

TAX
INCREMENT
REINVESTMENT
ZONE (TIRZ)
FEASIBILITY
ANALYSIS

TOWN OF FLOWER MOUND
LAKESIDE VILLAGE

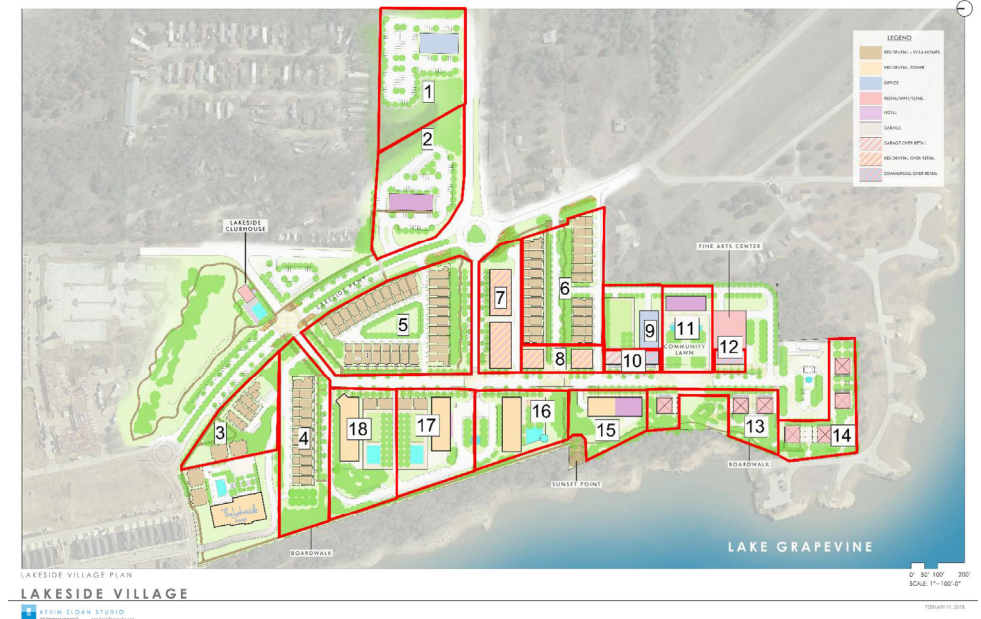


PROJECT UNDERSTANDING

- Tasked by the Town to look at the financial feasibility of establishing a Tax Increment Reinvestment Zone (TIRZ) for the proposed Lakeside Village development
- Evaluate the feasibility and approach for funding public infrastructure improvements with a TIRZ

LAKESIDE VILLAGE DEVELOPMENT

- 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.



TIRZ FUNDED PROJECT COSTS

- 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

Infrastructure Costs	
Street Excavation	\$414,589
Wastewater System	\$406,302
Storm Drainage Detention	\$4,713,561
Water Distribution System	\$728,800
Paving	\$2,734,603
Miscellaneous Items	\$771,934
Sub Total	\$9,769,789
Professional Fees	\$1,465,469
Contingencies	\$1,465,469
Sub Total Infrastructure	\$12,700,727
Amenities	
Landscaping	\$600,000
Irrigation	\$300,000
Public Art	\$400,000
Site Furniture	\$100,000
Fountain	\$200,000
Waterfall and other Amenities	\$750,000
Public Parking Garage	\$5,500,000
Amenities Sub Total	\$7,850,000
Total	\$20,550,727

Project	Cost
Parking Garage (Restaurant)	\$7,500,000
Parking Garage Landscaping/Park	\$500,000
Clubhouse	\$1,000,000
Community Garden	\$500,000
Infrastructure (Overage)	\$1,240,000
Amphitheater	\$500,000
Restaurant Common Area	\$1,000,000
Boardwalk & Landscaping	\$650,000
Sunset Point Improvements	\$250,000
Total	\$13,140,000

DEVELOPER FUNDED COSTS

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

Scenario A – Complete Build Out

- 875 Residential Units
- Three hotels, 395 hotel rooms
- 480,000 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
- 380,000 square feet of commercial space
- Build out Value = \$977.5 million
- Taxable Value in 2038 = \$1.3 billion

LAKESIDE VILLAGE DEVELOPMENT - SCENARIOS

SCENARIO A – COMPLETE BUILD OUT

- Generates \$143 million in cumulative ad valorem tax revenues for the Town & County (by 2038)
 - Town = \$92.6 million
 - County = \$50.4 million



TIRZ Participation:

Option 1

- Town – 50%
- County – 50%

Option 2

- Town – 75%
- County – 50%

Option 3

- Town – 75%
- County – 75%

SCENARIO A – REVENUES

	Option 1			Option 2			Option 3		
	Town	County	Total	Town	County	Total	Town	County	Total
Total Revenues Generated (2019-2038)	\$92,615,213	\$50,365,086	\$142,980,299	\$92,615,213	\$50,365,086	\$142,980,299	\$92,615,213	\$50,365,086	\$142,980,299
Revenue Dedicated to TIRZ	\$46,307,607	\$25,182,543	\$71,490,150	\$69,461,410	\$25,182,543	\$94,643,953	\$69,461,410	\$37,773,815	\$107,235,225
Revenue Retained by Jurisdiction	\$46,307,607	\$25,182,543	\$71,490,150	\$23,153,803	\$25,182,543	\$48,336,346	\$23,153,803	\$12,591,272	\$35,745,075
Participation Rate	50%	50%		75%	50%		75%	75%	

Option 1

Total Revenues = \$143 million
TIRZ Revenues = \$71.5 million

Option 2

Total Revenues = \$143 million
TIRZ Revenues = \$94.6 million

Option 3

Total Revenues = \$143 million
TIRZ Revenues = \$107.2 million

SCENARIO B – PARTIAL BUILD OUT

- Generates \$110.4 million in cumulative ad valorem tax revenues for the Town & County (by 2038)
 - Town = \$71.5 million
 - County = \$38.9 million

SCENARIO B - REVENUES

	Town	County	Total
Total Revenues Generated (2019-2038)	\$71,525,053	\$38,865,294	\$110,390,348
Revenue Dedicated to TIRZ	\$53,643,790	\$29,148,971	\$82,792,761
Revenue Retained by Jurisdiction	\$17,881,263	\$9,716,324	\$27,597,587
Participation Rate	75%	75%	

Total Revenues = \$110.4 million

TIRZ Revenues = \$82.7 million

TIRZ Revenues =
\$71 million to \$107 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

FEASIBILITY

APPROACH

- 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**

HAWES HILL & ASSOCIATES
LLP



QUESTIONS