

**MORNING VISTA COMMUNITY REINVESTMENT PROJECT AREA
BUDGET**

March 18th, 2025



LEHI CITY

PIONEERING UTAH'S FUTURE

LEHI CITY REDEVELOPMENT AGENCY

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Section 1: Introduction

Per Utah Code § 17C-5-303, the Lehi City Redevelopment Agency (the “Agency”) is required to prepare an project area budget (“Budget”) for the Morning Vista Community Reinvestment Project Area (the “Project Area”). This Budget is based on projected development within the Project Area, which includes higher end restaurants, retail center, and multifamily housing. As development takes time to occur, the Budget takes into account the timing of the development. The purpose of this Budget is to set forth the Agency’s good-faith projections about the impact of development within the Project Area on the Agency and the benefits to the individual taxing entities.

This Budget meets the requirements of the Utah Limited Purpose Local Government Entities – Community Reinvestment Agency Act (the “Act”).

This Budget is prepared in good faith as a current reasonable estimate of the economic impact of projected development within the Project Area. Changes in fundamental economic factors and other circumstances may influence the actual impact. With these assumptions, the information contained within this Budget represents the reasonable expectations of the Agency. The Agency makes no guarantee that the projections contained in this Budget for the Project Area accurately reflect the future development within the Project Area. Further, the Agency specifically reserves all powers granted to it under the Act, as amended; this Budget shall not be interpreted to limit or restrict the powers of the agency as granted by the Act. The actual amount of tax increment received by the Agency will be determined by an interlocal agreement between the Agency and Lehi City.

Section 2: Base Taxable Value (17C-5-303(1)(a))

The base value for the Project Area Budget is the total assessed value of property within the Project Area for the 2025 tax year which is estimated to be \$19,116,200. Based on the tax rate set for 2025, the real property within the Project Area generates approximately \$163,347.51 in annual property tax revenue. The current Project Area is classified as Highway Commercial with Residential by the Traverse Mountain Area Plan and Zoned Commercial by the General Plan. The property is currently vacant land and void of internal infrastructure. The zoning designation is to drive a higher and better use of the property and facilitate continued growth in real and personal property and sales and use tax.

The base taxable value used to calculate the sharing of tax increment pursuant to interlocal agreements with the taxing entities will be set in each interlocal agreement as required by Utah Code § 17C-5-204(6)(a). The base year has been set as 2025. The Agency will not be requesting personal and real property from any taxing entity but collected sales and use tax participation from Lehi City. The Budget will reflect the tax increase to each taxing entity.

Section 3: Projected Amount of Tax Increment to be Generated Within the Community Reinvestment Project Area (17C-5-303(1)(b))

It is anticipated that construction within the Project Area will continue through 2028 with tax increment being generated beginning in 2028. The Agency anticipates receiving a portion of this tax increment pursuant to interlocal agreements with Lehi City. It is currently estimated that over a 15-year period, the .5% of the 1% sales and use tax increment to be generated by new development within the Project Area will be approximately \$9,500,630 million with approximately \$927,282 in personal and real property tax. The real and personal property value is based on approximately \$110 million investment in development in the Project Area to include full service restaurants, retail center, and multifamily housing. The taxing entities would receive approximately \$7,049,835 million in tax revenue over the next 15 years from the real and personal property within the Project Area. Lehi City would receive approximately \$927,282 in sales and use tax over the next 15 years within the Project Area. The Agency's detailed financial projections are shown on the spreadsheet attached hereto as **Exhibit A**. The sales and use tax is calculated based on the .5% point of sale collection. Total anticipated sales and use tax based on the 1% collection with the city re-allocation from the state pool that the city will collect in the project area is \$17,101,134.

Section 4: Each Project Area Funds Collection Period 17C-5-303(1)(c)

The Agency expects to receive tax increment from the Project Area for a period of fifteen years. The Agency will determine when tax increment collection will begin, or be "triggered". The Agency expects to trigger the tax increment collection period on or before December 31st, 2028. The actual details of the Project Area funds collection period will be set in the interlocal agreement(s) with Lehi City. The base year will be 2025 with no collection.

Section 5: The Projected Amount of Tax Increment to be Paid to Other Taxing Entities in Accordance With Section (17C-1-410) (17C-5-303(1)(d))

While it is anticipated that the personal and real property tax generation for the Project Area will be approximately \$7,049,835 million over the 15 years, the Agency will receive no personal and real property taxes. It's anticipated that the Agency will receive 100% of the .5% point of sale collection of Lehi City's sales and use tax collected for 8 years, 80% for 4 years and 60% for 3 years for a total of 15 years to facilitate development within the Project Area which is approximately \$7,927,672 million. Lehi City will receive the other .5% reallocation from the state pool and remaining percentages of sales and use tax which is estimated at \$9,173,462 million.

Section 6: If the Area From Which Tax Increment is Collected is Less Than the Entire Community Reinvestment Project Area (17C-5-303(1)(e))

The Agency anticipates collecting no personal and real property and only sales and use tax increment from the entire Project Area. The Agency anticipates collecting tax increment for a period of 15 years. Actual details about the tax increment collection will be set in the interlocal agreement with Lehi City.

Section 7: The Percentage and Maximum Cumulative Dollar Amount of Tax Increment the Agency is Authorized to Receive From the Community Reinvestment Project Area 17C-5-303(1)(f)-(g)

The Agency anticipates collecting 50 percent of Lehi Cities sales and use tax collected by the Project Area, with a maximum cumulative dollar amount of \$9,173,462. The budget shows \$7,927,672 which is 50% of the sales and use tax collected on the .5% of the cities point of sale. Of the \$7,927,672 million budget there is a 10% set aside for low to moderate income housing of \$792,767 and 3% administration fee of \$237,823. The budget total is \$7,927,627. It is the intent for the RDA to utilize the 10% set aside of LMI housing to be used to put back into this project. Per state code, the development will require approximately 11 LMI multifamily units. State code allows the set aside to be put back into the project area to go towards defraying the costs of the LMI housing component. Based on the budget for infrastructure costs, grading incentives, housing allotment and administration fee the Agency will enter into an interlocal agreement for 15 years or \$7,927,672 whichever comes first. The maximum cumulative dollar amount that can or will be collected is \$7,927,672 for public infrastructure, grading, infrastructure and incentive costs, \$237,830 for a 3% administrative fee and \$792,767 for the 10% low to moderate housing requirement. The 3% administrative fee and the 10% LMI Housing is part of the overall cumulative dollar amount. It is anticipated that once the 15 year or max collection period is reached the Agency will close the Morning Vista CRA. Payments will flow from Lehi City to the Redevelopment Agency and then to the developer.

Section 8: Sales and Use Tax Revenue (17C-5-303(2)(a-b))

The Agency is authorized to negotiate for sales and use taxes from the public entities that collect them, and the Agency anticipates receiving 100% of to .5% point of sales or use tax collected based on the following percentages and timeframe from the Project Area. 100% for the first 8 years, 80% for the next 4 years and 60% for the remaining 3 years. The collection period will be for 15 years or \$7,927,672 whichever comes first. The sales and use tax is 50% of the 1% that the city collects.

Section 9: The Amount of Project Area Funds the Agency will use to Implement the Community Reinvestment Project Area Plan (17C-5-303(3))

The Agency anticipates using all tax increment received by the Agency to implement the Project Area Plan, to encourage development within the Project Area. The Agency currently anticipates using the full amount for infrastructure, grading, infrastructure that is needed for development within the Project Area. The anticipated infrastructure costs are shown below.

Improvements Needed to Implement the CRA Plan

Grading of Property	\$ 8,000,000.00
Acquisition of Property	\$ 5,227,200.00
Infrastructure Improvements	\$ 3,000,000.00
Total Fund Uses	\$ 16,227,000.00

Section 10: The Agency’s Combined Incremental Value (17C-5-303(4))

The combined overall incremental value collected by the Agency is \$7,927,672 based on the budget at a 100% participation of the .5% point of sale, sales and use tax from Lehi City over a 15-year period. The cap amount will be set at \$7,927,672 or 15 years whichever comes first. The current assessed value of the Project Area is approximately \$17,923,900. All the property is currently zoned for Highway Commercial with Residential via the Traverse Mountain Area Plan and the Project Area is vacant land which is almost the lowest use and tax designation. It is anticipated that upon completion of the development project the assessed value will be increased to \$59,270,204. The assessed value takes into account the 45% multifamily housing tax reduction. The overall new development cost is estimated at \$110 million. The overall personal and real property tax generation for the project area is estimated at \$7,049,835 over the 15 years. Taking into account all taxing entities except for the State of Utah, and personal and real property, sales and use tax, franchise tax, PARC tax and any other tax levied in the area the total taxes collected in the area will be \$63,116,392. Lehi City will receive approximately \$12,000,870 after the incentive, all other taxing entities will receive \$43,187,850 and the Agency would receive \$7,927,672 over 15 years.

Total sales and use tax at 6.25% are estimated at \$118,757,873 over the 15 years. Of the 6.25%, Lehi City collects .50% or \$9,500,629. Of the \$9.5 million collected by Lehi City the Agency would receive \$7,927,672 over the 15 years. This estimation is based on full service restaurants, grocery anchor, and a retail center.

The Budget assumes personal and real property and sales and use tax is not generated all in year one, therefore the Plan and Budget takes into account a timeline for the property value and sales tax to increase. It’s anticipated that the retail development will take 2 – 3 years to be completed with the multifamily housing being completed within 3 – 6 years. Based on this assumption at year 15, the Project Area should be valued at approximately \$59,270,204 million in personal and real property with approximately \$7,917,191 at 6.25% in sales and use tax being generated annually.

Section 11: The Amount of Project Area Funds That will be Used to Cover the Cost of Administering the Community Reinvestment Project Area Plan 17C-5-303(5)

The Agency will take a 3% or up to \$237,830 administrative fee for the project area. The administrative fee will cover ongoing expenses the administer the Morning Vista Community Reinvest Area. Expenses include annual reporting requirements, finance monitoring and expensing sales tax, and annual financial review. Admin expense not to exceed \$237,830 over the 15 years. In compliance with Utah Code 17C-5-307(2) any funds collected in excess of \$100,000 on an annual basis are subject to the 10% allocation for low to moderate income housing (per the budget analysis it’s anticipated that the Agency will have to

collect funds for the CRA housing requirement). The LMI funds collected will be put back into the project to help defray costs of the housing requirement. Estimated amounts based on the budget for the mandatory housing allocation and administration fee are shown below.

Administrative Costs

CRA Housing Requirement at 10%	\$ 792,767.00
RDA Administrative Fee 3%	\$ 237,830.00
Total Costs	\$ 1,030,597.00

Section 12: Property Owned by the Agency (17C-5-303(6))

The Agency does not own and does not anticipate purchasing property to develop within the Project Area.

EXHIBIT A – Detailed Financial Projections

Time Indexed Sales (\$)/SF	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total	NPV
Grocery	1,152	1,181	1,211	1,241	1,272	1,304	1,336	1,370	1,404	1,439	1,475	1,512	1,550	1,588	1,628	15,728	1,828
Retail	485	497	509	522	535	548	562	576	590	605	620	636	652	668	685	6,850	785
Fast Food Restaurants	862	883	905	928	951	975	999	1,024	1,050	1,076	1,103	1,130	1,159	1,188	1,217	12,117	1,417
Fast Casual Restaurants	700	717	735	754	773	792	812	832	853	874	896	918	941	965	989	9,889	1,152
Fast Food Restaurants	1,077	1,104	1,131	1,160	1,189	1,218	1,249	1,280	1,312	1,345	1,379	1,413	1,448	1,485	1,522	14,485	1,722
Other Food	323	331	339	348	357	366	375	384	394	403	414	424	434	445	456	4,456	516
Other Retail	323	331	339	348	357	366	375	384	394	403	414	424	434	445	456	4,456	516
Grocery	40,905,690	41,828,333	42,916,541	44,050,954	45,152,228	46,281,034	47,438,060	48,624,011	49,839,612	51,085,602	52,362,742	53,671,911	55,013,606	56,388,946	57,798,670	733,517,840	85,217
Retail	15,317,261	15,700,193	16,092,688	16,495,015	16,907,391	17,330,075	17,763,327	18,207,411	18,662,596	19,128,161	19,604,690	20,092,674	20,592,614	21,104,114	21,627,689	278,089,910	32,812
Fast Food Restaurants	27,654,069	27,855,875	28,065,083	28,282,364	28,507,292	28,739,391	28,979,191	29,226,229	29,480,256	29,740,922	29,998,800	30,263,559	30,535,860	30,815,274	31,101,472	391,829,429	46,424
Fast Casual Restaurants	13,989,578	14,349,568	14,709,307	15,076,014	15,452,915	15,839,238	16,235,219	16,641,099	17,057,127	17,483,555	17,920,844	18,368,660	18,827,573	19,297,173	19,777,037	251,039,408	30,312
Other Food	485,908	508,306	527,013	545,039	562,390	579,175	595,479	611,266	626,616	641,501	655,984	670,026	683,681	696,904	709,756	8,892,288	1,058
Other Retail	1,985,248	2,034,879	2,085,751	2,137,995	2,191,342	2,246,128	2,302,279	2,359,836	2,418,832	2,479,303	2,541,285	2,604,817	2,669,938	2,736,686	2,805,103	35,599,319	4,287
Total Gross Taxable Sales	105,963,291	108,812,374	111,327,683	114,110,875	116,863,647	119,887,738	122,884,932	125,957,055	129,105,981	132,333,631	135,641,972	139,033,021	142,508,846	146,071,568	149,723,357	1,855,634,063	223,812
City Sales Tax Summary																1,572,958	NPV
Lehi Local Option Point-of-Sale	529,816	543,082	556,638	570,554	584,818	599,439	614,425	629,785	645,530	661,668	678,210	695,165	712,544	730,358	748,617	9,500,530	1,128
Lehi Local Option Population	423,853	434,449	444,311	456,444	467,985	479,951	491,530	503,828	516,424	529,335	542,568	556,132	570,035	584,286	598,993	7,600,528	928
Lehi P&C	1,059,833	1,089,124	1,113,222	1,141,109	1,169,858	1,198,572	1,228,149	1,258,571	1,289,080	1,320,330	1,352,330	1,385,080	1,418,580	1,452,830	1,487,830	18,001,260	2,172
County Sales Tax Summary																1,572,958	NPV
Utah County Option	284,908	271,531	271,531	285,277	292,409	299,719	307,212	314,893	322,765	330,834	339,105	347,583	356,272	365,179	374,308	4,750,315	578
Transit and Highways	1,324,541	1,357,655	1,391,596	1,426,386	1,462,046	1,498,597	1,536,062	1,574,463	1,613,825	1,654,170	1,695,525	1,737,913	1,781,361	1,825,895	1,871,542	23,751,575	2,883
County Restaurant	477,551	489,490	501,727	514,270	527,127	540,305	553,813	567,658	581,849	596,396	611,306	626,588	642,253	658,309	674,767	8,563,408	1,046
Total	2,067,000	2,118,675	2,171,642	2,225,933	2,281,582	2,338,621	2,397,087	2,457,014	2,518,439	2,581,400	2,645,935	2,712,083	2,779,886	2,849,383	2,920,617	37,065,298	4,537
Share with Developer	100%	100%	100%	100%	100%	100%	100%	100%	80%	80%	80%	80%	60%	60%	60%	NPV	NPV
Lehi Local Option Point-of-Sale	513,922	526,710	539,939	553,438	567,274	581,456	595,992	610,892	626,167	641,821	657,367	672,804	688,134	703,358	718,470	8,987,872	1,088

