

November, 2014

A MONTHLY MESSAGE
FROM



**MAYOR
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New Growth Utilizes Form Based Codes P.S. Sprouts Farmers Market is Coming!!!

Rowlett is definitely *On the Move*, and along with celebrating the wonderful growth and economic development opportunities coming our way, I often find myself having to clarify information on complex issues that has somehow been miscommunicated in the community, leading to confusion on the part of our citizens. We are an extremely open and transparent organization, so in an effort to ensure everyone in Rowlett understands these issues, and why the City Council makes the decisions we do, I am going address one or two topics each month in this newsletter.

You've probably heard that Sprouts Farmers Market is coming to Rowlett! I can't tell you how excited I am, this is exactly the kind of enhanced food shopping experience our citizens have been asking for! This month I am celebrating Sprouts, along with all the other new economic development growth coming to our City utilizing form based codes. You'll recall that during the Realize Rowlett 2020 visioning process, our community took the journey to decide "What do we want to be when we grow up?" With limited developable land left in Rowlett and no diversity in housing stock, we had just one shot to get it right! With that in mind, in November, 2012, the City Council adopted an enhanced development standard called Form Based Codes, which focus on the building type, interaction of the building

with the street, and neighborhood context. They still require quality architecture and construction but allow for increased density and a larger range of uses. For example, three high quality projects approved in the past year have the ability to add nearly \$200 million in private investment. Over 10 years, this could add over \$10 million just in property taxes alone!

There has been a lot of misinformation offered on social media and blogs regarding the method fees, grants and incentives are structured by the City when working with developers excited about utilizing form based codes to bring the very business and residence options our community has asked for. I hope the information in this newsletter serves to clear up some of that confusion and provides you, the Rowlett citizen, a level of clarification and transparency that allows you to share in our enthusiasm about all the fantastic new development and tax base diversification coming to our hometown!!

Regards,

Mayor Todd Gottel

The City hosted a groundbreaking event in June for The Homestead at Liberty Grove.





Sprouts Farmers Market

Sprouts Farmers Market operates 175 stores in ten states and has become one of the largest specialty retailers of natural and organic food in the United States, generating revenue in excess of \$1 billion annually. Offering a different kind of shopping experience, fresh produce and grains are available from field bins, barrels and wooden crates. There's low shelving so the whole store is visible from the moment shoppers enter, with spacious aisles and bright,

natural light that evokes the feel of an indoor farmers market.

Sprouts anticipates breaking ground in early 2015, with the store opening later in the year or early 2016.

The store, along with the adjoining 7,500 square feet of additional retail development, will create 75-80 new jobs and generate property tax and sales tax revenue of approximately \$62,500 annually to the City!



This catalytic transit-oriented development, anticipated to break ground in early 2015, will change the face of Downtown Rowlett! The Village of Rowlett is a \$30 million project that will introduce a range of building types and uses within a unique village environment marked by modern housing concepts, local retail and commercial destinations, high quality pedestrian amenities, memorable open spaces and a unique vibe all our own.

The project has been planned to highlight existing trees and offer a range of green

Village of Rowlett

THIS DEVELOPMENT CULMINATES A VISION CREATED FOR DOWNTOWN BY ROWLETT CITIZENS 30 YEARS IN THE MAKING! VILLAGE OF ROWLETT WILL OPEN THE DOOR TO ADDITIONAL PRIVATE INVESTMENT BY CARRYING FORWARD THE CITY'S NEW URBAN ENERGY TO DOWNTOWN'S EDGES AT HIGHWAY 66 AND THE PRESIDENT GEORGE BUSH TURNPIKE.

MAYOR TODD GOTTEL

amenities including a community garden, dog park, yoga lawn, bocce ball court, pocket green courts, and urban streetscapes all in an effort to deliver an urban resort-like experience exclusive to Rowlett. Part of the planning effort has included a strategy to move the Chamber of Commerce and temporarily relocate the Library during the construction process. The Library will remain a key component of Downtown and, when the project is completed, will be located on the ground floor of the most prominent building along Main Street.



THE VILLAGE OF ROWLETT DOWNTOWN SYNERGY IS ALREADY HAPPENING...HAVE YOU HEARD? THREE NEW DOWNTOWN RESTAURANTS ARE IN DEVELOPMENT! NOT ONLY IS ZANATA COMING TO DOWNTOWN ROWLETT, BUT THREE ADDITIONAL EATERIES, INCLUDING A FRENCH BAKERY/CAFÉ, OFFERING OUTDOOR DINING OPPORTUNITIES ARE ON THE WAY. THIS WILL ADD APPROXIMATELY 12,500 SQUARE FEET OF UNIQUE COMMERCIAL SPACE TO THE CITY'S DOWNTOWN MAIN STREET. THE CAFÉ WILL OPEN WITHIN ONE YEAR, THE OTHER TWO WILL BE DEVELOPED AND OPENED WITHIN 24 MONTHS.



Homestead at Liberty Grove

One of the key principles that came out of the Realize Rowlett 2020 visioning effort was the need for diverse housing options in order to make Rowlett a community that is attractive to people at all stages of their life. We have the market cornered on single family homes, what we now need, for example, is housing for seniors who don't want to

maintain their large homes and yards anymore, young professionals just out of college and young couples not yet ready for the bigger home! The Homestead at Liberty Grove will offer those options, helping to diversify the City's tax base by providing the population and demographics needed to attract commercial businesses.

Located on Liberty Grove Road near Princeton Road, The Homestead at Liberty Grove is a \$200 million, multi-phased housing development project covering approximately 195.5 acres with 620 lots. The 11 unique housing styles will include:



- **Garden Homes:** Adult lifestyle courtyard homes with front yard maintenance provided by the HOA. The perfect lock-and-leave home for empty nesters, active seniors, and young professionals.
- **Township Homes:** Homes for young families with first and second floor master bedrooms. Flexible backyards offering choices of attached and detached garages featuring “Granny Flats”, workshops and three car garages.
- **Manor Homes:** Homes for older families with mostly first floor master bedrooms. Flexible backyards offering choices of attached and detached garages featuring “Granny Flats”, workshops and four car garages.



The homes will also offer amenities like front and wrap around porches, bay windows, balconies, stoops and garden rooms, all designed to encourage social interactions and enhance the feeling of community within the neighborhood. All homes will either be on a park, across the street from a park or within

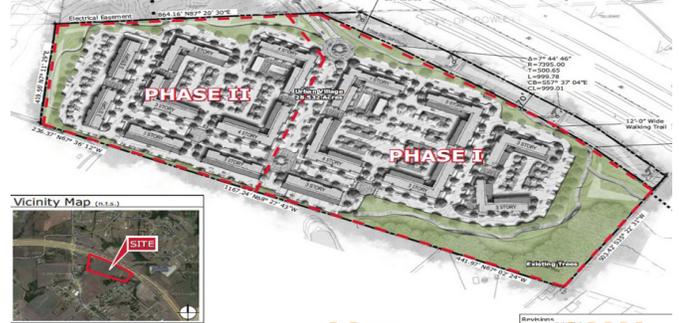
a three-minute stroll down a narrow, tree-lined street from a park! The project will be completed over the next 8-10 years and, upon build out, will generate an excess of \$1,500,000 in annual property tax revenue to the City.

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Terra Lago

Located on Lake Ray Hubbard next to Scenic Point Park, Terra Lago will be a 447 unit very high-end mixed residential complex consisting of two four-and-five story buildings with an entrance into the park. This community will serve as a wonderful alternative to a “single family home” for the many employees of Lake Pointe Medical Center, the City's largest employer. The developer of Terra Lago has been very mindful of the adjacency to Scenic Point Park and adjoining neighborhoods and has worked to incorporate significant design elements such as open space, sidewalks, street trees and lighting to further enhance the public experience and interaction with the natural beauty of the site.





Harmony Hills

Easy access to the Merritt Road Interchange and President George Bush Tollway will make this 654 unit urban mixed-residential apartment community a perfect housing alternative for young professionals on the go!

I am often asked about the incentives Rowlett offers to developers interested in utilizing Form Based Codes in their developments. So, why DO cities offer economic development incentives?

Cities often provide economic development incentives in an effort to not only attract quality private investment and businesses, but also to keep them and encourage them to expand operations. While some use the term “corporate welfare”, this term is false and misleading. Cities do not simply *give away* money. Expected benefits with expected costs are carefully weighed to determine whether economic development incentives should be offered.

The *Realize Rowlett 2020* comprehensive plan not only created a collaborative community vision for Rowlett’s future, but also put into place significantly higher development standards in identified growth areas through the adoption of Form Based Codes. We understood from the start that incentives would be necessary to make some of these high-quality catalyst developments a reality. That being said, we work hard to limit the use of Economic Development incentives and when they are used, but we are absolutely committed to the promotion of

high quality developments and to an ongoing improvement in the quality of life for our citizens!

Over the past three years, Rowlett has seen in excess of \$100 million dollars in private investment representing *well over 100 different developments* in both residential and commercial projects throughout the City and has offered some form of incentives on *seven*:

- *Homestead at Liberty Grove*
- *Terra Lago*
- *Village of Rowlett*
- *3840 Main Street*
- *Millennium Road Holdings (three Downtown restaurants)*
- *Assisted Living, LLC*
- *Briarwood Armstrong LLC (Sprout’s Farmers Market)*

Key Parameters for Incentives

- How much real and personal property value will be added to the tax roll?*
- How compatible is the project with the City’s comprehensive plan?*
- How many jobs will be brought to Rowlett?*
- How much direct sales tax will be generated?*
- What is the City’s return on its investment in a project?*

The Process

As I mentioned earlier, the majority of the projects the City has used economic development incentives have a direct correlation to the requirements of higher development standards as required by the Form Based Code. Leading up to the City taking formal action taken, you may see an item like this on the City Council meeting agenda:

“The City Council shall convene into Executive Session pursuant to the Texas Government Code, §551.087 (Economic Development) and §551.071 (Consultation with Attorney) to receive legal advice from the City Attorney and to discuss and deliberate the offer of financial or other incentives to business prospects that the City may seek to have locate on property at 2801 Lakeview Pkwy.”

The Texas Government Code allows for cities to convene in Executive Session to discuss Economic Development projects and the use of financial or other incentives. This example was the recent project in which City Council considered whether incentives were needed for the retail development that will be anchored by Sprouts Farmers Market. Once a consensus has been reached in Executive Session, it then is discussed publicly and the details of the economic development incentives are outlined in a formal document that is acted upon by Resolution.

Please see the the City’s [Policy Statement for Economic Development Incentives](#) for even more information on the process by which, on a case-by case basis, consideration for providing incentives is given.

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So, why DO cities offer economic development incentives?

Rowlett is a “DART City”

Back in 1983, Rowlett citizens voted to allocate 1% local sales tax revenue annually to become a DART member city. This ensured the community would have access to light rail, which as we know, arrived in Rowlett in December 2012. That 1% of local sales tax revenue is equal to approximately \$5.6 million annually (Fiscal Year 2014 latest reporting). The other 1% of local sales tax revenue is allocated to the City’s general revenue fund, which is used to operate the City. Many other, non-DART cities, utilize these dollars to fund Economic Development Corporations.



What is an Economic Development Corporation?

As a result of the Development Corporation Act in 1979 and subsequent amendments in 1989 and 1991, Texas law has allowed cities to form economic development corporations (EDC’s) to attract businesses and create job opportunities. These EDC’s are created by voter approval in which the local community elects to allocate a portion of their sales tax revenue specifically for economic development purposes. In Texas, sales taxes cannot exceed 8.25%, with 6.25% allocated to the State of Texas and up to 2% to be decided at the local level. As of the latest reporting (Fiscal Year 2013), there are 708 EDC’s throughout the state with total sales tax revenue of

\$1.7 billion being allocated at the local community level for economic development.

How EDC’s Work

A board of directors, appointed by the city’s governing body, oversees the EDC. This board is responsible for all decisions regarding the use of these revenues and the projects undertaken. However, the city council retains final oversight and must approve all programs and expenditures.

What Does this Mean in Rowlett?

✓ The City Council evaluates the use of economic development incentives on a case by case basis and has limited tools and financial resources available as compared to cities with an EDC and a dedicated revenue source specific for economic development purposes.

✓ Rowlett has limited utilizing economic development incentives on projects that deliver higher development standards within the City and are a catalyst for future development within the strategically identified growth areas from Realize Rowlett 2020.

✓ Rowlett’s use of incentives have been “performance driven”, meaning the development must generate a future revenue source for the City in order to earn an incentive. Given the limited financial resources available up front, the City requires the development to make the private investment (“Perform”) in order to qualify for the incentive and the City also has “claw-back” or “reverter” provisions. These provisions ensure that should the project not meet its performance criteria (amount of investment, completion dates, number of jobs created, etc.) the incentive is withheld and/or the applicant is required to pay back any incentives that may have been received.

✓ Rowlett has utilized City owned property in the case of the Downtown area as an incentive to induce private investment and create the catalyst for future development of a higher standard under the Form Based Code.

✓ In the other strategic growth areas, Rowlett has utilized rebating future property tax revenue or waiving fees in order to induce private investment.

✓ Presently, Rowlett has nearly \$500 million in private investment underway, planned or approved and over 100 development projects, of which there are 43 active development projects currently being managed by City staff. Of that nearly \$500 million in private investment, Rowlett has offered incentives on seven projects as shown above with the total amount of incentives of approximately \$12.8 million.

Another way to look at the City’s limited use of incentives is the City’s return on the use of those incentive dollars. By utilizing \$12.8 million in incentive dollars, the City is seeing nearly \$500 million in private investment, so for every \$1 in incentives, the City is receiving \$39 in future tax revenue.

It is just so exciting to see the fantastic new projects I’ve discussed in this newsletter beginning to take shape throughout Rowlett!