

SKY VIEW COMMUNITY REINVESTMENT PROJECT AREA BUDGET

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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 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 \$15,232,531. Based on the tax rate set for 2025, the real property within the Project Area generates approximately \$133,017 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 \$5,719,572 million with approximately \$1,632,435 in personal and real property tax to Lehi City. The real and personal property value is based on approximately \$91 million in investment in development in the Project Area (higher end restaurants, retail center, hotel and high end fitness center), the other taxing entities would receive approximately \$9,885,742 million in tax revenue over the next 15 years from the real and personal property within the Project Area. Lehi City would receive approximately \$7,642,449 million in point of sale (.5%), sales and use tax, TRT and PARC 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 \$11,431,584.

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 \$11,518,177 million over the 15 years, the Agency will receive no personal and real property taxes. It's anticipated that the Agency will receive 55% 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 \$3,143,686 million. Lehi City will receive the other .5% reallocation from the state pool and remaining .45% percentages of sales and use tax which is estimated at \$7,887,793 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 55 percent of Lehi Cities sales and use tax collected by the Project Area, with a maximum cumulative dollar amount of \$3,143,686. The budget shows \$5,715,792 which is 50% of the sales and use tax collected on the .5% of the cities point of sale. Of the \$3,143,686 million budget there is a 10% set aside for low to moderate income housing of \$314,368. The budget total is \$3,143,686. It is the intent for the RDA to utilize the 10% set aside for LMI housing within Lehi Housing Authority. 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 \$3,143,686 whichever comes first. The maximum cumulative dollar amount that can or will be collected is \$3,143,686 for public infrastructure, grading, infrastructure and incentive costs, and \$314,368 for the 10% low to moderate housing requirement. 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 55% of to .5% point of sales or use tax collected from the Project Area. The collection period will be for 15 years or \$3,143,686 whichever comes first. The sales and use tax is 55% of the .05% 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	\$ 2,500,000.00
Infrastructure Improvements	\$ 3,000,000.00
Total Fund Uses	\$ 5,500,000.00

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

The combined overall incremental value collected by the Agency is \$3,143,686 based on the budget at a 55% 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 \$3,143,686 or 15 years whichever comes first. The current assessed value of the Project Area is approximately \$15,252,531. 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 \$99,047,502. The overall new development cost is estimated at \$109 million. The overall personal and real property tax generation for the project area is estimated at \$11,518,177 over the 15 years. Taking into account personal and real property, .1% sales and use tax, transient room tax, PARC tax and any other tax levied in the area the total taxes collected in the area will be \$24,876,418. Lehi City will receive approximately \$11,846,990 after the incentive, all other taxing entities will receive \$9,885,742 and the Agency would receive \$3,143,686 over 15 years.

Total sales and use tax at 6.25% are estimated at \$71,447,403 over the 15 years. Of the 6.25%, Lehi City collects .50% or \$5,715,792. Of the \$5 million collected by Lehi City the Agency would receive \$3,143,686 over the 15 years. This estimation is based on higher end restaurants, grocery anchor, higher end fitness center 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 developed. Based on this assumption at year 15, the Project Area should be valued at approximately \$109 million in personal and real property with approximately \$4,763,160 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)

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 used through the Lehi City Housing Authority. Estimated amounts based on the budget for the mandatory housing allocation fee are shown below.

Administrative Costs

CRA Housing Requirement at 10%	\$ 314,368.00
Total Costs	\$ 314,368.00

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.

Incentive 19,999 SF									
	2027	2028	2029	2030	2031	2032	2033		
Lehi Local Option - Point-of-Sale	187,065	329,145	366,221	370,699	376,259	381,903	387,632		
Total	187,065	329,145	366,221	370,699	376,259	381,903	387,632		
City Sales Tax Summary									
	2027	2028	2029	2030	2031	2032	2033		
Lehi Local Option - Point-of-Sale	187,065	329,145	366,221	370,699	376,259	381,903	387,632		
Lehi PARC Tax	37,413	66,829	73,044	74,140	75,252	76,381	77,526		
Lehi TRT	-	50,711	51,471	52,243	53,027	53,822	54,630		
Total	224,478	446,684	489,736	497,082	504,538	512,106	519,788		
County Sales Tax Summary									
	2027	2028	2029	2030	2031	2032	2033		
Utah County Option	93,533	164,572	182,610	185,349	188,130	190,952	193,816		
Transit and Highways	467,663	822,862	913,051	926,747	940,648	954,758	969,079		
County TRT	-	215,520	218,753	222,034	225,365	228,745	232,176		
County Restaurant	34,385	139,603	177,121	179,778	182,475	185,212	187,990		
Total	595,580	1,342,558	1,491,536	1,513,909	1,536,618	1,559,667	1,583,062		
Share with Developer									
	2028	2029	2030	2031	2032	2033	2034		
Lehi Local Option Point-of-Sale (0.550%)	102,886	181,030	200,871	203,884	206,943	210,047	213,197		

EXHIBIT A – Detailed Financial Projections

**EXHIBIT A – Detailed
Financial Projections –
Continued**

2034	2035	2036	2037	2038	2039	2040	2041	Total	NPV 5%	
393,446	399,348	405,338	411,418	417,589	423,853	430,211	436,664	5,715,792	3,850,191	
393,446	399,348	405,338	411,418	417,589	423,853	430,211	436,664	5,715,792	3,850,191	
314,757	319,478	324,271	329,135	250,554	254,312	258,127	261,999			
2034	2035	2036	2037	2038	2039	2040	2041	Total	NPV 5%	
393,446	399,348	405,338	411,418	417,589	423,853	430,211	436,664	5,715,792	3,850,191	
78,689	79,870	81,068	82,284	83,518	84,771	86,042	87,333	1,143,158	770,038	
55,449	56,281	57,125	57,982	58,852	59,735	60,631	61,540	783,498	521,429	
527,585	535,498	543,531	551,684	559,959	568,359	576,884	585,537	7,642,449	5,141,658	
2034	2035	2036	2037	2038	2039	2040	2041	Total	NPV 5%	
196,723	199,674	202,669	205,709	208,795	211,927	215,106	218,332	2,857,896	1,925,096	
983,616	998,370	1,013,345	1,028,546	1,043,974	1,059,633	1,075,528	1,091,661	14,289,481	9,625,478	
235,659	239,194	242,782	246,424	250,120	253,872	257,680	261,545	3,329,868	2,216,073	
190,810	193,672	196,577	199,526	202,519	205,557	208,640	211,770	2,695,636	1,795,417	
1,606,808	1,630,910	1,655,374	1,680,204	1,705,407	1,730,988	1,756,953	1,783,307	23,172,881	15,562,063	
2035	2036	2037	2038	2039	2040	2041	2042	Total	NPV	
216,395	219,641	222,936	226,280	229,674	233,119	236,616	240,165	3,143,686	2,117,605	