

PROPOSED AMENDMENT TO THE CITY OF DALTON REDEVELOPMENT PLAN: Downtown, East Walnut Ave. Corridor and North Bypass Tax Allocation Districts



NOVEMBER 2020

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



Prepared by:



Bleakly Advisory Group

INTRODUCTION

The City of Dalton has the authority to exercise all redevelopment and other powers authorized or granted to 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. As redevelopment agency for the City of Dalton, the Dalton City Council is authorized to approve and implement redevelopment plans, as well as approve amendments to existing redevelopment plans, as described in the following applicable provisions of the statute *[emphasis added]*:

§ 36-44-4. Local legislative bodies serving as redevelopment agency; common redevelopment agency

*“(a) As an alternative to the creation of a redevelopment agency provided for by subsections (b) through (f) of this Code section, the local legislative body of a political subdivision, by resolution, *may designate itself as its respective redevelopment agency* and may exercise, within its respective area of operation, the redevelopment powers provided by this chapter.”*

§ 36-44-6. Delegation of powers; limitations on delegation *“(b) (1) Any redevelopment plan must be approved by resolution of the local legislative body of the political subdivision as a condition precedent to the implementation of said redevelopment plan, and such approval shall be subject to the requirements of Code Section 36-44-7;”*

§ 36-44-7. Approval of redevelopment plans *“(d) Once approved by the local legislative body; a redevelopment plan may be amended only by the local legislative body of the political subdivision... in the same manner as prescribed by subsection (c) of this Code section for a meeting to consider the adoption of a redevelopment plan.”*

In December of 2015, the Dalton City Council created by resolution the City's first redevelopment plan, (the 2015 Plan) which established the “Downtown” and “East Walnut Avenue” Tax Allocation Districts. A year later, the City Council adopted the first amendment to that plan. That amendment dissolved Tax Allocation District #2 – East Walnut Avenue (“District 2”) and replaced it with Tax Allocation District #3 – East Walnut Avenue (“District 3”). The purpose of the amendment was to incentivize/assist redevelopment of the Walnut Square Mall by dissolving TAD #2 and replacing it with a new District that incorporated a minor boundary adjustment and a new, significantly lower certified base digest. The adopted amendment was added to the 2015 Plan as Exhibit “A.” Exhibit “A” itemizes 26 edits to the original plan text, which reflect the City Council’s intended changes.

The 2015 Plan was intentionally written to enable the City to consider add other TAD’s in the future, provided those TAD’s are located within the general boundaries of the redevelopment area and are consistent with the City’s overall redevelopment objectives. The City Council recently agreed to consider a second proposed amendment to the 2015 Plan, this time adding another tax allocation district to the redevelopment area. This new TAD is identified as Tax Allocation District #4 – North Bypass (“District 4”). The scope of the proposed second plan amendment is significantly broader and requires much more documentation than the first, which reflected a relatively minor administrative change to an existing TAD. This document describes the relevant characteristics of the proposed new TAD #4 and summarizes edits to the redevelopment plan, section by section, that will be necessary to incorporate the proposed amendment. If/when adopted by the City Council, this text, along with relevant sections of the first (2016) amendment, will be fully incorporated into an updated redevelopment plan document, as amended.

Proposed amendments to each section are itemized below. Page numbers refer to the location of each section heading in the 2015 Plan, followed by the specific current pages where the proposed text, maps and/or exhibits would be inserted to either replace or supplement existing information. No effort is made here to alter the current numbering of existing tables, maps and illustrations in the 2015 Plan, which would obviously change with the addition of the proposed new exhibits.

EXECUTIVE SUMMARY

The Executive Summary will be edited as needed to reflect the following changes made to the full document text.

INTRODUCTION – P.11

p.12 – add the following text

TAD #4 is proposed to support a large-scale, mixed use development located adjacent to the North Bypass in accordance with the objectives of the 2018 Believe Greater Dalton Housing Strategy. TAD funds would be used selectively to enable the projects' developers to overcome deficient infrastructure, off site costs and other impediments which have made development of the area, particularly for market rate rental housing, economically unfeasible to date. Future uses of TAD proceeds may also include building or upgrading roadways and other public infrastructure, or other future public improvements to service/enhance the new Hammond Creek Middle School.

OVERVIEW OF TAX ALLOCATION DISTRICTS – P.12

No changes are required for this section.

PURPOSE AND VISION FOR THE PROPOSED TAX ALLOCATION DISTRICTS – P.14

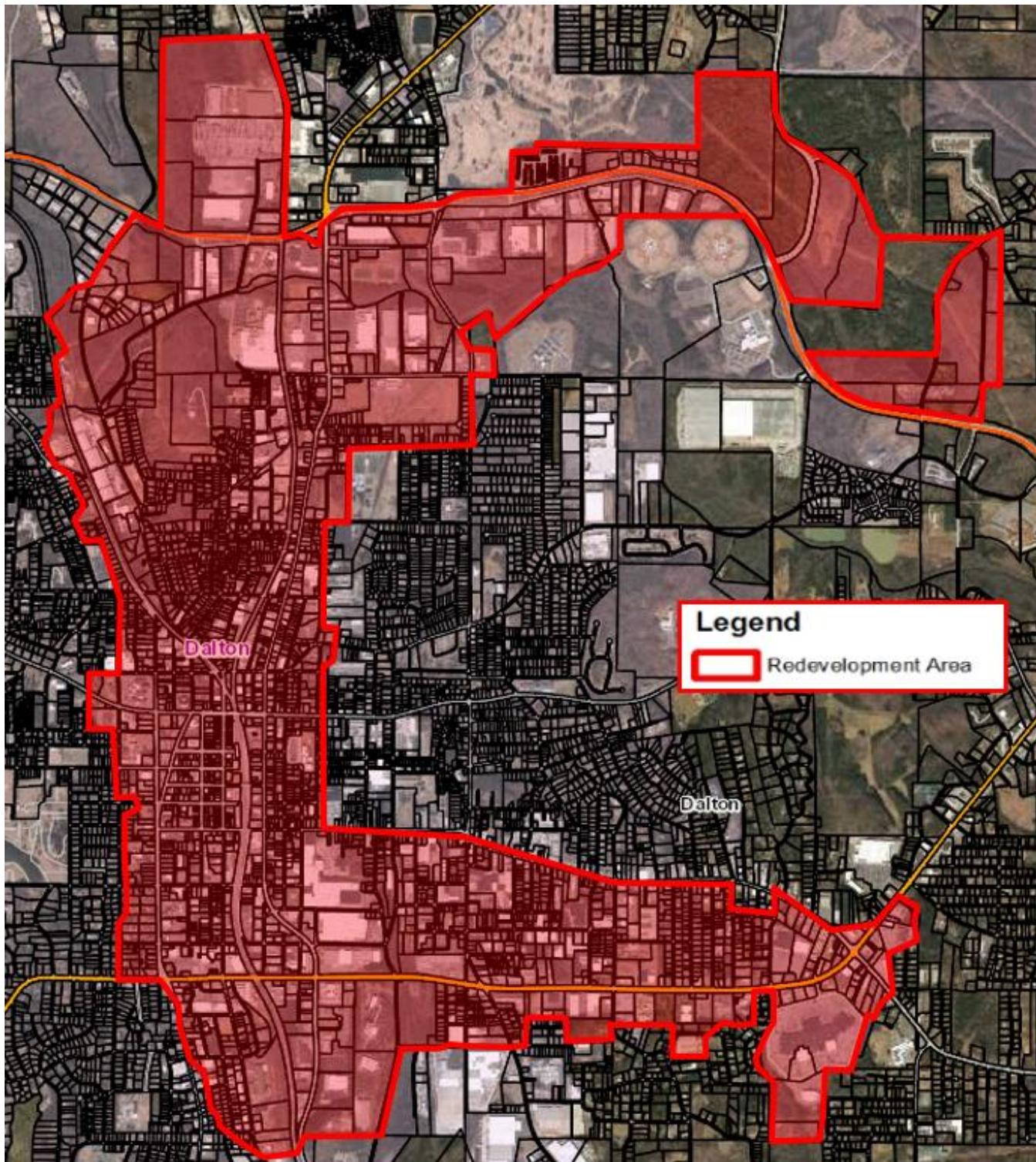
No changes are required for this section.

GEOGRAPHIC BOUNDARIES OF THE PROPOSED REDEVELOPMENT AREA (A) – P. 15

(p. 15, 16 – Replace this section, including the existing text, Table 1, and Map 1 with the following, to add new parcels associated with the North Bypass TAD.)

As part of an initial analysis of the area, BAG collected tax parcel data for a large geography that was generally described above. This general area is populated with industrial and warehousing uses, shopping centers and free-standing commercial buildings, Dalton's Central Business District, residential neighborhoods which are surrounded by these uses and the few remaining large-scale, developable greenfield sites in the area. The proposed boundaries for the Redevelopment Area and are shown on Map 1.

MAP 1: PROPOSED DALTON REDEVELOPMENT AREA



Note: Area boundaries are for illustration purposes and may include several smaller parcels that remain in unincorporated Whitfield County. Only parcels located within the Dalton City limits as of 12/31/2020 are part of the Redevelopment Area.

The Redevelopment Area includes nearly 2,700 properties covering roughly 2,733 acres (within individual tax parcels). This acreage estimate does not include streets, rights of way and a significant number of parcels for which no assessment records are available. It is also possible that data in Table 1 include a handful of parcels that may still be part of unincorporated Whitfield County. The significant factors regarding this area are: (a) it contains a large percentage of the City's commercial and industrial tax base, including its central business district; (b) the area as a whole includes roughly 20% of the City's total tax digest; (c) despite the fact that the redevelopment area is the most densely developed part of the City, property values are relatively low, with full market values averaging less than \$262,000 per acre in 2015; (d) residentially zoned properties in particular have very low average market values, averaging below \$95,000 per parcel in 2015; and (e) general fund property tax collections from the real estate within this area average roughly \$3,550 per taxable acre.¹

A distribution of the redevelopment area properties shown in Map 1, by land use, appears in Table 1. As will be presented later in this report, substantial portions of the redevelopment area clearly exhibit several characteristics of disinvestment and under-utilization, which are prerequisite to the establishment of Tax Allocation Districts. However, there are also a significant number of densely developed and/or high valued properties within the boundaries of the redevelopment area that would not make sense to include within a TAD. Less than a quarter of the total redevelopment area acreage is currently within or proposed for inclusion in Tax Allocation Districts, as described further below.

Table 1: Summary of Redevelopment Area Parcels by Land Use

Land Use/Zoning	Zoning Code	Number of Parcels	Total Acreage	Total Appraised Value	Residential Imp. Value	Commercial Imp. Value	Accessory Imp. Value	Total Value Improvements	Land Value
Neighborhood Commercial	C-1	21	16.3	\$4,138,718	\$329,220	\$3,154,804	\$27,339	\$3,511,363	\$ 627,355
Limited Commercial	C1-A	64	57.7	\$54,711,861	\$ 4,113,268	\$ 42,450,186	\$ 4,260	\$46,567,714	\$ 8,144,147
General Commercial	C-2	509	762.5	\$210,794,757	\$ 2,452,119	\$ 142,472,020	\$ 1,662,271	\$146,586,410	\$ 64,408,037
Central Business District	C-3	216	43.5	\$80,552,930	\$ 1,410,675	\$ 68,859,638	\$ 741,082	\$71,011,395	\$ 9,763,683
Transitional Commercial	C-4	243	129.3	\$44,655,159	\$2,783,648	\$31,658,202	\$110,789	\$34,552,639	\$9,997,389
General Agricultural	G-A	2	170.1	\$479,242	\$0	\$0	\$0	\$0	\$168,835
Light Manufacturing	M-1	54	34.9	\$9,182,700	\$234,092	\$7,137,124	\$36,764	\$7,407,980	\$2,844,420
Heavy Manufacturing	M-2	360	958.1	\$163,953,269	\$4,833,245	\$135,642,393	\$270,245	\$140,745,883	\$22,193,386
Mixed Use	M U	17	87.4	\$34,718,068	\$0	\$29,675,715	\$1,785	\$29,677,500	\$4,991,168
Low Density SFR	R-1	109	43.8	\$20,659,507	\$9,447,292	\$8,305,807	\$218,437	\$17,971,536	\$2,681,671
Medium Density SFR	R-2	532	233.0	\$40,651,125	\$24,416,897	\$7,073,092	\$2,053,155	\$33,543,144	\$7,109,031
Rural Residential	R-5	269	75.4	\$14,152,043	\$10,735,856	\$430,344	\$139,299	\$11,305,499	\$2,851,269
Transitional Residential	R-6	83	24.0	\$6,286,866	\$2,913,888	\$2,304,933	\$25,488	\$5,244,309	\$1,051,482
High Density Residential	R-7	201	97.2	\$30,914,930	\$11,942,503	\$14,157,490	\$71,204	\$26,171,197	\$4,722,733
TOTALS		2,680	2,733.2	\$715,851,175	\$75,612,703	\$493,321,748	\$5,362,118	\$574,296,569	\$141,554,606
Value/ AC				\$261,907	\$27,664	\$180,490	\$1,962	\$210,116	\$51,790
Value/Parcel			1.0	\$267,109	\$28,214	\$184,075	\$2,001	\$214,290	\$52,819

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

The proposed TAD #1 includes roughly 8.3 percent of the entire redevelopment area acreage and consists of 521 parcels totaling 228 acres. The TAD is sized to include the City's recognized central business district and adjacent transitional commercial areas surrounding Downtown. The boundaries and land uses within TAD #1 are addressed in later in Section L of this report. The

¹ Includes real estate taxes collected by the City of Dalton, the Dalton School District and Whitfield County.

purpose of TAD #1 is to create a mechanism to incentivize adaptive re-use and infill projects as opportunities arise. The nature of existing development suggests that the City's goals for Downtown Dalton would only be achieved by implementing multiple, comparatively small-scale redevelopment projects involving individual parcels and buildings. The TAD would be used on a selective basis to support early catalyst projects that would not be economically feasible otherwise. The proposed TAD #2, which has since been dissolved and replaced as TAD #3, includes 7.7 percent of the entire redevelopment area acreage and consists of 93 parcels totaling 210.6 acres. The TAD is sized to capture and make financially feasible retail infill projects located along Walnut Avenue as well as the Walnut Square Mall, which currently suffers from high vacancy and declining retail sales. The Mall's ownership is considering a redevelopment proposal to stabilize and reposition the property, which could be significantly enhanced by the availability of TAD financing. The boundaries and land uses within TAD #2 are also addressed in Section L of this report.

The proposed TAD #4 includes 7.4 percent of the entire redevelopment area acreage and consists of 16 parcels totaling 203.2 acres. The TAD is sized to capture and make financially feasible a potential \$124+ million, mixed-use development known as Hammond Creek. The development site for this potential project has been proposed for annexation into the City and the parcel is included inside the TAD boundaries anticipating that it will be annexed prior to the time the amended redevelopment plan is adopted and TAD #4 is created. The property's inclusion within the TAD makes it possible for the City to consider assisting the development of needed new market rate rental housing. The boundaries and land uses within the TAD are also addressed later in Section L of this report.

Through the creation of the redevelopment area and the respective TADs, the City would dedicate a portion of future increases in ad-valorem real estate taxes to be invested in the projects themselves, in order to make those projects financially feasible. The projects would in turn generate increased tax revenues from business personal property taxes and sales taxes and will 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.

GROUND FOR EXERCISE OF REDEVELOPMENT POWERS (B) – P.17

No changes are required for this section

PROPOSED LAND USES AFTER REDEVELOPMENT (C) – P.26

P 27. – add the following text to the top of the page

The proposed Tax Allocation District #4 – North Bypass, is intended to support the development of roughly 203 acres, including 93 undeveloped acres located on the northerly side of the North Bypass, into a major mixed-use development node. The site has been initially proposed to include multi-family rental and for-sale housing, plus commercial out-parcel development. Coupled with the completion of the Hammond Creek Middle School and planned road improvements to the area, economic activity generated by this project could stimulate additional development opportunities along the North Bypass corridor further to the south and east of the site. These opportunities could

positively impact properties located in the City as well as the unincorporated County, potentially benefitting both jurisdictions.

PROPOSED REDEVELOPMENT PROJECTS AND METHOD OF FINANCING (D) – P. 27

P 32. – add the following text, tables and exhibits beginning after the first paragraph

The proposed development project for TAD #4 is illustrated in a site plan which appears later in this section. BAG estimates that this conceptual site plan proposed for this property, labeled “Hammond Creek” could support nearly 1.1 million SF of new construction with a potential end value of \$124.1 million, on 93 acres that are currently valued at roughly \$25,000 per acre and less than \$2.4 million in total.

The following table summarizes the proposed development program for TAD #4, showing the distribution of proposed residential, commercial and office development by land use. (The locations of development parcels within Hammond Creek are shown on the conceptual site plan.) It is anticipated that the proposed projects would require up to a decade to reach build out and the density and distribution of land uses are subject to change as market conditions evolve. The program below also includes the build out of the few remaining undeveloped sites on Riverburch Parkway, which should be significantly enhanced by the adjacent development of Hammond Creek, as well as additional land within the City Limits that is located to the south and east of the new Hammond Creek Middle School. Adding the financing tools made possible by the TAD is a logical complement to develop this area in accordance with the objectives of the Believe Greater Dalton Housing Strategy. Future TAD proceeds could also be used to help finance (in part) associated transportation improvements that will be required to handle increased future traffic volumes associated with the Hammond Creek Development and the new public school(s) within this area.

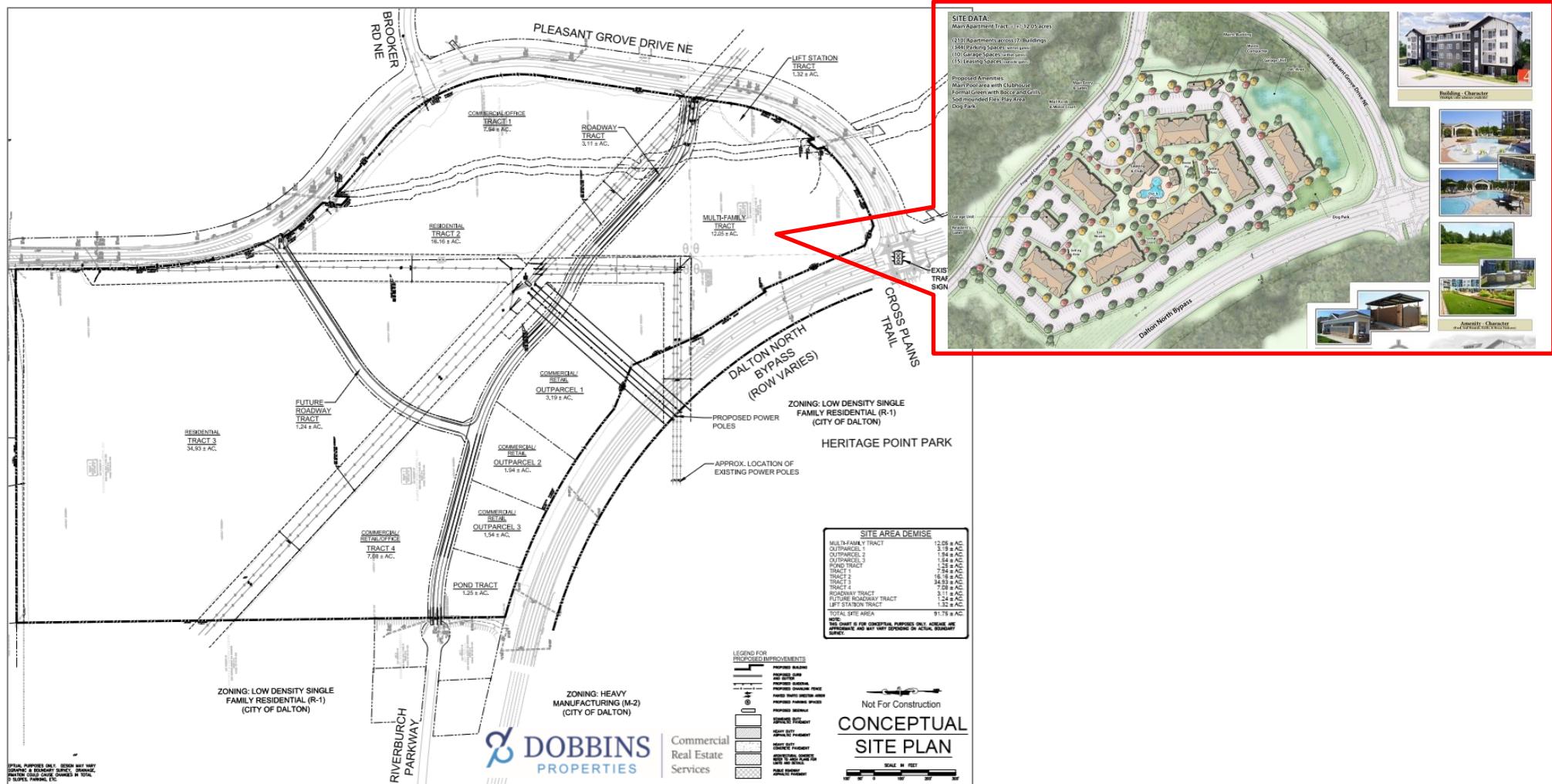
Table 8: Proposed Development – North Bypass

Illustrative Development Value at Build Out: Proposed Hammond Creek Mixed-Use Development and Other Potential North Bypass TAD Parcels

Developable Area	Future Land Use	Acres	DU's/Acre or FAR	Units or SF @ Build Out	FMV at Build Out	FMV Per Acre
Multi-Family	Apartments	12.05	17.5	210	\$21,000,000	\$1,742,739
Outparcel 1	Comm/Retail	3.19	0.12	16,675	\$1,250,608	\$392,040
Outparcel 2	Comm/Retail	1.94	0.12	10,141	\$760,558	\$392,040
Outparcel 3	Comm/Retail	1.54	0.12	8,050	\$603,742	\$392,040
Tract 1	Commercial/Office	7.94	0.10	34,587	\$4,323,330	\$544,500
Tract 2	Residential [1]	16.16	10.0	162	\$37,976,000	\$2,350,000
Tract 3	Residential [1]	34.93	6.0	210	\$52,395,000	\$1,500,000
Tract 4	Commercial/Office	7.08	0.15	46,261	\$5,782,590	\$816,750
Subtotal: Hammond Creek		84.83		1,066,317	\$124,091,827	\$1,462,830
Remaining Riverburch Parkway PAD Sites		8.24	0.20	71,429	\$6,501,634	\$789,033
Other Undeveloped TAD Parcels		39.32	3.0	118	\$29,490,000	\$750,000
TAD Build Out Totals		132.39			\$160,083,461	\$1,209,181

Proposed Amendment #2 to the 2015 City of Dalton Redevelopment Plan:

TAD #4 - CONCEPTUAL SITE PLAN: HAMMOND CREEK MIXED USE DEVELOPMENT



CONTRACTUAL RELATIONSHIPS (E)- P.32

No changes are required for this section

RELOCATION PLANS (F) – P.33

No changes are required for this section

CONFORMANCE WITH LOCAL COMPREHENSIVE PLANS, ZONING & LAND USE CODES (G)- P.33

Add the following text, table and exhibits to appropriate locations beginning on page 33

3. **Existing Zoning - TAD #4:** Existing zoning Existing zoning along the North Bypass as it applies to TAD 1 is predominantly General Commercial (C-2) in nature. The development of Hammond Creek could be accommodated by a continuation of commercial or mixed-use zoning classifications to that property.

6. **Future Land Use- TAD 4:** The future land use map for the area that includes TAD 4 foresees its eventual development as predominantly “Regional Activity Center” and “Bypass Corridor.” Hammond Creek is very consistent with the County’s “Desired Development Patterns” within both character areas. Some of the more relevant desired characteristics include:
 - Establish a connected street network for new development that links to existing streets.
 - Include a relatively high-density mix of commercial and retail centers, office, services, and employment to serve a regional market area.
 - Include a diverse mix of higher-density housing types (town homes, apartments, lofts, and condominiums) that can serve a broad range of incomes, including workforce and senior 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
 - Connect to nearby networks of greenspace/multi-use trails/bike paths where available Depict clear physical boundaries and transitions between the edge of the character area and surrounding residential areas
 - Incorporate landscaping of commercial sites/parking lots
 - Discourage strip development
 - Maintain traffic flow with access management measures and nodal development.

CITY OF DALTON UNIFIED ZONING MAP ADOPTED JULY 2019

(Approximate Boundaries of Proposed TAD #4 are inside the Blue Dashed Line)



JOINT WHITFIELD COUNTY COMPREHENSIVE PLAN UPDATE 2018: FUTURE DEVELOPMENT MAP
(Approximate Boundaries of Proposed TAD #4 are inside the Red Dashed Line)



Example of appropriate scale and landscaping in the Regional Activity Center



© September 2018

ESTIMATED REDEVELOPMENT COSTS/METHOD OF FINANCING (H) – P. 40

Add the following subsection following text, table and exhibits to appropriate locations beginning at the bottom of page 43

TAD POTENTIAL OF TAX ALLOCATION DISTRICT #4: NORTH BYPASS

BAG estimates that TAD #4 could potentially generate \$60.6 million in tax allocation increments over the full 30-year life of the TAD, accruing to the TAD Special fund. Tax increments grow slowly initially and reach \$1.4 to \$1.6 million annually when the development is fully built out in 8 to 10 years. Estimated annual tax increments generated over time periods ranging from 10 to 30 years are illustrated in the following exhibit. 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.

Estimated Total TAD Increment:	10 Years	15 Years	20 Years	25 Years	30 Years
Cumulative TAD Proceeds (Nominal \$):	\$6,863,830	\$18,100,797	\$31,430,918	\$45,597,658	\$60,601,016
NPV Discounted @					
4%	\$5,098,886	\$11,820,803	\$18,404,568	\$24,155,903	\$29,162,504
5%	\$4,747,864	\$10,680,493	\$16,225,834	\$20,843,782	\$24,675,990
6%	\$4,426,128	\$9,669,294	\$14,348,446	\$18,064,750	\$21,006,012
7%	\$4,130,903	\$8,770,930	\$12,726,193	\$15,723,532	\$17,987,000

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. It is important to note that these forecasts also exclude any 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 potentially equal or exceed "foregone" general fund real estate taxes over the same period.

PROPOSED REDEVELOPMENT COSTS (USES OF TAD PROCEEDS) – P.43

Add the following text, table and exhibits to appropriate locations beginning on page 44

Re-number and replace the existing table 11 with the following

Table 2: Potential uses of TAD Proceeds

Potential TAD Expenditures (Estimated Eligible Redevelopment Costs)	TAD #1: Downtown		TAD #3: E. Walnut Ave.		TAD #4: N. Bypass		TOTALS	
	Est. % Allocation	Total TAD Funds	Est. % Allocation	Total TAD Funds	Est. % Allocation	Total TAD Funds	Est. % Allocation	Total TAD Funds
1. Access Roads and Off Site Traffic Improvements	0.0%	\$0	10.0%	\$405,000	25.0%	\$3,750,000	21.3%	\$4,155,000
2. Infrastructure to Property Line	0.0%	\$0	0.0%	\$0	10.0%	\$1,500,000	7.7%	\$1,500,000
2. Site Development Costs	20.0%	\$100,000	15.0%	\$607,500	20.0%	\$3,000,000	19.0%	\$3,707,500
4. Demolition	0.0%	\$0	25.0%	\$1,012,500	0.0%	\$0	5.2%	\$1,012,500
5. Building Construction	80.0%	\$400,000	50.0%	\$2,025,000	45.0%	\$6,750,000	46.9%	\$9,175,000
Total Estimated TAD Funding:	100.0%	\$500,000	100.0%	\$4,050,000	100.0%	\$15,000,000	100.0%	\$19,550,000

ASSESSED VALUATION FOR TAD (I) – P.45

Add the following text to the bottom of page 45

The City of Dalton Tax Allocation District #4– North Bypass, as defined in this Redevelopment Plan includes 16 tax parcels and 203.2 acres within those parcels. The proposed TAD #4 has an estimated 2020 fair market (appraised) value of \$5,461,549. There are two tax-exempt parcels within this proposed TAD which are owned by the Dalton Board of Education, which contain the new Hammond Creek Middle School. 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 \$1,466,072, according to Whitfield County tax assessment records, while the current City and School District tax digest totals \$3,665,180.

HISTORIC PROPERTY WITHIN BOUNDARIES OF TAD (J) – P.46

Replace the last sentence at the bottom of page 46 with the following text:

TAD #3 and TAD #4 are not known to contain any local or National Register historic properties. However, this same commitment would be made in the event that historic properties are identified in the future.

CREATION & TERMINATION DATES FOR TAD (K) – P.47

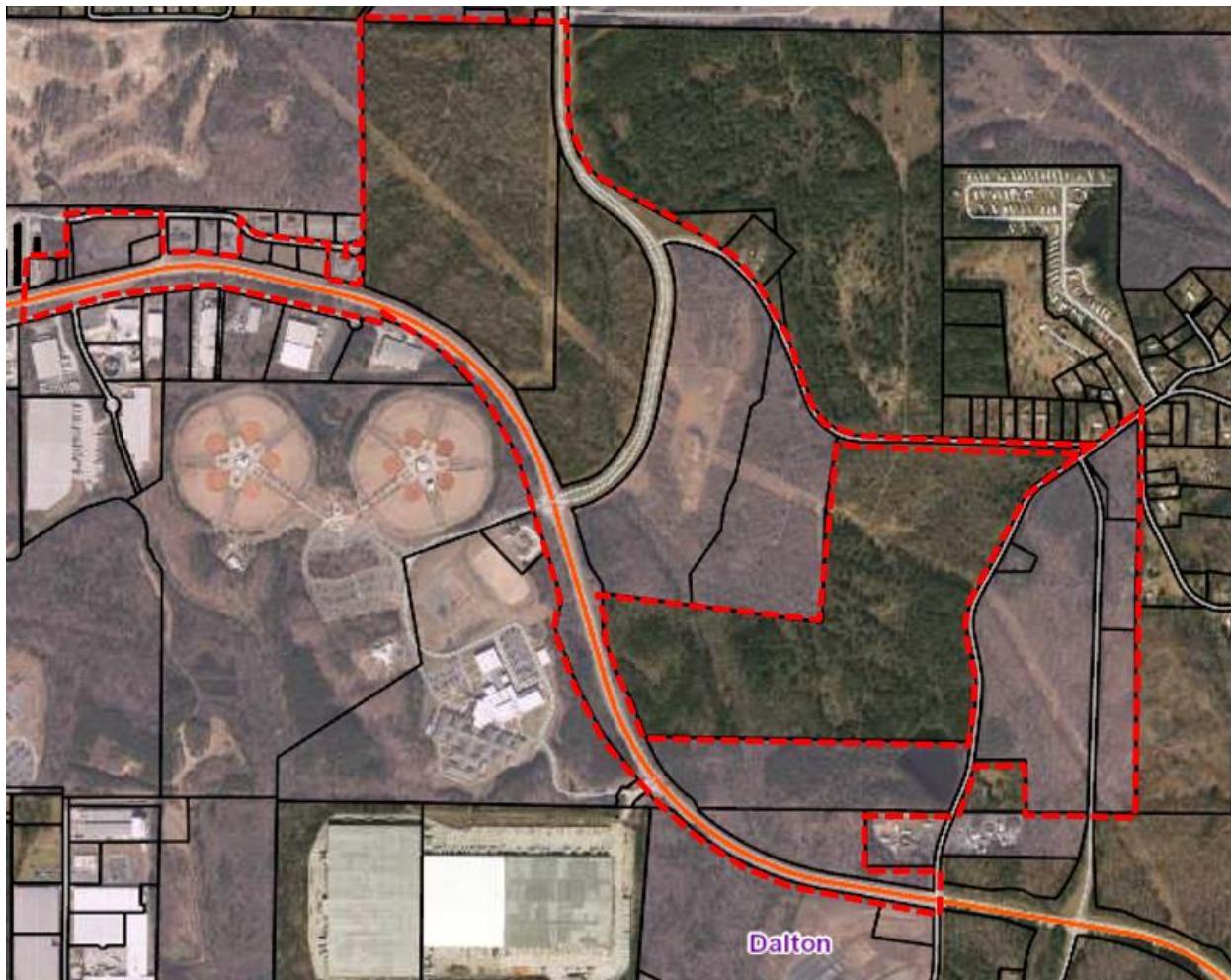
Replace the existing section with the following text:

The redevelopment area's Tax Allocation District #1 was created effective December 31, 2015. TAD #2 was dissolved and recertified as TAD #3 effective December 31, 2015. TAD #4 will be created effective December 31, 2020. Redevelopment Powers Law provides that TAD's 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 each TAD will remain in existence for 30 years from its respective certification. Future elected officials could decide to either dissolve or extend each TAD's existence based on future circumstances within the Districts.

TAD BOUNDARIES EXISTING USES OF REAL PROPERTY (L) – P.47

Add a new Map (shown on the next page) to the end of page 49.

MAP 6: PROPOSED CITY OF DALTON TAD #4 – NORTH BYPASS



TAX ALLOCATION INCREMENT BASE (M) – P.50

Insert calculation calculations are provided for TAD #4 at the top of P.51:

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 #4 is estimated as follows:

City of Dalton Redevelopment Plan	
TAD #4 Summary - North Bypass	
Number of Parcels	16
Total Acres	203.2
2020 Appraised (Full Market) Value - Estimated	\$5,461,549
2020 Taxable Digest (City and School District) @ 100%	\$3,665,180
2020 Taxable Digest (Whitfield County) @40%	\$1,466,072
City of Dalton 2020 M&O Taxable Digest	\$3,650,867,194
TAD #4 % of Dalton Digest	0.10%

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

Property taxes collected within Tax Allocation District #4 to serve as base are calculated as follows:

Jurisdiction	Taxable Digest x	Millage = Total Taxes	Tax/Ac
City of Dalton (100%)	\$3,665,180	2.237	\$8,199
School District (100%)	\$3,665,180	8.200	\$30,054
Whitfield County (40%)	\$1,466,072	8.787	\$12,882
Total taxes collected within the TAD to Serve as Base:		\$51,136	\$251.65

The Redevelopment Powers Law caps the percentage of tax digest in any taxing jurisdiction which can be located within one or more Tax Allocation Districts to 10%. As the first two proposed TADs within the City of Dalton, it is important to maintain flexibility to address other priorities in other areas. The combined total taxable digest contained within the TADs 1, 3 and 4 consume only 4.0% of Dalton's tax digest. Approval of these proposed TADs will therefore leave ample flexibility to address other priorities in the future. Based on the City's 2020 digest, Dalton could add another \$219 million in real estate digest to other TADs before reaching the 10% cap.

AD VALOREM PROPERTY TAXES FOR COMPUTING TAX ALLOCATION INCREMENTS (N) – P.51

Replace the 2015 millage rates with the following:

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

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

** County millage rate is converted to 100% = 3.5148 to calculate total available millage.

Source: Georgia Department of Revenue.

Creation of the tax allocation district will not affect existing or planned business improvement districts within the boundaries of the redevelopment area.

TAX ALLOCATION BOND ISSUES (O, P, Q) -P.51

No changes are required for the following subsections

AMOUNT OF BOND ISSUE- P.51

TERM OF THE BOND ISSUE OR ISSUES – P.51

RATE OF BOND ISSUE- P.51

PROPERTY PROPOSED TO BE PLEDGED FOR PAYMENT OF TAX ALLOCATION INCREMENTS FINANCING – P.-52

SCHOOL SYSTEM IMPACT ANALYSIS (R) – P.53

The following tables and text will be inserted in appropriate sections:

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

Delete and replace the existing subsection with the following text.

The current (2020) taxable City (100%) digest for TAD #1 – Downtown is estimated to be \$92,277,175, TAD #3 – East Walnut Avenue is estimated to be \$50,107,940 and TAD #4 – North Bypass is estimated to be \$3,665,180. According to Whitfield County tax assessment records, 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.² Combined, the two existing and third proposed TAD represent 4.0 percent of the School District's total tax digest. The amount of ad valorem school taxes collected from the properties in the designated the TADs, as determined by the tax assessor on December 31 of the year each district was certified, will continue to flow to the Dalton Public Schools throughout the operation of the TAD. The TAD Special Fund will receive any additional property taxes collected above the respective base year amounts for use to attract redevelopment to these sections of Dalton.

City of Dalton TAD's 1, 2 and 3 Combined Digest as a Percentage of the Dalton Independent School District's 2020 Net Digest			
2020 Net M&O Tax Digest (Net After Exemptions)			
Dalton Public Schools	Base Date	\$3,650,867,194	
TAD # 1	12/31/2015	\$92,277,175	2.53%
TAD # 3	12/31/2016	\$50,107,940	1.37%
TAD # 4	12/31/2020	\$3,665,180	0.10%
TOTAL		\$146,050,295	4.00%

² The taxable digest reported in the table is for general fund (M&O) expenditures. The Dalton Independent School District's tax digest is based on 100% valuation as opposed to 40% applied to most taxing jurisdictions in Georgia.

ESTIMATED SCHOOL ENROLLMENT IMPACTS – P.53

Delete and replace the existing subsection with the following text.

TAD #1 (Downtown) and TAD #3 (East Walnut Avenue) are not primarily intended to support residential development. No residential projects are currently proposed within either TAD that would generate additional enrollment for the School District. In the longer term it is possible that housing could become part of a mixed-use development on the Walnut Square Mall property, but there is no basis to support a specific proposal or unit count at this time. Development of upper floors of downtown commercial buildings is not of the type that would attract families with school-aged children.

TAD #4 (North Bypass) includes multi-family, single-family detached and townhome housing components. A potential multi-family apartment complex is identified in the conceptual site plan for the Hammond Creek, showing 210 units. Two additional parcels within the development, totaling 51 acres, have been identified as for future for-sale residential development, but no specific information regarding expected unit types, numbers or pricing have been determined. Another 39 undeveloped acres within the TAD, located to the south and east of the Hammond Creek Middle School, could also be developed in the future.

To provide an estimate of potential enrollment impacts from the entire TAD, BAG forecasted the total build-out of for-sale housing at 490 units, plus 210 market-rate apartments, developed over a 10-year period. We then estimated population and enrollment by applying the respective demographic multipliers for similar housing types in Georgia.³ These calculations appear in Table 12.

Table 3: Estimated Residents and School Aged Children - TAD #4

Housing Type	Units	Avg. Value	Resident Multiplier	Estimated Residents	Children Multiplier	School Aged Children
For Sale Housing						
<i>Town homes*</i>	162					
2 bedroom	97	\$225,000	1.7	165	0.05	5
3 bedroom	65	\$325,000	1.84	119	0.08	5
<i>Single-Family Detached *</i>						
3 & 4 bedroom	328	\$375,000	2.61	856	0.42	138
Rental Housing *						
<i>Market Rate Apartments</i>	210					
1 bedroom	193	\$95,000	1.49	287	0.08	15
2 bedroom	358	\$110,000	2.03	726	0.3	107
Total Units	700					
Total Residents/Total Pupils				2,153		270
Total Residents/Pupils/unit				3.08		0.39

Source: Fannie Mae Foundation Residential Demographic Multipliers for Georgia/BAG

* The distribution of units by number of bedrooms is estimated by BAG.

³ Population and school children multipliers were obtained from the Fannie Mae Foundation Residential Demographic Multipliers for Georgia, which is based on statewide occupancy characteristics for this type of housing. These demographic multipliers are several years old and are likely to change significantly after release of the 2020 Census.

Assuming that 210 one- and two-bedroom apartments, 328 three- or four-bedroom single-family homes and 162 two- and three-bedroom townhomes were fully occupied by households with characteristics typical of similar housing types statewide, we have estimated the total future population of those units at 2,153, including 270 school-aged children. It is possible that a percentage of new employment to be created within TADs 1 and 3 may attract workers who choose relocate within the School District, but the number of those workers and the number of school aged children living within those relocating households are also unknown.

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. Therefore, potential residential development in the proposed TAD #4 could increase total School District enrollment by 3.4% when all residential units are completed and occupied several years into the future. This increase is in the context of a school district where enrollment has declined by 183 students 2.3% over the past 5 years. It is also significant to note that the School District has added significant enrollment capacity to schools located within and near TAD #4 over the past several years.

THE LOCATION OF SCHOOL FACILITIES WITHIN THE REDEVELOPMENT AREA – P.54

Delete and replace the existing subsection with the following text.

There are no Dalton Public School facilities located within the TADs #1 and #3. The Hammond Creek Middle School is located within TAD #4.

PROPOSED REDEVELOPMENT IN TAD #1, #3 AND #4 – P.54

Delete and replace the existing subsection with the following text.

As detailed earlier in this plan, the proposed Tax Allocation Districts will support the development of sites that are either currently undeveloped or occupied by vacant buildings. The first potential project identified within TAD #1 could involve 40,000 SF of retail, commercial, office, hospitality and residential loft space.

Potential redevelopment projects in TAD #3 would replace an existing vacant retail space and commercial outparcels with 235,000 SF of new or rehabilitated retail and restaurant space. The most significant of these redevelopment sites is the 67-acre Walnut Square Mall. The mall's ownership has been actively evaluating options to address existing vacancy and has already demolished a significant percentage of the property, rendering the current taxable value of the TAD below its 2016 base. That site is zoned for mixed use and has the physical potential to support a significant project, including residential units. Because the School District relies in part on sales tax (e-LOST) revenues to fund facility construction, revitalizing this property would have a significant positive fiscal impact on the School District. Similarly, should high vacancy in the mall continue and more resident shoppers chose to make retail purchases outside of the County, the loss of e-LOST revenue to the School District could greatly exceed any decline in real estate value. In summary, School District has a strong fiscal interest in the future sales performance of TAD #3.

The build out of TAD #4 could involve up to 1.4 million SF of multi-family apartments, for-sale residential, retail, commercial, restaurant and office space. This TAD could also assist the School

District by adding commercial personal property digest and e-LOST generating land uses, as well as several hundred new households with significant purchasing power.

ESTIMATE OF SCHOOL DISTRICT REVENUE IMPACTS FROM TAD DEVELOPMENT – P.54

Delete and replace the existing subsection with the following text.

Currently, the combined TADs generate slightly less than \$1.2 million 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. The 2020 real estate digests of TADs 1 and 3 are both below their respective certified base values, so the School District has made minimal/no contribution of school increment to either TAD since their respective certifications. The experience of both TADs illustrates that redevelopment is not guaranteed to result from creating a TAD, and that a continuation of status quo conditions is not always in the fiscal self-interest of a school district.

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 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 ever \$1.00 of real estate digest that exists within the City limits. For industrial property, this ratio is even greater.

A similar ratio is likely to apply to the value of additional commercial real estate value created from projects within the respective TADs.⁴ 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 exceed \$38.8 million and generate an additional \$318,700 per year in personal property taxes for the School District. Gaining this increase in personal property tax revenue is equivalent to the current real estate value of the three TADs appreciating by 27% over the same period. Absent of creating the TADs and using proceeds to support the proposed projects, it very possible that real estate values in these areas of Dalton would not appreciate by that amount.

New retail development and new residents living within the two TADs could also generate new retail sales within Whitfield County and additional sales taxes for the School District. At completion, this annual revenue represents a modest net sales tax increase of about \$341,000 per year, which is shared between the City and Whitfield County School District. The City School District's share is estimated at roughly \$116,900 per year when all projects are completed and occupied.

The following table estimates total annual incremental School District revenues from identified redevelopment projects within the three TADs, at build out, during the period while each is in

⁴ Dalton provides a 20% Freeport exemption to manufacturing and commercial companies for raw materials and goods in the process. The vast majority of 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.

effect. These estimates include increased tax digest from new commercial personal property, plus sales taxes generated by new retail square footage.

Table 4: Estimated Sales and Property Taxes to the Dalton Public Schools at Completion of Redevelopment Projects – TADs 1, 3 and 4

E-SPLOST: HOUSEHOLD SPENDING	Units	Average HH Income	Aggregate HH Income	Local Retail Sales @ 60%	E-SPLOST
Multi-Family Apartments	210	\$55,000	\$11,550,000	\$6,930,000	\$69,300
For Sale Residential	490	\$80,000	\$39,200,000	\$23,520,000	\$235,200
E-SPLOST: NEW RETAIL DEVELOPMENT	SF	Sales/SF	Total Sales		ESPOLST
Commercial/Retail Space	248,035	\$275	\$68,209,544		\$682,095
NET INCREASE IN E-SPLOST:	SF	Sales/SF	Total Sales		ESPOLST
Residential Spending	\$304,500	Adj. for Sales Leakage			
Retail Sales	\$682,095	& Dbl. Counting @	50%		\$341,048
Dalton School District Share @				34.3%	\$116,931
Business Personal Property Increment					
Estimated Incremental Commercial RE Digest				\$ 63,198,760	
Personal Property Value @				61.5%	\$38,864,352
Annual Personal Property Taxes @ Millage Rate of				8.2	\$318,688

*Estimated percentage of total resident retail spending and business sales that may be net new to the County.

Source: Bleakly Advisory Group, Inc.

Therefore, by agreeing to forego incremental gains in future real estate taxes within the TAD, the School District would receive roughly \$435,600 per year in combined personal property and sales tax revenues, in addition to the \$1.2 million in annual real estate taxes associated with the certified base – while the TAD is still in effect. After the TADs are dissolved, the School District would also receive the incremental annual property taxes on real estate that were pledged to the TADs, which could exceed \$1.06 million/year.

CONCLUSION REGARDING SCHOOL DISTRICT IMPACTS

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

1. The three TADs will affect future appreciation on 4.0 percent of the School District's tax digest. The current amount of property taxes generated from real estate within the TADs, just under \$1.2 million 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 #1 and #3 that would be expected to generate school enrollment. TAD #4 could add 270 students over the course of a decade.
3. There is one Dalton Public School facilities located inside the boundaries of TAD #4.
4. Upon completion of these projects and while the TADs are still in effect, the School District should receive roughly \$1.63 million per year from the three TADs, including \$1,197,600 from the certified base real estate taxes, \$318,700 from increased personal property digest and \$116,900 per year from increased sales tax revenues during years in which ESPLOST is in effect.

5. The School District would receive an additional \$1.06 million per year from real estate taxes from the three TADs once all redevelopment costs are paid and the TADs are dissolved.

Thus we conclude that the potential gains to the Dalton Public Schools from participating in the proposed TAD's 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.

OTHER RELEVANT INFORMATION: BENEFITS OF THE TADS (S) – P. 56

Relevant edits to this section will be made to reflect changes in the earlier analysis

APPENDIX C. LIST OF TAX PARCEL ID NUMBERS (PROPERTIES WITHIN TAD #4 – NORTH BYPASS)

PARCEL_ID	Calc Acres	Total_Appr_Val	Total_Imp_Val	Land Value	Owner Name
12-166-06-000	36.21	\$1,178,636	\$0	\$1,178,636	Hammond Creek Capital, LLC
12-163-05-005	56.81	\$1,183,466	\$0	\$1,183,466	Hammond Creek Capital, LLC
12-166-07-000	37.16	\$0	\$0	\$967,646	Dalton Georgia Board of Education
12-166-08-000	25.46	\$0	\$0	\$828,723	Dalton Georgia Board of Education
12-167-17-006	3.05	\$12,500	\$0	\$12,500	Cochran Patricia A
12-167-17-005	0.13	\$1,294	\$0	\$1,294	Godfrey H L & Harlan
12-167-17-003	1.94	\$16,683	\$0	\$16,683	Cochran Cecil H
12-167-17-004	7.98	\$45,246	\$0	\$45,246	Harlan H Godfrey Residual Trust
12-166-04-000	19.22	\$63,268	\$0	\$63,268	CHM McDonald Family Limited Partnership
12-177-01-000	7.00	\$99,750	\$0	\$99,750	Shaheen Shaheen Et.Al.
12-141-05-000	1.52	\$86,400	\$0	\$86,400	G&D Construction, Inc.
12-163-24-012	3.87	\$378,312	\$0	\$378,312	Chandler & Brown, LLC
12-163-24-013	0.73	\$145,000	\$0	\$145,000	Chandler & Brown, LLC
12-163-24-004	0.67	\$145,625	\$0	\$145,625	Bruce Johnson Properties, LLC
12-163-24-005	0.67	\$120,000	\$0	\$120,000	Zorn Joseph Chris Jr.
12-163-24-006	0.78	\$189,000	\$0	\$189,000	Chung Riverburch, LLC
<hr/>					
TOTALS	203.20	\$3,665,180	\$0	\$5,461,549	