tax base
- Associated business and economic activity
- Number of jobs or employment generated or preserved
- Any buildings or uses eligible for National or State Register of Historic Places
- Other information deemed appropriate



Project Area Budget Requirements

- URA and EDA
- Multiyear projection of annual or cumulative revenues and expenses
 - Base taxable value of property
 - Projected tax increment
 - Amount of increment to be shared with other taxing entities
 - Amount of increment to implement plan
 - Amount of increment for administration
 - 20% for housing



Project Area Budget Requirements

- If the tax increment area is smaller than project area:
 - Tax ID numbers from increment collected; and
 - Legal description of increment area
- Total cost of agency owned property and expected selling price if intended for sale



Community Development Area Components

CDA Plan Requirements

- Describe boundaries, land uses, layout of streets, population densities, etc.
- State standards guiding community development
- Show how the purposes of title attained by economic development
- Be consistent with General Plan
- Describe any specific projects



CDA Plan Requirements

- Identify how private developers, if any, will be selected and identify each private developer currently involved
- State the reasons for selection of project area
- Describe physical, social and economic conditions



CDA Plan Requirements

- Describe any tax incentives offered
- Analyze the benefit of financial assistance or other public subsidy:
 - Beneficial influences on tax base
 - Associated business and economic activity
- Other information deemed appropriate

Step-by-Step Process

URA Process

- **Step One:**
 - Resolution designating survey area adopted by Agency Board to determine whether:
 - One or more project areas are feasible; and
 - If blight exists.
 - Request can come from agency or any other group or entity
 - Sole discretion of Board to approve or deny



URA Process

- **Step Two** for all sites except Inactive Industrial or Airport Sites (skip to Step Five):
 - Blight study of survey area
 - Parcel by parcel
 - Completed within one year of establishing survey area
- **Step Three** – Blight study available in office for public inspection

URA Process

- **Step Four - Notice of Blight Hearing**
 - 30 day notice mailed to:
 - Property owners of record
 - State Tax Commission
 - Taxing Entity Committee
 - County Assessor and Auditor
 - 14 day notice in newspaper
- **Step Five – Blight Hearing**
 - Review evidence of blight

URA Process

- Accept evidence from property owners, etc.
- Determine whether to create one or more areas
- **Step Six – Adopt resolution:**
 - Make blight finding;
 - Select one or more project areas; and
 - Authorize preparation of one or more draft project area plans
- **Step Seven – Taxing Entity Committee**



URA Process

- Blight finding
 - Must approve unless can demonstrate that blight
 - Does not exist; or
 - Does not constitute blight.
- Thirty day challenge period initiated for blight finding
- Step Eight – Prepare draft area plan and budget
- Step Nine – TEC review of plan and approval of budget (two meetings 14 days apart)
- Step Ten – Make plan and budget available for public review
- Step Eleven - Notice of plan and budget hearing



URA Process

- 30 day notice mailed to:
 - Property owners of record
 - State Tax Commission
 - Taxing Entity Committee
 - County Assessor and Auditor
- 14 day notice in newspaper
- **Step Twelve** – Hold budget and plan hearing
- **Step Thirteen** – Adoption:

URA Process

- Resolution approving plan
 - Within one year of blight finding
 - Refer to legislative body
- Resolution approving budget
 - Thirty day protest period
- **Step Fourteen** – Legislative body adopts ordinance adopting plan as community plan
- **Step Fifteen** – Notice published in paper

URA Process

- Thirty day protest period
- Plan in effect
- Step Sixteen – Record project description, ordinance and statement of purpose with County Recorder
- Step Seventeen – Within 30 days transmit project area description, plat or map to AGRC

URA Process

- **Step Eighteen** – Within 30 days transmit description and ordinance to:
 - County Auditor, Recorder, Attorney, Surveyor and Assessor
 - Legislative body of each taxing entity
 - State Tax Commission
 - State Board of Education

EDA Process

- Similar to URA process except no blight study or finding required
- Must include economic benefits analysis as justification for public funding to create jobs
- **Step One** - Resolution authorizing preparation of draft plan
- **Step Two** – Prepare draft plan and budget

EDA Process

- **Step Three** – make draft plan and budget available for public review
- **Step Four** – TEC review of plan and approval of budget (two meetings 14 days apart)
- **Step Five** - Notice of plan and budget hearing



EDA Process

- 30 day notice mailed to:
 - Property owners of record
 - State Tax Commission
 - Taxing Entity Committee
 - County Assessor and Auditor
- 14 day notice in newspaper
- **Step Six** – Hold budget and plan hearing
- **Step Seven** – Adoption:

EDA Process

- Resolution approving plan
 - Refer to legislative body
- Resolution approving budget
 - Thirty day protest period
- **Step Eight** – Legislative body adopts ordinance adopting plan as community plan
- **Step Nine** – Notice published in paper

EDA Process

- Thirty day protest period
- Plan in effect
- Step Ten – Record project description, ordinance and statement of purpose with County Recorder
- Step Eleven – Within 30 days transmit project area description, plat or map to AGRC

EDA Process

- **Step Twelve** – Within 30 days transmit description and ordinance to:
 - County Auditor, Recorder, Attorney, Surveyor and Assessor
 - Legislative body of each taxing entity
 - State Tax Commission
 - State Board of Education

CDA Process

- Does not require TEC
- Can only commit community's property tax increment and sales tax
- Other entity participation voluntary – interlocal agreement
- Step One – Resolution authorizing draft plan
- Step Two – Prepare plan

CDA Process

- **Step Three** – Make plan available for public review
- **Step Four** – Notice of plan hearing
 - 30 day notice mailed to:
 - Property owners of record
 - State Tax Commission
 - Taxing Entity Committee
 - County Assessor and Auditor
 - 14 day notice in newspaper
- **Step Five** – Hold plan hearing
- **Step Six** – Adoption:

CDA Process

- Resolution approving plan
 - Refer to legislative body
- **Step Seven** – Legislative body adopts ordinance adopting plan as community plan
- **Step Eight** – Notice published in paper
 - Thirty day protest period
 - Plan in effect

CDA Process

- **Step Nine** – Record project description, ordinance and statement of purpose with County Recorder
- **Step Ten** – Within 30 days transmit project area description, plat or map to AGRC
- **Step Eleven** – Within 30 days transmit description and ordinance to:

CDA Process

- County Auditor, Recorder, Attorney, Surveyor and Assessor
- Legislative body of each taxing entity
- State Tax Commission
- State Board of Education
- **Step Twelve – Interlocal Agreements**
 - Negotiate directly with each entity
 - Publish notice in newspaper
 - 30 day protest period



CDA Process

- **Step Thirteen** – Within 30 days of effective date (publication) file a copy of resolution or interlocal agreement with:
 - State Tax Commission, Board of Education and Auditor; and
 - The County Auditor.
- **Step Fourteen** – Budget established through regular budget process and as dictated in interlocals. Only notice on regular agenda required



Things to Remember

- Urban Renewal and Economic Development Areas require 20 percent for affordable housing
- Aid to retail not allowed in Economic Development Areas
- Minimum time:
 - URA – 4 months
 - EDA – 2 ½ months
 - CDA – 2 ½ months

