

TEDC 2022 CEDA APPLICATION

All Applications Must Be Received by August 19, 2022

The 2022 CEDA nominations will be judged in each of the five categories that have made the most significant contribution to economic development in their community and the State of Texas.

AWARD CATEGORIES

The CEDA will be given to one community from each of the following five population categories: (as currently marketed). Mark the population category for which you are applying.

- Population less than 10,000 X
- Population 10,001 to 20,000
- Population 20,001 to 50,000
- Population 50,001 to 100,000
- Population 100,001 to 250,000
- Population 250,001 and above

NOMINATION:

Name of Community: City of Navasota

TEDC Member Name: Rayna Teicheira (individual member, not organization)

Telephone #: 936-825-6475

Email Address: rteicheira@navasotatx.gov

Community Population (as currently marketed): 8,068

Application Submitted By: Rayna Teicheira on behalf of City of Navasota

Email Address: rteicheira@navasotatx.gov

Media Contacts: [optional]

Organization: Navasota Examiner Contact Name: Ana Cosino

Email Address: publisher@navasotaexaminer.com

Organization: KBTX Contact Name: _____

Email Address: news@kbtv.com

SUBMITTED FOR:

- Business Retention X Business Attraction
- Business Expansion X Community Involvement

SUMMARY REVIEW

Please attach a brief description of the economic development efforts and accomplishments of the project or program (specific to the project or program for which you are submitting the application). Within this description, address the awards criteria of innovativeness, transferability, community commitment, measured objectives and secondary benefits. The narrative portion of the application is limited to four (4) conventionally formatted 8.5" x 11" pages. Please also submit up to five (5) digital photographs (jpeg) to amy@texasedc.org. The photos must be submitted with the application form. The photographs will be presented during the CEDA luncheon at the TEDC's 2022 Annual Conference.



**TEDC 2022 CEDA Award
(Champion Home Builders, Inc.)**

OVERVIEW

In November 2021, Skyline Champion announced the opening of a two-plant campus, Champion Home Builders, Inc., in a 270,000 square foot facility in the Navasota Industrial Park in Navasota, Texas. The company will invest over \$10 million and create approximately 250 jobs over the next few years, greatly contributing to Navasota's local workforce and economy.

Champion Home Builders, Inc., a subsidiary of Skyline Champion is a nationwide leader in the manufactured housing history, based out of Troy Michigan. Since 1953, the company has expanded to become one of the top builders of manufactured and modular buildings in the world, with over 40 facilities located in North America and over 7,700 employees. The company specializes in manufactured homes, modular homes, mobile homes, park models, and commercial modular buildings that are sold across the world.

INNOVATIVENESS AND LEVERAGE

The ability to partner with different organizations and leverage a variety of incentives demonstrated an innovate approach to business retention and expansion efforts to benefit the region and allow Champion Home Builders, Inc. to expand their operations into Navasota.

The 270,000 square foot facility was acquired in June 2021, and by November 2021, the facility had been retooled and hiring was well underway to make the first production line operational by the end of the year. During this time, the company worked with the City of Navasota to ensure the expansion of the second production line was feasible.

One tool the city has in place for companies moving into the Industrial Park are Industrial Agreements. Since the Navasota Industrial Park is located outside of the city limits, the companies benefit by not being tied to zoning requirements, municipal regulations, and full payments of city sales/property taxes. Each Industrial Agreement varies; however, all companies benefit from city utilities (natural gas, water, and wastewater) and municipal fire and police services.

To specifically help Champion Home Builders, Inc. with their expansion efforts, the City of Navasota worked closely with CFO Services to nominate Champion Home Builders, Inc. for the Texas Enterprise Zone Program (EZP). This was the first EZP nomination in

Navasota and Grimes County's history, and the first experience CFO Services had with the Enterprise Zone Program. The city and CFO Services worked closely together to successfully submit the application by March 1, 2022. On May 23, 2022 the City received notification from the Governor's Office of Economic Development and Tourism that Champion Home Builders, Inc. was granted approval of a Texas Enterprise Zone project designation, and would be eligible to receive up to \$80,000 in state sales and use tax refunds.

During this time, Champion Home Builders, Inc. also worked closely with Grimes County to apply for a Chapter 381 agreement. With a guaranteed minimum investment of \$5,000,000 in eligible property and a minimum job creation of 40 jobs and other provisions, Grimes County approved a Chapter 381 agreement with Champion Homes in April 2022. The agreement is for a 3-year period, in the form of a grant reimbursement for property taxes paid to the county with the following schedule: 2023 – 100% of previous year's ad valorem on eligible property, 2024 – 50% of previous year's ad valorem on eligible property, and 2025 – 25% of previous year's ad valorem on eligible property.

The collaboration between Champion Home Builders, the City of Navasota, Grimes County, and the Governor's office allowed the company to leverage multiple resources needed to successfully establish Plant 1 operations and start preparing for expansion as they anticipate hiring an additional 150 employees when Plant 2 begins production in 2023.

TRANSFERABILITY

With a population of only 8,000, the City of Navasota and Economic Development Corporation has limited funds to provide cash grants as incentives. This has led the city and the economic development team to take a creative approach to economic development and find innovative ways to attract companies and help business expansion efforts.

Other small cities and economic development organizations similar to Navasota can benefit from being aware of the different resources available outside of their organization, and use those to attract and retain large employers. Also, establishing and maintaining relationships with different entities, such as staff from the Governor's Office, commissioners and the economic development team in the county, and other resources and mentorship programs offered through TEDC can help smaller cities navigate these programs.

With the City's ability to provide municipal services to the company, the award from the Texas Enterprise Zone Program, and the Chapter 381 agreement from the county, Champion Home Builders, Inc. will be able to remain and expand their second plant in Navasota.

COMMUNITY COMMITMENT & SUPPORT

The City of Navasota continues to support Champion Home Builders. In early 2022 during the nomination process for the Enterprise Zone designation, City Council unanimously supported and approved the designation. The company has also become involved in the community, by making donations for the annual Blue Santa charity event and inviting City Council, City staff, the EDC, and Chamber of Commerce to come tour the facility and learn about their production process and hiring needs. Champion Home Builders has already made a presence in Navasota and their commitment to hiring local has been an advantage to our local workforce and economy.

MEASURED OBJECTIVES

The primary objective of this project was to ensure that Champion Home Builders, Inc. would open their first plant and have the capacity to expand and eventually open their second plant. Although the property was acquired in June 2021, conversations between the City's economic development team and the company did not begin until Fall 2021, and that is when the process began for the EZP application and the Chapter 381 negotiations. When the company learned about the city and county's support of the business and our commitment to help find the resources for them to succeed, they made their formal announcement in November 2021 to open up their plant and begin hiring. By April 2022, Champion Homes had already hired over 100 local team members and by May 2022 they had already begun planning and engineering for the expansion of Plant 2 in 2023, in which they will hire an additional 150 employees.

Although not a direct benefit to the City of Navasota, but to the local, regional, and state economy, during the [Skyline Champion Corporation Q1 2023 Earnings Conference Call](#) in August 2022, some of the company's overall recent growth have been attributed to their plant in Navasota. Laurie Hough, Executive Vice President and Chief Financial Officer for Skyline Champion mentioned, "We saw revenue growth of \$204 million in the U.S. factory built housing segment during the quarter, which was driven by an increase in the number of homes sold and an increase in average selling price. The increase in number of homes sold was 7% or 441 units for a total of 6,813 homes, compared to the same quarter last year. U.S. volume increases were attributable to shipments from the Navasota, Texas plant and streamlining of our core product offerings." In that same call, Chief Executive Officer, Mark Yost, mentioned, "The team's ability to produce more quality homes during the quarter was also due to the production ramp of our Navasota, Texas plant. We expect output at this plant to increase for the remainder of the year as it reaches optimal run rates. The operations team far surpassed expectations in the production of FEMA disaster relief units this quarter."

SECONDARY BENEFITS

This project has allowed the economic development team in Navasota to take a creative approach to gain and help a large employer in Navasota expand. Although there was extensive research and learning throughout the process, successfully going through the application process for the Texas Enterprise Zone Program, allowed the team to gain the experience necessary to feel confident going through this process again for future large-scale prospects. The Navasota economic development team was committed to

making this a successful project and by successfully leveraging partnerships, using local resources, utilizing external funding opportunities, and developing a positive relationship with the company, Champion Home Builders, the Navasota community, Grimes County, and the state of Texas were all able to and will continue to benefit.