

APPENDIX C

ECONOMIC DEVELOPMENT ANALYSIS



SEPTEMBER 3, 2025
LRB Public Finance Advisors

ECONOMIC DEVELOPMENT ANALYSIS

ANALYSIS OF TAXABLE SALES

Taxable sales within Highland provide an important metric to assess the general economic health of the City. A sales gap (or “leakage”) analysis is used to identify economic development opportunities for a community by evaluating the total purchases made by residents inside and outside the community (hence, the term “leakage” for sales lost outside the community). This type of analysis first identifies sales within the State of Utah for each major NAICS code category and then calculates the average sales per capita in each NAICS category. Per capita sales in the City are compared to average per capita sales statewide in order to estimate what portion of resident purchases are being made within City boundaries, and what amount is leaving the City. The resident purchases being made outside of the City represent an opportunity to recapture some of these lost sales. The analysis divides taxable sales into three major categories: retail sales, industry sales and sales related to services.

RETAIL TAXABLE SALES

Existing taxable sales within the City are concentrated in the Town Center area. Highland’s greatest retail strength is the Non-Store Retailers, accounting for 34 percent of total taxable sales, followed by sales at Food & Beverage category, Wholesale Trade-Durable Goods, and Miscellaneous Retail Trade.

TABLE 8: RETAIL SPENDING BY PERCENT OF TOTAL RETAIL AND SERVICE TAXABLE SALES

NAICS CATEGORY	2019	2020	2021	2022	2023
Building Material & Garden Equip	0.6%	0.8%	0.9%	1.4%	0.9%
Clothing & Accessories	2.6%	2.5%	3.0%	3.5%	3.8%
Electrical & Appliance	1.6%	1.4%	1.9%	2.1%	1.5%
Food & Beverage	19.1%	20.2%	16.9%	16.1%	14.1%
Furniture & Home Furnishing	0.3%	0.5%	0.7%	0.6%	0.6%
Gas Station	2.6%	2.0%	1.7%	1.6%	1.5%
General Merchandise	2.7%	3.0%	3.5%	3.3%	3.4%
Health & Personal	2.2%	2.0%	2.0%	2.2%	1.9%
Miscellaneous Retail Trade	5.4%	5.2%	5.8%	5.8%	6.2%
Motor Vehicle & Parts Dealers	3.8%	2.8%	2.8%	3.3%	3.3%
Non-Store Retailers	19.2%	28.2%	29.9%	32.8%	33.9%
Sporting Good	1.7%	1.4%	1.7%	1.6%	1.6%
Wholesale Trade-Durable Goods	4.6%	6.0%	6.6%	6.7%	6.1%
Wholesale Trade-Nondurable Goods	2.1%	0.6%	0.6%	0.7%	0.9%
Wholesale Trade-Agent & Brokers	0.0%	0.2%	0.3%	0.3%	0.3%

SERVICES TAXABLE SALES

Services represent 60 percent of the City’s total taxable sales. Food services and drinking places represent the largest spending category in this group. Industries in the Food Services and Drinking Places subsector are varied. Some provide food and drink only, while others provide various combinations of seating space, waiter/waitress services, and incidental amenities, such as limited entertainment.

TABLE 9: SERVICES SPENDING BY PERCENT OF TOTAL RETAIL AND SERVICE TAXABLE SALES

NAICS CATEGORY	2019	2020	2021	2022	2023
Accommodation	0.4%	0.2%	0.3%	0.5%	0.5%
Administrative Support, Waste Management & Remediation Services	0.4%	0.4%	0.4%	0.5%	0.5%
Arts, Entertainment, And Recreation	2.5%	1.9%	2.2%	1.9%	2.0%
Educational Services	1.3%	0.3%	0.2%	0.2%	0.5%

NAICS CATEGORY	2019	2020	2021	2022	2023
Finance & Insurance	1.8%	1.5%	1.2%	0.9%	0.8%
Food Services & Drinking Places	13.8%	9.3%	7.6%	6.9%	8.3%
Health Care & Social Assistance	1.2%	0.7%	0.6%	0.6%	0.5%
Management of Companies & Enterprises	0.0%	0.1%	0.0%	0.0%	0.0%
Other Services, Except Public Administration	4.5%	3.4%	3.6%	1.9%	1.6%
Professional, Scientific, & Technical Services	2.6%	3.1%	3.0%	2.6%	3.4%
Public Administration	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate, Rental, & Leasing	3.0%	2.4%	2.7%	2.2%	2.0%

INDUSTRY TAXABLE SALES

Sixteen percent of the Highland's taxable sales are industry related. Utilities sales represent the largest spending category.

TABLE 10: INDUSTRY SPENDING BY PERCENT OF TOTAL RETAIL AND SERVICE TAXABLE SALES

NAICS CATEGORY	2019	2020	2021	2022	2023
Agriculture, Forestry, Fishing & Hunting	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	3.7%	3.6%	2.9%	2.1%	2.0%
Information	7.5%	5.7%	5.5%	5.5%	5.8%
Manufacturing	1.7%	1.6%	1.4%	2.1%	1.9%
Mining, Quarrying, & Oil & Gas Extraction	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation & Warehousing	0.1%	0.1%	0.1%	0.2%	0.2%
Utilities	13.5%	11.2%	9.9%	10.6%	11.7%

SALE LEAKAGE ANALYSIS

The table below provides a general overview of leakage and retention by major category. Negative numbers estimate the approximate leakage of taxable sales from Highland City to other communities. When leakage is occurring, the capture rate is below 100 percent, indicating the City is not collecting the average sales expected based on a per capita basis relative to the State average. While not present for Highland, positive numbers indicate that Highland City is attracting more than the State average relative to that category, suggesting shoppers from outside the City are attracted to the area for certain types of purchases or that there is a high concentration of this type of spending. This is reflected in the capture rate as a number above 100 percent.

TABLE 11: RETAIL SALES LEAKAGE

	CITY DIRECT TAXABLE SALES	PER CAPITA SPENDING	UTAH PER CAPITA SPENDING*	CAPTURE RATE	PER CAPITA LEAKAGE	TOTAL LEAKAGE
RETAIL						
Building Material & Garden Equip	\$1,328,446	\$69	\$2,663	3%	(\$2,594)	(\$49,987,589)
Clothing & Accessories	\$5,919,480	\$307	\$1,185	26%	(\$878)	(\$16,920,323)
Electrical & Appliance	\$2,333,623	\$121	\$710	17%	(\$589)	(\$11,346,616)
Food & Beverage	\$21,689,100	\$1,126	\$3,124	36%	(\$1,998)	(\$38,500,278)
Furniture & Home Furnishing	\$914,968	\$47	\$627	8%	(\$580)	(\$11,168,198)
Gas Station	\$2,250,000	\$117	\$921	13%	(\$805)	(\$15,501,678)
General Merchandise	\$5,208,263	\$270	\$4,523	6%	(\$4,253)	(\$81,945,372)
Health & Personal	\$2,943,437	\$153	\$453	34%	(\$301)	(\$5,792,609)
Miscellaneous Retail Trade	\$9,592,121	\$498	\$1,257	40%	(\$759)	(\$14,617,663)
Motor Vehicle	\$5,089,001	\$264	\$4,862	5%	(\$4,598)	(\$88,591,991)
Non-Store Retailers	\$52,100,472	\$2,704	\$3,713	73%	(\$1,009)	(\$19,434,244)
Sporting Good	\$2,491,713	\$129	\$732	18%	(\$603)	(\$11,608,754)
Wholesale Trade-Durable Goods	\$9,391,256	\$487	\$3,619	13%	(\$3,132)	(\$60,335,051)
Wholesale Trade-Nondurable Goods	\$1,344,452	\$70	\$605	12%	(\$535)	(\$10,314,620)

	CITY DIRECT TAXABLE SALES	PER CAPITA SPENDING	UTAH PER CAPITA SPENDING*	CAPTURE RATE	PER CAPITA LEAKAGE	TOTAL LEAKAGE
Wholesale Trade-Agent & Brokers	\$389,009	\$20	\$83	24%	(\$63)	(\$1,219,270)
Subtotal Retail	\$122,985,341	\$6,383	\$29,079	22%	(\$22,696)	(\$437,284,258)
INDUSTRY						
Agriculture, Forestry, Fishing & Hunting	\$21,883	\$1	\$21	5%	(\$20)	(\$381,043)
Construction	\$3,025,265	\$157	\$856	18%	(\$699)	(\$13,473,326)
Information	\$8,900,060	\$462	\$1,712	27%	(\$1,250)	(\$24,086,044)
Manufacturing	\$2,860,071	\$148	\$2,186	7%	(\$2,037)	(\$39,248,666)
Mining, Quarrying, & Oil & Gas Extraction	\$5,000	\$0	\$307	0%	(\$307)	(\$5,909,606)
Transportation & Warehousing	\$303,183	\$16	\$171	9%	(\$155)	(\$2,992,579)
Utilities	\$18,000,000	\$934	\$1,650	57%	(\$715)	(\$13,784,216)
Subtotal Industry	\$33,115,462	\$1,719	\$6,903	25%	(\$5,184)	(\$99,875,480)
SERVICES						
Accommodation	\$700,000	\$36	\$1,559	2%	(\$1,522)	(\$29,331,477)
Admin. & Sup & Waste Man.& Remed. Ser	\$716,561	\$37	\$209	18%	(\$172)	(\$3,313,541)
Arts, Entertainment, and Recreation	\$3,077,622	\$160	\$662	24%	(\$502)	(\$9,681,644)
Educational Services	\$773,389	\$40	\$107	37%	(\$67)	(\$1,294,013)
Finance & Insurance	\$1,236,245	\$64	\$184	35%	(\$120)	(\$2,308,990)
Food Services & Drinking Places	\$12,751,630	\$662	\$3,638	18%	(\$2,976)	(\$57,347,250)
Health Care & Social Assistance	\$746,888	\$39	\$90	43%	(\$51)	(\$982,748)
Management of Companies & Enterprises	\$35,000	\$2	\$17	11%	(\$15)	(\$284,742)
Other Services-Except Public Administration	\$2,495,645	\$130	\$1,159	11%	(\$1,029)	(\$19,828,072)
Professional, Scientific, & Technical Serv	\$5,212,394	\$271	\$1,014	27%	(\$744)	(\$14,330,426)
Public Administration	\$45,000	\$2	\$168	1%	(\$166)	(\$3,192,155)
Real Estate, Rental, & Leasing	\$3,024,707	\$157	\$1,179	13%	(\$1,022)	(\$19,686,581)
Subtotal Services	\$30,815,081	\$1,599	\$9,986	16%	(\$8,386)	(\$161,581,641)
OTHER						
Subtotal Other	\$20,298,607	\$1,054	\$1,584	66%	(\$531)	(\$10,228,146)
ALL TAXABLE SALES						
TOTAL	\$207,214,491	\$10,755	\$47,552	23%	(\$36,797)	(\$708,969,525)

*Income Adjusted

The City is leaking in all major categories relative to State average spending. The per capita spending in Highland is approximately \$10,755, compared to the State average of \$47,552. The total taxable sales leaking to other communities is estimated at \$709M. Assuming a sales tax levy of 0.5 percent based on point of sale, this equates to a loss of \$4.9M in tax revenues.

EXISTING MARKET CONDITIONS

The following section will address existing market conditions within the City including taxation, land uses and zoning, and an illustration of competitive market sites.

PROPERTY TAX

The total Highland tax rate is made up of levies by Utah County, Multicounty and County Assessing, Alpine School District, Highland City, the Northern Utah Water Conservancy Water District and the Central Utah Water Conservancy District. As shown in **Figure 11**, the Alpine School District has historically accounted for approximately between 71 and 76 percent of the tax rate. The Highland City municipal tax rate as a percentage of the total tax rate has fluctuated historically between 10 percent and 14 percent as shown in **Figure 12**.

FIGURE 11: HISTORIC TOTAL TAX RATE FOR HIGHLAND CITY

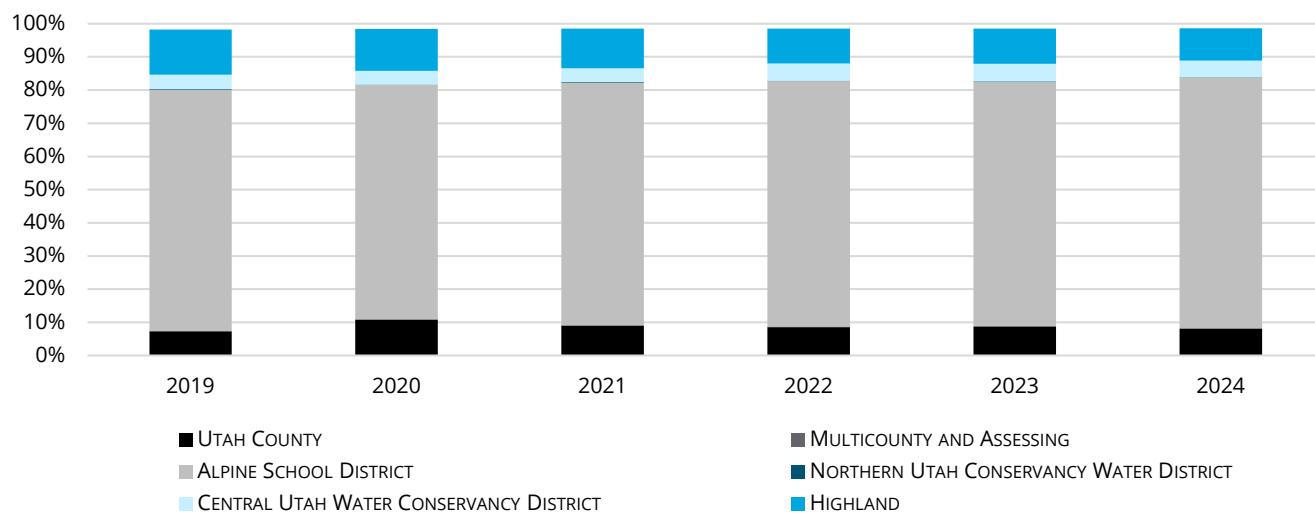
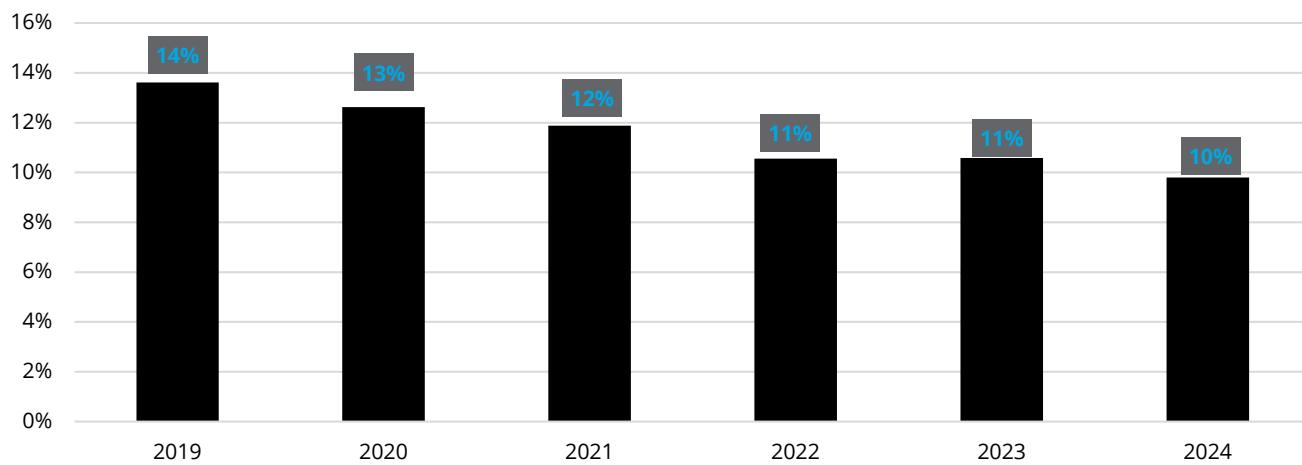


FIGURE 12: HISTORIC TOTAL TAX RATE FOR HIGHLAND CITY



LAND USE ANALYSIS

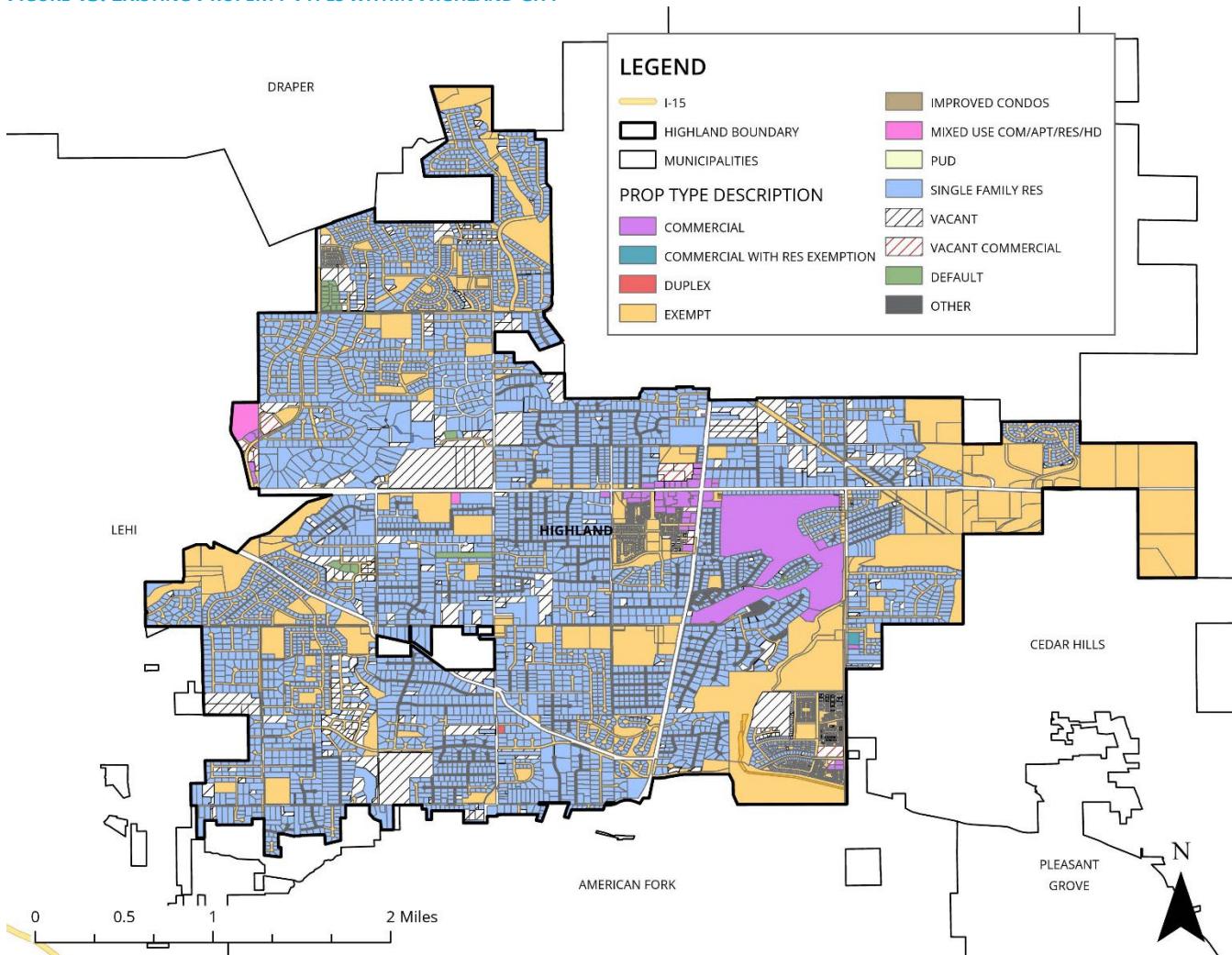
The distribution of land uses in the City illustrate a concentration of residential development, with almost 88 percent of the market value and 85 percent of the taxable value attributed to single family residential property types. There are approximately 514 acres of vacant land, as shown in **Figure 13**.

TABLE 12: HIGHLAND CITY LAND USE DISTRIBUTION

	COUNT	ACREAGE	SQUARE FOOTAGE	TAXABLE VALUE	% TAXABLE VALUE	MARKET VALUE	% MARKET VALUE
Single-Family	4,771	2,797	25,166,012	\$2,718,641,785	85.2%	\$4,879,894,800	87.8%
Multifamily	658	24	1,726,836	168,115,470	5.3%	294,748,800	5.3%
Commercial	7	18	276,277	\$23,480,975	0.7%	\$23,820,500	0.4%
Office	33	182	279,744	\$70,240,745	2.2%	\$70,308,200	1.3%

	COUNT	ACREAGE	SQUARE FOOTAGE	TAXABLE VALUE	% TAXABLE VALUE	MARKET VALUE	% MARKET VALUE
Industrial	21	16	168,919	\$42,258,575	1.3%	\$46,911,800	0.8%
Vacant	630	514	113,727	\$168,412,799	5.3%	\$241,064,700	4.3%
Agricultural/Forest/Mining	-	-	-	\$0	0.0%	\$0	0.0%
Other	1,036	1,671	51,701	\$0	0.0%	\$0	0.0%
Total	7,156	5,221	27,783,216	\$3,191,150,349	100.0%	\$5,556,748,800	100.0%

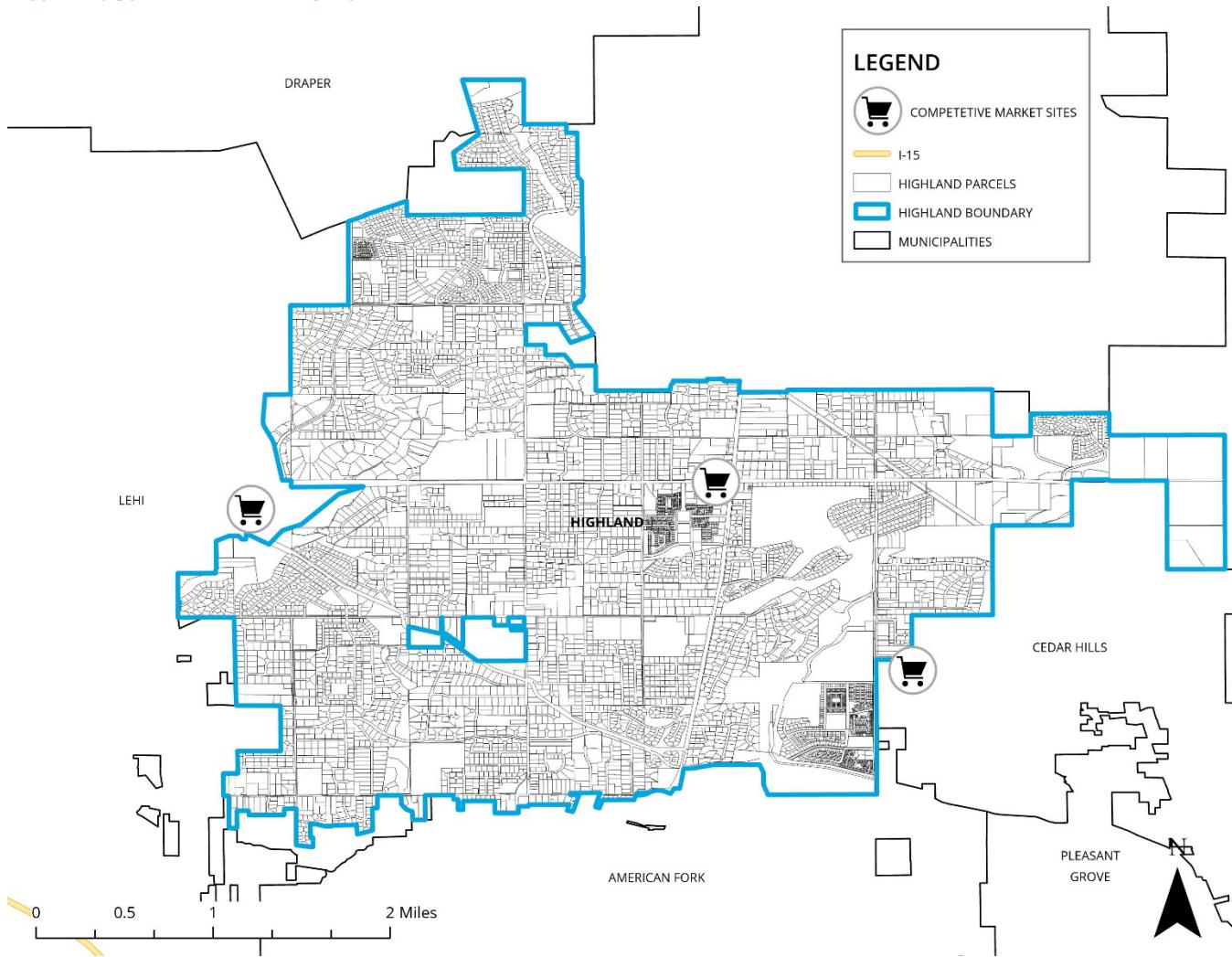
FIGURE 13: EXISTING PROPERTY TYPES WITHIN HIGHLAND CITY



COMPETITIVE MARKET SITES

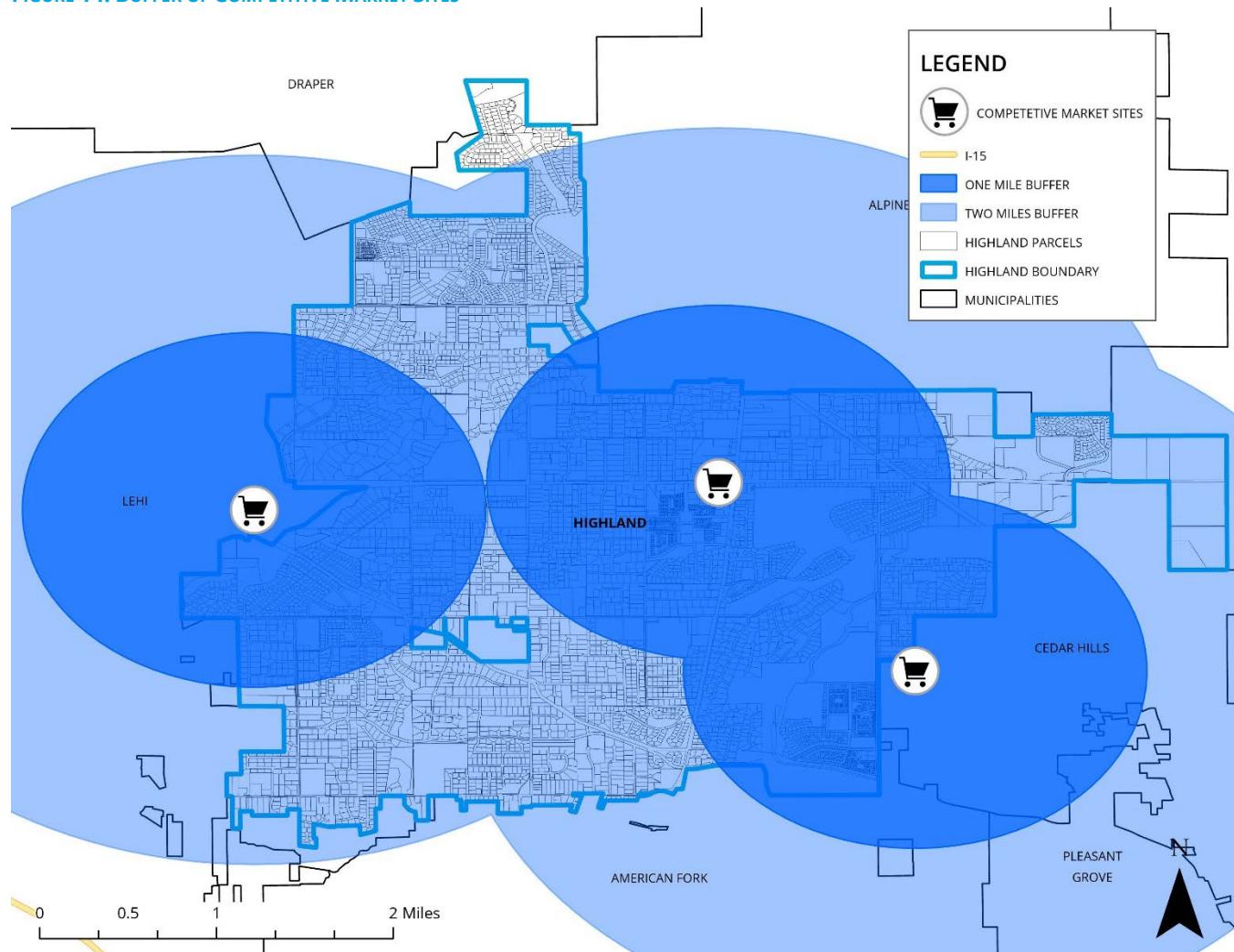
There are several competitive market sites surrounding Highland City. **Figure 14** includes two neighborhood scale retail sites. The first is located just west of the City's boundaries, within Cedar Hills along 4800 West, and the other site is in the adjacent community of Lehi. It is important to note that there are other competitive sites other than the sites depicted in the figure below for the purposes of this analysis.

FIGURE 14: COMPETITIVE MARKET SITES



A one-mile buffer of the competitive market sites illustrates limited growth potential on the west and east side of the City. Future commercial growth will continue to follow rooftops which are shifting concentration toward the west, as discussed in the following paragraphs.

FIGURE 14: BUFFER OF COMPETITIVE MARKET SITES



GENERAL GROWTH WITHIN THE CITY AND REGION

As shown in **Figure 2**, the City's population is projected to continue to increase through 2050, reaching 24,446 persons per TAZ estimates. The population in Utah County will shift from a concentration on the east side of the valley to the west, with Eagle Mountain and Saratoga Springs experiencing substantial growth.

Employment is also expected to increase in Highland. However, the total growth is marginal compared to the County. Future employment data indicates that Utah County will experience a shift in the location of the workforce. Eagle Mountain, Lindon, Payson and Saratoga Springs will all see an increase in the percentage of total employment. It is important to note that this data represents employment populations within a community and not the amount of workforce living within a community.

TABLE 13: UTAH COUNTY CITIES PROJECTED EMPLOYMENT

	EMPLOYMENT				GROWTH	
	2024	2030	2040	2050	ACTUAL	%
Alpine	2,360	2,304	2,433	2,795	435	18.4%
American Fork	30,433	31,490	33,370	35,646	5,213	17.1%
Cedar Fort	186	258	450	2,953	2,767	1486.6%
Cedar Hills	1,612	1,776	1,675	1,803	191	11.9%
Eagle Mountain	15,663	24,788	41,354	71,475	55,812	356.3%
Elk Ridge	256	535	563	738	482	188.3%
Fairfield	451	910	1,026	2,588	2,137	473.6%
Genola	253	253	259	281	28	11.1%
Goshen	508	511	519	541	33	6.5%
Highland	3,482	3,885	3,909	4,044	562	16.1%
Lehi	60,818	65,797	73,413	78,963	18,144	29.8%
Lindon	15,926	16,593	17,099	17,525	1,599	10.0%
Mapleton	3,731	4,370	5,500	6,346	2,615	70.1%
Orem	67,206	68,919	68,029	68,290	1,084	1.6%
Palmyra	109	107	1,127	4,426	4,317	3950.9%
Payson	13,141	16,575	22,922	33,479	20,339	154.8%
Pleasant Grove	21,106	22,269	24,088	25,268	4,162	19.7%
Provo	107,127	110,124	116,320	121,904	14,777	13.8%
Salem	6,792	7,911	9,907	9,343	2,551	37.6%
Santaquin	4,437	6,439	13,386	16,978	12,541	282.7%
Saratoga Springs	12,825	18,384	28,102	31,751	18,927	147.6%
Spanish Fork	30,579	35,880	37,149	41,281	10,702	35.0%
Springville	25,042	28,119	32,673	36,719	11,677	46.6%
Vineyard	10,251	8,498	11,063	16,800	6,549	63.9%
Woodland Hills	252	162	211	211	(41)	-16.3%
Total	434,546	476,859	546,546	632,151	197,604	45.5%

Source: WFRC TAZ

TABLE 13: CONT.

	EMPLOYMENT AS A % OF TOTAL			
	2024	2030	2040	2050
Alpine	0.54%	0.48%	0.45%	0.44%
American Fork	7.00%	6.60%	6.11%	5.64%
Cedar Fort	0.04%	0.05%	0.08%	0.47%
Cedar Hills	0.37%	0.37%	0.31%	0.29%
Eagle Mountain	3.60%	5.20%	7.57%	11.31%
Elk Ridge	0.06%	0.11%	0.10%	0.12%
Fairfield	0.10%	0.19%	0.19%	0.41%

	EMPLOYMENT AS A % OF TOTAL			
	2024	2030	2040	2050
Genola	0.06%	0.05%	0.05%	0.04%
Goshen	0.12%	0.11%	0.09%	0.09%
Highland	0.80%	0.81%	0.72%	0.64%
Lehi	14.00%	13.80%	13.43%	12.49%
Lindon	3.66%	3.48%	3.13%	2.77%
Mapleton	0.86%	0.92%	1.01%	1.00%
Orem	15.47%	14.45%	12.45%	10.80%
Palmyra	0.03%	0.02%	0.21%	0.70%
Payson	3.02%	3.48%	4.19%	5.30%
Pleasant Grove	4.86%	4.67%	4.41%	4.00%
Provo	24.65%	23.09%	21.28%	19.28%
Salem	1.56%	1.66%	1.81%	1.48%
Santaquin	1.02%	1.35%	2.45%	2.69%
Saratoga Springs	2.95%	3.86%	5.14%	5.02%
Spanish Fork	7.04%	7.52%	6.80%	6.53%
Springville	5.76%	5.90%	5.98%	5.81%
Vineyard	2.36%	1.78%	2.02%	2.66%
Woodland Hills	0.06%	0.03%	0.04%	0.03%
Total	100.00%	100.00%	100.00%	100.00%

SUPPORTABLE COMMERCIAL ZONING

To determine the supportable commercial zoning within Highland, this analysis evaluates future taxable sales growth and per capita spending by sector. This analysis provides an estimate of supportable acreage by the following categories: general retail, industry, services, and total commercial acreage.

EXAMPLE OF SUPPORTABLE COMMERCIAL DEVELOPMENT (NEIGHBORHOOD SCALE RETAIL)



The supportable commercial zoning methodology employed in this analysis utilizes estimated per capita spending of \$10,755 in Highland. Assuming a new population of 3,862 residents (2050 – 2024) within the City using TAZ estimates, the total supportable commercial zoning is estimated at approximately 151,038 SF. This assumes a median sales volume of \$275 per square foot of gross leasable area (GLA) and a floor area ratio (FAR) of 0.11.

TABLE 14: SUPPORTABLE COMMERCIAL ZONING BASED ON PER HOUSEHOLD SPENDING

	GENERAL RETAIL	INDUSTRY	SERVICES	OTHER	TOTAL
Per Capita Spending (Income Adjusted)	\$6,383	\$1,719	\$1,599	\$1,054	\$10,755
New Growth	3,862	3,862	3,862	3,862	3,862
TOTAL SPENDING	\$24,651,964	\$6,637,874	\$6,176,771	\$4,068,782	\$41,535,390
Median Sales Volume Per SF of GLA	\$275	\$275	\$275	\$275	\$275
Supportable SF	89,644	24,138	22,461	14,796	151,038

It is likely that commercial growth will be limited to currently planned and potential commercial zones. The focus of future commercial development will be neighborhood scale retail, which provides personal services, food services, and general retail purchases. It is expected that the area will continue to see development in small-scale office development as well. As shown in **Table 15**, the City has approximately 290K to 390K commercial square footage planned or zoned, which exceeds the baseline supportable commercial zoning. To achieve this target, the City may need to explore economic development financing tools or increased residential development to increase demand. Alternatively, the City may need to focus future commercial around existing nodes (Town Center and Highland Mains) to strengthen these areas and achieve a sustainable commercial square footage threshold.

TABLE 15: COMMERCIAL DEVELOPMENT STATUS

CURRENT AND FUTURE COMMERCIAL DEVELOPMENT STATUS		
PLANNED (NO PERMIT)	UNDER CONSTRUCTION	POTENTIAL COMMERCIAL (ZONED, NO PLANS)
82,425 SF footprint (147,850 SF total) PO Zone: 10,000 SF daycare (likely soon), 6,400 SF "Building 3," plus 43,250 SF conceptual (3.8 acres)	41,400 SF footprint (Highland Mains A-D) A: 11,200 SF	100,000-200,000 SF across 10.6 acres PO Zone (3.8 acres) - 43,250 SF concept only
Town Center: 2,500 SF seeking approval, plus ~5,000 SF potential Highland Mains: 2 future buildings - 15,725 SF office (31,450 total) + 32,500 SF fitness (65,000 total)	B: 13,000 SF	Town Center (0.95 acres) - ~5,000 SF potential
Apple Creek: 8,800 SF footprint (up to 23,000 SF) Highland Grove: 6,500 SF entitled	C: 8,500 SF D: 8,700 SF	Skye Estates (1.475 acres) - 5,000 to 42,000 SF possible
Subtotal: ~148K SF	Subtotal: ~41K SF	Ridgeview (4.35 acres) - up to 50,000-100,000 SF (likely medical facility)
Total: (All Stages): ~290K-390K SF		Subtotal: ~100K-200K SF

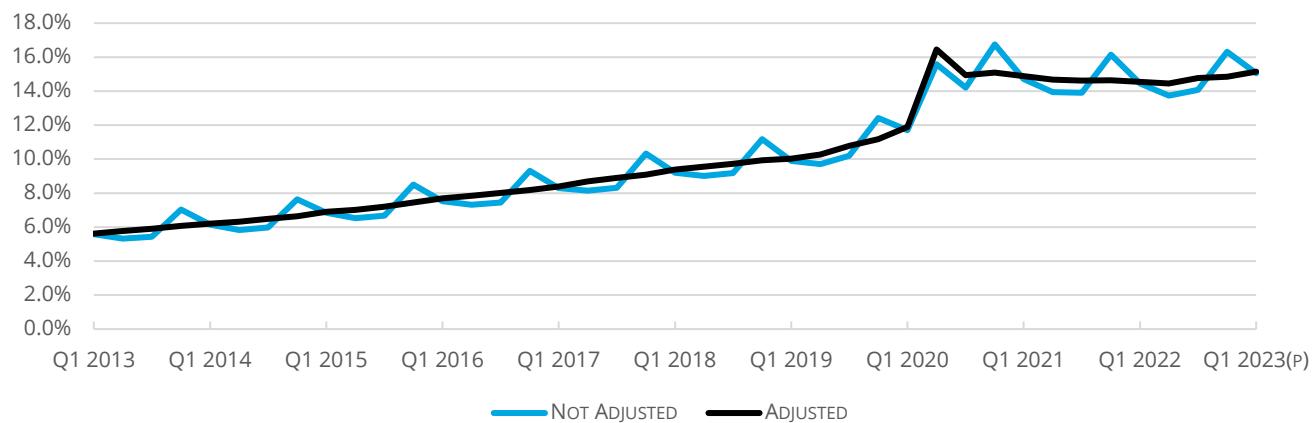
BARRIERS TO ENTRY

Some commercial development may be impacted by factors that serve as barriers toward unconstrained commercial growth within the community. These barriers may include growth in online sales, City ordinances, development costs, or geographic challenges. Future commercial development in Highland may be hindered by these types of barriers. The following paragraphs discuss some of the barriers to entry that may exist within the City.

SHIFT TO ONLINE SALES

Online sales will continue to impact the traditional brick-and-mortar approach. The US Census Bureau's estimate of retail e-commerce sales as percent of total quarterly retail sales continues to rise, increasing from nearly 5.6 percent in 2013 to 15.1 percent during the first quarter in 2023.¹

FIGURE 15: QUARTERLY U.S. RETAIL E-COMMERCE SALES AS A % OF TOTAL QUARTERLY RETAIL SALES



Monthly retail sales numbers by the Census Bureau show sales from non-store retailers like Amazon, eBay, QVC and Alibaba increase 6.5 percent from 2022 to 2023.² This will likely result in a shift from location-based retail to online purchases. Methods to promote increased commercial development include:

- Allow for more residential development and population growth;
- Provide development incentives;
- Promote niche markets that will capture sales from surrounding communities;
- Remove barriers to entry; and,
- Promote other types of commercial development (industrial, tech, office, etc.).

SUNDAY CLOSURE

In 2012, Highland residents voted to keep businesses closed on Sundays. According to Highland municipal code 5.04.170 "Hours of Operation", the hours of operation for all Highland City businesses is limited to Monday through Saturday during the hours of six a.m. until twelve a.m. (midnight). There are arguments for and against Sunday closure regulations. One day off a week may improve employee morale, foster a sense of community caring and encourage greater demand to visit retailers when open. However, there may be a

¹ Source: U.S. Census Bureau, Retail Indicators Branch

² Source: 2015 Annual Retail Trade Report <https://www.census.gov/retail/index.html>

substantial loss in revenue for some industries. Some businesses may view this ordinance as a barrier to entry.

LAND COST

Another barrier to entry may be the cost of land. A comparison of the total market value of land within Utah County versus Highland City may illustrate the land value disparity. The total market value of all land within Utah County is approximately \$55.6B. With a total of 1.3M acres of land, this equals nearly \$41K per acre. This data may be impacted by higher ratios of undevelopable, exempt, government, forest or other lower valued lands that are not as prevalent within a City. Highland's estimated market land value per acre is \$480K.

TABLE 16: COMPARISON OF MARKET LAND VALUES

2024	TOTAL ACRES	MARKET LAND VALUE	MARKET VALUE PER ACRE
Utah County	1,333,824.08	\$55,632,106,428	\$41,709
Highland	5,221.22	\$2,507,111,900	\$480,177

Source: Utah County Parcels

DEVELOPMENT COST: IMPACT FEES

Many communities within Utah assess impact fees to offset the cost of needed infrastructure related to growth. Total impact fees vary from community based on level of service, age of infrastructure, proportional allocation of buy-in to new facilities, and the inclusion of financing mechanisms and inflation. While impact fees can be a barrier to limiting economic growth, municipalities have tools to mitigate this impact. These include waiving or reducing impact fees, establishing redevelopment areas to fund infrastructure, or allowing development to provide information that may result in a reduced fee.

LOCATION

The City is located at the crossroads of two major roadways: Highway 92 and Highway 74. Average Annual Daily Trips (AADT) along these roadways range from 22,000 trips on Highway 92 and 16,000 trips on Highway 74. However, the City is not adjacent to a major interstate. Proximity to a regional transportation network allows communities to attract larger developments like distribution centers or industrial centers, which in turn stimulate job growth and spending.

LOWER POPULATION AND ROOFTOPS

The City's population is projected to continue to increase through 2050, reaching 24,446 persons. The population in Utah County will shift from a concentration on the east side of the valley to the west, with Eagle Mountain and Saratoga Springs experiencing substantial growth.

ADDITIONAL ECONOMIC DEVELOPMENT FINANCING TOOLS

There are a wide variety of tools and incentives available to help achieve economic development goals. Below is a brief description of several resources available to the City. Some tools may require the City to identify funding sources to support local programs.

LOCAL FINANCING & TAX TOOLS

1. Redevelopment Agencies (RDAs) – Cities can create project areas and capture Tax Increment Financing (TIF) to support infrastructure, site preparation, or incentives.
2. Community Development Areas (CDAs) – Broader redevelopment areas with flexible uses of TIF.
3. Economic Development Areas (EDAs) – TIF for specific business/industry attraction (e.g., industrial parks).
4. Public Infrastructure Districts (PIDs) – Financing mechanism (like special assessment districts) for roads, utilities, and amenities.
5. Municipal Bonds – General obligation or revenue bonds for infrastructure supporting development.

BUSINESS SUPPORT TOOLS

1. Small Business Development Centers (SBDCs) – Technical assistance, training, and mentoring.
2. Business Resource Centers (BRCs) – Support for startups, entrepreneurs, and expansion.
3. Revolving Loan Funds (RLFs) – Often set up regionally to provide gap financing.
4. Business Retention & Expansion (BRE) Programs – Local city programs to support existing businesses.

QUALITY OF PLACE & INFRASTRUCTURE TOOLS

1. Downtown Revitalization Programs – Façade improvement grants, main street programs, streetscape upgrades.
2. Housing & Mixed-Use Incentives – Partnering with developers on workforce housing and walkable districts.
3. Transportation Investments – Coordinating with UDOT, UTA, and MPOs for regional mobility.

COLLABORATION & MARKETING

1. Place Branding & Marketing Campaigns – Positioning the city as business-friendly.

ECONOMIC DEVELOPMENT GOALS

1. REINFORCE AND REVITALIZE THE TOWN CENTER AND EXISTING COMMERCIAL NODES

The market analysis shows that existing taxable sales are concentrated in the Town Center and that Highland's strength is its developed town-center core. Allowing commercial development to spread City-wide will dilute the downtown and undermine past investment. The Town Center also hosts the City's strongest retail categories (food & beverage and personal services).

Goal – Position the Town Center as the civic and economic heart of Highland. Concentrate new commercial development and redevelopment in the existing commercial nodes rather than along highway corridors. Enhance the area with public events (farmers' markets, street fairs, art festivals), streetscape improvements, signage and way-finding to draw residents and visitors. Provide coordinated marketing to highlight unique local businesses and encourage residents to shop locally. Avoid shifting development to corridor commercial sites unless a clear community benefit is demonstrated.

2. ENCOURAGE INFILL AND SMALL-SCALE MIXED-USE DEVELOPMENT

Highland has very little developable commercial land and is surrounded by competitive retail hubs. The SWOT analysis notes that an opportunity is to "infill with neighborhood-scale retail" and expand personal services. The supportable commercial acreage analysis indicates the city can support around 10-13 additional acres of commercial land under the status quo conditions. While promoting commercial growth still serves as a priority, it should be focused and properly located. Shifting to corridor commercial development should be avoided due to increased congestion.

Goal – Use zoning and design guidelines to promote infill of neighborhood-scale retail and personal-service businesses within existing commercial nodes (Town Center and other small commercial parcels). Permit small mixed-use projects that combine ground-floor retail or services with offices or residential units, which can increase daytime population and support local shops. Encourage compatible housing (e.g., townhouses or low-impact multifamily) near commercial areas to provide "rooftops" without requiring significant land expansion. Evaluate the cost/benefit of any proposed expansion and prioritize infill projects that reduce sales leakage and complement Highland's small-town character.

3. REDUCE BARRIERS AND NURTURE LOCAL ENTREPRENEURSHIP

The market analysis identifies several barriers to entry: high land values, impact fees and the Sunday-closure ordinance, which limits business hours. The City has identified the need to reduce barriers for new businesses and suggested incubator programs to help local entrepreneurs start and grow their businesses.

Goal – Adopt policies that lower the cost of starting and operating small businesses. Options include waiving or reducing impact fees for small storefronts or home-grown enterprises; using Community Reinvestment Areas or other financing tools to fund infrastructure and offset high land costs; and reviewing the Sunday-closure ordinance to determine whether flexible hours could benefit certain business types without undermining community values. Partner with regional organizations (e.g., the Mountainland Association of Governments) to establish business incubators, mentoring programs and training for residents who want to start restaurants, personal-service firms or other neighborhood-scale enterprises. Provide clear information and assistance to potential entrepreneurs to encourage them to locate in Highland rather than neighboring cities.

4. ENSURE LONG-TERM FISCAL SUSTAINABILITY AND ECONOMIC RESILIENCE

The market analysis warns that limited commercial development will likely result in static or marginal increases in long-term sales-tax revenue. To maintain service levels and fund infrastructure, the City's financial sustainability plan considered alternative revenue strategies, such as moderate property-tax adjustments and public-safety fees. The SWOT analysis also highlights threats from competitive commercial centers and limited growth potential.

Goal – Build an economic resilience strategy that does not rely solely on major commercial expansion.

Maintain adequate revenue through prudent budgeting, incremental tax adjustments or fees as needed to fund infrastructure and public services. Use partnerships and grants (e.g., through the Mountainland Association of Governments' Comprehensive Economic Development Strategy) to invest in local business development, transportation and workforce training. Support tourism-oriented businesses and home-based enterprises that leverage Highland's quality of life rather than extensive commercial land. Consider targeted redevelopment areas to capture tax increment for infrastructure improvements. Together, these measures will help Highland continue providing services while nurturing its small-town character and existing businesses.