

Riverway Development and Municipal Management Districts Council Work Session

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Riverway Development

Request

- Developer is requesting that the City consent to the creation of a Municipal Management District in the city limits
- The Development is mixed use
 - Majority is single-family residential
 - Includes:
 - Multi-family
 - Commercial development
 - Park along the river

Municipal Management Districts

Municipal Management Districts

What is an MMD?

- A political subdivision of the state
- Provides water and sewer improvements to a defined area
- May levy assessments for certain public improvements in that area
 - Like a Public Improvement District
 - By petition of a majority of landowners assessed
 - May not assess residential property without legislation

Municipal Management Districts

What is an MMD?

- May impose impact fees
- May issue general obligation bonds to fund road, water, and sewer improvements with an election by the residents of the area
- May annex land but does not have eminent domain power
- May levy a maintenance and operations tax if voted by the property owners in the MMD

Municipal Management Districts

How does it work?

- When the area is developed
 - Developer often funds infrastructure
 - Upon MMD establishment, MMD issues bonds
 - Developer recovers infrastructure investment
- MMD's general obligation bonds contain an unlimited tax pledge
- MMD is obligated to tax residents in an amount sufficient to pay outstanding MMD debt

Municipal Management Districts

Creation

- Can be created administratively by the Texas Commission on Environmental Quality (TCEQ) by a petition of the owners of a majority of assessed value in the proposed MMD
 - Combination of a water district and a public improvement district
 - Need consent of the City when in the city
- Governed by a Board of Directors
- Director must own property in the MMD

Municipal Management Districts

Bond Issuance

- MMD must obtain City approval for:
 - Each bond issuance; or
 - A capital improvements budget every five years (the MMD then can bond fund the improvements in the 5-year budget)
- TCEQ must approve the MMD's bond issuance for water, sewer, and drainage but NOT for roads

Municipal Management Districts

Dissolution

- MMD may be dissolved by:
 - Vote of its Board;
 - Petition of owners of 2/3 of the assessed value in the MMD; or
 - City dissolution ordinance (2/3 vote required)
- If the City dissolves, all MMD obligations become obligations of the City, including its debt

Riverway Development

Riverway Development

Request

- Developer is requesting that the City consent to the creation of a Municipal Management District
- The Developer will seek TCEQ approval of the creation of the MMD (as the owner of all the property)

Riverway Development

Proposed Deal Points

- The City will contribute TIRZ #4 tax increment generated (70%) by the MMD property to the Development
 - Retain certain amounts starting in 2030
 - Amount retained increases to 20% of the 70% in 2037 (through the end of the TIRZ)
- The tax increment cannot be terminated by the City

Riverway Development

Proposed Deal Points

- The Developer will pledge the tax increment received from the City to its unlimited, tax general obligation bonds
 - This lowers the tax rate the MMD needs to levy on its residents to pay for bond debt
 - This allows the MMD to issue more debt sooner and repay the Developer sooner
 - This keeps the tax rate reasonably low in order to market the lots to builders

Riverway Development

Proposed Deal Points

- Allows for an increase of 20% overall or 10% per line item to the following identified \$102,000,000.00 in project costs:
 - Roads - \$35,000,000
 - Drainage - \$16,000,000
 - Water - \$16,000,000
 - Sewer - \$20,000,000
 - Parks/Trails/Recreation - \$15,000,000
- Any increases above those amounts must be approved by the City

Riverway Development

Proposed Deal Points

- Capital Improvements Budget for MMD will need to be approved by the City every five years
 - Developer may only finance the improvements in this approved budget
 - The Developer may make changes to each five-year Capital Improvements Budget, but the overall costs of the improvements cannot exceed 20% and each line item of improvements cannot exceed 10%
 - Any escalation of project costs above 20% overall or 10% for each line item in each five-year Capital Improvements Budget must be approved by the City

Riverway Development

Proposed Deal Points

- City will waive impact fees
 - Developer will make two \$1,500,000 payments to the City
 - 1st payment upon building permit issuance for vertical construction
 - 2nd payment will be 3 years after the 1st payment
- MMD Board will have 5 directors
 - Developer will submit names to City
 - City and Developer will work together to appoint directors
 - At least two directors shall be residents of the City of Waco

Riverway Development

Proposed Deal Points

- Water and sewer improvements will be dedicated to City upon completion (maintained by City)
- Road Improvements will be maintained by the MMD for 20 years
 - Then dedicated to and maintained by City
 - Must be at least a grade of 80 on the City's Pavement Management System Pavement Condition Index
- Parks will be owned and maintained by the MMD and open to the public

Riverway Development




Proposed Deal Points

- Development will likely take more than 10 years to fully develop
- There is a phasing plan for 16 phases of development, beginning 18 months after the TCEQ approves the creation of the MMD
- City and Developer have been working on a Design Book for development standards within the Development

Riverway Development Design

Proposed Base Zoning for Development

subject to City approval of base zoning changes. The Overlay shall apply to the actual acreage within each District.

LAND USE SUMMARY	
Zoning District	Area
 Mixed Use Commercial District	60.3 acres
 Moderate Density Residential District	29.8 acres
 Residential District	430.7 acres
Total:	520.8 acres

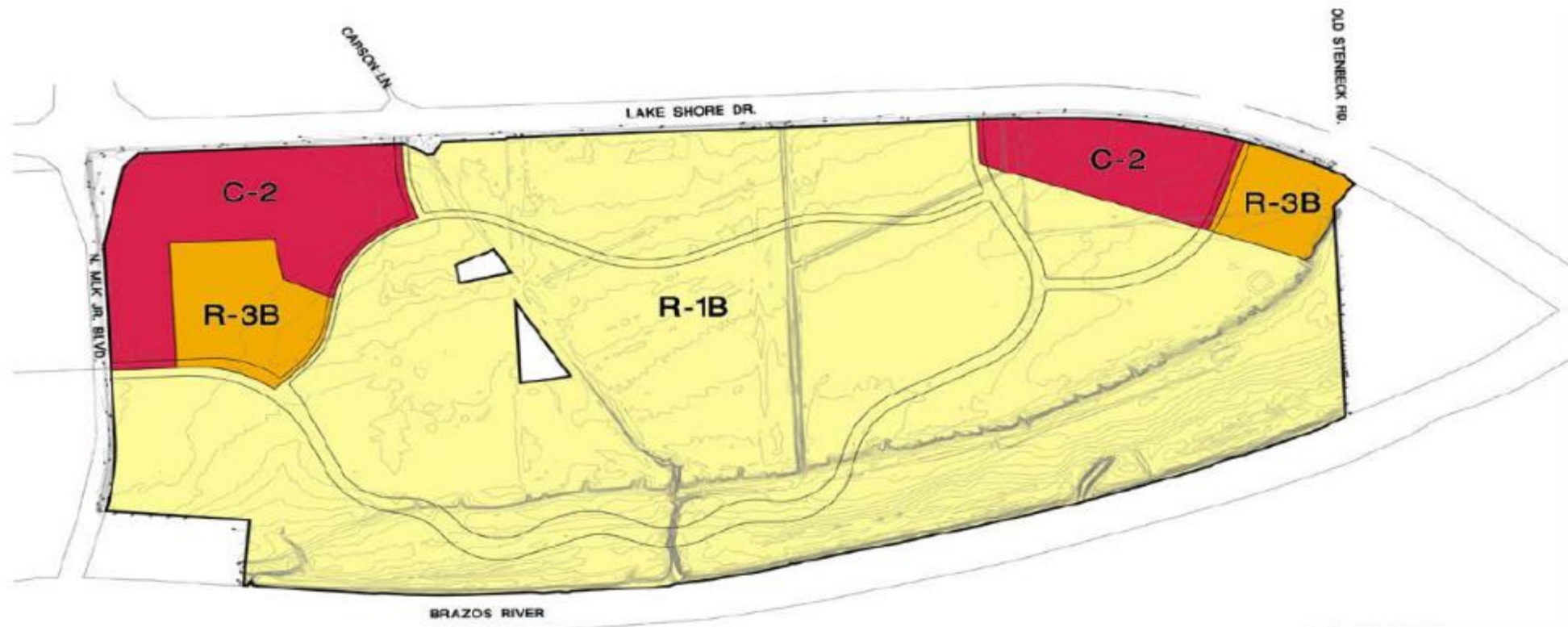


FIGURE 1.2: Land Use Plan

NOTE: The plan or exhibit shown in Figure above is conceptual in nature and is shown for illustrative purposes only. Such plan or exhibit is subject to change and does not constitute a regulatory approval or requirement.

- Proposed 1,887 maximum unit count
 - Approx. 2,220 SF lots under existing zoning
- 31% Open Space & Amenity Areas (161 acres)
- Sidewalks on all streets with trails throughout development
- High Quality Design Standards



Residential Product Type	Lot Sizes*	Maximum Density	Unit Count
Traditional Neighborhood	40' - 60' wide	4.00 DU/AC	Maximum of 884 Units
Estate Neighborhood	60' - 70' wide, up to 80' to 0.5-acre lots	3.00 DU/AC	Minimum of 75 Units
Moderate Density Neighborhood (including, without limitation, detached Townhouse, Build-to-Rent, and attached Brownstone)	Zero lot line	9.00 DU/AC	Maximum of 232 Units
Multi-Family	N/A	23.00 DU/AC	Maximum of 695 Units

Timeline and Financials

Riverway Development

Timeline

- **April 11, 2024** – Meeting of the Board for Reinvestment Zone Number Four for Tax Increment Financing
- **April 16, 2024** – Council Public Hearing and 1st Reading of Ordinance to amend the Project and Financing Plan for TIF No. 4 to include Riverway
- **April 23, 2024** – Plan Commission hearing on Rezoning and Overlay
- **May 7, 2024** – Council 2nd reading of ordinance on Project and Financing Plan; resolution to consent to MMD; resolution to approve the development agreement; public hearing for rezoning and overlay
- **May 21, 2024** – Council 2nd reading of rezoning and overlay

Financial Information

