

Planning Department

COLUMBUS TAX ALLOCATION DISTRICT COMMITTEE

Funding Request for Midland Commons

Tax Allocation District (TAD): Midland Commons (#7)

- PURPOSE:** To approve a grant up to \$11,615,000 from the Midland Commons TAD Fund to make off-site improvements to enhance traffic circulation and on-site infrastructure improvements that will support the creation of the development of Midland Commons.
- PROJECT NAME:** Midland Commons
- PROJECT OWNER:** JMC Flatrock Partners LLC
- LOCATION:** 6801 Flat Rock Road
Council District: 6 (Allen) School District: 6 (Cantrell)
- DESCRIPTION:** A request for the use of the Midland Commons TAD funds has been submitted to enhance the traffic circulation and on-site infrastructure improvements for the development of the Midland Commons site.
- BACKGROUND:** JMC Flatrock Partners, LLC, purchased the former Swift Mill site which consists of 88.82 acres. For the last several years, the property had been vacant until the applicants purchased the property. Today the site under redevelopment for mixed-use which the applicants propose to construct over 384,000 square feet of:

“new state-of-the art retail and restaurant space anchored by a major grocery store and two larger national retail anchors. In addition, it will include a 100-room hotel, 118 market-rate rental residential units, 26 units of senior housing, and 250 assisted living units.”

The primary purpose of this TAD funding will be used to develop the necessary off-site and internal transportation infrastructure required for this project. The construction of a banquet hall and a science lab at Flat

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Potential Uses of TAD #7 Proceeds		
Potential Expenditure	Estimated Allocation	Total Funds
1. Off-site traffic enhancements/intersection	26%	\$ 3,000,000
2. Internal circulation/infrastructure	34%	\$ 4,000,000
3. Wetlands mitigation	2%	\$ 250,000
4. Traffic & Civil Engineering	2%	\$ 265,244
5. Concrete Removal	6%	\$ 750,000
6. MEA/GA Power Infrastructure	3%	\$ 350,000
7. Banquet Hall/Science Lab At Flatrock Park	26%	\$ 3,000,000
Total TAD Funding Request	100%	\$ 11,615,244

Source: PMC Flatrock Partners LLC

Rock Park is also proposed under the use of these funds. Upon completion, the banquet hall would be the responsibility of the Parks and Recreation Department and the science lab would be under the direction of the Muscogee County School District.

SOURCES AND USES:

Sources	\$	%
Construction Debt	\$11,209,113	41%
Equity	\$7,250,000	27%
Federal Tax Credit Equity		0%
State Tax Credit Equity		0%
Other Equity		0%
Deferred Developer Fee		0%
TAD Grant/Project Specific Excludes MCSB Funding*	\$8,615,244	32%
Other Grants		0%
Total Construction Sources	\$27,074,357	100%

Permanent Debt	\$11,209,113	41%
Equity	\$7,250,000	27%
Federal Tax Credit Equity		0%
State Tax		0%
Other Equity		0%
Deferred		0%
TAD Grant		32%
Other Grant		0%
Total Per		100%
Acquisition	\$6,250,000	23%
Hard Costs	\$2,165,000	8%
Off-Site Improvements	\$4,400,000	16%
Site and Infrastructure	\$6,677,414	25%
Developer Fee/ Commissions	\$777,000	3%
Financing Costs	\$5,000,000	18%
Soft Costs	\$1,804,943	7%
Other		0%
Total Uses	\$27,074,357	100%

**“BUT FOR”
TEST:**

Any consideration for projects receiving TAD funding must pass a “but for” test. Applicants must show that the project would not happen “but for” the requested TAD grant. Under this process, the applicant has stated that without this funding the project would not be financially feasible. The applicant goes on to state that:

“... the total construction cost for horizontal development of Midland Commons to the point of having the "pad ready" sites for vertical development is \$27.1 million. If the development were totally privately financed this would result in a negative return of 19% on the overall investment. This is result of the fact that the development costs for the site, both on-site and off-site, exceed the value of the retail pad sites when sold to retailers/developers. As a result, this development would not be financially feasible. The second financial scenario assumes that a total of \$8,615,244 in TAD funding assistance is provided by the CCG for the development. (This amount excludes an additional \$3.0 million requested by MCSB for a new facility in Flatrock Park) The creation of this public private partnership for Midland Commons results in an overall positive return on the private sector investment in Midland Commons of 19%, indicating the project is financially feasible for attracting debt and equity investors to the development and can proceed. Thus, as this analysis demonstrates, but for TAD funding Midland Commons would not be financially feasible given current construction costs and land sales assumptions.”

PROJECT IMPACT:

Each application is required to provide estimates of new property tax generation, as well as the ability to positively impact new sales and/or lodging tax collections in the City. The estimates here are provided by the applicant for the next 20 years.

Current Assessed Value	\$2,483,912
Estimated Market Value at Completion/Stabilization	\$40,460,620
Estimated Assessed Value at Completion/Stabilization	\$37,976,708
Potential net increase in Assessed Value	1529%

JOB CREATION:

The applicant has stated that during the construction of the project it will generate 54 full-time construction workers for the development of the site. Upon completion of this development, it is estimated that 828 full-time employees will be employed within the 850,000 square feet of development with a project annual payroll of \$21 million.

POTENTIAL BENEFITS:

The applicant has identified the following to be benefits of this project:

- It (will) expand the local economy and create construction and permanent jobs, more than replacing the jobs lost from the closing of the Swift Mill.
- It will generate significant additional tax revenues to support the activities of the City and Schools which are so vital to the area.
- The specific use of the requested TAD funds is for public improvements to the adjacent transportation infrastructure, mitigating the traffic impacts on this vital commercial area of the City.
- In terms of the specific measures of community benefit Midland Commons will address two important elements:
 - Local/disadvantaged employment--the creation of 828 permanent jobs at build-out will provide a broad spectrum of employment opportunities for local and disadvantaged residents seeking employment.
 - Public Access/Amenities--the creation of Midland Commons will add a wide range of retail, restaurant and services to the residents and businesses in this portion of the City of Columbus, providing more direct access to these goods and services than existing in this growing area of the City, and will retain retail spending the City that otherwise would flow to retail offerings in surrounding communities and not in the tax base of the City and Muscogee Schools.

PROJECT TIMELINE:

Start of construction - Mid-2020

Initial occupancy – Early 2021

**TAD
COMMITTEE
RECOMMENDATION:**

The application was reviewed by members of the Tax Allocation District Committee, which consisted of (2) voting members from the Muscogee County School District, one (1) voting member from the Finance Department, one (1) voting member from the Planning Department, and one (1) voting member from the Community Reinvestment Department. Non-voting members consisted of a representative from the Tax Assessors Office, a representative from the City Attorney's Office, and a representative from the Department of Engineering.

In scoring the application, the committee used the *Criteria for Consideration* as established under the Columbus Consolidated Government Tax Allocation District Policies and Guidelines. The following are criteria for consideration of approving a TAD application:

- Creating New Jobs
- Substantially retaining existing jobs
- Bolster the employment and economic base of CCG
- Provide diverse economic opportunities
- Redevelop underperforming and underutilized neighborhoods
- Increase sustainable development practices in commercial nodes
- Decrease blight and poverty
- Reduce crime
- Increase property values and tax revenues to the CCG
- Implement the CCG's comprehensive and transportation plans and economic development strategies.

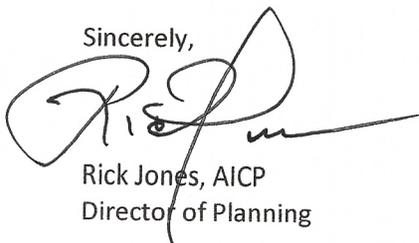
Each of these items was given a weighted score based upon a rating scale, with 1-2 being Poor; 3-4 Fair; 5-6 Good; 7-8 Excellent; and 9-10 Superior. The Committee determined that for a project to be recommended to the Council, it must receive at least an accumulated total weighed score of Excellent. The Committee for this particular project rated the application to be **Excellent**. The Committee cited the following factors in its evaluation process:

- Project will remove blighted area from community and improve the overall quality of the area as compared the former use.
- The proposed development has the potential to significantly to increase property values and tax revenues to the community.
- This project will create 828 FT opportunities per the application with an annual payroll of \$21M. This breaks out to roughly \$25K per family. I am not sure that this average is equitable and I am concerned that the anchor stores will have many jobs that will put people in positions where they will be cost burdened and struggling

- to make it as many won't earn \$25K annually
- If developed properly, this project will provide much needed jobs for the community.
 - This project will increase the economic tax base for Columbus as well as the property values in the Midland area. This project supports developments which should benefit the residents and patrons who frequent the Midland area thus increasing Columbus' sales tax revenues. Although, sales tax revenue estimates may be overstated.
 - Infrastructure and transportation improvements
 - Enhanced educational opportunities with improvements to Flat Rock Park
 - Provides mixed use and retail opportunities not currently available in the area
 - This project will create 828 permanent jobs once the project is completed.
 - Although there are no green building certifications related to this project, this project seems to encourage pedestrian and bicycle activity around the development with access to the city park and trails. There may be some concerns surrounding security in and around the development as the aspect of crime reduction was not adequately addressed.
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- The applicant provides diverse economic opportunities but my prior concerns above outweigh the potential for diversification.
 - No mention of Crime Reduction in the application. It does mention blight reduction which I awarded.

The Committee also recommended that should the Council approve the funding for this project, that it be done under a "Pay As You Go" method. This was determined to be a better process than using bonds to pay for any improvements to the site. Upon approval of the resolution authorizing this funding request, City staff will begin negotiations for the use of the funds and the method to be used for the payout. Once these negotiations have been completed, they will be brought back for the Council's consideration and approval.

Sincerely,



Rick Jones, AICP
Director of Planning

Attachments: Project location map