



Paperbox Lofts Breaks Ground in Salt Lake City Opportunity Zone

TERESA GARCIA, MARKETING MANAGER, NOVOGRADAC

The federal opportunity zones (OZ) incentive is bringing much-needed housing to downtown Salt Lake City. Co-developers PEG Companies (PEG) and ClearWater Homes broke ground in March on Paperbox Lofts, which includes three apartment towers, retail space and a plaza.

Located near the Utah Jazz's Vivint Smart Home Arena, the site will have 195 apartments, 39 of which will be affordable to low-income households.

"Salt Lake City is a market where demand for housing significantly outpaces supply," said Jameson Haslam, chief operating officer of PEG Capital Partners, the investment entity of PEG Companies. "You've got a ton of people who want to live here and want to be in downtown and in the energy centers, but there's not enough places for them to live. We're excited for [Paperbox Lofts] to put a dent in that."

To help fund the development, PEG established the PEG Opportunity Zone Impact Investors LP fund, through which 12 OZ transactions will be capitalized. The fund focuses on urban infill investments. "We were able to package them into a multi-asset opportunity zones offering," said

Haslam. Haslam said the fund targets \$250 million of commitments and is well on its way to being completely subscribed.

"With the project being in an opportunity zone, additional state and federal support will only increase the area's viability and success," said Danny Walz, chief operating officer of the Redevelopment Agency of Salt Lake City (RDA).

The Utah PaperBox packaging company occupied the site from 1914 until it relocated to new headquarters in 2013. "The successful Utah PaperBox production warehouse had been a mainstay in Salt Lake City's West Downtown for decades, but a need for more space sent the company looking at relocation options, some of which were located outside of city borders," said Walz. The RDA helped Utah PaperBox negotiate an agreement to relocate to a larger site within Salt

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Lake City, leaving the West Downtown location open for redevelopment.

The RDA made the parcel available through a competitive request for proposal process. Two developers were interested: PEG, which owned the Hyatt House and Marriott Courtyard hotels on the north side of the same block, and ClearWater Homes, which owned condominiums on the south side of the block. PEG and ClearWater Homes decided to work together on a proposal to redevelop the middle slice of the block, which the old Utah PaperBox factory occupied.

RDA awarded the land to the co-developers under the condition that a certain portion of units would be set aside for residents earning 60 percent of the area median income for the first 30 years. Some of the apartments will be designed as live-work flex space, which will give residents of those units a chance to live and work in their home—rather than paying separate rent for housing and co-working space.



Image: Courtesy of PEG Companies

A groundbreaking ceremony was held in March for the Paperbox Lofts mixed-use development in Salt Lake City.

“Salt Lake City is experiencing a major economic and population surge, so it is more important than ever that mixed-use projects like Paperbox Lofts are meeting—and exceeding—the livability benchmarks our residents and businesses deserve,” said Walz.

Developers got creative with the property’s parking options because the old factory sat in the middle slice of the city block and space is limited. Their solution is to install a stacked, mechanical parking structure by CityLift. Haslam said it looks like a vending machine for cars. The system automatically stacks and retrieves

cars dropped off by drivers, occupying less space than traditional surface parking lots.

The new parking system has implications for the city as a whole. “Conceptually, this is a huge leap forward for Salt Lake City’s urban core,” said Walz. “The shift from utilizing space to utilizing volume means everything to the density of our city’s urban living and working.”

Another unique use of the parcel is including a pocket park, a 10,000-square-foot open space area for residents and the larger neighborhood to enjoy.

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“The Paperbox Lofts will provide the West Downtown and Gateway neighborhoods with both foot and traffic connectivity, which is vital for Salt Lake City’s urban core, as our downtown blocks are 10 acres in size,” said Walz.

PEG began complete demolition of the factory in March and construction is expected to be completed by spring 2021. ❖

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