

DAYBREAK

SOUTH JORDAN, UTAH

Summary

Located at the base of the Oquirrh Mountains, Daybreak is a mixed-use, walkable community with a full range of resident services and amenities in South Jordan, just southeast of Salt Lake City. The largest master-planned community in the state, it is entitled for over 20,000 homes and 14 million square feet of commercial space and has been developed based on sustainable, smart growth principles. The massive scale of the development and diversity of housing types at Daybreak creates opportunities for market-rate affordability without additional subsidies. Even with million-dollar mansions nearby, price points for new sales start in the high \$100s for townhomes and low \$200s for single-family homes, in a region where the median home sales price is \$269,900.

Dealmakers

- Mixed-use development
- Variety of housing types and price points
- Green building
- Sustainable development
- Multimodal transportation options
- Pedestrian-friendly design

Overview

Location	South Jordan, Utah
Project Type	Mixed-use, master-planned community
Developer	Daybreak Communities (formerly Kennecott Land Company)
Development Partners	Calthorpe Associates, Berkeley, Calif. Ken Kay Associates, San Francisco Loci, Salt Lake City Urban Design Associates, Pittsburgh Rio Tinto Kennecott
Housing Types	For-sale, rental, single-family, townhouse, and multifamily
Site Size	4,126 acres
Units	4,500 units built 20,000 units entitled
Development Costs	\$2.1 billion

Development Timeline	2001: Planning started 2003: Construction started 2006: Founder’s Park completed 2007: Eastlake Village completed 2008: North Shore Village 2013: Creekside Village open for sale 2009: Garden Park Village 2015: Heights Park Village 2013: Lake Village 2008: SoDa Row Village 2016: South Station Village 2030: Estimated project completion
Funding Sources	Self-financed (Initial investments) Community Development Areas, South Jordan City (2008) South Jordan infrastructure assessment bond (2016)
Website	www.daybreakutah.com

Development Partners

Kennecott Land Company

KLC (the Developer) was established by Rio Tinto in April 2001 to convert surplus mining land into mixed-use development; Daybreak was its first project. Rio Tinto is a major international mining company headquartered in the United Kingdom, with activities predominantly in Australia and North America.

Värde Partners

In 2016, the Developer sold its Daybreak assets to Värde Partners. The sales included approximately 500 finished home sites, 2,500 acres of undeveloped land, the Glass House Information Center, the SoDa Row Retail District, Oquirrh Lake and associated secondary water assets. Värde Partners, a Minnesota-based global investment firm, has a significant presence in Utah, including investments in homebuilding businesses and land developments along the Wasatch Front. A new company has been formed called “Daybreak Communities,” which will continue to manage Daybreak’s development on behalf of its new owners.

Planning and Policy

In 1989, Rio Tinto, one of the world’s largest mining companies, bought Kennecott Utah Copper, a company that has had mining operations in the region for decades. As part of the transaction,

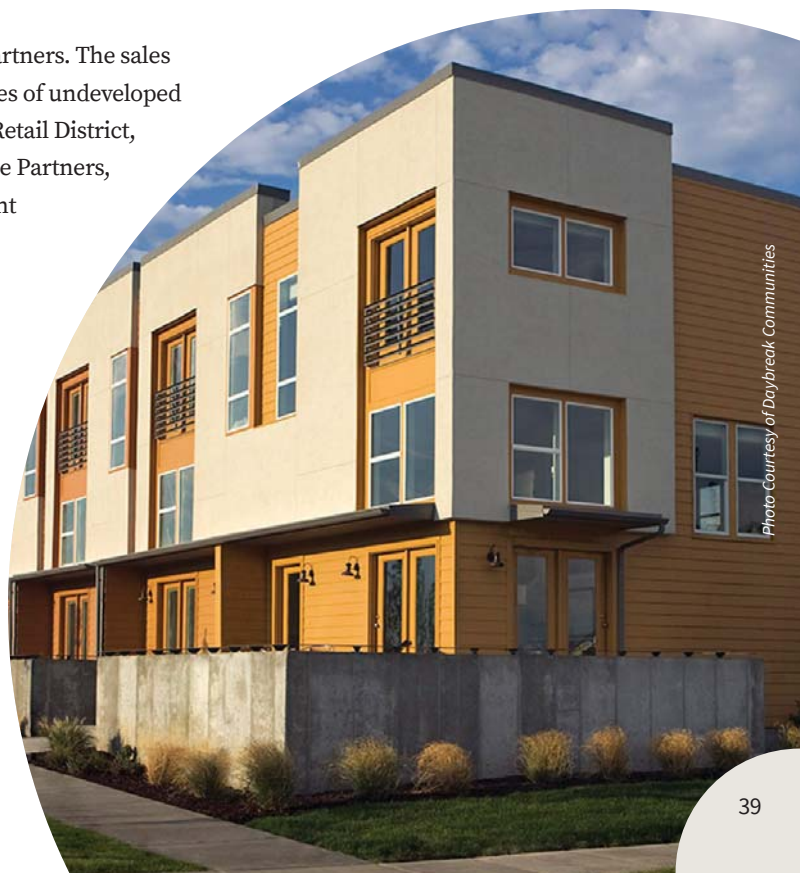


Photo: Courtesy of Daybreak Communities

Rio Tinto also took ownership of a 144-square-mile, 93,000-acre land area along the Oquirrh Mountain foothills. Established by Rio Tinto in 2001, Kennecott Land Company (the Developer) was created to manage the long-term plans to reclaim and develop much of this acreage.

Daybreak, a planned development on 4,200 acres on the west side of the City of South Jordan, is the first project to reclaim surplus mining land in the region. South Jordan, about 18 miles south of Salt Lake City, had a population of about 50,000 in the 2010 census. Daybreak occupies 36 percent of the land area of South Jordan.

“Utah’s younger, high birth-rate population created a different paradigm around how to think about the impact of growth and how to preserve quality of life for our kids and grandkids.”

Ty McCutcheon
President, Daybreak Communities

A Vision for Utah’s Growth

During the period that the land for Daybreak was undergoing remediation, Envision Utah was developing a statewide Quality Growth Strategy centered on voluntary, locally implemented, market-based solutions. Founded in 1997, Envision Utah is a statewide, nonprofit civic engagement organization that encourages residents, elected officials, developers and other stakeholders to make informed decisions for Utah’s growth and keep it “beautiful, prosperous, healthy, and neighborly for future generations.” Daybreak incorporated the smart growth principles of Envision Utah that would minimize sprawl, water use, and congestion and provide a guiding vision for the planning and development of the property.

Density, Entitlements, and the Master Development Agreement

The development of Daybreak is governed by a Master Development Agreement (MDA) between the City of South Jordan and the Developer. The City of South Jordan designated Daybreak as a planned community zone (PC Zone), which provides substantial flexibility for development options. For example, commercial space can be built in any combination of office, retail, health care, light industrial, or other uses. Within broad ranges for each of the neighborhood types in the PC Zone, Daybreak may also develop at any density that the market can support, up to the maximum number of entitled units.

Daybreak was originally entitled in 2003 for 13,000 units and 9 million square feet of commercial space. However, these figures were later revised in 2007. Now, at full build-out, the community will contain up to 14 million square feet of commercial and over 20,000 residential units, or 60 percent of the South Jordan’s anticipated 35,000 residential units. Completion is estimated by 2030. Densities at Daybreak range from five to 50 units per acre. In order to build its full entitlement, Daybreak will need 30 units per acre in its town center, which will contain up to 8,000 homes.

Daybreak Land Area and Entitlements	
Total Land Area	4,157 acres
Open Space	1,040 acres
Entitlements	
Residential	20,785 units
Retail	3.5 million square feet
Office	5.3 million square feet
Industrial	5 million square feet



Photo Courtesy of Daybreak Communities

In 2014, the South Jordan city council, responding to demand from local residents, implemented a moratorium on new high-density projects with more than seven dwelling units per acre. However, as a project in a planned community zone and subject to the provisions of the MDA, Daybreak’s development options were not affected by this decision.

Master Planning

Calthorpe Associates of Berkeley, California, the master planner for Daybreak, laid out a multimodal and walkable network of streets, oriented to create vistas of the mountain ranges that ring the Salt Lake Valley. Daybreak also includes more than 22 miles of trails that link neighborhoods to schools, churches, community centers, Oquirrh Lake and other destinations.

The master plan allows for diverse housing options, focused on for-sale homes; to date, over 90 percent of the housing units are owner-occupied. (Crossing at Daybreak, with 315 luxury apartments, is currently the only multifamily rental property in the development, although others are planned.) Daybreak’s variety of single-family and multifamily residential product types and price points create many opportunities for affordability. To date, about two-thirds of constructed homes have been detached, while one-third have been attached. Ample parks and recreational spaces are integrated throughout the community, and every home is located within a quarter-mile of a park or the extensive trail system.

“To create the pattern book for Daybreak, we asked people to describe the type of neighborhood where they wanted to live.”

Ty McCutcheon
President, Daybreak Communities

Daybreak’s transportation links include close proximity to Mountain View Corridor and Bangerter Highway. The region’s light rail line, TRAX, was launched in 1999 and now serves 60,000 riders daily. Two TRAX stations opened in 2011, with park and ride lots, are located inside Daybreak. The travel time between the Daybreak South Station and downtown Salt Lake City is approximately 40 minutes by car or train.

Site Development

An intensive and thorough period of remediation, restoration and reclamation for the property lasted through the mid-2000s; construction at Daybreak began in 2003.

The development is divided into 12 predominantly residential phases called “villages,” each planned for approximately 1,000 to 1,500 residential units. In addition, the community includes a growing town center that will house regional employment and retail uses, parks, schools, churches, and employment.

As described in the MDA, residential density and the mix of uses are organized by neighborhood, village, and town. Other land designations include “Business and Research Parkway,” with a principal land use of office, commercial and industrial, and “Open Space,” for outdoor recreational, agricultural or other similar uses.

Site Designation	Gross Residential Density	Land Uses
Neighborhood	Comparatively low-density: 5 units per acre	Mixed use: Single-family and multifamily residential as well as office, commercial, industrial, public/semipublic and recreation/open space uses.
Village	Medium-density: 18 to 25 units per acre	Mixed use: Single-family and multifamily residential as well as office, commercial, industrial, public/semipublic and recreation/open space uses.
Town	High-density: 25 to 50 units per acre	Emphasis on office, commercial and recreational uses, but also includes single-family and multifamily residential, public/semipublic, industrial and open space uses.

Public Outreach

Rio Tinto's commitment to sustainability emerged as part of an effort to foster better relationships with neighboring communities, recognizing that sustainable development should balance a healthy environment, social well-being, and a healthy economy. As a double-bottom line, Rio Tinto's sustainable community-based practices are also designed to yield reduced expenses for litigation and environmental cleanup, greater operational efficiencies, and a better climate for securing future entitlements.

To initiate the development of the reclaimed mining lands allocated for Daybreak, the Developer collaborated with the City of South Jordan to create a shared vision for building a mixed-use, sustainable community that includes access to rapid transit, recreational and open space, commercial uses, and a range of housing types.

Design

Each phase of Daybreak is called a "village," with 12 villages planned at build-out. Housing types include large single-family homes, townhomes, condos, mansion homes (a large property made to look like a mansion but actually three separate town homes), parkside homes (smaller single-family homes arranged around a common green), and solar-powered homes.

To establish Daybreak's application of sustainable design and transit-oriented development, the Developer commissioned a 180-page Daybreak Pattern Book that prescribes construction requirements such as streetscape features, indoor air and light quality, building materials, landscaping, and garage location.

The residential design is based on the style of historic Salt Lake City neighborhoods. Many of the homes feature large porches and garages in rear alleys. Architectural styles include Colonial Revival, Craftsman, and Victorian, many in bright colors. Homes with a more modern style have also been added to the mix.

Each village contains a share of amenities such as playgrounds, parks, community centers, churches, and libraries. The development is designed to be walkable and features over 1,000 acres of open space and 22 miles of walking trails. The villages are sited around a

67-acre recreational lake. All the homes are within a five-minute walk or bike ride of amenities such as shopping or parks. Six community gardens are scattered throughout Daybreak, with nearly 300 individual garden plots for growing vegetable, fruits, and flowers. At Daybreak, up to 85 percent of the children walk to school, compared with less than 20 percent in neighboring schools. In 2011, the National Association of Home Builders recognized Daybreak with its Best in American Living™ platinum award for suburban smart growth.

“Daybreak neighborhoods have different scales and densities. Many residents like the idea of being able to live in the same neighborhood their whole life.”

Ty McCutcheon
President, Daybreak Communities



Photo Courtesy of Daybreak Communities

Most villages contain a wide variety of homes, ranging from condos to large single-family homes. Current villages include:

- **Founders' Park Village:** the first village to be built, south of Oquirrh Lake. It is also home to the Daybreak Elementary School.
- **Eastlake Village:** Daybreak's second village, the main feature of this village is the Oquirrh Mountain Latter-Day Saints Temple. Eastlake is also home to Eastlake Elementary.
- **North Shore Village:** Contains more high-density homes at lower price points. Some units are solar-powered.
- **SoDa Row:** With a name based on its location, in South Daybreak, this is the community's first neighborhood-scaled retail shopping area with locally-owned stores and restaurants, townhome residences, and the 180-unit Sagewood Community by Kisco Senior Living.
- **Garden Park Village:** An over-55 community, also with a range of housing types. When complete Garden Park Village will have over 500 homes, the largest senior living community in Utah.
- **South Station Village:** Home to the University of Utah South Jordan Health Center, rental apartments, and townhomes, near Daybreak's southern TRAX station and southwest of the lake.
- **Creekside Village:** Opened in 2013 and located to the northwest of the lake.
- **Lake Village:** Executive housing on two plots of land to the northeast and northwest of the lake. Homes in this village are some of the largest and most expensive at Daybreak.
- **Heights Park Village:** One of the last single-family home villages.



Photo Courtesy of Daybreak Communities

Green Building

Daybreak's high-performance, energy-efficient homes provide more affordability for homeowners by reducing energy bills—an important asset in a climate with hot desert summers and cold mountain winters. The average new home in Daybreak is 20 to 30 percent more efficient than the average new home elsewhere in the region, saving homeowners anywhere from \$600 to over \$1,500 annually.

Daybreak has several elements to support green building, including:

- All Daybreak homes are ENERGY STAR 3.0-certified, with high-performance thermal enclosure, heating and cooling systems, water management systems, and energy-efficient lighting and appliances.
- Most commercial building have been required to be LEED-rated.
- Many of the Daybreak houses have solar and thermal panels and other energy-saving features.
- Daybreak has more than 1,000 acres planned as open space. Most of this open space is irrigated with secondary water and landscaped with a combination of sod and water-wise native plants.
- Builders and contractors at Daybreak participate in a program to recycle three-quarters of all home construction waste.
- Daybreak's stormwater management system has been designed to preserve groundwater resources, retaining 100 percent of stormwater onsite from a 100-year rain event.
- Daybreak has a vigorous dust control program for construction activities that exceeds standard industry practice.
- Due to smaller lot sizes, water-saving appliances, drip irrigation systems, drought-tolerant plantings, and less grass, the average housing unit a Daybreak uses 10 percent less water than the average unit in the region.

Financing

Since the land was already owned by Rio Tinto, the site acquisition cost for Daybreak was the historical cost basis. Rio Tinto invested the initial capital to get the project started, including environmental remediation, site improvement, and infrastructure costs.

Following the initial capital investment, the City of South Jordan approved two Community Development Areas (CDA) to rebate to the Developer a portion of the tax increment created through development activities in portions of the community, for a period of 20 years. Aside from this CDA structure, the project was developed through its own cash flow until recently. In lieu of paying impact fees, the Developer was responsible for infrastructure development.

However, in 2016, the South Jordan City Council approved a \$37 million assessment bond to develop 1,100 acres, moving into the southwest end of Daybreak along the Mountain View Corridor and Trax lines. The funds are dedicated to building the infrastructure needed for the Daybreak expansion and accelerating commercial development along Mountain View Corridor. The commercial development will provide an important addition to the local tax base to pay for city services. The development plans also include 2,800 apartments, 1,000 condos and 3,200 single family homes. The bond is structured so that it will be repaid by future development.



DEVELOPMENT COSTS, 2003 – 2016	
Site Acquisition	Historical cost basis
<i>Public Infrastructure Financing</i>	
Community Development Areas	\$75 million
Assessment Area Bond	\$37 million
<i>Vertical Development</i>	
Residential	\$1.2 billion
Commercial	\$800 million
Total	\$2.1 billion

Contracting with Home Builders

To develop each village phase, the Developer contracts with participating builders to buy lots on a quarterly basis, with some fine-tuning for the specific product type. The price of lots is based on a residual value of what homes should sell for and the cost to construct them. Depending on the ebb and flow of the overall market conditions, the pricing is sometimes the result of a competitive process.



Photo Courtesy of Daybreak Communities

Marketing and Management

Since breaking ground in 2003, Daybreak is now home to more than 12,000 residents and 4,000 housing units. With more than a million people in the Salt Lake City metro region, one in five new homes in Salt Lake County today is built in Daybreak. Sales are currently more than 400 units per year, plus leasing of multifamily units.

About 60 percent of Daybreak residents are families with children, with the balance empty nesters, married couples without children, and singles. The Daybreak markets itself as a sustainable, walkable, highly amenitized community, with attractive homes, ample recreational opportunities, and nearby schools.

Builders participate in a master marketing program that supports an onsite sales office, community web site, home-finding tools, maps, and collateral materials. About a third of sales come from realtors, a third from referrals, and a third from general marketing activities such as promotions and advertising.

The diversity of housing types and range of price points at Daybreak builds in market-rate affordability, although this is more apparent when breaking down the sales prices by housing types. The median sales price was \$310,000 for all homes at Daybreak in the second quarter of 2016, which is 15 percent higher than the median home sales price of \$269,900 in Salt Lake County. However, the median sales price at Daybreak was \$171,500 for condominiums and \$235,000 for townhomes.

Some representative new residential units at Daybreak in Fall 2016:

Daybreak Village Location	Housing Product Type	Square Feet	Specifications	Price Range
Creekside Village	Townhomes	968 – 1,244 sf	2 BR, 1.5 – 3 BR, 2.5 BA	\$195,900 – \$233,900
South Station	Townhomes	1,200 – 2,075 sf	2 BR, 2.5 BA – 3 BR, 2.5 BA	\$229,900 – \$316,900
Lake Shore	Condominium, single family detached	1,404 – 1,600 sf	2 BR, 2 BA – 2 BR, 2.5 BA	\$241,900 – \$279,900
Garden Park	55+, Single Family Detached	2,065 – 3,379 sf	2 BR, 2 BA – 4BR, 3 BA	\$387,600 – \$449,600
Lake Shore	Single family detached	1,737 – 3,965 sf	3 BR, 2.5 BA – 5 BR, 4.5 BA	\$305,900 – \$739,900

Management

There is a master association initiated by Daybreak for each new community. As each neighborhood gets established, it transitions to a resident-run association. Daybreak remains responsible for maintenance of community covenant and common areas.

Live Daybreak, a 501(c)(4) organization, is in charge of community programming, funded by a community enhancement fee assessed as part of property transfers. This fee must be used for community reinvestment to benefit the assessed properties. Programming includes clubs, events and programs that focus around learning, arts, and healthy living.



Observations and Lessons Learned

Reclamation and sustainability add value: Rio Tinto's privately financed environmental remediation of former mining land, combined with sustainable development of the property, created enormous potential for the mixed-use development that is now being realized with Daybreak.

Variety adds interest (and sales): The mix of housing types at Daybreak has met with wide market acceptance.

Mobility matters: Transportation choice, walkability in a mixed-use setting, and transit-oriented design have been strong selling points for Daybreak.

Green building can be done at scale: Whether ENERGY STAR or LEED, all building types meet designated environmental criteria, in a successful business model.

Preserve views and open space: plentiful parks and open space areas integrated with residential neighborhoods have been an important amenity in Daybreak.

Photo Courtesy of Daybreak Communities

This document is a portion of NAHB's report
How Did They Do It? Discovering New Opportunities for Affordable Housing.

[Click here to view the full report.](#)

How Did They Do It?

Discovering New Opportunities
for Affordable Housing

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