Tax Increment Reinvestment Zone (TIRZ) Feasibility Analysis

ANDREA ROY
- Mixed use development located south of Lakeside DFW
- The development will include villa homes, high density residential including lofts, office space, restaurants, retail and hotel uses.
- Amenities will include a naturally formed amphitheater, boardwalk and trails.
- Upon build out, the development is projected to be valued over $1.5 billion.
The site is currently vacant and lacks the necessary infrastructure to support the proposed development.

Approximately $34 million in infrastructure improvements are needed.

The developer would like the TIRZ to fund approximately $20.5 million of public infrastructure improvements.

Lakeside would pay for the other $13.1 million.

Potential Additional Projects:
- Additional landscaping in medians, estimated at $125,000.
- Fine Arts/Performing Arts Center (Not included in Total)

### Infrastructure Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Excavation</td>
<td>$414,589</td>
</tr>
<tr>
<td>Wastewater System</td>
<td>$406,302</td>
</tr>
<tr>
<td>Storm Drainage Detention</td>
<td>$4,713,561</td>
</tr>
<tr>
<td>Water Distribution System</td>
<td>$728,800</td>
</tr>
<tr>
<td>Paving</td>
<td>$2,734,603</td>
</tr>
<tr>
<td>Miscellaneous Items</td>
<td>$771,934</td>
</tr>
</tbody>
</table>

Sub Total: $9,769,789

- Professional Fees: $1,465,469
- Contingencies: $1,465,469

Sub Total Infrastructure: $12,700,727

### Amenities

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscaping</td>
<td>$600,000</td>
</tr>
<tr>
<td>Irrigation</td>
<td>$300,000</td>
</tr>
<tr>
<td>Public Art</td>
<td>$400,000</td>
</tr>
<tr>
<td>Site Furniture</td>
<td>$100,000</td>
</tr>
<tr>
<td>Fountain</td>
<td>$200,000</td>
</tr>
<tr>
<td>Waterfall and other Amenities</td>
<td>$750,000</td>
</tr>
<tr>
<td>Public Parking Garage</td>
<td>$5,500,000</td>
</tr>
</tbody>
</table>

Amenities Sub Total: $7,850,000

Total: $20,550,727
Developer Funded Costs

- Parking Garage
- Landscaping
- Park/Open Spaces/Garden
- Amphitheater
- Boardwalk

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking Garage (Restaurant)</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>Parking Garage Landscaping/Park</td>
<td>$500,000</td>
</tr>
<tr>
<td>Clubhouse</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Community Garden</td>
<td>$500,000</td>
</tr>
<tr>
<td>Infrastructure (Overage)</td>
<td>$1,240,000</td>
</tr>
<tr>
<td>Amphitheater</td>
<td>$500,000</td>
</tr>
<tr>
<td>Restaurant Common Area</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Boardwalk &amp; Landscaping</td>
<td>$650,000</td>
</tr>
<tr>
<td>Sunset Point Improvements</td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,140,000</strong></td>
</tr>
</tbody>
</table>
### Build Out Scenarios

#### Scenario A – Complete Build Out
- 875 Residential Units
- Three hotels, 395 hotel rooms
- 395,000 square feet of commercial space
- Build out Value = $1.5 billion
- Taxable Value in 2038 = $1.8 billion

#### Scenario B – Partial Build Out
- 570 Residential Units
- Two hotels, 270 hotel rooms
- 270,000 square feet of commercial space
- Build out Value = $928 million
- Taxable Value in 2038 = $1.3 billion

#### Scenario C – Partial Build Out (Significant Reduction)
- 314 Residential Units
- Two hotels, 270 hotel rooms
- 250,000 square feet of commercial space
- Build out Value = $634.4 million
- Taxable Value in 2038 = $895 million

#### Scenario D – No TIRZ Build Out
- 800 Residential Units
- Two hotels, 270 hotel rooms
- 395,000 square feet of commercial space
- Build out Value = $687 million
- Taxable Value in 2038 = $786 million

Two new Scenarios
Scenario A-Complete Build Out

- Generates $139.2 million in cumulative ad valorem tax revenues for the Town & County (by 2038)
  - Town = $90.2 million
  - County = $49 million

TIRZ Participation:

Option 1
- Town – 50%
- County – 50%

Option 2
- Town – 75%
- County – 50%

Option 3
- Town – 75%
- County -75%
## Scenario A - Revenues

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Town</td>
<td>County</td>
<td>Total</td>
</tr>
<tr>
<td>Total Revenues Generated (2019-2038)</td>
<td>$90,232,940</td>
<td>$49,095,265</td>
<td>$139,328,205</td>
</tr>
<tr>
<td>Revenue Dedicated to TIRZ</td>
<td>$45,116,470</td>
<td>$24,547,632</td>
<td>$69,664,102</td>
</tr>
<tr>
<td>Revenue Retained by Jurisdiction</td>
<td>$45,116,470</td>
<td>$24,547,632</td>
<td>$696,664,102</td>
</tr>
<tr>
<td>Participation Rate</td>
<td>50%</td>
<td>50%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Option 1
- Total Revenues = $139 million
- TIRZ Revenues = $70 million

Option 2
- Total Revenues = $139 million
- TIRZ Revenues = $92 million

Option 3
- Total Revenues = $139 million
- TIRZ Revenues = $105 million
Generates $107.8 million in cumulative ad valorem tax revenues for the Town & County (by 2038)
- Town = $69.8 million
- County = $38 million

TIRZ Participation:
- Town – 75%
- County - 75%

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<tr>
<td>Total Revenues Generated</td>
<td>$69,783,610</td>
<td>$37,954,560</td>
<td>$107,738,170</td>
</tr>
<tr>
<td>Revenue Dedicated to TIRZ</td>
<td>$52,337,708</td>
<td>$28,465,920</td>
<td>$80,803,628</td>
</tr>
<tr>
<td>Revenue Retained by Jurisdiction</td>
<td>$17,445,903</td>
<td>$9,488,640</td>
<td>$26,934,543</td>
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<td>Participation Rate</td>
<td>75%</td>
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<td></td>
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Total Revenues = $107.8 million
TIRZ Revenues = $80.8 million
Generates $71.4 million in cumulative ad valorem tax revenues for the Town & County (by 2038)
- Town = $46.3 million
- County = $25.1 million

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<tr>
<td></td>
<td>$46,315,325</td>
<td>$25,109,433</td>
<td>$71,424,758</td>
</tr>
</tbody>
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Revenue Dedicated to TIRZ
- Town = $34,736,494
- County = $18,832,075

Revenue Retained by Jurisdiction
- Town = $11,578,831
- County = $6,277,358

Participation Rate
- 75%
## Scenario D-No TIRZ/Revenues

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<tr>
<td>Total Revenues Generated (2019-2038)</td>
<td>$29,405,075</td>
<td>$16,048,348</td>
<td>$45,453,422</td>
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<tr>
<td>Revenue Dedicated to TIRZ</td>
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<td>$0</td>
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<td>$604,829</td>
<td>$322,392</td>
<td>$927,220</td>
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<tr>
<td>Revenue Dedicated to TIRZ</td>
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### Summary

#### Scenario A - Complete Build Out

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<td>50%</td>
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#### Scenario B - Partial Build Out

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#### Scenario C - Partial Build Out (Significant Reduction)

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<td>$53,568,569</td>
<td>$17,856,190</td>
<td>75%</td>
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</table>

Town/County Revenue at 50% Part. = $34,891,805/$18,977,280

#### Scenario D - No TIRZ

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</tr>
<tr>
<td>Total</td>
<td>$45,453,422</td>
<td>$0</td>
<td>$45,453,422</td>
<td>0%</td>
</tr>
</tbody>
</table>

Town/County Revenue at 50% Part. = $23,157,663/$12,554,717
Feasibility

TIRZ Revenues = $53 million to $105 million
Project Costs = $20.5 million

Revenues are sufficient to cover the cost of the proposed infrastructure improvements

A tool like the TIRZ is a viable option for funding improvements associated with the Lakeside Village development
• Creation of a new TIRZ that encompasses the boundaries of the development
• Fund public infrastructure improvements through incremental revenues generated by the development
• Developer advances funds for projects and is reimbursed from available tax increment revenues
  • Details and conditions would be negotiated through a developer reimbursement agreement
• Bonds may be issued at the time when the increment from the development is adequate to cover debt service payments and appropriate debt coverage ratio

Recommended Approach:
• Minimizes risk to the Town
• Reimbursement is tied to revenues generated by development
• Issuance of bonds occurs when adequate revenues are available to fund debt service
Questions