THE LAUNCH REPORT
4Q22 NEWSLETTER

IN THIS ISSUE
2022 TOP 50 MASTER PLANNED COMMUNITIES INFRASTRUCTURE FINANCING REPORT AND 22 IDEAS TO POSITION YOUR PROJECT FOR THE NEXT WAVE.

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Introducing Ryan Mills - Sr. Manager Dallas Fort Worth

By Carter T. Froelich, CPA

Launch Development Finance Advisors ("Launch") is happy to announce the addition of Ryan Mills as a Senior Manager in the Dallas / Fort Worth office. Ryan comes to Launch from JP Morgan Chase, where he was a Vice President in Chase's Public Finance Group. Ryan can be reached at ryanm@launch-dfa.com.

Top 50 Selling MPCs - Infrastructure Financing Report

By Pam Giss

RCLCO Real Estate Advisors has published their year-end 2022 Year End Top Selling Master Planned Communities Report ("Report") and the professionals at Launch Development Finance Advisors have updated our financing matrix to illustrate how these top-selling communities are financing their infrastructure.

As illustrated on the next page, 42 of the 50 communities shown in the Report utilize some type of public financing mechanism to finance their public infrastructure costs. The 42 communities that are using public financing constitute 84% of the total home sales within the top-selling master planned communities demonstrating the importance of special taxing districts to access long term, low interest financing for master planned community development.

For more information on the study, contact Pam Giss at pamelag@launch-dfa.com.

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INFRASTRUCTURE FINANCING MECHANISMS

RCLCO REAL ESTATE CONSULTING | 2022 SALES

TOP 50 MASTER-PLANNED COMMUNITIES

Rank	MPC (1)	MSA (City, State) (1)	Units Sold	Public Financing / District (Y/N)	Special District Financing Metrics (2): Sample Avg. Home Price	Sample Annual Prop. Tax (excluding District)	Sample Annual District Tax Payment (calc)	Sample Annual Total Property Taxes (calc)	Est. Prop. Tax as % of Sample Home Price (calc)	Est. Net Const. Proceeds for Sample Lot
1	**The Villages**	The Villages, Florida	**3,923**	Y	$475,000	$5,695	$2,583	$8,278	1.74%	$28,055
2	**Lakewood Ranch**	Sarasota, Florida	**1,846**	Y	$660,000	$8,925	$1,625	$10,550	1.60%	$17,600
3	**Silverleaf**	St. Augustine, Florida	**1,034**	N						
4	**Cane Bay Plantation**	Charleston, South Carolina	**959**	N						
5	**Babcock Ranch**	Punta Gorda, Florida	**934**	Y	$490,000	$6,871	$1,963	$8,834	1.80%	$18,160
6	**Silverado**	Aubrey, Texas	**820**	Y	$365,000	$6,061	$3,577	$9,638	2.64%	$42,711
7	**Mission Ridge**	El Paso, Texas	**805**	Y	$275,000	$5,868	$1,843	$7,710	2.80%	$25,309
8	**Sunterra**	Katy, Texas	**795**	Y	$350,000	$7,056	$5,250	$12,306	3.52%	$29,834
9	**Summerlin**	Las Vegas, Nevada	**782**	Y	$575,000	$5,902	$950	$6,852	1.19%	$11,680
10	**Viera**	Melbourne, Florida	**722**	Y	$435,000	$4,514	$1,113	$5,628	1.29%	$13,579
10	**Wellen Park (formerly West Villages)**	Venice, Florida	**722**	Y	$430,000	$5,621	$679	$6,301	1.47%	$9,399
12	**Epperson**	Wesley Chapel, Florida	**719**	Y	$456,000	$6,369	$1,792	$8,162	1.79%	$24,795
13	**Marvida**	Cypress, Texas	**635**	Y	$437,000	$8,688	$4,064	$12,752	2.92%	$40,206
14	**Ontario Ranch**	Ontario, California	**626**	Y	$690,000	$7,727	$5,903	$13,629	1.98%	$23,697
15	**Latitude Margaritaville - Watersound**	Panama City Beach, Florida	**605**	N						
16	**Latitude Margaritaville - Daytona Beach**	Daytona Beach, Florida	**600**	N						
17	**Valencia**	Valencia, California	**594**	Y	$770,000	$9,030	$3,034	$12,064	1.57%	$37,308
18	**Ave Maria**	Ave Maria, Florida	**586**	Y	$450,000	$5,221	$1,747	$6,968	1.55%	$23,040
19	**Cadence (3)**	Henderson, Nevada	**571**	Y	$480,000	$4,971	$3,189	$8,160	1.70%	$47,828
20	**Bridgeland**	Cypress, Texas	**567**	Y	$655,000	$4,541	$6,092	$10,632	1.62%	$54,672
21	**Westlake**	West Palm Beach, Florida	**551**	Y	$640,000	$12,943	$659	$13,602	2.13%	$5,360
22	**Inspirada**	Las Vegas, Nevada	**517**	Y	$550,000	$5,696	$436	$6,133	1.12%	$4,745
23	**Tavola**	New Caney, Texas	**508**	Y	$335,000	$6,919	$4,154	$11,073	3.31%	$49,088
24	**Valley Ranch**	San Antonio, Texas	**505**	N						
25	**Latitude Margaritaville - Hilton Head**	Hardeeville, South Carolina	**480**	N						
26	**Nexton**	Charleston, South Carolina	**467**	Y	$540,000	$887	$2,146	$3,033	0.56%	$28,387
27	**River Islands**	Stockton, California	**463**	Y	$810,000	$8,307	$5,819	$14,126	1.74%	$70,200
28	**Wildcat Ranch**	Crandall, Texas	**462**	Y	$265,000	$5,196	$2,650	$7,846	2.96%	$33,518
29	**Lakes at Rancho El Dorado**	Maricopa, Arizona	**459**	N						
30	**Riverland**	Port St. Lucie, Florida	**455**	N						
31	**Union Park**	Little Elm, Texas	**453**	Y	$505,000	$11,070	$2,616	$13,686	2.71%	$28,249
32	**Santa Rita Ranch**	Liberty Hill, Texas	**450**	Y	$595,000	$10,634	$4,872	$15,506	2.61%	$51,607
33	**Tamarron**	Katy, Texas	**431**	Y	$330,000	$5,901	$4,191	$10,092	3.06%	$31,140
34	**Tradition**	St. Lucie, Florida	**430**	Y	$485,000	$10,005	$1,465	$11,470	2.37%	$12,286
35	**Skye Canyon**	Las Vegas, Nevada	**413**	Y	$495,000	$5,679	$721	$6,400	1.29%	$8,864
36	**Becker Crossing**	Hockley, Texas	**410**	Y	$590,000	$4,339	$8,555	$12,894	2.19%	$19,022
37	**Lake Nona**	Orlando, Florida	**403**	Y	$695,000	$11,708	$1,014	$12,722	1.83%	$10,340
38	**Meridiana (4)**	Iowa Colony, Texas	**400**	Y	$395,000	$10,620	$3,476	$14,096	3.57%	$16,041
39	**Daybreak (5)**	South Jordan, Utah	**399**	Y	$570,000	$2,832	$579	$3,412	0.60%	$6,818
40	**Cross Creek Ranch**	Fulshear, Texas	**396**	Y	$705,000	$14,336	$6,662	$20,999	2.98%	$74,028
41	**Nocatee**	Ponte Vedra, Florida	**386**	Y	$700,000	$8,319	$2,061	$10,380	1.48%	$28,510
42	**Woodforest**	Montgomery, Texas	**382**	Y	$525,000	$9,171	$4,410	$13,581	2.59%	$52,747
43	**On Top of the World**	Ocala, Florida	**377**	Y	$498,000	$7,350	$447	$7,797	1.57%	$5,825
44	**Mirada**	San Antonio, Florida	**371**	Y	$538,000	$7,656	$3,600	$11,256	2.09%	$28,248
45	**Eastmark**	Mesa, Arizona	**363**	Y	$600,000	$3,760	$1,613	$5,372	0.90%	$22,200
46	**Elyson**	Katy, Texas	**362**	Y	$455,000	$8,769	$6,370	$15,139	3.33%	$64,770
47	**Caldwell Ranch**	Rosharon, Texas	**359**	Y	$330,000	$5,563	$3,036	$8,599	2.61%	$32,103
48	**Southshore Bay**	Wimauna, Florida	**353**	Y	$395,000	$6,040	$2,800	$8,840	2.24%	$25,306
49	**Sienna**	Missouri City, Texas	**351**	Y	$600,000	$9,515	$6,300	$15,815	2.64%	$101,032
49	**Sierra Vista/Sterling Lakes**	Arcola, Texas	**351**	Y	$300,000	$6,419	$4,050	$10,469	3.49%	$19,329
	Total Home Sales or MPC's Utilizing Special Taxing Districts/Average		**31,552**	**42**	**$510,452**	**$7,207**	**$3,098**	**$10,305**	**2.12%**	**$30,420**
	Percentage of Home Sales Occurring Within MPC Using Special Taxing Districts		**84%**							

Source: RCLCO Real Estate Advisors & Launch Development Finance Advisors, LLC

(1) Per RCLCO's Top Selling Master-Planned Communities Report - Mid-Year 2022.

(2) Estimates Only. Figures are not intended to represent the financing history of the specific MPC. Figures were derived from publicly available information including but not limited to: public offering statements, sales data, developer websites, district websites, county treasurer's websites, property tax billings, and county assessor's websites. MPC's frequently contain multiple financing districts, and the data included in the table assumes a sample property in a single district. Table only reflects data for MPC's with special taxing districts.

(3) According to the Redevelopment Association of Nevada, the Henderson Redevelopment Agency provided a $208 million tax increment subsidy to Cadence to finance infrastructure costs. Allocation of subsidy across lots is an estimate only.

(4) Also located in Tax Increment Reinvestment Zone #2.

(5) The City of South Jordan, UT requires the special assessment bonds to be paid off by the developer at the time the lot is sold to a builder.

Revitalization Districts - Launching AZ Economic Growth

By Carter T. Froelich, CPA

Given the changes impacting supply chains, manufacturing, warehousing, and distribution brought on by the popularity of online shopping and the onshoring of manufacturing; the demand for site ready manufacturing, industrial, distribution and warehousing sites will continue to grow.

In our experience, when site locators visit a potential location for their company's expansion, if the infrastructure necessary to serve the site is not in place and ready for them to begin the design, permitting and construction of their facility, they will move to a site that is ready to build. As such, if developers want to sell land and municipalities to lure economic development to their community, they must have sites available for immediate use.

One of the biggest impediments to providing shovel ready sites is securing reasonably priced financing for increasingly more expensive, off-site and on-site water, sewer, rail, electrical and transportation infrastructure necessary to activate the site. Typically, private equity will require returns in the mid-teens, and the few financial institutions that are providing infrastructure financing, if you can get it, want their loans repaid within 3 years. This time frame is not conducive to the capital requirements of typical industrial developments that, depending upon their size, may take 5 to 10 years to sell out.

Some states, such as Texas, have been, and continue to be, pro-active in the provision of financing vehicles for both residential and industrial developers. Texas provides its development community with a smorgasbord of public financing options and tools including but not limited to, municipal utility districts ("MUD"), freshwater supply districts ("FWSD"), public improvement districts, municipal management districts ("MMD"), tax increment reinvestment zones, property tax and sales tax reimbursement agreements (380/381 Agreements). The financing districts allowed by Texas have been highly effective and efficient in providing the private-sector financing for one reason – **they are predictable and certain**. The most widely used financing mechanism in Texas is the MUD. The predictability of the MUD stems from the fact that the governance of the MUD is controlled by the private sector. If the private sector is certain that they will be reimbursed for the infrastructure they fund and/or the district issues bonds to construct the infrastructure; infrastructure gets built and sites are ready for buildings.

Revitalization Districts - Launching AZ Economic Growth (Cont)

By Carter T. Froelich, CPA

Traditionally, Arizona has lagged behind other states in providing its development community with effective, efficient, predictable financing tools. Therein the past 6 months, we are beginning to see a number of progressive, forward thinking Arizona cities and towns willing to implement the use of revitalization districts ("RD" and/or "District") to allow the private sector to access the municipal bond market to fund the construction of eligible public and private infrastructure out of bond proceeds thereby reducing the overall cost of capital required to launch these projects.

The most powerful aspect of the RD is that the landowners carry out the governance of the District themselves and as such, they have the certainty that they will be able to access long term (30-year) tax exempt municipal bond markets to allow them to finance infrastructure at a reasonable cost of capital over a long repayment term (e.g., 30 years). This type of structure is similar to Texas MUDs, Florida Community Development Districts and Colorado Metropolitan Districts.

The other major switch which has occurred to favor the use of RD financing is that the leadership of Arizona cities and towns realize they don't need to be concerned over the governance and management of Districts. These Districts are separate political subdivisions of the state, and the cities and towns have no financial and/or legal liability related to their use. Secondly, as the landowners are the governing board of the District, the leadership of the jurisdiction knows that the landowners will resolve any District issues which may arise. After all, who will be more responsive to the issues of the landowners than the landowners themselves.

The RD is authorized by Arizona Revised Statute 48-6801 et seq. (the "Act") and allows cities and towns in Arizona to establish the District at the request of the landowners within the District. The District may be established for use for any type of development project so long as the project is located in an incorporated city or town. One of the advantages of the RD is that it is a mechanism by which growth pays for growth as property owners located outside of the District are not responsible to pay for the infrastructure required to serve the lands contained within the District.

In Arizona, there are approximately 10,000 acres of residential lands included within RDs. At present, municipalities located in Pinal and Maricopa Counties are in the process of establishing RDs comprising over 3,000 acres of land for industrial/commercial developments.

At last, Arizona municipalities are beginning to utilize one of the most powerful financing tools in their financial toolbox. They are creating the predictability and certainty that the private sector requires to make the costly investments in public/private infrastructure (e.g., private water/sewer) to provide affordable housing for its residents and shovel ready commercial/industrial sites for economic development.

Carter Froelich, CPA is the Managing Principal of Launch Development Finance Advisors. Carter may be reached at 1-855-970-003 ext. 4355 or at carter@launch-dfa.com

The table below highlights the major tenets of RD financing

Description	RD
Eligible Public Improvements	
Roads	Yes
Water	Yes
Sewer	Yes
Drainage	Yes
Parking Facilities	Yes
Pedestrian Malls	Yes
Public Buildings/ Facilities	Yes
Land Remediation	Yes
Ability to Fund Private Improvements?	Yes
Bond Types Allowed	
General Obligation	No
Special Assessment	Yes
Revenue	Yes
Bond Term	30 years
Construction of Infrastructure Out of Bond Proceeds Allowed?	Yes
Jurisdiction Responsible for Debt Obligations of the District?	No
Governance	3 Landowners
Administration	Third Party Professional Administrator
Public Bidding Required?	Yes

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Don't Miss the Next Wave - Position Your Project for Success.

By Carter T. Froelich, CPA

If you've been in this business long enough, you've lived through a lot of real estate market cycles. The secret is to always position your project, entitlements and financing in such a way that you can move quickly and catch the next wave as it comes in.

At the time of this writing, many of the public home builders have hit the pause button and are not actively pursuing new land transactions. While the market is taking a break, now is the perfect time to reassess your projects and to position them for "the next wave".

To this end, you may want to consider the following strategies:

Entitlements

- Determine if the costs associated with existing development agreements make economic sense in today's inflationary environment.
- Consider asking the jurisdiction to reduce, eliminate or defer, non-essential infrastructure requirements required in the development agreement.
- Determine if costs associated with the development can be shared with other developments on a similar development trajectory.
- Develop alternative means of mitigating EIR impacts from an economic perspective (CA).
- Add the ability to pursue Special District "Districts" Financing.
- Utilize Districts to reduce equity and conventional debt levels to lower overall financing carrying costs.
- Use Districts to fairly allocate public improvement costs among multiple benefiting landowners.
- Implement land secured financing to strengthen a company's balance sheet by providing off-balance sheet financing.
- Employ land secured financing to leverage the property's land value to avoid company and/or personal guarantees.
- Utilize Districts to increase a project's nominal dollar and/or internal rates of return as well as project profitability.

Engineering

- Take the time to explore alternative construction solutions for public facilities that result in lower construction costs.
- Work with jurisdictions to revise construction conditions to allow for the development of smaller phases and/or segments.
- Verify that you are following your state's unique construction requirements related to the funding of public improvements via District bond proceeds to ensure such facility costs remain eligible for financing by the District. Consider utilizing Launch Public Bidding System™ to accomplish this goal.
- Craft public bidding criteria that most appropriately matches the qualifications of your preferred contractor.
- As appropriate, outsource engineering services, and construction management versus utilizing internal personnel to allow such costs to be funded by a development loan and/or District bond proceeds.

Don't Miss the Next Wave - Position Your Project for Success. (Cont)

By Carter T. Froelich, CPA

Infrastructure Costs Reimbursement and Credits

- Given the demand for qualified development personnel, companies face huge challenges that the institutional knowledge of the transactions will be lost. As such, make sure that you have implemented strong internal controls to track and process land secured financing costs as well as development impact fees, reimbursement agreements and cost sharing agreements.
- Work with Launch to implement the Launch Reimbursement System™ to track all of your company's special district reimbursable costs.
- Review project files to determine that all performance bonds related to completed projects have been exonerated.
- In larger projects benefitting multiple landowners, equitably distribute public improvement costs to active projects and develop a cohesive financing plan that avoids anyone developer from carrying or subsidizing others.
- Consider having Launch perform a Lookback Diagnostic Review™ to ensure that the company has recorded and is receiving all reimbursements it is owed.
- Sell future reimbursement proceeds for current cash.
- For Texas Developers who have established MUDs or MMDs on their projects; consider the use of a Launch Bond™ to monitize future MUD Bond issuances.

Carter Froelich, CPA is the Managing Principal of Launch Development Finance Advisors.
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Land to Lots™ Podcast

By Carter T. Froelich, CPA

Launch's vision is to be a hero to the development community. We do this through the financing of public infrastructure, reduction of costs and the mitigation of transactional risk with the goal of enhancing project profitability and returns. We also attempt to achieve this goal by freely sharing our knowledge with the development and home building industry. One of our most popular vehicles available for the sharing of this information is our Land to Lots™ podcasts

The following episodes are currently available for download on the Land to Lots™ podcast. If you find the Podcasts informative we encourage you to subscribe today and share with your team.

E18 – Greg Vogel of Land Advisors Organization Discusses the Land Market in Changing Times
E17 – Tom Hoban of Kitson Partners Discuss Insights into Sustainable Master Planned Community Development
E16 – Common Jurisdictional DIF Mistakes
E15 – Supercharging Texas Project Returns: The PID/TIRZ (Part 2)
E14 – Supercharging Texas Project Returns: The PID/TIRZ (Part 1)
E13 – Qualifying Grading Costs as an Eligible District Cost
E12 – What Makes a Top Selling MPC (part 2)
E11 – What Makes a Top Selling MPC (part 1)
E10 – Houston Land Conference/What Makes the Houston Real Estate Market so Successful
E09 – The Project DOS Conversation™
E08 – Transitional Real Estate Markets
E07 – Maximizing the Bottom Line
E06 – Funding Infrastructure Out of Bond Proceeds with Tim Green
E05 – Top 10 Questions Developers SHOULD Ask About Public Financing (part 2)
E04 – Top 10 Questions Developers SHOULD Ask About Public Financing (Part 1)
E03 – The 10 Common Questions Asked by Developers About Public Financing (Part 2)
E02 – The 10 Common Questions Asked by Developers About Public Financing (Part 1)
E01 – How Can You Borrow Money That You Don't Have to Pay Back?

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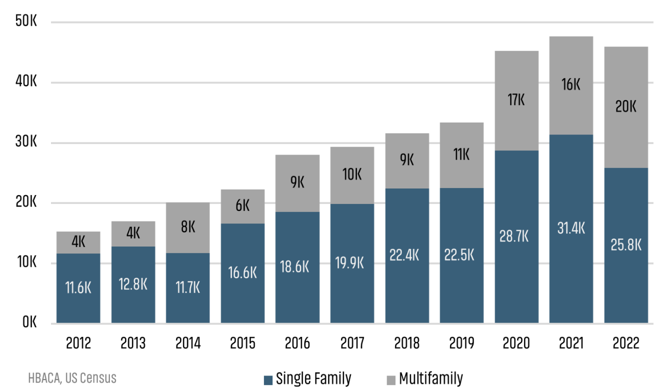
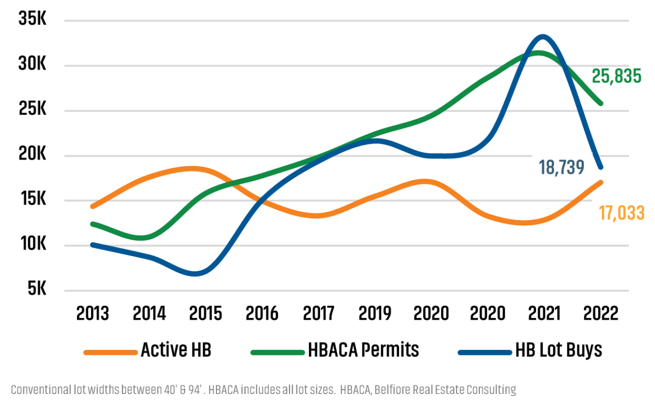
MARKETS AT A GLANCE - PHOENIX, PINAL, NORTHERN AZ, TUCSON (4Q22)

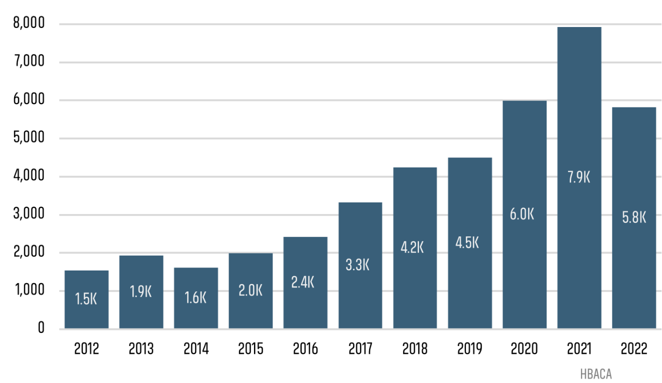
Phoenix Single Family & Multi-Family Permits



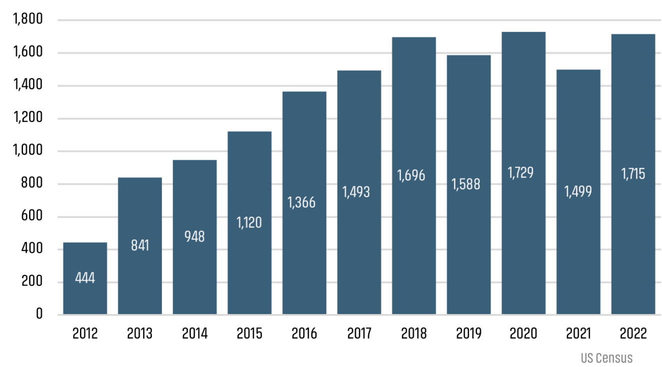
Phoenix Finished Lot Inventory vs. Permits



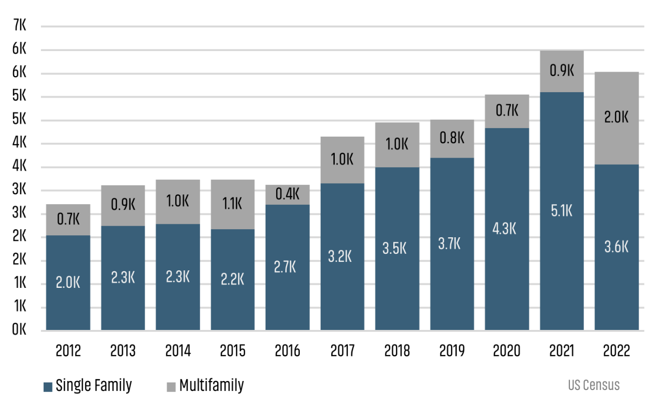
Pinal Single Family & Multi-Family Permits



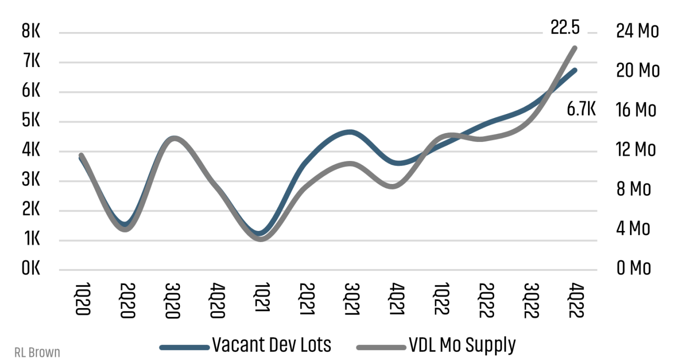
Northern AZ Family & Multi-Family Permits



Tucson Single Family & Multi-Family Permits

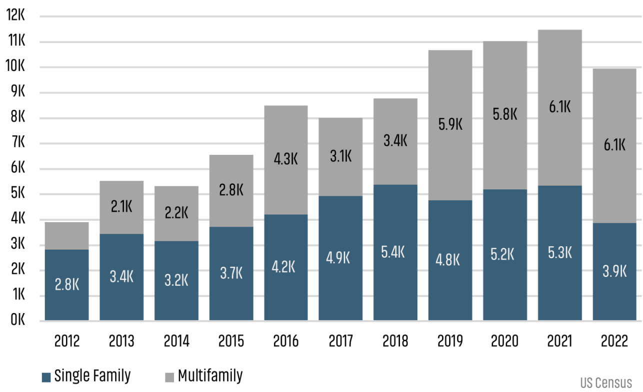


Tucson Vacant Development Lot Supply

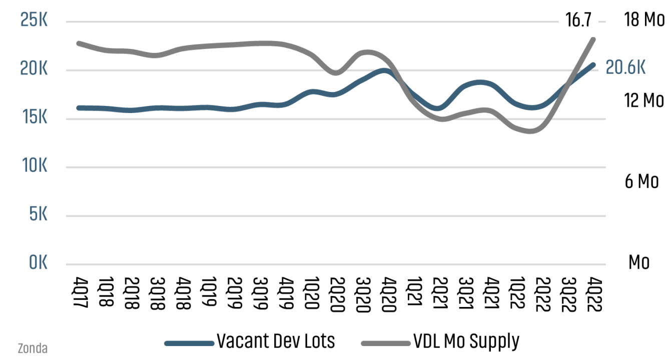


MARKETS AT A GLANCE - UTAH, BOISE, LAS VEGAS (4Q22)

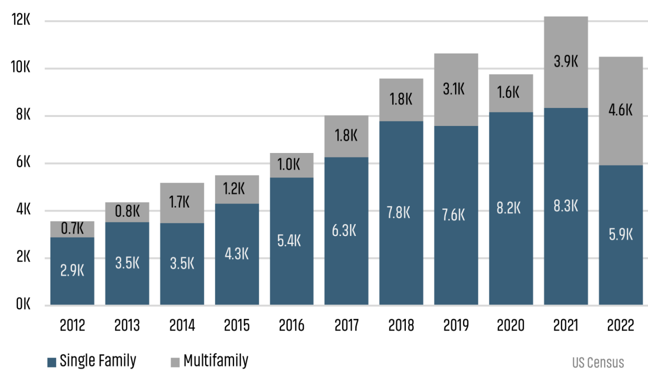
Utah Single Family & Multi-Family Permits



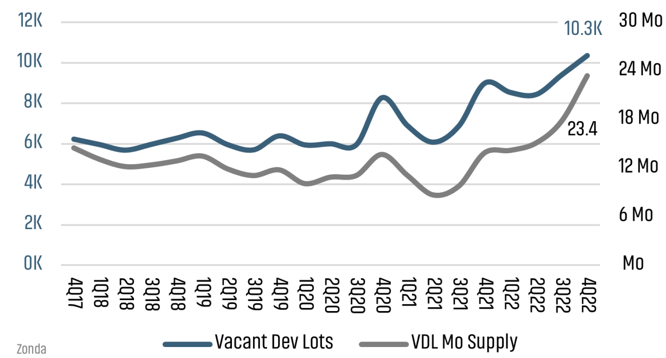
Utah Vacant Development Lot Supply



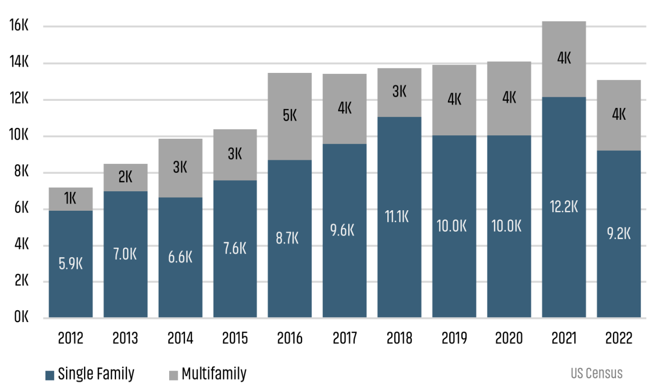
Boise Single Family & Multi-Family Permits



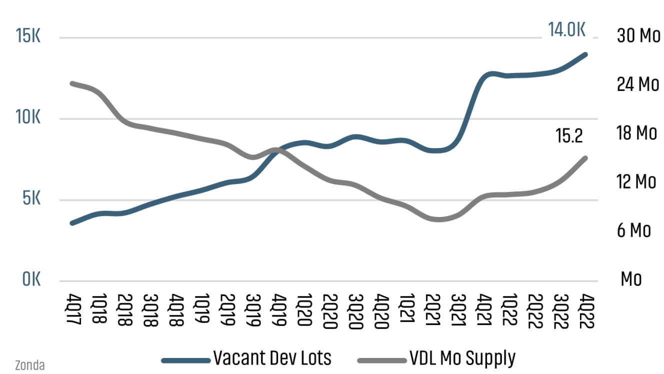
Boise Vacant Development Lot Supply



Las Vegas Single Family & Multi-Family Permits

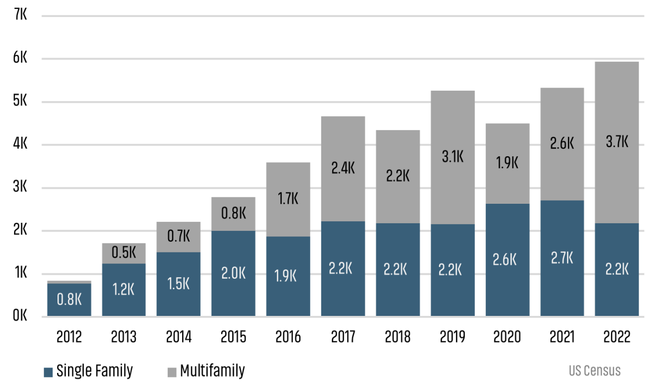


Las Vegas Vacant Development Lot Supply

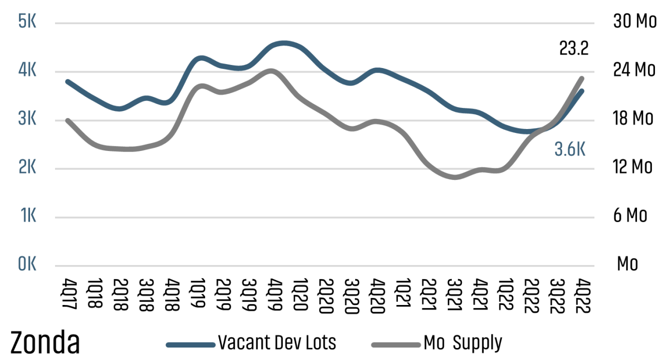


MARKETS AT A GLANCE - RENO, KANSAS CITY, HUNTSVILLE (4Q22)

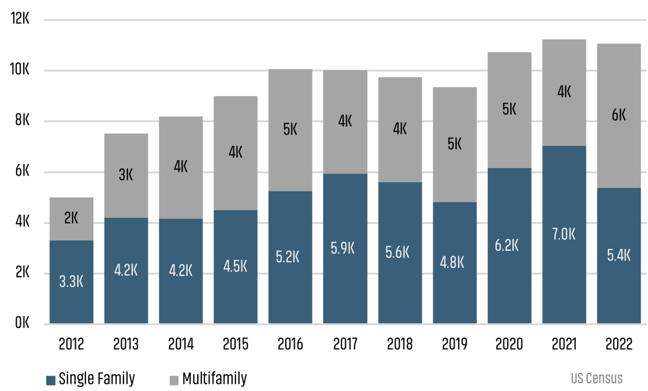
Reno Single Family & Multi-Family Permits



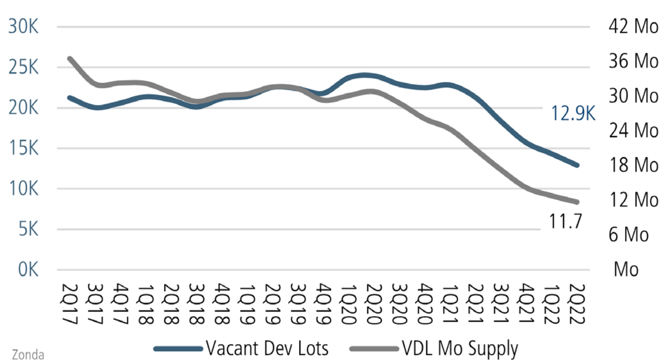
Reno Finished Lot Inventory vs. Permits



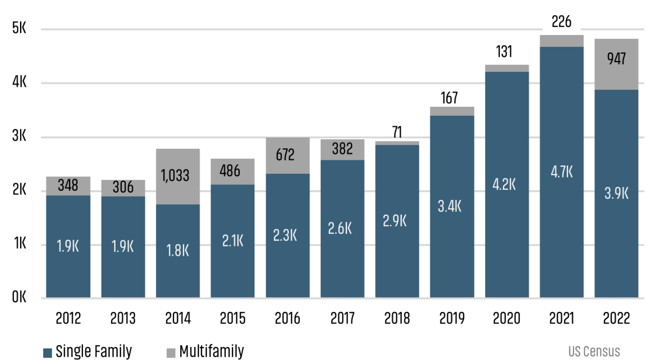
Kansas City Single Family & Multi-Family Permits



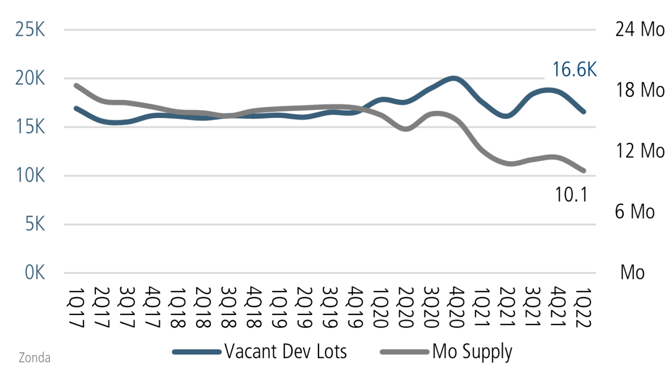
Kansas City New Vacant Developed Lot Supply



Huntsville Single Family & Multi-Family Permits

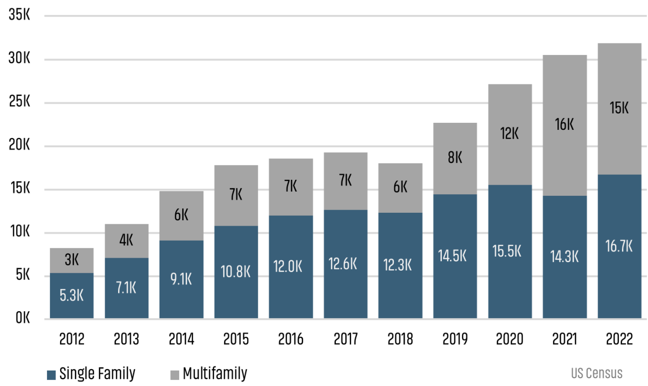


Huntsville Vacant Development Lot Supply

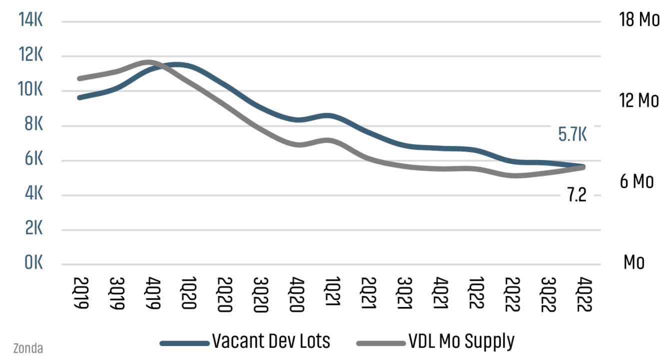


MARKETS AT A GLANCE - NASHVILLE, ATLANTA, CHARLOTTE (4Q22)

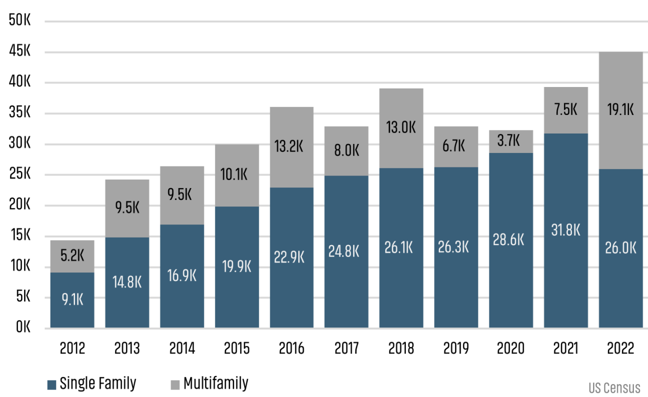
Nashville Single Family & Multi-Family Permits



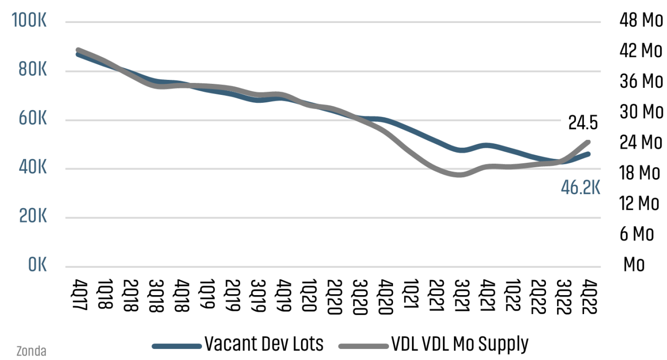
Nashville Vacant Development Lot Supply



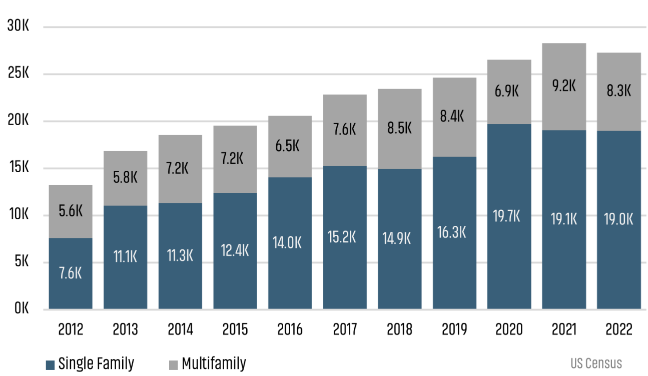
Atlanta Single Family & Multi-Family Permits



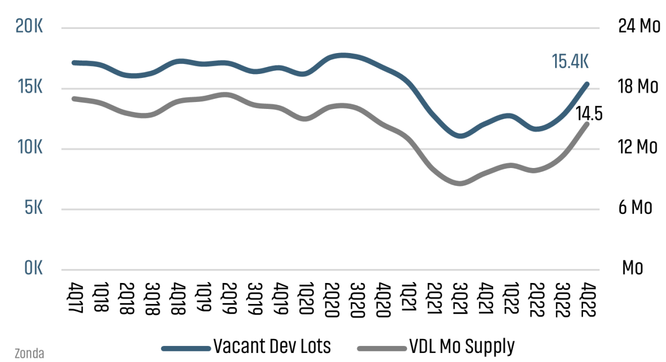
Atlanta Vacant Development Lot Supply



Charlotte Single Family & Multi-Family Permits

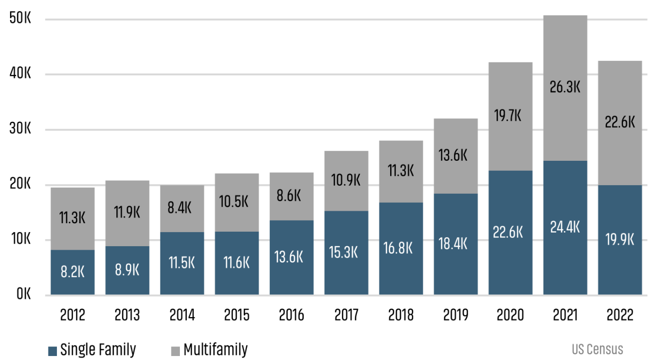


Charlotte Vacant Development Lot Supply

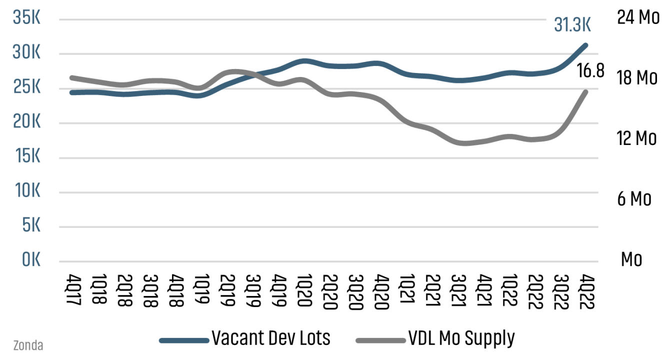


MARKETS AT A GLANCE - AUSTIN, HOUSTON, DALLAS (4Q22)

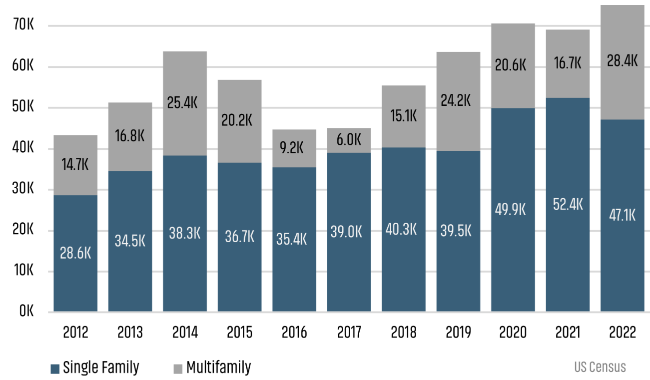
Austin Single Family & Multi-Family Permits



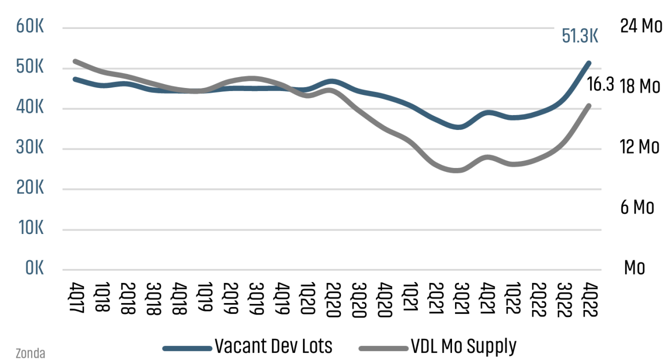
Austin Vacant Developed Lot Supply



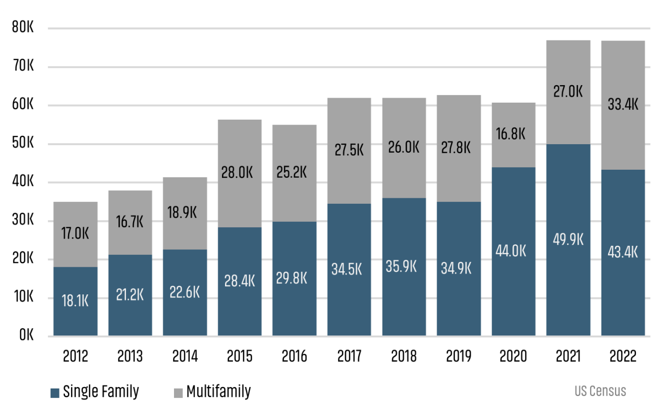
Houston Single Family & Multi-Family Permits



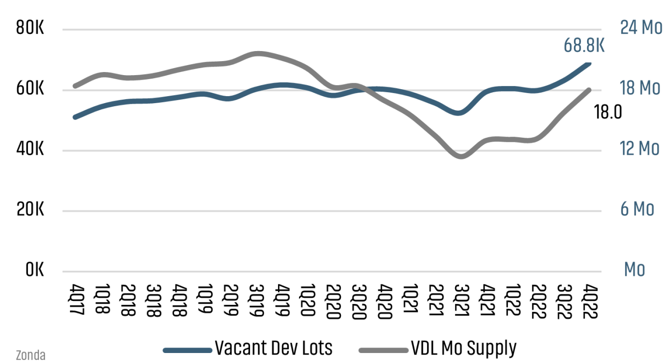
Houston Vacant Developed Lot Supply



Dallas Single Family & Multi-Family Permits

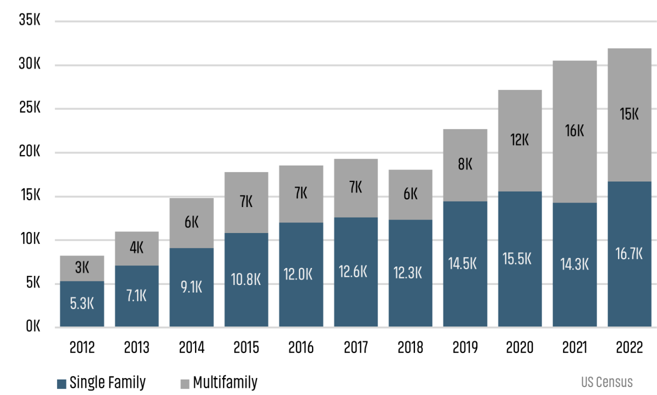


Dallas Vacant Developed Lot Supply

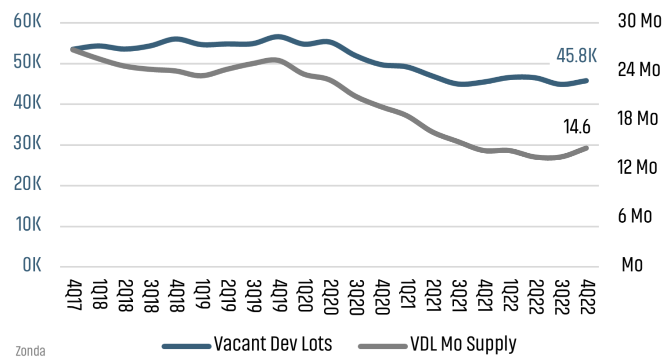


MARKETS AT A GLANCE - ORLANDO, TAMPA, JACKSONVILLE (4Q22)

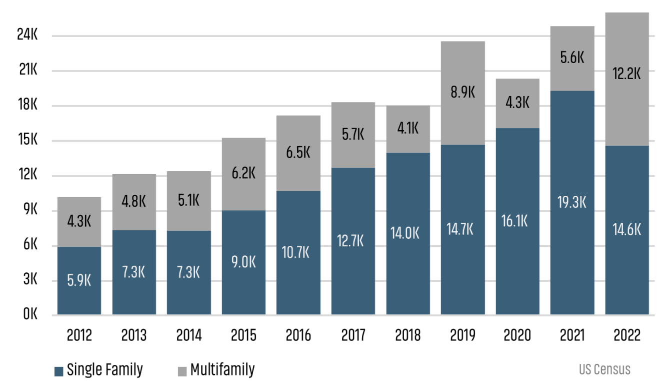
Orlando Single Family & Multi-Family Permits



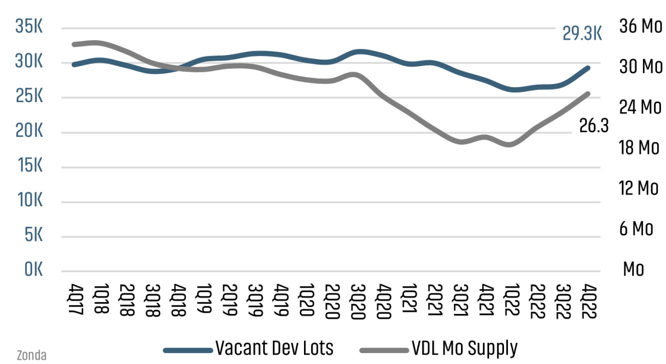
Orlando Vacant Developed Lot Supply



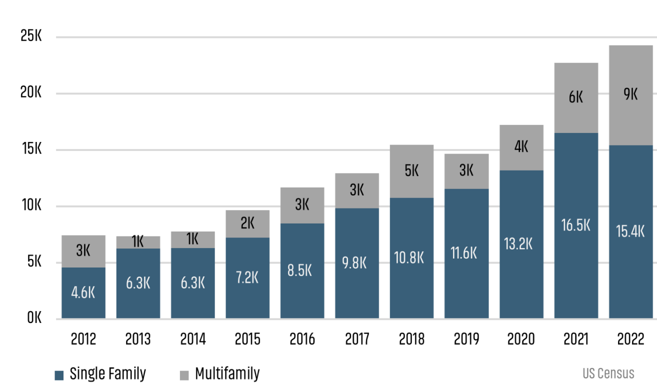
Tampa Single Family & Multi-Family Permits



Tampa Vacant Developed Lot Supply



Jacksonville Single Family & Multi-Family Permits



Jacksonville Vacant Developed Lot Supply