



ANTHEM PARK – TIRZ #2 REIMBURSEMENT AGREEMENT

RS-23-073

April 18, 2023

Background

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- On March 14th, Council approved a request to rezone 203.2 acres to Planned Unit Development (PUD) for the proposed Anthem Park development.
- The proposed development will include:
 - 37.8 acres of Commercial/Retail;
 - 89.3 acres (1,720 units) of Multi-Family;
 - 60 acres (630 units) of Build-to-Rent (mixed residential); and
 - 9 acres of Office/Flex/Storage.

Background

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- The proposed development will include approximately 2.8 million square feet of improvements.
- The projected property value of the project at full build-out is \$534 million.
- The projected property & sales tax revenue is approximately \$7 million/year at full build-out.
- Total sales and property tax revenue between now and 2041 is approximately \$124 million.

Background

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Proposed Land Use								
Land Use Type	Acres	Building Sq.Ft.	Units	Sq.Ft. Per Unit	Estimated Value per Sq. Ft.	Estimated Value per Unit		Total Value by Type of Use
Build-to-Rent (BTR)	63.06	1,031,184	630	1,637	\$181.16	\$296,522	.....	\$186,808,860
Multi-Family	86.00	1,642,600	1,720	955	\$150.15	\$143,394	.....	\$246,637,370
Retail Space	38.30	266,500	.....	.....	\$298.57	\$299	.....	\$79,569,111
Office	7.00	50,000	.....	.....	\$308.18	\$308	.....	\$15,408,857
Self Storage	2.30	90,000	.....	.....	\$62.36	\$62	.....	\$5,612,400
ROW & Ponds	6.50	0	.....	.....	.....	.....	.....	.....
Total	203.16	3,080,284	2,350					\$534,036,598

Source: Capitol Market Research, December 15, 2022

Commercial and Retail values estimated from existing stabilized properties in the market area using Bell CAD market values

Building program in acres and square footage is estimated by Central Southwest Development

Property and Sales Tax Revenue
CSW Killeen, LP

Existing Land Use Revenue Forecast				CSW Killeen, LP				Change
Year	Sales Tax Revenue	Property Tax Revenue	Total Revenue	Sq. Ft. of Improvements	Sales Tax Revenue	Property Tax Revenue	Total Value	Net Value Difference
2022	\$0	\$27,951	\$27,951	0	\$0	\$27,951	\$27,951	\$0
2023	\$0	\$27,951	\$27,951	0	\$0	\$27,951	\$27,951	\$0
2024	\$0	\$27,951	\$27,951	551,096	\$970,808	\$1,319,889	\$2,290,696	\$2,262,745
2025	\$0	\$27,951	\$27,951	1,412,796	\$1,125,019	\$2,884,962	\$4,009,981	\$3,982,030
2026	\$0	\$27,951	\$27,951	1,841,996	\$1,253,281	\$3,757,717	\$5,010,998	\$4,983,047
2027	\$0	\$27,951	\$27,951	2,567,196	\$1,437,466	\$5,165,400	\$6,602,866	\$6,574,915
2028	\$0	\$27,951	\$27,951	2,567,196	\$1,466,215	\$5,159,310	\$6,625,525	\$6,597,574
2029	\$0	\$27,951	\$27,951	2,853,696	\$1,495,539	\$5,660,866	\$7,156,405	\$7,128,454
2030	\$0	\$27,951	\$27,951	2,853,696	\$1,525,450	\$5,658,802	\$7,184,252	\$7,156,301
2031	\$0	\$27,951	\$27,951	2,853,696	\$1,555,959	\$5,658,802	\$7,214,761	\$7,186,810
2032	\$0	\$27,951	\$27,951	2,853,696	\$1,587,078	\$5,658,802	\$7,245,881	\$7,217,929
2033	\$0	\$27,951	\$27,951	2,853,696	\$1,618,820	\$5,658,802	\$7,277,622	\$7,249,671
2034	\$0	\$27,951	\$27,951	2,853,696	\$1,651,196	\$5,771,959	\$7,423,155	\$7,395,204
2035	\$0	\$27,951	\$27,951	2,853,696	\$1,684,220	\$5,887,379	\$7,571,599	\$7,543,648
2036	\$0	\$27,951	\$27,951	2,853,696	\$1,717,905	\$6,005,107	\$7,723,012	\$7,695,061
2037	\$0	\$27,951	\$27,951	2,853,696	\$1,752,263	\$6,125,190	\$7,877,453	\$7,849,502
2038	\$0	\$27,951	\$27,951	2,853,696	\$1,787,308	\$6,247,675	\$8,034,983	\$8,007,032
2039	\$0	\$27,951	\$27,951	2,853,696	\$1,823,054	\$6,372,609	\$8,195,664	\$8,167,712
2040	\$0	\$27,951	\$27,951	2,853,696	\$1,859,515	\$6,500,042	\$8,359,558	\$8,331,606
2041	\$0	\$27,951	\$27,951	2,853,696	\$1,896,706	\$6,630,024	\$8,526,730	\$8,498,778
			\$575,851	\$575,851	\$28,207,801	\$96,196,071	\$124,403,872	\$123,828,021

Background

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- Chapter 311 of the Tax Code authorizes the City to enter into agreements as the board or governing body considers necessary or convenient to implement the TIRZ project plan and reinvestment zone financing plan.
- Such an agreement may dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project costs that benefit the reinvestment zone, including project costs relating to construction of roads, sidewalks, or other public infrastructure.

Background

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- In December 2022, the Council approved a TIRZ Project and Financing Plan (Ordinance No. 22-097), which allocates \$14 million for economic development and public infrastructure reimbursements.

Proposed Reimbursement Agreement

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- If approved, the proposed Anthem Park TIRZ #2 Reimbursement Agreement will provide for reimbursement to the developer for costs associated with public infrastructure in an amount not to exceed \$12,741,099.

Proposed Reimbursement Agreement

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Cost Category	Reimbursement Estimate
Roadway & Traffic (Anthem Blvd.)	\$4,959,500
Water & Wastewater	\$2,935,000
Dry Utilities (electrical, telecom, natural gas)	\$650,000
Regional Stormwater Detention	\$800,000
Park & trail improvements	\$752,500
Landscaping & Street Trees	\$813,569
Planning & Development Fees	\$730,000
Organizational & Construction Costs; Wayfinding Signage	\$267,000
Contingency (7%)	\$833,530
TOTAL:	\$12,741,099

Proposed Reimbursement Agreement

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- The City will reimburse the developer for eligible improvements, subject to Available Project TIRZ Funds.
- Available Project TIRZ Funds are equal to:
 - 100% of the tax increment created by the commercial development; and
 - A portion of the increment created by the residential development. The available portion of the residential increment is based on a sliding scale:

Proposed Reimbursement Agreement

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- Until the value of the commercial reaches \$10M, none of the residential increment is available.
- When the value of the commercial reaches \$10M, 25% of the residential increment will become available.
- When the value of the commercial reaches \$20M, 50% of the residential increment will become available.
- When the value of the commercial reaches \$26M, 75% of the residential increment will become available.

Proposed Reimbursement Agreement

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Value of Commercial Development:	Percent of Residential Increment Available:
\$0 - \$9.99 million	0%
\$10 - \$19.99 million	25%
\$20 - \$25.99 million	50%
\$26 million +	75%

- The proposed structure of the agreement is intended to ensure that the commercial development is built in a timely manner.

Staff Recommendation

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- Staff recommends approval of the proposed Anthem Park TIRZ #2 Reimbursement Agreement as presented.

TIRZ #2 Board Recommendation

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- On April 12, 2023, the TIRZ #2 Board recommended _____ of the proposed agreement by a vote of _____ to _____.