

TAX ALLOCATION DISTRICTS IMPLEMENTATION PHASE

Columbus City Council
October 27, 2020

Georgia Redevelopment Powers Law: Redevelopment Area Definition

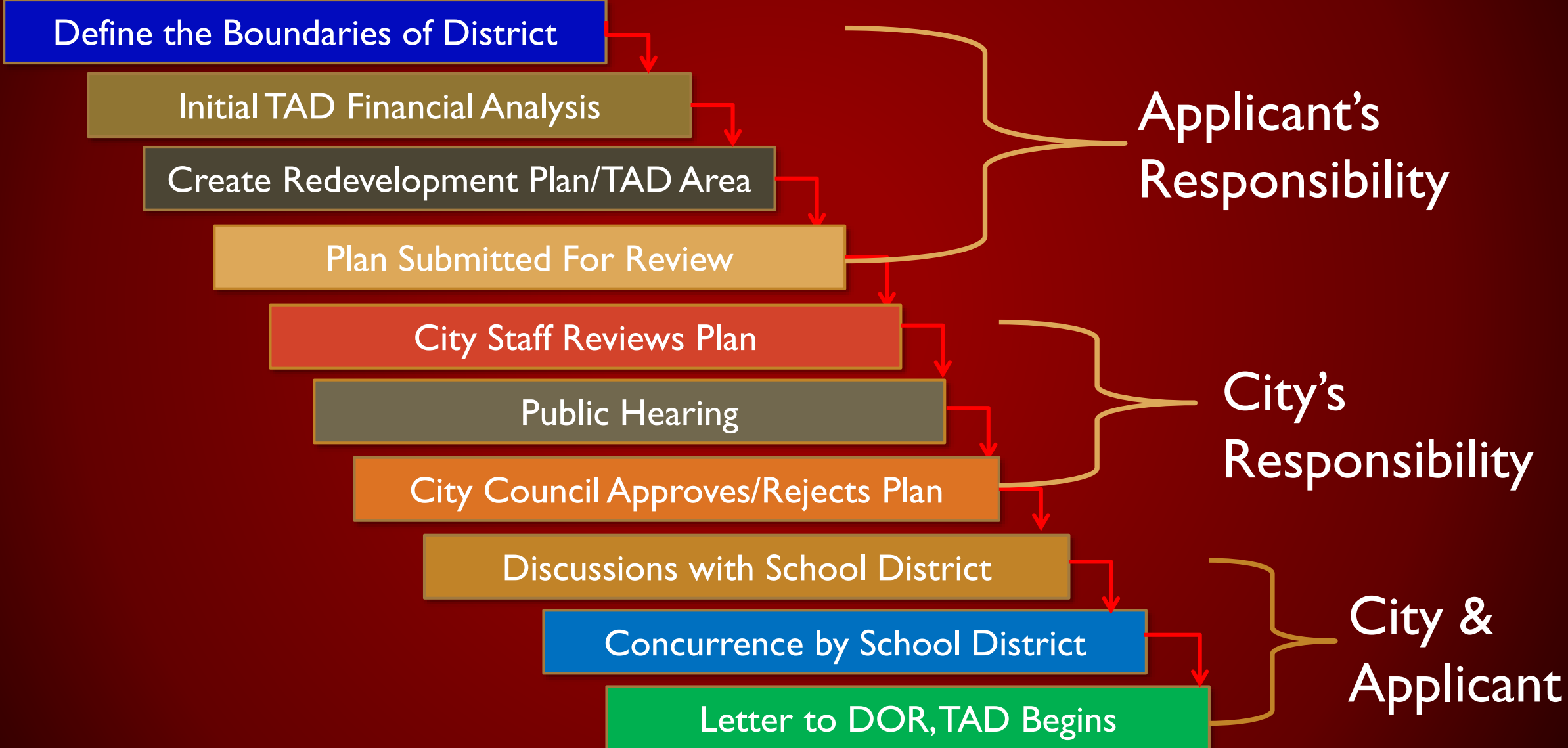
- The redevelopment area meets the statutory definition of a Redevelopment Area under four provisions of the Redevelopment Powers Law.
- These provisions are not equally applicable or prevalent throughout the entire area but clearly meet the intent of the statute.
 - This area exhibits “presence of structures, buildings, or improvements that by reason of . . . **age [and] obsolescence** . . . are detrimental to the public health [and] safety. . .”
 - This area exhibits “evidence of **pervasive poverty** defined as being greater than 10 percent of the population in the area as determined by current data from the U.S. Bureau of the Census. . .”
 - The area includes several locations with the “presence of structures or **buildings that are 40 years old or older** with no historic significance;”
 - The area includes several locations with “high commercial or residential **vacancies**” and where there is a “predominance of **structures or buildings of relatively low value.**”

Three Step Process In Utilizing A TAD

- 1) A state statutory defined redevelopment plan has to be developed**
 - 2) Identify and approve the boundaries of the TAD itself**
 - **Steps 1 and 2 must be approved by December 31 of that year in order to establish a base property tax value as mandated by state law**
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3) Adopt and approve a project within the TAD

Tax Allocation District Approval Process



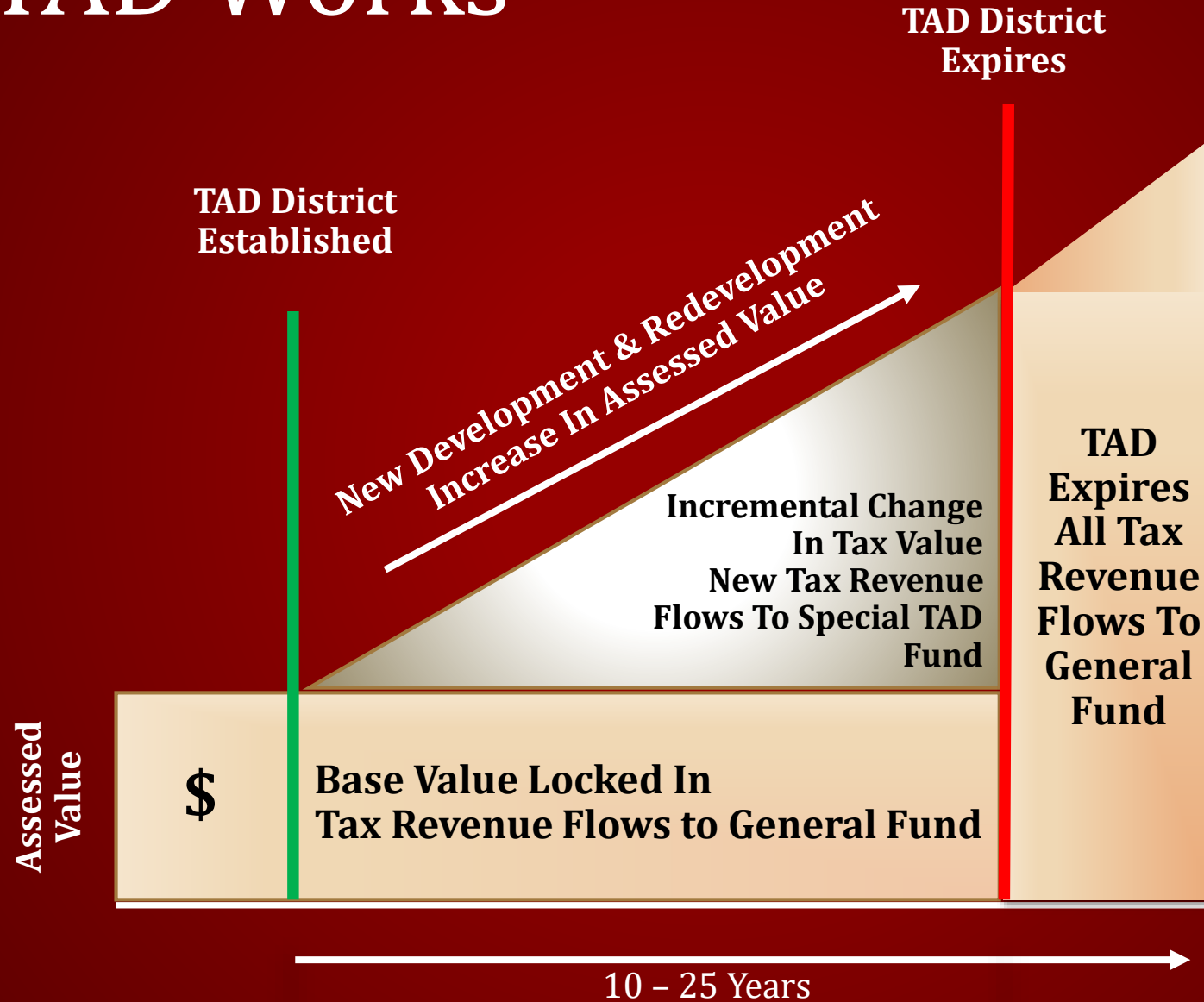
Current Tax Allocation District Status

- **Council has designated itself as the Redevelopment Agency for TAD's**
 - **Development Authority will assist with the administration of potential bonds**
- **Policies & Guidelines adopted by Council October 27, 2015**
- **Seven (7) TAD Districts have been approved by Council**

CCG Tax Allocation District Policies & Guidelines

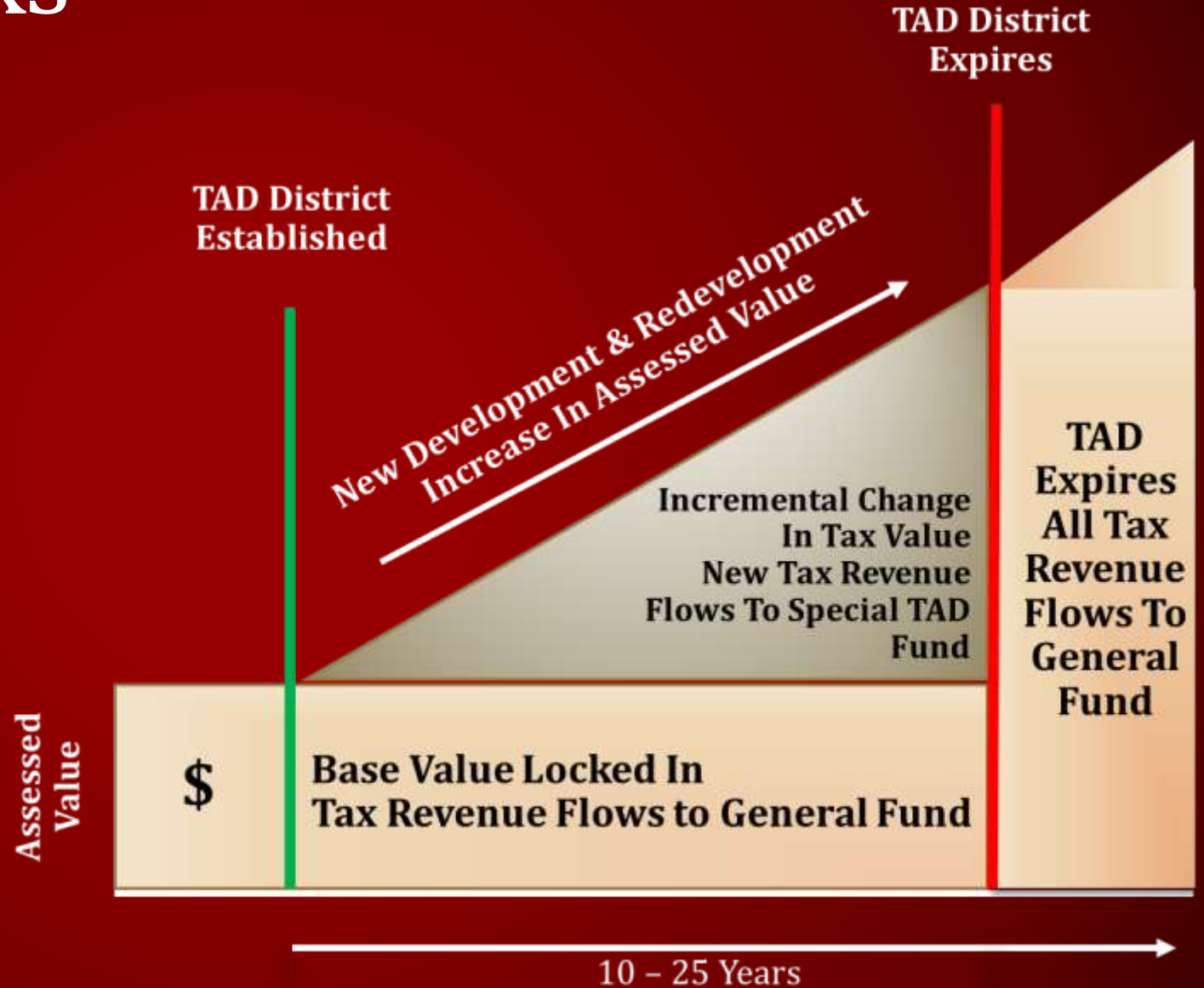
“... the creation of the Tax Allocation District by the CCG simply puts the TAD mechanism in place in the designated area and does not pledge any funding to any project or entity as a result of its creation. The application for specific funding occurs as a separate and later phase of the TAD process” (page 3)

How A TAD Works



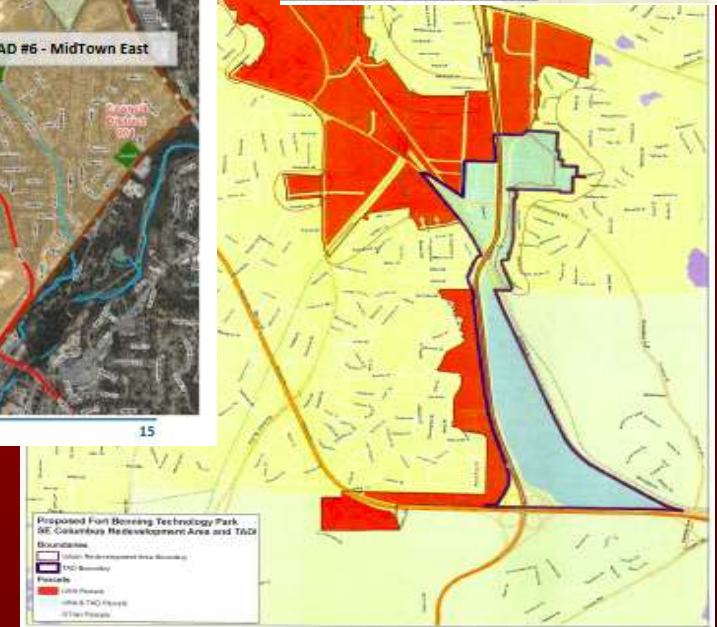
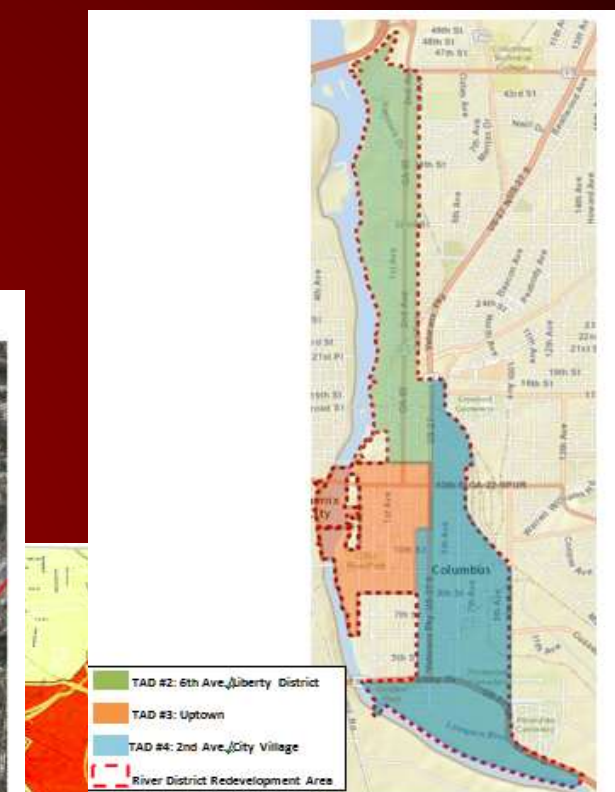
How A TAD Works

- Future property taxes from the new development and future growth are used to pay off Council approved TAD projects to accelerate new development
- All existing property tax revenues established under the base value go to City and Schools
- Only additional (new) property tax revenues pledged to TAD
- Does not impact personal property or SPLOST funds



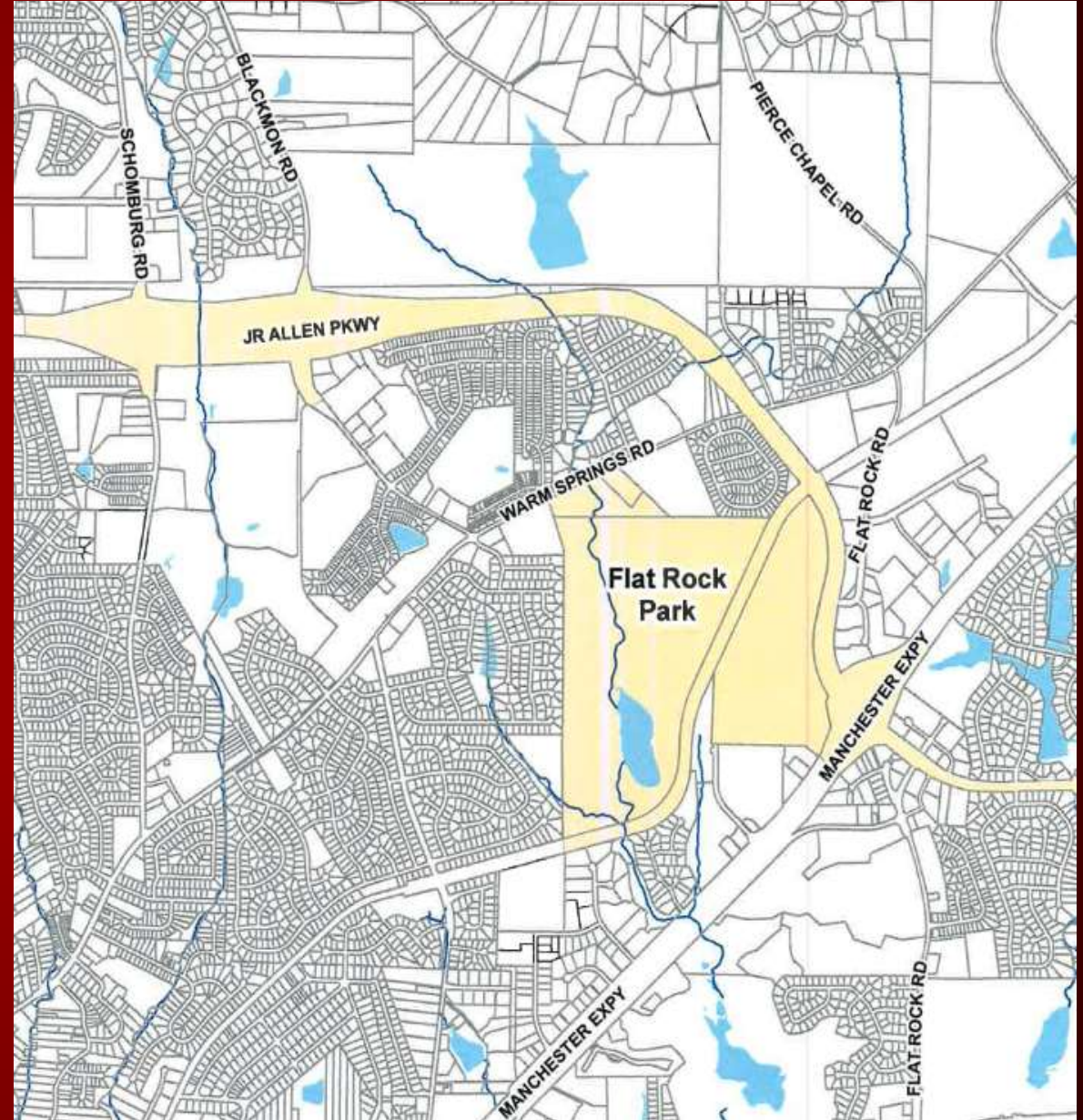
Tax Allocation Districts

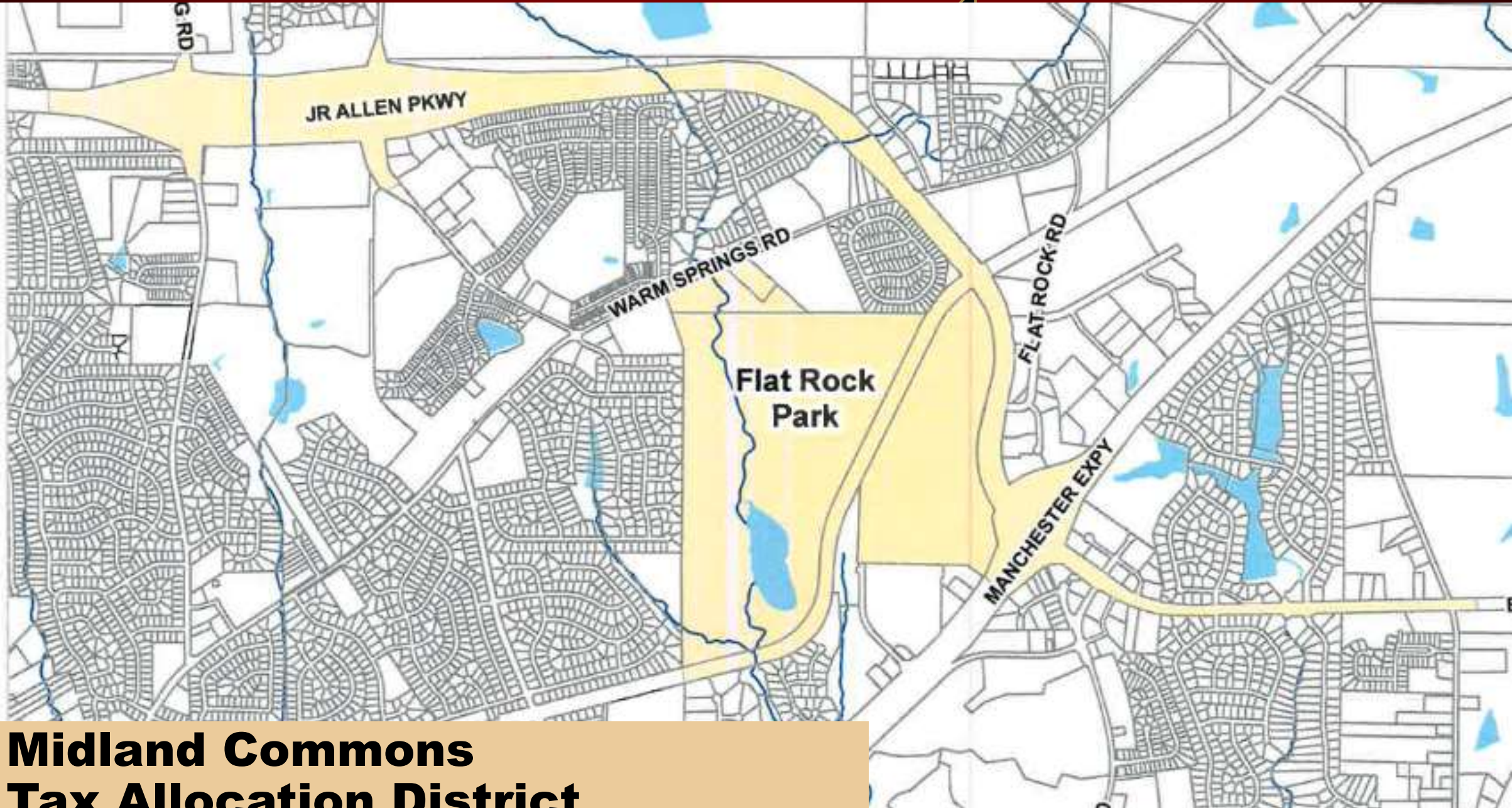
- Ft. Benning Technology Park
 - Approved 12/15
- River District
 - Uptown
 - City Village
 - Liberty District
 - Approved 3/15/16
- Midtown
 - Midtown East
 - Midtown West
 - Approved 10/11/16
- Midland Commons
 - Approved 2/13/18



Midland Commons Tax Allocation District

- Approved 2/13/18
- Site of the former Swift Textiles – 85.39 acres
- TAD includes potential benefits to Flat Rock Park and road improvements to J.R. Allen Parkway
- Redevelopment plan calls for mixed use commercial/residential uses
- Site was rezoned to a PMUD in 2018
- Currently under development





**Midland Commons
Tax Allocation District**

Application Procedures for Use of TAD Project Funds

- Applicant meets with Planning Department staff
- Applicant submits complete application, with required fee
- Planning Director convenes the five member TAD Advisory Committee
 - 3 voting from CCG
 - Planning Director
 - Community Reinvestment Director
 - Finance Director
 - 2 voting from MCSD

Ex-officio members include Tax Assessor, City Attorney, Special Taxing Districts Representative, Engineering Department, & Columbus Water Works

Application Procedures for Use of Project TAD Funds

- Within 60 days TAD Advisory Committee must accept, reject, or reply to the application
 - Planning Department sends application ratings to Council
- Council may:
 - Accept the request and recommendations, directing staff to complete the contractual negotiations
 - Reject the application and project
 - Modify the request and reenter negotiations
- Acceptance: Staff works with applicant on financing and necessary preliminary agreements

Criteria For Implementing A TAD Project

- 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

TAD Project Evaluation Form

- Weighted Scoring System

- Rating Scale:

- 1 – 2 Poor
- 3 – 4 Fair
- 5 – 6 Good
- 7 – 8 Excellent
- 9 – 10 Superior

- Committee established prior to the review of any application that it must score a 7 or better

COLUMBUS CONSOLIDATED GOVERNMENT TAX ALLOCATION DISTRICT EVALUATION FORM
Funding Request for Riverfront Place Mixed Use Development
Columbus Tax Allocation District No 3: Uptown

Description	Score	Weighted Score
Creating New Jobs: Use the below rating scale to rate the applicant's apparent ability to create new jobs for the community with this project.	10%	0
Substantially Retaining Existing Jobs: Use the below rating scale to rate the applicant's apparent ability to retain existing jobs in the community with this project.	5%	0
Bolster the Employment and Economic Base of CCG: Use the below rating scale to rate the applicant's apparent ability to bolster the employment and economic base of CCG with this project.	5%	0
Provide Diverse Economic Opportunities: Use the below rating scale to rate the applicant's apparent ability to provide diverse economic opportunities.	5%	0
Redevelop Underperforming and Underutilized Neighborhoods: Use the below rating scale to rate the applicant's apparent ability to redevelop underperforming and underutilized neighborhoods.	5%	0
Increase Sustainable Development Practices in Commercial Nodes: Use the below rating scale to rate the applicant's apparent ability to increase sustainable development practices in commercial nodes.	5%	0
Decrease Blight and Poverty: Use the below rating scale to rate the applicant's apparent ability to decrease blight and poverty.	5%	0
Reduce Crime: Use the below rating scale to rate the applicant's apparent ability to reduce crime.	5%	0
Increase Property Values and Tax Revenues to the CCG: Use the below rating scale to rate the applicant's apparent ability to increase property values and tax revenues to the CCG.	10%	0
Implement the CCG's Comprehensive and Transportation Plans and Economic Development Strategies: Use the below rating scale to rate the applicant's apparent ability to implement the CCG's comprehensive and transportation plans and economic development strategies.	5%	0
"But For" the Use of TAD Financing the Project Would Not be Economically Feasible: Use the below rating scale to rate the applicant's apparent ability statement that "But For" the use of TAD financing the project would not be economically feasible.	30%	0
Overall Benefit for the Community and Government as a Whole Would be More Advantageous Than To Leave The Property In Its Current Use: Use the below rating scale to rate the applicant's apparent ability to provide overall benefit for the community and government as a whole would be more advantageous than to leave the property in its current use.	5%	0
TAD Proceeds Will Not Result In Private Benefit Or Excessive Profit To Developers Or Other Project Partners: Use the below rating scale to rate whether the TAD proceeds will not result in private benefit or excessive profit to the developers or other project partners.	5%	0

Project must have an accumulated total weighted score of at least 7 for the Committee to recommend approval

Rating Scale	Total Weighted Score	
1-2 Poor	0	
3-4 Fair		
5-6 Good		
7-8 Excellent		
9-10 Superior		

Provide three (3) reasons to support/justify your scoring:

- _____
- _____
- _____

Signature of Evaluator

Print Name

Date

Two Types Of TAD Project Applications

- Private Sector Projects
 - A proposal sponsored by a private landowner, developer, or partnership
 - These applications receive priority
 - Applicants may request additional TAD fund beyond what their project will generate in incremental taxes, but will require additional justification
 - Redevelopment of brownfields and grayfields are given high priority
 - Funding is not retroactive to projects
 - Favorability towards large infrastructure and mixed-use developments
 - Sustainable buildings, diverse modes of travel and fresh food markets are a plus
- Public Sector Projects
 - A proposal by the CCG or unit thereof, or other local governmental or non-profit institution

Private Sector TAD Projects Eligible

- Projects that show permanent jobs –
 - emphasis on technical/skilled full time jobs
- Mixed-use developments
- Medium to high density residential developments

TAD Project Eligible Financing Approaches

- Tax Exempt Bond Financing
- Taxable Bond Financing
- Loan from a Lending Institution
- **“Pay As You Go”**
- Other Financing Structures

Eligible TAD Project Expenses

- Capital Costs
- Land Clearing & Grading
- Real Property Acquisition
- Demolition of Existing Structures
- Environmental Remediation
- Construction of Public Works
- Water & Sewer Connections
- Water Detention & Retention
- Transportation Improvements
- Signaling & Wayfinding Signage
- Streetscapes & Landscaping
- Public Facilities
- Other System Improvements

Eligible TAD Project Expenses

- Other Funding - CCG retains the option to use TAD funding to support other projects by providing TAD funding for other eligible purposes in addition to the capital costs noted above to meet specific project requirements, and subject to the review and approval of the TAD Advisory Committee and Council

Eligible TAD Project Expenses

- Tax Allocation District financial costs:
 - Payment of Interest on any TAD obligations up to 36 months and after the estimated period of construction
 - Reasonable debt service reserves
 - Principal and interest paid to holders of evidences of indebtedness
- Professional service costs
 - architectural, planning, engineering
- Bonds and other forms of financing limited to 25 years

TAD Project Application Requirements

- Financial application shall include:
 - Complete description of the proposed redevelopment
 - Independent financial feasibility study
 - Demonstrates that the development contributes to CCG's goals set forth in the Comprehensive Plan
- Past 10-year trend analysis of real property values for the site
- Three 20-year projections that depict
 - Value of the parcels should redevelopment not occur
 - Value of the parcels should the TAD occur
 - Value of the parcels if the TAD is not approved but minor redevelopment occurs

TAD Project Application Requirements

- Total amount of financing shall not exceed 15% of the project
 - Excess of 15% requires Council approval
- **“But For “**
- Project plans
- Redevelopment of Existing Businesses
 - Business type of major tenants of the TAD area
 - Thorough market analysis
- Supporting documentation of how the final project value is reached
- Clearly demonstrate the feasibility of the proposed project

TAD Project Application Requirements

- Must include evidence that the applicant:
 - Has the financial ability to complete the project
 - Will contribute equity of at least 15% of the total cost of the project
- Five copies of the TAD Project Funding Application Form
- CCG reserves the right to review and approve

TAD Project Accountability

- Additional items to be included:
 - If job creation is not met, TAD assistance may be withheld
 - Businesses to be relocated from other areas must provide sufficient justification for such action
- Second calendar year of TAD
 - File an annual report by March 1 to the Planning Director containing:
 - Amount of positive tax allocation increments and the use of such funds
 - Listing all real property and personal property located in the TAD, and within ten days of its issuance, a copy of the annual audit of the TAD's appointed Redevelopment Agency

Submittal Of Application For TAD Projects

- Form approved by the Planning Director
- Non-refundable Application Fee of 2% of \$2,000
 - City Manager may increase fee up to \$20,000
- Five copies of the TAD Project Specific Plan

Method Of Financing & Length Of Term For TAD Projects

- Direct Reimbursement to the Applicant
- Tax Allocation Bond or Note Financing
- Maximum period – 32 years

Midland Commons TAD Funding Request

- \$11,615,000
 - A pledge of a TAD increment over a maximum period of 25 years
 - Majority of the funding to be used for transportation improvements
 - Includes \$3 million for proposed improvements to Flat Rock Park
 -

Current Funding Balance For All TAD's

- TAD 1 – Benning = \$14,280.34
- TAD 2 – Liberty = \$36,224.13
- TAD 3 – Uptown = \$1,091,445.76
- TAD 4 – 2nd Ave/City Village = \$238,894.45
- TAD 5 – Midtown West = \$379,660.29
- TAD 6 – Midtown East = \$23,142.99
- **TAD 7 – Midland Commons - \$2,000.00**

Midland Commons TAD Funding Request

- If Council approves:
 - Funding would solely come from the Midland Commons Tax Allocation District Funds
 - No General Funds or other city funding sources would be obligated to this project
- Present funding in this TAD district is \$2,000.00
 - Substantial future tax payments from the development will be required to meet this request

Midland Commons TAD Funding Request

- TAD Advisory Committee has recommended approval
 - This application scored a “7” and rated it “Excellent”
 - The Committee also recommended that the use of these funds be performed on a “Pay As You Go” basis

Questions?