

Salt Lake City:

Public-Private Partnership in the Ballpark Area

Draft Final Presentation

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Thank you for
supporting this
learning opportunity!

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Presentation Agenda

Section

- 1 Project Context
- 2 Key Policy Levers
- 3 Scenario Analysis
- 4 Public Cost-Benefit Analysis
- 5 Discussion/Q&A



Development Types

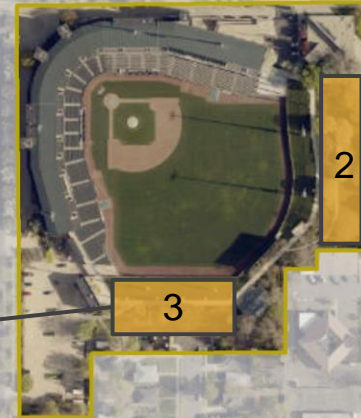
1. North Parking Lot
2. Ballpark: East Side
3. Ballpark: Beehive

North Lot and East Side

- Mixed use commercial and residential development

Beehive

- Mixed use event space built into right field of the ballpark
- Activated on game days and non-game days



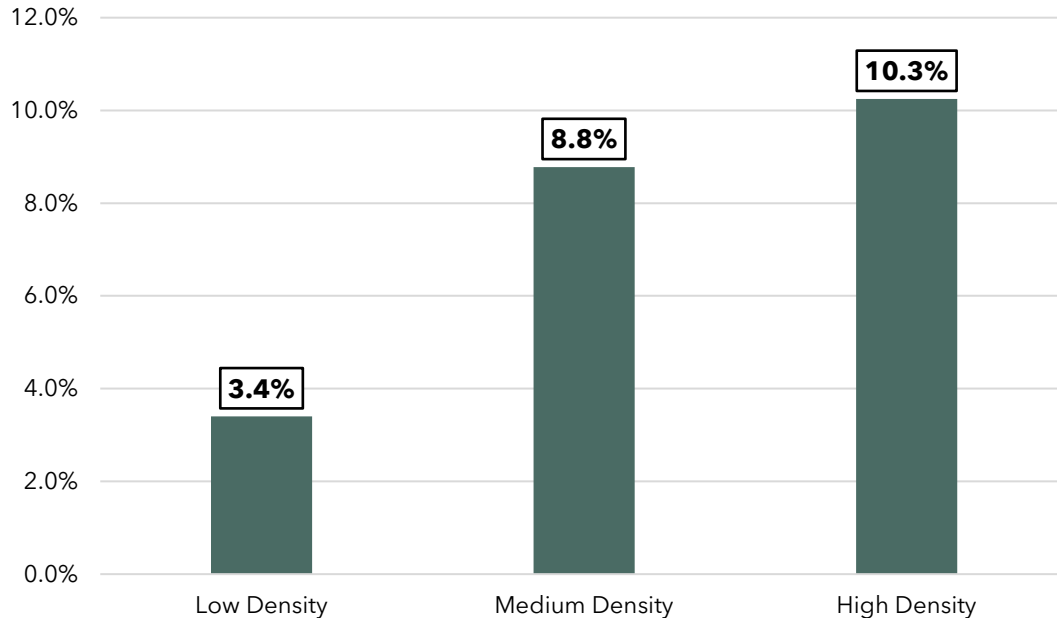
Key Policy Levers



Higher density development increases returns

Rate of Return for Different Density Scenarios

Average After-Tax IRR for North and East Lot Projects



Public Benefits

- + Increase exposure to ballpark and existing retail businesses
- + Increase sales tax revenue (via existing and new businesses)
- + Reduce commute times and/or dependency on automobiles

Public Costs

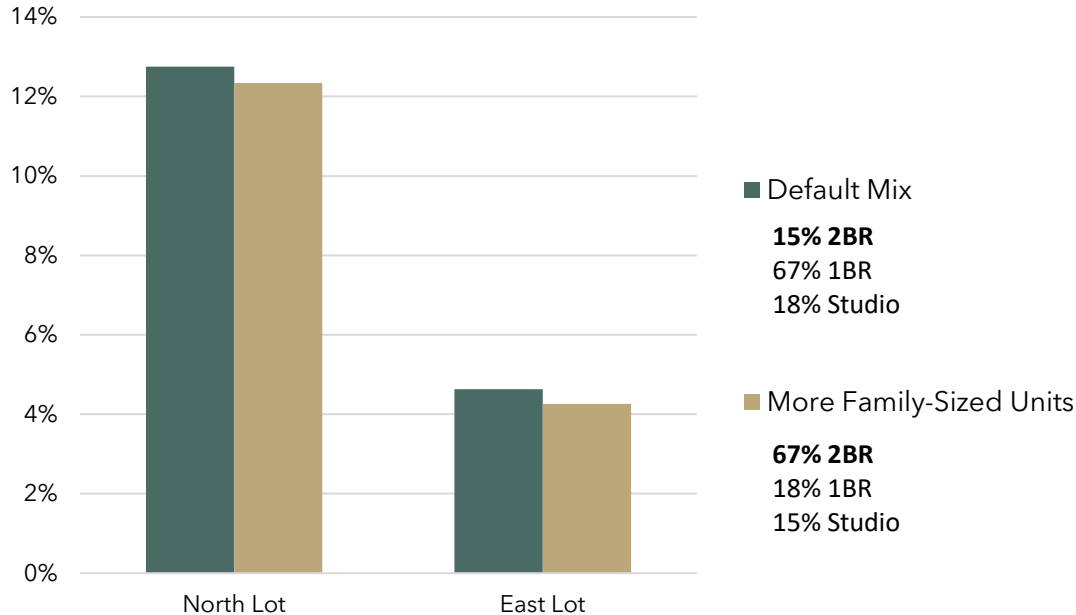
- Increase costs for public works & transit infrastructure
- Increase energy and materials use during construction

**Scenarios above maintain 0% Affordable Housing and \$0 in Ballpark Repairs*

Higher proportion of 2BR units generates similar returns

Rate of Return for Different Unit Mix Scenarios

After-Tax IRR



Public Benefits

- + Increase city's supply of family-sized rental units
- + Increase local school district enrollment
- + Reduce displacement of families/larger households

Public Costs

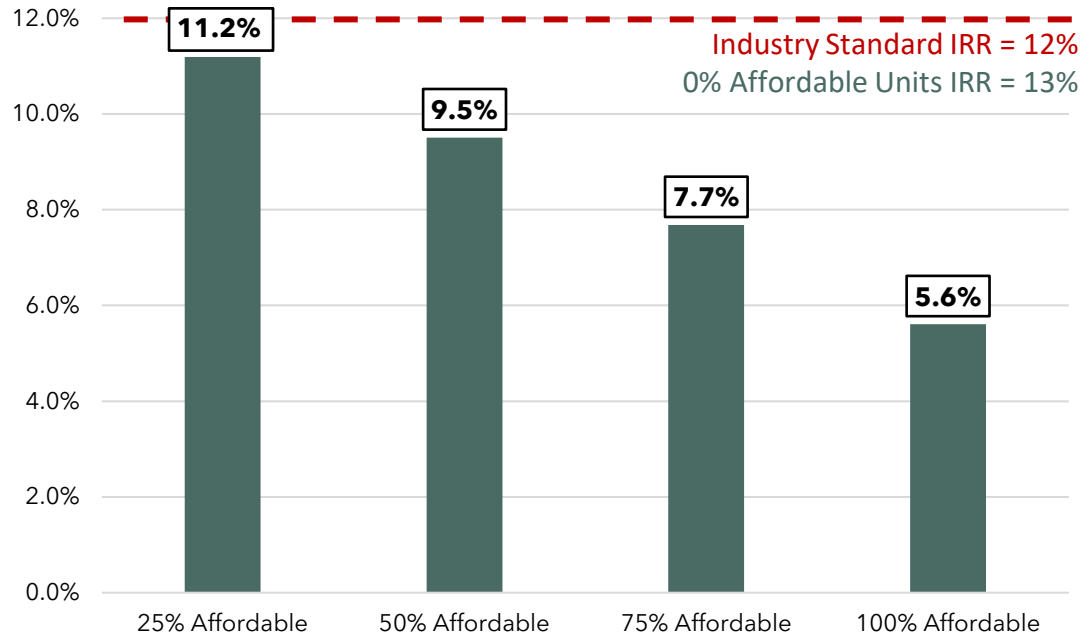
- May require public subsidy or incentive to achieve financial viability

**Assumes High Density scenario, 0% Affordable Housing, and \$0 in Ballpark Repairs*

More affordable housing requires subsidy

Rate of Return for Affordability Mix Scenarios

North Lot, Affordable @ 60% AMI



**Assumes High Density scenario and \$0 in Ballpark Repairs*

Public Benefits

- + Increase location choices for low-income households
- + Improved standard of living positively affects health
- + Reduce displacement of current residents
- + Reduce neighborhood crime rates



Public Costs

- Requires public subsidy to achieve financial viability

Applicable Funding Tools


Loans/Debt



- + SLCRDA Loan
-  Housing Development Loan Program 20% of units @ 60% AMI
- + GO or Revenue Bond
-  UDOT State Infrastructure Bank Loan



Grants



-  Community Development Block Grant @ 80% AMI
-  HOME Investments & Partnerships @ 80% AMI, units per % HOME funds
-  Housing Trust Fund @ 30% AMI

Tax Credits

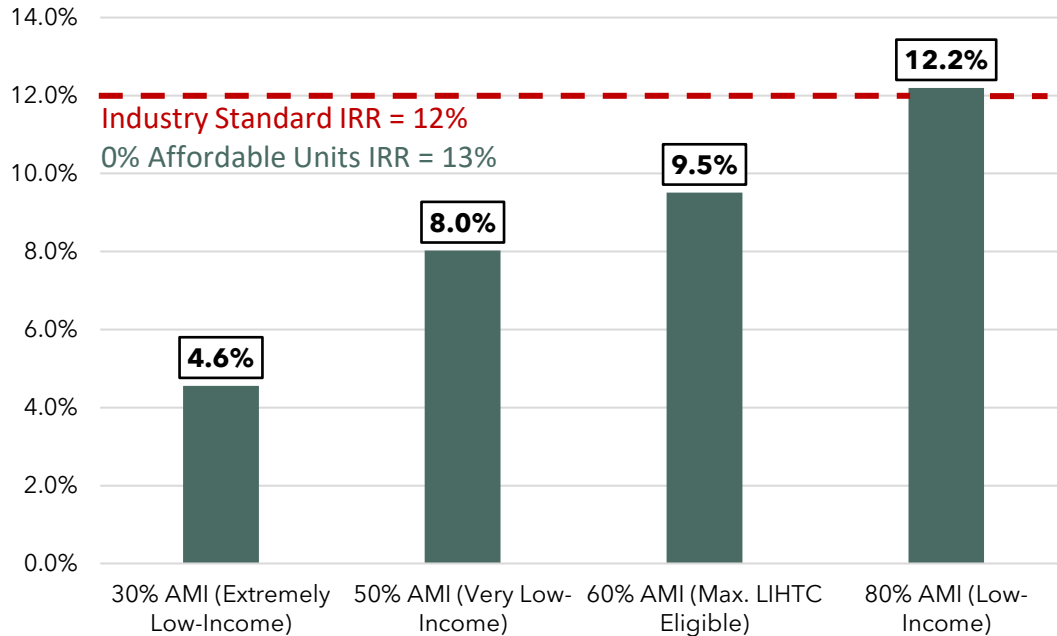


- + Tax Increment Reimbursement Area
-  Housing & Transit Reinvestment Zone 10% of units @ 80% AMI
-  Low-Income Housing Tax Credit 20% of units @ 50% AMI, or 40% of units @ 60% AMI

More deeply affordable housing requires subsidy

Rate of Return for Affordability % Scenarios

North Lot, 50% Affordable Units



*Assumes High Density scenario and \$0 in Ballpark Repairs

1 Bedroom Rent (\$/month)

Market Rent	\$1,500
30% AMI	\$576
50% AMI	\$960
60% AMI	\$1,152
80% AMI	\$1,537

Median Household Income (2019)

Ballpark Station Area	Salt Lake County
\$26,047	\$76,410
60% AMI (2022)	
\$49,200	

Sample Funding Outline – North Lot Development

A PPP project needs to reconcile the interests of both public and private partners in a **public benefit-focused** and **profit-generating** project

High Density Scenario (627 rental units) with 50% Affordable Units @ 60% AMI

Private Investment



Public Subsidies



Public-Private Partnership

\$158M Total Development Cost

65% Loan-to-Value Ratio:
\$55M Equity Investment
\$103M Debt

HDLP: \$250,000

LIHTC Equity: \$31,000,000

City & County HOME: \$2,000,000

HTRZ: \$1,000,000/year (10 years)

Leasing city-owned land

\$158M Total Development Cost

65% Loan-to-Value Ratio:
\$22M (Private) Equity
\$33M (Public) Equity
\$102M Debt

After-Tax Rate of Return (20 years):
9.51%

Below Industry Standard IRR of 12%

After-Tax Rate of Return (20 years):
16.20%

Exceeds Industry Standard IRR of 12%

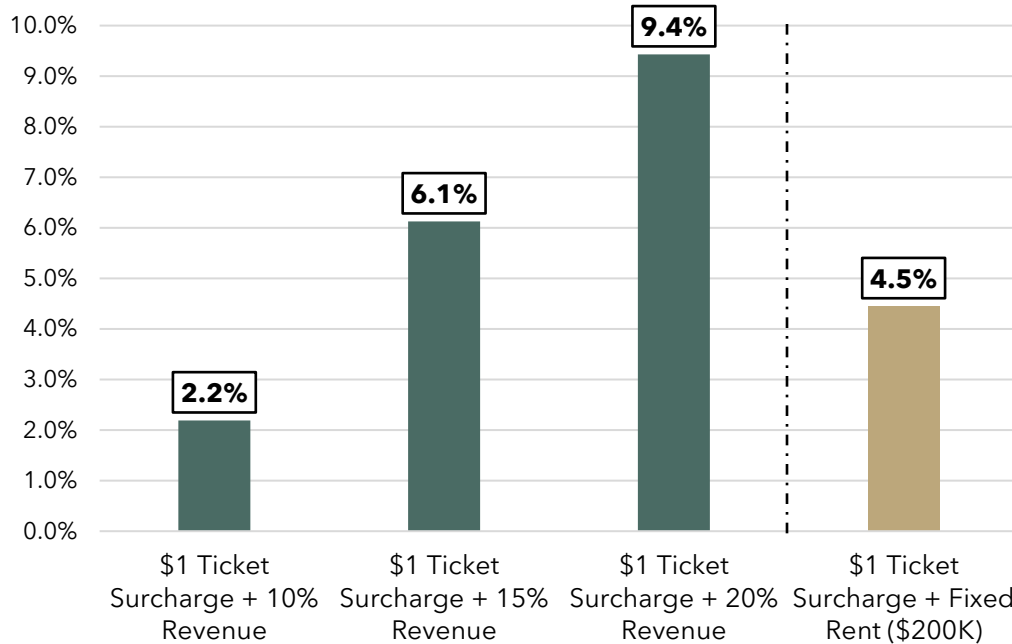


Higher public benefit

Beehive generates a positive return on investment

Rate of Return for Beehive Scenarios

South Ballpark Lot



Public Benefits

- + Increase year-round activation via weatherproof event space
- + Upgrade ballpark fan experience and increase city revenues
- + Create long-term jobs in new restaurant/event spaces

Public Costs

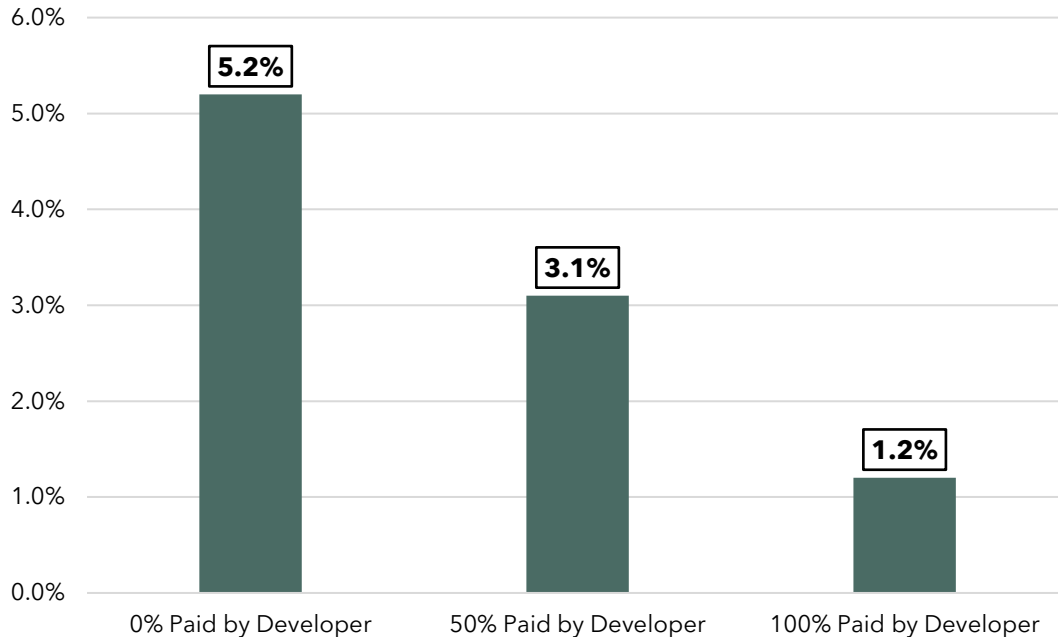
- Upfront costs of Beehive construction
- Increase energy and materials use during construction

*Assumes Salt Lake City pays \$3.5M for Beehive construction & enters 20-year agreement with SLBees

Ballpark repairs are a significant portion of total costs

Rate of Return for Ballpark Repairs Scenarios

Combined After-Tax IRR for North and East Lot Projects



*Assumes High Density scenario and 0% Affordable Housing

Public Benefits

- + Increase local pride in the ballpark neighborhood
- + Enhance residents' recreational opportunities
- + Increase neighborhood activation and safety

Public Costs

- Requires public subsidy to achieve financial viability
- Increase energy and materials use during construction

Summary of Public Costs & Benefits



Public Costs & Benefits: Profit, People, and Planet

Economic Prosperity



- + Create short-term **jobs** during construction period and long-term jobs in new retail/restaurant spaces
- + Increase exposure to ballpark and existing retail businesses (thereby increasing **sales tax** revenue)
- + Increase **property values**

- Increase costs for **security and maintenance**
- Increase costs for **public works** and transit infrastructure
- **Public subsidies** provided via tax credits, low-interest loans, bonds, and/or other forms of public funds

Social Equity



- + Expand housing and employment opportunities
- + Increase **neighborhood activation** and enhance recreational opportunities
- + Increase **safety**
- + Reduce **commute times** and car dependency
- + Enhance **civic identity** and neighborhood pride

- **Decrease affordability**, may lead to displacement of current residents

Environmental Health



- + Decrease average miles driven, carbon emissions, and other **auto-oriented pollutants**
- + Positive effect on **air quality**
- + Create a **compact urban form**, reducing pressure to build elsewhere in the region
- + **Energy efficient construction** (mandatory for new construction projects receiving RDA funds)

- Increase **energy and materials use** during construction

Questions & Comments



Appendix A: Limitations of Data and Analysis

- All assumptions used to generate the scenario analyses presented are estimates and will vary based on project details.
- Data inputs vary with respect to timeliness and quality. The model seeks to utilize information that is as localized and up-to-date as possible, but the availability of such data is limited.
- As of the date of this analysis, construction costs are higher-than-average and are increasing rapidly due to elevated inflation and supply chain issues. This may affect the accuracy of cost and profitability projections.
- The proposed developments analyzed within this presentation represent only one component of a larger strategic plan for investment in the Ballpark neighborhood.
- This analysis reflects the most up-to-date information available regarding negotiations with the Salt Lake City Bees' ownership, but such information is subject to change. Changes that arise throughout the negotiations may affect the location, type, stakeholders, and relevant funding sources for proposed development.
- This model was created for Salt Lake City's Finance team and primarily reflects their policies and objectives. Other interested stakeholders would likely need to modify this tool to suit their specific purpose(s).

Appendix B: LIHTC Calculation

Note that the calculation below is an estimate. Defer to LIHTC Investor for actual credit calculation.

Total Calculated Basis	\$	122,447,229
- Ineligible Costs	\$	-
- Grants	\$	-
= Estimated Eligible Basis	\$	122,447,229
x Basis Boost		130%
= Total Estimated Eligible Basis	\$	159,181,398
x Applicable Fraction		50%
= Qualified Basis	\$	79,590,699
x Tax Credit Rate		4%
= Eligible Annual Credit Amount	\$	3,183,628
Amount Raised per Credit		98%
10-year Credit		10
Total LIHTC Projected	\$	31,199,554

30% boost for Qualified Census Tract or Difficult Development Area (Ballpark is within a QCT)

% affordable units in the project

Adjust to reflect LIHTC-related fees

Appendix C: Projected Fiscal Benefits

Note that the calculations below are estimates and will vary based on project details.

(1) Estimated Increase in Property (or Privilege) Tax Revenue

Total Development Cost:	\$	200,804,453
North Lot	\$	158,194,179
East Lot	\$	39,110,274
Beehive	\$	3,500,000
x 85%		85%
= Total Estimated Taxable Value	\$	170,683,785
- Base Year Value (2022)	\$	15,214,900
= Incremental Taxable Value	\$	155,468,885
x 2021 SLC Tax Rate (Area 13H) 0.3424%	\$	532,235

*Assumes High Density scenario, 0% Affordable Housing, and \$0 in Ballpark Repairs

(2) Estimated Increase in Sales Tax Revenue

Project	Estimated # of New Businesses	Projected Annual Sales Tax
North Lot	4	\$ 28,894
East Lot	1	\$ 7,459
Beehive	3	\$ 24,273
Total	8	\$ 60,626

NPV of Increased Sales Tax Revenue		\$1,238,906
Assumptions:	Project Area Life	25 Years
	Discount Rate	3%
	Income Growth	3%
	Begin in Year	3

*Sales tax analysis includes projected increases in sales tax from new businesses only and does not account for potential increases in consumption at existing local businesses due to increased density