

Fiscal Impact Analysis Proposed Mixed-Use Development Town of Davie, Florida

August 8, 2022



Report Commission

The Town of Davie, Florida's, Community Redevelopment Agency commissioned this report in support of a proposed mixed-use redevelopment. The project is to be located on three existing parcels being developed by El-Ad Broward Plaza, LLC and El-Ad Broward Plaza II, LLC. The three parcels are currently a neighborhood shopping center with a fast-food restaurant, a gas station, and a surplus parcel owned by the Florida Department of Transportation.

The proposed development is located on the south side of Griffin Road and west of SR-7/US-441 in Davie, Florida, and includes 1,138 rental or owned units and 28,571 square feet of rentable retail.

General Project Location



This study is designed to forecast the annual revenues that will accrue to the Town of Davie and its CRA under the proposed use. The study used the rates and fees that were in effect as of the date of the report.

Study Conclusions

The study concludes that the proposed development would provide an estimated \$29,364,652 in total revenue over a ten-year period. Of that amount, \$7,406,552 represents one-time development-related revenue for impact fees and building permits.

The annual revenues to the Town after all phases are built are expected to be \$3,290,911, growing to \$3,654,986 in 2037.

The project would add more than \$340,388,713 in taxable value to the Town. It would be the largest taxpayer in the Town and would likely lead to other similar uses in the Town's Transit Oriented Corridor, further increasing the property tax base.



SOURCES OF REVENUES

The Town of Davie levies taxes, fees, assessments, and charges on several sources. The Town also receives more intergovernmental revenue as its population increases. The proposed development, if completed all at once, will initially generate \$2,883,001 annually, though with phasing and assumed inflation factors for the various revenues the project will likely generate \$3,290,911 in its first full year of completed development. Table A summarizes the annual revenue sources that would accrue to the Town were it all to be built in the first year (Table C on page 8 illustrates the revenues associated with phasing and inflation):

Table A
Total Recurring Annual Revenue After FY2033 Before Inflation

Property Taxes	\$ 1,990,151
Fire Assessments	247,774
Franchise and Utility Taxes	290,143
Intergovernmental	354,933
Total Annual Revenue	<u>\$ 2,883,001</u>

(assumes no phasing of project)

The Town levies various impact, permit, and other fees on new development. These fees are used for capital improvements within the Town or to pay for development-related improvements made by the Town. Other fees are collected to pay for the services provided new construction. Table B details the impact, building permit, and engineering fees that the Town will collect from this project:

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Table B
One-time Development-related Revenue, Restricted as to Use

Police Impact Fees	144,027
Fire Impact Fees	190,153
Parks and Recreation Impact Fees	717,702
General Government Impact Fees	94,370
Inclusionary Fee	1,494,858
Building Permit Fees at 2.00%	4,765,442
Total One-Time Revenues	<u><u>\$ 7,406,552</u></u>

(continued)



EXPLANATION OF REVENUE SOURCES, CALCULATIONS, AND ASSUMPTIONS

Property taxes, franchise fees, utility service taxes, and fire assessments can be calculated with a substantial degree of certainty. Intergovernmental revenue increases as population increases, but the Town does not directly control this revenue source.

The various revenue sources, their impacts, and the major assumptions used in determining the projection are detailed in the following sections.

PROPERTY TAXES

The proposed project, once complete, will generate \$1,990,151 annually in Town property tax revenues.

Property taxes are a function of the property's taxable value and the property tax rate levied by the Town. The property tax rates used in this report are \$5.625 per \$1,000 of taxable value for operating purposes and \$0.2217 per \$1,000 of taxable value for voted debt service. These are the rates that the Town proposes to levy for fiscal year 2023. The taxable value is calculated from the assessed values less exemptions on each parcel. Both the assessed values and any exemptions are set or determined by the Broward County Property Appraiser's office. The assessed and taxable values of the proposed development were based upon a \$200/square foot for retail and \$294,090 for each apartment. The estimated taxable value for the proposed development was \$340,388,713. The estimated taxable value by phase is:

	<u>Taxable Value</u>	<u>Increase From Prior</u>
Current Use	8,932,380	-
Phase 1	70,290,269	61,357,889
Phases 1 & 2	149,090,257	78,799,988
Phases 1, 2 & 3	340,388,713	191,298,456
Increase from Current Use		331,456,333

The current taxable value for the two parcels is \$8,932,380. Taxable value is less than market value. Currently, the Town receives \$52,225 in property taxes from the two Parcels and the third parcel owned by the Florida Department of Transportation is exempt from property taxes.

FIRE ASSESSMENTS

The Town proposed to levy \$0.4671/square foot for commercial and \$206 per residential unit for an annual fire assessment. We estimate that this revenue will be \$247,774 annually. Currently, the Town receives \$38,050.

FRANCHISE AND UTILITY TAXES

The proposed project will generate \$290,143 annually from franchise fees and utility service taxes.

The Town of Davie levies a 5.9% franchise fee on electrical consumption. The Town also levies a utility service tax of 10% on electrical, propane, and natural gas consumption. We based our estimates upon energy consumption and expenditure surveys conducted by the U.S. Department of Energy, Energy Information Administration, and the project's estimated square footage. The Town also levies a franchise fee on solid waste services. Currently, the Town receives an estimated \$18,449.

INTERGOVERNMENTAL REVENUE

The proposed project will generate an additional \$354,933 intergovernmental revenue for the Town. The Town receives gas taxes, shared sales taxes, and other shared revenues, largely based upon the Town's population. The intergovernmental revenue estimate is based on an added

2,276 residents, or 2 persons per apartment. The Town does not receive any intergovernmental revenue currently from this source as the property is entirely commercial.

UTILITY SYSTEM NET OPERATING REVENUE

The proposed project is not in the Town's water and sewer service area; therefore, no revenues are generated.



TEN-YEAR FORECAST OF REVENUE STREAMS

Table C illustrates the forecast of the various revenue streams from the project over a 10-year period beginning in fiscal year 2028, which is the estimated first fiscal year the project will on the tax roll. Over that 10-year period, the Town is expected to receive \$21,958,100. Added to the one-time development-related revenues of \$7,406,552, the Town over the ten-year forecast period would receive an estimate total amount of \$29,364,652.

Table C
10-year Forecast of Recurring
Revenue

Phases	Fiscal Year	Property Taxes	Fire Assessments	Franchise and Utility Taxes	Intergovernmental	Total Annual Project Revenue
	Growth Factor	3%	2%	1.50%	2%	
1	2028	410,966	51,165	59,915	73,294	\$ 595,340
1	2029	423,295	52,189	60,813	74,760	\$ 611,057
1	2030	435,994	53,232	61,725	76,255	\$ 627,207
1 & 2	2031	952,515	115,168	132,888	167,408	\$ 1,367,978
1 & 2	2032	981,090	117,471	134,881	170,756	\$ 1,404,199
1, 2, & 3	2033	2,307,130	273,563	312,566	397,652	\$ 3,290,911
1, 2, & 3	2034	2,376,344	279,034	317,255	405,605	\$ 3,378,238
1, 2, & 3	2035	2,447,635	284,614	322,014	413,717	\$ 3,467,980
1, 2, & 3	2036	2,521,064	290,307	326,844	421,991	\$ 3,560,206
1, 2, & 3	2037	2,596,696	296,113	331,747	430,431	\$ 3,654,986
Totals		\$ 15,452,730	\$ 1,812,855	\$ 2,060,647	\$ 2,631,868	\$ 21,958,100

