

# SKYE VIEW COMMUNITY REINVESTMENT PROJECT AREA PLAN

August 26th, 2025



LEHI CITY REDEVELOPMENT AGENCY

Prepared by Marlin Eldred, Economic Development Director, Lehi City

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## **Section 1: Introduction**

The Lehi City Redevelopment Agency (the “Agency”) is looking at north eastern Lehi along SR-92 as an area for growth in both personal and real property as well as sales tax generation and has prepared the following Skye View CRA Plan (“Plan”). This Plan has been prepared in compliance with Utah State Code and considers the economic impacts of commercial, retail, and residential development as it relates to a return on investment for the community while also providing a return on the investment made by the development community. The current property encompassed by the Community Reinvestment Area (“CRA”) is undeveloped with no internal infrastructure. Prior to the start of development, the property was farming land and/or vacant property. The RDA has determined that creating a CRA is in the best interest of its residents to grow the personal and real property tax, sales and use tax, LMI Housing and allow for additional services to enhance the residents’ quality of life. The purpose of this plan is to evaluate the opportunity for the Skye View Development Project by describing how the CRA will work, mechanisms used for incentives, and a return on investment for the community and taxing entities.

This Plan follows Utah Code Annotated (UCA) Title 17C Chapters 1 and 5 (Utah Limited Purpose Local Government Entities – Community Reinvestment Agency Act). Requirements of the Act include notice and hearing obligations. The Agency must show that these requirements have been met in order to complete the CRA.

This document is prepared in good faith as a current reasonable estimate of the economic impact of this project. Fundamental changes in economic factors and other circumstances may influence the actual impact. With these assumptions, the information contained within this report represents the reasonable expectations of the project. The Agency makes no guarantee that the projections contained in this Plan document or in the Budget for the Project Area will accurately reflect the future development within the Project Area. Further, the Agency specifically reserves all powers granted to it under the Act, as amended, subject to the terms and provisions of this Plan, City ordinances, and State and Federal Law.

## **Section 2: Definitions**

As used in the Plan:

2.1 “Act” means Title 17C of the Utah Code Annotated (UCA) 1953, as amended: the Utah Limited Purpose Local Government Entities – Community Reinvestment Agency Act, as amended, or such successor law or act as may from time to time be enacted.

2.2 “Agency” means the Lehi City Redevelopment Agency, created and operated pursuant to UCA 17C-1-101 and its predecessor or successor status, as designated by Lehi City to act as the redevelopment agency.

2.3 “Agency Board” means the governing body of the Agency.

2.4 “Base Taxable Value” has the same meaning as in the Act (UCA 17C-1-102(8)). “Base Taxable Value” is synonymous with “Base Year Taxable Value”, “Base Year Value”, and “Base Value”.

2.5 “Base Tax Amount” means a sum equal to the tax revenue arising from the Project Area during the Base Year, which is calculated as the product of the Base Taxable Value and the certified tax rate in effect during the Base Year.

2.6 “Base Year” means the year of the Base Taxable Value that will be set in the interlocal agreements with the Agency as contemplated by UCA 17C-1-102(9)(d). This Plan will utilize 2025 as the base year.

2.7 “Bond” means any bonds, notes, interim certificates, or other obligations issued by an agency.

2.8 “City” means Lehi City, a political subdivision of the State of Utah.

2.9 “Comprehensive General Plan” or “General Plan” means the general plan adopted by the City under UCA § 10-9a-401.

2.10 “Community Reinvestment” means development activities within a community, including the encouragement, promotion or provisions of development as provided for in the Act.

2.11 “Community Reinvestment Project Area Plan” means a project area plan, as defined by UCA § 17C-1-102(18) of the Act, designed to foster project area development, as defined by UCA § 17C-1-102(48) of the Act, developed by the Agency and adopted by ordinance of the governing body of the City, to guide and control community development projects in a specific project area.

2.12 “Governing Body” means (a) in reference to the Lehi City Redevelopment Agency; the Board of the Agency, or (b) if used in reference to Lehi City, City Council of Lehi City.

2.13 “Project Area” means the Skye View Community Reinvestment Project Area per resolution of the Lehi City Redevelopment Agency January 28<sup>th</sup>, 2025 as set forth in Exhibit A.

2.14 “Property Taxes” means all levies on an ad valorem basis upon land, real property, personal property, or any other property, tangible or intangible.

2.15 “Sales Tax” means a tax on sales or on the receipts from sales.

2.16 “Taxing Entities” means the public entities, including the state, county, city, school district, special service district, or other public body, which levy property taxes on any parcel or parcels of property located within the Project Area.

2.17 “Tax Increment” means that portion of the taxes levied each year in excess of the base tax amount, which excess amount is paid into a special fund of the Agency, pursuant to UCA 17C-1-102(61)(a) and Part 5 of UCA Chapter 17C-1, as amended.

2.18 “Tax Year Real and Personal Property” means the 12-month period between sequential tax role equalizations (November 1<sup>st</sup> through October 31<sup>st</sup>) of the following year, e.g., the Nov 1, 2024 – Oct 31, 2025 tax year.

2.19 “Tax Year Sales Tax” means the 12-month period between January 1<sup>st</sup> through December 31<sup>st</sup> of the previous year, e.g., January 1, 2024 – December 31, 2024 tax year.

### **Section 3: Project Area Boundaries that Divide a Tax Parcel (17C-5-105(1))**

No parcels within the project area will be split into an included and excluded tax parcel. All parcels are within the CRA project area.

As described in Exhibit A, the Project Area is entirely located within the legal boundaries of Lehi City. The Project Area encompasses approximately 28.84 acres of land.

The Project Area encompasses the area identified, including without limitation, the one parcel outlined on the map attached hereto as **Exhibit A** (the “Project Area Map”). The one parcel is owned by one landowner.

A legal description and map of the Project Area is attached as **Exhibit A**.

### **Section 4: Project Area Characteristics and How They Will be Affected by Project Area Development (17C-5-105(2))**

#### **Land Uses in the Project Area**

The Project Area is currently in the Skye View Area Plan being designated as Mixed Use 1 which allows retail and residential as permitted uses. The general plan shows the property in Commercial/Residential. The city zoning/Skye View Area Plan and general plan are both in alignment as to the land designation and desired buildout. The Mixed Use 1 (Commercial/Residential) is designated through the Skye View Area Plan. The Mixed Use 1 Table of Uses shows restaurants, general retail and residential as allowed uses within the project area. Skye View CRA consists of approximately 28.84 acres and designates restaurants, Grocery, hotel, Fitness Facilities and retail as permitted uses as well as many other uses. All contemplated private development must follow proper planning and zoning ordinances and requirements and be approved by Lehi City after being duly-noticed in a public meeting.

### **Layout of Principal Streets in the Project Area**

The intent of the CRA Area is to complete among other things, the construction and/or expansion of the roads as identified in project plans, and other public infrastructure that will be paid for or reimbursed through Tax Increment Financing. Internal access roads connecting the residential and commercial will be considered private and not reimbursed.

### **Population in the Project Area**

As of the 2023 United States Census Bureau information, Lehi has a population of 90,227. This is a 19% change from 2020 - 2023. Lehi City is ranked among some of the fastest growing cities in the United States. Based on the contemplated development within the Project Area there could be 700 - 900 people employed at full buildout. The intended development within the Project Area is permitted thru the Area Plan and the housing has already been authorized.

### **Building Intensities in the Project Area**

Development in the Project Area was and will be required to follow all planning and zoning ordinances as they currently exist or that might be amended in the future to include design and development standards, subject to vested or grandfathered rights, variances and other city ordinances and state or federal laws. The proposed Project Area will contain 93,100 square feet of retail space, 92,000 square feet Fitness Center and 80,500 square foot hotel. The retail will consist of restaurants, national retailers and grocery anchor.

## **Section 3: Standards That Will Guide Community Development (17C-5-105(3))**

### **Development Objectives**

The Agency and the City want the Project Area to develop into retail with higher end restaurants. This creates an environment for tax generation, and employment opportunities which helps drive sales and tax revenue. Lehi is missing finer dining experiences throughout the city. There are only a handful of finer dining options available. The grocery anchor will fit a niche market that has strong customer base. The grocery anchor, hotel and ancillary retail will drive customers to the project area. This development will provide an opportunity to capture a higher end market. The Skyview Area Plan calls for single family and multifamily housing, office space and retail. The objective is to create a development that allows for residents to live, shop and work within the same area. There will be a robust trail system built throughout the development that will promote walking and biking to try and cut down on car traffic.

### **Design Objectives**

The property is zoned Commercial/Residential in the General Plan and with all proposed uses being permitted. Sky View Area Plan has the area zoned as Mixed Use 1 which designates all the appropriate land uses for the area. The developers will comply with city ordinances and area plan (including city design and area plan standards) and state and federal law. Retail will have design standards and sign placement that will need to work within the code for development. The Fitness Center will work with the developer to create trail connectivity throughout the project area.

All proposed development will be submitted to the City via the normal development approval process, which includes site plans containing development data and any other appropriate material describing the development, land coverage, setbacks, heights, off-street parking to be provided, and any other information as deemed appropriate by the City.

#### **Section 4: How the Purposes of the Act Will be Attained (17C-5-105(4))**

Title 17C of the Utah Code contains the following definition of Project Area Development:

“Project area development” means activity within a project area that, as determined by the board, encourages, promotes, or provides development or redevelopment for the purpose of implementing a project area plan, including:

- (a) promoting, creating, or retaining public or private jobs within the state or a community;
- (b) providing office, manufacturing, warehousing, distribution, parking, or other facilities or improvements;
- (c) planning, designing, demolishing, clearing, constructing, rehabilitating, or remediating environmental issues;
- (d) providing residential, commercial, industrial, public, or other structures or spaces, including recreational and other facilities incidental or appurtenant to the structures or spaces;
- (e) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating existing structures;
- (f) providing open space, including streets or other public grounds or space around buildings;
- (g) providing public or private buildings, infrastructure, structures, or improvements;
- (h) relocating a business;
- (i) improving public or private recreation areas or other public grounds;
- (j) eliminating a development impediment or the causes of a development impediment;
- (k) redevelopment as defined under the law in effect before May 1, 2006; or
- (l) any activity described in Subsections (48) outside of a project area that the board determines to be a benefit to the project area.

(Utah Code § 17C-1-102(48)).

The creation of the Project Area furthers the attainment of the purposes of Title 17C by addressing the following objectives:

**Provision of development that enhances economic and quality of life basis.** The Project and Project Area will provide numerous economic and community benefits including the creation of a number of full-time equivalent jobs (“FTE”) within Lehi City, and the generation of a significant amount of new sales and use tax and personal and real property, and franchise tax for the City and all taxing entities.

**Stimulation of associated business and economic activity by the development.** This Project will meaningfully enhance the City’s real property, franchise tax, sales and use tax base as well as all other taxing entities through personal and real property tax generation. The direct and indirect impact provided by the creation of new jobs to the existing local economy will be significant. Local businesses that will benefit include hotels, suppliers and vendors servicing the retail and residential facilities in the Project Area.

The Project will achieve the following:

1. Enhance employment and income opportunities for community residents by offering employment opportunities within the Skye View Development area.
2. Increase the diversity of the tax base and increase the resources available for performing governmental services.
3. Encourage and support the efficient use of undeveloped land within Lehi City.
4. Support and encourage appropriate public and private development efforts in the community.

## **Section 5: How the Plan is Consistent With and will Conform to the City’s General Plan (17C-5-105(5))**

This Plan and the development contemplated within the Project Area will conform to the City General Plan, Skye View Area Plan, Land Use Regulations and the Lehi City Development Code. The current Lehi City Zoning Map shows the development being designated as Commercial/Residential CR. Lehi City Planning and Zoning Ordinances designate the zoning for the Project Area as the Skye View Area Plan. Within the Area Plan, the project area is designated as Mixed Use 1. The overall Mixed Use 1 is 28.84 acres and is the mixed use zone for retail opportunities. Currently there is no development on the proposed area plan.

The proposed projects will provide retail, restaurant, hotel and a grocery anchor. As described in the Skye View Area Plan, the Mixed Use 1 contains all the commercial and retail uses planned for Skye View Development. The Planned Community Mixed Use 1 is located in close proximity to the residential areas of Skye View and provides viable Live-work options for the community. The Mixed Use 1 zone is linked to the other phases of the project by pedestrian/cyclist paths found on many major arterials throughout Skye View. Per the Area Plan the CRA Area is zoned Mixed Use 1 which means it can develop as both Commercial/Retail and High Density Residential if needed. Development within this zone should be designed in a manner that presents a favorable image of the City and is encouraged to be developed in large, well-planned and cohesive projects rather than smaller, piecemeal projects. The Skye View CRA

Plan is aligned with the current zoning maps, Lehi City General Plan, Lehi City Planning and Zoning Ordinances and the Skye View Area Plan for this project.

**Section 6: If applicable, describes how project area development will eliminate or reduce a development impediment in the community reinvestment project area )17C-5-106(6))**

Section 6 is not applicable to the Skye View CRA area. The project area is currently vacant land void of any buildings or hazardous cleanup requirements. No impediment study will be required for this project.

**Section 7: Description of the Specific Projects That Are the Object of the Proposed Community Development (17C-5-105(7))**

Based on land owner representations, the proposed use will be restaurants, retail, hotel, and grocery anchor. This proposed use meets the objectives of the Agency and Lehi City for financial participation and is consistent with, the Lehi City General Plan and current zoning ordinances. This development will facilitate water and sewer extension, storm water retention, and road improvements. Personal, and real property is desired by all taxing entities and sales and use tax and franchise tax generation is also a driver for Lehi City. The Skyview Area Plan will create job centers, higher personal and real property taxes and sales and use tax generation through commercial office, retail and multifamily residential development. The Skyview CRA is focused on the retail, restaurant, grocery anchor and fitness center.

**Section 8: Ways in Which Private Developers Will be Selected to Undertake the Community Development (17C-5-105(8))**

The Agency and City will select or approve such development that is brought forth by developer that meets the development objectives as set forth in the Plan, subject to and consistent with City ordinances and state law. The Agency and City reserve the right to approve or reject any development plan(s) that do not meet the intent of the Project Area, subject to and consistent with City ordinances and state law. The Agency or City may at their discretion solicit development targeting specific industries or business clusters through Economic Development recruitment, and/or referrals, references or inquiries to the Agency or City, subject to and consistent with City ordinances and state law.

The Agency and City will ensure that all development conforms to the Project Area Plan and is approved by the City, subject to and consistent with City ordinances and state law. All development opportunities will need to be vetted by the City and will include development plans and financial

information to support the viability and sustainability of the project and the developer to fulfill all obligations that could or will be required, to the extent permitted by and subject to and consistent with City ordinances, and state law. This process could or will include City staff and or third-party sources to review financial statements, verify the benefit of the development to the City, engineering, appraisal reports, etc., to the extent permitted by and subject to and consistent with City ordinances.

Any participation between the Agency and developer(s) and/or landowners shall be by an approved written agreement. The Agency will utilize Tax Increment Financing to install, or reimburse developers for the cost of, the grading, public infrastructure and for other purposes allowed by the Act. It is for this purpose that the Agency is contemplating the creation of the CRA. The developer is currently working with multiple national retailers.

The project will generate more than \$100,000 in sales tax on an annual basis. This will require a 10% set aside for Low to Moderate Income Housing per 17C-5-307(3). Sales tax is the main tax increment driver of this project. The project area doesn't have a retail floor plate larger than 20,000 sqft so the Low to Moderate Income LMI housing requirement is not triggered.

## **Section 9: Reasons for the Selection of the Project Area (17C-5-105(9))**

The Skye View Community Reinvestment Project Area was selected by the Agency as an area that shows high potential for growth, infrastructure development, and retail construction development that will create an increase in property values and real property, transient room tax, PARC tax, retail sales and use tax generation. This decision was driven by the landowners and developers. The boundaries were determined by the development project and Skye View Area Plan.

## **Section 10: Descriptions of the Physical, Social, and Economic Conditions That Existing in the Community Reinvestment Project Area (17C-5-105(10))**

The Project Area consists of approximately 28.84 acres as shown in the Project Area Map. The Agency wants to encourage development, utilizing infrastructure improvements, impact fee waivers, etc. as the incentives that are needed to facilitate the development. Incentives will follow what is allowed by Title 17C and negotiated between the developer and the RDA. The CRA area will grow the tax base of Lehi City to provide greater funding sources to continue to meet the demand and services of its residents. The property is currently vacant and without infrastructure to the pad sites within the proposed Project Area. The main backbone road infrastructure with associated utilities is located through the middle of the project area. The project area has a 110-foot difference from the southern to northern border. This requires extensive grading work to make usable pad sites for the development. The project is adjacent to Texas Instruments on the Eastern boarder with proposed housing to the North and an existing middle school to the north west of the proposed development. The southern boarder is SR-92 and the western boarder will be retail. This project will create a true live, work, shop experience for the residents of Lehi through the multifamily, retail and job creation coming to the entire area.

Economic conditions are right for this project. It fits the market segment we are missing with retail and shopping experiences. It also brings in sales tax revenue for the city. Lehi City is anticipated to be at full build out in the next 20 – 30 years. It's imperative that the city have a strong tax base to continue to provide services to its residents.

## **Section 11: Descriptions of Some Incentives Offered to Developer(s) or Land Owner(s) For Locating Facilities in the Project Area (17C-5-105(11))**

The following describes the payment/reimbursement and incentives the Agency intends to offer within the Project Area to developer(s), land owner(s) or participants to improve and develop the property within the Project Area:

1. The Agency intends to utilize sales and use tax generated from the development that is approved by an interlocal agreement with Lehi City for payment of required infrastructure improvements, and other expenditures as allowed by the Act and approved by the Agency.
2. Payments will first be made to Lehi City to reimburse the City's cost for any waived impact fees, or other costs associated with the RDA. Once Lehi City is reimbursed the land owner and developer(s) will receive reimbursement for improvements and other costs allowed by the Act.
3. Expenditures and incentives approved and outlined in the adopted Project Area Budget and as allowed by the Act can be used per authorization of the Redevelopment Agency through a Development Agreement. The Agency may agree to pay for eligible development costs and other items from such tax revenues for the period of time the Agency may deem appropriate under the circumstances.

## **Section 12: Result of the Public Benefit Analysis and But For Test Performed by the Agency (17C-5-105(12 - 13))**

The public benefit analysis required by UCA § 17C-5-105(12 - 13) is described in greater detail in Appendix D, attached hereto. In summary, the Agency's public benefit analysis and but for test found that the creation of the Project Area, the provision of certain incentives, and other Agency activities as described in this Plan and allowed by the Act will provide significant public benefits to the Project Area and the greater Lehi City area.

### **Section 13: Historical Builds or Historical National Registry, Taxing Entity Committee or Interlocal Agreement, Other Information (17C-5-105(14, 15, 16))**

There are no existing buildings or uses in the community reinvestment project area that are included in, or eligible for inclusion in, the National Register of Historic Places or the State Register.

The Project Area will not be subject to a Taxing Entity Committee; instead, the Agency anticipates entering into interlocal agreements with Lehi City, in order to obtain funding for Project Area development.

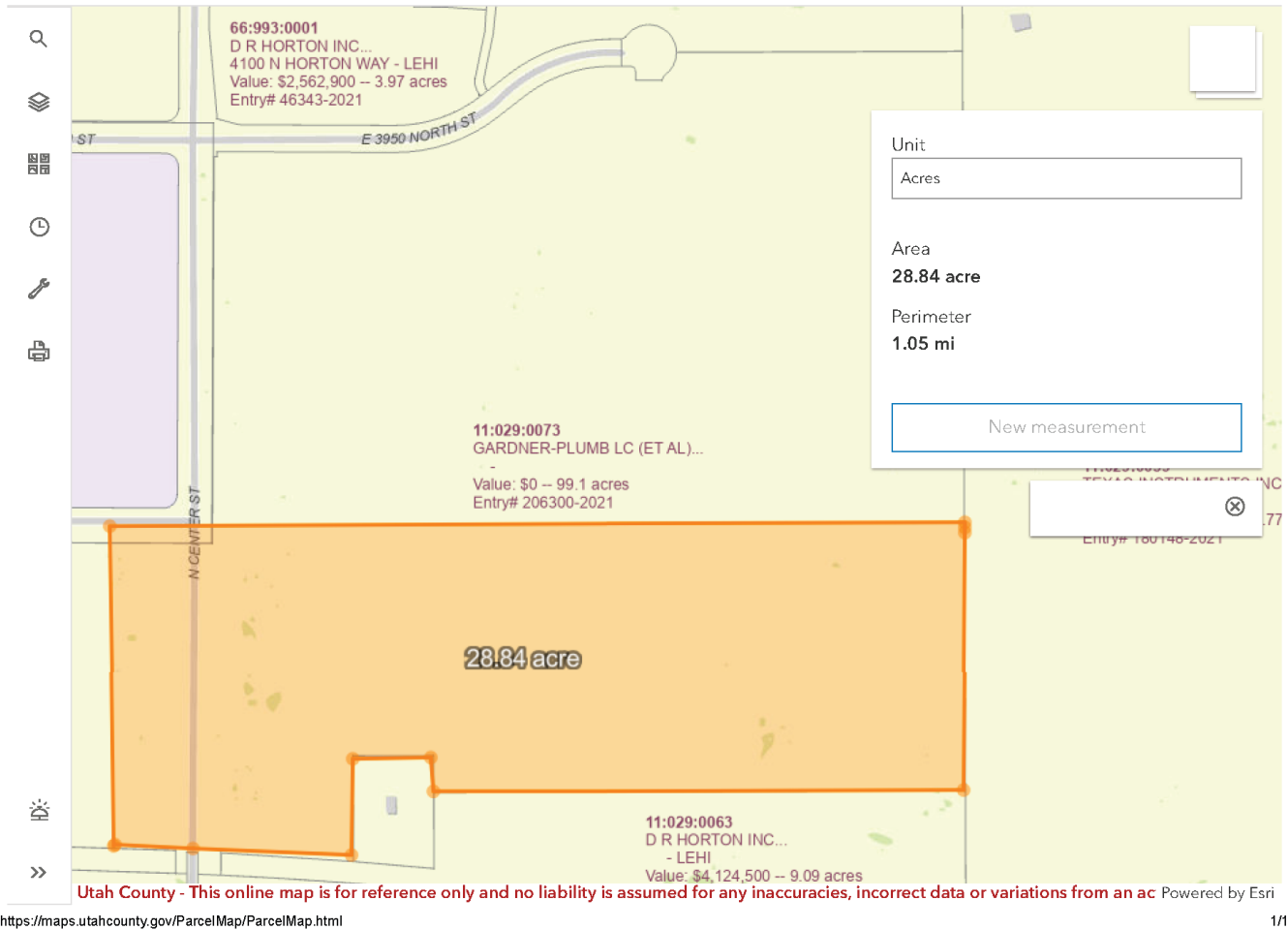
Other Information: None at this time

## APPENDIX A - Project Area Map

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Utah County Parcel Map

Utah County Parcel Map



## APPENDIX B – Project Area Legal Description

This description is for Skye View CRA

Parcel Serial Number: 11:029:0073

COM N 1098.235 FT & E 1790.93 FT FR SE COR. SEC. 29, T4S, R1E, SLB&M.; N 89 DEG 58' 53" W 657.46 FT; ALONG A CURVE TO R (CHORD BEARS: S 28 DEG 14' 34" W 60.53 FT, RADIUS = 64 FT); ALONG A CURVE TO L (CHORD BEARS: S 28 DEG 14' 35" W 11.35 FT, RADIUS = 12 FT); N 89 DEG 59' 3" W 60 FT; N 0 DEG 0' 59" E 20.34 FT; ALONG A CURVE TO L (CHORD BEARS: N 44 DEG 59' 2" W 16.97 FT, RADIUS = 12 FT); N 89 DEG 58' 53" W 20.67 FT; N .08 FT; S 89 DEG 58' 53" W 26.22 FT; ALONG A CURVE TO L (CHORD BEARS: S 71 DEG 16' 20" W 205.04 FT, RADIUS = 319.18 FT); S 52 DEG 31' 33" W 83.81 FT; ALONG A CURVE TO R (CHORD BEARS: S 71 DEG 29' 40" W 247.69 FT, RADIUS = 381.13 FT); N 89 DEG 32' 12" W 408.94 FT; S 0 DEG 27' 51" W 11 FT; N 89 DEG 32' 4" W 6.48 FT; S 0 DEG 27' 48" W 885.64 FT; N 89 DEG 32' 12" W 1466.56 FT; ALONG A CURVE TO R (CHORD BEARS: N 81 DEG 23' 22" W 294.77 FT, RADIUS = 1037.78 FT); N 73 DEG 14' 32" W 287.93 FT; N 14 DEG 45' 56" W .06 FT; N 73 DEG 15' 13" W 1.57 FT; ALONG A CURVE TO L (CHORD BEARS: S 58 DEG 23' 33" W 46.34 FT, RADIUS = 31 FT); ALONG A CURVE TO L (CHORD BEARS: S 4 DEG 57' 49" W 103.25 FT, RADIUS = 594.97 FT); S 0 DEG 5' 57" E 402.21 FT; ALONG A CURVE TO L (CHORD BEARS: S 45 DEG 5' 58" E 43.84 FT, RADIUS = 31.01 FT); N 89 DEG 54' 5" E 49.5 FT; S 0 DEG 5' 57" E 70 FT; ALONG A CURVE TO L (CHORD BEARS: S 44 DEG 54' 3" W 98.29 FT, RADIUS = 69.51 FT); S 0 DEG 5' 58" E 158.42 FT; S 87 DEG 27' 39" E 683.6 FT; N 87 DEG 23' 39" E 234.14 FT; N 82 DEG 3' 40" E 427.6 FT; S 87 DEG 58' 14" E 644.17 FT; S 0 DEG 27' 48" W 52.87 FT; ALONG A CURVE TO L (CHORD BEARS: S 87 DEG 42' 26" E 26.44 FT, RADIUS = 9520 FT); N 0 DEG 4' 51" W 50.05 FT; S 87 DEG 34' 24" E 24.77 FT; S 0 DEG 4' 51" E 50.05 FT; ALONG A CURVE TO L (CHORD BEARS: S 87 DEG 19' 37" E 52.86 FT, RADIUS = 9520 FT); N 0 DEG 27' 48" E 51.15 FT; S 86 DEG 4' 30" E 305.26 FT; N 0 DEG 0' 12" E 242 FT; S 89 DEG 59' 48" E 185 FT; S 0 DEG 0' 12" W 85 FT; S 89 DEG 59' 48" E 1222.31 FT; N 1691.76 FT TO BEG. AREA 99.101 AC.

## **APPENDIX C – Public Benefit Analysis**

### **Benefit Analysis of the Proposed Skye View Community Reinvestment Area**

The following benefit analysis is presented to meet the requirement of Utah Code (17C-5-105(12) )

- 13

The analysis shall consider:

- (a) A reasonableness of the costs of the proposed project area development
- (b) Efforts that have been taken or will be taken to maximize private investment
- (c) The rationale for use of project area funds, including an analysis of whether the development might occur in the foreseeable future solely through private investment
- (d) An estimate of the total of project area funds to be spent on the project area development and the length of time the funds will be spent

The anticipated public benefit derived from the proposed project area development including;

- (e) The beneficial influences on the community's tax base
- (f) The associated business and economic activity the proposed project area development will stimulate
- (g) Whether adoption of the proposed community reinvestment project area plan is necessary and appropriate to undertake the proposed project

The following is the public benefit analysis showing the benefit to be derived from the financial assistance and any other public assistance provided to the landowners or developers for the proposed development in the Project Area. This is intended to provide a framework for the Agency to make critical decisions and show whether it is good policy and in the interest of Lehi City Redevelopment Agency to invest agency funds in the Project Area. This document is prepared in good faith as an estimate of the economic impact of this project. Market conditions and unforeseen forces could influence the project in a favorable or unfavorable way. The information contained herein is considered an accurate accounting and reasonable expectations of the project as presented at this time.

### **Introduction of Project**

The benefit analysis analyzes the potential increment generated through personal and real property development, sales and use tax and franchise tax revenue generated from the project area. It identifies the net benefit or loss to the Agency and Lehi City. The proposed project includes 28.84 acres to be developed as approximately 93,100 square feet of retail space to include a grocery anchor, higher end restaurants and shopping, 92,000 square feet fitness facility as well as 80,500 square foot hotel. This development is consistent with the Lehi City General Plan, Planning and Zoning Ordinances and the Skye View Area Plan. This development is intended to serve the Lehi City residents in providing needed job centers, services and retail purchase options for the area. The overall benefit and investment brought to the project includes greater personal real property, sales and use tax generation, transient room tax, as

well as higher and better use of vacant land and public infrastructure. Per Utah State Code 17C-5-307(2) there will be a 10% set aside for low to moderate income housing and or projects that will benefit low to moderate income housing.

This analysis contemplates private investment in the proposed project area to be estimated at approximately \$84 million not to include the land value. The overall new taxable personal and real property value will be approximately \$83,794,970. Sales and use tax generation is estimated to be .5% or \$5,715,792 over 15 years or \$381,052 annually. The economic benefit resulting from the construction of the project includes; both short term and long-term employment opportunities, local purchases of goods and services by local residents and employees constructing the development, purchase of utilities and increased tax revenue to the state and local governments. This report identifies the potential tax revenue that may be generated from an increase in personal and real property value, transient room tax, franchise tax and increase in sales and use tax from retail sales resulting from the development.

## **Project Development Overview**

It is proposed the Community Reinvestment Area be created for the purpose of developing new higher end or finer dining restaurants, a higher end retail center, hotel and higher end fitness center. It is anticipated that the Skye View CRA will contribute greatly to the economic well-being of the community through personal, real property, transient room tax and sales tax generation.

The project area is currently zoned Mixed Use 1 by the Skye View Area Plan which allows for commercial, retail and residential, planning and zoning ordinances show it as Skye View Area Plan and Commercial/Residential in the General Plan. Both designations promote commercial, retail and multifamily. The Mixed Use 1 is under the Skye View Area Plan which allows all the proposed development projects.

## **Capital Investment Projections for Personal and Real Property and Sales and Use Taxes**

The Project Area currently is vacant land. The current base value is estimated at \$15,252,531. The property was just purchased from D.R. Horton and there is no historical base value. Since this project is only looking at Sales and Use Tax the base value is a moot point. Based on the \$15M assessed value it would generate \$133,017 in taxes annually. The base year is set for 2025. (Note: The Agency will only request participation for Sales Tax from Lehi City, no personal or real property will go towards the project area.) The Skye View Project Area is anticipated to have a base value of \$99,047,502 at full buildout, this includes the hotel, fitness center, retail center and land value. Per the Community Reinvestment Agency Act, the Lehi City Redevelopment Agency is authorized to provide funding for the Project Area Plan through interlocal agreements with all public entities who levy property taxes or sales tax within the Project Area. The Agency can negotiate with the public entities for all or a portion of the tax increment revenue and or increased sales and use tax resulting from the proposed Project Area. The Lehi City

Redevelopment Agency will only request participation from Lehi City for sales and use tax. The Agency will utilize the cities .5% point of sale sales and use tax for the incentive. The proposed incentive is 55% of the point of sale for 15 years of the sales and use tax collected from the community reinvestment area to reimburse developers for public infrastructure improvements, land acquisition, and grading work. Per Utah State Code, the agency will also provide a 10% set aside of funds over \$100,000 for low to moderate income housing. It's anticipated the Skye View CRA will generate over \$100,000 Tax Increment Financing on an annual basis. It is anticipated the 10% set aside will be approximately \$314,368.

Sales and use tax may help pay for infrastructure costs associated with the Project Area and be utilized as a direct incentive to the developers or land owners. The estimated future sales and use tax increment cash flows are projected in additional detail in Schedule 1 attached as Appendix D.

## **Evaluation of Reasonableness of Economic Development Costs**

It is anticipated that an estimated \$4,763,160 will be generated annually in Sales and Use tax at 6.25% of sales. Based on the project terms the Agency would receive \$762,105 (average) in sales and use Tax on an annual basis. This is equal to the 1% direct sales tax distribution to Lehi City. .5% is a direct distribution to Lehi City and the other .5% goes into the state pool and is redistributed based on population. This would equate to a total budget for sales and use tax of approx. \$5,715,792 based on the .5% direct distribution to Lehi City. The developers will invest over \$99,047,502 in personal and real property in the higher end restaurants, retail center, hotel and fitness center. Between Lehi City and the development community there will be over \$5,000,000 invested in infrastructure costs to include grading, road widening, curb gutter and sidewalk, storm drain, landscaping and extension of utilities within the development. Costs are being covered by the developer.

The proposed uses of the funds have been reviewed to evaluate their "reasonableness" of the costs of the proposed project area development. The development pro forma is based on building development and sales estimates from the developer, market standards as reported in industry publications and contains costs that are considered reasonable for a development of this scale and scope.

## **Efforts to Maximize Private Development**

Private investment has, to the extent possible, been maximized. The total private investment in the project area is estimated at \$109M. Upon completion it is anticipated the taxable value will be approximately \$99,047,502. The reason for the difference is actual land cost and construction versus tax evaluation. It is anticipated that the overall value to include base value and anticipated growth will exceed \$99M.

The use of tax increment financing can serve as a catalyst or incentive to accelerate private investment and development in an area that would otherwise develop to a lower use or tax generator. If there is no private sector investment, there will be no tax increment financing generated for the project area. It is

this private investment that allows public agencies to leverage the increase in tax revenues to construct needed public infrastructure or incentivize development. Leveraging compares the dollar amount privately invested into the project area compared to the dollar amount of tax increment the agency pledges to the project. The leverage ratio of private to public monies in the Project Area exceeds 6 to 1. The leverage ratio, which should be achieved by an economic development project like this one is indeterminate. However, federal economic development programs such as the Small Business Administration require leverage ratios of 3:1 or 5:1 based on the program and the former Urban Development Action Grant shows an overall leverage ratio of 6:1. The leveraging ratio of 33:1 is favorable compared to other similar economic development programs.

**Rational for use of project area funds, including an analysis of whether the proposed project area development might reasonably occur in the foreseeable future solely through private investment.**

Currently there exists a 110 foot difference between the Southern and Northern boundaries of the project area. The overall project will be split with multi-family on one level and the retail, commercial on a second level. This will require almost 2.5 million in earthwork and grading that will need to be done to create a usable pad site for development. There will be an additional 3 million in infrastructure costs associated to roads, utilities, curb and gutter, trails, and more. Retail takes 5 years to hit realized profitability. This means it takes 5 years for patrons to form shopping habits and understand what the development can offer. This 5 year mark will make or break a retail development. The incentive is designed to give the development the most runway for success. Because of the excess grading needed and the 5 year realized profitability, the development community would most likely not take the risk. The other risk factor to consider is the housing starts in the area. The Traverse Mountain Area Plan calls for approximately 5,600 residential units and 2,600 with Skye Development. As of today there are approximately 3,500 residential units completed. It will take 12 – 20 years to complete all the housing development surrounding this development. This is a risk factor as retail follows housing but in this case, retail is leading out while housing is coming online. Again, another risk factor that would most likely keep a developer from pursuing this development.

But for the economic development incentive being considered it is reasonable to assume that this development might not have reasonably occurred as high end restaurants, retail center, hotel, and high end fitness center in the foreseeable future.

**An estimate of the total amount of project area funds that the Agency intends to spend on project area development and length of time over which the project area funds will be spent**

It is anticipated that an estimated \$3,143,686 (Budget Expense) of sales and use tax increment will be expended over 15 years to undertake the development of the Project Area. The Agency anticipates expending approximately \$314,358 or 10% of the funds collected above \$100,000 on an annual basis for low to moderate income housing per state statute. It is anticipated that over a 15-year period, the Skye View CRA will generate \$71,447,403 in sales and use tax at 0.0625. The budget will be capped at \$3,143,686 for 15 years, whichever comes first.

## **Increment New Taxes Resulting from the Proposed Development**

The Public Investment in the project is expected to create an environment that will produce private investment to develop the high end restaurants, retail center, hotel and high end fitness center that will result in tax increment revenues to all taxing entities. As a result of the development it is anticipated that the Project Area will produce an estimated total gross revenue between sales and use tax and personal and real property, and transient room tax of not less than \$7,642,449 over a 15-year period to Lehi City only. The following is a schedule of personal and real property to all the taxing entities:

### **Total Increment Value Generated for Taxing Entities**

<b><i>Taxing Entity</i></b>	<b><i>Length</i></b>	<b><i>Percentage</i></b>	<b><i>Sales Tax</i></b>	<b><i>Property Tax</i></b>
<b>Utah County</b>	15 Years	100%		\$ 861,123.00
<b>Alpine School District</b>	15 Years	100%		\$8,472,550.00
<b>Lehi City</b>	15 Years	45%/100%	\$7,642,449.00	\$1,632,435.00
<b>Water Conservancy Districts</b>	15 Years	100%		\$ 552,070.00
<b>Total Taxes</b>			<b>\$7,642,449.00</b>	<b>\$11,518,178.00</b>

The proposed budget only analyzes sales and use, personal and real property tax, transient room tax, and PARC tax it does not include an analysis of multifamily or any other tax revenue generation. It also only estimates the sales and use tax at the City's rate (1%). Of the 1% sales and use tax rate the City only collects .5% with the other .5% going to the state pool. The proposed reimbursement schedule the Redevelopment Agency will collect is based on the actual collection of the .5%.

## **The Associated Business and Economic Activity Likely to be Stimulated;**

**The public investment of Tax Increment is expected to stimulate the following economic activity:**

### **Short Term Construction and Employment**

For purposes of this analysis the national multiplier average for construction is 2.99 jobs created per million dollars spent on a project. This is a blended average based on project type and length of project. Based on the estimated value of \$99M it is anticipated that this project will employ approximately 296

workers. Average wage for a general laborer construction worker is \$22.90 per hour or \$47,632 (Utah Department of Workforce Services Data) per year. Total estimated payroll during the 2.5 year construction period is \$35M. This equates to approximately 35% of the total overall costs. National averages range between 25% - 35% of total construction costs. It is safe to assume based on the multiplier and national average ranges, the estimated number of workers and payroll is accurate. The remaining 65% - 75% of the construction costs will be used for materials and overhead. With the wildfires, natural disasters and political climate, costs of materials will continue to grow at an exponential rate.

It is reasonable to expect that construction workers will spend a typical portion of their wages in Lehi City for food, clothing, recreation, transportation and housing which will generate sales and use tax as well as personal and real property tax revenue. There is no way to determine how much of the building materials will be purchased from within Lehi City but it is reasonable to expect that all material will come from within the state therefore providing sales tax revenue to the state and local economies.

### **Direct Employment**

According to Metropolitan Washington Council of Governments the retail will employ approximately 780 workers. This is based on an average square foot per building usage. Wages vary greatly based on roll and function within a restaurant, grocery, retailer and hotel employees. On the lower end would be basic restaurant and retail workers paying \$16.30 - \$17.00 per hour or \$33,900 - \$35,595 annually. The upper end would be managers averaging \$21.00 - \$39.11 per hour or \$47,574 – 81,361 annually. There is a potential of high end restaurants, grocery retailer, hotel and higher end retail. The average per capita income for Utah County is \$35,091 showing the majority of the wages will meet the county average wage. While retail usually pays a lower wage it fits a niche market for employment that includes college students, high school graduates transitioning into full time employment, individuals looking for parttime work, etc.

### **Direct Purchases of Supplies and Services**

It is anticipated that the development opportunities locating with the Project Area will directly purchase goods and services from the surrounding established businesses. Based on historical trends, the land developers utilize local contractors who source out of Utah. During the development phase, it's anticipated the developers will utilize Utah companies to source goods and materials for building. Upon completion, businesses need to purchase goods and service to run their business. It is anticipated that retailers will utilize local merchants for uniforms, supply's, goods and services. This could include lease restaurant and retail furniture and fixtures, office supplies, computers, networking assistance, internet, etc. All other proposed development will most likely utilize local sourced goods and services for their businesses. It is induced there will be a direct and in-direct impact to the local economy through job and income generation and wages being spent in the local economy. Direct jobs also create secondary or support jobs that are viewed by a multiplier or the multiplier effect. The multiplier number shows the economic impact to an area is much larger than just the direct jobs or impact created.

### **Impact on Other Taxing Entities**

The formation of the Skye View Community Reinvestment Area authorizes the Redevelopment Agency to enter into an Interlocal Agreement with all public entities who have a tax levy to temporarily divert tax increment from the taxing entities to the Agency. The taxing entities agree via the Interlocal Agreement to give a portion of the real and personal property tax and sales and use tax generated from the new development to the agency for a set time and amount that can then be used as an incentive to the developer or for project costs within the Project Area. School District, Utah County and Water Conservancy Districts have the option to utilize real and personal property for a project area. All taxing entities were approached concerning this project and all taxing entities declined to participate. The Redevelopment Agency will enter into an interlocal agreement with Lehi City for sales and use tax only for the project. The sales and use tax calculation will be 55% of what the city collects from the project area (local option only). The analysis indicates the overall sales and use tax generated from the Project Area to be approximately \$11M at the 1% for 15 years. The total TIF to include incentive, and housing is \$3,143,686 (based on the budget projections). This incentive will be utilized by the development and Lehi City to cover public infrastructure, grading and land acquisition costs needed to develop the project site. The actual tax increment generated is dependent on sales and use tax generation through development of restaurants, grocery, hotel and retail revenues.

## **Conclusion**

Lehi City Redevelopment Agency is proposing utilizing a portion of the new sales and use tax increment generated as an incentive to the developer. This project will immediately enhance and strengthen the economic base of the community and the state of Utah by broadening the sales and use tax and personal and real property values in the area. It will also enhance community safety, prosperity, peace, order and convenience to the community by taking vacant land and utilizing it to a higher and better use. The project falls within the State of Utah's desire to create more LMI housing across the state.

The Agency seeks to utilize the tax increment as an incentive to reimburse infrastructure costs, land acquisition and grading for the development project. If not for the incentives, the development would most likely not occur and would remain vacant property and produced no personal and real property or sales and use tax.

The incentive given must be weighed against the value received on a project by project basis over the life of the project. As previously stated, there will be additional economic development that increases the tax base and/or tangible and quantifiable benefits to the City as a result of this development.

In determining whether the incentive is necessary to accomplish the goals of economic development, job creation and preservation, growth of tax revenues and other public purposes, the Agency should consider what would be paid every year in return for the development of the Project Area and generation of new tax revenues.

**The economic benefits to the Skye View Community Reinvestment Area include:**

- Total investment estimated at \$116,000,000 to include land, infrastructure and building costs
- Short term construction employment of 296 workers with an estimated payroll of \$35M
- New direct employment of approximately 780 full and part-time jobs
- Multiplier effect of additional jobs created in the City as support services for the direct employment.
- Purchases of goods or services from local vendors during and after construction
- Immediate new growth in the tax revenues due to land being developed from vacant lot to new higher end restaurants, retail centers, and multifamily residential.
- A continued economic and commercial diversification of Lehi City and the state.

Without establishing the Skye View Community Reinvestment Area and providing tax increment assistance the Skye View concept development will not occur. The coverage of infrastructure costs, grading and land purchase are intended to move the development forward. The alternative is to wait until the property is purchased by another developer and utilized for additional housing.

The Skye View Community Reinvestment Area meets all the requirements as set forth in Utah Code title: 17C-5-105 regarding the proposed Project Area. The Skye View Community Reinvestment Area in Lehi City will provide a beneficial influence upon the tax base of the City, will stimulate business and associated economic activity, and promote the public peace, health, safety and welfare of Lehi City.

There are substantial economic benefits associated with the sales and use tax and personal and real property tax increment investment to Lehi City and all other taxing entities in the Skye View Community Reinvestment Project Area.

APPENDIX D  
Schedule 1

Incentive 19,999 SF									
	2027	2028	2029	2030	2031	2032	2033		
Lehi Local Option - Point-of-Sale	187,065	329,145	365,221	370,699	376,259	381,903	387,632		
<b>Total</b>	<b>187,065</b>	<b>329,145</b>	<b>365,221</b>	<b>370,699</b>	<b>376,259</b>	<b>381,903</b>	<b>387,632</b>		
City Sales Tax Summary									
	2027	2028	2029	2030	2031	2032	2033		
Lehi Local Option - Point-of-Sale	187,065	329,145	365,221	370,699	376,259	381,903	387,632		
Lehi PARC Tax	37,413	65,829	73,044	74,140	75,252	76,381	77,526		
Lehi TRT	-	50,711	51,471	52,243	53,027	53,822	54,630		
<b>Total</b>	<b>224,478</b>	<b>445,684</b>	<b>489,736</b>	<b>497,082</b>	<b>504,538</b>	<b>512,106</b>	<b>519,788</b>		
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		
<b>Total</b>	<b>595,580</b>	<b>1,342,558</b>	<b>1,491,536</b>	<b>1,513,909</b>	<b>1,536,618</b>	<b>1,559,667</b>	<b>1,583,062</b>		
Share with Developer									
	2028	2029	2030	2031	2032	2033	2034		
Lehi Local Option Point-of-Sale (0.550%)	<b>102,886</b>	<b>181,030</b>	<b>200,871</b>	<b>203,884</b>	<b>206,943</b>	<b>210,047</b>	<b>213,197</b>		

# APPENDIX D (Cont)

## Schedule 1

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