

COLUMBUS TAX ALLOCATION DISTRICT COMMITTEE

Funding Request for Elliott's Walk

Tax Allocation District (TAD): South Columbus River District (#8)

- PURPOSE:** To approve a grant up to \$10,170,366 from the South Columbus River District TAD Fund to provide for infrastructure improvements and financing to provide single/multi-family residential units to a blighted area located located at 1104 Leslie Drive.
- PROJECT NAME:** Elliott's Walk
- PROJECT OWNER:** Columbus Housing Initiative, Inc dba NeighborWorks Columbus
- LOCATION:** 1104 Leslie Drive
Council District: 7 (Woodson) School District: 6 (Williams)
- DESCRIPTION:** A request for the use of the South Columbus River District TAD funds has been submitted to provide for infrastructure and financial needs for the construction of affordable single family and multi-family housing.
- BACKGROUND:** The applicant is proposing the development of the property located at 1104 Leslie Drive. In the past portions of this site contained a mobile home park, but is currently vacant. Under this proposal affordable single family and multi-family residences would be constructed in phases. Phases I and II would see the development of 43 single family homes. Phase III would provide for 130 55+ affordable apartments, while Phase IV would provide 56 affordable multi-family "big houses." Under this application the TAD funds would be used to provide the needed infrastructure to include grading, storm drainage, sanitary sewers, water lines, streets, sidewalks, and street lights.

Elliott's Walk				11/23/21
TAD Project Application- Attachment #6				
Tax Increments				
Estimated Incremental Property Values - Elliott's Walk				
Existing Property Values				
Parcels				2
Acerage				38.84
Existing Appraised Market Value				\$1,988,790
Taxable Value				\$795,516
New Development Values				
Property Description	Units	Value per unit	FMV	Assessed Value
Housing				
Single Family Homes	43	\$160,000	\$6,880,000	\$2,752,000
55+ Muitifamily Apartments	130	\$165,600	\$21,528,000	\$8,611,200
Multifamily "Big Houses"	56	\$165,600	\$9,273,600	\$3,709,440
Total Taxable Value at Buildout				\$15,072,640
less Existing Taxable Value				\$795,516
New Incremental Tax Value				\$14,277,124
Potential TAD Proceeds from Elliott's Walk				
New Incremental Tax Value from Development				\$14,277,124
Total TAD Millage Rate				0.040831
Estimated Incremental Property Taxes				\$582,949.25
20 Year PAYGO Option Proceeds				\$11,658,985.00
Estimated PAYGO Payout in Ye	2041			

**SOURCES
AND USES:**

Sources	\$	%
Construction Debt	\$13,451,486	25%
Equity	\$1,462,806	3%
Federal Tax Credit Equity	\$25,643,665	48%
State Tax Credit Equity	\$0	0%
Other Equity	\$0	0%
Deferred Developer Fee	\$722,806	1%
TAD Grant	\$10,170,366	19%
Other Grants	\$2,500,000	5%
Total Construction Sources	\$53,951,128	100%

Permanent Debt	\$3,996,432	7%
Equity	\$19,377,167	36%
Federal Tax Credit Equity	\$7,830,610	15%
State Tax Credit Equity	\$7,072,125	13%
Other Equity	\$1,148,330	2%
Deferred Developer Fee	\$3,971,778	7%
TAD Grant	\$10,170,366	19%
Other Grants	\$384,322	1%
Total Permanent Sources	\$53,951,128	100%

Uses	\$	%
Acquisition	\$2,065,325	4%
Hard Costs	\$34,887,281	65%
Contingency	\$1,515,196	3%
Soft Costs	\$4,159,934	8%
Developer Fee	\$3,971,778	7%
Financing Costs	\$5,134,494	10%
Operating Reserve	\$2,217,120	4%
Other		0%
Total Uses	\$53,951,128	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:

“Providing a large new development of affordable single family residences and affordable multifamily rental apartments is very difficult economically. First, without the proposed TAD benefit, this project could not be done, due to the extensive infrastructure required for streets, drainage, sewers, etc. The additional cost required to be added into each lot cost and resulting sales amount would be at least \$44,014 per unit, increasing the sales amount for each home to beyond the affordable category.

Additionally, the costs of development and construction for the Low Income Housing Tax Credit rental multifamily units are prohibitive without the Gap Financing requested. The numbers simply don't allow development and construction to proceed without the assistance provided by the TAD benefit.

But for the TAD benefit, this significant benefit to the citizens of South Columbus cannot be provided. Even with the TAD benefit, the returns are low, in keeping with the need for affordability.”

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

795,516

Estimated Market Value at Completion/Stabilization

38,675,200

Estimated Assessed Value at Completion/Stabilization

15,470,080

Potential Net Increase in Assessed value

14,674,564

JOB

CREATION:

The applicant has stated that during the construction of the project it will generate 35 temporary jobs for the development of the site. Upon completion of this development, 3 full-time employees will be employed as a result of this project.

POTENTIAL BENEFITS:

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

- The project addresses one of the most critical needs of the community, Affordable Housing
- Creation of 38 jobs
- Over \$14.2 million in projected incremental sales and property tax revenue
- Overall Benefit for the Community as a Whole Would be More Advantageous Than To Leave The Property In Its Current Use
- Revitalization of a blighted area in the South Columbus area
- Reduction of crime
- Provides new affordable single and multi-family housing to an area of the community that is underserved by new housing development
- The applicant's ability to redevelop underperforming and underutilized neighborhoods as evidenced in the 4th Avenue build.

**PROJECT
TIMELINE:**

Start of construction - June 2022
Initial occupancy – August 2023

**TAD
COMMITTEE
RECOMMENDATION:**

Applications are reviewed by members of the Tax Allocation District Committee, which consists 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. For this particular application, the school district members recused themselves due to a potential conflict of interest with the applicant.

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:

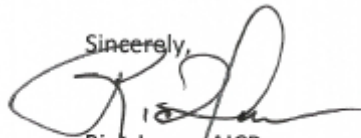
- Creating New Jobs
- Substantially retaining existing jobs
- Bolster the employment and economic base of CCG
- Provide diverse economic opportunities
- Redevelop underperforming and underutilized neighborhoods
- Increase sustainable development practices in commercial nodes
- Decrease blight and poverty
- 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 creates 35 temporary and 3 permanent jobs.
- Project will take underperforming/underutilized property and provide new affordable housing in a section of the community that needs it.
- Project will add value to tax digest.
- This project provides redevelopment of blighted area in South Columbus to serve underserved population, to include low income residents and senior citizens, with affordable housing.
- Project will help decrease blight while potentially encouraging new development along Victory Drive.
- This project will provide for both temporary and permanent jobs for this section of the community.

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, Planning Department

Attachments: Project location map

