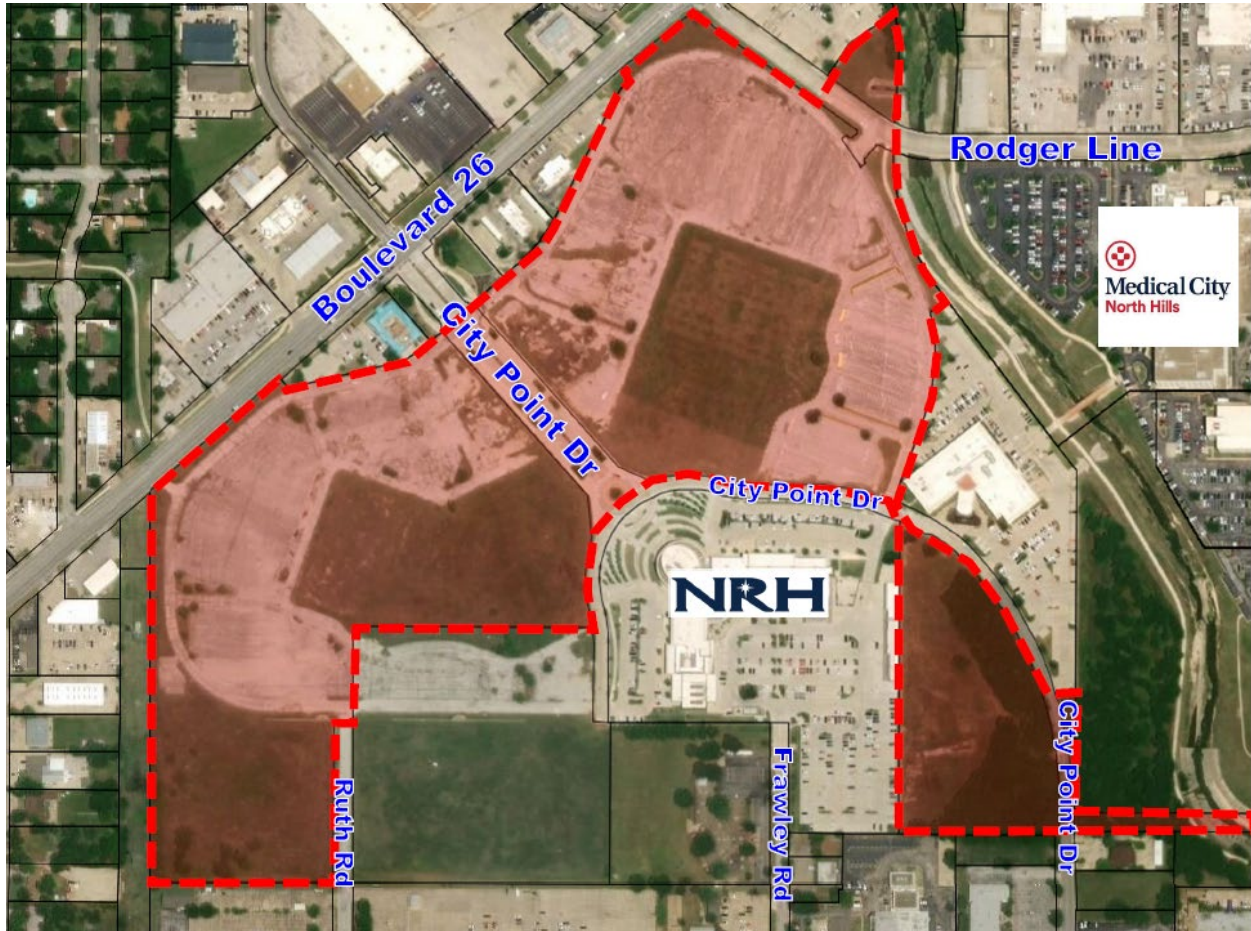


North Richland Hills Tax Increment Reinvestment Zone No. 3

Annual Report for the Period Ending September 30, 2024



City of North Richland Hills

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Table of Contents

Executive Summary	3
Annual Report for the Period Ending September 30, 2024	5
Tax Increment Revenue Contribution By Year By Entity	6
PID Contributions and TIF Expenses By Year.....	7
Captured Appraised Value By Year.....	8
TIF Expenses Detail By Year	9



**CITY OF NORTH RICHLAND HILLS
MEMO**

TO: Board of Directors – Tax Increment Reinvestment Zone Number 3

FROM: Jay K. Patel, Director of Finance

SUBJECT: North Richland Hills Tax Increment Reinvestment Zone Number 3
Executive Summary for Fiscal Year Ended September 30, 2024

DATE: November 11, 2024

The Annual Report of Tax Increment Reinvestment Zone No. 3 for the Year Ended September 30, 2024 is provided for your review and consideration.

Description of TIF 3

North Richland Hills Tax Increment Reinvestment Zone Number 3 (“TIF 3” or the “Zone”) was created by the City of North Richland Hills (the “City”) in 2019 through the passage of Ordinance 3617, under the authority of Chapter 311, Texas Tax Code, Tax Increment Financing Act, as amended (the “Act”). TIF 3 includes approximately 52.85 acres of land and expires September 30, 2039. When TIF 3 was created, the property was zoned Non-Residential Planned Development (mixed use). At that time, the property was undeveloped and due to its size, location, and physical characteristics, development would require extensive public infrastructure that: (1) the City could not provide, and (2) would not be provided solely through private investment in the foreseeable future. The intent of TIF 3 is to facilitate such development or redevelopment by financing the costs of public works, public improvements, programs, and other projects benefiting the Zone, plus other costs incidental to those expenditures, all of which are authorized by the Act. The City envisions that the property will be developed to take full advantage of the opportunity to bring a quality master planned development to the City and Tarrant County and provide long-term economic benefits including, but not limited to, increased real property tax base for all taxing units.

TIF 3 Projects

The proposed public improvements to be funded by the Zone include street, water, sanitary sewer, storm drainage, as well as associated soft costs. Design and construction of these improvements will be done in accordance with all applicable City standards and shall be inspected, approved, and accepted by the City.

Participating Entities, Planned Contributions, and Assessed Values

Two entities contribute to TIF 3: the City and Tarrant County (the “County”). The City has pledged 45% of its annual maintenance and operations (“M&O”) tax rate, in an amount not to exceed \$4,173,032 over the life of the Zone. The County has pledged 25% of its annual total tax rate, not to exceed \$1,707,150. There is no bonded indebtedness issued by the City or the Zone pursuant to the Act contemplated at this time. On an annual basis and consistent with the City Point Public Improvement District (“PID”) Service and Assessment Plan (“SAP”), TIF 3 revenue generated by the Improvement Zone A Assessed Property for the previous Tax Year shall be applied pro rata, based on the outstanding assessment of each lot, to reduce the principal and interest required for the Improvement Zone A Annual Installment, due January 31. The annual credit amount is updated each year in the Annual Service and Assessment Plan Update as TIF 3 revenue is generated.

City Point Project Status and Build-Out Forecast

Planned for a 6-year build-out taking place between FY21 and FY26, City Point is now projected to take approximately 7½ to complete. Two unforeseen factors came slowed the pace of development and, specifically, new home sales. First, there were the labor and supply chain issues during and after the global pandemic. For example, lumber became scarce while costs skyrocketed to untenable levels. Second was the increase in interest rates and home prices that began in early 2022, prompting many would-be home buyers to delay their efforts. While rates remain elevated, would-be home buyers have now come to accept the new environment while City Point builders recently began to offer attractive rate discounts.

While this report reflects a taxable value of \$29.8 million for tax year 2023, it does not include new development during calendar year 2023 that was captured in tax year 2024 for the first time. We now know that tax year 2024 will exceed \$100 million in taxable value from the addition of approximately 80 new homes and a partially constructed The Delegate, a 352-unit multi-family project that recently was approved for occupancy. As of October 2024, another 117 single-family home permits have been issued, which will start to appear on the tax year 2025 roll. In sum, single-family residential and commercial are approximately 1½ behind original pace, while the multi-family was delivered 1-year later than originally planned. Currently in FY25, we expect City Point to reach build-out at some point during FY28.



Jay K. Patel
Director of Finance

TAX INCREMENT REINVESTMENT ZONE NUMBER 3

Tax Increment Revenue Contribution By Year By Entity For the Perioding Ending September 30, 2024

Amount & Source of Revenue in the Tax Increment Fund FY 2024:

Property Tax Increment Revenue Collected	\$44,811.48
Total Revenues in Fiscal Year 2024:	\$44,811.48

Amount and Purpose of Expenditures of the Fund FY 2024:

TIF 3 Annual Contribution to City Point PID	\$19,503.20
TIF 3 Expenses	\$352.93
Total Fund Expenditures in Fiscal Year 2024:	\$19,856.13

Captured Appraised Value by Taxing Entity and Total Amount of Tax Increment Revenue

	Tax Year	Fiscal Year	Taxing Unit	
			City of NRH	Tarrant County
Taxable Value	2023	2024	\$29,872,943	\$29,990,758
Base Year Appraised Value	2019	2020	\$6,348,296	\$6,348,296
Captured Increment Value	2023	2024	\$23,524,647	\$23,642,462
Captured Increment Value	2023	2024	\$23,524,647	\$23,642,462
Tax Rate Per \$100 of Valuation ^{(1) (2)}	2023	2024	\$0.141112	\$0.048625
Calculated Tax Increment Revenue (100%)	2023	2024	\$33,196.10	\$11,496.15
Tax Increment Revenue Received	2023	2024	\$33,362.43	\$11,449.05
Calculated Tax Increment Revenue (100%)	2023	2024	\$33,196.10	\$11,496.15
Difference			\$166.33	(\$47.10)

This report submitted by :

Jay Patel

Jay K. Patel
Director of Finance
City of North Richland Hills, Texas

Notes:

⁽¹⁾: NRH Tax Rate for TIF #3 is 45% of its M&O Tax Rate for the year

⁽²⁾: Tarrant County Tax Rate for TIF #3 is 25% of its Total Tax Rate for the year

TAX INCREMENT REINVESTMENT ZONE NUMBER 3

Tax Increment Revenue Contribution By Year By Entity
For the Perioding Ending September 30, 2023

Tax Year	Fiscal Year	NRH	County	Total
2019	2020	\$0.00	\$0.00	\$0.00
2020	2021	\$9,507.04	\$3,596.84	\$13,103.88
2021	2022	\$10,442.43	\$3,808.10	\$14,250.53
2022	2023	\$21,307.00	\$7,520.78	\$28,827.78
2023	2024	\$33,362.43	\$11,449.05	\$44,811.48

Contributions to Date: **\$74,618.90** **\$26,374.77** **\$100,993.67**

Maximum Contribution: **\$4,173,032.00** **\$1,707,150.00** **\$5,880,182.00**

Contribution Remaining (\$): **\$4,098,413.10** **\$1,680,775.23** **\$5,779,188.33**

Contribution Remaining (%): **98.2%** **98.5%** **98.3%**

TAX INCREMENT REINVESTMENT ZONE NUMBER 3

PID Contribution & TIF Expenses By Year For the Perioding Ending September 30, 2024

Tax Year	Fiscal Year	PID Contributor	TIF 3 Expenses	Total
2019	2020	\$0.00	\$0.00	\$0.00
2020	2021	\$0.00	\$0.00	\$0.00
2021	2022	\$12,817.27	\$286.60	\$13,103.87
2022	2023	\$14,247.98	\$744.17	\$14,992.15
2023	2024	\$19,503.20	\$352.93	\$19,856.13

To Date: \$46,568.45 \$1,383.70 \$47,952.15

TAX INCREMENT REINVESTMENT ZONE NUMBER 3

Captured Value By Year

For the Perioding Ending September 30, 2024

2019 Base Value: \$6,348,296

Tax Year	Fiscal Year	Taxable Value*	Captured Value
2020	2021	\$12,496,744	\$6,148,448
2021	2022	\$13,000,000	\$6,651,704
2022	2023	\$19,964,300	\$13,616,004
2023	2024	\$29,872,943	\$23,524,647

* Annual TIF Account Summary Listing (February)

TAX INCREMENT REINVESTMENT ZONE NUMBER 3

TIF Expenses Detail By Year

For the Perioding Ending September 30, 2024

FY	Provider	Invoice	Amount
2022	P3 Works	1679	\$231.25
2022	P3 Works	1999	\$55.35
<i>FY2022 Sub-Total:</i>			<u>\$286.60</u>

FY	Provider	Invoice	Amount
2023	P3 Works	4839	\$46.25
2023	P3 Works	5050	\$138.75
2023	P3 Works	5263	\$13.33
2023	P3 Works	5743	\$172.50
2023	P3 Works	6211	\$92.50
2023	P3 Works	8350	\$61.68
2023	P3 Works	8719	\$219.16
<i>FY2023 Sub-Total:</i>			<u>\$744.17</u>

FY	Provider	Invoice	Amount
2024	P3 Works	12348	\$352.93
<i>FY2024 Sub-Total:</i>			<u>\$352.93</u>

TIF Expenses To Date: \$1,383.70