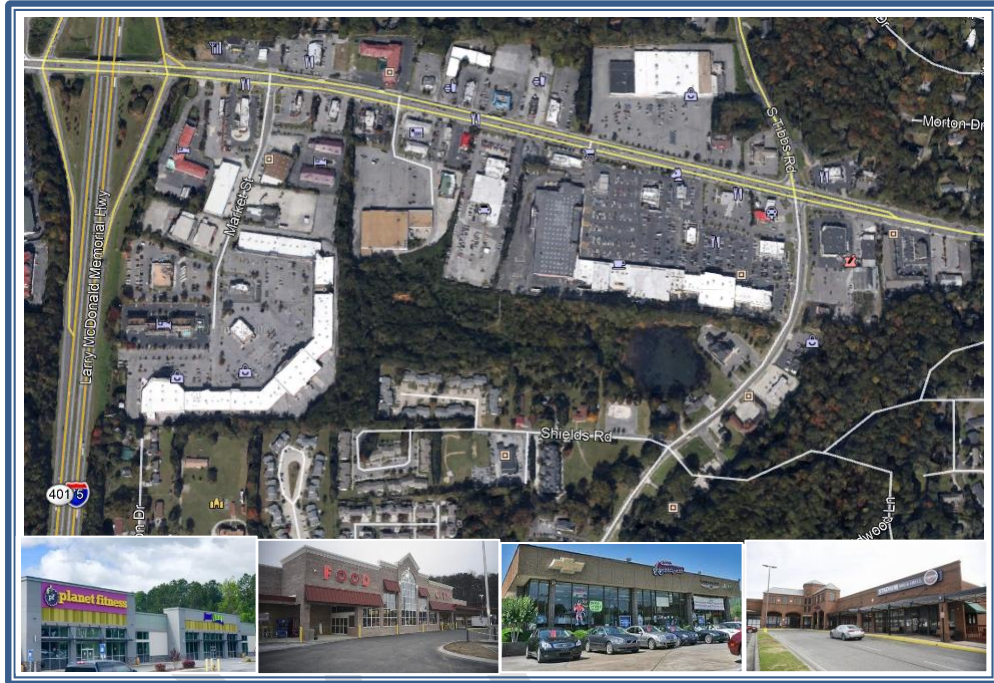


CITY OF DALTON REDEVELOPMENT PLAN: WEST WALNUT AVE. CORRIDOR TAX ALLOCATION DISTRICT



NOVEMBER 2020

Prepared for the
City of Dalton, Georgia and the
Dalton-Whitfield County Joint Development Authority



Prepared by:



BleaklyAdvisoryGroup

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* Headings followed by a letter in parenthesis [e.g. (A)] denote information required per Georgia Code Chapter 36, Title 44.

EXECUTIVE SUMMARY

OVERVIEW

This plan presents the rationale, boundaries, fiscal data, and proposed projects which could result from the formation of the City of Dalton, Tax Allocation District #5– West Walnut Avenue. This redevelopment plan was prepared by Bleakly Advisory Group, Inc. (BAG) in conformance with the provisions of the Georgia Redevelopment Powers Law (O.C.G.A. Title 36 Chapter 44) which governs the creation of the Tax Allocation Districts (TAD) in the state. This plan was prepared in cooperation with the City of Dalton, on behalf of the Dalton-Whitfield County Joint Development Authority.

The redevelopment area described in this Plan includes 77 properties covering roughly 128.4 acres (within individual tax parcels). The significant characteristics of this area are: (a) it contains a large concentration of the City's commercial/retail space and is an important generator of local sales taxes; (b) as the main gateway to Downtown Dalton from I-75, inadequate transportation infrastructure and resulting peak period congestion are becoming a local concern, prompting planned improvements for the area; (c) some portions of the redevelopment area, particularly along Market Street, are beginning to exhibit characteristics of disinvestment and under-utilization, which are prerequisite to the establishment of Tax Allocation Districts; (d) despite the fact that the redevelopment area is mostly developed, there are still more than 24 acres with development potential, which are currently valued at only \$83,000 per acre; (e) the desired future development pattern for the area, as articulated in the Joint City/County Comprehensive Plan, is for its eventual transition to a more mixed-use, pedestrian friendly environment; and (e) general fund property tax collections from the real estate within this area average roughly \$9,030 per taxable acre for all taxing jurisdictions, combined.

The boundaries of the Redevelopment area and TAD are shown on the next page.

WHY THE REDEVELOPMENT AREA QUALIFIES AS A TAD

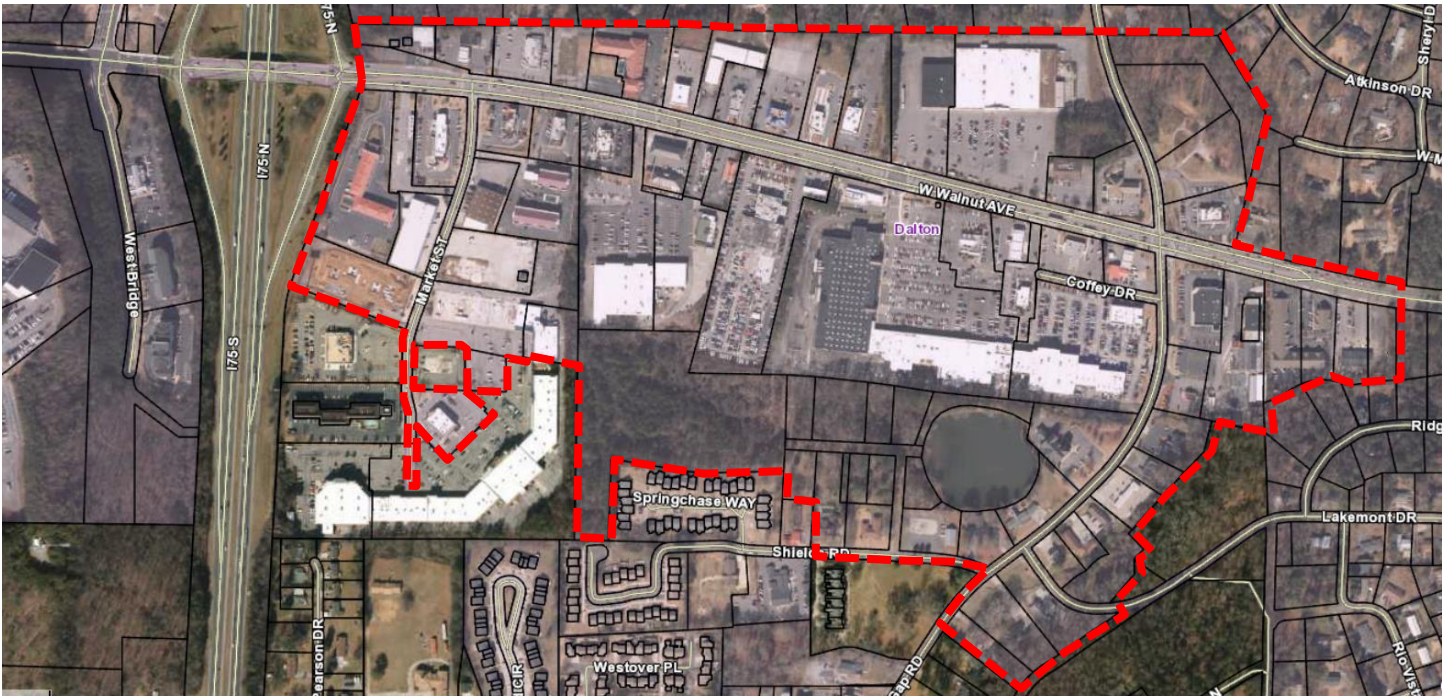
The City of Dalton has the authority to exercise all redevelopment and other powers authorized or granted municipalities pursuant to the Redevelopment Powers Law (Chapter 44 of Title 36 of the O.C.G.A.), as approved by Dalton voters by referendum in 2014.

The redevelopment area qualifies as a TAD under the following specific sections of the Redevelopment Powers Law:

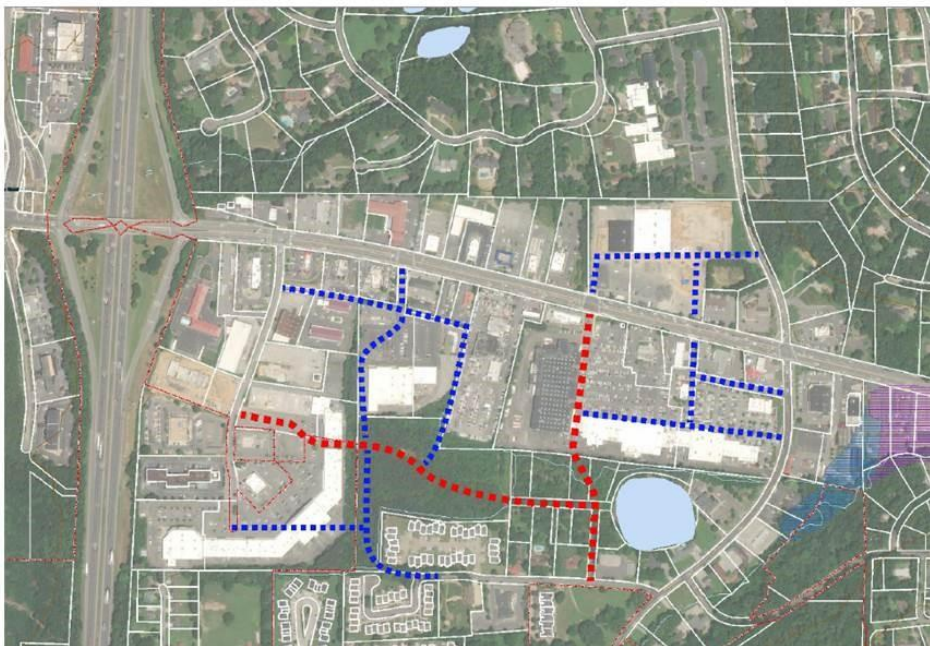
- C (ii) – Deteriorating and/or inadequate infrastructure either at present or following redevelopment.
- A (v) – The existence of conditions...that substantially impair the sound growth of the community.
- B (i) – The presence of structures or buildings that are 40 years old or older with no historic significance.

More detailed justification under these provisions appears in the full report.

Proposed West Walnut Avenue Redevelopment Area and Tax Allocation District
(The proposed Redevelopment Area and TAD share the same boundaries.)



CORRIDOR IMPROVEMENTS INFILL & CONNECTIVITY// WALNUT AVENUE



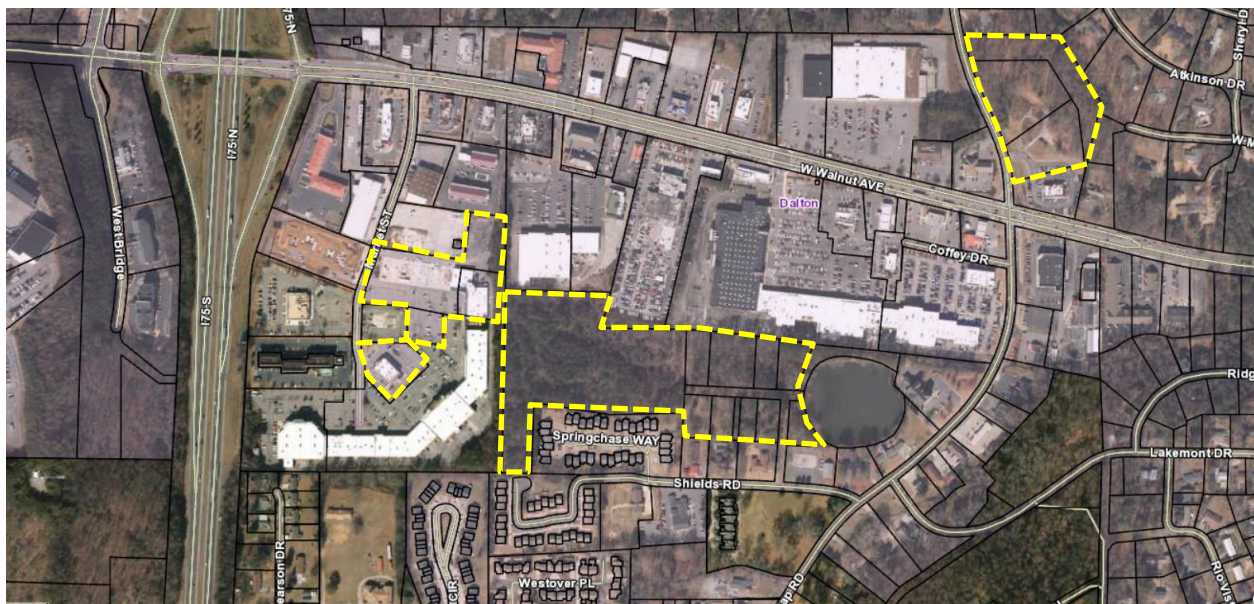
TAD #5 is intended to support proposed corridor and connectivity investments to improve access to the Dalton Outlet Shoppes, reroute a significant percentage of through-traffic to alleviate congestion and provide access to several vacant parcels. The long-term objective of these transportation improvements is to encourage the eventual transition of Market Street and nearby areas into a mixed-use node, consistent with the joint City and County Comprehensive Plan.

PROPOSED REDEVELOPMENT PROJECTS

The proposed Tax Allocation District #5 is intended to assist in the funding of public transportation improvements that will in turn support commercial infill development along and to the south of West Walnut Avenue, including the development of currently landlocked infill sites located to the south of the commercial corridor. The City is currently considering investments in transportation and connectivity improvements to reduce traffic congestion, enhance the appearance of public spaces and improve access to under-performing sites and vacant land. The impact of these public improvements is likely to increase the value of existing development and generate developer interest in infill sites. The general locations of potential infill opportunities are shown in the following exhibit. While development concepts for those parcels have not yet been prepared, the City's objective is to introduce more commercial infill development, mixed-use development, and more diverse, higher-quality housing options to the area. The certification of TAD #5 at the end of 2020 would enable property owners and developers to consider options to request TAD proceeds to enhance their projects and generate increased property and sales tax revenues to the City, County and School District.

Absent of having specific proposals to evaluate, BAG estimated the TAD's future development potential by first assembling data on existing development patterns, densities, and real estate values. After establishing a baseline of existing conditions, BAG then calculated reasonable future development quantities and resulting digest values by testing development scenarios for undeveloped parcels and then applying density adjustments and growth factors to the remaining developed sites. The resulting calculations increase the total developed building square footage within the TAD by roughly 289,000 to more than 1.17 million SF (32%). Average property values for existing buildings also increase by roughly 10%, raising the full market value of all taxable TAD parcels by \$38.6 million (46.4%) in total. Once achieved, estimated future real estate taxes would result in total annual TAD proceeds of approximately \$538,000 per year at build out, assuming all three taxing jurisdictions participate.

Potential West Walnut TAD Infill Sites



POTENTIAL TAD REVENUES AND BONDING CAPACITY

This plan estimates potential bond revenues from future development projects within the TAD, assuming the City of Dalton, the City's independent School District and Whitfield County pledge their respective M&O millage to the redevelopment effort. These tax allocation increments exclude additional general fund real estate taxes associated with the TAD's base digest value at the time it is certified, as well as any business personal property digest associated with future commercial development. BAG estimates that with redevelopment, all property within TAD #5 could generate total real estate taxes of \$56.3 million over the full 30-year life of the TAD. Of that total, slightly less than \$21.6 million (38.3%) would accrue as tax allocation increments to the TAD Special fund and the balance would continue to flow to the respective taxing jurisdictions' general funds. In nominal dollars these revenues grow slowly over the first several years, reaching roughly \$600,000 per year when build out occurs. Future values are then appreciated at an average rate of 1.5% per year thereafter.

In addition to nominal dollars, we prepared estimates of the net present value of those proceeds if discounted at rates ranging from 3% to 7%. The lower discount rates are illustrative of the capacity of TAD proceeds to help repay City issued bonds at interest rates that are typically available for financing public works projects. Discounting future TAD proceeds by 6% or 7% is more illustrative of the range of revenues which might be realized "up front" by private sources, for projects privately financed. BAG has also estimated annual tax allocation district proceeds generated in five-year increments over time periods ranging from 10 to 30 years. These shorter-term projections illustrate possible scenarios in which redevelopment costs are repaid early and the TAD is dissolved at the City's discretion, prior to the end of 30 years. Calculations are summarized as follows.

Estimated Total TAD Increment:		10 Years	15 Years	20 Years	25 Years	30 Years
Cumulative TAD Proceeds (Nominal \$)		\$3,001,939	\$6,618,565	\$10,964,172	\$15,798,480	\$21,564,824
NPV Discounted @ >>>>	3%	\$2,478,178	\$4,934,169	\$7,484,563	\$10,007,336	\$12,461,936
	4%	\$2,330,908	\$4,495,852	\$6,639,334	\$8,659,754	\$10,532,969
	5%	\$2,195,201	\$4,106,236	\$5,911,059	\$7,532,897	\$8,966,399
	6%	\$2,069,996	\$3,759,193	\$5,281,616	\$6,586,454	\$7,686,443
	7%	\$1,954,340	\$3,449,438	\$4,735,930	\$5,788,060	\$6,634,380

Source: Bleakly Advisory Group, Inc.

At typical financing periods of 20 or 25 years, forecasted TAD proceeds discounted at 3% to 4% return a net present value within a range of \$6.6 to \$10.0 million. This range suggests that if for example, the City chose to finance the construction of new road connections and streetscape improvements at typical interest rates available for public improvements, TAD proceeds could potentially "carry" the equivalent of \$7.5 to \$8.7 million in up-front bond principal. Forecasted TAD proceeds discounted at 6% to 7% return a much smaller net present value within a range of \$4.7 to \$6.6 million. This range is more illustrative of the TAD's potential value as an incentive tool to private developers if the City chose to support private investments, as opposed to using TAD proceeds as a funding source for public projects. Within either range of applied discount rates, TAD revenues appear to be significant enough to encourage the desired transition of the redevelopment area toward higher-quality development and land uses.

REDEVELOPMENT COSTS - PROPOSED USES OF TAD PROCEEDS

A representative allocation for the potential use of TAD Funds is itemized below. The intent is to employ TAD proceeds as available and necessary to help finance public improvements, make infill sites financially feasible to develop, and to attract the types of end-users that would positively impact the City and region.

Potential TAD Expenditures (Estimated Eligible Redevelopment Costs)	Lower Range		Upper Range	
	Est. % Allocation	Total TAD Funds	Est. % Allocation	Total TAD Funds
1. Traffic & Streetscape Improvements	50.0%	\$2,640,000	50.0%	\$5,005,000
2. Site Preparation/Development Costs	20.0%	\$1,056,000	20.0%	\$2,002,000
3. Building Rehabilitation/New Construction	30.0%	\$1,584,000	30.0%	\$3,003,000
Total Estimated TAD Funding:	100.0%	\$5,280,000	100.0%	\$10,010,000

Source: Bleakly Advisory Group, Inc.

Estimated TAD proceeds could be used for many purposes in numerous combinations. The table illustrates a representative broad distribution of fund uses among the priorities described in the redevelopment plan at different (low and high) projections of total available revenues. In practice, TAD proceeds will be allocated to specific purposes as development opportunities arise and as specific agreements are negotiated between developers and the City, and with prospective end users.

TAX ALLOCATION INCREMENT BASE

On or before December 31, 2020, the City of Dalton, acting as the redevelopment agent, will apply to the State Revenue Commissioner for a determination of the tax allocation increment base of the proposed tax allocation district. The estimated base digest of the TAD totals \$83.08 million, as summarized in the following table.

City of Dalton Redevelopment Plan TAD #5 Summary - West Walnut Avenue	
Number of Parcels	77
Total Acres	128.4
2020 Appraised (Full Market) Value - Estimated	\$84,893,115
2020 Taxable Digest (City and School District) @ 100%	\$83,080,716
2020 Taxable Digest (Whitfield County) @ 40%	\$33,232,286
City of Dalton 2020 M&O Taxable Digest	\$3,650,867,194
TAD #5 % of Dalton Digest	2.28%

Source: BAG, Whitfield County Tax Assessment Records and the Georgia Department of Revenue.

TAD #5 is estimated to consume 2.28% of the City's estimated M&O tax digest of more than \$3.65 billion. At current millage rates, real property taxes collected within the Tax Allocation District to serve as base are calculated at just under \$1.16 million, itemized as follows:¹

¹ At this time the City of Dalton has no plans to include commercial personal property within the base value of the TAD or to use tax allocation increments from personal property for redevelopment purposes.

Property Taxes to Serve as Base:	Base Digest x	Millage =	Total Taxes
City of Dalton (100%)	\$83,080,716	2.237	\$185,852
School District (100%)	\$83,080,716	8.200	\$681,262
Whitfield County (40%)	\$33,232,286	8.787	\$292,012
Total taxes collected within the TAD to Serve as Base:			\$1,159,126

SCHOOL DISTRICT IMPACTS

Georgia's Redevelopment Powers Law was amended during the 2009 legislative session to include a new provision under section 36-44-3(9)(R) for preparation of a "School System Impact Analysis." The proposed Tax Allocation District will support the rehabilitation and expansion of commercial properties, and the redevelopment of vacant buildings and the development of infill sites that currently lack adequate road access. The fiscal and economic impacts to the Dalton Public Schools from participating in the proposed TAD are estimated as follows:

1. The TAD will affect future appreciation on 2.3 percent of the School District's tax digest. The current amount of property taxes generated from real estate within the TAD, just under \$681,300 per year, will continue to go to the school system—only taxes associated with incremental real estate digest growth above the current base amount are pledged to the TAD.
2. No residential development is currently proposed for TAD #5, that would be expected to generate school enrollment. Available undeveloped parcels have the physical potential to add 30 to 50 students over the long term, depending on whether those parcels can be assembled and how they are developed in the future.
3. There are no Dalton Public School facilities located inside the boundaries of the TAD.
4. Upon completion of redevelopment projects and while the TAD is still in effect, the School District could receive roughly \$875,000 in annual property taxes from within the TAD, including certified base real estate taxes increased personal property taxes. If successful, the TAD could also generate significantly increased sales tax revenues during years in which ESPLOST is in effect, compared a scenario where no action is taken to strengthen the competitive position of retailers within the Walnut Avenue corridor.
5. The School District would receive an additional \$320,000 per year from real estate taxes from the TAD once all redevelopment costs are paid and the TAD is dissolved.

Thus the analysis concludes that the potential gains to the Dalton Public Schools from participating in the proposed TAD will be substantially positive due to the future growth in its tax digest and sales tax revenues, with limited resulting impacts on the demand for school services.

The following report explains the plan's findings in more detail.

INTRODUCTION

This plan presents the rationale, boundaries, fiscal data, and proposed projects which could result from the formation of the City of Dalton, Tax Allocation District #5: West Walnut Avenue. This redevelopment plan was prepared in conformance with the provisions of the Georgia Redevelopment Powers Law (O.C.G.A. Title 36 Chapter 44) which governs the creation of Tax Allocation Districts (TAD) in the state. This plan was prepared by Bleakly Advisory Group, Inc. (BAG) in cooperation with the City of Dalton and the Dalton-Whitfield Joint Development Authority.

The purpose of the proposed TAD is to support existing businesses and future development along the West Walnut Avenue Corridor, which is the primary gateway from Interstate 75 into Downtown Dalton. This area, including the proposed TAD and adjacent parcels located outside the City limits, contains more than 1.0 million SF of commercial development including an outlet center, supermarket anchored shopping centers, several hotels, restaurants, and small office buildings. Developed mainly during the late 1980's, several key "anchor" properties, particularly along market Street, are now under-performing. The corridor's transportation infrastructure and the overall attractiveness of public spaces are aging and in some cases are inadequate to meet the demands of today's consumers.

TAD #5 is intended to help fund needed transportation and connectivity improvements to strengthen one of Whitfield County's largest retail nodes and most important generators of local sales taxes. In addition to public improvements, the TAD may be used to support future retail or mixed-use infill development, as well as possible new rental or for-sale housing. The TAD could be used to enable the projects' respective developers to overcome the added costs of deficient infrastructure, demolition, off site costs, or other impediments which have made development of these properties economically unfeasible to date.

Definition and Contents of a Redevelopment Plan

Sec. 36-44-3(9) of the Redevelopment Powers Law defines a redevelopment plan as "a written plan of development for a redevelopment area or a designated portion thereof which:"

- (A) Specifies the boundaries of the proposed redevelopment area;
- (B) Explains the grounds for a finding by the local legislative body that the redevelopment area on the whole has not been subject to growth and development through private enterprise and would not reasonably be anticipated to be developed without the approval of the redevelopment plan;
- (C) Explains proposed uses after redevelopment of real property;
- (D) Describes proposed redevelopment projects and explains the proposed method of financing;
- (E) Describes any contracts, agreements, or other instruments which are proposed to be entered into for the purpose of implementing the plan;
- (F) Describes the type of relocation payments proposed to be authorized, if any;
- (G) Includes a statement that the proposed redevelopment plan conforms to the local comprehensive plan, master plan, zoning ordinance, and building codes of the political subdivision;
- (H) Estimates redevelopment costs to be incurred or made during the course of implementing the redevelopment plan;
- (I) Recites the last known assessed valuation of the redevelopment area and estimates the assessed valuation after redevelopment;
- (J) States that if any property to be redeveloped is defined or eligible to be defined as a historic property, such historic property will not be substantially altered in any way that is inconsistent with technical standards for rehabilitation; or demolished unless feasibility for reuse has been fully evaluated;

(Continued on next page)

The purpose of this redevelopment plan is to outline a strategy to leverage tax increments from development projects to both make needed public improvements and to offset high site development costs and support new construction. By using the City's redevelopment powers, the intent of this plan is to achieve better quality, higher density development and resulting increased job creation in a much shorter timeline, than would be feasible absent of the proposed TAD.

Required information to support the creation of Tax Allocation Districts in Georgia is outlined in the text box at right. This redevelopment plan follows that general outline. Section headings followed by a letter in parenthesis [e.g. (A)] refer to the relevant section in Georgia Code Chapter 36, Title 44, § 3(9) which defines the required contents of redevelopment plans.

OVERVIEW OF TAX ALLOCATION DISTRICTS

Tax allocation districts are Georgia's version of tax increment financing. Tax increment financing is a redevelopment funding mechanism that reinvests the future taxes from real estate development back into a project as an incentive to attract new private investment into an area. As described by the Council of Development Finance Agencies. (www.cdfa.net), TIF was created and first used in California in 1952. Hundreds of TIF districts have helped spur urban redevelopment in cities across the country. Today, all 50 states and the District of Columbia use tax increment financing.

In 1985, the Georgia General Assembly authorized the formation of Georgia's form of tax increment financing called Tax Allocation Districts (TAD). The purpose of a Georgia tax allocation district is similar to tax increment financing in any other state. It uses the increased property taxes generated by new development within a designated redevelopment area to finance costs related to the development, such as building construction, demolition, public infrastructure, land acquisition, relocation, utilities, debt service and planning costs. Other redevelopment costs a TAD might cover include but are not limited to:

- Sewer expansion and repair
- Storm drainage
- Street construction and expansion
- Water supply
- Park improvements
- Bridge construction and repair
- Curbs, sidewalks and streetscapes
- Grading and earthwork
- Traffic control
- Parking structures, etc.

Sec. 36-44-3(9) continued:

- (K) Specifies the proposed effective dates for the creation and termination of the TAD;
- (L) Contains a map specifying the boundaries of the proposed TAD and showing existing uses and conditions of real property;
- (M) Calculates the estimated tax allocation increment base of the proposed TAD;
- (N) Specifies ad valorem property taxes to be used for computing tax allocation increments, supported by a required resolution;
- (O) Specifies the amount of the proposed tax allocation bond issue or other financing and the term and assumed interest rate for such financing;
- (P) Estimates positive tax allocation increments for the period covered by the term of the proposed tax allocation bonds or other financing;
- (Q) Specifies the property proposed to be pledged for payment or security for payment of tax allocation bonds;
- (R) Includes a school system impact analysis if the plan proposes to include in the tax allocation increment, ad valorem taxes levied by a board of education; and
- (S) Includes such other information as may be required by resolution of the political subdivision whose area of operation includes the proposed redevelopment area.

Cities and counties throughout Georgia have created TADs to stimulate major new construction or rehabilitation in underdeveloped or blighted areas. Roughly 80 Georgia cities and counties have created TADs in their communities. A TAD offers local governments the opportunity to promote worthwhile redevelopment projects that would otherwise not be financially viable, or are located in areas which would otherwise be unattractive to private investment.

Prior to the last Recession in 2008 and 2009, other Georgia tax allocation districts such as Atlantic Station (Midtown Atlanta) and Camp Creek Marketplace (East Point), demonstrated the economic benefits which a TAD can generate. These benefits include:

- **A stronger economic base**— TAD incentives can attract private development that would not otherwise have occurred absent of the District designation.
- **The halo effect**—Several Georgia TADs have generated significant new investment in areas surrounding the TAD as well as within the tax allocation districts, further expanding positive economic impacts to the host taxing jurisdictions.
- **No impact on current tax revenues**—Redevelopment is effectively promoted without tapping into existing general governmental revenues or levying special assessments on property owners.
- **Expands the local tax base**—By stimulating economic activity, TADs expand the local tax digest, create additional demand for retail sales and as a result, local sales taxes.
- **Is self-financing**—A TAD is self-financing, since it is funded by the increased tax revenues from new development within the district.
- **High leverage**—Typically TAD funds represent between 5-15% of project costs, leveraging 7-20 times their value in private investment.

In summary, a tax allocation district is a financing mechanism that can be used to pay for public infrastructure and/or to reduce private development costs, to make an underutilized area attractive to private investment and development, at no additional cost to local taxpayers. Establishing a TAD does not create a tax increase for either the community or property owners within the District. Nor does a TAD reduce tax revenues to the community, below levels which existed at the time the District was certified. In many cases, TADs can increase general fund revenues from new business personal property taxes, added county sales taxes, hotel/motel taxes, business license fees and other revenues which are not pledged for redevelopment purposes and would not otherwise occur.

PURPOSE AND VISION FOR THE PROPOSED TAX ALLOCATION DISTRICT

This Plan proposes the designation of a Tax Allocation District located on the easterly side of I-75 at SR 52 (West Walnut Avenue), which is the primary commercial corridor used to access Downtown Dalton from the Interstate. The purpose and vision for the redevelopment area and this redevelopment plan are to:

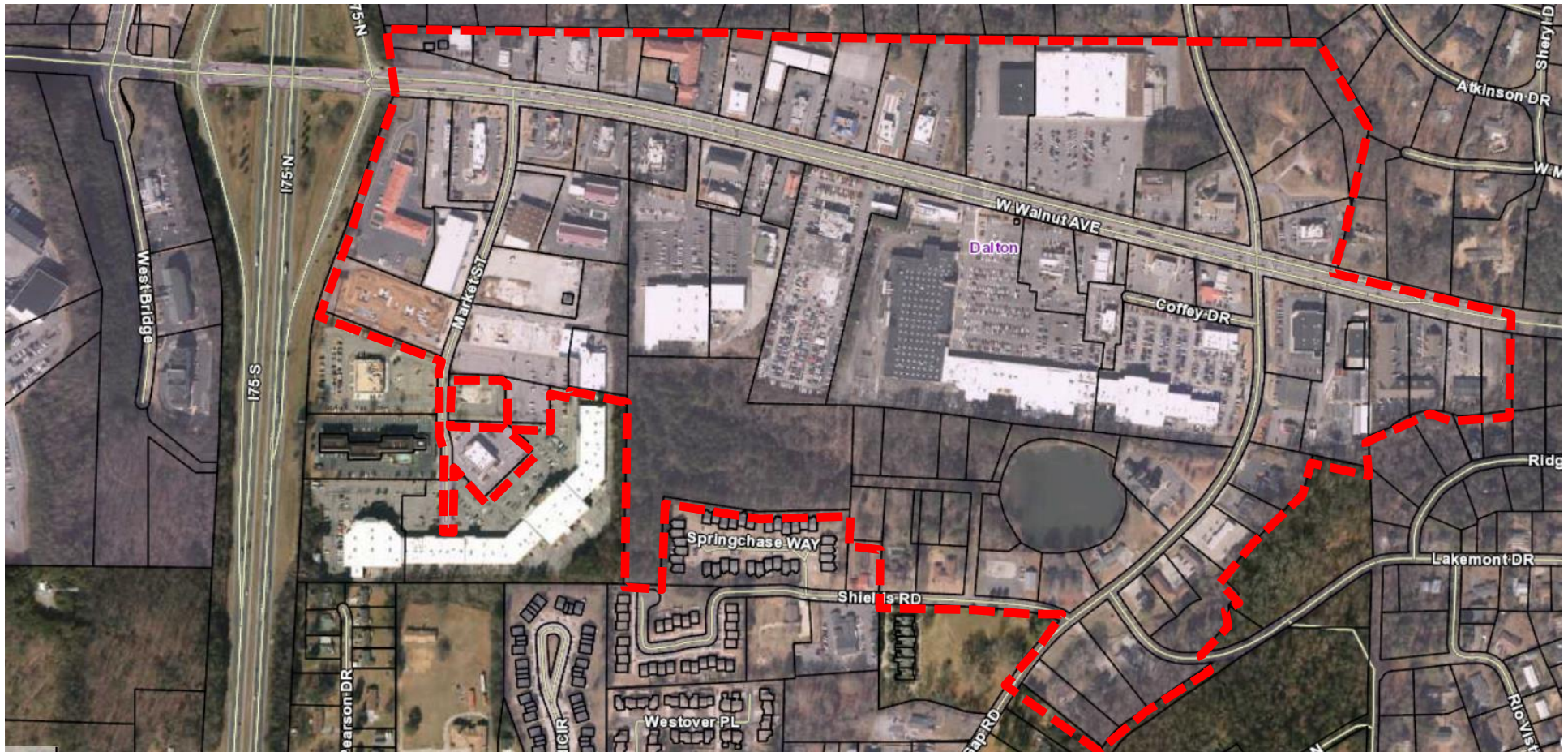
- Strengthen one of Whitfield County’s largest and most important retail nodes, by making transportation improvements to the area, strategically encouraging commercial and residential infill, and expanding/upgrading existing buildings. The purpose of the transportation improvements is to reduce traffic congestion, improve connectivity with surrounding residential neighborhoods, better serve local consumers, retain resident retail sales, and attract new retail spending and resulting sales tax revenues to Whitfield County.
- Use the tool of tax increment financing to reduce the presence of under-utilized properties in prime commercial locations, to transition those buildings to higher-valued uses, and to achieve higher quality, higher valued and higher density development than would otherwise be financially feasible.
- Encourage job creation while improving the physical condition of under-performing parcels.
- Encourage the area’s desired transition over time from a “Regional Activity Center” characterized by typical single-story suburban shopping centers with limited parking lot landscaping, minimal office space and housing, into more of a “mixed-use, walkable center of commerce” that attracts customers from a regional market and includes a variety of housing choices.
- By so doing, encourage investment in currently undeveloped, landlocked lots located to the south of Walnut Avenue.

The opportunity for the City of Dalton is to selectively use the funding mechanism of a TAD to help finance public improvements that will in turn leverage private reinvestment. Where needed, the TAD may also enable the City to offer targeted financial incentives to help make the redevelopment of key sites and catalyst projects financially feasible. In a redevelopment area that encompasses a large geography with many individual tax parcels, not every property is blighted and not every parcel will be redeveloped. Over time, however, the redevelopment area in its entirety can be positively impacted by the cumulative effects of public improvements and multiple individual investments. This plan is intended to help the City respond to those market opportunities as they arise.

GEOGRAPHIC BOUNDARIES OF THE PROPOSED REDEVELOPMENT AREA (A)

As part of an initial analysis of the area, BAG collected tax parcel data for the geography that was generally described above. This general area is populated with existing shopping centers, hotels, free standing restaurants, and other commercial buildings, as well as accessory parking lots and undeveloped land. The area is surrounded by Interstate 75 to the west, and residential neighborhoods to the north, south and east.

MAP 1: PROPOSED DALTON REDEVELOPMENT AREA
(The Proposed Redevelopment Area and TAD Share the Same Boundaries)

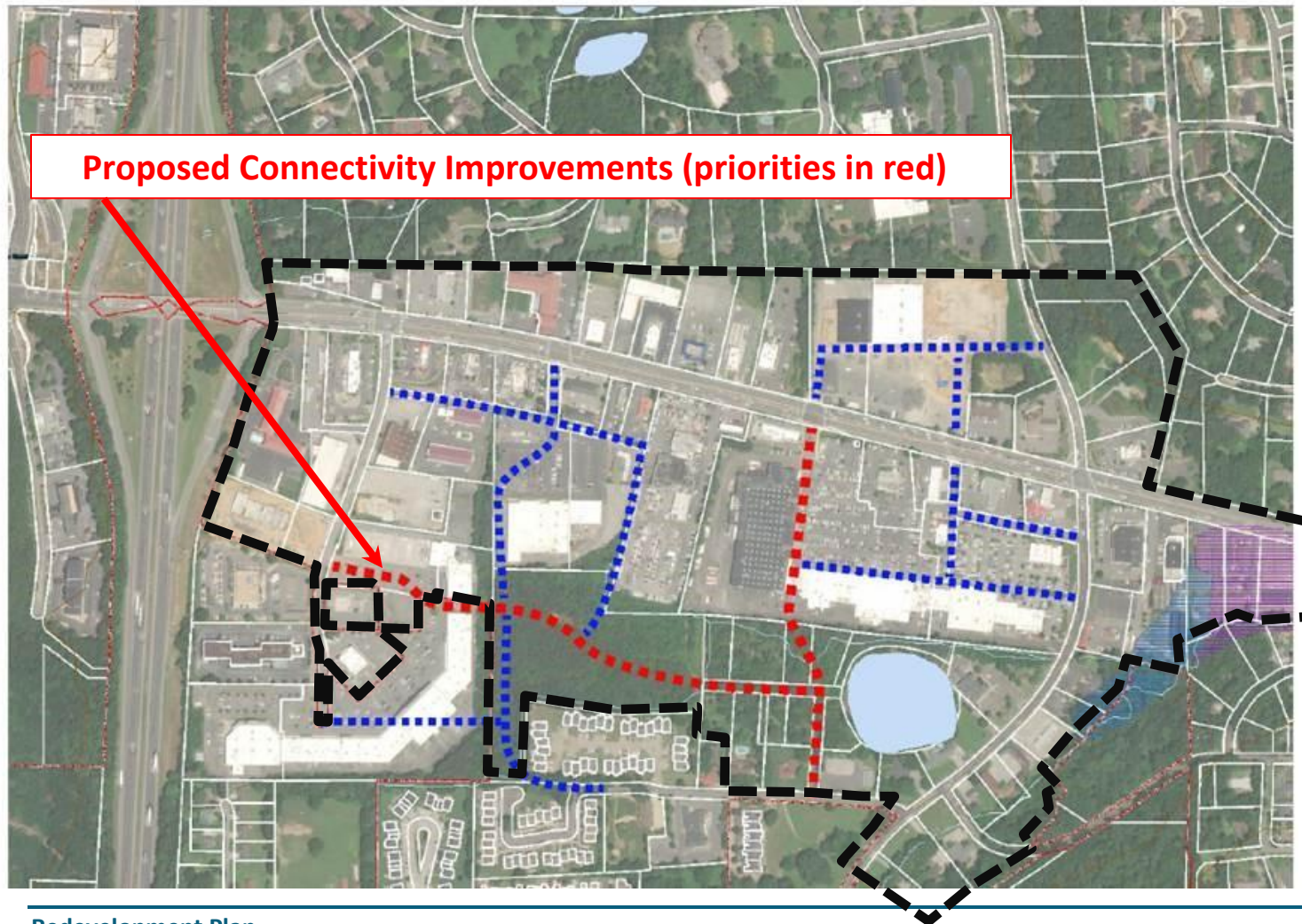


Note: The boundaries of the redevelopment area include the tax parcels shown, as well as all public rights of way located either inside or forming the Area's boundaries. The Dalton Factory Outlet Stores, an adjacent hotel and restaurant are located in unincorporated Whitfield County and are not included within the redevelopment area.

MAP 2: PROPOSED DALTON REDEVELOPMENT AREA

(Approximate Boundaries of Proposed TAD #5 are inside the black dashed line)

CORRIDOR IMPROVEMENTS INFILL & CONNECTIVITY// WALNUT AVENUE



Proposed Connectivity Improvements (priorities in red)

Note: The proposed corridor and connectivity investments would improve access to the Dalton Outlet Stores, reroute a significant percentage of through traffic to alleviate congestion and provide access to several vacant residential parcels. A long-term objective of these proposed transportation improvements is to encourage the eventual transition of Market Street into a mixed-use node.

The proposed boundaries for the Redevelopment Area and TAD are shown on Map 1. The Redevelopment Area includes 77 properties covering roughly 128 acres (within individual tax parcels). This acreage estimate does not include streets, rights of way and 5 parcels that are not located within the Dalton City limits. The significant factors regarding this area are: (a) it is almost entirely commercial in terms of land use, with only 4 housing units included within its boundaries; (b) with the recent downsizing of the Walnut Square Mall, this redevelopment area may now be the largest retail node in Whitfield County, with nearly 656,000 SF of retail space within the TAD and additional 140,000 SF retail development on adjacent parcels in the unincorporated County; and (d) general fund property tax collections from real estate within this area average \$9,030 per taxable acre, which is 37% above the average of all taxable acreage City-wide.² The distribution of redevelopment area properties shown in Map 1, by land use, appears in the following table.

Table 1: Summary of Redevelopment Area Parcels by Land Use

Row Labels	Number of Parcels	Total Acreage	Building Area (SF)	Full Market Value				City Digest
				Land	Buildings	Accessory	Total	
Banks	2	2.00	8,101	\$892,500	\$747,028	\$181,929	\$1,821,457	\$1,821,457
Car Dealer	1	5.21	36,330	\$1,815,584	\$874,396	\$0	\$2,689,980	\$2,689,980
Car Wash	1	0.71	2,574	\$112,500	\$135,103	\$0	\$247,603	\$247,603
Convenience Store	1	0.45	2,400	\$75,000	\$86,643	\$0	\$161,643	\$161,643
Gas Station/Convenience	3	1.98	6,311	\$1,003,612	\$369,843	\$594,675	\$1,968,130	\$1,968,130
Gas Station	1	0.75	1,914	\$392,040	\$123,993	\$148,500	\$664,533	\$664,533
Discount Store	1	1.05	24,446	\$909,563	\$482,430	\$0	\$1,391,993	\$1,391,993
Drug Store	1	0.9	15,578	\$708,750	\$1,164,784	\$0	\$1,873,534	\$1,873,534
Dry Cleaner	1	0.39	1,535	\$34,145	\$81,663	\$0	\$115,808	\$115,808
Tax Exempt (Religious)	1	2.12	9,423	\$756,000	\$994,479	\$0	\$1,750,479	\$0
Hotel	4	8.2	155,703	\$3,563,344	\$7,217,923	\$33,519	\$10,814,786	\$10,814,786
Undeveloped Lots	15	24.4	-	\$2,028,363	\$0	\$0	\$2,028,363	\$1,966,443
Nbhd Shopping Ctr	8	37.21	432,497	\$14,224,171	\$19,772,817	\$0	\$33,996,988	\$33,996,988
Office	7	7.41	46,369	\$1,348,438	\$2,025,683	\$0	\$3,374,121	\$3,374,121
Parking Lot	2	3.05	-	\$763,350	\$0	\$0	\$763,350	\$763,350
Pond	1	3.03	-	\$15,255	\$0	\$0	\$15,255	\$15,255
Fast Food Restaurants	7	6.28	23,935	\$3,359,150	\$2,422,496	\$269,388	\$6,051,034	\$6,051,034
Full Service Restaurants	10	10.75	44,849	\$5,155,996	\$3,957,177	\$14,599	\$9,127,772	\$9,127,772
Retail Stores	5	7.61	46,392	\$2,852,086	\$1,890,096	\$177,418	\$4,919,600	\$4,919,600
SFR	4	3.91	9,602	\$81,060	\$534,587	\$44,541	\$660,188	\$660,188
Warehouse	1	0.96	16,968	\$216,000	\$240,498	\$0	\$456,498	\$456,498
Total - All TAD Parcels	77	128.37	884,927	\$40,306,907	\$43,121,639	\$1,464,569	\$84,893,115	\$83,080,716

Source: Whitfield County Tax Assessment/GIS data and Bleakly Advisory Group, Inc.

The proposed TAD #5 is sized to include the bulk of the West Walnut Avenue retail node that is within the City limits of Dalton, as well as currently landlocked parcels to the south of the corridor. This area has been proposed for transportation and connectivity improvements (identified in Map 2) that are designed to relieve traffic congestion and improve the performance of retail businesses in the area. The main purpose of TAD #5 is to create a mechanism to help fund these planned public improvements, thereby encouraging investments in existing developed properties and new infill projects as opportunities arise.

In addition to funding public improvements, the TAD could be used on a selective basis to support early catalyst projects that may not be economically feasible otherwise. Through the mechanism

² Includes real estate taxes collected by the City of Dalton, the Dalton School District and Whitfield County.

of the TAD, the City could choose to dedicate a portion of future increases in ad-valorem real estate taxes to be invested in the projects themselves, to make those projects financially feasible. The projects would in turn increase other tax revenues from business personal property and sales taxes, and further help to increase the value of nearby real estate. The development and expansion these sites could therefore generate significant fiscal benefits for the City, County and School District, as well as provide more employment opportunities for Dalton area residents. Existing and desired future land uses within TAD #5 are addressed in Section L of this report.

GROUNDS FOR EXERCISE OF REDEVELOPMENT POWERS (B)

Tax Allocation Districts (TAD) are authorized in Georgia under the Redevelopment Powers Law, O.C.G.A. Title 36, Chapter 44. In 2009, the Redevelopment Powers Law was amended, with the following definition of a "redevelopment area".

'Redevelopment area' means an urbanized area as determined by current data from the US Bureau of the Census or an area presently served by sewer that qualifies as a 'blighted or distressed area', a 'deteriorating area,' or an 'area with inadequate infrastructure' as follows:

(A) A 'blighted or distressed area' is an area that is experiencing one of more conditions of blight as evidenced by:

- (i) The presence of structures, buildings, or improvements that by reason of dilapidation; deterioration; age; obsolescence; inadequate provision for ventilation, light, air, sanitation, or open space; overcrowding; conditions which endanger life or property by fire or other causes; or any combination of such factors, are conducive to ill health, transmission of disease, infant mortality, high unemployment, juvenile delinquency, or crime and are detrimental to the public health, safety, morals, or welfare;*
- (ii) The presence of a predominant number of substandard, vacant, deteriorated, or deteriorating structures, the predominance of a defective or inadequate street layout, or transportation facilities; or faulty lot layout in relation to size, accessibility, or usefulness;*
- (iii) 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, and an unemployment rate that is 10 percent higher than the state average;*
- (iv) Adverse effects of airport or transportation related noise or environmental contamination or degradation or other adverse environmental factors that the political subdivision has determined to be impairing the redevelopment of the area; or*
- (v) The existence of conditions through any combination of the foregoing that substantially impair the sound growth of the community and retard the provision of housing accommodations or employment opportunities;*

(B) A 'deteriorating area' is an area that is experiencing physical or economic decline or stagnation as evidenced by two or more of the following:

- (i) The presence of a substantial number of structures or buildings that are 40 years old or older and have no historic significance;*
- (ii) High commercial or residential vacancies compared to the political subdivision as a whole;*
- (iii) The predominance of structures or buildings of relatively low value compared to the value of structures or buildings in the surrounding vicinity or significantly slower growth in the property tax digest than is occurring in the political subdivision as a whole;*
- (iv) Declining or stagnant rents or sales prices compared to the political subdivision as a whole;*

- (v) *In areas where housing exists at present or is determined by the political subdivision to be appropriate after redevelopment, there exists a shortage of safe, decent housing that is not substandard and that is affordable for persons of low and moderate income;*
- (vi) *Deteriorating or inadequate utility, transportation, or transit infrastructure; and*

(C) An ‘area with inadequate infrastructure’ means an area characterized by:

- (i) *Deteriorating or inadequate parking, roadways, bridges, pedestrian access, or public transportation or transit facilities incapable of handling the volume of traffic into or through the area, either at present or following redevelopment; or*
- (ii) *Deteriorating or inadequate utility infrastructure either at present or following redevelopment.*

WHY THE PROPOSED REDEVELOPMENT AREA QUALIFIES UNDER THE REDEVELOPMENT POWERS LAW

The City of Dalton has the authority to exercise all redevelopment and other powers authorized or granted municipalities pursuant to the Redevelopment Powers Law (Chapter 44 of Title 36 of the O.C.G.A.), as approved by Dalton voters by referendum in November of 2014.

The area identified on Map 1 meets the statutory definition of a Redevelopment Area under as many as four specific provisions of the Redevelopment Powers Law. These provisions are not equally applicable or prevalent throughout the entire area but meet the intent of the Statute. The most relevant section is under subsection C(ii) – The area includes locations with “deteriorating and/or inadequate infrastructure at present and following redevelopment.”

C (ii) – DETERIORATING AND/OR INADEQUATE INFRASTRUCTURE

Evidence that portions of the redevelopment area suffer from “deteriorating or inadequate infrastructure” is provided by the fact that the City has extensively studied and made plans to make transportation improvements to the area. The proposed TAD #5 could be a partial funding source for these improvements and could also provide a significant inducement to assist in attracting qualified developers for these properties. The availability of TAD financing can be leveraged to enable a higher density, quality and value of new construction than would otherwise be possible absent of the TAD.

The redevelopment area is a key commercial node for retail sales and lodging; and is an employment center and sales tax generator for the City of Dalton, Whitfield County, and the Dalton Independent School District. The area is anchored by the “Market Street Shoppes” of Dalton, an approximate 200,000 SF outlet center, plus two supermarket anchored shopping centers, several hotels, restaurants, and free-standing commercial buildings. The area is currently inadequately served by public infrastructure, particularly connecting streets, which has increased traffic congestion and served to make Downtown Dalton less accessible to the interstate during peak traffic periods. The quality of streetscapes in the area is also deficient at several locations and is incompatible with the City’s desired goal of making West Walnut Avenue a premier gateway to Downtown Dalton. A combination of these factors has negatively impacted nearly 20 acres along Market Street, which dead ends at the outlet shops and has shown recent evidence of physical deterioration and declining sales. Without proposed public improvements, the future of these properties is uncertain and risks a significant loss of property and sales tax revenues to local governments.

In addition to its primary qualification under section C(ii) the redevelopment area also qualifies under the following:

- A(v) – The area exhibits the existence of conditions “that substantially impair the sound growth of the community;”
- B (i) – The area includes several locations with the “presence of structures or buildings that are 40 years old or older with no historic significance;”
- B (ii, iii) – 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.

Because the redevelopment area contains only five residential units, no effort is made to qualify the area based on the demographic criteria under the statute.

PROPOSED LAND USES AFTER REDEVELOPMENT (C)

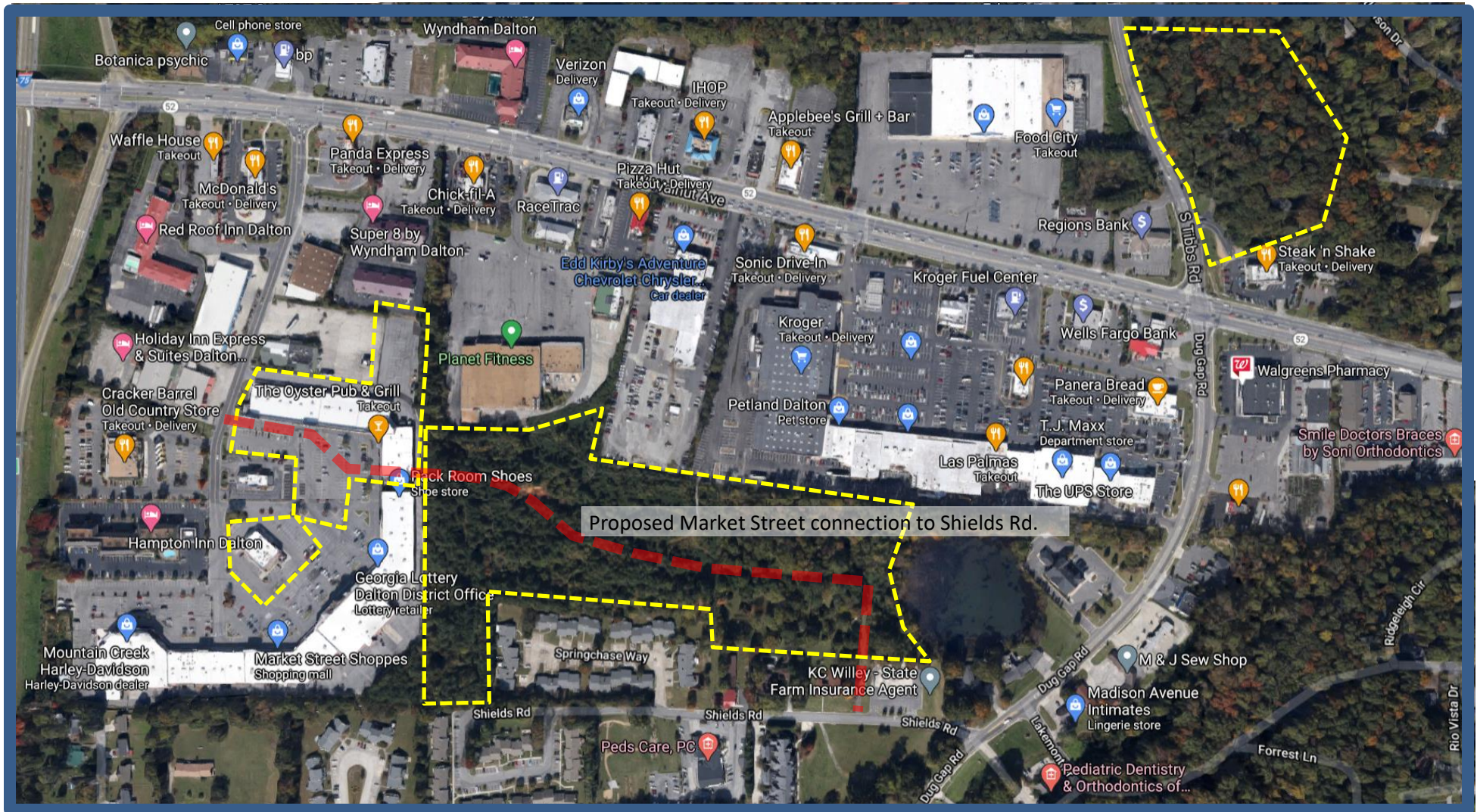
The proposed Tax Allocation District #5 is intended to support public transportation improvements that will support commercial infill development along and to the south of West Walnut Avenue, including the development of currently landlocked infill sites located to the south of the commercial corridor. Development concepts for those parcels have not yet been prepared, but the City’s objective is to introduce more commercial infill development, mixed-use development, and more diverse, higher-quality housing options to the area. Housing goals for the TAD are consistent with the “Believe Greater Dalton” Housing Strategy adopted in 2019. The certification of TAD #5 at the end of 2020 would enable property owners and developers to consider options to request TAD proceeds to enhance their projects and generate increased property and sales tax revenues to the City, County and School District.

PROPOSED REDEVELOPMENT PROJECTS AND METHOD OF FINANCING (D)

At this time, no specific private redevelopment projects have been proposed by developers within TAD #5. As illustrated on Map 2, the City is currently considering investments in transportation and connectivity improvements to reduce traffic congestion, enhance the appearance of public spaces and improve access to under-performing sites and vacant land. The impact of these public improvements is likely to increase the value of existing development and generate developer interest in infill sites. The general locations of potential infill opportunities are shown on Map 3.

BAG inventoried all tax parcels within the proposed TAD and found 15 parcels totaling 24.4 acres which currently have no building improvements. The remaining 104 acres contain nearly 885,000 SF of existing buildings. Of that inventory, roughly 800,000 SF are occupied by the types of land uses that would directly benefit from planned public improvements, including 666,000 SF that is primarily retail in nature. This estimate excludes another 183,000 SF of commercial buildings located in unincorporated Whitfield County, which could also be impacted by planned public improvements but are not physically located within TAD #5. Most of this space is associated with the Market Street Shoppes Outlet Center at the south end of Market Street.

MAP #3 – EXISTING RETAIL DEVELOPMENT AND POTENTIAL INFILL SITES



Note: Although the Market Street Shoppes Outlet Center is located in unincorporated Whitfield County and not part of the proposed TAD, the City's planned improvements to Market Street and its connection to Shields Rd. are intended to support and encourage that center's transition to mixed use over time.

As previously outlined, the purpose of this plan is to encourage new retail infill development along West Walnut Avenue and Market Street, including future investment in the Market Street Shoppes Outlet Center that lies just outside the TAD. It is anticipated that some reinvestment and value growth on already developed sites would follow the City's investment in transportation and connectivity improvements to the area. Additional residential development and digest growth could then occur on undeveloped sites that are made more accessible by those public improvements. The addition of new housing units and higher income households within the TAD, transitioning to more of a mixed-use environment, would further enhance the value of existing commercial land uses.

Absent of having specific proposals to evaluate, BAG estimated the TAD's future development potential by first assembling data on existing development patterns, densities, and real estate values. This information is summarized in Table 2. As noted above, the TAD contains 24.4 acres in 15 parcels that have no associated buildings. Some of this land is accessory to commercial businesses and used for parking, but most parcels appear to be capable of supporting future development if assembled. As is also shown in the table, several land uses are developed to a relatively low density (10,000 SF per acre or less) and the entire TAD averages less than 6,900 SF of developed buildings per acre. Existing buildings are also assessed at a relatively low value per SF. We also isolated more than 21 acres and almost 82,000 SF of buildings that are unlikely to change much in value or impact TAD revenues due to planned public improvements. Prospects for future digest growth are therefore focused on the remaining parcels.

Table 2: Summary of Existing Conditions – West Walnut Avenue TAD

Existing Land Use	Parcel Count	Total Acres	Existing Building SF	Land Value	Building Value	Accessory Improvements	Full Market Value (FMV)
Undeveloped Lots	15	24.40	-	\$2,028,363	\$0	\$0	\$1,966,443
Commercial/Retail (Free Standing)	11	12.07	109,893	\$4,908,044	\$4,081,217	\$177,418	\$9,166,679
Shopping Centers/Lg Pcls	11	45.47	468,827	\$16,803,105	\$20,647,213	\$0	\$37,450,318
Restaurants	17	17.03	68,784	\$8,515,146	\$6,379,673	\$283,987	\$15,178,806
Hotels	4	8.20	155,703	\$3,563,344	\$7,217,923	\$33,519	\$10,814,786
Not Impacted	19	21.20	81,720	\$4,488,905	\$4,795,613	\$969,645	\$8,503,684
TOTALS	77	128.37	884,927	\$40,306,907	\$43,121,639	\$1,464,569	\$83,080,716

Existing Land Use	Total Acres	Existing Building SF	Current FMV/Acre	Improvements Value/SF	Current FMV/SF	Average SF/AC	Current FAR (Floor Area Ratio)
Undeveloped Lots	24.40	-	\$80,592	\$0.00	\$0.00	-	-
Commercial/Retail (Free Standing)	12.07	109,893	\$759,460	\$38.75	\$83.41	9,105	0.209
Shopping Centers/Lg Pcls	45.47	468,827	\$823,627	\$44.04	\$79.88	10,311	0.237
Restaurants	17.03	68,784	\$891,298	\$96.88	\$220.67	4,039	0.093
Hotels	8.20	155,703	\$1,318,876	\$46.57	\$69.46	18,988	0.436
Not Impacted	21.20	81,720	\$401,117	\$70.55	\$104.06	3,855	0.088
TOTALS	128.37	884,927	\$647,197	\$50.38	\$93.88	6,894	0.158

Source: Whitfield County Tax Assessment Records and Bleakly Advisory Group, Inc.

After establishing a baseline of existing conditions, BAG then calculated reasonable future development quantities and resulting digest values by testing development scenarios for undeveloped parcels and applying density adjustments and growth factors to the remaining developed parcels. These forecasts assume that at minimum, the proposed connection from Market Street to Shields Road is implemented in a timely manner. This improvement would open access to approximately 14 of the 24 undeveloped acres within the TAD for residential development. The most likely scenario for these parcels would be as either townhomes or market

rate rental housing. In addition, we forecasted marginal increases in density and taxable values per SF on remaining parcels. This information is summarized in Table 3.

Table 3: Summary of Potential Future Development – West Walnut Avenue TAD

Future Conditions at Build Out	Total Acres	Future FAR	Future SF/Acre	Land Value Appreciation	Improvements Value/SF	Future FMV/SF
Undeveloped Lots	24.4	0.26	11,326	150.0%	\$90.00	\$108.35
Commercial/Retail (Free Standing)	12.1	0.21	9,148	15.0%	\$45.00	\$96.12
Shopping Centers/Lg Pcls	45.5	0.24	10,454	15.0%	\$50.00	\$90.65
Restaurants	17.0	0.10	4,356	10.0%	\$100.00	\$226.26
Hotels	8.2	0.44	18,988	10.0%	\$55.00	\$80.17
Not Impacted	21.2	0.09	3,855	0.0%	\$52.00	\$106.93
TOTALS	128.4	0.21	9,143	18.6%	\$62.91	\$103.65

Future Conditions at Build Out	Total Acres	Future Building SF	Future Land Value	Future Building Value	Future Full Market Value (FMV)	Future FMV/Acre
Undeveloped Lots	24.4	276,345	\$5,070,908	\$24,871,018	\$29,941,925	\$1,227,128
Commercial/Retail (Free Standing)	12.1	110,412	\$5,644,251	\$4,968,519	\$10,612,770	\$879,268
Shopping Centers/Lg Pcls	45.5	475,362	\$19,323,571	\$23,768,078	\$43,091,649	\$947,694
Restaurants	17.0	74,183	\$9,366,661	\$7,418,268	\$16,784,929	\$985,609
Hotels	8.2	155,703	\$3,919,678	\$8,563,665	\$12,483,343	\$1,522,359
Not Impacted	21.2	81,720	\$4,488,905	\$4,249,440	\$8,738,345	\$412,186
TOTALS	128.4	1,173,723	\$47,813,973	\$73,838,988	\$121,652,961	\$947,674

Source: Bleakly Advisory Group, Inc.

The resulting calculations increase the total developed building square footage within the TAD by roughly 289,000 SF (32%), to a new total of more than 1.17 million SF. Average property values for existing buildings also increase by roughly 10%, raising the full market value of all taxable TAD parcels by \$38.6 million (46.4%) in total. Although substantial, the resulting development density at build out remains less than 9,200 SF/acre and a modest .21 FAR. Once achieved, estimated future real estate taxes would result in total annual TAD proceeds of approximately \$538,000 per year at build out, assuming all three taxing jurisdictions participate. This forecast appears to be conservative and achievable over a 7 to 10-year period if planned public improvements succeed in transitioning the area to a more mixed-use environment. If the adjacent outlet mall property in the County also redevelops over this period into a mixed-use development, resulting impacts on nearby TAD parcels could be significantly greater than estimated here.

It is anticipated that the primary method of financing redevelopment within the TAD will be through private equity and debt. The bulk of the TAD incentive to encourage redevelopment would result indirectly from the value of public improvements made within the District as opposed to direct financial contributions. However, TAD proceeds could be used selectively to supplement private financing and to reduce overall development costs to make proposed projects financially feasible. TAD proceeds could be applied to address on- and off-site development costs, including demolition costs or other internal infrastructure, as well as to help reduce building construction costs to levels that can be supported by prevailing market rents. Forecasts of potential TAD proceeds and proposed uses of those proceeds are addressed in detail, later in this report.

Aside from new residential development, the typical scale of future projects in TAD #5 is likely to involve total investments of \$5.0 million or less and create \$1.0 to \$4.0 million in incremental taxable value depending upon whether the project involves the rehabilitation of existing buildings or new construction. Depending on their scale, rehabilitation of existing commercial buildings may

not request assistance through the TAD. Given the predominance of comparatively small-scale infill development opportunities, unless several projects can be identified and bundled in a single bond issue, the use of conventional "TAD Bonds" is not likely to be financially feasible. The City will need to explore and apply alternative financing tools to accommodate small-scale investments, such as conventional bank loans or "pay as you go" agreements to incentivize individual projects. TAD funds could also be applied as one source of revenue to repay City revenue bonds or supplement SPLOST proceeds invested for public improvements. However, because the growth of TAD funds would significantly lag public investments, the TAD would need to function as a supplemental funding source or an eventual reimbursement to other public sources.

CONTRACTUAL RELATIONSHIPS (E)

Pursuant to O.C.G.A. §34-44-3(a), the Dalton City Council will act as the redevelopment agent and will exercise redevelopment powers as needed to implement this plan. In doing so, the Council has chosen thus far to designate the Dalton-Whitfield Joint Development Authority to function in an administrative, marketing and management capacity to assist the City Council in implementing these functions. It is assumed that this arrangement would continue into the future. As redevelopment agent the City Council, either directly or through its designee, may conduct or delegate the following activities and enter into the following contracts:

1. Coordinate implementation activities with other major participants in the redevelopment plan and their respective development and planning entities involved in implementing this redevelopment plan.
2. Enter into development agreements with private developers to construct infrastructure and buildings to implement the redevelopment plan.
3. Negotiate and enter into commercial financing agreements and intergovernmental agreements as needed.
4. Coordinate public improvement planning, design and construction among City, County and State agencies and departments.
5. Prepare (either directly or through subcontract to other appropriate entities) economic and financial analyses, project-specific feasibility studies and assessments of tax base increments in support of the issuance of tax allocation bonds or other forms of financing by the City.
6. The City will enter into contractual relationships with qualified vendors for the provision of professional and other services required in qualifying and issuing the bonds or other forms of financing, including, but not limited to, legal, underwriting, financial analysis and other related services.
7. The City will perform other duties as necessary to implement the redevelopment plan.

RELOCATION PLANS (F)

The sites of proposed projects within the TAD are either commercial in nature, undeveloped, or contain vacant or partially vacant buildings. As currently foreseen, no existing residences will need

to be relocated. If relocation of any businesses is required as a result of implementing future projects not currently foreseen in this Plan, relocation expenses may be provided for under all applicable federal, state and local guidelines.

CONFORMANCE WITH LOCAL COMPREHENSIVE PLANS, ZONING & LAND USE CODES (G)

The Redevelopment Powers Law requires that a redevelopment plan demonstrate that it “conforms to the local comprehensive plan, master plan, zoning ordinance, and building codes of the political subdivision.” Appropriate zoning, development regulations and design standards either already exist or will be prepared to support the implementation of future projects within the proposed TAD. The following two sets of maps show existing zoning and future land use for the area of the City that includes the proposed TAD. The City’s unified zoning map was adopted in 2019 and the future land use map appears in the Joint Whitfield County Comprehensive Plan Update: 2018-2023. Relevant observations from these maps include the following:

Existing Zoning - TAD #5: Existing zoning along/near West Walnut Avenue is a mix of General Commercial (C-2), General Commercial Conditional, Neighborhood Commercial (C-1), Transitional Residential (R-6) and Mixed-Use (MU). It is expected that some zoning boundaries could be adjusted when/if the proposed road connection from Market Street to Shields Road (shown on Maps 2 and 3) is completed. This connection will provide access to roughly 14 acres and could allow for the construction of higher density rental or for-sale housing. The development cost of some of this type of construction, particularly market rate apartments, typically exceeds what can be financed from achievable rental income. Establishing a TAD for this area could help to eliminate financing gaps and encourage investment until rents rise sufficiently to cover construction costs.








Future Land Use- TAD 5: The future land use map for the area that includes TAD 5 foresees its eventual development as predominantly “Regional Activity Center” and “Bypass Corridor.” The City/County Joint Comprehensive Plan describes West Walnut Avenue as an important regional activity center, stating that “the area which includes the Dalton Factory Outlet Stores and other commercial uses that benefit from close proximity to the interstate and serve both local residents as well as interstate traffic, is currently a retail center for the county and is a significant gateway to Dalton and surrounding areas. As an important gateway to the county as well as a heavily traveled area, focus should be paid on enhancing mobility and connectivity for cars and pedestrians, as well as the overall aesthetics of the area (streetscape and building/site design).”³

³“2019-2023 Joint Comprehensive Plan: Unincorporated Whitfield County, Georgia and the Municipalities of Cohutta, Dalton, Tunnel Hill and Varnell”, Northwest Georgia Regional Planning Commission, October 2018, pages 49-50.

CITY OF DALTON UNIFIED ZONING MAP: JULY 2019

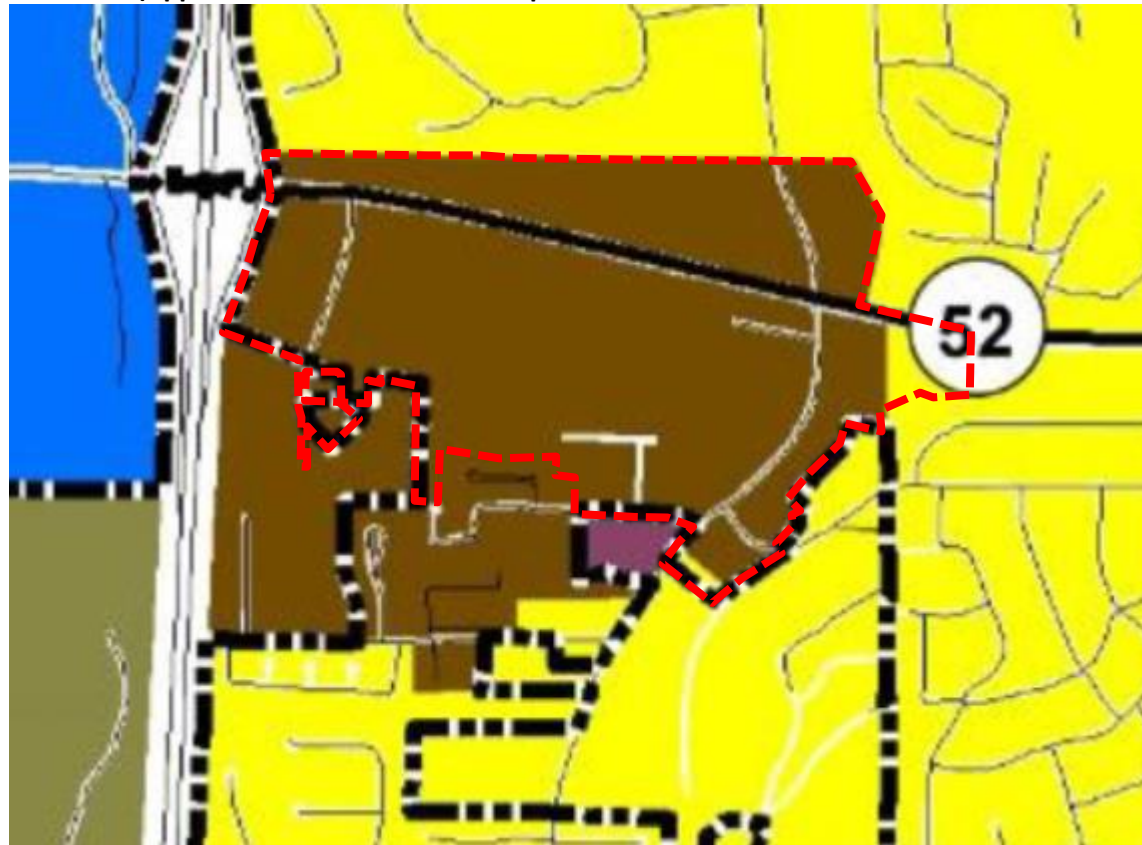
(Approximate Boundaries of Proposed TAD #5 are inside the Blue Dashed Line)

Legend

-  Railroads
-  Roads
-  State Highway
-  US Highway
-  Interstate
-  Private Road
-  Other
-  County Boundary
-  General Agriculture (GA)
-  General Agriculture (GA) Cond
-  Suburban Agriculture (SA)
-  Estate Residential (R-1)
-  Low Density Single Family Residential (R-2)
-  Low Density Single Family Residential (R-2) Cond
-  Medium Density Single Family Residential (R-3)
-  Medium Density Single Family Res (R-3) Cond
-  Zero Lot Line Residential (R-4)
-  Rural Residential (R-5)
-  Rural Residential (R-5) Cond
-  Transitional Residential (R-6)
-  Transitional Residential (R-6) Cond
-  High Density Residential (R-7)
-  High Density Residential (R-7) Cond
-  Limited Commercial (C-1A)
-  Limited Commercial (C-1A) Cond
-  Neighborhood Commercial (C-1)
-  General Commercial (C-2)
-  General Commercial (C-2) Cond
-  Central Business District (C-3)
-  Central Business District (C-3) Cond
-  Transitional Commercial (C-4)
-  Transitional Commercial (C-4) Cond
-  Mixed Use (MU)
-  Planned Unit Development (PUD)
-  Light Manufacturing (M-1)
-  Heavy Manufacturing (M-2)
-  Heavy Manufacturing (M-2) Cond
-  Zoned within the City of Cohutta
-  Zoned within the City of Tunnel Hill

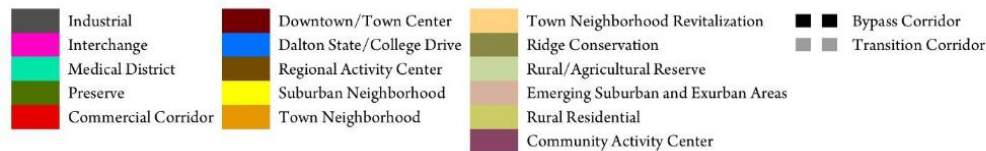


JOINT WHITFIELD COUNTY COMPREHENSIVE PLAN UPDATE 2008-2028: FUTURE DEVELOPMENT MAP
(Approximate Boundaries of Proposed TAD #5 are inside the Red Dashed Line)



2018 Future Development Map
City of Dalton, Georgia

X



© September 2018

REGIONAL ACTIVITY CENTER

Primary Land Uses

- Commercial (retail and office)
- Multi-family residential
- Mixed-use (including upper story residential)
- Civic/institutional
- Passive and active parks

Implementation Strategies

- *Extend sewer infrastructure to Regional Activity Center character area locations currently without service*
- *Encourage “greyfield redevelopment” of existing underutilized shopping centers with mixed use, walkable development*
- *Prepare and adopt a Mixed Use Development Ordinance to facilitate greyfield redevelopment and implement Regional Activity Center character area master plans*



Regional Activity Center example of appropriate scale shown from The Avenue of Murfreesboro in Tennessee



Quality commercial development shown here from the Town Center area of Cobb County, Georgia

The joint comprehensive plan further describes established Regional Activity Centers as “typically single-story suburban shopping centers with minimal office space and housing and limited parking lot landscaping, over time these areas should evolve into mixed-use, walkable centers of commerce that attract customers from a regional market and include a variety of housing choices” (emphasis added). The proposed TAD #5 provides a supplemental funding mechanism to assist the City in encouraging the area’s desired transition from auto-dependent retail development to a more pedestrian-oriented, mixed-use environment. Several of the more relevant objectives for desired future development patterns in Regional Activity Centers, excerpted from the Comprehensive Plan Update (p. 50) appear below:

- Include a relatively high-density mix of retail centers, office, services, and employment to serve a regional market area.
- Include a diverse mix of higher-density housing types including multi-family, townhomes, apartments, lofts, and condominiums including affordable and work force housing
- Encourage mixed-use development with screened parking, landscaping, internal sidewalk and street connectivity, and quality building materials and site design.
- Provide strong, walkable connections between different uses
- Enhance the pedestrian-friendly environment by adding sidewalks and creating other pedestrian-friendly trail/bike routes linking to neighboring residential areas and major destinations
- Incorporate landscaping of commercial sites/parking lots
- Encourage compatible architecture styles that maintain the regional character, and are not typical “franchise” or “corporate” architecture

- Provide parking lots that incorporate on-site stormwater detention or retention features, such as pervious arrangements in addition to the use of landscaped tree islands and medians to break up large expanses of paved parking
- Maintain traffic flow with access management measures and nodal development

Based on the above, this redevelopment plan and proposed TAD are entirely consistent with current/future zoning and are intended to achieve the City's desired future vision for the area as articulated in the Joint Comprehensive Plan.

ESTIMATED REDEVELOPMENT COSTS/METHOD OF FINANCING (H)

The law requires that Redevelopment Plans estimate "redevelopment costs to be incurred or made during the course of implementing the plan." Estimating potential costs first requires estimating the amount of revenues which may be realistically generated from successful implementation of the plan. Once estimated, available revenues can be assigned to eligible cost items. The vast majority of the cost of developing projects identified in this Plan will be privately financed and paid for through land sales, profits from building construction and tenant leases. However, existing values for developed commercial sites in the Dalton Market may not be sufficient to cover "extraordinary" cost items. In the case of TAD #5, commercial infill projects of the nature proposed often involve added site assembly and demolition costs which are not present on green field sites. The development of new multi-family construction may also be unrealistic financially without assistance through the TAD.

TAD POTENTIAL OF TAX ALLOCATION DISTRICT #5: WEST WALNUT AVENUE

The following section provides greater detail concerning estimates potential proceeds from future development projects within TAD #5, assuming that the City of Dalton, the City's independent School District and Whitfield County pledge their respective M&O millage to the redevelopment effort.⁴ These forecasts assume realistic phasing schedules and provide a reasonable allowance for "background growth" in the TAD as a whole, as completion of redevelopment projects on some sites benefit nearby areas. Estimated tax allocation increments exclude business personal property digest associated with future commercial development, as well as incremental gains in local option sales taxes. These gains in other revenues could offset or exceed "foregone" general fund real estate taxes over the same period.

Table 4 provides an annual forecast of potential future TAD revenues based on the prior estimate that the TAD could reach a total real estate digest of \$121.6 million at build out, achieved after several years. BAG estimates that with redevelopment, all property within TAD #5 could generate total real estate taxes of \$56.3 million over the full 30-year life of the TAD. Of that total, slightly

⁴ Some counties and school districts in other parts of Georgia have requested and cities have agreed to rebate portions of their respective millage rates as a payment in lieu of taxes, reducing the effective millage rate pledged to the TAD. In other cases, school districts have declined to grant consent and TADs have proceeded with city and county participation only. This section assumes that all jurisdictions will consent to participate, and Dalton will NOT be asked to rebate any tax increments as a payment in lieu of taxes, although BAG's financial models possess the capability to incorporate such assumptions.

less than \$21.6 million (38.3%) would accrue as **tax allocation increments** to the TAD Special fund and the balance would continue to flow to the respective taxing jurisdictions' general funds. In nominal dollars these TAD revenues grow slowly over the first several years, reaching roughly \$600,000 per year when build out occurs. Future values are then appreciated at an average rate of 1.5% per year thereafter.

Table 4: Estimated Annual Potential TAD Revenues: Proposed TAD #5

Build Out Value			\$121,652,961	Base Digest	\$83,080,716	Avg. Combined TAD Millage:		0.0139518
TAD Year		Estimated % Complete	TAD Digest	1.5% Appreciation	TOTAL TAD Digest	Annual M&O Property Tax	Estimated TAD Ratio	Estimated TAD Proceeds
1	2021	77%	\$93,672,780		\$93,672,780	\$1,306,904	0.1131	\$147,778
2	2022	78%	\$94,889,309		\$94,889,309	\$1,323,877	0.1244	\$164,751
3	2023	79%	\$96,105,839		\$96,105,839	\$1,340,849	0.1355	\$181,724
4	2024	80%	\$97,322,369		\$97,322,369	\$1,357,822	0.1463	\$198,697
5	2025	85%	\$103,405,017	1.0%	\$104,439,067	\$1,457,113	0.2045	\$297,987
6	2026	86%	\$104,621,546	1.5%	\$106,190,869	\$1,481,554	0.2176	\$322,428
7	2027	87%	\$105,838,076	3.0%	\$109,013,218	\$1,520,931	0.2379	\$361,805
8	2028	88%	\$107,054,605	4.5%	\$111,872,063	\$1,560,817	0.2574	\$401,691
9	2029	89%	\$108,271,135	6.0%	\$114,767,403	\$1,601,212	0.2761	\$442,086
10	2030	90%	\$109,487,665	7.5%	\$117,699,240	\$1,642,116	0.2941	\$482,991
11	2031	95%	\$115,570,313	9.0%	\$125,971,641	\$1,757,531	0.3405	\$598,406
12	2032	100%	\$121,652,961	10.5%	\$134,426,522	\$1,875,492	0.3820	\$716,366
13	2033	100%	\$121,652,961	12.0%	\$136,251,316	\$1,900,951	0.3902	\$741,826
14	2034	100%	\$121,652,961	13.5%	\$138,076,110	\$1,926,410	0.3983	\$767,285
15	2035	100%	\$121,652,961	15.0%	\$139,900,905	\$1,951,869	0.4061	\$792,744
16	2036	100%	\$121,652,961	16.5%	\$141,725,699	\$1,977,329	0.4138	\$818,203
17	2037	100%	\$121,652,961	18.0%	\$143,550,494	\$2,002,788	0.4212	\$843,662
18	2038	100%	\$121,652,961	19.5%	\$145,375,288	\$2,028,247	0.4285	\$869,121
19	2039	100%	\$121,652,961	21.0%	\$147,200,083	\$2,053,706	0.4356	\$894,581
20	2040	100%	\$121,652,961	22.5%	\$149,024,877	\$2,079,165	0.4425	\$920,040
21	2041	100%	\$121,652,961	24.0%	\$150,849,671	\$2,104,624	0.4492	\$945,499
22	2042	100%	\$121,652,961	25.5%	\$152,674,466	\$2,130,084	0.4558	\$970,958
23	2043	100%	\$121,652,961	27.0%	\$154,499,260	\$2,155,543	0.4623	\$996,417
24	2044	100%	\$121,652,961	28.5%	\$156,324,055	\$2,181,002	0.4685	\$1,021,876
25	2045	100%	\$121,652,961	30.0%	\$158,148,849	\$2,206,461	0.4747	\$1,047,336
26	2046	100%	\$121,652,961	31.5%	\$159,973,643	\$2,231,920	0.4807	\$1,072,795
27	2047	100%	\$121,652,961	33.0%	\$161,798,438	\$2,257,379	0.4865	\$1,098,254
28	2048	100%	\$121,652,961	34.5%	\$163,623,232	\$2,282,839	0.4922	\$1,123,713
29	2049	100%	\$121,652,961	36.0%	\$165,448,027	\$2,308,298	0.4978	\$1,149,172
30	2050	100%	\$121,652,961	37.5%	\$167,272,821	\$2,333,757	0.5033	\$1,174,631
TOTALS:						\$56,338,590	0.3828	\$21,564,824

Source: Bleakly Advisory Group, Inc.

In addition to nominal dollars, we have provided estimates of the net present value of these proceeds if discounted at rates ranging from 3% to 7%. The lower discount rates are illustrative of the capacity of TAD proceeds to help repay City issued bonds for public projects. Discounting future TAD proceeds by 6% or 7% is more illustrative of the range of revenues which might be realized "up front" by private sources, for projects privately financed. BAG has also estimated TAD proceeds generated in five-year increments over time periods ranging from 10 to 30 years. These shorter-term projections are provided to illustrate possible scenarios in which redevelopment costs are repaid early and the TAD is dissolved at the City's discretion, prior to the end of 30 years. Resulting calculations appear in Table 5.

Table 5: Cumulative Nominal and Discounted TAD #5 Revenues Over Varying Time Periods

Estimated Total TAD Increment:		10 Years	15 Years	20 Years	25 Years	30 Years
Cumulative TAD Proceeds (Nominal \$)		\$3,001,939	\$6,618,565	\$10,964,172	\$15,798,480	\$21,564,824
NPV Discounted @ >>>>	3%	\$2,478,178	\$4,934,169	\$7,484,563	\$10,007,336	\$12,461,936
	4%	\$2,330,908	\$4,495,852	\$6,639,334	\$8,659,754	\$10,532,969
	5%	\$2,195,201	\$4,106,236	\$5,911,059	\$7,532,897	\$8,966,399
	6%	\$2,069,996	\$3,759,193	\$5,281,616	\$6,586,454	\$7,686,443
	7%	\$1,954,340	\$3,449,438	\$4,735,930	\$5,788,060	\$6,634,380

Source: Bleakly Advisory Group, Inc.

At typical financing periods of 20 or 25 years, forecasted TAD proceeds discounted at 3% to 4% return a net present value within a range of \$6.6 to \$10.0 million. This range suggests that if, for example, the City chose to finance the construction of new road connections and streetscape improvements at typical interest rates available for public works projects, TAD proceeds could potentially “carry” the equivalent of \$7.5 to \$8.7 million in “up front” bond principal. Forecasted TAD proceeds discounted at 6% to 7% return a much smaller net present value within a range of \$4.7 to \$6.6 million. This range is more illustrative of the TAD’s potential value as an incentive tool to private developers if the City chose to support private investments, as opposed to using TAD proceeds as a funding source for public projects. Within either range of applied discount rates, TAD revenues appear to be significant enough to encourage the desired transition of the redevelopment area toward higher-quality development and land uses.

PROPOSED REDEVELOPMENT COSTS (USES OF TAD PROCEEDS)

Existing public infrastructure and prevailing market rents for commercial and multi-family property in Dalton are generally inadequate to support the City’s vision of creating high-quality commercial, residential and mixed-use development nodes. In essence, prevailing rents tenants are able to pay, often make it very difficult to finance the cost of new construction. The use of TAD proceeds would be applied to eligible activities in order to lower development costs to an amount that can be supported by prevailing commercial market rents.

As redevelopment is underway, having a working TAD in place could be applied to such items as lowering the construction cost of internal site development; paying for off-site traffic improvements, demolishing existing buildings, removing existing asphalt parking, etc. Potential long-term costs are likely to far exceed the estimated financing proceeds which could be financed through TAD increments alone. TAD funds would therefore need to be used strategically to leverage other funding sources where possible and to incentivize private investments which create new taxable digest.

Priorities for the use of TAD proceeds would evolve as project planning proceeds, more detailed site development budgets are prepared and actual costs become better known. The intent is to employ TAD proceeds as available and necessary to make site development financially feasible and to attract the types of end-users that would positively impact the redevelopment area, the City and the regional economy. Uses of TAD proceeds may include (a) supporting on- and of-site development (including buildings, access, signage, site preparation, utility improvements and any environmental remediation to support redevelopment), (b) paying for desired public amenities that

cannot otherwise be afforded based on prevailing rents; (c) reimbursing developers for the added cost of building demolition, and (d) funding potential incentives to attract high quality end-users.

Table 6: Potential uses of TAD #5 Proceeds

Potential TAD Expenditures (Estimated Eligible Redevelopment Costs)	Lower Range		Upper Range	
	Est. % Allocation	Total TAD Funds	Est. % Allocation	Total TAD Funds
1. Traffic & Streetscape Improvements	50.0%	\$2,640,000	50.0%	\$5,005,000
2. Site Preparation/Development Costs	20.0%	\$1,056,000	20.0%	\$2,002,000
3. Building Rehabilitation/New Construction	30.0%	\$1,584,000	30.0%	\$3,003,000
Total Estimated TAD Funding:	100.0%	\$5,280,000	100.0%	\$10,010,000

Source: Bleakly Advisory Group, Inc.

Estimated TAD proceeds could be used for many purposes in numerous combinations. Table 6 illustrates a representative broad distribution of fund uses among the priorities described above at different (low and high) projections of total available revenues. In practice, TAD proceeds will be allocated to specific purposes as development opportunities arise and as specific agreements are negotiated between developers and the City, and with prospective end users.

CONCLUSION

The calculations made above provide one reasonable forecast of achievable future redevelopment within the proposed TAD, resulting gains in the area's real estate tax digest, corresponding tax allocation increments, supportable TAD financing proceeds and potential uses for those proceeds to reduce redevelopment costs. As noted above, numerous combinations of equally reasonable inputs and assumptions could be applied to produce marginally different results. This report sets a realistic expectation for the TAD's future financial performance, which is intended to help the City make decisions moving forward.

ASSESSED VALUATION FOR TAD (I)

The Redevelopment Powers Law specifies that the Plan "recite the last known assessed valuation of the redevelopment area and estimate the assessed valuation after redevelopment." The City of Dalton Tax Allocation District #5, as defined in this Redevelopment Plan includes 77 tax parcels and 128.4 acres within those parcels. The proposed TAD #5 has an estimated 2020 fair market (appraised) value of \$84,893,115. Two of these parcels are tax exempt, leaving a taxable digest of \$83.08 million. The City and School District Tax Digest is taxed at 100% while the County taxes property at 40% of Fair Market Value (FMV). The taxable assessed (40% digest) value for County taxing purposes totals \$33,957,246, according to Whitfield County tax assessment records.

Pursuant to the Redevelopment Powers Law, upon adoption of the Redevelopment Plan and the creation of the tax allocation district, the City will request that the Commissioner of Revenue of the State of Georgia certify the tax base for December 31, 2020, the base year for the proposed tax allocation district. The tax base is expected to increase in the future through private investment stimulated by implementation of the redevelopment plan and the reinvestment of TAD increments back into the project(s). Because of the large number of parcels in this TAD and the fact that most

are currently developed, redevelopment is expected to occur incrementally through the rehabilitation and/or new construction of multiple individual projects over time.

HISTORIC PROPERTY WITHIN BOUNDARIES OF TAD (J)

The City of Dalton has made a long-standing commitment to historic preservation, as evidenced by the City's establishment of a Historic Preservation Commission more than 30 years ago. Several Local Government and/or National Register Historic buildings and districts have been designated within the City limits since 1978. TAD #5 is not known to contain any local or National Register historic properties. However, with a 30-year commitment to historic preservation, Dalton is able to state that in the event that any identified historic properties are proposed for redevelopment within TAD #5, they will not be substantially altered in any way inconsistent with technical standards for rehabilitation; or demolished unless feasibility for reuse has been evaluated based on technical standards for the review of historic preservation projects, which technical standards for rehabilitation and review shall be those used by the state historic preservation officer.

CREATION & TERMINATION DATES FOR THE TAD (K)

The redevelopment area's Tax Allocation District #5 will be created effective December 31, 2020. The Redevelopment Powers Law provides that the TAD will be in existence until all redevelopment costs, including debt service, are paid in full. For analysis purposes this report has based calculations on a 30-year term and assumes that the TAD will remain in existence for 30 years. Future elected officials could decide to either dissolve or extend the TAD's existence based on future circumstances within the District.

TAD BOUNDARIES EXISTING USES OF REAL PROPERTY (L)

The proposed TAD #5 boundaries are shown on the following map. As previously discussed, in this case the redevelopment area and the TAD share the same boundaries. Existing land use within the TAD is predominantly retail/commercial, with limited office development, a handful of residential dwellings and several undeveloped parcels. These uses are reflected in the existing zoning map presented earlier in this report. The TAD boundaries include the respective tax parcels located within the dashed boundary line plus associated public rights of way. (A complete list of TAD parcels appears in Appendix A.) For any section of roadway that abuts a TAD parcel and/or is used as a boundary in the TAD map, the entire section of ROW is intended to be included inside the TAD boundary in order to maintain flexibility to use TAD proceeds for public improvements to those rights of way, if desired by the redevelopment agency.

MAP 4: PROPOSED CITY OF DALTON TAD #5 – WEST WALNUT AVENUE
(The Proposed Redevelopment Area and TAD Share the Same Boundaries)



Note: *TAD boundaries include both sides of public rights of way which abut TAD parcels. The Dalton Factory Outlet Stores, an adjacent hotel and restaurant are located in unincorporated Whitfield County and are not included in the proposed TAD.

TAX ALLOCATION INCREMENT BASE (M)

On or before December 31, 2020, the City of Dalton, acting as the redevelopment agent, will apply to the State Revenue Commissioner for a determination of the tax allocation increment base of the proposed tax allocation district. The base for TAD #5 is estimated as follows:

City of Dalton Redevelopment Plan TAD #5 Summary - West Walnut Avenue	
Number of Parcels	77
Total Acres	128.4
2020 Appraised (Full Market) Value - Estimated	\$84,893,115
2020 Taxable Digest (City and School District) @ 100%	\$83,080,716
2020 Taxable Digest (Whitfield County) @40%	\$33,232,286
City of Dalton 2020 M&O Taxable Digest	\$3,650,867,194
TAD #4 % of Dalton Digest	2.28%

Source: BAG, Whitfield County Tax Assessment Records and the Georgia Department of Revenue.

Property taxes collected within Tax Allocation District #5 to serve as base are calculated as follows:

Jurisdiction	Taxable Digest x	Millage =	Total Taxes	Tax/Ac
City of Dalton (100%)	\$83,080,716	2.237	\$185,852	\$1,447.78
School District (100%)	\$83,080,716	8.200	\$681,262	\$5,307.02
Whitfield County (40%)	\$33,232,286	8.787	\$292,012	\$2,274.77
Total taxes collected within the TAD to Serve as Base:			\$1,159,126	\$9,029.57

The Redevelopment Powers Law caps the percentage of tax digest of any taxing jurisdiction, which can be located within one or more Tax Allocation Districts, at 10% of the total. The City of Dalton created two Tax Allocation Districts 2015, the second of which (East Walnut Avenue) was dissolved and re-established a year later as TAD #3. The City is also considering amending the 2015 Redevelopment Plan to add TAD #4 – North Bypass, which would also become effective as of December 31, 2020. If the proposed TAD's #4 and #5 are both adopted, the combined taxable digest contained within all City of Dalton TAD's as of 12/31/2020 would total \$229.1 million and consume 6.28% of the City's total M&O digest. Based on its 2020 digest, Dalton could add nearly \$136 million in real estate digest to other TADs before reaching the 10% cap. Approval of the proposed TAD #5 would still leave ample flexibility for the City to address other priorities in the future.

Dalton 2020 M&O Tax Digest (Net After Exemptions)		\$3,650,867,194	
Dalton Tax Allocation Districts*	Base Date	2020 TAD Digest	% of City Total
TAD # 1: Downtown	12/31/2015	\$92,277,175	2.53%
TAD # 3: East Walnut Ave	12/31/2016	\$50,107,940	1.37%
TAD # 4: North Bypass	12/31/2020 (Proposed)	\$3,665,180	0.10%
TAD # 5: West Walnut Ave	12/31/2020 (Proposed)	\$83,080,716	2.28%
TOTAL 2020 City Digest within TADs*:		\$229,131,011	6.28%

* Calculation against the cap assumes that the proposed TAD #4 and #5 will be approved.

AD VALOREM PROPERTY TAXES FOR COMPUTING TAX ALLOCATION INCREMENTS (N)

As provided in the Redevelopment Powers Law, the taxes that will be included in the tax increment base for the tax allocation district are based on the following authorized millage rates:

2020 M&O Millage Rates*	
City of Dalton	2.237
Dalton Independent School	8.200
Whitfield County (@ 40% = 8.787) converted to 100% =	3.515
Total (with County Millage Converted to 100%)**	13.952

*Levies for bonded indebtedness are not included in the calculation of the millage rates for TAD purposes.

** The County millage rate is 8.87 based on 40% of total value. This table converts the County rate to 100% to calculate total available millage.

Source: Georgia Department of Revenue.

Creation of the tax allocation district will not affect any potential future business improvement district within the boundaries of the redevelopment area.

TAX ALLOCATION BOND ISSUES (O, P, Q)

AMOUNT OF BOND ISSUE

Upon adoption of this Redevelopment Plan, the City of Dalton may propose to issue tax allocation bonds or other financing instruments, in one or more tranches. Estimated supportable levels of future financing could range from \$3 to \$7 million depending upon whether identified and/or additional redevelopment projects emerge, all jurisdictions consent to participate in the TAD, terms available at the time of issuance, and the types of financing methods used.

TERM OF THE BOND ISSUE OR ISSUES

The City of Dalton proposes to issue tax allocation bonds or alternative forms of financing for a term no longer than 30 years. Given current market conditions, the calculations made in this report assume using a 25 year term.

RATE OF BOND ISSUE

The City of Dalton intends to either (a) seek fixed-rate tax exempt bonds; (b) obtain comparable forms of commercial financing as available, or (c) enter into a development agreement to remit certain tax allocation increments to qualified developer(s), to enable such developer(s) to secure commercial financing or make improvements on a pay-as-you-go basis. Should financing be sought in the future, the actual rate, terms and issuance costs would be determined at the time of issuance based upon general market conditions, anticipated development within the TAD, assessed taxable property values and federal tax law considerations. The City reserves the right to consider a range of potential financing options, as appropriate.

PROPERTY PROPOSED TO BE PLEDGED FOR PAYMENT OF TAX ALLOCATION INCREMENTS FINANCING

Bonds or pay-as-you-go agreements will be secured by the positive tax allocation increments from eligible ad valorem taxes levied for these purposes. Based on current millage rates and commercial property values in Dalton, positive tax allocation increments calculated in this report are based on real estate values and general fund taxes levied on that real estate. The actual amount of collected tax increments will depend upon the pace at which the Redevelopment Plan is implemented and the impact of redevelopment activities and other economic factors on the tax base in the TAD as a whole. **The City also reserves the flexibility to pledge ad valorem tax increments on business personal property and/or local option sales taxes to the TAD if warranted by resulting public benefits.**

SCHOOL SYSTEM IMPACT ANALYSIS (R)

Georgia's Redevelopment Powers Law, which governs the operation of tax allocation districts in the State, was amended during the 2009 legislative session to include a new provision under section 36-44-3(9)(R) for preparation of a "School System Impact Analysis." This section presents the school system impacts of the City of Dalton Tax Allocation District #5, as required by this section of the statute. Dalton is served by an independent city school system, so this analysis focuses on potential impacts to the Dalton Public Schools.

CURRENT VALUE OF THE TAD VERSES THE DALTON PUBLIC SCHOOL DISTRICT TAX DIGEST

The current (2020) taxable M&O digest for TAD #5 – West Walnut Avenue is estimated to be \$83,080,716. According to the Georgia Department of Revenue, the most recent published value for the Dalton School District's net taxable digest (M&O) is the same as the City at \$3.65 billion.⁵ The proposed TAD #5 therefore contains slightly less than 2.3 percent of the School District's total tax digest. (Combined with other existing and proposed TADs in the City, the total percentage increases to 6.28 percent.) The amount of ad valorem school taxes collected from existing and future properties within the designated TAD, as determined by the tax assessor on December 31, 2020, will continue to flow to the Dalton Public Schools throughout the operation of the TAD. At the current School District millage rate, that total is estimated at \$681,262. In the future, the TAD Special Fund will receive any additional property taxes from real estate, collected above the 2020 base amount for use to attract redevelopment to this part of Dalton.

⁵ The total City tax digest information used for this report is for 2020. TAD digest values were compiled from the County Board of Assessors web site and is also believed to be current. The taxable digest reported in this table is for general fund (M&O) expenditures. The Dalton School District's tax digest is based on 100% valuation as opposed to 40% applied to most taxing jurisdictions in Georgia.

City of Dalton TAD #5		
TAD Digest as a Percent of Total City School District		
2020 Dalton Independent School System total M&O Digest (100%)		\$3,650,867,194
TAD # 5 Taxable M&O Digest (100%)		\$83,080,716
TAD #5 Percent of School District Total		2.3%
TAD #5 Base Revenues to the School District		
	Taxable Digest	x 2020 Millage = Total School Taxes
	\$83,080,716	8.200 \$681,262

Source : BAG, Whitfield County Tax Assessment Records and the Georgia Department of Revenue

ESTIMATED SCHOOL ENROLLMENT IMPACTS FROM TAD #5

TAD #5 is primarily intended to support commercial rather than residential development. No specific projects are currently proposed within the TAD that would generate additional enrollment for the School District in the near term. Over time, it is possible that housing could become part of a mixed-use development on Market Street, but there is no basis to support a specific proposal or unit count at this time. The future development of multi-family housing or townhomes to the north of Shields Road could potentially attract future families with children. If fully assembled, existing vacant parcels would be physically large enough to support up to 100 townhomes or 300 multi-family apartments, which may in turn generate 30 to 50 school-aged children at some point in the future.

The Dalton City School District had a total FTE enrollment of 7,783 at the start of the 2020-21 school year according to the Georgia Department of Education web site. District wide enrollment has also declined by 183 students (2.3%) over the past 5 years. Therefore, the potential of 30 to 50 students living within a residential development in the proposed TAD #5, completed several years into the future, should not significantly impact total School District enrollment.

THE LOCATION OF SCHOOL FACILITIES WITHIN THE REDEVELOPMENT AREA

There are no Dalton Public School facilities located within the proposed redevelopment area or TAD.

PROPOSED REDEVELOPMENT IN TAD #5

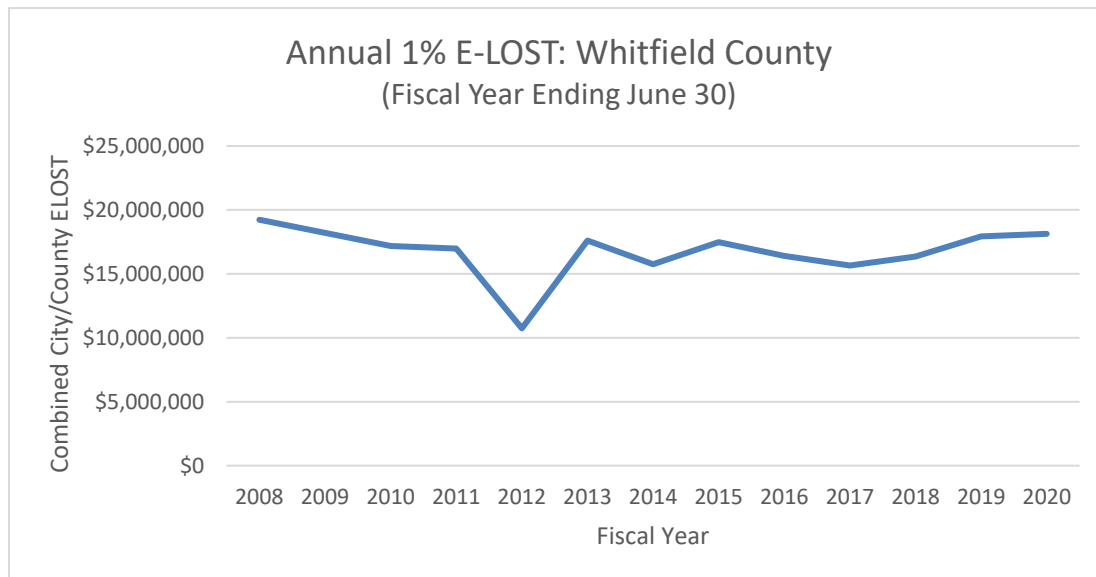
As detailed earlier in this plan, the proposed Tax Allocation District will support the rehabilitation or expansion of existing commercial buildings, or the development of sites that are either currently undeveloped or occupied by vacant buildings.

ESTIMATE OF SCHOOL DISTRICT REVENUE IMPACTS FROM TAD DEVELOPMENT

Currently, the proposed TAD #5 generates slightly less than \$681,300 per year in property taxes levied on real estate for the school system. Annual real estate taxes associated with the base value

of the TADs would continue to flow to the School District's general fund, as would current and future gains in personal property taxes levied on business furnishings, inventories, and equipment. Dalton is somewhat unusual among Georgia cities in that residential property makes up less than 27% of the City's tax digest. The City's comparatively large nonresidential tax base is also unusual in that the taxable value of personal property throughout Dalton totals more than \$1.7 billion and makes up more than 43.1% of the School District's total gross property tax digest. The bulk of this tax base is classified as industrial. However, the gross digest of commercial personal property totals nearly \$478.4 million or 40% of the City's total commercial tax base of \$1.19 billion. Net of exemptions granted to inventory and equipment, the value of all commercial personal property within the School District adds \$0.61 to every \$1.00 of real estate digest that exists within the City limits. For industrial property, this ratio is even greater.

A similar ratio could also apply to the value of additional commercial real estate value created from projects within TAD #5.⁶ At the completion of the proposed TAD projects, the digest value of commercial personal property, which is not pledged to the respective TAD Special Funds, could potentially exceed \$23.5 million and generate an additional \$192,900 per year in personal property taxes for the School District.



New retail development and new residents living within the TAD could also generate additional sales taxes for the School District. In the fiscal year ending in June of 2020, more than \$18.1 million in educational local option sales taxes (E-LOST) were collected within Whitfield County of which, 37.7% was distributed to the Dalton City Schools. As shown in the graph, annual 1% sales tax collections for schools have not yet fully recovered from pre-recession sales highs recorded in 2007-08. Sales tax collections for FY 2021 are likely to fall again due to the impacts of COVID 19, particularly due to declining dining and lodging sales. The combination of recession, store closures and increased "leakage" of retail purchases made by County residents in other taxing jurisdictions,

⁶ Dalton provides a 20% Freeport exemption to manufacturing and commercial companies for raw materials and goods in the process. Most personal property subject to this Freeport exemption is industrial rather than commercial in nature. The methodology used to forecast business personal property is considered reasonable and sufficient to account for Freeport exemptions.

have caused volatility in sales tax collections. This graph underscores the importance to the School District, of supporting efforts to strengthen commercial corridors and retain retail sales within Whitfield County.

In summary, by agreeing to forego incremental gains in future real estate taxes within the TAD, the School District could expect to receive offsetting increases in personal property taxes and ELOST revenues, in addition to the annual real estate taxes associated with the certified base – while the TAD is still in effect. After the TAD is dissolved, the School District would also receive the incremental annual property taxes on real estate that were pledged to the TAD, which could exceed \$320,000 per year.

CONCLUSION REGARDING SCHOOL DISTRICT IMPACTS

As demonstrated in the preceding analysis, the economic impacts to the Dalton Public Schools from participating in the proposed TAD are as follows:

6. The TAD will affect future appreciation on 2.3 percent of the School District's tax digest. The current amount of property taxes generated from real estate within the TAD, just under \$681,300 per year, will continue to go to the school system—only taxes associated with incremental real estate digest growth above the current base amount are pledged to the TAD.
7. No residential development is currently proposed for TAD #5, that would be expected to generate school enrollment. Available undeveloped parcels have the physical potential to add 30 to 50 students over the long term, depending on whether those parcels can be assembled and how they are developed in the future.
8. There are no Dalton Public School facilities located inside the boundaries of the TAD.
9. Upon completion of these projects and while the TAD is still in effect, the School District could receive roughly \$875,000 in property taxes from within the TAD, including certified base real estate taxes increased commercial personal property taxes. If successful, the TAD could also generate significantly increased sales tax revenues during years in which ESPLOST is in effect, compared a scenario where no action is taken to strengthen the competitive position of retailers operating within the Walnut Avenue corridor.
10. The School District would receive an additional \$320,000 per year from real estate taxes from the TAD once all redevelopment costs are paid and the TAD is dissolved.

Thus we conclude that the potential gains to the Dalton Public Schools from participating in the proposed TAD will be substantially positive due to the future growth in its tax digest and sales tax revenues, with limited resulting impacts on the demand for school services.

APPENDIX A. LIST OF TAX PARCEL ID NUMBERS (PROPERTIES WITHIN TAD #5 – WEST WALNUT AVENUE)

Parcel_ID	Owner	Street Address	Acres	Total Full Market Value	City/School (100%) Tax Digest	Whitfield County (40%) Tax Digest
12-261-01-007	1522 Walnut Avenue LLC	1526 W Walnut Ave.	0.60	\$742,937	\$742,937	\$297,175
12-261-01-002	1522 Walnut Avenue LLC	1522 W Walnut Ave.	0.75	\$664,533	\$664,533	\$265,813
12-261-01-004	ARC CaféUSA001 LLC	1520 W Walnut Ave.	1.09	\$1,356,013	\$1,356,013	\$542,405
12-260-58-000	Govan Anish	W Walnut Ave	1.34	\$703,500	\$703,500	\$281,400
12-260-23-000	Smart Choice Dalton, LLC	1516 W Walnut Ave	1.06	\$1,095,219	\$1,095,219	\$438,088
12-260-24-000	1514 Walnut Avenue LLC	1514 W Walnut Ave	1.10	\$605,404	\$605,404	\$242,162
12-260-25-000	Middleton Brock Rental, LLC	1512 W Walnut Ave	0.77	\$810,660	\$810,660	\$324,264
12-260-27-000	Harris M Taylor Jr Et Al	1510 W Walnut Ave	1.71	\$1,071,367	\$1,071,367	\$428,547
12-260-29-000	Joley Company The	1500 W Walnut Ave	1.40	\$1,341,574	\$1,341,574	\$536,630
12-260-12-000	HHL Properties, LLP	1322 W Walnut Ave	1.66	\$1,599,894	\$1,599,894	\$639,958
12-260-33-000	Shoney's Inc.	1302 W Walnut Ave	0.74	\$572,680	\$572,680	\$229,072
12-260-28-000	Quinn Lawrence & Theresa M	1300 W Walnut Ave	1.00	\$1,034,308	\$1,034,308	\$413,723
12-260-17-000	Debos Diners Investments, LLC	1250 W Walnut Ave	1.00	\$903,245	\$903,245	\$361,298
12-260-16-000	Debos Diners Investments, LLC	527 S Tibbs Rd	1.71	\$59,850	\$59,850	\$23,940
12-260-03-000	Debos Diners Investments, LLC	525 S Tibbs Rd	2.27	\$42,420	\$42,420	\$16,968
12-260-56-000	City of Dalton	S Tibbs Rd	1.98	\$61,920	\$0	\$0
12-261-01-014	920 Market Street LLC	920 Market St	1.05	\$1,391,993	\$1,391,993	\$556,797
12-261-01-009	Pierce Mary Ann as Trustee	915 Market St	0.96	\$456,498	\$456,498	\$182,599
12-261-20-000	925 Market Street LLC	925 Market St	1.59	\$436,455	\$436,455	\$174,582
12-261-22-000	929 Market Street LLC	929 Market St	3.11	\$873,342	\$873,342	\$349,337
12-261-43-000	Poal Dalton LLC & Mauer	929 Market St	0.97	\$875,159	\$875,159	\$350,064
12-261-42-000	Poal Dalton LLC & Mauer	Market St	0.53	\$128,574	\$128,574	\$51,430
12-261-38-000	Poal Dalton LLC & Mauer	955 Market St	1.27	\$767,500	\$767,500	\$307,000
12-260-39-000	Dalton Walnut Holdings, LLC	1515 W Walnut Ave	4.17	\$2,933,145	\$2,933,145	\$1,173,258
12-260-40-000	Dalton Walnut Holdings, LLC	1513 W Walnut Ave	2.71	\$1,431,907	\$1,431,907	\$572,763

12-260-28-000	Racetrac Petroleum, Inc	1511 W Walnut Ave	0.94	\$1,027,721	\$1,027,721	\$411,088
12-260-37-000	TB Dalton LLC	1509 W Walnut Ave	0.42	\$478,747	\$478,747	\$191,499
12-260-35-000	AFP Seventy Three Corp	1505 W Walnut Ave	0.52	\$417,466	\$417,466	\$166,986
12-260-14-000	Adventure Land and Property, LLC Et Al	1501 W Walnut Ave	5.21	\$2,689,980	\$2,689,980	\$1,075,992
12-260-18-000	Walnut Avenue Partners, LLC	1339 W Walnut Ave	12.66	\$12,108,198	\$12,108,198	\$4,843,279
12-260-22-000	Walnut Avenue Partners, LLC	1323 W Walnut Ave	4.42	\$4,490,057	\$4,490,057	\$1,796,023
12-260-52-000	Rare Hospitality International, Inc	1315 W Walnut Ave	1.15	\$1,021,432	\$1,021,432	\$408,573
12-260-48-000	Walnut Avenue Partners, LLC	1307 W Walnut Ave	0.36	\$508,321	\$508,321	\$203,328
12-260-53-000	Benbrook Realty, Inc.	1325 W Walnut Ave	0.66	\$822,958	\$822,958	\$329,183
12-260-20-000	Wachovia Bank National Association	1305 W Walnut Ave	1.00	\$787,149	\$787,149	\$314,860
12-260-15-000	Sexton, Carl	1301 W Walnut Ave	0.68	\$432,088	\$432,088	\$172,835
12-260-47-000	Walgreen Co	1247 W Walnut Ave	0.90	\$1,873,534	\$1,873,534	\$749,414
12-260-04-000	HHL Properties, LLP	1229 W Walnut Ave	3.63	\$1,568,073	\$1,568,073	\$627,229
12-259-01-206	I B C Properties, LLC	1209 W Walnut Ave	1.40	\$1,424,625	\$1,424,625	\$569,850
12-259-01-368	I B C Properties, LLC	1207 W Walnut Ave	0.79	\$448,724	\$448,724	\$179,490
12-259-01-207	Pan Venture Group	1205 W Walnut Ave	0.87	\$910,841	\$910,841	\$364,336
12-259-01-377	Pan Venture Group	1205 W Walnut Ave	0.46	\$240,444	\$240,444	\$96,178
12-260-01-001	The Pine Needle Gift Shoppe, Inc	1319 Dug Gap Rd	0.73	\$382,959	\$382,959	\$153,184
12-260-43-000	Bryant Wallace C Trustee	Off Shields Rd	9.87	\$176,180	\$176,180	\$70,472
12-260-07-004	Bryant Wallace C Trustee	Off Shields Rd	0.53	\$8,400	\$8,400	\$3,360
12-260-07-012	Holland Altoona & Anita	Off Shields Rd	1.01	\$9,408	\$9,408	\$3,763
12-260-07-008	Smith Clark	Off Shields Rd	0.49	\$8,400	\$8,400	\$3,360
12-260-07-006	Pearl R Lightbody Living Trust	Off Shields Rd	0.59	\$8,568	\$8,568	\$3,427
12-260-07-001	Leonard John B & Maret Michael S	Off Shields Rd	0.77	\$8,988	\$8,988	\$3,595
12-260-07-002	Leonard John B & Maret Michael S	Off Dug Gap Rd	3.03	\$15,255	\$15,255	\$6,102
12-260-07-005	Pearl R Lightbody Living Trust	Off Dug Gap Rd	0.43	\$7,980	\$7,980	\$3,192
12-260-07-009	Apples Landing LLC	Off Shields Rd	0.44	\$10,480	\$10,480	\$4,192
12-260-07-016	Apples Landing LLC	Off Shields Rd	0.33	\$6,804	\$6,804	\$2,722
12-260-07-017	White Dixon & Bette Lee	1910 Shields Rd	1.52	\$167,698	\$167,698	\$67,079

12-260-07-010	Apples Landing LLC	1906 Shields Rd	0.76	\$162,154	\$162,154	\$64,862
12-260-07-007	Unity Baptist Church of Dalton	1378 Dug Gap Rd	2.12	\$1,750,479	\$0	\$0
12-260-07-021	Cox Kenneth Leon & Delores A	1394 Dug Gap Rd	0.86	\$194,337	\$194,337	\$77,735
12-260-07-002	Rushing Timothy Q	1400 Dug Gap Rd	0.71	\$260,781	\$260,781	\$104,312
12-260-07-014	Wiley Kendrick C	Shields Rd	0.98	\$202,395	\$202,395	\$80,958
12-273-01-015	Sommers Linda	1325 Dug Gap Rd	1.27	\$249,549	\$249,549	\$99,820
12-260-01-002	RP Patel, LLC	1321 Dug Gap Rd	0.45	\$161,643	\$161,643	\$64,657
12-260-01-003	Grimaldo Lorenzo Sanchez	1323 Dug Gap Rd	0.71	\$247,603	\$247,603	\$99,041
12-273-01-017	Thacker George Michael & Varena S	1327 Dug Gap Rd	0.41	\$221,264	\$221,264	\$88,506
12-273-01-018	Craig Ruth Cate	1329 Dug Gap Rd	0.39	\$115,808	\$115,808	\$46,323
12-273-01-002	Goin Deep Limited Partnership	1403 Dug Gap Rd	1.57	\$394,028	\$394,028	\$157,611
12-273-01-003	SCF RC Funding II, LLC	1405 Dug Gap Rd	1.58	\$257,735	\$257,735	\$103,094
12-273-01-004	Smith Mark Brian	1407 Dug Gap Rd	0.77	\$135,999	\$135,999	\$54,400
12-261-16-000	Blue Star Hospitality, LLC	936 Market Street	2.01	\$3,208,082	\$3,208,082	\$1,283,233
12-261-01-010	Shubham and Miraj, LLC	1529 W Walnut Ave	2.77	\$2,498,523	\$2,498,523	\$999,409
12-261-01-005	Collis Foods Inc	1527 W Walnut Ave	0.70	\$464,588	\$464,588	\$185,835
12-261-01-008	Bryant Walace C Trustee	1523 W Walnut Ave	1.24	\$1,117,053	\$1,117,053	\$446,821
12-261-01-003	Market Street Dalton, LLC	1521 W Walnut Ave	0.91	\$953,587	\$953,587	\$381,435
12-261-01-013	Dalton Foods, LLC	1519 W Walnut Ave	0.87	\$665,661	\$665,661	\$266,264
12-260-19-000	Chick-Fil-A, Inc.	1517 W Walnut Ave	0.92	\$814,381	\$814,381	\$325,752
12-261-01-006	4 Partners, LLC	911 Market Street	2.06	\$2,159,721	\$2,159,721	\$863,888
12-260-21-000	Silver Hospitality, LLC	1518 W Walnut Ave	1.36	\$2,948,460	\$2,948,460	\$1,179,384
12-260-31-000	Dalton Development Partners, LLC	1308 W Walnut Ave	10.60	\$11,687,709	\$11,687,709	\$4,675,084
	TAD Totals	77	128.37	\$84,893,115	\$83,080,716	\$33,957,246

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APPENDIX B. DALTON CITY COUNCIL

David Pennington, Mayor

Derek Waugh, Ward 1

Annalee Harlan, Ward 2

Tyree Goodlett, Ward 3

Gary Crews, Ward 4

Jason Parker, City Administrator

APPENDIX C. WHITFIELD COUNTY COMMISSION

Lynn Laughter, Chairman

Barry Robbins, District 1

Harold Brooker, District 2

Roger Crossen, District 3

Greg Jones, District 4

Mark Gibson, County Administrator

APPENDIX D. DALTON PUBLIC SCHOOLS, BOARD OF EDUCATION

Matt Evans, Chair

Palmer Griffin, Vice Chair

Tulley Johnson, Treasurer

Jody McClurg, Board Member

Sam Sanders, Board Member

Dr. Tim Scott, Superintendent of Schools