

SKY VIEW COMMUNITY REINVESTMENT PROJECT AREA BUDGET

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LEHI CITY REDEVELOPMENT AGENCY

Prepared by Marlin Eldred, Economic Development Director, Lehi City

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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 Sky View 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 \$81,113,653. Based on the tax rate set for 2025, the real property within the Project Area generates approximately \$643,231 in annual property tax revenue. The current Project Area is classified as Mixed Use 1 by the Sky View Area Plan and Zoned Commercial/Residential 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 \$15,208,086 million with approximately \$4,001,366 in personal and real property tax to Lehi City. The real and personal property value is based on approximately \$321 million in investment in development in the Project Area (higher end restaurants, retail center, commercial, hotel and multifamily housing), the other taxing entities would receive approximately \$26,419,757 million in tax revenue over the next 15 years from the real and personal property within the Project Area. Lehi City would receive approximately \$15,208,086 million in point of sale, 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 \$29,966,673.

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 of personal or real property.

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 \$30,421,123 million over the 15 years, the Agency will receive no personal and real property taxes. It's anticipated that the Agency will receive 50% of the .5% point of sale collection of Lehi City's sales and use tax collected for 15 years to facilitate development within the Project Area which is approximately \$7,716,418 million. Lehi City will receive the other .5% reallocation from the state pool and remaining .25% percentages of sales and use tax which is estimated at \$7,716,418 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 25 percent of Lehi Cities sales and use tax collected by the Project Area, with a maximum cumulative dollar amount of \$7,716,418. The budget shows \$15,208,086 which is 50% of the sales and use tax collected on the .5% of the cities point of sale. Of the \$7,716,418 million budget there is a 10% set aside for low to moderate income housing of \$719,166 and 3% administration fee of \$224,750. The budget total is \$7,716,418. 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 \$7,716,418 whichever comes first. The maximum cumulative dollar amount that can or will be collected is \$7,716,418 for public infrastructure, grading, infrastructure and incentive costs, \$224,750 for a 3% administrative fee and \$749,166 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 Sky View 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 50% of to .5% point of sales or use tax collected from the Project Area. The collection period will be for 15 years or \$7,716,418 whichever comes first. The sales and use tax is 25% 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	\$ 5,000,000.00
Acquisition of Property @ \$6.00 sqfft	\$ 25,900,776.00
Infrastructure Improvements	\$ 3,000,000.00
Total Fund Uses	\$ 33,900,776.00

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

The combined overall incremental value collected by the Agency is \$7,716,418 based on the budget at a 50% 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 \$7,716,418 or 15 years whichever comes first. The current assessed value of the Project Area is approximately \$81,113,653. All the property is currently zoned for Mixed Use 1 via the Sky View 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 \$402,446,263. The assessed value takes into account the 45% multifamily housing tax reduction. The overall new development cost is estimated at \$321 million. The overall personal and real property tax generation for the project area is estimated at \$30,421,123 over the 15 years. Taking into account 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 \$62,705,061. Lehi City will receive approximately \$28,568,886 after the incentive, all other taxing entities will receive \$26,419,757 and the Agency would receive \$7,716,418 over 15 years.

Total sales and use tax at 6.25% are estimated at \$187,291,709 over the 15 years. Of the 6.25%, Lehi City collects .50% or \$14,983,336. Of the \$14 million collected by Lehi City the Agency would receive \$7,716,418 over the 15 years. This estimation is based on higher end restaurants, grocery anchor, commercial, multifamily 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 1– 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 \$402,446,263 million in personal and real property with approximately \$12,486,113 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 \$224,750 administrative fee for the project area. The administrative fee will cover ongoing expenses the administer the Sky View Community Reinvest Area. Expenses include annual reporting requirements, finance monitoring and expensing sales tax, and annual financial review. Admin expense not to exceed 3% 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%	\$ 749,166.00
RDA Administrative Fee 3%	\$ 224,750.00
Total Costs	\$ 973,916.00

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

City Sales Tax Summary											
	2027	2028	2029	2030	2031	2032	2033	2034	2035		
Lehi Local Option - Point-of-Sale	556,903	826,139	898,276	920,733	943,751	967,345	991,529	1,016,317	1,041,725		
Lehi Local Option - Population	445,522	660,911	718,621	736,586	755,001	773,876	793,223	813,053	833,380		
Lehi PARC Tax	111,381	165,228	179,655	184,147	188,750	193,469	198,306	203,263	208,345		
Lehi TRT	-	58,588	60,053	61,554	63,093	64,670	66,287	67,944	69,643		
Total	1,113,805	1,710,966	1,856,605	1,903,020	1,950,595	1,999,360	2,049,344	2,100,578	2,153,092		
County Sales Tax Summary											
	2027	2028	2029	2030	2031	2032	2033	2034	2035		
Utah County Option	278,451	413,070	449,138	460,366	471,876	483,672	495,764	508,158	520,862		
Transit and Highways	1,392,256	2,065,348	2,245,690	2,301,832	2,359,378	2,418,362	2,478,821	2,540,792	2,604,312		
County TRT	-	248,999	255,224	261,604	268,145	274,848	281,719	288,762	295,981		
County Restaurant	74,060	303,646	389,046	398,773	408,742	418,960	429,434	440,170	451,175		
Total	1,744,768	3,031,063	3,339,098	3,422,576	3,508,140	3,595,844	3,685,740	3,777,883	3,872,330		
Share with Developer											
	2028	2029	2030	2031	2032	2033	2034	2035	2036		
Lehi Local Option Point-of-Sale (0.500%)	293,435	428,053	464,121	475,350	486,859	498,656	510,748	523,142	536,846		

EXHIBIT A – Detailed Financial Projections – Continued

2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	Total	NPV 5%
1,041,725	1,067,768	1,094,462	1,121,824	1,149,869	1,178,616	1,208,081	1,238,283	1,269,240	1,300,971	1,333,496	1,366,833	21,492,161	12,749,281
833,360	854,214	875,570	897,459	919,895	942,893	966,465	990,627	1,015,392	1,040,777	1,066,797	1,093,466	17,193,729	10,199,425
208,345	213,554	218,892	224,365	229,974	235,723	241,616	247,657	253,848	260,194	266,699	273,367	4,288,432	2,549,656
69,643	71,384	73,168	74,998	76,873	78,794	80,764	82,783	84,853	86,974	89,149	91,377	1,402,948	819,919
2,153,092	2,206,919	2,262,092	2,318,645	2,376,611	2,436,026	2,496,927	2,559,350	2,623,334	2,688,917	2,756,140	2,825,043	44,387,270	26,318,481
2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	Total	NPV 5%
520,862	533,884	547,231	560,912	574,935	589,308	604,041	619,142	634,620	650,486	666,748	683,417	10,746,080	6,374,641
2,604,312	2,669,420	2,736,155	2,804,559	2,874,673	2,946,540	3,020,203	3,095,708	3,173,101	3,252,429	3,333,739	3,417,083	53,730,402	31,873,203
295,981	303,381	310,965	318,740	326,708	334,876	343,248	351,829	360,625	369,640	378,881	388,353	5,962,529	3,484,655
491,175	482,454	474,015	485,896	498,012	510,463	523,224	536,305	549,712	563,455	577,542	591,980	9,087,035	5,313,458
3,872,330	3,969,138	4,068,367	4,170,076	4,274,328	4,381,186	4,490,716	4,602,984	4,718,058	4,836,010	4,956,910	5,080,833	79,526,047	47,045,956
2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	Total	NPV
535,846	548,867	562,214	575,895	589,918	604,291	619,024	-	-	-	-	-	7,716,418	5,177,926