

November 19, 2024

BLOOMFIELD HOMES

ECONOMIC DEVELOPMENT INCENTIVE APPLICATION

Presented:

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City Council



OBJECTIVE

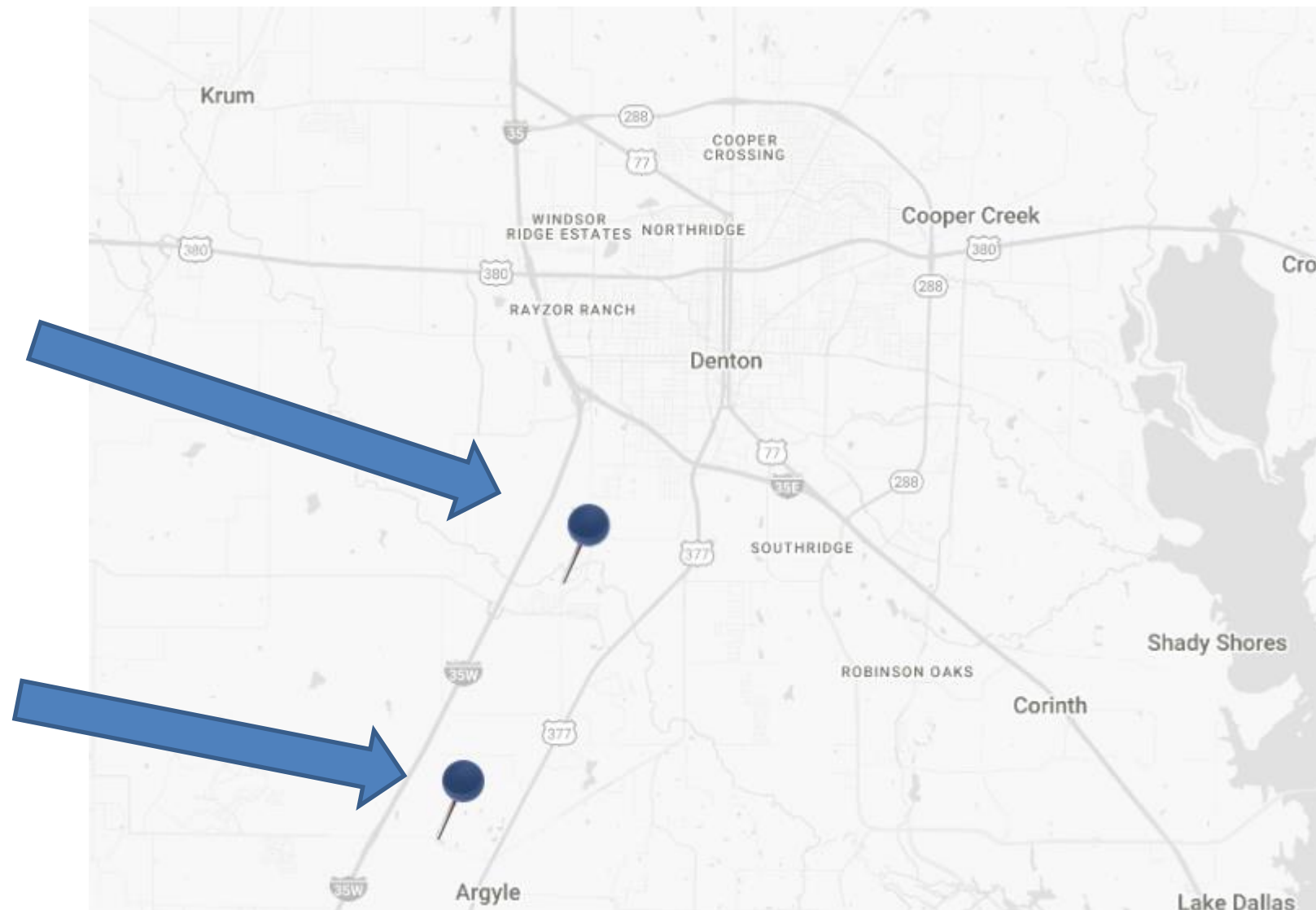
Present an incentive application for Bloomfield Homes and seek approval for incentive agreement.

COMPANY BACKGROUND

- Market leading homebuilder focused primarily in the DFW metro area.
- Headquartered in Southlake and founded in 2004.
- Constructing 248 new homes in two communities in Denton:

Country
Lakes (160
lots)

Glenwood
Meadows
(88 lots)



INCENTIVE REQUEST

- Bloomfield Homes pays local sales taxes on construction materials (lumber, stone, appliances, etc.) where suppliers have “places of business” or warehouses.
- Alternatively, Bloomfield homes can issue suppliers its *Texas Direct Payment Permit*. This allows a homebuilder to pay taxes on materials based on local tax rates due at “job sites.”
- Bloomfield Homes proposes that the City enters a **10-year Chapter 380 agreement**. Through the use of their Direct Pay Permit, the company will receive a 33% rebate on sales tax and the City will retain 67% of the new revenue.

TEXAS DIRECT PAYMENT PERMIT

- Allows qualified purchasers to pay taxes directly to the Comptroller rather than to the seller.
 - To qualify, a company must have an expected taxable purchases volume of at least \$800k annually.
- Items purchased under a direct pay permit must be for the purchaser's own use and not for resale.
- Bloomfield Homes utilizes this permit to divert sales tax funds from material purchases to 21 communities like:
 - Anna
 - Celina
 - Justin
 - Lavon
 - Little Elm
 - Mansfield
 - Mesquite
 - Midlothian

CONSTRUCTION MATERIALS TAX BREAKDOWN

Average cost
of materials
per house

\$75k

X

Local Sales
Tax Rate

1.5%

=

Average local
sales tax from
materials per
house

\$1.1k

x 33% =

x 67% =

Bloomfield share
per house

\$375

CoD share per
house

\$750

NEW LOCAL SALES TAX 10-YEAR PROJECTION

CoD Share of Local
Sales Tax on Materials
per House

\$750

x

New Homes in Country
Lakes and Glenwood
Meadows

248

=

Total CoD Share
of New Local
Sales Tax

\$186k

NEW LOCAL SALES TAX GROWTH RATE OPTIONS

Inflation Rate	CoD Share of New Local Sales Tax
Current Materials Prices (0% Inflation)	\$186,000.00
Materials Price Increasing 5% Annually	\$237,270.90
Materials Price Increasing 8% Annually	\$278,907.00

RETURN ON INVESTMENT

EXPANDS TAX BASE

- Provides the City with over \$186k in sales tax that would otherwise fall under a different jurisdiction.

BUSINESS RETENTION

- Retaining 992 construction jobs
 - Denton Labor Force: 83,745
 - 2023 Census Population Estimate: 158,361

SUSTAINABILITY

- Bloomfield Homes utilizes high efficiency HVAC, lighting, appliances, etc.

CHARITABLE COMPANY

- The company manages a food pantry and sponsors library reading programs.

INCENTIVE RECOMMENDATION

- Chapter 380 Grant: sales tax rebate on materials at 33% for 10 years

OPTIONS

1. Staff recommendation: 10-year, grant-based incentive.
2. No incentive.

QUESTIONS?