

# The Shelter Group / Housing Services, Inc Real Estate Tax Analysis

- Subject property location: corner of Basswood and N. Riverside
- 17.9 Acre Tract
- Zoned – Multifamily (18 units / acre)
- Potentially 322 dwelling units

## **SCENARIO #1 - Shelter Group / Housing Services Inc. (SG/HS)** **Proposal**

- Purchase 13.4 acres to develop 214 units of elderly (55+) rental housing financed with tax credits and tax-exempt bonds
- Current land owner to keep remaining 4.5 acres (front corner) to sell to retail developer (rezone)

### Stabilized Real Estate Tax Analysis (beginning 2008) for SG/HS tract

- \$8,250,000 – Estimated Fair Market value for taxes for senior community
- \$4,000,000 – Estimated Fair Market value for taxes for retail corner lot
- 1.29 – Keller ISD tax rate
- \$230,000 – Estimated Total Property Full Year Stabilized Property Real Estate Taxes – No tax exemption
- \$106,000 – Estimated Keller ISD Portion Full Year Stabilized Property Real Estate Taxes – No tax exemption

### **Tax exemption scenario**

Percent of Taxes paid to Keller ISD	Annual Amount Paid to Keller ISD (2008)
25%	\$26,500

- \$51,600 – Estimated taxes for retail portion of property
- Combined taxes for 17.9 acres = SG/HS taxes plus taxes generated by corner 4.5 acre lot to be developed as retail = \$77,500

- Therefore, assume \$77,500 / year of taxes paid to Keller ISD from corner lot plus SG/HS parcel
- **Student cost to Keller ISD = \$0 / year**
- **Keller ISD = \$77,500 / year GAIN in income**

## **SCENARIO #2 - SG/HS does not develop subject parcel; most likely scenario is multifamily development**

- Family project up to 322 dwelling units
- Increased likelihood that this parcel will be developed as a family project
  - Submarket occupancy at 95% for the first time in years
  - Future growth in area (e.g. Alliance TownCenter)
  - Increased area desirability as demonstrated by retail and population growth
- Need for 1 student is generated to every 2 family dwelling units
- At 95% occupancy, or 306 units, this apartment community would generate the need for approximately 153 new students per year
- Approximately \$168,000 / year of taxes paid to Keller ISD from apartment community (assume a \$13,000,000 fair market value)
- Estimated cost per student per year = \$5,800 (based on 2005 budget of \$145M with 25,000 students)
- For 153 students → cost to Keller ISD = \$887,000/year
- **Keller ISD = \$719,000 / year LOSS in income**
- **Therefore, granting the tax exemption is approximately \$800,000 per year better for Keller ISD**