

REDEVELOPMENT AGENCY
OF SALT LAKE CITY

REDEVELOPMENT AGENCY STAFF MEMO

DATE: September 13, 2016 **ITEM #:**

PREPARED BY: Tammy Hunsaker, David Arteaga, and Edward Butterfield

RE: Discussion and formation of a real property disposition policy

REQUESTED ACTION:

1. Approve the real property disposition policy.
2. Approve the real property disposition policy with modifications.
3. Do not approve the real property disposition policy.
4. Defer action to a future meeting.

POLICY ITEM: Real property disposition.

BUDGET IMPACTS: Future impacts to the sales price of Agency-owned property.

EXECUTIVE SUMMARY: The Board of Directors (“Board”) has identified and prioritized a series of policies to be revised as part of recent changes to the Redevelopment Agency of Salt Lake City’s (“RDA”) bylaws, with the real property disposition policy ranked as a high priority. Staff presented an initial draft of the Real Property Disposition policy to the Board during the July 2016 meeting. In its discussion, the Board requested that staff provide additional information on the need for a property categorization system that classifies each RDA-owned property as either Tier 1 or Tier 2 and determines the appropriate process for reporting to the Board. This memorandum provides a follow-up to that discussion.

Staff analyzed the property categorization system that was presented at the July 2016 meeting and recommends retaining the system as previously presented for the following reasons:

1. The property categorization system will allow the RDA to be more nimble in the disposition of Tier 1 properties.
2. The property categorization system will provide consistency with the equivalent policy for disposition of city-owned land.
3. Upon consultation with the City Attorney’s Office, it was concluded that the property categorization system will assist in preserving separation of powers.

REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION: Staff presented the draft real property disposition policy to the Redevelopment Advisory Committee (RAC) on July 6, 2016. RAC members provided staff with feedback, a summary of which was provided to the Board during the July 2016 meeting.

ANALYSIS & ISSUES: During the July 2016 meeting, the Board requested that Staff evaluate the need for a property categorization or “Tier” system as part of the Real Property Disposition policy. An overview and analysis is as follows:

Property Categorization and Reporting Overview

As per the attached draft Real Property Disposition Resolution, each RDA-owned property shall be categorized into one of two categories, Tier 1 and Tier 2. Category determination is proposed as follows:

1. Tier 1
Real properties that are Agency-owned and meet at least one of the following definitions:
 - a. Property is specifically identified in an adopted Salt Lake City master plan.
 - b. Property is a parcel or parcel assemblage that totals two (2) or more contiguous acres in size.
 - c. Property is listed on the local or national register of historic places as historically significant.
 - d. Property is fronting or adjacent to city-owned property, other than a public street, of at least 0.5 acres in size.
2. Tier 2
Real properties that are Agency-owned and are not otherwise included in Tier 1.

Approximately 50% of RDA-owned properties would qualify as Tier 1, with the remaining 50% qualifying as Tier 2. Categories shall determine the appropriate process for reporting. Reporting procedures are proposed as follows:

1. Staff will provide to the Board, not less than semi-annually per fiscal year, an inventory of all Tier 1 and Tier 2 properties. Such report shall include an address and description of each property, including the approximate size, zoning, description of significant structures or improvements on the site, and disposition status. The report will also include any interim uses occurring on the property, and the Agency’s proposed timeframe for potentially disposing of the property.
2. Additional reporting requirements for Tier 1 properties are as follows:
 - a. Pre-Disposition
Prior to marketing of the property, staff will provide an update to the Board as to the property’s reuse plan, method of disposition, timeline of disposition, and other information relevant to the disposition of the property.

- b. Developer Selection
Staff will provide an update to the Board when the Agency has selected a purchaser with which to negotiate.
- c. Development Agreement
Staff will provide an update to the Board when the Agency has entered into a real estate purchase agreement with the selected purchaser.

Analysis

Upon analysis of the property classification system internally and with the City Attorney's Office, staff recommends retaining the system as previously presented for the following reasons:

1. Nimble Disposition Process:
The property categorization system will allow the RDA to move more nimbly during the disposition of properties categorized as Tier 2, while recognizing that properties of more significance, Tier 1 properties, shall be subject to an enhanced public process.
2. Consistency with City Policy:
The property categorization system will provide consistency with the equivalent city policy. *City Code 2.58: City Owned Real Property* provides that properties shall be deemed "Significant" if the property meets certain criteria. Since the RDA owns different types of properties with different objectives for disposition, it is not realistic to have the same criteria to deem an RDA-owned property as "Tier 1" as it is to deem a city-owned parcel as "Significant." However, the property classification system provides consistency in the concept of identifying and treating certain properties with a higher level of importance.
3. Separation of Powers:
Under Utah law, the legislative body has the authority to create general rules that the administration must follow when it disposes of real property. The administrative body has the authority to manage real property, including through disposition and acquisition. The removal of the Tier 1/Tier 2 distinction would give the Board the authority, in an open meeting, to consider the disposition of every piece of RDA-owned property in three separate occasions: (1) pre-disposition; (2) developer selection; (3) development agreement. This could potentially obscure the distinction between administrative and legislative authority. In addition, it could prolong the disposition process.

Since no changes were made to the property categorization system, the Real Property Disposition Policy draft (attached) has been updated only with minor text edits. If adopted, the Real Property Disposition Policy will replace the previous policy that was adopted by the Board in 2000.

PREVIOUS BOARD ACTION:

- May 2016: Based on proposed revisions to the Board's bylaws, the City Attorney's Office provided a recommendation to the Board to adopt a new property disposition policy that conforms with separation of powers principles.

- June 2016: The Board identified and prioritized a series of policies to be revised as part of recent changes to the Agency's bylaws, with the real property disposition policy ranked as a high priority.
- July 2016: Staff presented an initial draft Real Property Disposition policy to the Board.

ATTACHMENTS:

1. Real Property Disposition Policy Resolution
2. Real Property Disposition Categorization Chart
3. RDA Property Inventory