

Housing and Transit Reinvestment Zone Committee
City of Farmington - North Station
GOEO Offices, 60 East South Temple, Suite 300, Salt Lake City, Utah 84111
Canyonlands Conference Room 341

June 10, 2023 • 1:30 PM – 2:45 PM

Minutes

Committee Members Attending: Senator Wayne Harper, Senator Kirk Cullimore, Representative Stephen Whyte, Representative Jim Dunnigan, Chairman Jim Grover, Brigham Mellor, Jim Evans, Beth Holbrook, Kirt Slaugh, Bob Stevenson, Craig Carter, Liz Mumford,

Members Excused: Scott Parsell

GOEO Staff Attending: Tanner Anderson, Allison James-Garcia

Guests Attending: Susan Becker (remote), Todd Jenson
Farmington presenters and guests: Mayor Brett Anderson, Lyle Gibson, Trevor Evans, Andrew Bybee
MPO representatives: Miranda Jones Cox (remote), Andrew Gruber

1. Welcome

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

2. Oath of Office

Tanner Anderson, GOEO staff, administered the oath of office to new members, including: Senator Kirk Cullimore, Representative Jim Dunnigan, Brigham Mellor, Commissioner Bob Stevenson, Craig Carter, and Liz Mumford. All six were present in-person in order to receive the oath of office. Scott Parsell from Benchland Water did not attend the meeting and was therefore unable to be sworn into office.

Jim Grover, Jim Evans, Kirt Slaugh, Senator Wayne Harper, Representative Whyte, and Beth Holbrook all performed their oath of office at an earlier date. Because of this, they did not need to be sworn in again.

3. Approval of Minutes

The minutes from the last HTRZ Committee (South Salt Lake), which took place on December 20, 2023, were approved.

New members, who were not in the South Salt Lake HTRZ meeting, abstained from voting. Abstaining votes included Senator Cullimore, Representative Jim Dunnigan, Commissioner Bob Stevenson, Craig Carter, Liz Mumford, and Brigham Mellor.

4. Overview of Proposal

Lyle Gibson presented an overview of the HTRZ proposal submitted by Farmington City. He described the HTRZ area as undeveloped land north of Station Park and the Farmington FrontRunner station and northwest of Lagoon. Mr. Gibson highlighted that this HTRZ application is unique in that it utilizes a fixed guideway extension from the Farmington FrontRunner station to the HTRZ mixed-use development, known as North Station.

The following items were highlighted throughout the presentation:

- Farmington is in progress to provide necessary infrastructure to accommodate a mixed-use development.
- The area in question is currently earmarked for two CRAs and Farmington plans to shrink these two areas to accommodate the HTRZ, as they believe HTRZ will better assist Farmington with their vision for this area.
- The HTRZ is projected to accommodate approximately 2631 residential units (including 2337 units at 80% AMI and 78 units at 60% AMI), 832,000 square feet of Class A office space, 162,500 square feet of commercial space, 120 key hotel, and expansion of trail system. The HTRZ delivers 52 units per acre.
- The transportation from the Farmington Station to North Station will be vanpools or shuttle service with the end goal being an AV shuttle as technology and financing reach that level.
- Only looking for property tax increment at 80%, no sales tax. This is to cover a portion of the financing gap. Developers are willing to take the risk for the remaining gap not covered by HTRZ tax increment.
- Ownership issue was discussed - Farmington City encourages ownership through deed restrictions through sales as well as for rentals at 30 years.
- Mayor Anderson highlighted that multi-family housing is not popular in Farmington but the city believes this is the right thing to do for the community and for the state.
- Estimated that the North Station will bring into Farmington around 10,000 jobs - people will be commuting to Farmington not just SLC.
- Discussion included the timeframe of the 45-year period and how Davis County and Farmington have come together to find a solution for capping at each trigger date (max of three). The county will be consulted prior to any development agreement at each of the trigger dates.

5. Review of Zions Public Finance Gap Analysis

Ms. Susan Becker with ZPFI reviewed the independent gap analysis. Ms. Becker highlighted that this application was submitted before the new law was effective (May 30, 2024). She reviewed some of the new requirements that were included in the application as well as some that were missing.

The gap includes residential Type V wrap construction, office construction with structured parking, and affordable housing.

Ms. Becker reviewed the numbers of increment generated which includes a fairly large discrepancy between the applicant and the gap analysis report. The applicant shows \$167 million of increment while the gap analysis shows \$136 million. Ms. Becker explained that this discrepancy is due to the amount of trigger dates (3 in the gap analysis and 7 in the proposal - in the new law, max is 3) and she didn't grow the appreciation in value every year due to the truth in taxation.

Ms. Becker indicated that the proposal and the gap analysis were similar when analyzing residential enhanced construction cost differential, similar cap rate for residential valuation analysis, and affordable housing loss. The office enhanced construction costs were difficult to calculate due to difficulty to find comps in the local area, office market is still in recovery mode, and used construction cost differences.

In summary, the costs for residential, office, and affordable housing is similar between gap analysis and proposal. The main discrepancy is the HTRZ proceeds as discussed earlier. Ultimately, there is a large unfunded gap for the Farmington North Station HTRZ, estimated to be around \$122 million.

6. Deliberation

Chair Jim Grover started the deliberation and wanted to begin by putting in the notes that this is the first HTRZ proposal for a future transit station, referring to the UTA Moves 2050 transportation plan's Farmington Innovative Mobility Zone (page 39).

The chair then went on to open discussion on whether this proposal qualifies before moving forward with how to proceed to implement the proposal. Owner occupancy was the first item discussed. Trevor Evans from Stack discussed how townhomes are a good opportunity for a for-sale product as multi-family is more difficult to do for-sale. They are looking to build the first phase to condo-specs vs. rental and hoping a lender will take this risk with them. This will allow the condos to be for-sale in the future.

Rep. Whyte asked for clarification on the housing units being all rental initially. Mr. Evans indicated that phase one is currently slated to have 167 units, with 33 of those being townhomes and would like these to be for-sale products. Mr. Evans explained their effort to make sure the for-sale products were not just bought by investors instead of the everyday homebuyer.

Mr. Craig Carter (Davis School District) voiced concern for the change from the CRA to HTRZ and the increment responsibility for the taxing entities at 80% for a 45-year period which is much longer than the CRA. He also indicated support for the work Farmington has done in the past and also indicated a need for 10-acres for a school. Mr. Brigham Mellor from Farmington said there could be discussions for a school in a different, but nearby area would be plausible.

Ms. Beth Holbrook (UTA) asked about the class A office and how the buildings would be more than would be there at the current market rates.

Senator Harper asked for clarification on the distance from current FrontRunner station vs. future station. The city confirms the distance from current station is about a mile and all parcels fall into about $\frac{1}{3}$ mile from where the future station will be. Discussion continued to include when the trigger point will be for the dedicated extension guideway and who will be paying for operating the transport between the two stations. Ms. Holbrook indicated that as this area is included in the UTA's Farmington Innovative Mobility Zone, UTA will be included in the discussion on how this is implemented.

Ms. Liz Mumford isn't concerned about the projected amount of added students during this timeframe but did indicate that from the school districts perspective, they are more concerned with having a cap.

Rep. Dunnigan brought up the issue of the HTRZ being 1 mile away from the current FrontRunner Station and how that doesn't work for HTRZ.

Commissioner Bob Stevenson reiterated his support of Farmington and their projects in the past, indicating that the city is working with the partners to make this project work. He brought up the 45-year period that is a concern as well as some of the other question marks including how the transportation will be implemented and when, adjusting numbers to show only 3 trigger dates, seeing required maps, affordable housing plan, the process for shrinking the CRAs, a written strategy for home ownership, and exploring other funding avenues. Rep. Dunnigan indicated that if the project isn't anticipated to be a 45-year project, then the committee shouldn't give them up to 45-years.

Funding Request: Maximum capture of 80% property tax increment with a duration of 25 consecutive years per parcel over a 45-year period with 3 trigger dates.

Motion: Table the motion and adjourn for 3-4 weeks until Farmington can provide clarification to unanswered questions.

The motion was made by Commissioner Bob Stevenson and seconded by Rep. Dunningan. The motion passed unanimously (Jim Evans was absent for the vote).

7. Adjourn