

Zions Public Finance, Inc
for
Governor's Office of Economic Opportunity

HTRZ Proposal Review
Summit County
Kimball Junction

March 2026



Governor's Office of
Economic Opportunity



Review of Summit County’s HTRZ Proposal

This independent review of the proposed Summit County HTRZ by Zions Public Finance, Inc. (ZPFI) is prepared in accordance with Utah Code 63N-3-604(3)(b) which requires a gap analysis that includes the following elements:

- (i) A description of the planned development;
- (ii) A market analysis relative to other comparable project developments included in or adjacent to the municipality or public transit county absent the proposed housing and transit reinvestment zone;
- (iii) An evaluation of the proposal to and a determination of the adequacy and efficiency of the proposal;
- (iv) An evaluation of the proposed increment capture needed to cover the enhanced development costs associated with the housing and transit reinvestment zone proposal and enable the proposed development to occur; and
- (v) Based on the market analysis and other findings, an opinion relative to the appropriate amount of potential public financing reasonably determined to be necessary to achieve the objectives described in Subsection 63N-3-603(1).

Description of the Planned Development

Summit County (“County”) anticipates the following development will occur within the area shown in Figure 1 which is located at Kimball Junction in Summit County.

- 885 residential units
- 500 deed restricted and attainable housing units, 400 of which are affordable
- 385 market rate units
- 359,500 sf of new commercial space
- Senior living facility
- Medical office buildings
- Transit center



FIGURE 1: MAP OF DEVELOPMENT AREA

The project area covers 60.26 acres which results in a housing density of 14.7 units per acre. This meets the requirements of 63N-3-603(8)(e)(ii)(A) and (B). 400 of the 885 (45%) are affordable.

Market Analysis Relative to Other Comparable Project Developments Included in or Adjacent to the Municipality or Public Transit County Absent the Proposed Housing and Transit Reinvestment Zone

The Applicant is requesting funding for the following infrastructure: structured parking, a pedestrian bridge, a transit center and a public park with an amphitheater. The only other funding request is for 160 units of workforce housing. There are no examples of public workforce housing being constructed without public assistance.

An Evaluation of the Proposal to and a Determination of the Adequacy and Efficiency of the Proposal

This section evaluates whether or not the Proposal has met all of the requirements of Utah Code 63N-3- 604(a) which requires the following elements:

TABLE 1: REQUIRED ELEMENTS OF HTRZ APPLICATION

Utah Code	Code Requirements	Compliance
63N-3-604 (1)(a)(i)	Comply with 63N-3-603(1)	See following sections
63N-3-603 (1)(a)	Higher utilization of public transit	Mixed use development around a transit hub
63N-3-603 (1)(b)	Greater availability housing, including affordable housing	885 dwelling units; 400 deed restricted at 80% or less AMI
63N-3-603 (1)(c)	Promote owner-occupied housing	385 market rate units that cannot be short-term rentals or fractional ownership
63N-3-603 (1)(d)	Parking efficiency and walkability	Goal is to locate parking facilities where auto travel will be minimized
63N-3-603 (1)(e)	Overcome development impediments	Allows increased building heights, reduced setbacks, and reduced parking standards
63N-3-603 (1)(f)	Conserve water resources	Smaller footprint has significantly less water use
63N-3-603 (1)(g)	Improve air quality	Residents of mixed use developments drive less frequently
63N-3-603 (1)(h)	Transformative mixed-use development and infrastructure investment	Key location at I-80 and SR-224 interchange; key connections to ski resorts and Utah Olympic Park
63N-3-603 (1)(i)	Strategic land use in transit corridors	Consistent with County’s LRTP and Snyderville Basin’s General Plan
63N-3-603 (1)(j)	Access to employment and education	359,500 sf of commercial development will bring jobs;

Utah Code	Code Requirements	Compliance
		Richins Library to be developed to double in size
63N-3-603 (1)(k)	Access to childcare	Commercial childcare spaces are an allowed use
63N-3-604 (1)(a)(ii)	12 % affordable units 9% of units affordable at 80% AMI; 3 percent of units affordable at 60% AMI; plan to ensure affordability remains thru term of HTRZ	65 DUs @ 44% AMI (7%) 315 DUs @ 60% AMI (36%) 20 DUs @ 80% AMI (2%)
63N-3-604 (1)(a)(iii)	Public infrastructure needs and budget	Structured parking & public plaza, \$47.6M; Pedestrian bridge, \$4M; Transit Center, \$19M; Park & Amphitheater, \$3.2M
63N-3-604 (1)(a)(iv)	Defines HTRZ and sales tax boundary	Map included
63N-3-604 (1)(a)(v)	Maps – radius from transit hub; housing density; and zoning	Map provided upon request
63N-3-604 (1)(a)(vi)	Development impediments	Yes – see 63N-3-603 (1)(e) above
63N-3-604 (1)(a)(vii)	Development plans and budgets	Yes - 63N-3-604 (1)(a)(iii) above
63N-3-604 (1)(a)(viii)	Property tax increment base year and collection period	2026 base year; collection period is 25 years through 2051
63N-3-604 (1)(a)(ix)	Sales tax increment base year	2026
63N-3-604 (1)(a)(x)	Tax increment revenue projections and expenditures	Provided in Appendix A of the Application
63N-3-604 (1)(a)(xi)	Other revenue sources	Sales taxes; P3 with HVTD and PC Junction LLC; potential TIFIA loan
63N-3-604 (1)(a)(xii)	Benefits to public transportation availability and air quality	Yes – see 63N-3-603 (1)(a) and 63N-3-603 (1)(g) above
63N-3-604 (1)(a)(xiii)	Finance schedule – revenues and expenses	Limited; Appendix A of application aligns revenues with expenses
63N-3-604 (1)(a)(xiv)	Pro forma showing market and enhanced development	Data provided upon request
63N-3-604 (1)(a)(xv)	Station not in current operation requirements	Included in plan

An Evaluation of the Proposed Increment Capture Needed to Cover the Enhanced Development Costs Associated with the Housing and Transit Reinvestment Zone Proposal and Enable the Proposed Development to Occur

Workforce Housing

The County is asking for assistance with several major infrastructure projects, as well as the construction of 160 workforce housing units. The developer is not asking for assistance with any of its development projects. Therefore, this section conducts a gap analysis solely for workforce housing. Infrastructure costs to the County are considered later in this report.

The County has provided an estimate of what it would charge per unit for workforce housing. Clearly, there is a significant loss of revenue from workforce housing rents as compared to market rents.

TABLE 2: DEVELOPMENT PROJECTIONS AND RENTS FOR WORKFORCE AND MARKET HOUSING

	TOTAL Units	Workforce Housing Rent	Market Rent*	Market Rent**
Studios	40	\$1,770	\$2,142	\$2,350
1 BR	65	\$2,024	\$2,166	\$2,850
2 BR	44	\$2,276	\$2,379	\$3,300
3 BR	11	\$2,529	\$3,034	\$3,800
Total	160			

*source: apartments.com
**source: Summit County

The effective gross income (EGI) for the 160 workforce units is calculated assuming a five percent vacancy rate. Other revenue sources such as laundry, storage space, etc. have not been included in this analysis.

TABLE 3: ANNUAL RENT PROJECTIONS

	Total Workforce Housing Rents
Annual Rents	\$3,963,222
Less: Vacancies	(\$198,161)
EGI	\$3,765,061

Annual operating expenses are shown in the following table and are about \$913,000 annually.

TABLE 4: ANNUAL EXPENSE PROJECTIONS

	Per Unit	Total
Property Taxes	\$0	\$0
Insurance	\$500	(\$80,000)
Utilities	\$1,800	(\$288,000)
Payroll	\$1,400	(\$224,000)
Repairs & Maintenance	\$400	(\$64,000)

	Per Unit	Total
Contract Services	\$300	(\$48,000)
Marketing	\$200	(\$32,000)
General Administration	\$200	(\$32,000)
Management	3%	(\$112,952)
Reserves	\$200	(\$32,000)
TOTAL Operating Expenses		(\$912,952)

This results in a net operating income (NOI) of \$2,852,109. The NOI will then be compared to construction costs to arrive at a projection of value for the project. Based on information provided in the Application, the construction cost is \$64,000,000, or about \$400,000 per unit.

TABLE 5: CONSTRUCTION COSTS— 160 UNITS OF WORKFORCE HOUSING

Construction Costs for County-Owned Residential	
Land Acquisition	\$3,500,000
Construction	\$60,500,000
Total Residential Construction	\$64,000,000

In most cases, an affordable housing project is compared to a market rate project to calculate the “gap” in profit margin. However, because the project is County-owned, no profit margin is necessary. The table below shows clearly that workforce housing is not feasible in the market and that it requires public assistance. Current cap rates vary considerably based on location, age of product and other factors. However, multifamily cap rates overall have been around 5.2 - 5.3 percent recently.

TABLE 6: WORKFORCE HOUSING

CAP Rates	Construction Cost	NOI	Market Value - Affordable	Profit Margin
4.50%	\$64,000,000	\$2,852,109	\$63,380,202	-1.0%
5.00%	\$64,000,000	\$2,852,109	\$57,042,181	-12.2%
5.25%	\$64,000,000	\$2,852,109	\$54,325,887	-17.8%
5.50%	\$64,000,000	\$2,852,109	\$51,856,529	-23.4%
6.00%	\$64,000,000	\$2,852,109	\$47,535,151	-34.6%

If a subsidy of \$10 million is provided (thus reducing the construction cost to \$54.0 million), the project would break even at about a 5.25 percent cap rate. However, no one, other than a public entity, would proceed with development under this scenario as there is no profit.

TABLE 7: WORKFORCE HOUSING PROFIT MARGIN CALCULATIONS

CAP Rates	Construction Cost	NOI	Market Value - Affordable	Profit Margin
4.50%	\$54,000,000	\$2,965,056	\$63,380,202	14.8%
5.00%	\$54,000,000	\$2,965,056	\$57,042,181	5.3%
5.25%	\$54,000,000	\$2,965,056	\$54,325,887	0.6%
5.50%	\$54,000,000	\$2,965,056	\$51,856,529	-4.1%

CAP Rates	Construction Cost	NOI	Market Value - Affordable	Profit Margin
6.00%	\$54,000,000	\$2,965,056	\$49,417,602	-13.6%

To make the project attractive to the market, it would likely require a subsidy closer to \$18 million which would result in a 15 percent profit margin at a 5.25 percent cap rate.

Another approach to evaluating the funding gap is to consider the annual cost to the County from the bond payments associated with workforce housing. Assuming a loan of \$64 million for 20 years at a rate of 4.0 percent, results in annual bond payments of \$4,709,232 which is reduced to \$1,857,123, or \$11,607 per unit after accounting for the NOI offsetting a large portion of the bond costs. The net present value of payments of \$1,857,123 annually is \$26.2 million, discounted at 4 percent (similar to the bond). However, in this case, the County owns an asset free and clear after 20 years which has a market value of approximately \$46 million assuming that workforce housing rates remain in place.

TABLE 8: WORKFORCE HOUSING BOND PAYMENTS

	Amount
Annual Bond Payment	(\$4,709,232)
Annual NOI	\$2,852,109
Net Annual P&I	(\$1,857,123)
Annual P&I/Unit	(\$11,607)

Summarizing the above three scenarios results in the following potential subsidies for workforce housing:

- \$10 million – ensures that the value of the project to the County shows a 0% profit margin
- \$18 million – ensures that the value of the project to the County shows a 15% profit margin which would allow the project to be sold to a private investor
- \$26 million (NPV) – considers the financing costs (P+I) for the County and covers these costs after the NOI has been applied. It leaves the County with an asset valued at \$46 million after bond payments are made.

Based on the Market Analysis and Other Findings, an Opinion Relative to the Appropriate Amount of Potential Public Financing Reasonably Determined to be Necessary to Achieve the Objectives Described in Subsection 63N-3-603(1)

Increment Projections

While tax increment projections were provided by the Applicant in its Appendix A, there was little information regarding how the taxable values in that table were calculated. The only available information was the following from another section of the application.

Summary proposal:	65 DUs @ 44% AMI	7% of total units
	315 DUs @ 60% AMI	36% of total units
	20 DUs @ 80% AMI	2% of total units
	50 DUs @ 100% AMI	5.5% of total units
	50 DUs @ 120% AMI	5.5% of total units
	385 DUs @ Market rate	44% of total units

ZPFI researched probable market values of units within the above AMI categories to the extent data was available. Using the following cost assumptions, ZPFI came up with fairly similar tax increment projections as the Applicant and assumed that all residential units were primary residential for taxable value purposes.

TABLE 9: MARKET VALUE PER UNIT ASSUMPTIONS FOR TAX INCREMENT PROJECTIONS

	Market Value per Unit
Workforce Units	\$392,707
Condominiums	\$1,181,298
Townhomes	\$1,261,240
Apartments - 80% AMI	\$485,585
Apartments - 100% AMI	\$583,636
Apartments - 120% AMI	\$647,205
Commercial SF	\$600

The Applicant’s projections of tax increment are within reason based on the research and analysis conducted by ZPFI.

TABLE 10: COMPARISON OF TAX INCREMENT PROJECTIONS – 25 YEARS

Comparison Table	Applicant – Total 25 Yrs	ZPFI – Total 25 Yrs
Total at 80%	\$35,615,324	\$39,806,708
NPV* at 80%	\$19,487,634	\$21,144,211

*NPV = net present value discounted at 5.0%

The County is expected to receive the additional 20 percent of property tax revenues from the project area. These revenues total about \$713,000 with a net present value of nearly \$400,000 based on information provided by the Applicant.

ZPFI’s tax increment projections are included in detail in Appendix A of this report.

Gap Analysis

The Applicant did not provide a pro forma but only a list of infrastructure financing needs. These needs are listed as follows by the Applicant:

TABLE 11: INFRASTRUCTURE ASSISTANCE REQUEST

County Costs	Cost
Structured parking & public plaza - Civic Portion	\$25,600,000
Structured parking & public plaza - Affordable Housing	\$6,700,000
Pedestrian Bridge Transit Center	\$2,000,000
Transit Center	\$19,000,000
Park & Amphitheater	\$1,600,000
TOTAL	\$54,900,000
Less: Affordable Housing Parking (considered with workforce housing in this analysis)	\$48,200,000

The Applicant acknowledges that it will receive an additional “\$23,768,044 over the next 45 years above the amounts to be allocated to the HTRZ” from County sales tax revenues. Sales tax projections are provided for 25 years in Appendix A of the application. These added sales tax revenues could be a funding source for some of the infrastructure needed for this area.

TABLE 12: INCREMENTAL SALES TAX REVENUE

	Total 25 Yrs	NPV 25 Yrs
Sales Tax Collections - County	\$8,611,340	\$4,330,851
TTIF (15%)	\$1,291,701	\$649,628
Remaining Sales Tax Increment	\$7,319,639	\$3,681,223

*NPV = net present value discounted at 5% as used by the Applicant

The following table first shows the added infrastructure costs of \$48.2 million. It then provides three different scenarios for workforce housing assistance. Total public assistance could range between \$58.2 million and \$74.2 million, depending on the scenario for workforce housing. Finally, these amounts could be reduced by about \$8 million if the County contributes its added property and sales tax revenues to the project. This would result in total public assistance ranging between about \$50 million and \$66 million. Increment projections are only for \$35 million; therefore, the full 80 percent of increment for 25 years would be required.

TABLE 13: SUMMARY OF GAP ANALYSIS

Tax Increment Gap		
Structured parking & public plaza - Civic Portion	\$25,600,000	
Pedestrian Bridge Transit Center	\$2,000,000	
Transit Center	\$19,000,000	
Transit Center	\$1,600,000	
Total Infrastructure Costs	\$48,200,000	
		TOTAL
Workforce Housing - 0% return	\$10,000,000 Total	\$58,200,000
Workforce Housing - 15% market return	\$18,000,000 Total	\$66,200,000
Workforce Housing - covers all P+I payments remaining after NOI	\$26,000,000 (NPV) \$46,420,000 (Total)	\$74,200,000
County Incremental Revenues:	Total	NPV

Tax Increment Gap		
Property Taxes at 20% for 25 years	\$713,000	\$390,000
Sales Tax to County after TTIF (15%)	\$7,300,000	\$3,700,000