



LAUNCH
DEVELOPMENT FINANCE ADVISORS

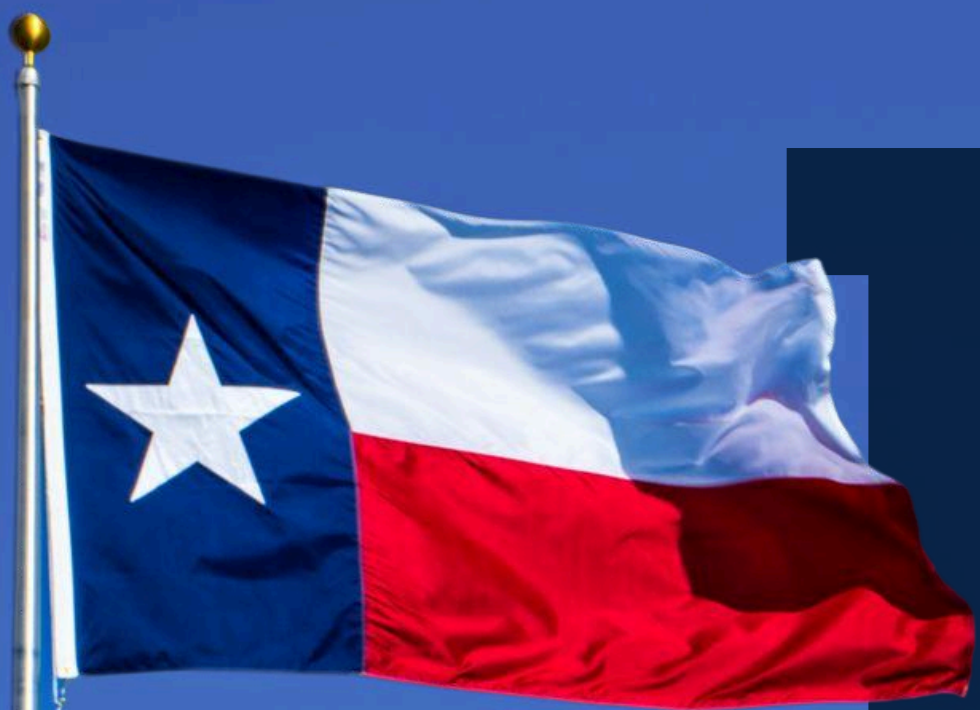


THE
LAUNCH
REPORT™

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TEXAS

BUILDER STRATEGIES

To Push Back On Rising Impact Fees



Since 2020, dozens of high-growth metro areas have increased their development fees (“Fees”). However, following the 2025 changes to Chapter 395 and related statutes, Texas builders now have more tools to push back on fee increases. These tools should be used deliberately.

Strategy ideas follow:

1. USE THE NEW LEGAL FRAMEWORKS TO YOUR ADVANTAGE

- Monitor and intervene early in the 5-year fee update cycle.
- Texas fee programs must be updated at least every five years. Documents (land use assumptions, CIP, fee report) must now be made public at least 60 days before the first notice of a hearing, giving builders a defined window to review and comment.
- Exploit the three-year cap on increases. Once set, fees cannot be increased for three years (other than a pre-phased schedule adopted at the same time). Negotiating a more moderate schedule at adoption effectively locks in your economics for a multi-year pipeline

2. PARTICIPATE IN THE ADVISORY COMMITTEE AND HEARING PROCESS

- Simply suit up and show up.
- The capital improvements advisory committee must now be at least 50% development/real-estate representatives and active participation lets builders influence land use assumptions, growth allocations, and project lists that drive Fee levels.
- Create a written record by submitting written comments, alternative assumptions, and proportionality concerns during hearings builds an administrative record, which matters if you later raise Nollan/Dolan/Sheetz proportionality challenges.

3. ENGINEER PROJECTS TO QUALIFY FOR CREDITS AND REDUCTIONS

- Design for water-conservation and reuse credits.
- New Texas legislation (e.g., SB 14 as summarized for practitioners) requires financial credits against water and wastewater Fees for developments that incorporate qualified conservation or reuse systems, creating a statutory right to Fee reductions starting January 1, 2026.
- Leverage city-specific credit policies. Some cities (e.g., Houston’s partnership model or other utilities) already reduce direct infrastructure/impact-type charges where developers oversize lines or build regional facilities; structuring off-site improvements to maximize credits can offset Fees.

4. ADJUST DEAL STRUCTURES AROUND HIGHER FEES

- Simply suit up and show up.
- The capital improvements advisory committee must now be at least 50% development/real-estate representatives and active participation lets builders influence land use assumptions, growth allocations, and project lists that drive Fee levels.
- Create a written record by submitting written comments, alternative assumptions, and proportionality concerns during hearings builds an administrative record, which matters if you later raise Nollan/Dolan/Sheetz proportionality challenges.

5. OPTIMIZE PRODUCT, LOCATION, AND MIX

- Shift to jurisdictions with more predictable or lower fees.
- Comparative fee studies for Central Texas show a wide spread in fees between peer cities. Steering projects toward markets with more moderate fee structures can improve returns.
- Right-size product to the fee basis. Where fees are calculated per service unit, meter size, trip, or square foot, adjusting product (smaller lots, right-sized homes, less traffic-intensive uses) can materially lower fee burdens per unit while still meeting market demand.

6. PRESERVE LEGAL OPTIONS AND PROPORTIONALITY ARGUMENTS

- “Audit” nexus and proportionality.
- Fees must be based on properly documented facility costs and service standards. Gaps in the city’s analysis create leverage for developers to negotiate reductions or challenge excessive fees.
- Use new enforcement tools.
- The 2025 amendments allow the Attorney General to sue on behalf of property owners challenging illegal fees or seeking refunds. This increases the downside for cities that ignore Chapter 395 requirements and indirectly strengthens developers’ bargaining position in negotiations.

The professionals at **Launch Development Finance Advisors** have been exclusively representing the private sector in matters of development impact fee study reviews and litigation for over 40 years. For more information on how we may be of service, contact **Carter Froelich** at carter@launch-dfa.com.

\$98.5M IN 120 DAYS

How Sunterra Lakes Turned Future MUD Proceeds Into Immediate Cash

BY JOSE ALMAZAN | JOSEA@LAUNCH-DFA.COM



The Launch Bond® continues to demonstrate its transformative impact on Texas master-planned community development, providing developers with the financial flexibility and capital velocity needed to maintain momentum in any market environment.

This innovative non-recourse, tax-exempt municipal utility district ("MUD") forward funding solution has now facilitated over \$1 billion in financing since its introduction in mid-2023, and has fundamentally changed how developers approach infrastructure capital recovery.

By converting future MUD reimbursement rights into immediate capital, developers can access critical liquidity within months rather than waiting years for traditional MUD reimbursements.

The recent closing of a \$98.5 million Launch Bond® for Sunterra Lakes marks the fourth transaction between Launch and Starwood Land, reflecting a long-standing relationship built on repeat execution and consistent results. This 1,455-acre master-planned community located six miles northwest of Katy in Waller County represents one of the Houston area's most ambitious residential developments, planned for approximately 4,233 residential lots with world-class amenities.

THE SUNTERRA LAKES LAUNCH BOND®

In March 2026, Sunterra Lakes closed its Launch Bond® transaction; their fourth major transaction using **The Launch Bond**® program.

Specifics follow:



Total Bond Amount: \$98.5M



Structure: Non-recourse, tax-exempt MUD forward funding



Eligible Improvements: Water, sewer, drainage, roads, utilities, and recreational amenities



Net Proceeds: Approximately \$95 million






The bond proceeds provided Starwood Land with *immediate* access to approximately \$95 million, reimbursing them for eligible MUD infrastructure costs.

ADVANTAGES OF USING THE LAUNCH BOND®

The Launch Bond® provides developers with upfront capital secured with future MUD reimbursement rights, eliminating the traditional waiting period for infrastructure cost recovery

The non-recourse nature of the Launch Bond® means developers maintain their borrowing capacity and credit relationships for other opportunities.

Other advantages of the Launch Bond program include:

-  **Portfolio Velocity:** Recycle capital across multiple projects without waiting on MIUD bond timelines.
-  **Market Timing:** Accelerate lot delivery during favorable market windows.
-  **Balance Sheet Strength:** Convert future receivables to cash; improve financial ratios without adding recourse debt.
-  **Cash Flow Certainty:** Eliminate dependency on MUD bond issuance timing and market receptivity.
-  **Competitive Edge:** Faster land-to-lot conversion vs. developers reliant on traditional MUD reimbursement

Less obvious benefits include:

- 1. Repeat Borrowings:** Continued and repetitive use of the Launch Bond® program by sophisticated developers and home builders speaks to the importance of this program.
- 2. Land Basis:** By monetizing MUD reimbursement rights early, developers effectively reduce their carry cost per lot. In a rising-rate environment, the interest savings alone are impactful to the project's return metrics.
- 3. Builder Confidence:** When builders see a developer with Launch Bond® proceeds available for and/or committed for infrastructure, it signals project certainty. That confidence translates to faster builder lot takedowns, which in turn accelerates absorption, creating a virtuous cycle.
- 4. Market Cycle Advantage:** The non-recourse structure means developers can maintain development timelines during uncertain markets without risking personal or corporate guarantees. If absorption slows, the developer isn't trapped, the Launch Bond's repayment comes from future MUD bonds, not the developer's balance sheet.
- 5. Opportunity Costs:** The real comparison isn't Launch Bond® vs. other financing; it's Launch Bond® vs. sitting on entitled land while waiting 3-5 years for traditional MUD reimbursement. Every month of delayed capital recovery is a month that capital isn't being deployed to the next phase or project.

Sunterra Lakes is the latest in a growing portfolio of Launch Bond® transactions proving that early capital recovery isn't a luxury, it's a competitive necessity.

For more information on using **The Launch Bond®** on your project, contact **Jose Almazan** at josea@launch-dfa.com.

Strategizing The Capitalized Interest On Your

TEXAS ASSESSMENT BONDS

BY CHRISTOPHER BASSETT | CHRISTOPHERB@LAUNCH-DFA.COM



Following up the 3rd Quarter 2025 Launch Report article on “Unlocking the Nuances of Public Improvement Districts (“PIDs”)", strategizing with a developer or homebuilder (“Developer”) on the amount of capitalized interest needed when issuing PID bonds can be an overlooked conversation when structuring assessment bonds.

BACKGROUND

Capitalized interest is described as an amount of interest paid during the period prior to the asset being completed and placed into service. Specifically in land development, when PID bonds are issued, the Developer can allocate a portion of the bond par amount to be placed in a capitalized interest account to cover debt service payments before the parcels and/or lots are sold to the homebuilder or homeowner, delaying the time when the Developer has to pay assessments on its property holdings.

Sample PID Bond Sources and Uses Calculated with 12 months of capitalized interest	
Description	Amount
Sources of Funds	
Principal Amount of PID Bonds	\$ 13,870,000
Total Sources	\$ 13,870,000
Uses of Funds	
Deposit to Bond Improvement Account of the Project Fund	\$ 10,945,112
Deposit to Reserve Account of the Reserve Fund (1)	\$ 1,114,470
Deposit to Capitalized Interest Account of the Bond Fund (2)	\$ 755,868
Deposit to the Administrative Fund (3)	\$ 40,000
Deposit to Cost of Issuance Account of the Project Fund	\$ 633,125
Underwriter's Discount	\$ 381,425
Total Uses	\$ 13,870,000
Footnotes:	
(1) The lessor of 10% of the par amount of the bonds, 125% of the average annual debt service, or 100% of maximum annual debt service	
(2) Calculated at 12 months of capitalized interest	
(3) Cost for preparing annual SAP as required by Texas Local Government Code 372	

Sample PID Bond Sources and Uses Calculated with 24 months of capitalized interest	
Description	Amount
Sources of Funds	
Principal Amount of PID Bonds	\$ 13,870,000
Total Sources	\$13,870,000
Uses of Funds	
Deposit to Bond Improvement Account of the Project Fund	\$ 10,189,244
Deposit to Reserve Account of the Reserve Fund (1)	\$ 1,114,470
Deposit to Capitalized Interest Account of the Bond Fund (2)	\$ 1,511,736
Deposit to the Administrative Fund (3)	\$ 40,000
Deposit to Cost of Issuance Account of the Project Fund	\$ 633,125
Underwriter's Discount	\$ 381,425
Total Uses	\$13,870,000
Footnotes:	
(1) The lessor of 10% of the par amount of the bonds, 125% of the average annual debt service, or 100% of maximum annual debt service	
(2) Calculated at 24 months of capitalized interest	
(3) Cost for preparing annual SAP as required by Texas Local Government Code 372	

STRATEGY

Most PID bond transactions are routinely sized with one year of capitalized interest, regardless of the true need of the Developer. When Launch engages with a Developer, we question and analyze all aspects of the transaction for the benefit of the Developer. In relation to capitalized interest, we walk through key timelines in the development, such as when construction will begin and end on infrastructure and lots in each phase, and the projected absorption rates of the lots in each phase. The timing of the PID bond issuance and the structuring of capitalized interest are crucial for your cash flow, as missteps can lead to unintended capital outflows.

The strategy on capitalized interest also becomes relevant when understanding how the builder is going to purchase the lots. If homebuilders are buying unfinished super pads, less capitalized interest may be required, as they are taking title to super pads when they close. If the homebuilders are taking the lots down on a roll, the strategy may be for more capitalized interest as the Developer will be carrying the lots longer.

TIMING OF ASSESSMENTS

In Texas, assessments are due annually in coordination with a property's annual tax bill, which is January 31st of each year. Assessments are paid in advance of annual PID finance obligations, which include: (i) Debt service on the bonds, (ii) Annual administrative costs to prepare the annual Service and Assessment Plan ("SAP"), and (iii) Additional interest expense that municipalities regularly require on PID bonds for that calendar year.

Texas Property Tax and Assessment Calculator	
Timeframe	Event
January 1 - April 30	Property is appraised and exemption applications are processed
May 15	Appraisal record prepared and submitted to Appraisal Review Board
May 15 - July 20	Protests and challenges are determined
July 20	Appraisal records are approved
July 25	Appraisal roll is certified
July - August	Annual PID SAPs are updated; assessments sent to appraisal districts
July 25 - October 1	Tax rates are adopted and taxes are levied
October 1	Tax bills begin to be sent to taxpayer
October 1 - January 31	Current taxes are collected
January 31	Annual PID assessments are due

If PID bonds are issued after mid-September, the assessments will not have sufficient time to be placed on annual property tax bills. In this scenario, the Developer will be approached by the PID administrator for the payment of the appropriate assessment payment that was not funded by capitalized interest.

LIMITATIONS

There are limitations that a Developer needs to consider when structuring capitalized interest. For one, the more capitalized interest that is used for paying debt service on the PID bonds, the less PID bond proceeds are used for the construction and/or acquisition of public infrastructure. In reviewing the Developer’s capital stack and the public infrastructure that is going to be financed through the PID, it may be strategic to consider maximizing the PID proceeds for public infrastructure costs instead of using PID bond proceeds for capitalized interest. If the costs for the public improvements greatly exceed the net PID bond proceeds, it could potentially be more reasonable to maximize the PID bond proceeds for public infrastructure costs which amortize over 30 years at a tax exempt interest rate, and reduce the amount of third party debt and equity, which comes at higher interest rates and less flexible terms. Secondly, when issuing a PID bond, the Developer should pay close attention to the SAP’s Service Plan Section (“Service Plan”), as it outlines the amounts due in relation to the PID over the next five years. The reason this is critical is because the owner of the lot at the time the assessments are placed on the tax bills will be responsible for the annual assessment payment forward (although here is a proration of assessments between the Developer and the homebuilder depending on the actual date the lots were sold). If the Developer hasn’t structured sufficient capitalized interest, they will be responsible to cover the assessments payable for the given year, as documented in the SAP.

Additionally, there are times when capitalized interest doesn’t pick up some of the other costs included with a PID. As illustrated in the sample Service Plan below, the capitalized interest provides for the amount of assessments equal to the annual interest charge of the PID bonds but doesn’t account for the “Additional Interest” charge and the PID Administration Costs (labeled “Annual Collection Costs”). Shortly after the issuance of the PID bonds, the Developer would be responsible for their prorata share of the annual additional interest charge and PID Administration Costs for the year.

SAMPLE SAP SERVICE PLAN | FIVE YEAR FORECAST

Annual Installment Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
<i>Improvement Area #1 Bonds</i>						
Principal		\$ -	\$ 134,000.00	\$ 140,000.00	\$ 146,000.00	\$ 152,000.00
Interest		535,673.11	547,847.50	541,985.00	535,860.00	529,472.50
Capitalized Interest ^[a]		(535,673.11)	-	-	-	-
	(1)	\$ -	\$ 681,847.50	\$ 681,985.00	\$ 681,860.00	\$ 681,472.50
Additional Interest	(2)	\$ 45,825.00	\$ 45,825.00	\$ 45,155.00	\$ 44,455.00	\$ 43,725.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 85,825.00	\$ 768,472.50	\$ 768,756.00	\$ 768,763.32	\$ 768,494.79

Footnotes:

[a] Includes 12 months of capitalized interest.

ALTERNATIVE

Instead of using capitalized interest over the first few years to defer principal payments on the PID bonds, PID bonds can also be structured with interest only periods, not funded by capitalized interest. As PID bond maturities cannot exceed 30 years, the forgoing of principal payments on the PID bonds over the first few years would result in the PID bonds amortizing over fewer years, compressing the time to repay the bonds, increasing the annual assessments payments for the homeowner.

THREE YEAR LIMITATION

Capitalized interest is generally limited to three years, as capitalized interest is meant to cover the period it takes before revenues are expected. As many municipalities in Texas have PID policies, most explicitly limit the capital interest period to one or two years. As such, it is always important to review jurisdictional PID policies when contemplating the establishment of a PID.

As we have outlined several strategies related to the topic of capitalized interest in connection with issuing PID bonds, it is important to engage an experienced PID professional to review how different capitalized interest periods align with your project phasing and overall business plan, and to discuss the implications of these considerations on your overall financing strategy

For more information on how **Launch** may assist you in the formulation of PID financing strategies, contact **Christopher Bassett** at christopherb@launch-dfa.com.



RCLCO | 2025 SALES TOP 50

MASTER-PLANNED COMMUNITIES

Rank	MPC (1)	MSA (City, State) (1)	Units Sold	Public Financing / District (Y/N)	Sample Avg. Home Price	Special District Financing Metrics (2)				
						Sample Annual Prop. Tax (excluding District)	Sample Annual District Tax Payment (calc)(3)	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	3,611	Y	\$400,000	\$3,511	\$7,880	\$11,391	2.85%	\$36,131
2	Lakewood Ranch	Sarasota, Florida	2,085	Y	\$525,000	\$6,726	\$6,215	\$12,941	2.47%	\$44,278
3	Cadence (4)	Henderson, Nevada	1,247	Y	\$480,000	\$4,973	\$3,418	\$8,392	1.75%	\$34,940
4	Babcock Ranch	Punta Gorda, Florida	1,066	Y	\$550,000	\$7,459	\$12,117	\$19,576	3.56%	\$29,808
5	Sunterra	Katy, Texas	1,024	Y	\$375,000	\$6,923	\$5,625	\$12,548	3.35%	\$40,076
6	Cane Bay Plantation	Charleston, South Carolina	1,005	N						
7	Silverleaf	St. Augustine, Florida	1,002	N						
8	Wellen Park	Venice, Florida	992	Y	\$500,000	\$6,530	\$4,640	\$11,170	2.23%	\$47,872
9	Tamarron	Katy, Texas	974	Y	\$375,000	\$6,246	\$4,013	\$10,258	2.74%	\$45,270
10	Summerlin	Las Vegas, Nevada	962	Y	\$800,000	\$8,212	\$1,160	\$9,372	1.17%	\$13,490
11	Bridgeland (5)	Cypress, Texas	812	Y	\$505,000	\$9,295	\$3,990	\$13,285	2.63%	\$43,927
12	Anniston	Katy, Texas	775	Y	\$325,000	\$6,000	\$4,875	\$10,875	3.35%	\$11,566
13	Ontario Ranch	Ontario, California	709	Y	\$700,000	\$7,748	\$3,903	\$11,651	1.66%	\$48,000
14	Mirada	San Antonio, Florida	646	Y	\$650,000	\$10,090	\$3,011	\$13,101	2.02%	\$33,153
15	Painted Tree	McKinney, Texas	643	N						
16	Riverstone (CA)	Madera, California	640	Y	\$515,000	\$5,850	\$2,670	\$8,520	1.65%	\$36,933
17	The Grand Prairie	Hockley, Texas	639	Y	\$420,000	\$7,524	\$6,300	\$13,824	3.29%	\$24,513
18	Summers Corner	Charleston, South Carolina	626	Y	\$390,000	\$2,583	\$2,682	\$5,265	1.35%	\$25,963
19	Two Rivers	Wesley Chapel, Florida	624	Y	\$650,000	\$10,090	\$4,456	\$14,546	2.24%	\$49,736
20	Great Park Neighborhoods	Irvine, California	611	Y	\$2,050,000	\$22,016	\$9,875	\$31,891	1.56%	\$129,352
21	Radiance at Superstition Vistas	Apache Junction, Arizona	596	Y	\$480,000	\$3,900	\$1,222	\$5,123	1.07%	\$15,108
22	Watersound (incl.Latitude Margaritaville by Minto)	Watersound, Florida	582	N						
23	Riverstone (TX)	San Antonio, Texas	529	Y	\$340,000	\$6,244	\$1,841	\$8,086	2.38%	\$17,034
24	Meridiana (6)	Rosharon, Texas	527	Y	\$480,000	\$11,127	\$4,320	\$15,447	3.22%	\$50,980
25	Ave Maria	Ave Maria, Florida	515	Y	\$600,000	\$6,741	\$10,764	\$17,505	2.92%	\$17,465
26	Viera	Melbourne, Florida	509	Y	\$475,000	\$5,135	\$960	\$6,094	1.28%	\$11,157
27	Rivertown	Jacksonville, Florida	502	Y	\$650,000	\$8,081	\$4,372	\$12,453	1.92%	\$25,209
28	Tradition	St. Lucie, Florida	499	Y	\$500,000	\$10,039	\$4,851	\$14,890	2.98%	\$14,494
29	Santa Rita Ranch	Liberty Hill, Texas	483	Y	\$550,000	\$9,499	\$4,154	\$13,654	2.48%	\$43,737
30	Riverland	Port St. Lucie, Florida	475	N						
31	Nexton	Charleston, South Carolina	473	Y	\$400,000	\$41	\$2,460	\$2,501	0.63%	\$28,390
32	Heartland at Tule Springs	North Las Vegas, Nevada	463	Y	\$500,000	\$5,870	\$1,043	\$6,913	1.38%	\$11,484
33	Westlake (7)	West Palm Beach, Florida	462	Y	\$650,000	\$12,519	\$0	\$12,519	1.93%	\$0
34t	Silverado	Aubrey, Texas	446	Y	\$340,000	\$4,797	\$3,264	\$8,061	2.37%	\$42,577
34t	Bella Vista Farms	San Tan Valley, Arizona	446	N						
36	Mission Ridge	El Paso, Texas	437	Y	\$310,000	\$5,711	\$2,368	\$8,079	2.61%	\$19,301
37	Angeline	Land O'Lakes, Florida	433	Y	\$325,000	\$4,625	\$4,981	\$9,605	2.96%	\$19,014
38	Sienna (8)	Missouri City, Texas	432	Y	\$635,000	\$12,010	\$5,937	\$17,948	2.83%	\$83,178
39	Eastridge	Princeton, Texas	427	Y	\$300,000	\$5,325	\$841,904	\$847,229	282.41%	\$32,890
40	Nocatee	Ponte Vedra, Florida	417	Y	\$700,000	\$8,755	\$11,361	\$20,115	2.87%	\$24,204
41	Elyson	Katy, Texas	413	Y	\$544,000	\$10,042	\$7,702	\$17,744	3.26%	\$87,221
42	Elevon	Lavon, Texas	407	Y	\$400,000	\$5,753	\$4,800	\$10,553	2.64%	\$46,068
43	Sonterra	Jarrell, Texas	400	Y	\$300,000	\$4,999	\$2,850	\$7,849	2.62%	\$37,798
44	Devonshire	Forney, Texas	395	Y	\$450,000	\$7,866	\$4,500	\$12,366	2.75%	\$48,684
45	Sterling Ranch(9)	Littleton, Colorado	384	Y	\$825,000	\$6,745	\$8,947	\$15,692	1.90%	\$48,041
46	Lago Mar	Texas City, Texas	380	Y	\$380,000	\$8,650	\$3,572	\$12,222	3.22%	\$50,151
47t	Daybreak (10)	South Jordan, Utah	375	Y	\$705,000	\$3,555	\$0	\$3,555	0.50%	\$0
47t	Lakehaven	Farmersville, Texas	375	Y	\$310,000	\$4,481	\$3,720	\$8,201	2.65%	\$30,008
49	Pecan Square	Northlake, Texas	367	Y	\$415,000	\$4,667	\$2,926	\$7,593	1.83%	\$38,497
50	Jordan Ranch	Fulshear, Texas	361	Y	\$534,000	\$8,894	\$6,141	\$15,035	2.82%	\$63,093
Total Home Sales or MPC's Utilizing Special Taxing Districts/Average Percentage of Home Sales Occurring Within MPC Using Special Taxing Districts			34,203	44	\$529,727	\$7,224	\$23,586	\$30,810	8.69%	\$36,382

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

Footnotes:

- (1) Per RCLCO's Top Selling Master-Planned Communities Report - Year End 2025.
- (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) 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) Meridiana is also located in Tax Increment Reinvestment Zone #2.
- (7) Westlake utilizes revenue bonds and therefore does not increase the annual property tax payment to the end user.
- (8) Sienna is located in both a municipal utility district and a levee improvement district; sample annual district tax payment and estimated net construction proceeds are inclusive of both special taxing districts.
- (9) 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.
- (10) The original developers of Daybreak formed a PID to issue special assessment bonds to finance the construction of public infrastructure which were paid off at lot sale to the builders; the current Daybreak developer does not use the PID to pay for residential infrastructure but has use the PID to monetize tax increment (TIF) revenues to build out the commercial development (\$86MM).

RCLCO'S TOP 50 MASTER PLANNED COMMUNITIES | 2025

Across RCLCO's Top 50 selling master planned communities, public financing remains a defining feature of the nation's most active new-home markets. From MidYear 2025 to YearEnd 2025, the share of sales occurring in communities using special taxing districts held steady at 88%, reinforcing that districts are now a mainstream infrastructure delivery tool. Over the same period, average home prices increased modestly, but the more notable shift was in the composition of the tax burden: average district tax payments rose meaningfully, lifting total taxes and slightly increasing taxes as a percentage of home price. The data suggests developers are increasingly relying on district-based funding (and/or district costs are ramping as communities mature), while buyers in many growth markets continue to 'price in' these payments in exchange for delivery of infrastructure and amenities at scale.

What's changed since mid-year 2025:

- Average sample home price increased by 2.7%
- Average annual district tax payments increased by 32%
- Average annual property taxes as a percentage of home price increased by 10%
- Estimated net construction proceeds per sample lot increased by 13.3%

Given the continued reliance on special district financing among top-selling master-planned communities, understanding how to structure and implement these mechanisms effectively is key to optimizing project performance.

For more information on special district financing—or to learn how these strategies can benefit your next project—please contact **Pamela Giss** at pamelag@launch-dfa.com or call (480) 874-4358.

LATEST FROM THE LAND TO LOTS™ PODCAST



Episode 93 – CEQA Streamlining with Tim Kihm & Brian Rupp of Qtative Development Solutions (Part 1)



Episode 94 – CEQA Streamlining with Tim Kihm & Brian Rupp of Qtative Development Solutions (Part 2)



Episode 95 – Gross Margin vs. Sales Velocity with Scott Cox of SLC Advisors (Part 1)



Episode 96 – Gross Margin vs. Sales Velocity with Scott Cox of SLC Advisors (Part 2)

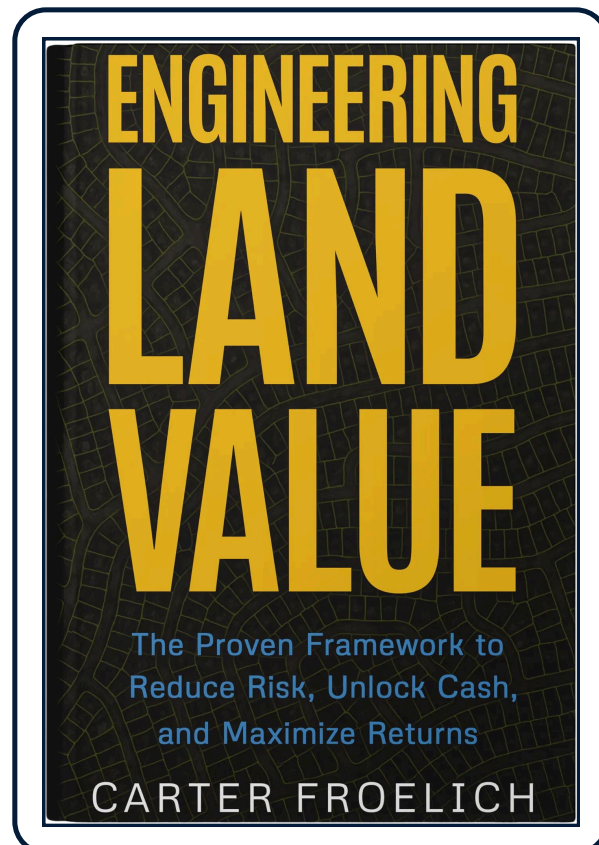
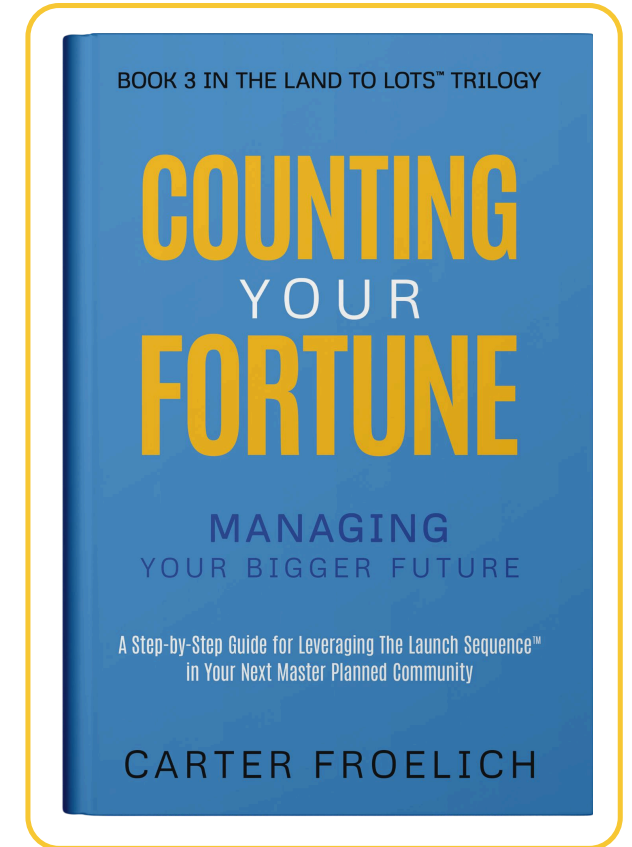
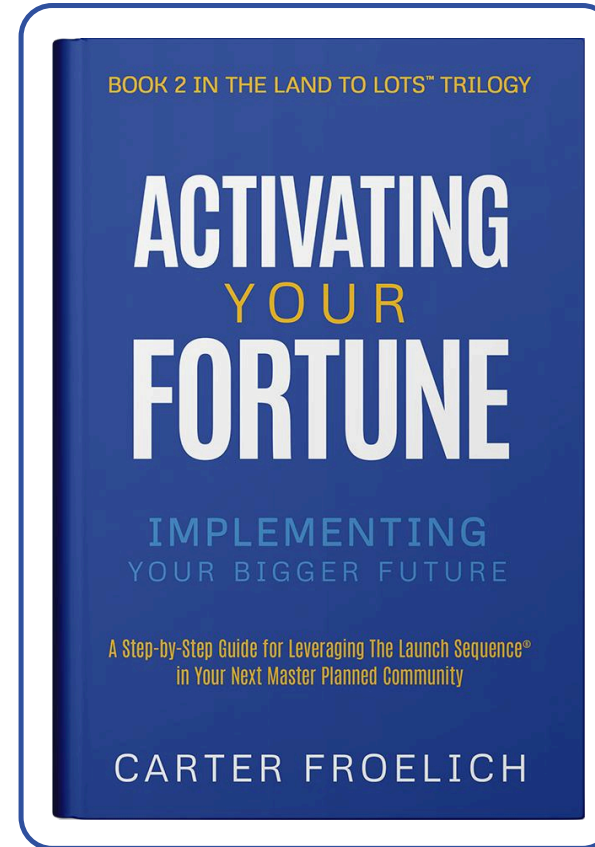
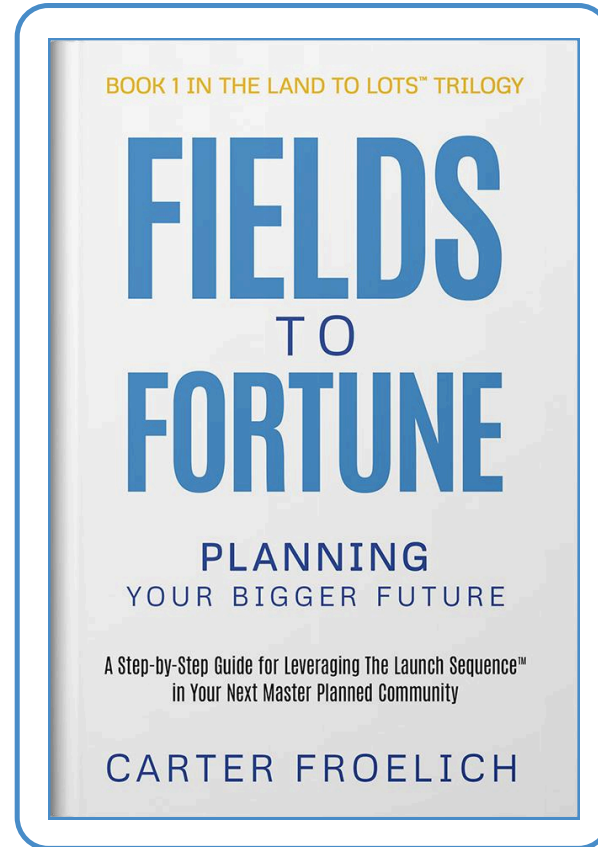
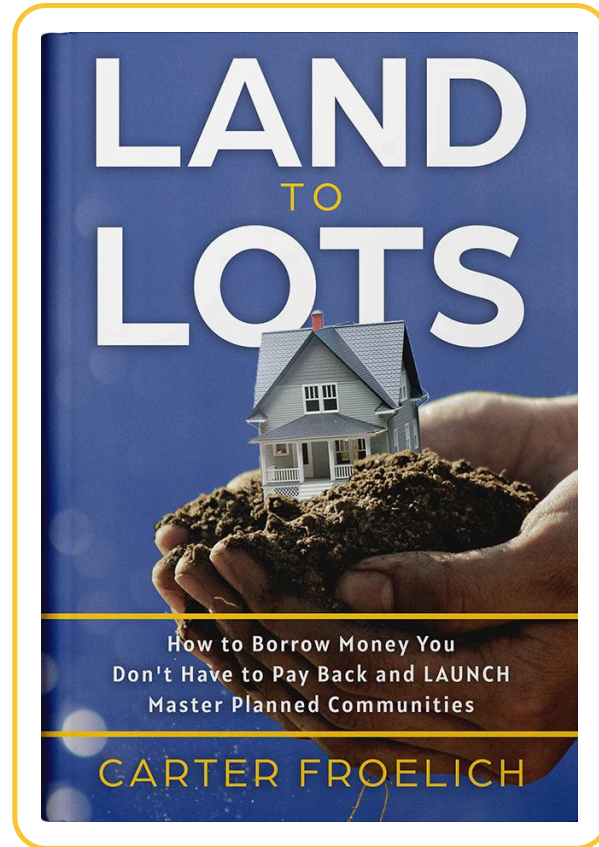


Episode 97 – Gross Margin vs. Sales Velocity with Scott Cox of SLC Advisors (Part 3)



Episode 98 – Land Development Financing with John Hutchinson of Trez Capital

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