

Gauging the Success of the Sugar House Neighborhood Development Plan



I. Background

The first efforts at economic development of the Sugar House neighborhood took place soon after the Mormon pioneers entered the Salt Lake Valley. In an effort to make the Deseret territory economically self-sufficient, Brigham Young sited a Sugar House--a moniker which has stuck with the neighborhood--to refine beet sugar. With sugar nearly as valuable as gold, producing sugar had potential to be an economic boon for the region. However, the Sugar House, located at the intersection of what is now 2100 south and 1100 east, failed to produce any sugar during its first attempts in 1855, and was subsequently shut down.

As the Sugar House was failing, a new development was occurring. In October 1853, Brigham Young deemed the area now occupied by Sugar House Park a prime location for the first prison in the territory. Around 15 months and \$32,000 later, the first inmates occupied the newly constructed prison in January of 1855. The prison received improvements over the next eight decades, but as Salt Lake City grew in size, new residential developments encroached upon the prison's boundaries, prompting a relocation. Authorization to relocate the prison in Draper was granted in 1937, but funding was in short supply and construction was slow. Phase 1 of the Draper prison was completed in 1941 after a \$292,000 investment, but it took ten more years to complete. Finally, on March 12, 1951, inmates were transferred from the Sugar House prison, essentially ending its 96-year tenure as Utah's state prison. In the aftermath of the prison, Salt Lake City allocated the land for a park and a high school, both of which still function.

It was more than three decades later before the Redevelopment Agency (RDA) of Salt Lake City first proposed the Sugar House Neighborhood Development Plan in 1986. Based on a mix of commercial, retail, office, entertainment, and residential facilities, the Sugar House Neighborhood Development Plan marks the third major transformation of the region. The area's history as a failed sugar refinery and a prison, in connection with current redevelopment efforts, suggest that this site is a valuable case study in assessing the viability of redeveloping the Northwest Quadrant (NWQ). Relocating the prison to the NWQ will pose both challenges and opportunities, and it is essential that the past be consulted in order to make well-informed decisions on future development.



II. Sugar House Neighborhood Development Plan

The Sugar House redevelopment project area, located directly west of the former prison site, includes commercial, retail, office, entertainment, and residential facilities. Since the original Sugar House Neighborhood Development Plan in 1986, two additional community planning efforts have been published--in 1995 and 2005--that reexamined and build upon the vision established for the area.

Strategies to integrate public financing, aesthetics, historical preservation, and community into development efforts have been of primary importance. The 1986 Sugar House Neighborhood Development Plan provided for the collection of tax increment for a total of 30 years from Salt Lake County, the Salt Lake City School District, and several other taxing entities. The RDA has collected approximately \$30M of tax increment funds generated within the project area and has subsequently invested those dollars back into the project area (e.g., The Commons at Sugar House, the revitalization of the Sugar House Monument, and the Irving Schoolhouse apartments). The assessed taxable value of the properties included in the project area have increased 357 percent, from \$54.5M to \$248.8M, over the project period.

One component of the development project was the incorporation of a streetcar along an old railway corridor. Based on economic development impacts along other light rail lines, the Sugar House S Line became a high priority. Initial planning for the project began in 2006, followed by a financial feasibility study in 2009, and an environmental assessment one year later. Because of the anticipated impact that the streetcar would have on economic development, the City of South Salt Lake (South Salt Lake), Salt Lake City, and the Utah Transit Authority (UTA) collaborated on an application for funding from the U.S. Department of Transportation TIGER II grant program. The Department of Transportation awarded the project \$26M in 2010, and construction began in April of 2012. An additional \$11.18M in local investment was required to complete the streetcar project, which opened to riders in 2013.

Despite ridership levels only 36% of the 3,000 expected daily riders, UTA, Salt Lake City, and South Salt Lake insist that the streetcar was a good investment. Salt Lake City suggests that the S Line has facilitated the development of 1.8 million square feet of new residential, retail, and office space, accounting for over \$400 million in investments. These economic impacts prompted a former CEO of UTA, Michael Allegra, to remark that the streetcar investment has provided a ten-to-one return. While ridership is still lower than anticipated, the S Line has become a central piece to the Sugar House Neighborhood Development Plan.



III. Analysis

The positive impacts of the Sugar House investment cannot be denied. The neighborhood has become a vibrant destination for shoppers and diners, property values have increased in the area, and, even if underutilized as a mode of transit, the S Line has increased the potential for connectivity to the area.

Despite these benefits, however, the Sugar House Neighborhood Development Plan has created internal competition within Salt Lake City, diluting the value of other economic development efforts, including the Central Business District. Because Sugar House lacks an efficient, direct connection to the Central Business District, residents are faced with either-or, rather than both-and, scenarios. This competition pits neighborhoods and development strategies against one another rather than allowing them to work together toward a unified vision.

This competition extends across city borders as well, with neighboring South Salt Lake failing to realize the same benefits from the investment as Salt Lake City. This is due, in part, to prioritizing retail and food service jobs above high-wage jobs in the Sugar House neighborhood. Because Sugar House is located on the southern edge of Salt Lake City, economic development efforts must incorporate residents in neighboring municipalities as well, especially since the Sugar House neighborhood has potential to be a large jobs center.

The current Sugar House development strategy allows Salt Lake City to capture sales tax revenue from non-city, local residents while failing to offer those same residents high-wage job opportunities. The flow of capital creates winners and losers in the local area rather than strengthening the regional economy as a whole. The investment in retail and food service jobs, rather than high-wage jobs, does not create viable long-term employment opportunities for residents. Furthermore, the Sugar House development does little to retain the talent of high-skilled graduates from nearby Westminster College and the University of Utah. While retail serves a purpose in the economy, economic development should focus on creating high-wage jobs that attract and retain high-skilled workers and complement other efforts occurring at both the municipal, county, and state levels.



IV. Conclusions

Candid analysis of the Sugar House Neighborhood Development Plan's successes and failures offers invaluable guidance for the NWQ prison relocation and development strategies currently unfolding. The neighborhood has repeatedly reinvented itself, highlighting the strengths and weaknesses of several different development models.

Brigham Young's efforts at economic development in the Sugar House neighborhood combined both innovation and public services. Although the original Sugar House failed as a business, the highly innovative experiment attempted to create a regional economic anchor; and while the prison relocated, the development met public needs. From the fallow valley to Brigham Young's vision of a center for sugar beet cultivation and processing to the operation of a prison, the history of economic development in Sugar House is based on a vision of meeting public needs.

While on the surface the current redevelopment efforts meet similar objectives, the failure to create true economic development and seriously meet public needs prove to be the plan's largest shortcomings. The NWQ efforts would be most impactful if guided by innovation and public service. The NWQ efforts should focus on creating high-wage jobs that are accessible through efficient public and personal transit options.

Furthermore, NWQ efforts should not act in competition with other development efforts. Rather, the NWQ plan should complement current economic development efforts by establishing a unique district that seeks to foster innovation, provides new opportunities to residents throughout the region, and diversifies the economic landscape.

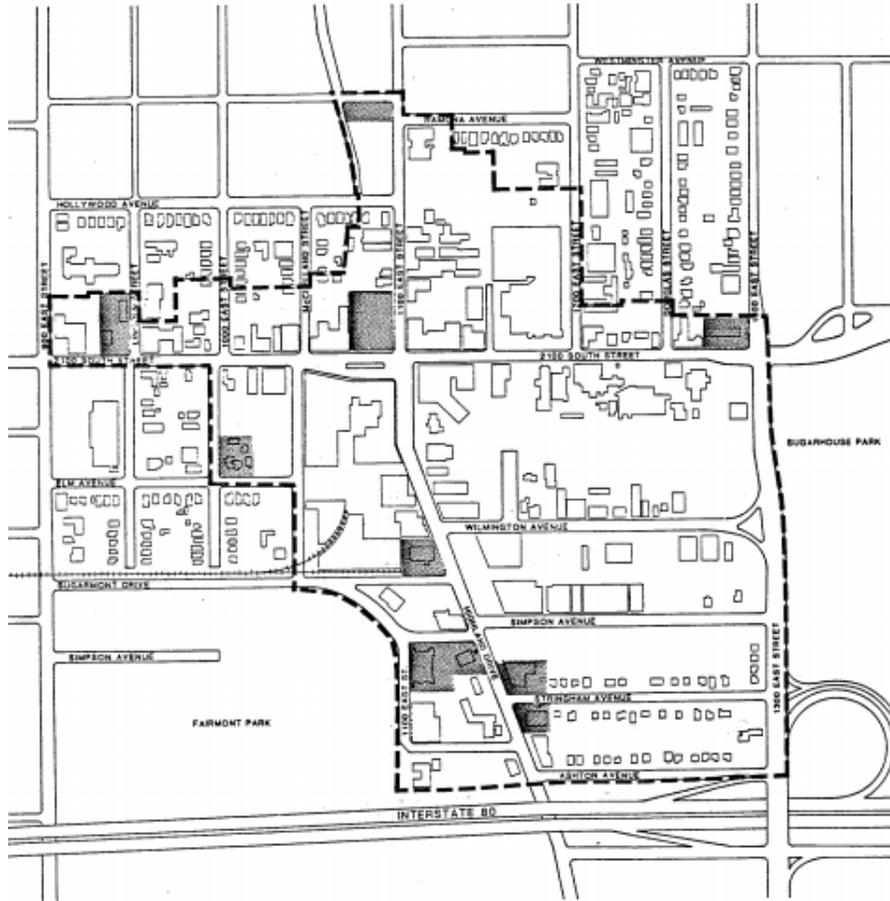
Finally, without proper reporting metrics, the successes of development plans, economic or otherwise, are difficult to measure, anecdotal, and highly subjective. Any NWQ development plans should implement reporting metrics that evaluate the outcomes honestly and transparently.

Key Takeaways

- Ensure new economic development efforts complement, rather than compete with other development efforts already underway
- Focus development on high-wage jobs that can help retain graduates from Utah's colleges and universities
- Develop robust infrastructure that includes efficient transit options and provides for resident needs
- Establish regular reporting metrics that accurately capture economic development indicators within a project area

FIGURE 1
SUGAR HOUSE NEIGHBORHOOD DEVELOPMENT PLAN
"PROJECT AREA"

- Project Boundary Line
- Excluded Properties



[Figure 1. Sugar House Neighborhood Development Plan](#)