



Governor's Office of Economic Opportunity

Housing and Transit Reinvestment Zone Committee

Lehi City Thanksgiving Station Proposal

Thanksgiving Point, Visa Building, 5th Floor Conference Room
2901 Ashton Blvd, Lehi, Utah 84043

November 13, 2023 · 1:00 – 2:15 PM

MINUTES

Committee Members Attending: Representative Mike Schultz, Senator Wayne Harper, Jim Grover, Jim Evans, Mayor Mark Johnson, Kirt Slaugh (remote), Beth Holbrook, Commissioner Amelia Powers Gardner, Jason Sundberg, Shawn Lambert

GOEO Staff Attending: Tanner Anderson, Allison James-Garcia, Hyrum Worth, Ryan Starks

Guests Attending: Susan Becker (ZPFI), Elliott Clark (Attorney General's Office)

Lehi Representatives: Marlin Eldred, Jason Walker

Developer Partner Representatives: Ryan Thomas, David Denison, and other developer partner representatives, including representatives from Thanksgiving Point

MPO representatives: LaNiece Davenport (MAG - remote)

*The first four minutes and 34 seconds of the meeting were muted and, therefore, not included in the audio recording. The missed time consists of the Welcome and Introductions and Approval of Minutes. Jim Grover, chair of the committee, restated Approval of Minutes section at the end of the meeting for the official record. The audio recording begins with the Oath of Office.

1. Welcome and Introductions*

Jim Grover of the Governor's Office of Economic Opportunity welcomed everyone to the HTRZ meeting. This meeting is occurring because Lehi submitted an application for the creation of an HTRZ. Jim had each committee member and presenter introduce themselves. Everyone was in-person except for Kirt Slaugh, who joined remotely.

2. Approval of Minutes*

The minutes from the last HTRZ Committee, which took place on November 8, 2023, were approved. Jim Evans motioned to approve the minutes, and Beth Holbrook seconded the motion. Representative Schultz, Senator Harper, Jim Evans, Beth Holbrook, Kirt Slaugh, and Jim Grover voted to approve the minutes.

New members who were not in the November 8, 2023 meeting abstained from voting. Abstaining votes included Mark Johnson, Amelia Powers Gardner, Jason Sundberg, and Shawn Lambert.

3. Oath of Office

Tanner Anderson, GOEO staff, administered the oath of office to new members, including Mark Johnson, Amelia Powers Gardner, and Jason Sundberg. All three were present in person to receive the oath of office.

Representative Mike Schultz, Jim Grover, Senator Wayne Harper, Jim Evans, Beth Holbrook, Shawn Lambert, and Kirt Slaugh all took oaths of office earlier and did not need to be sworn in again.

4. Overview of Proposal

Mayor Mark Johnson provided an overview of the Lehi HTRZ, including high-level overview of Lehi's growth initiatives and how HTRZ /TOD fits into these initiatives. He emphasized Lehi City being conscious of the current and future housing needs and the need for higher density in some areas to help mitigate housing issues.

Marlin Eldred, Economic Development Director for the City of Lehi, presented the HTRZ proposal in-depth. Marlin discussed how this proposal is a partnership between Lehi City, UTA, Thanksgiving Point, the Gardner Group, and STACK Real Estate.

- Overview
 - 1,800 multifamily units
 - Including 162 units at 80% AMI and 54 units at 60% AMI
 - Affordable units will be interspersed throughout the project and be equivalent quality to the market rate units
 - Average of 76 units per acre
 - 770,000 square feet of Class A Office Space
 - 80,000 square feet of retail shops and restaurants
 - 70,000 square foot lifestyle climbing gym
 - The linking and expansion of a regional trail system promoting active transportation, including walking promenade
- Increased development costs
 - Increased costs include residential higher density and structure parking, affordable housing, and office higher density and structure parking.
 - Combined total = \$237M
 - \$122M of tax increment
 - Even with full HTRZ participation, the developers will still need to cover a \$115M investment gap.

Marlin discussed how the Lehi Station HTRZ meets the objectives of the HTRZ statute. It will promote greater utilization of public transit through proximity, connectivity, and Last Mile Solutions (multi-use paths for active transportation options), including how the Lehi Station HTRZ fits within the major transit corridor and other planned TODs (i.e., The Point and Utah City). As highlighted earlier, the proposal provides affordable housing at 12%. The HTRZ also looks to 1) improve water conservation and air quality and 2) increase access to employment and educational opportunities that are already in the area (Silicon

Slopes, Thanksgiving Point, UVU, etc.), as well as what is planned in the proposal, and 3) encourage transformative mixed-use development.

Lastly, Marlin compared the status quo vs. HTRZ – without HTRZ funding, densifying around the Lehi FrontRunner station is not financially feasible. Beth Holbrook commented that she appreciated the attention to the walkability piece, including having the walk be a pleasant experience.

Jim Grover asked about the standard non-HTRZ development (status quo). Marlin described the status quo as traditional garden-style, three stories, no elevators, surface parking with some coverings, 30 units to the acre. With HTRZ, they are looking at 76 units to the acre, five stories with internal structured parking (which also assists with the development's ambiance/ look & feel).

Elliot Clark, AG's office, asked for clarification on the statute that 51% of the developable area be residential. Marlin and David Denison (Gardner Group) confirmed that the residential will be over 51% of the developable area.

5. Review of Zions Public Finance Gap Analysis

Susan Becker of Zions Public Finance, Inc. (ZPFI) provided a review of ZPFI's gap analysis and review. ZPFI found a slightly different number for density – 66 units per acre on 51% of the total 53.4 parcel acres vs. the applicant's 76 – either way, both will comply with the statute. The gap included in this proposal results from affordable housing units, enhanced construction costs, and public infrastructure.

- Affordable housing:
 - \$91,000 per unit (higher in Tech Corridor)
- Enhanced construction costs
 - Office - \$417; multifamily - \$357 per gross sf
 - Comparable application - \$397
- Infrastructure
 - \$17M for power infrastructure

Susan indicated the increment generated outlined in the proposal is similar to the numbers ZPFI found:

80% increment (property tax): Applicant = \$122 million; ZPFI = \$116 million
over 25 consecutive years on each parcel with a 45-year period

Susan reviewed the trigger dates, as this issue was discussed at length at the last HTRZ committee meeting. Susan indicated the assumed absorption to be over nine years, with nine trigger dates. Based on the discussion at the previous meeting, Susan included an additional valuation not included in the gap analysis report, which states \$98.7M with the Year 1 trigger date and 25 years total.

Susan reviewed the projections provided by the applicant for increased costs, and ZFPI found the applicant's projections within a reasonable range. ZFPI's total costs were slightly lower (\$233.5M) vs. applicant (\$237M).

6. Deliberation on a Motion

Jim Grover asked about how they plan to implement the affordable housing standard. Marlin indicated that discussion during the proposal process included that it is important to have the affordable housing units spread throughout the development, and the development agreement will consist of the affordable housing units being deed-restricted at least through the duration of the HTRZ.

The issue of ownership arose and was discussed various times throughout the meeting. One question was who would own the deed-restricted affordable units. Marlin indicated that the deed-restricted units would not be borne by one developer but dispersed to UTA, the Gardner Group, and STACK real estate. Marlin also stated that the project only has rental units but that there are many current and planned for-sale products in the area. Mayor Johnson indicated the City is currently writing code that will ensure a certain percentage (20%) of new builds will be for sale products.

Marlin clarified the trigger date issue that Jim and Susie brought up earlier. He indicated they are looking at possibly three trigger dates spaced about 3-4 years apart.

Senator Harper asked about parking ratios (shared parking with residential and amenities), office space, for-sale products (ownership opportunities), and the UTA project.

Representative Schultz commended Lehi City on completing this process and completing this HTRZ is the right place. He also applauded going above the statute for affordable housing units at 12% and going to 60% AMI for some of the units. Representative Schultz, Commissioner Powers Gardner, and Jim Evans commented on the need for housing options and opportunities for future generations and how current/status quo housing is pricing many people out of the housing market.

Commission Powers Gardner also asked about the nearest grocery store and wants to make sure essential amenities are transit friendly in this area. She also discussed how this development project and other nearby development project, such as The Point and Utah City, are part of an overall strategy and are not competitors.

Shawn Lambert commented on water issues and indicated Lehi City has been a good partner and is understanding of the water issues.

Funding Request: 80% tax increment for personal and real property not to exceed 25 years per phase and not to exceed the state mandate of a total of 45 years for the entire project life. The proposal anticipates a total of 216 units of affordable housing which is a total of (12%). 9% of the units will be reserved for 80% AMI (162) and an additional 3% of the units reserved for 60% AMI (54). The units will be disbursed throughout all the development and all phases and not reserved for one building for the final phase.

Draft Motion: The Housing and Transit Reinvestment Zone Committee approves the project, as presented to the committee, located within 1/3 mile of the Frontrunner Lehi Station for the duration of 25 years per parcel, for a maximum of up to 45 years, for a maximum capture of 80% property tax increment with the requirement of 12% of affordable housing of at least 80% of AMI, estimated at \$237 million.

The motion was made by Senator Harper and seconded by Representative Schultz. The motion passed unanimously.

7. Adjourn