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### Housing and Transit Reinvestment Zone Committee

**Fire Station 64 5443 W Lake Ave., South Jordan, UT 84095**

March 22, 2023 • 2:30 PM – 4:00 PM

#### Minutes

**Committee Members Attending:** Representative Schultz, Senator Harper, Jim Grover, Mayor Dawn Ramsey, Teri Newell, Beth Holbrook, Jason Gardner, Dina Blaes, John Larsen, David Martin

**Members Excused:** Kirt Slaugh

**GOEO Staff Attending:** Ryan Starks, Sarah Nielsen, Kamron Dalton

**Guests Attending:** Susan Becker, Stephen James, Brad Holmes, Eric Carlson, Gary Whatcott, Brian Preece, Gail Miller, Steve Starks, Amanda Covington, other representatives of the Larry H. Miller Company, staff from South Jordan City, representatives from Salt Lake County, and members of the public.

1. **Welcome**

Jim Grover of the Governor’s Office of Economic Opportunity welcomed all to the HTRZ meeting. This meeting is occurring because South Jordan City submitted an application for the creation of an HTRZ.

1. **Oath of Office**

Anna Crookston, the South Jordan City Recorder, administered the oath of office to new members, including: Jim Grover, Dawn Ramsey, Teri Newell, John Larsen, and David Martin. All five were present in-person in order to receive the oath of office.

Representative Mike Schultz, Dina Blaes, Beth Holbrook, Senator Wayne Harper, and Jason Gardner all performed their oath of office at an earlier date. Because of this, they did not need to be sworn in again.

1. **Approval of Minutes**

The minutes from the last HTRZ Committee, which took place on December 12, 2022, were approved.

Representative Mike Schultz made the motion to approve the minutes and Beth Holbrook seconded the motion.

Jason Gardner, Beth Holbrook, Representative Schultz, Senator Harper, and Jim Grover voted to approve the minutes.

New members, who were not in the December 12, 2022 meeting, abstained from voting. Abstaining votes included David Martin, Teri Newell, Dina Blaes, Mayor Dawn Ramsey, and John Larsen.

Kirt Slaugh was not present and did not vote on the minutes.

1. **Overview of Proposal**

Mayor Dawn Ramsey, of South Jordan City, provided an in-depth summary of the mixed-use development project. Some details of the project include:

* Approximately 107 acres of land
* 4,724 residential units
  + Double the number of residential units in the market plan
  + 10.6% will be affordable housing units (500 units); using an integrated approach
  + Segmented housing strategy for demographic spectrum
  + Structured parking
* Up to 40% water consumption reduction
  + Stormwater capture
  + Shared open space between housing
  + Less landscape watering
* Creates 16 acres of open space and connects regional trails
* Invests $70M of committed developer funds for parks and infrastructure
* Anticipates creating 9,000 total direct jobs
* Promote greater utilization of public transit
* A community-wide Daybreak TOD system

Mayor Ramsey also discussed the need for this project with the growing population of Utah, particularly concentrated in South Jordan, one of the 10 fastest growing cities in the U.S. She also discussed Larry H. Miller Company’s plan to build a new ballpark for the Bees in this zone and explained that the private funding committed to this project is separate from that which is listed in South Jordan’s HTRZ application.

1. **Review of Zions Public Finance Gap Analysis**

Susan Becker of Zions Public Finance (ZPF) provided a review of ZPF’s gap analysis. She provided the methodology of their review and explained that the first factor they look at is the increment that will be generated and then look at how much will be needed. Using the numbers provided in the application, they came up with the same figure, that $160 million in property tax increment would be generated during the allowable time frame.

Regarding the amount that would be needed, Susan described financing gaps that exist in two areas. First, there is a gap related to increased construction costs. Second, there is a gap with inputting affordable housing because property owners receive reduced rents. ZPF completed the analysis on a per-unit basis.

For the first gap, ZPF calculated the cost of regular Type III Construction as their base and compared it to the costs of Type IIIA, Type V Wrap, and Class A office construction, proposed in this application. Taking net operating income, CAP rates, and construction costs into consideration, ZPF found what the gap in costs would be. First, they found that the cost estimates in the application for the residential units were within the range ZPF received from construction companies.

For office spaces, ZPF found that the rent amounts listed in the application were higher than the current market rate, but that this would help reduce the gap between office construction costs and the base construction costs used in this analysis. Susan also noted that the office market is very uncertain currently.

Given the number of units that are expected to be built, Susan stated that the maximum 80% of increment for 15 consecutive years on each parcel within a 30-year period would only fill a portion of the gap and that there is a significant need for tax increment financing based on the total projected gap of $485 million.

1. **Deliberation on a Motion**

The committee members discussed a variety of issues, including:

* What’s being done in South Jordan and the surrounding area to create new opportunities for jobs
* Reasoning and purpose behind collecting and storing stormwater run-off
* Maintaining lifestyle and connectivity to adjacent areas
* Incentivizing people to bring their businesses to this area
* Phasing plan and schedule
* How they plan on mitigating volatility in the office market
* Proposed parking ratio per unit
* Compliance with the affordable housing component
* Sales tax and property tax collection for parcels/buildings that appear to be split by the border of the HTRZ

**Funding Request: 80% of TIF over 15 consecutive years on each parcel within a 30-year period.**

**Motion: Approve the HTRZ as presented in the proposal with the exception of, if the opportunity comes, to increase the number of affordable housing units.**

**This approval would be for 80% over 25 years of the available Tax Increment Financing that is not already being used by the RDA.**

The motion was made by Representative Mike Schultz and seconded by Beth Holbrook. The motion passed unanimously.

1. **Adjourn**