

COLUMBUS TAX ALLOCATION DISTRICT COMMITTEE

Funding Request for Highside Market Tax Allocation District (TAD): Uptown (#3)

- PURPOSE:** To approve a grant up to \$1,984,269 from the Uptown TAD Fund to provide for infrastructure improvements to develop a mixed-use redevelopment of a blighted area located in the block between 13th and 14th Street and 2nd and 3rd Avenue.
- PROJECT NAME:** Highside Market
- PROJECT OWNER:** 211 13th LLC
- LOCATION:** 211 13th Street
Council District: 7 (Woodson) School District: 6 (Williams)
- DESCRIPTION:** A request for the use of the Uptown TAD funds has been submitted to provide for infrastructure and right of way improvements needed for the redevelopment project, which will include sidewalks, bus stops, outdoor greenspaces, stormwater and drainage, public parking improvements, and a connection to the DragonFly Trail system.
- BACKGROUND:** The applicant is proposing the redevelopment of the south half of the block that is situated between 2nd and 3rd Avenues, and 13th and 14th Streets. This particular street block over the years has been the home to automobile and financial activities. Under this proposal, the existing two buildings that face 13th Street, along with a new building to be constructed between them, will be developed as a new mixed-use, urban infill project. Uses include space for retail, a restaurant, office space, and a public gathering space where a dilapidated paint shed now stands. The combination of all three buildings will total 47,000 square feet (20,000 for retail, 10,300 square feet for office with the remainder for food and beverage).
- The potential of this project is to take an underutilized and underdeveloped block on a major transportation corridor and rework it to provide new growth and job opportunities.

HIGHSIDE MARKET PROJECT

TAD REQUEST: \$1,984,269.00	
ITEM	BUDGET
LAND	\$ 1,565,000.00
HARD COSTS	\$ 6,202,096.00
SOFT COSTS	\$ 1,438,275.00
TAD- City ROW Hard Costs (Ref Page 42 in TAD Application)	\$ 509,882.00
TAD- Sitework Hard Costs (Ref Page 41 in TAD Application)	\$ 1,293,387.00
TAD- City ROW Soft Costs (Ref Page 43-44 TAD Application)	\$ 47,800.00
TAD Developmet Fee	\$ 33,986.55
TAD Contingency	\$ 99,213.45
FF&E, Impact Fees, Finance & Title	\$ 555,000.00
Total Project Cost	\$ 11,744,640.00

**SOURCES
AND USES:**

Sources	\$	%
Construction Debt	\$9,206,589	82%
Equity	\$0	0%
Federal Tax Credit Equity		0%
State Tax Credit Equity		0%
Other Equity		0%
Deferred Developer Fee		0%
TAD Grant	\$1,984,269	18%
Other Grants		0%
Total Construdion Sources	\$11,190,858	100%

Permanent Debt	\$7,057,386	64%
Equity	\$2,000,000	18%
Federal Tax Credit Equity		0%
State Tax Credit Equity		0%
Other Equity		0%
Deferred Developer Fee		0%
TAD Grant	\$1,984,269	18%
Other Grants		0%
Total Permanent Sources	\$11,041,655	100%

Uses	\$	%
Acquisition	\$1,565,000	14%
Hard Costs	\$7,676,483	70%
Contingency	\$200,000	2%
Soft Costs	\$1,184,375	11%
Developer Fee	\$210,000	2%
Financing Costs	\$205,000	2%
Operating Reserve	\$252,083	2%
Other	-\$251,287	-2%
Total Uses	\$11,041,655	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:

“Because there is substantial site mitigation, design costs, excavation and new infrastructure install, cost overruns are not an uncommon occurrence. t Highside Market is developed on an existing site that affords for pre-existing and unfavorable development conditions. Poor site drainage, inadequate connectivity, grade changes and lack of necessary infrastructure combine to burden this project with substantial economic money pits. Couple this with an unsupporting right of way that is not up to code from a safety or pedestrian friendly perspective, and the project becomes laden with financial setbacks. In order to complete a development of this caliber and to successfully provide for a surrounding public space that will be both safe and inviting, the developer MUST use outside funding sources that are atypical of the common capital stack. This is where the TAD can substantially impact the project proforma and afford for elements that allow the project to become a desirable asset that will be both attractive to investors and Debt sources.

The burdens of existing site conditions and existing public right of way conditions are too costly for the project to bear alone. Remediation of these elements without assistance from an outside funding mechanism will prevent this project for being completed OR if able to be completed, will certainly not afford the citizens of this community the quality with which they DESERVE to have. The TAD funding will not only allow the developer to repair the existing right of way and implement the basic necessities that a city should provide its citizens, it will also provide MORE. Beautification, public sitting areas, new plantings, repair and access to exiting public transportation stops to name a few.

The TAD is specifically seeking to address the monies needed for site infrastructure and Right of Way improvements and is proposing a pay as you go scenario. In doing so, the developer will prepay monies needed to look to address the costs associated with development of these items. The developer will then be refunded these monies and carrying costs over the course of the 15 year period through the refunding of property tax growth values.

Right of way improvements are NEEDED. Redevelopment of a blighted city blocks is NEEDED. Economic infusion and commercial activity in this area of our city is NEEDED. But for the grant monies provided by the TAD, this developmental infusion into our community will not be possible.”

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	\$521,888	
Estimated Market Value at Completion/Stabilization	\$8,000,000	
Estimated Assessed Value at Completion/Stabilization	\$3,200,000	
Potential net Increase in Assessed Value	\$2,678,112	613%

JOB CREATION: The applicant has stated that during the construction of the project it will generate 200 full-time construction workers for the development of the site. Upon completion of this development, it is estimated that 152 full-time employees will be employed with another 228 part-time employees for a total of 389 jobs as a result of this project.

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

- Creation of 380 jobs
- Over \$1.52 million in projected incremental sales and property tax revenue
- Revitalization of a blighted block in the Uptown area
- Reduction of crime
- Activation of public greenspaces, health
- Wellness focused programming
- Improvement of city right of way for increased safety

PROJECT TIMELINE: Start of construction - January 2021
Initial occupancy – November 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, a representative from the Planning Department, 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:

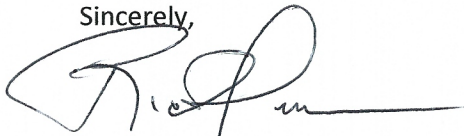
- The proposed TAD project clearly defines commitment to enhancing the neighborhood and community values
- If developed as proposed, project would be a huge benefit to this section of the community
- Solid project for removing blight
- This project will create 380 permanent jobs once the project is completed
- The application is comprehensive and complete
- Property should increase tax revenues to an area that is underperforming today
- Excellent potential for increased tax revenue
- This project transforms vacant, obsolete block in highly trafficked corridor into a hub of restaurants, retail stores, offices, and green spaces. The costs for 3 security officers are included in the project
- The creation of New Jobs of various income levels is attractive as well as the different types of shops that can be afforded to uptown visitors, and residents
- Development will offer new jobs and economic opportunities throughout the city
- I am not sure about the other (TAD) projects, but this project looks to increase job growth in the area
- This project will increase the economic tax base, i.e. sales taxes and occupancy taxes, for Columbus as well as the property values in the Uptown area. However, sales tax revenue estimates may be

overstated as projections assumes all sales taxes remains local when 4% actually goes to the State

- Based on information in the application, the applicant intends on providing diverse economic opportunities

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.

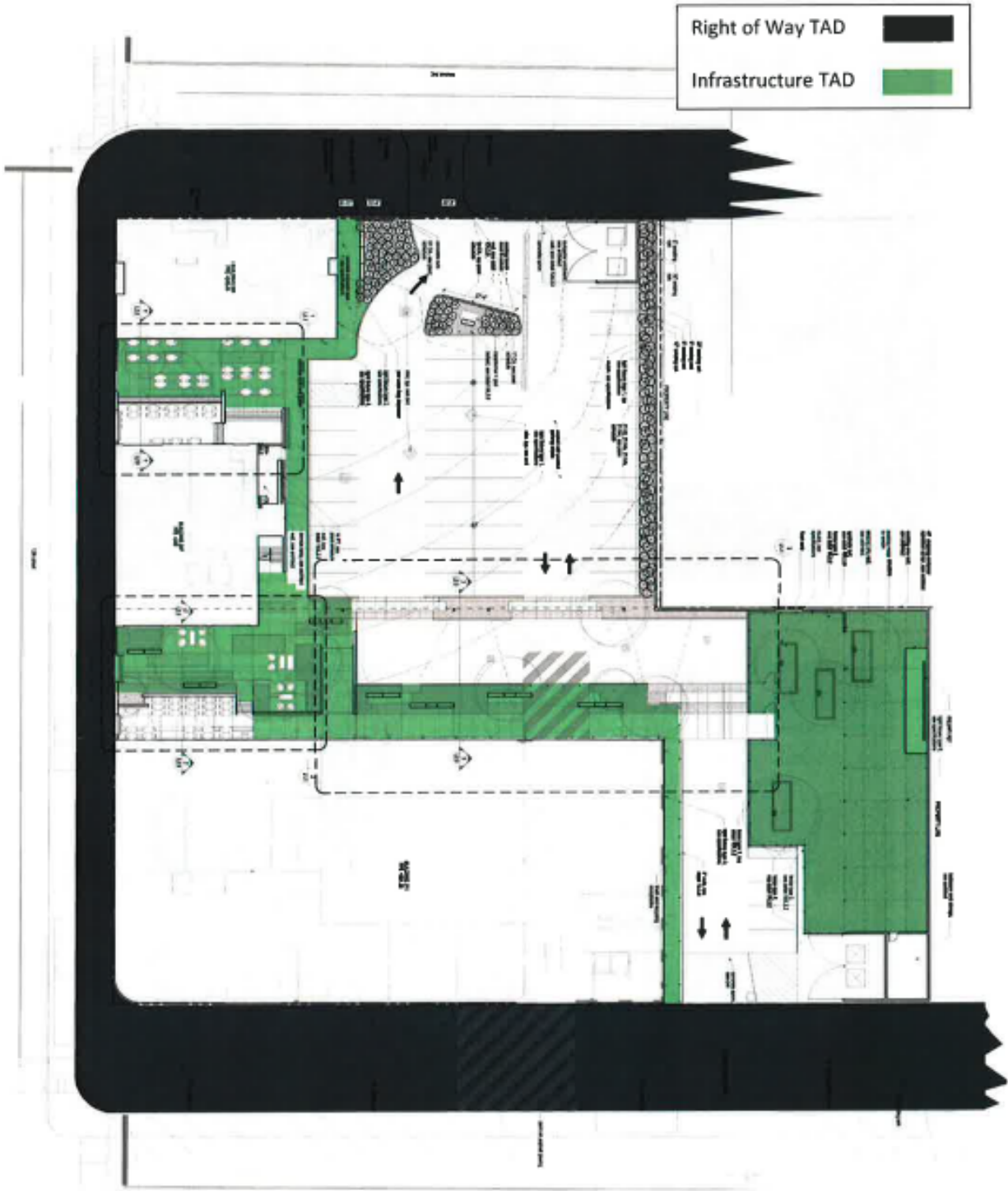
Sincerely,

A handwritten signature in black ink, appearing to read "Rick Jones", with a long horizontal line extending to the right.

Rick Jones, AICP
Director of Planning

Attachments: Project location map





iv. Project Renderings

