

**Trinity Falls Master Plans:
Comparative Analysis of
Two Development Scenarios**

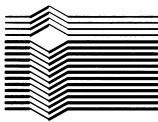
***Economic, Employment
and Tax Revenue Impact
2013 through 2032***

Executive Summary

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**INSIGHT RESEARCH
CORPORATION**

Trinity Falls Master Plans: Comparative Analysis of Two Development Scenarios

Economic, Employment and Tax Revenue Impact 2013 through 2032

EXECUTIVE SUMMARY

Insight Research Corporation has completed an economic impact analysis which compares the impact of the Trinity Falls Master Planned Community under two plans including:

- (1) The existing Development Agreement for the Current Master Plan, and
- (2) An expansion of Trinity Falls under a New Master Plan, for which a revision to the existing Development Agreement with the City of McKinney is being considered.

This analysis quantifies the findings of economic, employment and tax revenue impact of this community under these two master plans, showing how its development will benefit the City of McKinney, Collin County, the McKinney Independent School District, the Collin College District and the State of Texas.

Background: Johnson Development Corporation (JDC) is an award winning developer of residential and commercial properties since 1975 and based in Houston, Texas. In August of 2016, JDC acquired Trinity Falls from the previous owner and continues construction of this master planned community.

Currently including more than 1,700 acres, Trinity Falls is located in the City of McKinney's extra-territorial jurisdiction (ETJ) five miles north of downtown McKinney, Texas. The community lies in the path of major residential and commercial development occurring in the northern portion of the Dallas-Fort Worth metropolitan area. A new opportunity has been recently presented as acquisition of the adjoining Frazier tract of an additional 271 acres that would allow a number of benefits for the community.

Project Description and Comparisons: Trinity Falls residents will enjoy schools, retail shops, available office space, plus recreational and entertainment facilities for all ages. Public infrastructure includes parks, open space, a fire station and other community facilities. Addition of the Frazier tract (New Master Plan) to the existing agreements (Current Master Plan) are summarized as follows:

- ◆ **Current to New Residential Uses:** The Current Trinity Falls Master Plan includes some 3,300 single family homes. Addition of the Frazier tract under the New Master Plan adds the opportunity to increase the number by approximately 450 new single family homes for a total single family count of about 3,750 homes designed for young and growing families. Homes in both plans average \$402,000 per unit.
- ◆ **Current to New Age Restricted Neighborhoods:** In the Current Master Plan, 560 homes are designed to appeal to active adults in an age restricted subdivision. Demographic and market analysis indicates that this group of residents could be served by an additional 470 homes with the addition of the Frazier acreage. The price point for these homes is expected to average \$449,000 in both the Current and New plans, for a total of about 1,030 homes designed for age restricted, senior living.
- ◆ **Recreational Amenities of Trinity Falls:** A prominent feature of Trinity Falls is the B. B. Owen Park, a 350-acre open space/park to that is planned to include hike and bike trails, an amphitheatre, multi-use fields, picnic areas, and lakes. Additional community amenities in both master plans provide for another 100 acres devoted to entertainment and recreation, including strategically located neighborhood pocket parks.
- ◆ **Current to New Office Uses:** The Current plan includes 160,600 square feet (sf) of office use, while the New plan would add 7,100 sf for a total of 167,700 sf of office space.
- ◆ **Current to New Retail Uses:** Under the existing Development Agreement, retail sales taxes are remitted to the City of McKinney for all taxable retail sales in Trinity Falls. The Current Master Plan includes 298,200 sf of retail space. Additional retail is expected in the New plan of 13,200 sf, for a total of 311,400 sf.
- ◆ **Current to New Trinity Falls Infrastructure Investment:** The Current Master Plan provides for an estimated \$323.6 million in infrastructure improvements. Addition of the Frazier tract in the New Master Plan could add another \$54 million in required infrastructure, bringing the total infrastructure investment to \$377.6 million.

Current and New infrastructure Improvements include the addition of water, sewer and stormwater facilities, thoroughfares, improvements to major access roads, added common area facilities, recreational amenities, parks, an additional fire station, plus street lighting, paving and landscaping among other supporting infrastructure.

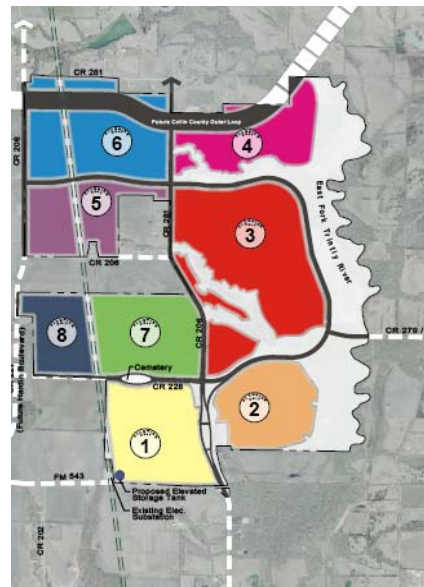
A comparison of the Current Master Plan to the New Master Plan is made in the following table and graphics showing the percent of increase in the New plan over the Current plan.

**Comparison of Current Master Plan
to the New Master Plan with Frazier Tract
2013 through 2032, (Dollars in Millions)**

	Current Master Plan	Frazier Tract Additions	New Master Plan	Percent Change
Infrastructure Investments	\$323.6	\$54.1	\$377.7	16.7%
Single Family Homes	3,298	457	3,755	13.9%
Value of Single Family Homes	\$1,325.77	\$183.7	\$1,509	13.9%
Age Restricted Single Family Homes	557	477	1,034	85.6%
Value of Age Restricted Homes	\$250.0	\$214.1	\$464.2	85.6%
Office Square Feet	160,600	7,100	167,700	4.4%
Retail Square Feet	298,200	13,200	311,400	4.4%



Current Trinity Falls Footprint



Addition of the Frazier Tract

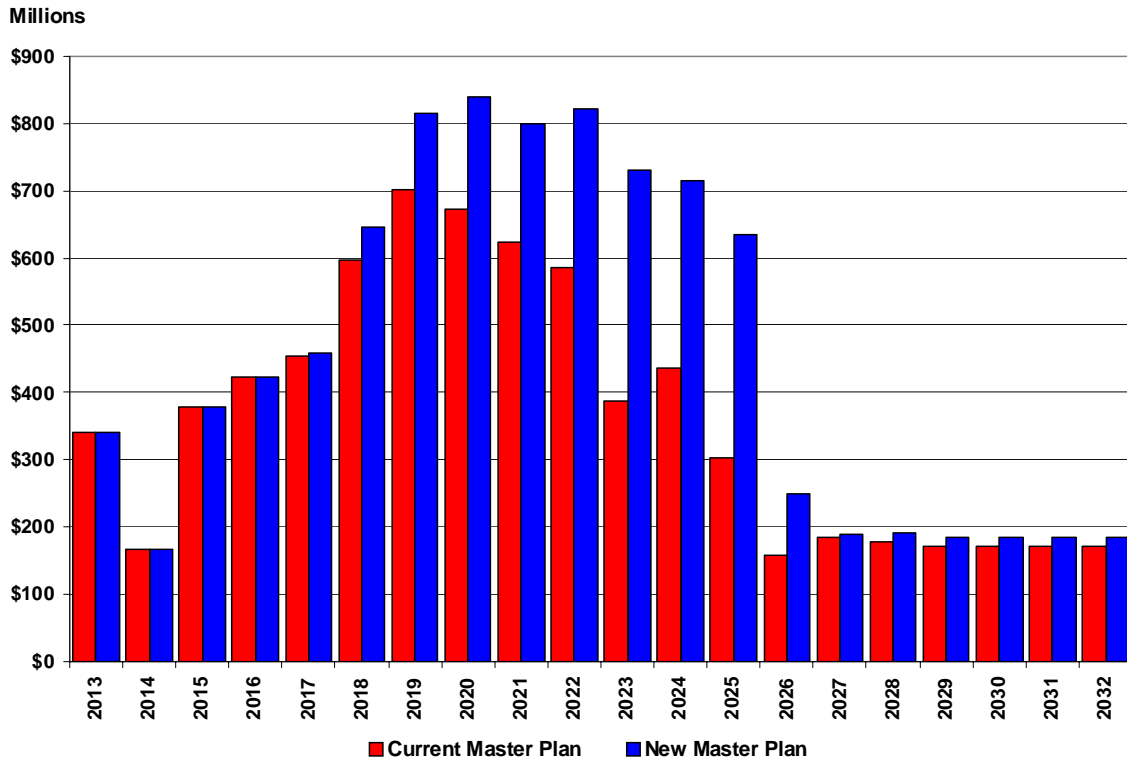
FINDINGS OF ECONOMIC, EMPLOYMENT AND TAX REVENUE IMPACT

Cumulative Economic Impact: 2013 through 2032

Current Trinity Falls Master Plan	\$7.28 Billion
New Master Plan	\$9.14 Billion
<i>A 25.5% Increase in Economic Impact</i>	

Economic impact is the effect of new money being spent in the economy, and is of benefit to the general economy of the entire Dallas Fort Worth Metropolitan Statistical Area (DFW MSA). It is computed using applicable U.S. BEA multipliers and generally referred to as the economic ripple effect. The economic impact of Trinity Falls is widely experienced and driven by all areas of construction, payroll, maintenance and operating activities of the community. The difference in economic impact between the Current to the New plan is compared in the following graphic:

***Trinity Falls Annual Economic Impact
2013 through 2032***



Employment Impact of the Trinity Falls Community by 2028

Current Master Plan **2,095 new direct and 988 indirect jobs**
New Master Plan **2,379 new direct and 1,032 indirect jobs**

This analysis includes direct and indirect employment for both construction and operating phases. Direct employment refers to persons on-site and on the payrolls of Trinity Falls, while indirect employment is generated by the purchase of goods and services by Trinity Falls' residents and employees. In the Current plan, the number of direct, on-site jobs in Trinity Falls is expected to total **2,095** at the development's completion in 2028, with the increase in the New plan resulting in direct, on-site employment to **2,379** positions.

Three types of employment are totaled by year in the table below, showing direct on-site jobs, the indirect jobs stimulated somewhere in the DFW MSA, and temporary on-site construction employment within Trinity Falls.

**Annual Employment in Trinity Falls
2013 through 2032**

	DIRECT ON-SITE			INDIRECT			CONSTRUCTION		
	Current Plan	Frazier Tract Additions	New Plan	Current Plan	Frazier Tract Additions	New Plan	Current Plan	Frazier Tract Additions	New Plan
2013	0	0	0	213	0	213	170	0	170
2014	0	0	0	587	0	587	468	0	468
2015	14	0	14	1,389	0	1,389	1,107	0	1,107
2016	64	0	64	1,691	0	1,691	1,348	0	1,348
2017	129	0	129	1,774	23	1,797	1,414	18	1,432
2018	193	0	193	2,334	294	2,629	1,861	235	2,095
2019	281	6	287	3,113	388	3,501	2,481	310	2,790
2020	403	17	421	2,975	335	3,310	2,371	267	2,638
2021	530	26	557	2,739	428	3,166	2,183	341	2,524
2022	647	93	740	2,674	488	3,162	2,131	354	2,485
2023	768	108	875	1,695	1,149	2,844	1,351	881	2,232
2024	839	161	1,000	1,908	1,022	2,930	1,521	780	2,300
2025	1,158	380	1,538	1,354	1,516	2,870	914	1,048	1,962
2026	1,620	265	1,885	721	434	1,155	118	311	429
2027	1,858	283	2,141	928	44	972	118	0	118
2028	2,095	283	2,379	988	44	1,032	0	0	0
2029	2,095	283	2,379	988	44	1,032	0	0	0
2030	2,095	283	2,379	988	44	1,032	0	0	0
2031	2,095	283	2,379	988	44	1,032	0	0	0
2032	2,095	283	2,379	988	44	1,032	0	0	0

Tax Revenue Impact of Trinity Falls: Cumulative 2013 through 2032

Current Master Plan **\$1.312 Billion**
New Master Plan **\$1.550 Billion**
An 18% Increase in Tax Revenue Impact

Trinity Falls is located in McKinney's ETJ, and the **City receives sales taxes**, but no property taxes from the community at this time. Property and sales tax revenue is generated from the Trinity Falls community for other applicable jurisdictions.

Direct taxes are those billed by the jurisdictions plus sales taxes generated on-site within the community. **Indirect** taxes accrue to the State and local jurisdictions from employment and other taxable spending related to Trinity Falls, and reflect the ripple effect of potential taxes which can flow to each jurisdiction based on expenditure patterns. Cumulative tax revenue findings are as shown in the following tables.

Cumulative Taxes (in Millions of Dollars)
2013 through 2032: Current Master Plan

	Direct	Indirect	Total
City of McKinney	\$10.0	\$130.2	\$140.2
Collin County	\$42.8	\$9.3	\$52.1
State of Texas	\$79.6	\$371.5	\$451.1
McKinney ISD	\$332.5	\$67.7	\$400.1
Collin College	\$20.8	\$31.4	\$52.2
MUDS	\$215.5	\$0.6	\$216.1
Total	\$701.1	\$610.7	\$1,311.7

Cumulative Taxes (in Millions of Dollars)
2013 through 2032: New Master Plan and Percent Increase

	Direct	Indirect	Total	Percent Increase
City of McKinney	\$11.2	\$155.7	\$166.9	19.0%
Collin County	\$50.0	\$11.2	\$61.2	17.5%
State of Texas	\$94.9	\$442.0	\$536.8	19.0%
McKinney ISD	\$388.8	\$81.3	\$470.2	17.5%
Collin College	\$24.4	\$37.4	\$61.8	18.4%
MUDS	\$252.0	\$0.7	\$252.7	16.9%
Total	\$821.3	\$728.3	\$1,549.6	18.1%

Direct Taxes Only: Direct taxes are typically rated as investment grade and may be available to each jurisdiction to be pledged to other financial transactions. The table below compares the direct taxes only, which includes applicable property and sales taxes that are directly remitted to each jurisdiction.

These tax calculations do not include any indirect tax revenue potential, which is calculated using a U.S. Bureau of Economic Analysis multiplier and is not applicable to direct tax yields.

***Potential Investment-Grade Direct Tax Revenue Only
To All Applicable Jurisdictions
Current Plan to New Plan, Cumulative 2013 through 2032***

An Increase of \$17% in Investment Grade Revenue

	Current Plan	Frazier Tract Addition	New Plan	Percent Increase
City of McKinney	\$9.97	\$1.22	\$11.18	12.2%
Collin County	\$42.77	\$7.25	\$50.02	17.0%
State of Texas	\$79.58	\$15.28	\$94.86	19.2%
McKinney ISD	\$332.45	\$56.39	\$388.84	17.0%
Collin College	\$20.83	\$3.53	\$24.36	17.0%
MUDS	\$215.48	\$36.55	\$252.03	17.0%
Total	\$701.1	\$120.2	\$821.3	17.1%

In Millions of Dollars. Totals may vary slightly due to rounding.

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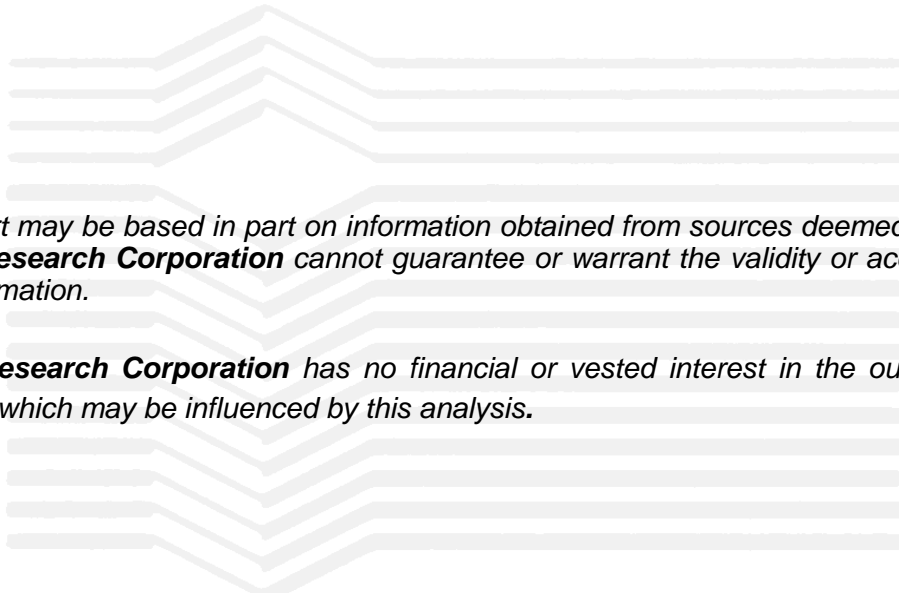
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