

Facts About the New Cottonwood Mall Project

Over the past several months our city has been diligently engaged in the necessary processes required to revitalize the old Cottonwood Mall site with a new half-billion dollar multi-use project. As city officials, we support this effort to renew one of Holladay's most important and highly visible tracts of land. We've taken the responsibility seriously of finding an appropriate use for this land. One that enhances the community while at the same time building a neighborhood environment that promises a high-quality lifestyle consistent with the historic traditions of the surrounding community. We're satisfied that after more than 35 public meetings, many face to face meetings with interested citizens and even more meetings with the developer, we've found a solution that now only awaits a vote by the Granite School District Board to move forward. We're hopeful that like our city leaders and a vast majority of our citizens, the Board sees this vote as we do; a financial benefit to all the students in the district, both east and west.

Despite our many meetings, we recognize there are still some who do not know all they would like to about this project. Let me respond to a few of the most common questions we are asked to discuss.

“Why does Granite School District have input on this project?” Granite School District, along with the City of Holladay, Salt Lake County, and Specialty Taxing Districts together comprise a Taxing Entity Committee which will vote on the approval of the Redevelopment Area and Tax Increment Funding (TIF) Budget for the Cottonwood Mall Redevelopment. Their funding is not a handout to the developer, but a necessary investment in infrastructure upgrades to the property site. Although all taxing entities are represented on this Taxing Committee, Granite School District controls the majority of the Budget that will be used for TIF on the Cottonwood Redevelopment. As such, the decision of Granite School District and its Board ultimately control the fate of the Cottonwood Redevelopment Project.

“How does TIF work?” TIF uses the additional property taxes paid as a result of new development in the district to pay for part of the development costs. When a new building is constructed, the market value of the property and its property taxes typically rise. Classic examples would be building a new store on an undeveloped parcel or replacing one or more old buildings with a new, larger building. In both of these instances, the market value of the property will rise because the improvements add value to the parcel.

TIF funding is popular nationally with local governments and residents because it effectively promotes neighborhood stability and inspires economic development without increasing taxes or reducing the current levels of income required for schools and city services.

“So, how does this impact the students of the Granite School District?” The current land value for the Cottonwood Mall is \$30,510,900. This generates annual property tax revenues of \$330,921 which equates to annual dollars funded to schools of \$174,362.

Once the mall is demolished the annual tax revenue, based on the land value, will result in revenue of \$143,237. If TIF funding is not approved, the district's share of the resulting tax revenue will be substantially less in annual funding from the property taxes on the Cottonwood Mall. If the project is approved, TIF will increase the income directed to our schools by 500 percent over the next 20 years and even more after that 20-year period. That equates to an average of almost \$1 million per year for the next 20 years, and upwards of \$4 million per year afterwards. The difference between \$174,362 per year and almost \$1 million per year is pretty dramatic.

“Why is Tax Increment Financing Necessary for Cottonwood Redevelopment?” Some have suggested that if the district votes no, another project will move forward with private money. That is highly unlikely. The Cottonwood Mall exists today as one of the oldest malls “West of the Mississippi.” Built in 1962, the mall site did not have the building and land code requirements that are enforced by today's building code specifications. As a result, the entire mall today lies in the flood plain and sits on top of a high water table. In order to meet required codes, new bridges, site elevations, and building foundations will be required in order to build any type of project on the existing site. In addition to the federal and state requirements for the land improvements at the site, underground utilities, replacement of antiquated utilities, and overall infrastructure enhancements will be required, totaling over \$100 million in infrastructure costs alone. Any type of development on the Cottonwood site for any developer will require this upfront investment before any buildings or development can proceed and will therefore still need the help provided by TIF. Without infrastructure funding, any project constructed on this site, whether Big Box, Mall or Residential, and regardless of the scope of the project, will have the same associated infrastructure costs preventing the developer from feasibly or reasonably building the proposed project.

It seems only logical that if some kind of investment will be required to turn the Cottonwood Mall site into something our city can be proud of, why not do it right and provide the highest possible financial benefit to the students of the Granite School District. We think everyone wins with a “Yes” vote. Granite School District is faced with a very important decision dealing with the long term future of Holladay, and has the charged responsibility of making decisions which will have long term benefits to all the children they serve. We encourage you to call the board and ask them to vote “Yes” for Cottonwood and what is truly in the best interest of all of Granite's students.

The other concerns we hear from citizens relate to density, building heights and the impact on traffic in and around the completed project. The maximum density of the entire site can only be 10.70 units per acre, which is substantially less than the majority of apartments and condominiums in Holladay. In fact, Cottonwood's Proposed Density is one the lowest densities in units/acre that will exist as a multi-family development within the City. The project will fold in very nicely to our existing community standards for housing.

Building heights of the project are consistent with the use and type of development proposed. The maximum height for a limited area of the site is 90 feet and this only

occurs in the core main street area of the project. With the existing Macy's Building at 65 Feet, the maximum height of the new proposed project will not be much greater than what exists today. The proposed heights will have a minimal impact on the surrounding properties and neighborhoods.

Finally, traffic. A detailed Traffic Engineered report has been generated to address and compare the traffic of the proposed project. The results show that the proposed development of Cottonwood will yield an average traffic count of 21,206 daily trips, almost 4,000 fewer trips compared to the Mall as a fully operational center today. By comparison, if a Big Box (Home Depot, Wal-Mart, etc.) went in, the average traffic count would be over 60,000 per day. Of all the potential scenarios for the site, the Mixed-Use Proposed Development yields the least traffic impact of the three scenarios studied.

We are confident that the New Cottonwood is great for our city, great for the community and great for the students of Granite School District. New development of this magnitude is frequently an economic driver, bolstering the economic performance of an area that has lost its competitive economic muscle. Today residents are shopping elsewhere, supporting the economic structures of other communities, areas that are more appealing and have a supply of jobs and have encouraged new growth. The end result of the New Cottonwood will keep local spending local, expand the tax base, increase tax revenue streams, create new jobs and strengthen the economy. Ultimately, the project will represent an economic boom to the economy. The Cottonwood project will also bring national attention to Utah, the county, and project due to its unique nature. The surrounding properties will enjoy an increase in their property values through the value created by an architecturally and economically significant project. The proposed plan for the New Cottonwood is great for everyone.

For more information about the Cottonwood Mall project, including renderings of the unique 57-acre community, please visit www.mycottonwoodmall.com or www.cityofholladay.com.