



- **June 27, 2023** – City Council adopted reimbursement guidelines for TIRZ No. 1, which are intended to provide a general framework in which requests for reimbursements are reviewed and analyzed in an objective and equitable manner for developments within the TIRZ. However, the guidelines do not guarantee approval or denial of a reimbursement request. (See Attachment)

**NORTH POINTE DEVELOPMENT TIMELINE:**

- **December 10, 2019** – The NorthPointe Planned Unit Development (PUD) was approved for the subject tract, which outlines land use and development standards for the project.
- **May 10, 2022** – The NorthPointe PUD amendment was approved. (See Attachment)
- **July 2022** - The Construction Plan was submitted July 2022. Permit issuance is pending all comments being addressed.
- **September 2022** - A site plan for Hayden Grove for senior housing, assisted living, and memory care was submitted in September 2022. Permit issuance is pending all comments being addressed.
- **January 18, 2023** – Developer provided a high-level presentation to the TIRZ Board on the NorthPointe project, and the public infrastructure needed.
- **April 3, 2023** - The Preliminary Plan was approved by the Planning and Zoning Commission on April 3, 2023.
- **April 14, 2023** – Developer submitted a formal request for a TIRZ reimbursement which included a letter and a proforma.
- **April 28, 2023** – Staff submitted comments and questions back to the developer regarding the TIRZ reimbursement request and the proforma.
- **May 12, 2023** – Developer submitted a revised TIRZ reimbursement request with a letter and updated proforma.
- **June 5, 2023** - The final plat was approved by the Planning & Zoning Commission on June 5, 2023. Recordation is pending posting of fiscal.
- **June 6, 2023** – The property owner and all of the development partners met with City staff to discuss the TIRZ reimbursement request. This meeting was held in an effort to address the varying perspectives between the parties and to clarify the next steps in the process.
- **June 14, 2023** – Developer sent an updated proforma with a reimbursement request of \$13,777,055.
- **June 30, 2023** – Developer sent an updated proforma with a reimbursement request of \$15,999,795. The increase accounts for contingency. However, the reimbursement would be for actual costs. The reimbursement agreement would have a maximum not to exceed amount.

**DEVELOPER’S REIMBURSEMENT REQUEST:**

The property owners and development partners (the “applicant/developer”) are requesting reimbursement for up to \$15,999,795 for the costs of public infrastructure, including water, wastewater, drainage, public streets and TxDOT decel lanes, dry utilities, public amenity (includes landscaping, and trail and sidewalk landscaping and irrigation from 100% of the available TIRZ increment. The costs in Table 1, immediately below, also include soft costs, design, permit fees, inspection fees, etc.

Public Infrastructure	Total	% of Total
Public Water Lines	\$444,542	2.8%
Public Wastewater Lines	\$2,585,611	16.2%
Public Drainage	\$1,848,786	11.6%
Public Streets & TxDot Decel Lanes	\$5,116,043	32.0%
Public Dry Utilities	\$1,454,453	9.1%
Public Amenity Pond (includes Landscaping)	\$1,820,144	11.4%
Public Trail & Sidewalk Landscaping & Irrigation	\$2,730,216	17.1%
<b>Total</b>	<b>\$15,999,795</b>	<b>100%</b>
**These numbers include land acquisition costs and project soft costs, design, permit fees, inspection fees, bonding fees, interest, management fee, materials testing fee, construction management, and pursuit costs		

Table 2 below represents the proposed land use mixes and square footage by the developer.

Table. 2 Land Use Summary				
TRACT	Acres	Land Uses	Estimated Number of Residential Units	Estimated Commercial SF
Lot 1	13.04	Multifamily, Commercial (Café - 1,200 S.F.)	495	1,200
Lot 2	4.83	Independent Living, Memory Care, Assisted Living, Commercial (Bistro - 2800 S.F. + Salon - 800 S.F.)	122	49,400*
Lot 3	5.57	Office, Commercial (Restaurant - 3,000 S.F.)	0	90,000
Lot 4	7.92	Multifamily, Commercial (Retail - 4,000 S.F.)	373	4,000
Lot 5	2.59	Amenity Pond	0	0
<b>Total</b>	<b>33.95</b>		<b>990</b>	<b>144,600</b>

\*The applicant has requested that the commercial square footage include the square footage of the assisted living and memory care. Per the Unified Development Code (UDC) Table 4.4.2, assisted living is considered a residential use.

Refer to the proforma and the cost-benefit analysis submitted by the applicant for more details in the separate attachments. The following Table 3 represents key highlights and figures from the developer’s proforma.

<b>Table 3. Developer Proforma Summary</b>	
<b>Overview Pages/Tabs</b>	
Land Acquisition Cost (\$6.00 S.F.)	\$9,965,657
Total Anticipated Sales Price (Platted lots)	\$23,002,206
Net Sales Price after Disposition and Taxes	\$21,192,052
Net Proceeds from Internal Lot Sales (Platted lots – Not Developer Profit)	\$11,226,395
<b>TIRZ Calculations Pages/Tab</b>	
Assumptions: 2% growth rate, Admin Expense – 5% of City Tax, City Service Payments - \$175 per unit, City Ad Valorem Rate/\$100 – 0.4813, full build-out by 2030	
Ad Valorem Tax Value in 2030 – Improvement Value Only	\$246,057,883
Ad Valorem Tax Value to 2028 – Land Value Only	\$22,989,107
<b>Total Ad Valorem Tax Value at full build-out (2030)</b>	<b>\$269,046,990</b>
Total Ad Valorem Tax Revenue to City by 2053 – Improvement Value Only (Before Administration Expenses and City Service Payments)	\$41,790,765
Total Ad Valorem Tax Revenue to City by 2053 – Land Value Only (Before Administration Expenses and City Service Payments)	\$4,323,540
Annual Sales Tax Revenue to City at full build-out (2030)	\$35,934
<b>Total Sales Tax Revenue to City by 2053</b>	<b>\$1,176,263</b>
City Cash Flow Pages/Tabs (Requested Reimbursement Schedule based on 100% of the anticipated ad valorem increment generated from 2026 – 2041. Assumptions: 8.5% Cost of Capital for Terminal Value calculation; Growth Rate 2%)	
Anticipated Annual TIRZ Payment Range (2026 - 2041)	Min. \$555,035 Max. \$1,298,231

**ANALYSIS OF REQUEST:**

The following represents staff’s evaluation of the proposal in relation to the established guidelines and is the basis for the staff recommendation. The evaluation includes notes and references from the proforma, the PUD, the standard City requirements, and the development climate that are intended to provide context for the staff recommendation.

**Consistency with TIRZ No. 1 Reimbursement Guidelines:**

The following represents staff’s evaluation of the project for consistency with the TIRZ No. 1 Reimbursement Guidelines. Refer to staff’s comments in blue below the respective guideline.

Table 4. TIRZ Guidelines – Project Analysis	
#	General Guideline
2 (a)	<p>The project(s) requested for reimbursement with Zone funds shall be consistent with the eligible projects provided in the adopted Project Plan and Finance Plan.</p> <ul style="list-style-type: none"> <li>- <i>The extension of Colorado Sand Drive is the only remaining project associated with the original Project Plan within the Zone area, further detailed within the 3<sup>rd</sup> Amendment to the Project Plan and Finance Plan. (See Attachment)</i></li> </ul>
2 (b)	<p>The proposed development shall be in conformance with the City’s Comprehensive Plan and adopted Master Plans and shall support the vision, mission, goals, and objectives of the City Council’s Strategic Plan.</p> <ul style="list-style-type: none"> <li>- <i>The development is partially consistent with the FLUM – “Mixed Use Commercial” land use category as it is primarily residential as it is currently presented. The development maximizes the amount of residential per zoning (PUD) and provides minimal active, commercial uses as presented.</i></li> <li>- <i>City Council’s Strategic Plan Economic Development Goal - “Establish policies that focus on the development of office and the related development environments to attract innovative, growing companies that can respond to market needs and provide job opportunities for existing residents.” The proposal is generally consistent with the Strategic Plan in terms of potential multi-story office development should the development of Lot 3 with 90,000 square feet of proposed office and related commercial use be developed.</i></li> </ul>
2 (c)	<p>Project funding will be based on need, including if it bridges a financial gap, making the proposed development economically viable. The developer must demonstrate to the City, that the project would not occur “but for” City assistance.</p> <ul style="list-style-type: none"> <li>- <i>Staff recognizes the financial challenges the applicant is experiencing due, in part, to increasing construction prices. However, the City should not be responsible for all development costs associated with subdivision of land and construction of public improvements for NorthPointe East.</i></li> </ul>
2 (d)	<p>Eligibility and extent of funding will be dependent on the return on investment (ROI) for the public investment provided, which will be determined through the review of:</p> <p>(i) The project’s total capital investment and resulting taxable value generating an annual increase of property tax revenue;</p> <ul style="list-style-type: none"> <li>- <i>Total Capital Investment = \$25,354,000 (This number represents total cash outlay for the life of the project and includes acquisition costs (land, pursuit, etc.), property taxes, infrastructure costs, and interest payments on the loans.)</i></li> <li>- <i>Projected Annual Ad Valorem Value by 2030 (build-out) = \$246,057,883</i></li> <li>- <i>Projected Annual Ad Valorem Taxes by 2030 (build-out) = \$1,270,660</i></li> <li>- <i>Proposal by Developer estimates payments by the TIRZ will be completed in year 2041.</i></li> </ul>

(ii) The number and types of jobs to be created.

- *Jobs related to the Assisted Living and Memory Care components in Phase I:*

Lot 2 - Senior Living Building - FTEs & Salary			
Employee	Pay Rate		
Total FTEs	54.4		employees
Total Wages	\$ 3,101,384		annual payroll expenses
Management Office	Year 1	Annual Yr 1	Total Number of FTEs
Executive Director	\$ 58.00	\$ 120,640	1
Concierge	\$ 26.00	\$ 54,080	2.1
Business Office	\$ 28.00	\$ 58,240	1
Resident Services Director	\$ 32.00	\$ 66,560	1
Lead Maintenance	\$ 36.00	\$ 74,880	1
Assistant Maintenance	\$ 24.00	\$ 49,920	1
Director of Marketing	\$ 50.00	\$ 104,000	1
Marketing Support	\$ 38.00	\$ 79,040	1
Lead Housekeeper	\$ 20.00	\$ 41,600	1
HK Assistant	\$ 20.00	\$ 41,600	2
Life Enrichment Director	\$ 34.00	\$ 70,720	1
Life Enrichment Assistant	\$ 30.00	\$ 62,400	1
Director of Nursing (RN)	\$ 54.00	\$ 112,320	1
RN	\$ 52.00	\$ 108,160	0.5
LPN	\$ 42.00	\$ 87,360	2
Resident Assistant AL	\$ 24.00	\$ 49,920	11.2
Resident Assistant MC	\$ 24.00	\$ 49,920	14
Medication Assistant AL/MC	\$ 24.00	\$ 49,920	2
Dining Services Manager	\$ 35.00	\$ 72,800	1
Chef Manager	\$ 33.25	\$ 69,160	1
Dining Room Manager	\$ 22.23	\$ 46,238	1
Clinical Nutrition Manager	\$ 32.77	\$ 68,162	1
Cooks	\$ 20.00	\$ 41,600	2.8
Servers	\$ 18.00	\$ 37,440	2.8

(iii) The project's estimated ability to generate direct and indirect sales tax revenue; and

- *Annual Sales Tax by 2030 (full build-out) = \$35,934*
- *Total Direct Sales Tax by 2053 = \$1,176,263*

(iv) The project's estimated ability to generate overnight stays that result in direct hotel occupancy tax revenue as well as indirect revenue associated with visitors contributing to the economy.

- *N/A; not estimated with application*

2 (e) The City shall require advance-funding obligations to reside with the developer, and repayment will be based on the ability of the development to generate sufficient tax revenue. The City is under no obligation to borrow funds or issue bonds to reimburse the developer.

- *Developer will assume responsibility for advance funding.*

2 (f) A project may be ineligible for Zone incentive if a development application has already been submitted to the City and construction has commenced on an approved development application.

- *Applications for a Preliminary Plan, Final Plat, Construction Plan, and a Site Plan for Lot 2 were submitted prior to the adopted TIRZ Reimbursement Guidelines. Staff recommends this guideline not affect the consideration of the TIRZ request.*





#	Enhanced Development																																			
3 (a)	<p>To be eligible for Zone funding, the development should exceed the minimum requirements established by the City’s Code of Ordinances and align with the community’s development goals as identified in the Comprehensive Plan, including but not limited to:</p> <p>(i) Mix of land uses (i.e., mix of land uses that attract and support the concentration of major commercial and employment);</p> <table border="1"> <thead> <tr> <th>TRACT</th> <th>Acres</th> <th>Land Uses</th> <th>Estimated Number of Residential Units</th> <th>Estimated Commercial SF</th> </tr> </thead> <tbody> <tr> <td>Lot 1</td> <td>13.04</td> <td>Multifamily, Commercial (Café - 1,200 S.F.)</td> <td>495</td> <td>1,200</td> </tr> <tr> <td>Lot 2</td> <td>4.83</td> <td>Independent Living, Memory Care, Assisted Living, Commercial (Bistro - 2800 S.F. + Salon - 800 S.F.)</td> <td>122</td> <td>49,400</td> </tr> <tr> <td>Lot 3</td> <td>5.57</td> <td>Office, Commercial (Restaurant - 3,000 S.F.)</td> <td>0</td> <td>90,000</td> </tr> <tr> <td>Lot 4</td> <td>7.92</td> <td>Multifamily, Commercial (Retail - 4,000 S.F.)</td> <td>373</td> <td>4,000</td> </tr> <tr> <td>Lot 5</td> <td>2.59</td> <td>Amenity Pond</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>Total</b></td> <td><b>33.95</b></td> <td></td> <td><b>990</b></td> <td><b>144,600</b></td> </tr> </tbody> </table> <p>(ii) Enhanced urban design (i.e., commercial uses on the first floor of mixed-use buildings, etc.);</p> <ul style="list-style-type: none"> <li>- <i>Limited mix of uses; predominately multi-family; potential multi-story office</i></li> <li>- <i>Commercial uses are vertically integrated into the first floor of the senior housing project on Lot 2. Refer to Streetscaping section below for more enhanced urban design.</i></li> </ul> <p>(iii) Street layout and connectivity;</p> <ul style="list-style-type: none"> <li>- <i>Section 4 of the PUD provides specificity on the street network.</i></li> </ul> <p style="text-align: center;">EXHIBIT G: CONCEPTUAL CIRCULATION PLAN</p> <p>The diagram above highlights A-Streets, B-Streets, and Pedestrian Connections within NorthPointe. A-Streets are typically fronted by liner townhouses or retail space and are the principal thoroughfares. B-Streets are designed to be pedestrian friendly as well, but also handle the servicing of buildings and businesses.</p> <p style="text-align: center;"><i>*Yellow highlight is area under consideration and included within the TIRZ boundary.</i></p>	TRACT	Acres	Land Uses	Estimated Number of Residential Units	Estimated Commercial SF	Lot 1	13.04	Multifamily, Commercial (Café - 1,200 S.F.)	495	1,200	Lot 2	4.83	Independent Living, Memory Care, Assisted Living, Commercial (Bistro - 2800 S.F. + Salon - 800 S.F.)	122	49,400	Lot 3	5.57	Office, Commercial (Restaurant - 3,000 S.F.)	0	90,000	Lot 4	7.92	Multifamily, Commercial (Retail - 4,000 S.F.)	373	4,000	Lot 5	2.59	Amenity Pond	0	0	<b>Total</b>	<b>33.95</b>		<b>990</b>	<b>144,600</b>
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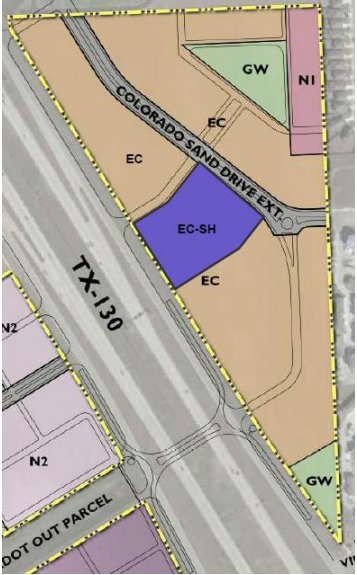
- (iv) Architectural design and building materials;
  - *Section 7 of the PUD articulates the design standards required for development of the tract with the exception of building materials.*
- (v) Public parkland dedication and development;
  - *Section 6 of the PUD articulates the alternative compliance and credits allowed to meet the parkland requirements for the development. The development received a significant reduction in parkland dedication and a waiver of the park development fee requirements through the PUD and alternative compliance calculations due to the anticipated unique characteristics the PUD was intended to achieve and the long-term maintenance of public spaces by the development.*
  - *The PUD allows for parks to be privately owned and maintained with a public access easement. The proposed park is a wet pond with a looped trail around it. The applicant has proposed another public park space to be included in the public parkland dedication credit, which appears to function as a private amenity courtyard for the apartment complex with limited visibility from the public roadway. Per the PUD, "Areas considered for public/civic use shall be made accessible for the public realm, but improved and maintained by the developer." (Sec. 6, Page 34). Further confirmation of public access and evaluation as to whether this courtyard will be credited toward public parkland dedication may be necessary during the site plan process.*
  - *Overall, based on NorthPointe East's proposed 990 dwelling units, 11.43 acres of public parkland is required. However, civic open space, enhanced landscape areas and sidewalks larger than 6' in width, and improved public/private courtyards received credit towards the required public parkland dedication. (For reference, the monetary value for a fee in lieu of 11.43 acres of public parkland dedication is \$498,086.82.)*

*6.6 x 990 x 1.75 = 11.43 Acres of Public Parkland Required*  
*1000*

  - *The park development fee for NorthPointe East is \$429,660.00; however, it may be waived based on the costs of improvements to the civic open spaces per PUD.*
  - *(For reference only) Per the UDC, detention ponds are typically not creditable toward public parkland dedication unless they are amenitized (wet, trails, etc.) and privately maintained.*



	PUD – Zoning/Regulating Plan	Concept Provided by Developer
		
	<p>(vi) Public trail extensions;</p> <ul style="list-style-type: none"> <li>- <i>A public access easement will be dedicated on the pond site where a looped trail is proposed.</i></li> </ul> <p>(vii) Streetscape treatments, amenities, and public art;</p> <ul style="list-style-type: none"> <li>- <i>Expanded sidewalks are proposed through the project and, per the PUD, may receive credit for public parkland dedication and park development fee for such sidewalks greater than 6’.</i></li> </ul> <p>(viii) “Green practices” for environmental preservation; and</p> <ul style="list-style-type: none"> <li>- <i>N/A</i></li> </ul> <p>(ix) “10-minute neighborhood” as described within the City’s Comprehensive Plan</p> <ul style="list-style-type: none"> <li>- <i>The proposed development supports the “10-minute neighborhood” goal by incorporating some commercial uses into the proposed residential developments and providing access to trail systems.</i></li> </ul>	
3 (b)	<p>New development should provide access to parks, greenways, trails, amenities, and outdoor gathering spaces to create a unique sense of place.</p> <ul style="list-style-type: none"> <li>- <i>A looped trail is proposed around the amenity pond, which received credit for public parkland dedication and park development fee.</i></li> <li>- <i>Expanded sidewalks are proposed along the roadway frontages and received credit for public parkland dedication and park development fee.</i></li> </ul>	
#	<b>Land Use</b>	
4 (a)	<p>Developments more likely to be considered for reimbursement are those that are consistent with the uses and character goals identified in the comprehensive plan and create a vibrant sense of place</p>	

	<p>including multi-story, Class A office, hospitality, destination retail, dining, and high-density multi-family with structured parking as part of a vertical mixed-use development.</p> <ul style="list-style-type: none"> <li>- <i>There is a PUD that governs land use and development standards.</i></li> <li>- <i>Per the PUD, the EC-EAST CAMPUS “will consist of a variety of uses with the primary focus being an employment destination for Pflugerville.”</i></li> <li>- <i>The development proposes 990 residential units. (Max 1200 units; Proposed 990 units)</i></li> <li>- <i>The minimum number of commercial uses are proposed per the PUD at this time. Per PUD, “a minimum of 3 commercial uses shall be built. The commercial uses should be diversified by use and type and not be housed by one user. The ratio shall continue for the life of the project and be accounted for on all future site plans...Assisted Living and Memory Care will not contribute to the required commercial uses.” (Section 3, Page 12 of PUD)</i></li> <li>- <i>90,000 S.F. of multi-story office is proposed in a later phase however, no permits have been sought for this use.</i></li> <li>- <i>Per the PUD, GW -Greenway East will consist of “Small pocket parks that serve as amenities for surrounding residents and offices. Currently, what is proposed by one development partner is an exclusive courtyard for residents of Lot 1.</i></li> <li>- <i>Refer to the Land Use table on page 3 of this report and Section 3, pages 12- 13 of the PUD for more information.</i></li> </ul>	
<b>#</b>	<b>Transportation and Mobility</b>	
5 (a)	<p>The proposed development shall contribute to the expansion of arterial streets and major collector roadways, as applicable.</p> <ul style="list-style-type: none"> <li>- <i>The applicant executed an agreement with the City to contribute to the redesign and construction of Colorado Sand Drive to align with the PUD requirements and infrastructure necessary for NorthPointe East project. Per the Kedma Ventures agreement, the developer is responsible for \$939,454 that accounts for the development specific enhancements to the cross section and ROW dedication at no cost to the City.</i></li> <li>- <i>The proposed Elan Drive is a collector roadway, and Alba Bonita is a local roadway. Both will be dedicated as public roadways.</i></li> </ul>	
5 (b)	<p>Streetscaping within the right-of-way may be required to be privately maintained.</p> <ul style="list-style-type: none"> <li>- <i>Per the PUD, trees planted in the right-of-way are required to be privately maintained by a property owner's association.</i></li> </ul>	
5 (c)	<p>Transportation network design should include bicycle and pedestrian infrastructure.</p> <ul style="list-style-type: none"> <li>- <i>Expanded sidewalks that are proposed within the project.</i></li> </ul>	
5 (d)	<p>Regional transportation projects are more likely to be considered for reimbursement.</p> <ul style="list-style-type: none"> <li>- <i>Colorado Sand Drive is considered as a regional transportation project. Hard construction costs associated with Colorado Sand Drive may be reimbursable pursuant to the 3<sup>rd</sup> Amendment to the Project Plan.</i></li> </ul>	

#	Water and Wastewater Infrastructure
6 (a)	<p>The proposed development shall contribute to funding the extension of water and wastewater utility infrastructure consistent with the City’s extension and oversized infrastructure policy.</p> <ul style="list-style-type: none"> <li>- <i>At this time, the developer has not proposed to fund water and wastewater infrastructure associated with the subdivision process.</i></li> </ul>
6 (b)	<p>Regional water and wastewater infrastructure are more likely to be considered for reimbursement.</p> <ul style="list-style-type: none"> <li>- <i>The offsite wastewater line which will include a bore under SH 130 is considered a regional project due to timing considerations of the Wilbarger WWTP coming online. This offsite wastewater line will change the design of how this tract will be served with wastewater service from the Central Basin.</i></li> </ul>
#	Regional Detention
7 (a)	<p>Detention should be amenitized and serve a regional purpose.</p> <ul style="list-style-type: none"> <li>- <i>The detention pond and amenities receive credit for public parkland dedication and park development fee per PUD. The detention pond serves a semi-regional purpose and directly serves the NorthPointe East development.</i></li> <li>- <i>However, detention associated with the construction of Colorado Sand Drive is reimbursable per the 3<sup>rd</sup> Amendment to the Project Plan, as well as curb and gutter.</i></li> </ul>
#	Parks, Trails, and Open Space
8 (a)	<p>Community-level, urban or destination parks may be eligible for funding.</p> <ul style="list-style-type: none"> <li>- <i>On the east side of the North Pointe Development, community-level and destination parks are not proposed.</i></li> <li>- <i>Based on concepts that have been provided, the proposed triangular courtyard functions more as a private amenity for the apartment complex.</i></li> </ul>
8 (b)	<p>Parks, trails and open space should exceed minimum standards required by the parkland dedication and development and trail extension standards.</p> <ul style="list-style-type: none"> <li>- <i>This guideline only affects the developer’s request for reimbursement for the pond, pond amenities, and expanded sidewalks that function as trails within the development. The developer is expected to meet minimum standards per the PUD as this is considered alternative compliance pursuant to the PUD.</i></li> </ul>
8 (c)	<p>City may require the developer to maintain any park, trail, and/or open space funded with Zone revenues. Reimbursement for any open space or public amenities is subject to the developer dedicating it as public parkland and conveying the land to the City or dedicating a public easement to the City. However, private maintenance in perpetuity shall be required.</p> <ul style="list-style-type: none"> <li>- <i>The PUD provided credit for privately owned parks for public parkland dedication requirements. Parks shall be required to have a public access easement and will be privately maintained.</i></li> </ul>

**Proforma Information**

1. **Kedma Ventures LLC Agreement** - Master Developer Pursuit Costs includes a payment for the developer’s cost of the Colorado Sand Improvements in the amount of \$939,454 to City of Pflugerville. This payment is associated with a roadway construction agreement, where it stated the developer was responsible for the additional construction costs and ROW was required to

be dedicated to the City, at no cost. The developer is requesting reimbursement for the contractual obligations of this agreement.

2. **ROW Dedication Land Costs** - The developer is requesting reimbursement for ROW dedication land costs at \$16.84 per S.F. for Elan Drive and Alba Bonita which is based on the value of the land with public infrastructure and platted lots. These two roadways are required by the PUD. Right-of-way dedication is a standard subdivision requirement. The Developer purchased the land at \$6 per S.F. in 2018. (Refer to the Overview page for the "PRICE(\$/SF)" for Internal Lot Sales and the Public Infrastructure Cost Calculations.)
3. **Land Dedication Costs vs. Anticipated Appraisal Value** - For additional reference and comparison, the developer included an Appraisal Summary table where it values the anticipated land value of the platted lots with public infrastructure at approximately \$23.69. This may be important as it compares to the "PRICE(\$/SF)" for Internal Lot Sales at \$16.84 per S.F., which was a factor in estimating Internal Rate of Return (IRR). The proforma and projected IRR was based on land only, not the anticipated full build-out of the development. It is possible for the developer to sell off the lots without vertical construction and receive TIRZ reimbursement under this proposal, which can be mitigated in the development agreement performance-based measures. (i.e., indicating a timeframe by which a project must completed.)
4. **Carrying Costs** - The developer is requesting reimbursement for carrying costs associated with the public right-of-way in the amount of \$261,143, as well as land loan interest on the ROW for \$294,369 and property tax for \$1,672. Carrying costs in real estate are the fees for owning property, also called "holding costs." The developer purchased the property in 2018.
5. **Developer's Contribution** -  
Table 5 below represents what was provided in the developer's proforma on the Public Infrastructure Cost Calculation. However, in staff's opinion, all of these easement and right-of-way dedications are standard subdivision requirements or are associated with the Kedma Ventures agreement pertaining to Colorado Sand Drive ROW dedication at no cost to the City. The dedication of a public access easement (PAE) over the Amenity Pond Tract is a PUD requirement in order to receive public parkland dedication credit. Public access easements associated with public sidewalks or trails that receive park development fee are standard development requirements. Furthermore, the calculation of an easement at \$16.84 per square foot is the same value as the Internal Lot Sales by fee simple per the Overview page of the proforma. The developer purchased the raw land for \$6 per S.F. Refer to the Overview and Public Infrastructure Cost Calculation pages within the developer's proforma.

<b>Table 5. Developer Costs – Responsibility (Per the Proforma)</b>	
Amenity Pond PAE Dedication @ \$16.84 psf*	\$1,900,469
Colorado Sand Dr. ROW Dedication @ \$16.84 psf*	\$2,215,136
PUE Dedication @ \$16.84 psf*	\$666,471
Public Sidewalk PAE Dedication @ \$16.84 psf*	\$602,316
*Developer purchased the land at \$6 psf.	



**STAFF RECOMMENDATION:**

In summary, Staff's recommendation is based on the following principles and assumptions:

1. **CIP Program** - If the proposed public improvement is typically what would be included within the City's Capital Improvement Program (CIP), it should be eligible for TIRZ reimbursement as these projects are regional in nature.
2. **Existing Agreements** - Existing agreements should remain in full force and effect unless otherwise amended and approved by the City Council.
3. **Reimbursement by Improvement Type** - If the proposed development is more of a market product, but it is going above and beyond what the City's development regulations and respective PUD requires, and the development is enhancing the public realm, the public improvement(s) should be eligible for the amount that it exceeds standards. (*Example only* – If a developer is only required to dedicate 5 acres of parkland, but they propose 7 acres of parkland dedication, 2 acres of parkland may be reimbursed through the TIRZ.)
4. **Highly Desirable Development In Corridor** - If the proposed development has demonstrated that their product has land use related market challenges, and such uses are highly desirable based on the comprehensive plan, strategic plan and other adopted policies, and the TIRZ reimbursement would bridge the financial gap that would allow the project to be successful, the public improvement(s) should be reimbursed with performance measures. Performance measures should be considered to ensure the developer fulfills their obligations with the completion of vertical construction.

**Recommended Terms and Conditions:**

Staff's recommendation is provided within the attached term sheet identified as Exhibit A of the resolution.

**NEXT STEPS:**

1. August 8, 2023 – Anticipated City Council action on the terms and conditions for reimbursement. This action will be in the form of a resolution directing the City Manager to initiate the negotiation of a reimbursement agreement with the developer with general terms and conditions.
2. Developer prepares reimbursement agreement according to the approved terms and conditions and the adopted TIRZ No. 1 Reimbursement Guidelines for development agreement content.
3. Developer to provide the City with a reimbursement agreement for review by August 15, 2023. A development agreement application fee will be required pursuant to the City's Master Fee Schedule. Once submitted the City will review and respond within 10 business days.
4. Once all staff and City Attorney comments regarding the agreement have been addressed or resolved, staff will forward the reimbursement agreement to the TIRZ Board for recommendation.
5. The City Council will review and consider the proposed reimbursement agreement.

**ATTACHMENTS:**

- Resolution
- Exhibit A - Draft Term Sheet (Staff Recommendation)
- Updated Term Sheet – Submitted by Applicant
- Chapter 311 Texas Tax Code – Excerpt of Eligible Reimbursements
- TIRZ No. 1 Reimbursement Guidelines
- TIRZ Public Benefit-Cost Analysis – Submitted by Applicant
- Original Term Sheet – Submitted by Applicant
- North Pointe PUD (Land Use & Development Regulations)
- Developer Roadway Reimbursement Agreement for Colorado Sand Drive (Kedma Ventures original and amendment)
- Third Amendment to the TIRZ Project Plan and Finance Plan (adopted as 2<sup>nd</sup> Amendment)