

# THE LAUNCH REPORT™

## 4Q24 NEWSLETTER

**IN THIS EDITION OF THE LAUNCH REPORT™ YOU WILL FIND:**  
**RCLCO TOP 50 SELLING MASTER PLAN COMMUNITIES INFRASTRUCTURE REPORT;**  
**WHY PUBLIC FINANCING IS MORE IMPORTANT THAN EVER;**  
**THE MUD FORWARD FUNDING LAUNCH BOND™ PROGRAM REVOLUTIONIZING TEXAS MPC FUNDING;**  
**ARIZONA LAGS OTHER FAST GROWING STATES IN INFRASTRUCTURE FINANCING;**  
**THE TEXAS MUD FORWARD FUNDING LAUNCH BOND™ EXPLAINED;**  
**LAND ADVISORS ORGANIZATION'S Q#4 2024 MARKETS AT A GLANCE.**



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DEVELOPMENT FINANCE ADVISORS



## RCLCO's Top 50 Selling Master Planned Communities

By Pamela Giss

Launch began analyzing RCLCO's Top 50 Selling Master Planned Communities ("MPCs") at the end of 2019, confirming our understanding of infrastructure financing across all dynamic real estate markets in the US: **very little development occurs without some form of public finance.** Over the past five years, we found 87% to 94% of homes in these MPCs benefit from some form of public finance with Texas and Florida consistently dominating all aspects of the Top 50.

The strongest real estate markets with the most successful projects happen to have the most powerful financing tools: special taxing districts controlled by landowners with minimal jurisdictional participation, if any. Examples of strong markets/powerful districts include Florida and Texas, and to a lesser extent Colorado. For YE 2024, Texas had 21 MPCs in the Top 50, 19 of which have municipal utility districts ("MUDs"), fresh water supply districts ("FWSDs"), public improvement districts ("PIDs"), municipal management districts ("MMDs") and/or tax increment reinvestment zones ("TIRZ") (collectively, "Districts"). Of the 12,256 homes sold in the Texas Top 50 in 2024, Districts financed a portion of the public infrastructure on 11,204 homes, with net construction proceeds for sample lots averaging almost \$37,000. In 2024, Texas Districts issued over \$908 million to finance public infrastructure for private development.

In the 2024 YE Top 50, Florida has a total of 14 projects, 11 of which have community development districts ("CDDs"). The public infrastructure supporting 11,181 of the total 12,994 homes was financed in part using CDDs, with net construction proceeds for sample lots averaging over \$25,000. In 2024 alone, Florida special taxing districts issued more than \$1.9 billion to finance public infrastructure for private development.

For more information on public finance for MPCs, contact Pam Giss at [pamelag@launch-dfa.com](mailto:pamelag@launch-dfa.com).

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

(1) Per RCLCO's Top Selling Master-Planned Communities Report - Year-End 2024.

(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. MPCs 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 MPCs with special taxing districts.

(3) Sample annual district tax payment includes annual payments for administration, operations, and maintenance of the special taxing districts in addition to annual debt service.

(4) 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.

(5) Bridgeland is located in both a municipal utility district and a water control and improvement district; sample annual district tax payment and estimated net construction proceeds are inclusive of both special taxing districts.

(6) The developer utilizes revenue bonds and therefore does not increase the annual property tax payment to the end user.

(7) Sienna is located in both a municipal utility district and a lagoon improvement district; sample annual district tax payment and estimated net construction proceeds are inclusive of both special taxing districts.

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

(9) The Grand Prairie MUD has imposed a \$1.1 mill levy on property for operations and maintenance and the WCID has imposed a \$0.4 mill levy on property for operations and maintenance; neither district has imposed a mill levy for debt service to date; however, bonds have been issued so the mill levies will be reallocated in the next budget cycle to account for the bond issuance.

(10) Harvest is located in both a public improvement district and a fresh water supply district; sample annual district tax payment and estimated net construction proceeds are inclusive of both special taxing districts.

(11) 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; the original developer issued bonds and paid the special assessment liens off on sale; the current developer has not issued additional debt.

(12) In 2006, the CDD issued special assessment bonds to finance infrastructure; more recently the CDD issued revenue bonds secured by utility hook up fees and charges.

(13) In addition to the limited tax bonds, the Metropolitan District issued \$43MM of special assessment bonds for gross bond proceeds of up to \$111,000 on a 50' lot which were prepaid using the proceeds from lot sales.





**RCLCO**  
REAL ESTATE CONSULTING

**2024 SALES  
TOP 50**

**MASTER-PLANNED COMMUNITIES**

Special District Financing Metrics (2)

Rank	MPC (1)	MSA (City, State) (1)	Units Sold	Public Financing / District (Y/N)	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	3,208	Y	\$490,000	\$5,704	\$3,668	\$9,372	1.91%	\$38,400
2	Lakewood Ranch	Sarasota, Florida	2,210	Y	\$750,000	\$9,955	\$1,931	\$11,885	1.58%	\$14,631
3	Cadence (4)	Henderson, Nevada	1,386	Y	\$480,000	\$4,972	\$3,189	\$8,161	1.70%	\$32,598
4	Sunterra	Katy, Texas	1,325	Y	\$475,000	\$8,396	\$7,125	\$15,521	3.27%	\$42,183
5	Summerlin	Las Vegas, Nevada	1,055	Y	\$665,000	\$7,630	\$955	\$8,585	1.29%	\$11,742
6	Wellen Park	Venice, Florida	960	Y	\$500,000	\$6,550	\$3,270	\$9,820	1.96%	\$34,400
7	Bridgeland (5)	Cypress, Texas	938	Y	\$554,000	\$10,128	\$4,626	\$14,754	2.66%	\$56,833
8	Silverleaf	St. Augustine, Florida	905	N						
9	Summers Corner	Charleston, South Carolina	889	Y	\$390,000	\$2,925	\$905	\$3,830	0.98%	\$10,224
10	Mirada	San Antonio, Florida	853	Y	\$650,000	\$10,431	\$2,514	\$12,945	1.99%	\$27,680
11	Babcock Ranch	Punta Gorda, Florida	797	Y	\$438,600	\$7,640	\$3,449	\$11,089	2.53%	\$33,821
12	Cane Bay Plantation	Charleston, South Carolina	789	N						
13*	Ontario Ranch	Ontario, California	750	Y	\$800,000	\$8,433	\$11,298	\$19,730	2.47%	\$79,200
14	Riverstone (CA)	Madera (CA)	745	Y	\$777,680	\$8,804	\$2,670	\$11,474	1.48%	\$36,933
15	Tamarron	Katy, Texas	737	Y	\$333,000	\$5,553	\$3,563	\$9,116	2.74%	\$31,663
16	Tavola	New Caney, Texas	669	Y	\$224,000	\$5,667	\$2,520	\$8,187	3.65%	\$26,691
17	Silverado	Aubrey, Texas	653	Y	\$380,000	\$5,484	\$3,648	\$9,132	2.40%	\$43,545
18	Santa Rita Ranch	Liberty Hill, Texas	644	Y	\$615,000	\$16,373	\$4,272	\$20,645	3.36%	\$49,282
19	Mission Ridge	El Paso, Texas	625	Y	\$310,000	\$5,929	\$1,225	\$7,154	2.31%	\$10,345
20	Tradition	St. Lucie, Florida	617	Y	\$500,000	\$10,232	\$1,246	\$11,478	2.30%	\$12,286
21	Ave Maria	Ave Maria, Florida	600	Y	\$600,000	\$6,702	\$1,610	\$8,312	1.39%	\$11,242
22	Westlake (6)	West Palm Beach, Florida	581	Y	\$650,000	\$7,284	\$0	\$7,284	1.12%	\$0
23	Sienna (7)	Missouri City, Texas	574	Y	\$580,000	\$10,564	\$3,016	\$13,580	2.34%	\$38,546
24t	Viera	Melbourne, Florida	555	Y	\$620,000	\$6,817	\$960	\$7,776	1.25%	\$11,157
24t	Meridiana (8)	Manvel and Iowa Colony, Texas	555	Y	\$480,000	\$11,185	\$4,248	\$15,433	3.22%	\$55,281
26*	Inspirada	Las Vegas, Nevada	543	Y	\$400,000	\$4,143	\$867	\$5,011	1.25%	\$12,000
27	Breckenridge Forest	Spring, Texas	541	Y	\$550,000	\$4,677	\$2,599	\$7,276	1.32%	\$39,697
28	Nexton	Charleston, South Carolina	534	Y	\$400,000	\$5,916	\$851	\$6,767	1.69%	\$11,250
29	Riverstone	San Antonio, Texas	529	N						
30	Painted Tree	McKinney, Texas	523	N						
31	Marvida	Cypress, Texas	518	Y	\$440,000	\$3,328	\$6,600	\$9,928	2.26%	\$32,485
32	Radiance at Superstition Vistas	Apache Junction, Arizona	511	Y	\$480,000	\$3,684	\$1,479	\$5,164	1.08%	\$18,732
33	Brambleton	Brambleton, Virginia	495	N						
34t	Elyson	Katy, Texas	491	Y	\$544,000	\$9,914	\$7,670	\$17,584	3.23%	\$29,442
34t	Riverland	Port St. Lucie, Florida	491	N						
36	Rancho Mission Viejo	San Juan Capistrano, California	476	Y	\$730,000	\$7,372	\$7,228	\$14,600	2.00%	\$84,043
37	Wildcat Ranch	Crandall, Texas	469	Y	\$400,000	\$8,429	\$7,240	\$15,669	3.92%	\$54,590
38	Elevon	Lavon, Texas	466	Y	\$400,000	\$5,952	\$4,800	\$10,752	2.69%	\$43,315
39	Heartland at Tule Springs	North Las Vegas, Nevada	463	Y	\$450,000	\$5,283	\$768	\$6,051	1.34%	\$11,484
40	Great Park Neighborhoods	Irvine, CA	441	Y	\$1,486,000	\$15,670	\$9,875	\$25,545	1.72%	\$129,352
41	The Grand Prairie(9)	Hockley, Texas	436	Y	\$350,000	\$6,343	\$5,250	\$11,593	3.31%	\$0
42	Nocatee	Ponte Vedra, Florida	420	Y	\$700,000	\$8,152	\$2,933	\$11,085	1.58%	\$24,204
43t	Harvest (10)	Argyle, Texas	417	Y	\$600,000	\$10,158	\$4,380	\$14,538	2.42%	\$48,141
43t	Latitude Margaritaville - Watersound	Panama City Beach, Florida	417	N						
45	Daybreak (11)	South Jordan, Utah	411	Y	\$675,000	\$5,267	\$0	\$5,267	0.78%	\$0
46	Parkside on the River	Georgetown, Texas	388	Y	\$600,000	\$8,532	\$5,060	\$13,592	2.27%	\$45,651
47	Caldwell Ranch	Rosharon, Texas	382	Y	\$300,000	\$4,206	\$3,030	\$7,236	2.41%	\$33,343
48	On Top of the World(12)	Ocala, Florida	380	Y	\$475,000	\$6,644	\$0	\$6,644	1.40%	\$0
49	Cross Creek Ranch	Fulshear, Texas	376	Y	\$575,000	\$10,348	\$2,243	\$12,590	2.19%	\$12,786
50	Sterling Ranch(13)	Littleton, Colorado	375	Y	\$825,000	\$4,815	\$5,472	\$10,287	1.25%	\$51,410

Total Home Sales or MPC's Utilizing Special Taxing Districts/Average

35,113

43

\$549,820

\$7,493

\$3,494

\$10,987

2.09%

\$32,340

Percentage of Home Sales Occurring Within MPC Using Special Taxing Districts

88%



## Why Public Finance is More Important Than Ever!

By Pamela Giss

Public finance through special tax districts is becoming an increasingly important part of the developers' capital stack because of macro-economic trends around the country. These trends began decades ago and show little signs of abating. While they are not unique to any one state, high growth states are disproportionately impacted because of the heightened demand for capital to build infrastructure.

These macro-economic trends and their impact on development are discussed below.

### **Shortage of Bank Debt.**

*Reduction in Local/Regional Banks.* A significant reduction in the number of commercial banks and stricter banking regulations have led to a shortage of funds available to finance public infrastructure. According to the Federal Deposit Insurance Corporation ("FDIC"), in 1921 the number of bank charters across the United States peaked at 30,812.<sup>1</sup> That number steadily dropped to 14,434 in 1980 as a result of consolidations from relaxed banking legislation and market cycles.<sup>2</sup> By 2000, the number of banks had declined further to 8,315 through a continuation of consolidations and closures.<sup>3</sup> As of 2023, the number of existing banks is 4,036 with new bank formations falling precipitously largely as a result of massive new regulations designed to boost solvency and loss of profitability in the banking sector.<sup>4</sup> The consolidation frenzy resulted in a number of "mega" banks and far fewer local and regional banks. And the reduction in local and regional banks continues.

Eighty percent (80%) of real estate development is funded by regional and local banks (acquisition and development loans "A&D" loans). Regional and local banks are better able to build relationships within the community, benefit from local market knowledge, and tailor their product offerings to that market. With the systematic decline in local and regional banks, these relationships are lost and are not replaced by new bank formations. This severely limits the ability of developers and builders to obtain traditional A&D loans.

*Regulatory Environment.* In 2010 in response to the Great Recession, the Basel Committee on Banking, the international body charged with setting global banking standards, published several key changes that became effective on or shortly after 2015 in the United States including: (a) higher regulatory capital minimums and, (b) additional capital conservation buffers<sup>5</sup> and global systemically important bank buffers. These measures decreased the amount of bank assets available to finance public infrastructure, a riskier category of investment. Further changes approved in 2023 to be implemented in 2025 and beyond are anticipated to increase the common equity Tier 1 capital requirements for bank holding companies by 16%, meaning that an additional 16% of assets must be held in high quality capital rather than risk-weighted assets.<sup>6</sup> This will further reduce the availability of A&D loans for public infrastructure.

*Profitability of A&C Loans.* With greater limitations on assets, banks are shying away from the risks and costs associated with A&C loans and bank regulations discourage lending for A&C projects.<sup>7</sup> The risk of default is higher during the planning and construction period where projects are more vulnerable to economic shocks and market volatility.<sup>8</sup> A&C projects: (a) do not provide cashflow during the construction period, (b) have no rental history on which to base appraised value, (c) require labor intensive monitoring process by loan officers knowledgeable and skilled in all aspects of the loan origination process; (d) are more sensitive to market cycles than other mortgages; and (e) rely on highest and best use determination that can change during the lengthy construction period.<sup>9</sup> The complicated structures of A&C loans can create challenges for determining whether a default has occurred.<sup>10</sup> In addition, there is often a disconnect between the number of years a bank is willing to lend money (3 – 7 years) and the time period needed to pay off an infrastructure construction loan (20 – 40 years).<sup>11</sup> During the initial high-risk phase, financing from banks or other equity sources is frequently allusive.<sup>12</sup>



## Why Public Finance is More Important Than Ever! *Continued*

By Pamela Giss

### Costs of Private Equity.

Private equity investors have increasingly stepped up to fill some of the void left by the exit of traditional banks in financing public infrastructure. From 2018 to 2023, Boston Consult Group estimates that the compound annual growth rate of private equity investments in public infrastructure financing increased by 18% with expectations of more significant investments through the end of the decade.<sup>13</sup>

While private equity investment has its place in financing public infrastructure, it significantly increases the cost of the product by requiring returns of 17 – 20%. This higher financing cost leaves developers seeking ways to reduce or eliminate private equity from the capital stack before other forms of financing. At a time when affordability is a top priority in all major growth markets, access to less expensive capital is critical.

Finally, private equity investors often require shorter investment periods creating mismatched repayment schedules for these long term assets requiring longer repayment periods.<sup>14</sup>

### Public Participation.

In the early 20th Century, the budgets of cities and counties were principally devoted to the construction of public infrastructure to support the growing jurisdictions. Private investment in public infrastructure was frequently encouraged through the award of monopolies to private financiers (the railroad and certain road transportation systems).<sup>15</sup> However, during the mid-century, education and public safety began to squeeze infrastructure investment out of city and county budgets, a trend that has continued until today.<sup>16</sup> Cities' and counties' focus on public safety (fire and police), homelessness, recreation, pensions and other costly pursuits has left the construction of critical infrastructure to the private sector. There are few if any extra tax revenues to devote to planned growth of the community. As a result, jurisdictions uniformly require developers and builders to construct costly infrastructure needed to support development.

### The Growth of Public Finance.

Public financing vehicles such as community facilities districts (“CFDs”), public infrastructure districts (“PIDs”), local improvement districts (“LIDs”), municipal utility districts (“MUDs”), metropolitan districts (“Metro Districts”), community infrastructure districts (“CIDs”), community development districts (“CDDs”), all serve the specific function of providing necessary revenue for the construction and/or acquisition of public infrastructure for private development.

Special taxing districts are crafted to match long term financing with long term assets requiring lengthy payback periods. Special taxing districts have amortization terms ranging from 20 to 40 years depending on the type of district. In many cases, special taxing districts can issue bonds to construct the public infrastructure (CFDs in Arizona, California and Hawaii; PIDs in Utah, Texas and New Mexico; CIDs in Idaho; CDDs in Florida; Metro Districts in Colorado; LIDs in Oregon); however individual jurisdictions make the ultimate decision about whether bonds can be issued for construction. All special taxing districts can acquire infrastructure that developers have already constructed assuming the developer has followed the jurisdictional requirements such as public bidding and/or prevailing wage (California/Nevada). Special taxing districts can provide security to otherwise wary lenders or private equity investors who often view special taxing districts as an additional means of security and repayment.





## Why Public Finance is More Important Than Ever! *Continued* By Pamela Giss

Special taxing districts issue tax exempt bonds in the municipal bond market at far lower tax-exempt interest rates (4.5% - 6.5%). This is vastly superior to other financing options (8.5-10% for bank loans and 17-20% for private equity debt), and public financing allows more flexibility to tailor a transaction to the needs of the project.

Special taxing district bonds are non-recourse to the developer, builder, and jurisdiction. These bonds are secured by a first position on the land similar to local and state taxes or by a lien on a stream of revenues as opposed to personal guarantees or cross collateralization. The debt service is paid by the property owner, so once the developer or builder transfers the parcel or lot to an end user, the responsibility for repaying the balance of the bond debt is transferred with the land. This allows the developers to keep lot prices attractive to builders, while builders can build more affordable housing for local residents.

Given the dearth of traditional financing for public infrastructure across the United States, special district financing is a critical element of a developer's capital stack and deserves the support of jurisdictions hungry to grow.

For more information on public finance for MPCs, contact Pam Giss at [pamelag@launch-dfa.com](mailto:pamelag@launch-dfa.com).

<sup>1</sup>Federalreserve.gov/pubs/staffstudies/1990-99/ss169.pdf

<sup>2</sup>Id.

<sup>3</sup>Id.

<sup>4</sup>Id.; see also, Bankingstrategist.com/banking-industry-consolidations-trends and Bank Policy Institute, How Has the Size Distribution of Banks Evolved Over the Last 30 Years? June 31, 2022.

<sup>5</sup>Delphix, Basel III: An Essential Guide. While the regulations impacted all banks, there is a disproportionate impact on larger banks (Tier 1).

<sup>6</sup>Id.; see also S&P Global, Large regional banks prudent on capital even with record high levels, 17 Oct, 2024, Yizhu Wang, Zylex Mangulabnan.

<sup>7</sup>Github.org/articles/banks-are-critical-for-closing-infrastructure-deficits-but-banking-regulations-are-not-supportive/ PPIAF - World Bank Group – Global Infrastructure Hub

<sup>8</sup>CapitalPlus.com: Why Banks Say No to Construction Loans

<sup>9</sup>Federal Deposit Insurance Corporation, Center for Financial Research, Determinants of Losses on Construction Loans: Bad Loans, Bad Banks, or Bad Markets?, Emily Johnston Ross, Joseph B. Nichols, Lynn Shibut, August 2021, pps 8 - 12.

<sup>10</sup>Id. At 10.

<sup>11</sup>Github.org/articles.

<sup>12</sup>Id.

<sup>13</sup>BCG.com; A Bump in the Road: Private Equity Infrastructure Investment Set to Rebound Following Slowdown in 2023, March 18, 2024.

<sup>14</sup>Id.

<sup>15</sup>Origins.osu.edu; How Public and Private Enterprise Have Built American Infrastructure.

<sup>16</sup>NLC.org; City Fiscal Conditions: How Municipal Expenditures have Changed in the Post-Pandemic Era.





## The MUD Forward Funding Launch Bond® Program – Revolutionizing Texas MPC Funding By Ryan Mills

Since the early 1970s, districts with general obligation bonding authority such as Municipal Utility Districts (“MUDs”), Fresh Water Supply Districts (“FWSDs”) and Water Control and Improvement Districts (“WCIDs”) (collectively, “Districts”) have been a proven way for Texas developers and builders to finance public water, sewer, storm drainage, roads (with powers) and parks (with powers) improvements and pass along these costs to residents inside of their respective district via a separate ad valorem property tax rate. The challenge with District bonds has always been the timing between when costs are expended and when District reimbursements are received. Given Texas Water Code and the Texas Commission on Environmental Quality (“TCEQ”) requirements for such matters, it takes substantial completion of finished lots as well the inclusion of completed homes on the county tax rolls before any sizeable District bonds can be issued to reimburse the developer for costs advanced to the benefit of the District for the construction of public facilities. This timing gap puts tremendous financial pressure on master planned communities (“MPC”) which require huge expenditures of capital to fund both off and onsite public improvements to get to the first lot sale.

### Solution - The Launch Bond®

In early 2023, after 3 years of working with Texas MUD attorneys and bond counsel, the professionals at Launch Development Finance Advisors (“Launch”) created a financing vehicle to bridge the gap between upfront infrastructure costs and the receipt of District bond proceeds. Launch then proved the municipal bond market’s acceptance of this financing vehicle structure when in June of 2023 Launch closed Texas’ first ever MUD forward funding non-recourse, tax exempt bond on Randolph Texas’, Lariat community located in Williamson County. We called this financing innovation, The Launch Bond® ([www.thelaunchbond.com](http://www.thelaunchbond.com)).

### Successes

As of the date of this writing, Launch has closed eleven 11 Launch Bonds® ranging in size from \$19.6 million to \$165 million totaling \$683.7 million.





## The MUD Forward Funding Launch Bond® Program – *Continued*

By Ryan Mills

### Other Launch Bond® Firsts

In addition to creating the Launch Bond®, Launch professionals have produced other “firsts” as the result of the specific financing goals of our clients. Some of these first include:

1. First Forward Funding Launch Bond® – Starwood Land had 10 different Districts within 4 different projects throughout the Houston area with approximately \$300 million in District unreimbursed costs. Rather issuing 10 different Launch Bonds®, Launch worked with Starwood Land to roll up the 10 MUDs into one \$165 million Launch Bond® that cross collateralized the 10 Districts. The coupon rate on the bond was 5.5%.
2. First Launch Bond® Combining Multiple Districts – The Caldwell Companies requested that that some portion of the District bond proceeds not be securitized, as District proceeds served as collateral for their revolving line of credit with a regional bank. Launch professionals collaborated with our partner underwriter, D.A. Davidson, to securitize only a portion of District bond proceeds for the repayment of the Launch Bond®. The team was able to close a \$48.2 million Launch Bond® at a coupon rate and yield of 5.125%.
3. First Forward Funding Partial Pledge Bond – In discussions with Arete Collective, they were looking to issue a Launch Bond® upwards of \$100 million although they had only \$6 million expended in District eligible infrastructure on their Thomas Ranch Project. In collaborating with the D.A. Davidson, we were able to issue a \$106.5 million Launch Bond® that was structured with net proceeds of \$103 million. The trustee was able to wire \$6 million to Arete Collective at closing, matching the District eligible infrastructure dollars expended to date, while the remainder of the funds remained with the trustee. Arete Collective is able to seek monthly reimbursement from the trustee an amount equal to District eligible cost expended until the Project Fund is exhausted.
4. First Forward Funding Progress Reimbursement Bond – River Ranch Investments was seeking to issue a Launch Bond® however, their project consisted of multiple different investor groups. Each one of the investors was willing to forward fund their future District receivables but wanted to ensure that each investor received their pro rata share of proceeds. In collaborating with our team, we were able to craft a private agreement between the parties which allowed the issuance of a \$69.1 million Launch Bond®.

For more information on how The Launch Bond® can transform your project’s financing, contact Ryan Mills or Carter Froelich at [ryanm@launch-dfa.com](mailto:ryanm@launch-dfa.com) or [carter@launch-dfa.com](mailto:carter@launch-dfa.com) respectively.





## Arizona Lags Other Fast Growing States In Infrastructure Financing

By Carter Froelich, CPA

This is not the first time I have sounded the bell in my attempt to get the attention of Arizona elected officials, jurisdictional staff and other interested parties however, for the last 37 years, Arizona has dramatically lagged behind the fast growing states of Colorado, Florida and Texas (collectively, the “Fast Growing States”) in allowing landowners the ability to access the tax-exempt municipal bond market to finance public infrastructure (e.g., streets, water, sewer, parks, fire stations, etc.).

On one hand, I shouldn’t care about this issue however, Arizona is where I reside and it’s deeply frustrating to see the state that I call home not be competitive with other Fast Growing States in providing meaningful infrastructure in advance of growth, to advance economic development and to address the supply / demand imbalance of finished lots.

While the tables below reflect the score card of total new money bonds issued by Arizona in comparison to the Fast-Growing States for the time period, 2019-2024; this relationship has been fairly consistent from 1988, the year in which Arizona passed its CFD Act (Arizona Revised Statute 48 -701, et eq.).

### Special District Financing Trends 2019 - 2024

#### Transaction Volume - Dollar Value (000,000s)

Year	Total	AZ - CFD	CO - Metro	FL - CDD	TX - MUD
2019	\$ 4,094	\$ 87	\$ 1,484	\$ 1,047	\$ 1,477
2020	\$ 4,098	\$ 28	\$ 1,759	\$ 867	\$ 1,444
2021	\$ 6,233	\$ 26	\$ 2,801	\$ 1,248	\$ 2,158
2022	\$ 3,941	\$ 37	\$ 1,552	\$ 1,091	\$ 1,261
2023	\$ 2,982	\$ 92	\$ 722	\$ 1,265	\$ 902
2024	\$ 4,782	\$ 50	\$ 1,891	\$ 1,933	\$ 908
<b>Total</b>	<b>\$ 26,129</b>	<b>\$ 320</b>	<b>\$ 10,209</b>	<b>\$ 7,451</b>	<b>\$ 8,150</b>
<b>% Difference From Arizona</b>			<b>3094%</b>	<b>2231%</b>	<b>2450%</b>

Source: D.A. Davidson

#### Transaction Volume - Number of Transactions

Year	Total	AZ - CFD	CO - Metro	FL - CDD	TX - MUD
2019	502	16	117	125	244
2020	500	7	156	106	231
2021	539	7	143	128	261
2022	296	6	95	109	86
2023	236	16	44	111	65
2024	366	12	110	168	76
<b>Total</b>	<b>2,439</b>	<b>64</b>	<b>665</b>	<b>747</b>	<b>963</b>
<b>% Difference From Arizona</b>			<b>939%</b>	<b>1067%</b>	<b>1405%</b>



## Arizona Lags Other Fast Growing States In Infrastructure Financing *continued*

By Carter Froelich, CPA

As Launch professionals work in both Arizona and all of the Fast-Growing States, we are in a unique position to discern why the Fast-Growing States are able to fund some much more infrastructure via special districts which include Colorado's Metropolitan Districts ("Metro"); Florida's Community Development Districts ("CDD") and Texas Municipal Utility District ("MUD") to that of Arizona's Community Facilities Districts ("CFD") (collectively, the "Special Districts").

The major difference between the Fast-Growing State's ability to issue bonds vis-à-vis Arizona lies in the fact that the Fast-Growing State's Special Districts are governed by the landowners, while Arizona's CFDs are governed by the Municipal Council ex officio. This in my opinion, is the driving force for the average 2,592% difference between the bonds issued by the Fast Growing States and Arizona.

Arizona's public sector staff and their legal consultants have long argued that if the CFD defaults on its bonds, everyone involved in the transaction including the municipality, municipal staff, developer, underwriter, etc. will be sued by the bond holders and chaos will ensue.

While lawsuits are always a possibility, our experience with defaulted debt on Special District's (none of which were our client's projects and/or bond issuances we were involved); no-one was brought into a legal action. The bondholders merely exercised their rights under the terms of the bond indenture.

Within Arizona, there were two special district bond issuances in which the bonds went into default (San Luis CFD and the Cahava Springs Revitalization District). In both of these instances, no lawsuits were brought by bondholders and the bondholders foreclosed on property for which special assessment payments went unpaid. They did not sue the jurisdictions or the districts. In otherwards, the districts functioned as they were intended.

Short of preparing new special district legislation, if jurisdictions in Arizona were interested in changing the paradigm to be more competitive with the Fast-Growing States in the provision of public improvements via Special Districts, the following actions, all of which are currently allowed with Arizona's CFD Act are recommended.

1. Jurisdictional Elected Officers (e.g., City Councils) appoint a 5-member CFD Board, which could include landowners with less than 40 acres of land ownership within the CFD and;
2. Appoint a third-party administrator to the administer the CFD relieving jurisdictional staff of this burden.

The steps above could be done immediately and would allow Arizona CFDs to move at the speed of business similar to that of the Fast-Growing States, which in this high-cost development environment, is critical to the success of master planned community / industrial development.

*Carter Froelich, CPA is National Managing Partner for Launch Development Finance Advisors. Carter may be reached at [carter@launch-dfa.com](mailto:carter@launch-dfa.com).*



## The Texas MUD Forward Funding Launch Bond® Explained

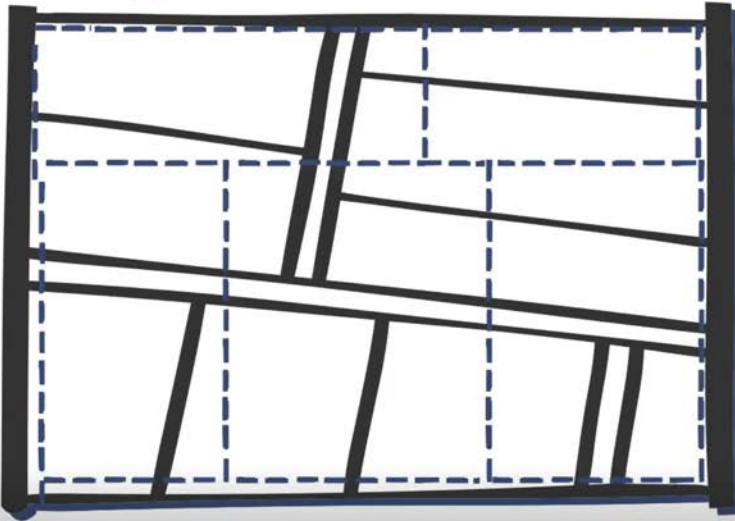
By Carter Froelich, CPA

In 2023, after 2 years of research and development, the professionals at Launch created and closed the first ever municipal utility district (“MUD”) forward financing on Randolph Texas’s Lariat master planned community located in Williamson County, Texas. In 2024, Launch professionals closed approximately \$600 million in Launch Bonds® allowing our clients to receive these MUD reimbursements years in advance of when such proceeds would have otherwise available prior to the creation of our innovative financing tool.

As we are continually asked to provide a “brief description” of The Launch Bond® Program, we have provided a link to our Launch Bond® whiteboard video below:

[Launch Bond® whiteboard video](#)

# You've created your MUD



- Water
- Sewage
- Drainage
- Roadways
- Park



For a complementary Launch Bond® Discovery Call and initial Launch Bond® estimate, contact Carter Froelich, CPA at [carter@launch-dfa.com](mailto:carter@launch-dfa.com).





## Land to Lots™ Podcast

Stay informed with the latest master planned community trends on the *Land to Lots™* Podcast.

Over the last quarter we've added the following *Land to Lots™* podcasts to our library. Subscribe to the *Land to Lots™* Podcast wherever you get your podcasts.



New

- Episode 70 - [Interview with DADCO - Underwriters of the Forward Funding Launch Bond \(Part 2\)](#)
- Episode 69 - [Interview with DADCO - Underwriters of the Forward Funding Launch Bond \(Part 1\)](#)
- Episode 68 - [Interview with Toni Alexander on "Turning Your Land into a Brand" \(Part 2\)](#)
- Episode 67 - [Interview with Toni Alexander on "Turning Your Land into a Brand" \(Part 1\)](#)
- Episode 66 - [Interview with Nicholas Julian on land use and development](#)
- Episode 65 - [Interview with Dan Sullivan on Thinking About Your Thinking and 10X Growth](#)
- Episode 64 - [Interview with Craig Coppola on Do Nothing in Moderation - Success in Real Estate & Life \(Part 2\)](#)
- Episode 63 - [Interview with Craig Coppola on Do Nothing in Moderation- Success in Real Estate & Life \(Part 1\)](#)
- Episode 62 - [US Supreme Court Decision – Sheetz v. El Dorado County, CA \(DIF\) \(Part 2\)](#)
- Episode 61 - [US Supreme Court Decision – Sheetz v. El Dorado County, CA \(DIF\)](#)
- Episode 60 - [Discussions with Andrés Duany \(DPZ\)](#)
- Episode 59 - [Carter continues his conversation with David Oliver \(3 of 3\)](#)
- Episode 58 - [Carter continues his conversation with David Oliver \(2 of 3\)](#)
- Episode 57 - [Interview with David Oliver on Financing Texas Infrastructure \(1 of 3\)](#)

## Land to Lots Trilogy™ Activating Your Fortune - Implementing Your Bigger Future

As part of Launch's commitment to share information and strategies with the development industry, we're excited to announce the upcoming release of *Activating Your Fortune*, the second book in the Land to Lots™ trilogy—available for purchase in April 2025.

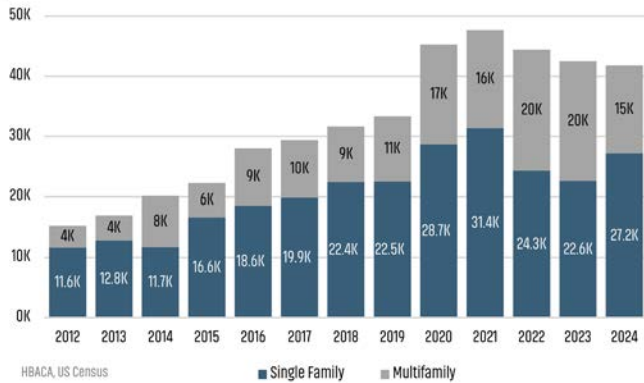
*Pre-order your copy on Amazon today!*



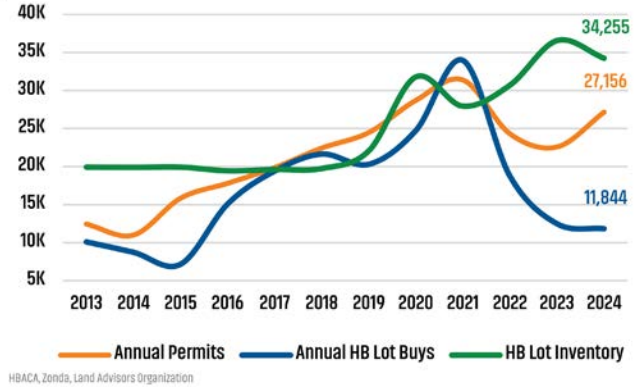


## MARKETS AT A GLANCE - PHOENIX, PINAL, NORTHERN AZ, TUCSON (4Q24)

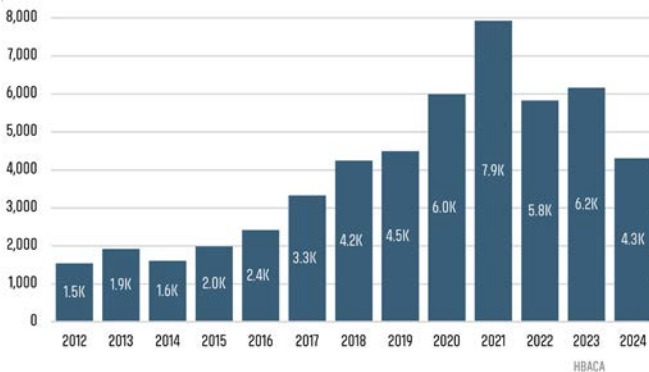
### Phoenix Single Family & Multi-Family Permits



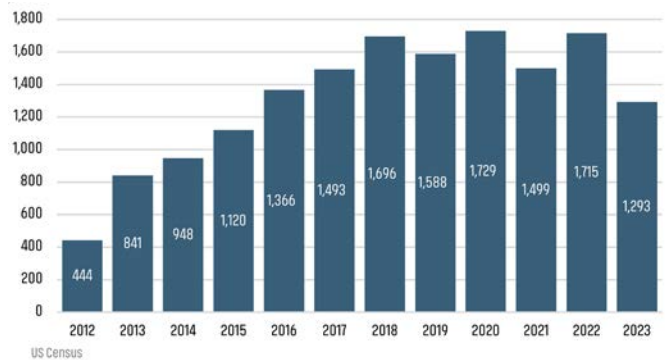
### Phoenix Finished Lot Inventory vs. Permits



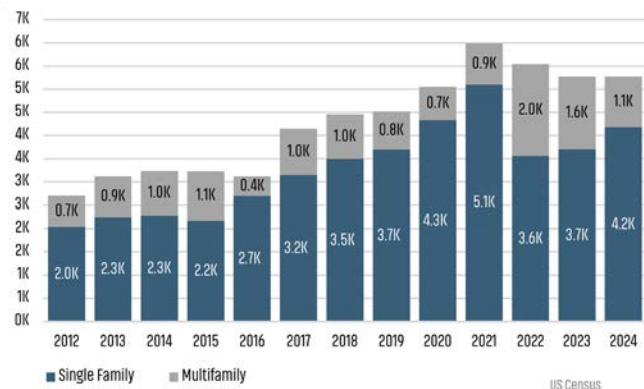
### Pinal Single Family & Multi-Family Permits



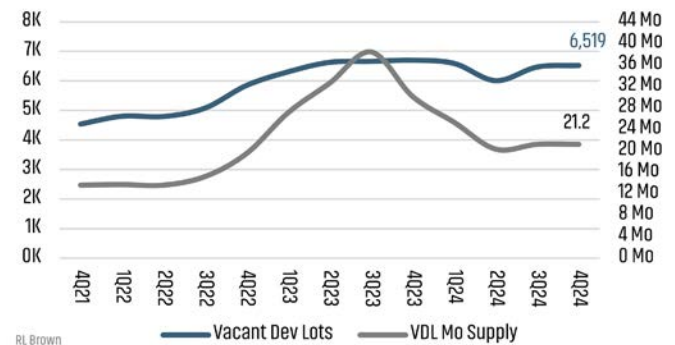
### Northern AZ Family & Multi-Family Permits



### Tucson Single Family & Multi-Family Permits



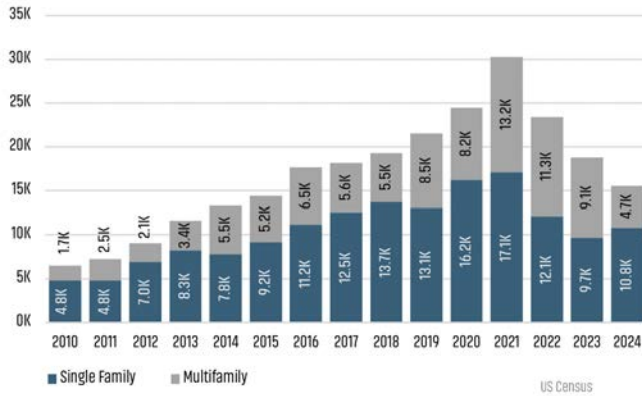
### Tucson Vacant Development Lot Supply



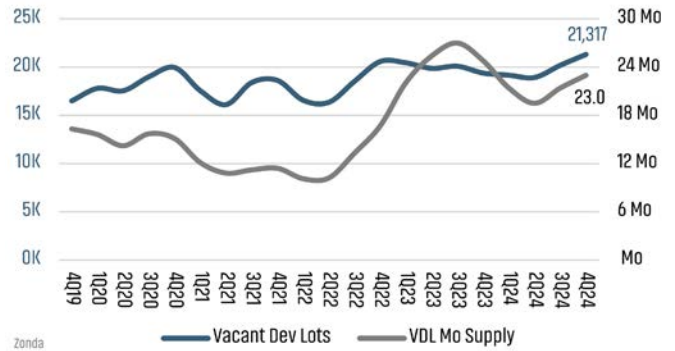


## MARKETS AT A GLANCE - UTAH, BOISE, LAS VEGAS (4Q24)

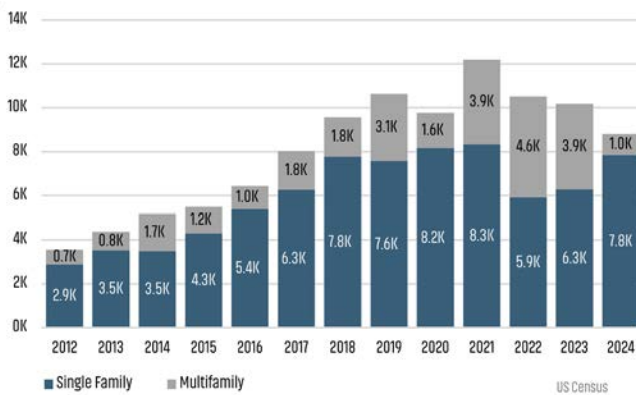
### Utah Single Family & Multi-Family Permits



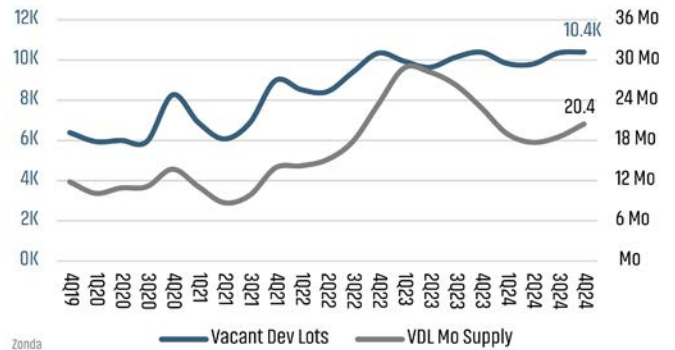
### Utah Vacant Development Lot Supply



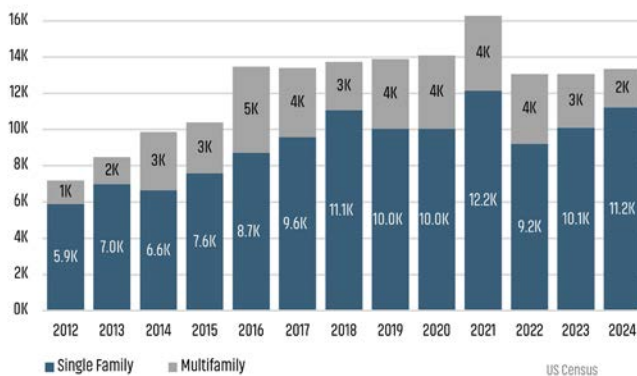
### Boise Single Family & Multi-Family Permits



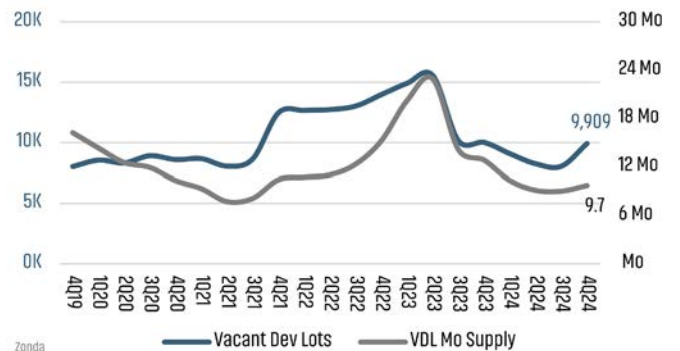
### Boise Vacant Development Lot Supply



### Las Vegas Single Family & Multi-Family Permits



### Las Vegas Vacant Development Lot Supply

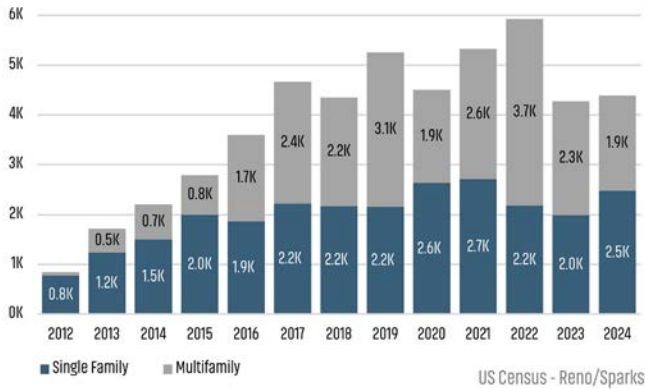




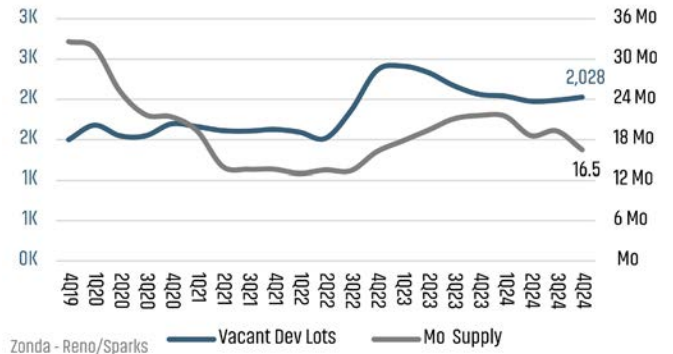


## MARKETS AT A GLANCE - RENO, KANSAS CITY, HUNTSVILLE (4Q24)

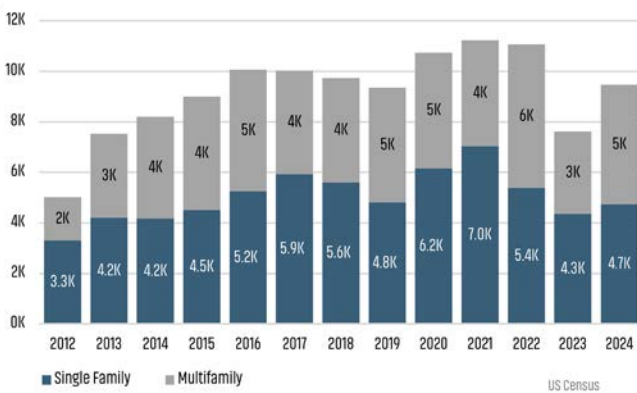
### Reno Single Family & Multi-Family Permits



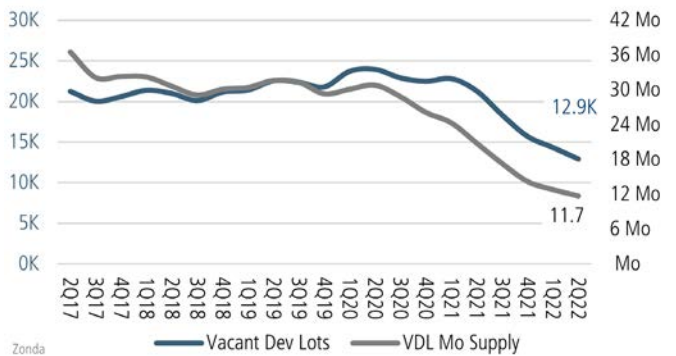
### Reno Finished Lot Inventory vs. Permits



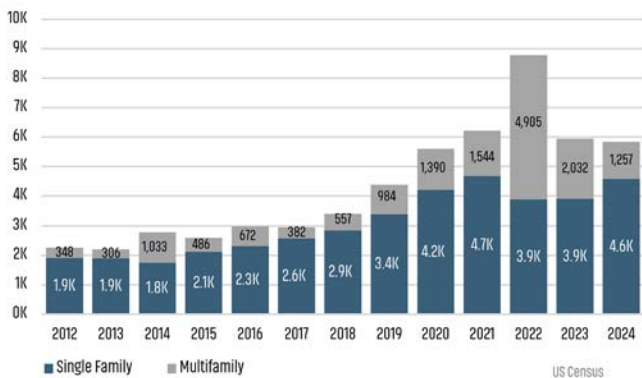
### Kansas City Single Family & Multi-Family Permits



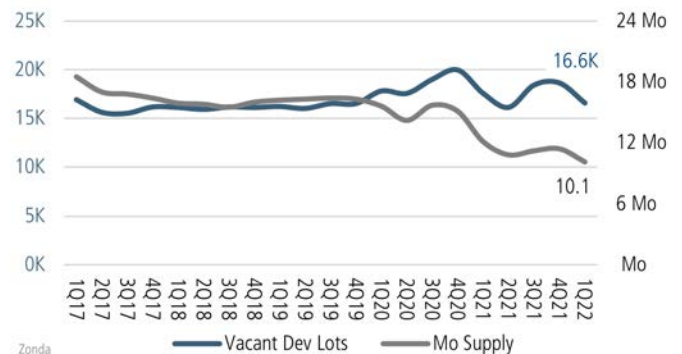
### Kansas City New Vacant Developed Lot Supply



### Huntsville Single Family & Multi-Family Permits



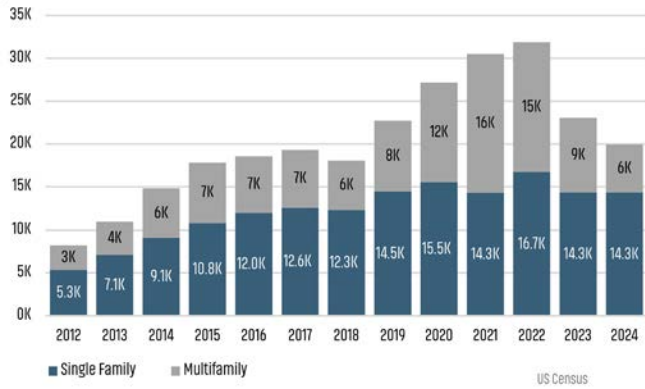
### Huntsville Vacant Development Lot Supply



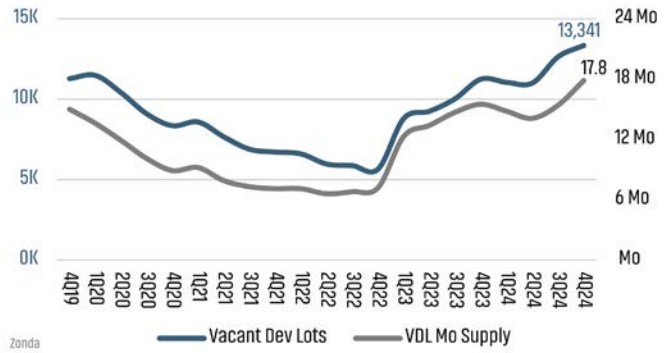


## MARKETS AT A GLANCE - NASHVILLE, ATLANTA, CHARLOTTE (4Q24)

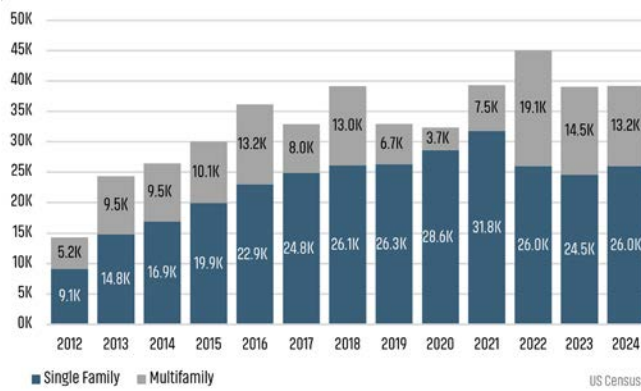
### Nashville Single Family & Multi-Family Permits



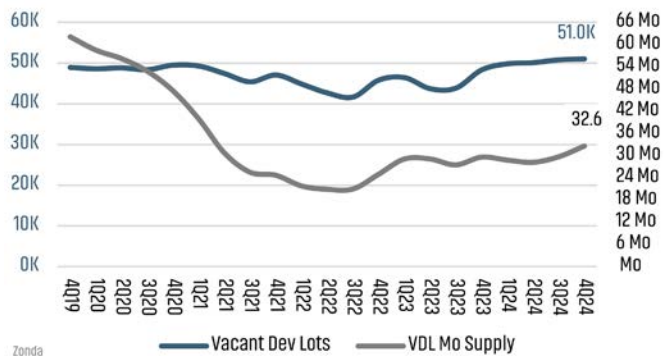
### Nashville Vacant Development Lot Supply



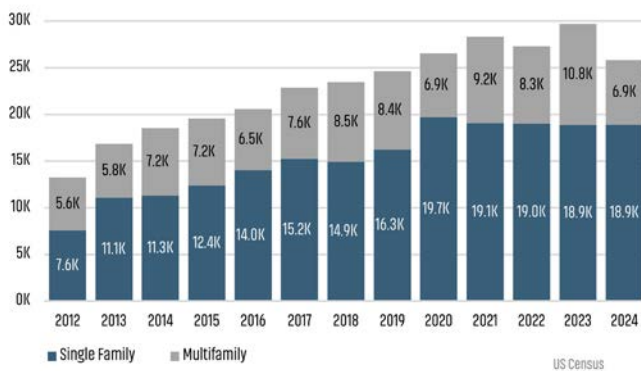
### Atlanta Single Family & Multi-Family Permits



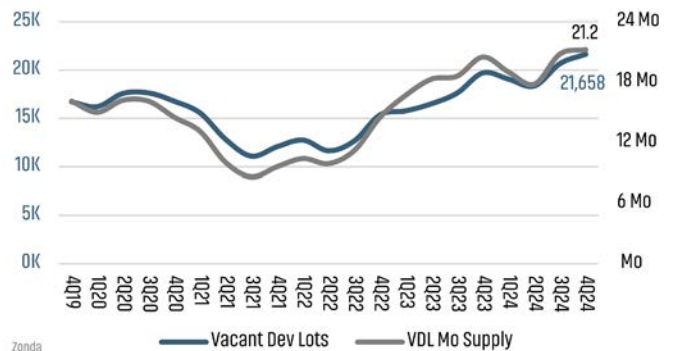
### Atlanta Vacant Development Lot Supply



### Charlotte Single Family & Multi-Family Permits



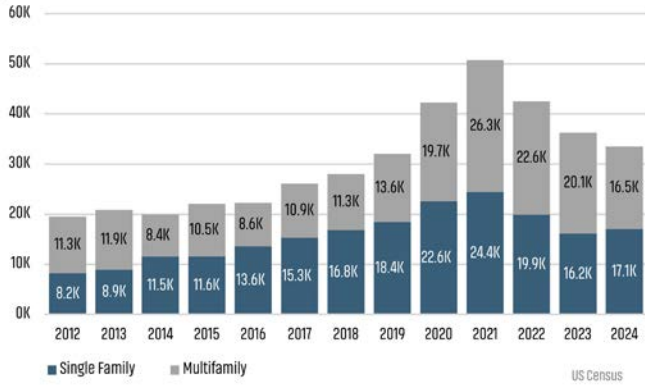
### Charlotte Vacant Development Lot Supply



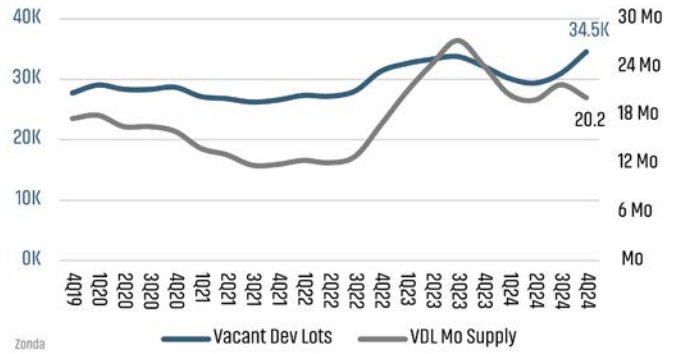


## MARKETS AT A GLANCE - AUSTIN, HOUSTON, DALLAS (4Q24)

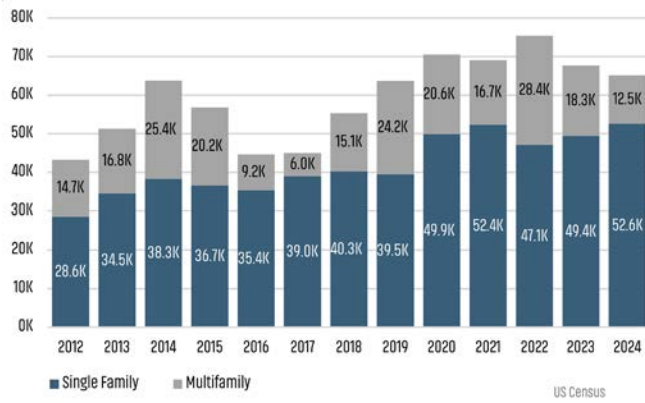
### Austin Single Family & Multi-Family Permits



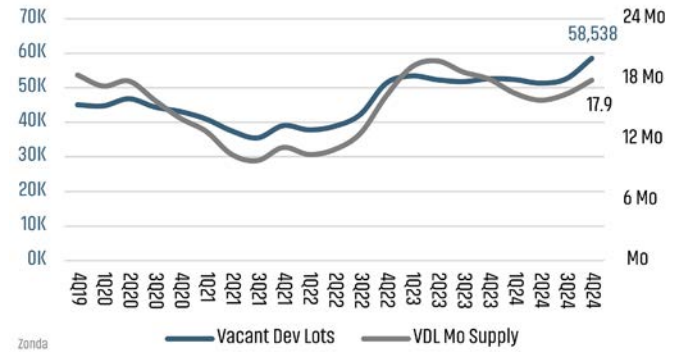
### Austin Vacant Developed Lot Supply



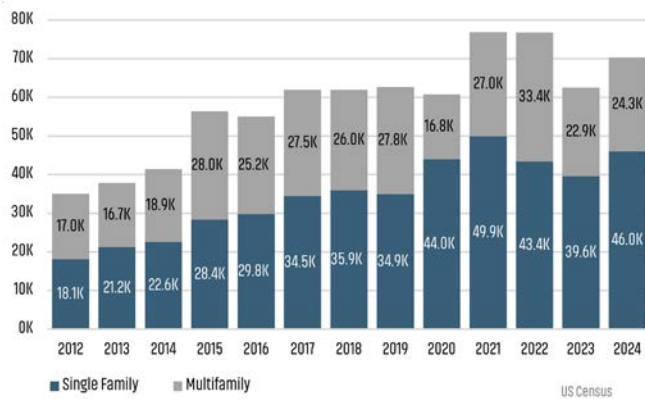
### Houston Single Family & Multi-Family Permits



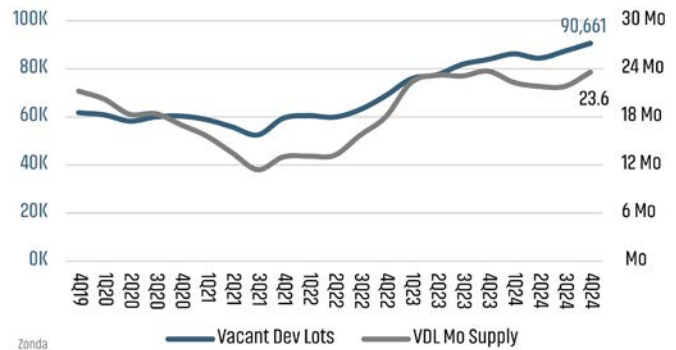
### Houston Vacant Developed Lot Supply



### Dallas Single Family & Multi-Family Permits



### Dallas Vacant Developed Lot Supply

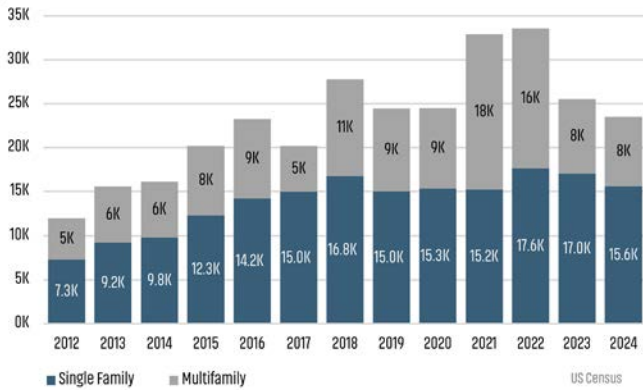




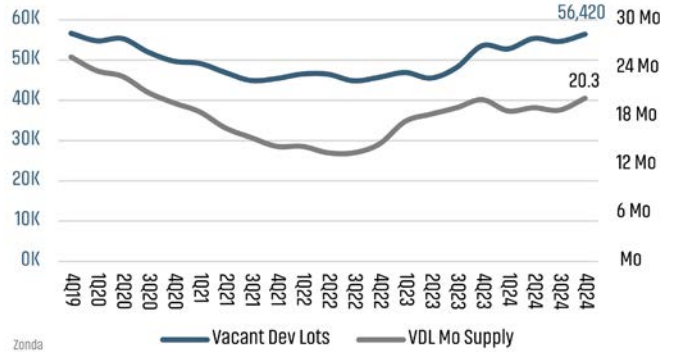


## MARKETS AT A GLANCE - ORLANDO, TAMPA, JACKSONVILLE (4Q24)

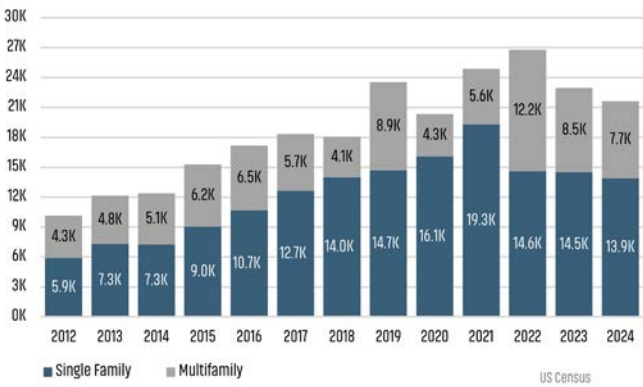
### Orlando Single Family & Multi-Family Permits



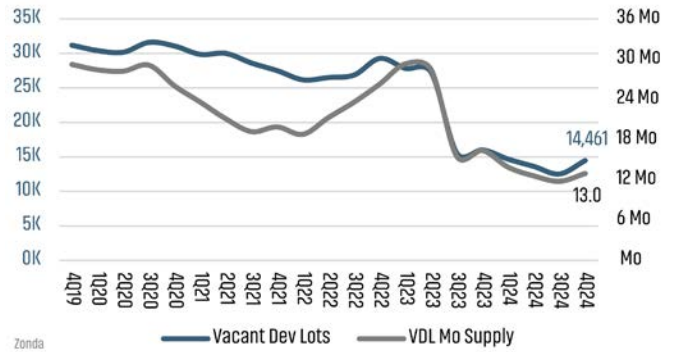
### Orlando Vacant Developed Lot Supply



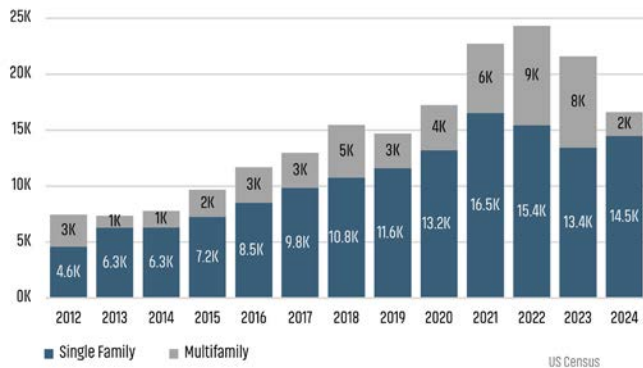
### Tampa Single Family & Multi-Family Permits



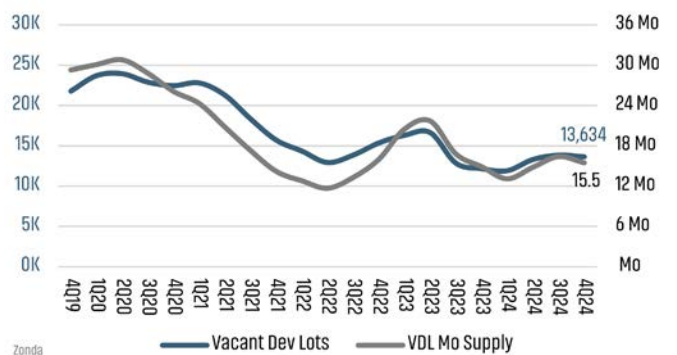
### Tampa Vacant Developed Lot Supply



### Jacksonville Single Family & Multi-Family Permits



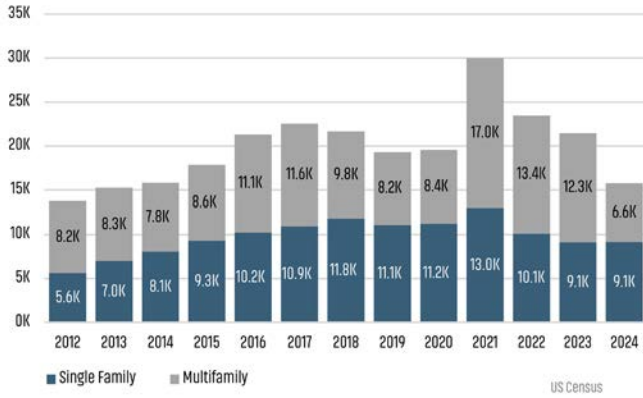
### Jacksonville Vacant Developed Lot Supply





## MARKETS AT A GLANCE - DENVER (4Q24)

### Denver Single Family & Multi-Family Permits



### Denver Vacant Developed Lot Supply

