

**5400 South and Bangerter Highway**

**Redevelopment Action Plan**

**Redevelopment Agency of Taylorsville City**

**September 13, 2010**

# **5400 South and Bangerter Highway**

## **Redevelopment Action Plan**

### **INTRODUCTION**

The City of Taylorsville, Utah was established in 1996. This suburban city of 62,000 residents was largely developed while under the jurisdiction of unincorporated Salt Lake County. The Bangerter Highway, a long-planned transportation arterial improvement for the west side of Salt Lake Valley, was completed by the mid 1990s. The West Point Shopping Center, located at the southwest corner of 5400 South and Bangerter Highway was developed in 1981. Anchored by Kmart and Albertsons this shopping center is an important retail node in this part of Taylorsville.

### **PROJECT BACKGROUND**

Subsequent development of the nearby Jordan Landing Shopping Center (over 1 million square feet of retail space) with WalMart, Sam's Club, and Target has overshadowed the West Point Shopping Center to the extent that the West Point Shopping Center has slipped into decline, from an occupancy perspective, aesthetic and functional decline and economic generation. Following the loss of the Food 4 Less store at 5345 South 4015 West, it became very evident to the City of Taylorsville that remedial action was needed in the vicinity of 5400 South and the Bangerter Highway. As a result, an Urban Renewal Area (URA) Project blight study was undertaken in 2007 and the 5400 South and Bangerter Highway Urban Renewal Project Area was formally adopted in January 2008.

The 2010 loss of the Albertsons grocery store as a major anchor tenant in the West Point Shopping Center has dealt a significant blow to this urban renewal project area. Anticipated property tax increment (TIF) funds from the Urban Renewal Project area have not materialized and will be insufficient to restore this shopping center to its productive use.

Action is now needed to provide new access to this shopping center to replace the former slip ramp access from the Bangerter Highway which was removed for construction of the UDOT Continuous Flow Intersection at 5400 South Bangerter Highway. As this cannot be accomplished by URA TIF funds, there is a need to establish a Community Development Project Area district which would allow use of sales tax increment as an incentive. The boundaries of this proposed Community Development Project Area (CDA) will overlay the existing 5400 South and Bangerter Highway Urban Renewal Project Area. Opt-in participation for CDA sales tax increment sharing by Salt Lake County is also needed to assist with these improvements.

## NEED

The need for this redevelopment project was characterized by an area with substantial vacancies being anchored by two underperforming stores of two underperforming national chains, Kmart and Albertsons. Looking at local sales figures for Taylorsville locations and national averages, Kmart is under national averages by about 30%. Albertsons was underperforming other grocery stores by about 55%.

In general, the performance metrics for the Redevelopment area can be summed up in the following points:

1. If retail sales productivity for retailers in the 5400 South area reach regional averages, then the City of Taylorsville could potentially see a doubling of retail sales and therefore point of sale sales tax receipts for the area. – From \$43.8 million to possibly \$87 million.
2. Because of the demographics of the area these retailers serve and the fact that the fast food and automotive service retailers are already performing at or above regional averages, a more realistic estimate of retail potential should be 60 – 70%.
3. A 55% increase can be achieved just by bringing two large anchor retailers – Kmart and Albertsons – up to regional retail performance standards.
4. It is reasonable to assume that if those two anchor tenants are upgraded and reach regional standards that the “in-line” restaurants and other space will experience similar increases.

During recent years, Kmart had merged with Sears. Sears had established a new and larger “Sears Grand” facility at Jordan Landing Plaza, 7453 S. Plaza Center Drive in West Jordan, leaving the fate of the Kmart at 3835 West 5400 South in question. The Albertsons chain of grocery stores had fallen under new ownership, and by 2010 all but three of the Albertsons had been resold to Associated Foods. These three remaining Albertsons stores—one in Taylorsville (subject area) at 3871 West 5400 South and the two others in West Jordan at 7000 South Redwood Road and 9000 South Redwood Road—had been closed for business.

In 2007, Fowler Property Acquisitions purchased several Utah shopping centers from a local development group, Collier-Heinz Development. Fowler Property Acquisitions has explained that their investment strategy typically is to buy and hold properties for the “long term” (five or more years) and then reposition them in the market place. The 2009 closure of the Albertsons store has caused severe decline to this once vibrant retail shopping center.

### *a. Vacancies and Deterioration*

This loss of the Albertsons store has led to further deterioration and loss of business revenues in this already downtrodden area. The existence of blight in this area has already been proven as evidenced by the establishment of the 5400 South and Bangerter Highway Urban Renewal Project Area. Most of the adjoining retail strip shopping center

space is now vacant and additional vacancies are now widespread throughout the entire project area and beyond. To make economic matters even worse (and further complicated), the Utah Department of Transportation (UDOT) has begun construction on the 5400 South and Bangerter Highway Continuous Flow Intersection (CFI) project. Intended to facilitate better traffic flow and to reduce congestion, the design of the 5400 South CFI project necessitated removal of the south bound “slip ramp” access to and from the Bangerter Highway into and exiting the West Point Shopping Center. The removal of this ingress and egress access connection to and from the West Point Shopping Center was acquired by UDOT through eminent domain.

*b. Loss of Business Revenues*

The effects of the closure of Albertsons, the closure of the direct access connection to and from Bangerter Highway, and the current depressed national economic conditions have made it extremely difficult to profitably continue any business at this location. The City’s fears that this area will continue to decline have been more than realized. Additional stores in the West Point Shopping Center have been closed and other nearby project area businesses are vacant. Kmart is now pondering their future at this location as they face an upcoming lease renewal notification date in February 2011. These store closures have resulted in a significant loss of business revenues for the City of Taylorsville.

Major retail tenants have severely retrenched during today’s national economic conditions. Most are not considering any plans for expansion. If Kmart were to close and the former Albertsons store remains vacant, this would cause a substantial economic hardship to the City of Taylorsville. Furthermore, with UDOT’s new access restrictions to both Bangerter Highway and 5400 South, it is all but impossible to attract any quality new tenants to this location.

In addition to the decline and deterioration of the West Point Shopping Center, other nearby properties in this Urban Renewal Project Area have not fared any better. Urban blight is still very evident and growing. Incompatible land uses remain. Long standing retail vacancies continue, some having been vacant for many years. The area as a whole has lost its retail attractiveness, which needs to be restored. This can only be done by taking very noticeable redevelopment action such as building façade upgrades, site modifications (both functional and aesthetic) and urban streetscape improvements.

*c. Reversing the Trend*

The City of Taylorsville is taking strong affirmative action to reverse this trend. Recognizing a substantial increase in Hispanic demographics in this market area during recent years, the City is working to attract a proposed Hispanic Market to lease the former Albertsons grocery store. The proposed Hispanic Market (represented by their distributor, Associated Foods) has indicated interest, but needs to have new and improved signalized access to the West Point Shopping Center from 5400 South Street in order to be successful.

d. Salt Lake County Participation on CDA Sales Tax

As shown in Figure 3, the cost of these proposed traffic signalization improvements is quite substantial--more so than can be financed by any property tax increment to be realized from the Urban Renewal Project Area. As a result, the Redevelopment Agency of Taylorsville City and the City of Taylorsville are willing to use future sales tax increment proceeds from a new Community Development Project Area to be created to fund these improvements. The boundaries of this proposed Community Development Project Area will overlay the existing 5400 South and Bangerter Highway Urban Renewal Project Area. Opt-in participation for CDA sales tax increment sharing by Salt Lake County is also needed to assist with these improvements. If this downward economic degradation were to continue, it will adversely affect other Salt Lake County shopping districts located west of this project area in the community of Kearns.

**PROPOSED PROJECTS**

a. Traffic Signal at West Point (3900 West 5400 South)

Proposed intersection improvements at 3900 West 5400 South are shown in Figures 1 and 2. The City of Taylorsville has completed traffic studies and has prepared design concepts for a new three-way traffic signal from 5400 South to allow traffic access to the West Point Shopping Center and other businesses located on the south side of this arterial. This traffic signal would be situated at 3900 West 5400 South Street and would allow shared access to the West Point Shopping Center, and to those businesses located to the west of the shopping center, including the State of Utah Liquor Store, Q4U Barbeque Restaurant, and Valley Bowling Lanes.

b. Property Acquisition

The location and design of the proposed traffic signalization improvements are very restricted, due to the design of the 5400 South Bangerter Highway Continuous Flow Intersection and planned improvements to the intersection of 4015 West and 5400 South, any signalized access must be located mid-block, between these two major intersections and contain a minimum spacing of at least 600 feet.. The only acceptable location for these improvements lies just west of the West Point Shopping Center and would require acquisition of property from two existing businesses: Innovative Audio and Mr. Ortega's hair salon. The City of Taylorsville has met with each of these businesses to alert them to this forthcoming possibility.

c. Design of Signal

The signal design would provide a left turn from westbound 5400 South Street to allow traffic to proceed south into the West Point Shopping Center and other retail businesses. This left turn traffic semaphore can be mounted on a directional traffic island in the center of 5400 South. Northward (and westward) left turn outbound traffic from the

West Point Shopping Center will be controlled by this traffic signal. Eastbound traffic must stop as indicated by the traffic signal to allow these left turn movements. The westbound traffic on 5400 South will be unimpaired.

*d. Shared Access to Other Businesses West of West Point Shopping Center.*

Businesses west of the West Point Shopping Center include the Utah State Liquor Store, Q4U Barbeque Restaurant and Valley Bowling Lanes. These businesses currently have shared parking and access. However, shared access and parking agreements will need to be reviewed to assure continuity of access to and from this new signalized shopping access intersection.

**WEST POINT SHOPPING CENTER IMPROVEMENTS**

*a. Facades and Building Improvements*

The West Point Shopping Center is now old and run down. The retail strip buildings are basically rectangular in design and built with atlas brick. By doing façade improvements, these buildings can receive an important facelift to make them appear new and vibrant. This may include using updated façade materials such as stone and stucco and providing a more interesting façade design. Deferred maintenance, such as major roof repairs or replacement needs to be done to keep buildings operational and functional.

Like many centers in decline, the anticipated return on investment for major repairs and updated building façades is not always sufficient for the owners/investors to proceed to do these improvements on their own. The risk of extending capital vs. the return on investment, combined with the current lending market compels most owner and investors for create Joint Venture partnerships with local communities. Therefore, a joint venture (public-private partnership) is needed with the Redevelopment Agency of Taylorsville City to keep this shopping center in operation. The joint venture provides adequate security and return on investment to property owners and businesses to encourage them to invest in the physical upgrades, renewed appearance and improved functionality of their buildings and site. In addition to façade improvements, a new roof is needed on the former Albertsons building. Figure 3 depicts the investments needed by both parties.

*b. Re-tenant/Pad Development*

With a new anchor tenant in place (the proposed Hispanic Market) it will be viable to regain tenants for the now vacant retail space. This may include Hispanic-oriented businesses who may find synergy by being co-located near the Hispanic market. In addition, this shopping center appears to have a surplus of available parking. The City of Taylorsville will work with the property owners and tenants to determine if (and where) additional pad development may occur. This new pad development could be within the existing field of parking, or on the landscaped drainage detention basin located at the northern shopping center entrance to 5400 South. New shopping center vibrancy may be

achieved by adding new tenants in the retail buildings, and by adding new retail pads for development.

*c. Signal / Entrance Design /Landscape*

Budget must be provided not only for the traffic signal improvements, but also to make dramatic improvements to the shopping center entrance, for both functional and aesthetic reasons. This should include enhanced landscaping, new project signage and very noticeable landmark and place-making design of the entrance way features. Revising the entranceway and including enhanced features with landscaping, vertical design motifs and /or water features can help reposition West Point Shopping Center as a welcoming retail shopping destination.

**5400 SOUTH ROADWAY IMPROVEMENTS AND COORDINATION WITH UDOT**

Funded by 2009 Federal Economic Stimulus dollars, Utah Department of Transportation (UDOT) began construction on several highway improvement projects in Taylorsville during 2009-2010. These projects include Utah's first reversible flex traffic lanes on 5400 South between Bangerter Highway and Redwood Road, accelerated construction of the Mountain View Corridor, with a planned northern terminus at 5400 South, and several CFIs (Continuous Flow Intersections) at several locations in Taylorsville to maximize traffic flow and to ease traffic congestion.

Future UDOT projects in this vicinity include improvements between Bangerter Highway and 4015 West, significant intersection improvements at 4015 West and 5400 South, and widening of 5400 South by an additional traffic lane in each direction between 4015 West and the Mountain View Corridor (5800 West). These new projects have now been funded for construction and are expected to be built during 2011-2012. The expected result will be additional traffic flow to 5400 South as these projects are completed.

The traffic signal at 3900 West 5400 South is not a part of any UDOT project. The City of Taylorsville recognizes this as an important need and will have to pay for this improvement. The improvements are anticipated to occur in the existing right of way. As such, the UDOT projects will not contribute to streetscape improvements or utility undergrounding measures as identified in Figure 3. This can be done (and should be done) as local "betterments" to the UDOT project, concurrent with planned construction. These local improvements include the 5400 South and 4015 West streetscape side and median treatments, access management and placing utilities (power lines, telephone lines and cable service) underground.

Improvements to the intersection of 4015 West and 5400 South are slated for construction in 2011-2012. This project will widen this intersection and provide new signalization. It is possible that the reversible flex lanes could eventually extend westward from the Bangerter Highway to Mountain View Corridor based upon success with this type of improvement between the Bangerter Highway and Redwood Road.

UDOT will be required to acquire additional right of way for this intersection improvement.

Coordination of Redevelopment Agency land acquisition concurrently with the timing of UDOT acquisition of this improvement is critical. Planned future land assemblage in the 5400 South & Bangerter Highway Urban Renewal Project area is shown in Figure 4. It is imperative that the Redevelopment Agency and City of Taylorsville be prepared to accomplish land assemblage concurrently with this transportation project. This is the optimal time to invest in assemblage of this property and the best time (and only time) to attract reinvestment to this location. Timing is everything. If this opportunity is missed, redevelopment of this location will likely never happen.

### **GENERAL SITE AND FACADE IMPROVEMENTS**

The question may be asked “Why improve the visual appearance and functionality?” In today’s marketplace, tenants and shoppers are drawn to the “latest and greatest” shopping destinations. With keen competition among shopping centers and their tenants, those who are out of date or out of touch with the market will readily be passed over in favor of their competition. The 5400 South and Bangerter area is now an older shopping center in need of updating and rejuvenation. This was the intent in establishing the 5400 South and Bangerter Highway Urban Renewal Project Area – to correct and eliminate blight from this area and to establish a sustainable urban retail shopping location. Again, joint venture partnerships are the preferred method of completing these improvements as risk and reward are shared by developer, tenant, and municipality. Many lending institutions are mandating this type of joint venture before lending to developer, owner, or tenant.

Improving the appeal and attractiveness of this shopping area can help attract customers and tenants. Tenant mixture is a vital component, as the businesses must match local socio-economics. The proposed actions and tenants meet the needs and intent of today’s retail market in the RDA project area. The 5400 South Bangerter Highway area remains an excellent location. However, the marketing appeal needs to be greatly enhanced. Updating the visual appearance by providing general site and façade improvements will say to the customer “Something is happening here! I need to see what is going on and become a part of it.”

Improving site functionality can help make the shopping center more attractive and productive. The retail establishments must be easy and convenient to access. Time and convenience, combined with the overall satisfaction of the shopping experience to the consumer are of paramount concern in today’s (and the future’s) market. As an example, if the shopping center is over parked (more parking spaces provided than are necessary), then parking should be reconfigured. Perhaps additional shopping pads or retail spaces can be provided. This in turn may lead to greater cross shopping between the tenants and overall sales will be increased.

Shopping center owners and cities have a vested interest in keeping their shopping center properties attractive, updated, and well-maintained. Simply put, it is good for business.

Owners, developers, tenants, and cities have a vested interest and are (or should be) willing to invest in protecting their investment by renovating and rejuvenating their properties. Owner participation will be required to accomplish the proposed project. Details of the specifics of owner participation for the West Point Shopping Center must yet be negotiated. It is expected that the property owners will undertake the larger portion of building and façade improvements, while the Redevelopment Agency and City focus on public infrastructure upgrades as well as a reasonable contribution to façade and site upgrades. However, the public-private partnership should be flexible to achieve the best overall results in redeveloping this site and making it attractive for new tenants. Details of project financing and public-private partnership participation must be mutually agreed upon by participating parties in a specific development agreement.

### **REDEVELOPMENT AGENCY FUNDING**

The City of Taylorsville established an Urban Renewal Project Area for the 5400 South and Bangerter Highway Project area in January 2008. The time for receipt of property tax increment is 15 years. Thus far, no development has occurred; therefore, no property tax increment has been requested. Until significant development happens, receipt of any funding from this source is very limited.

On September 15, 2010, the Redevelopment Agency and City of Taylorsville considered establishing a Community Development Agency (CDA) Project Area as an overlay to the previously established Urban Renewal Project Area. Boundaries of this CDA Project Area follow the boundaries of the 5400 South and Bangerter Highway Urban Renewal Project Area. The CDA is an opt-in program which allows use of sales tax proceeds and sales tax increment proceeds as a development incentive. In this case, the prior sales tax proceeds from Albertsons have been lost with the closure of this store. Sales tax proceeds from a new replacement tenant, plus sales tax from other new stores, can provide revenue that may be used for economic development incentives, both public and private.

In the 5400 South and Bangerter Highway Urban Renewal Project, the property tax increment incentive falls short of being able to pay for needed access and traffic signal improvements. Therefore, the CDA sales tax increment incentive is needed to build the proposed traffic and site improvements. It is proposed that the City of Taylorsville agree to relinquish their portion of forthcoming sales tax revenues to assist with infrastructure development to enable redevelopment to occur.

CDA sales tax increment participation is likewise sought from Sale Lake County through an Interlocal Agreement. Deterioration of the 5400 South and Bangerter Highway Project Area will definitely have a detrimental effect on nearby shopping areas located in the Kearns area of Salt Lake County. As the 5400 South and Bangerter Area is a gateway location for the City of Taylorsville, so it is also Salt Lake County's gateway to Kearns. Therefore, it is in the best interest of both Salt Lake County and the City of Taylorsville to jointly participate in this CDA by providing sales tax increment as an economic development incentive.

Other forms of financial participation may be forthcoming. These may include direct payments by owners or tenants. Grants or revolving loan programs may be possible for specific portions of this project. Joint participation with UDOT on highway improvements can help stretch local dollars. Salt Lake County may be able to provide open access to their existing revolving loan fund through an Interlocal Agreement. In addition, work in lieu or payments or cross access agreements can help accomplish the needed improvements.

### **PROPERTY ASSEMBLAGE**

The attached map, Figure 5, shows a strategy for property assemblage and acquisition. UDOT will be acquiring additional property to build improvements to the 4015 West 5400 South intersection improvements. Planned improvements will widen 5400 South Street west of 4015 West by 15 feet of additional right of way on each side of the roadway.

From the location of existing structures, it appears most feasible to take the necessary 30 feet from the southeast corner of the 4015 West 5400 South Intersection. This needed property acquisition will disrupt existing businesses on 5400 South near this intersection. Acquisition of contiguous property will make possible the relocation of the existing businesses, or new development of other viable businesses, using underutilized blighted properties at this location. Parcelized properties are a substantial impediment to new development. Parcel assembly can encourage new growth.

The time to acquire these properties for a redevelopment project to enhance this gateway area is concurrently with the planned UDOT property acquisition for intersection improvements. Estimates for this property acquisition for assemblage are \$1,698,300, as listed in Figure 3. It is estimated that this property can be resold for \$1,000,000, thus requiring an estimated discounted land write-down of approximately \$700,000 using Redevelopment Agency tax increment financing.

### **SUMMARY**

Immediate action is needed to establish a Community Development Project area for the 5400 South and Bangerter Highway Project Area. This will enable use of sales tax increment to help pay for new traffic signalization and access improvements to the West Point Shopping Center. Property and business owners need to participate in upgrading of the West Point Shopping Center through public-private partnership. These improvements will include new building facades and other functional building and site improvements. The revitalized center must become the “anchor development” for the project area. The planned traffic access improvements need to be extended westward to allow cross access for traffic going to other businesses located throughout the project area.

Additional redevelopment improvements should be accomplished concurrently with pending UDOT improvements to 5400 South and 4015 West. These improvements

include underground installation of utilities, traffic access management, streetscape improvements, and landscaping and beautification. Property assemblage of parcels located at the southeast corner of the 4015 West 5400 South intersection should be accomplished concurrently with UDOT transportation improvements. Bonding for these improvements is necessary to accomplish these projects in a timely manner.

## Appendix A

## **Appendix B**

## **Appendix C**

1. If retail sales productivity for retailers in the 5400 South area reaches regional averages then the City of Taylorsville could potentially see a doubling of retail sales and therefore point of sale sales tax receipts for the area. – From \$43.8 million to possibly \$87 million.
2. Because of the demographics of the area these retailers serve and the fact that the fast food and automotive service retailers are already performing at or above regional averages, a more realistic estimate of retail potential should be 60 – 70%.
3. A 55% increase can be achieved just by bringing two large anchor retailers – KMART and Albertson's (vacant) up to regional retail performance standards.
4. It is reasonable to assume that if those two anchor tenants are upgraded and reach regional standards that the "in-line" restaurants and other space will experience similar increases.

