

# College Park Redevelopment Plan and Tax Allocation District #1: Downtown and Airport Gateways

Presentation to  
College Park City Council



June 1, 2015



# Study Background



# Background

- In early February College Park retained Bleakly Advisory Group to assist the City in exploring options to create a Tax Allocation District to support implementation of the City's ongoing redevelopment efforts
- City priorities addressed in this redevelopment plan:
  - Continue redevelopment and commercial expansion within Downtown College Park
  - Implement Transit Oriented Development around the MARTA Station
  - Invest in streetscape improvements and attract new commercial infill development along Main Street and Virginia Avenue
  - Attract new commercial/office development and jobs along Camp Creek Parkway and near the GICC
  - Replace population and housing losses associated with ANR
- The primary focus is on identifying nearer term redevelopment opportunities to generate TAD funds and resulting priorities for using those funds



# The Study Process

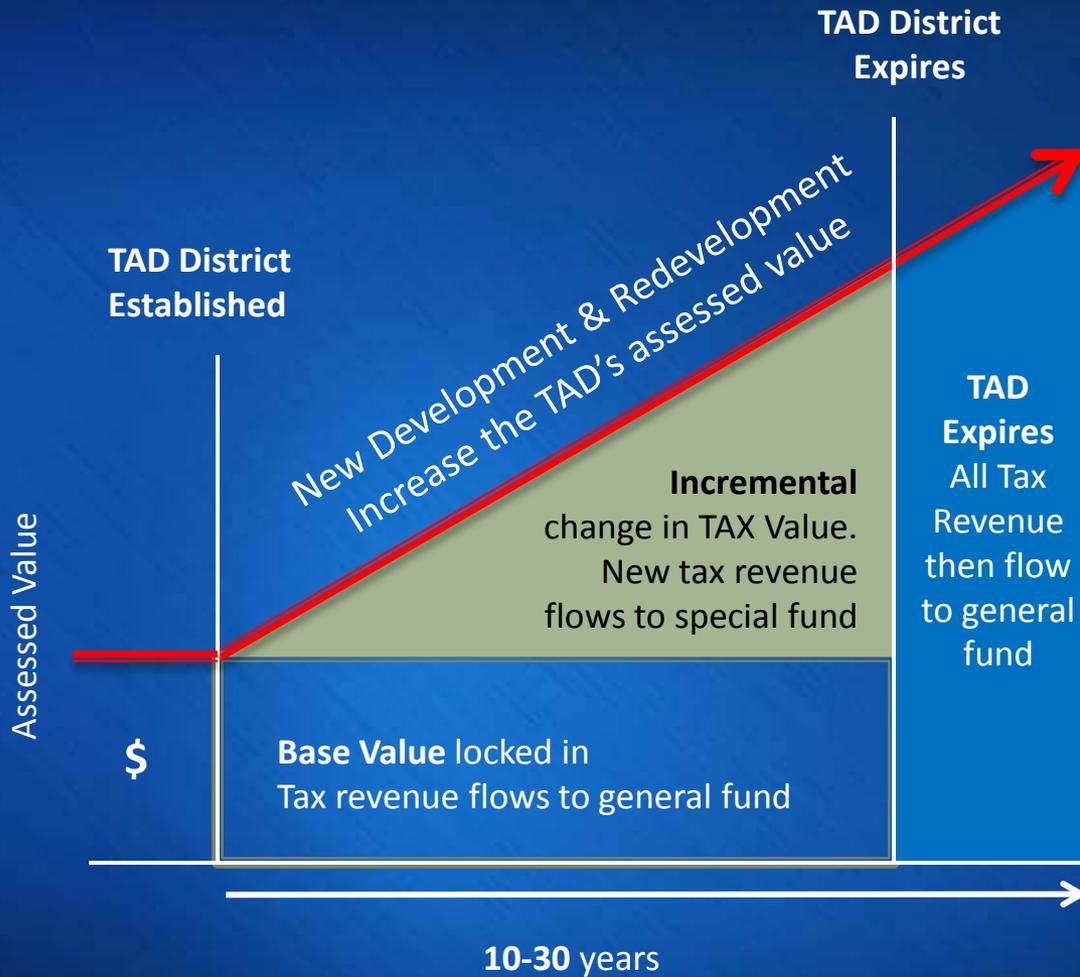
- Conduct an initial evaluation of multiple options to create one or more Tax Allocation Districts in College Park
  - Start with a large Redevelopment Study Area
  - Examine multiple locations and projects where TAD incentives could help to spur redevelopment
  - Estimate development potential and resulting tax digest and TAD proceeds
- Present initial findings and options at a community forum to seek public input
- Prepare a DRAFT Redevelopment Plan using this community input
- Work with the City Council through its process to review, amend & vote to adopt the Redevelopment Plan and create 1 or more TADs
  - Present findings at public hearings as required by State Law
- Assist the City in negotiating consent agreements with the County and School District
  - (Areas being evaluated for TAD are all located in Fulton County)



# What is a TAD?

- A Tax Allocation District (TAD) is a financing mechanism in Georgia that allows a community to “allocate” future taxes generated by new development within a defined area to pay for capital improvements to that area— rather than for general fund purposes
  - County and School District taxes can also be allocated IF those jurisdictions consent to participate in the TAD
  - TAD funds can be used for roads, infrastructure, parking structures and other public improvements to attract/support development or
  - To offer direct financial incentives to lower project construction costs and help make redevelopment projects financially feasible
- Creating a TAD does not directly impact existing taxpayers
  - Existing property owners within and outside the TAD are taxed in the same manner as if the TAD did not exist
  - General fund taxes from properties within the TAD continue to be collected at the level that existed when the TAD was created





Future property taxes paid by new development and future value growth within the TAD are allocated to a special fund to pay for eligible costs—i.e. tax revenue generated by the TAD is spent in the TAD.

TAD funds can be used to pay debt service, match other funding or spend on a pay-as-you-go basis.

Revenue to repay costs comes from new taxes on new investment.

Only taxes on real estate are typically pledged in a TAD. Taxes on personal property, sales taxes, business licenses and other local revenues are not affected.

Objective is to maximize the difference between community benefits achieved using TAD vs. development that would have occurred regardless.

## How does a TAD work?

# How do TAD and BIDA incentives Differ?

## BIDA INCENTIVES MOST APPROPRIATE

- Apply to large-scale projects
  - Typically \$15-\$20 M minimum
- Long-term agreement with a single owner and/or end user
  - Hotels
  - Apartments
  - Large office or industrial buildings
- BIDA funds are spent on site and are most often used to offset development costs

## TAD INCENTIVES MOST APPROPRIATE

- Can be applied to both large and small scale projects
- Multiple owners/end users possible
  - Residential for sale
  - Mixed use developments
  - Multiple properties within a CBD
- TAD funds can be spent anywhere in the TAD and are often used for public improvements

## Is it possible for BIDA to undertake projects within a TAD?

- **YES** – as long as the base value of the project site is minimal, use of BIDA incentives just forfeits or delays future TAD revenues
  - **However**, existing high-valued taxable property (ie. hotels) should be excluded from the TAD if there is a possibility of future BIDA participation



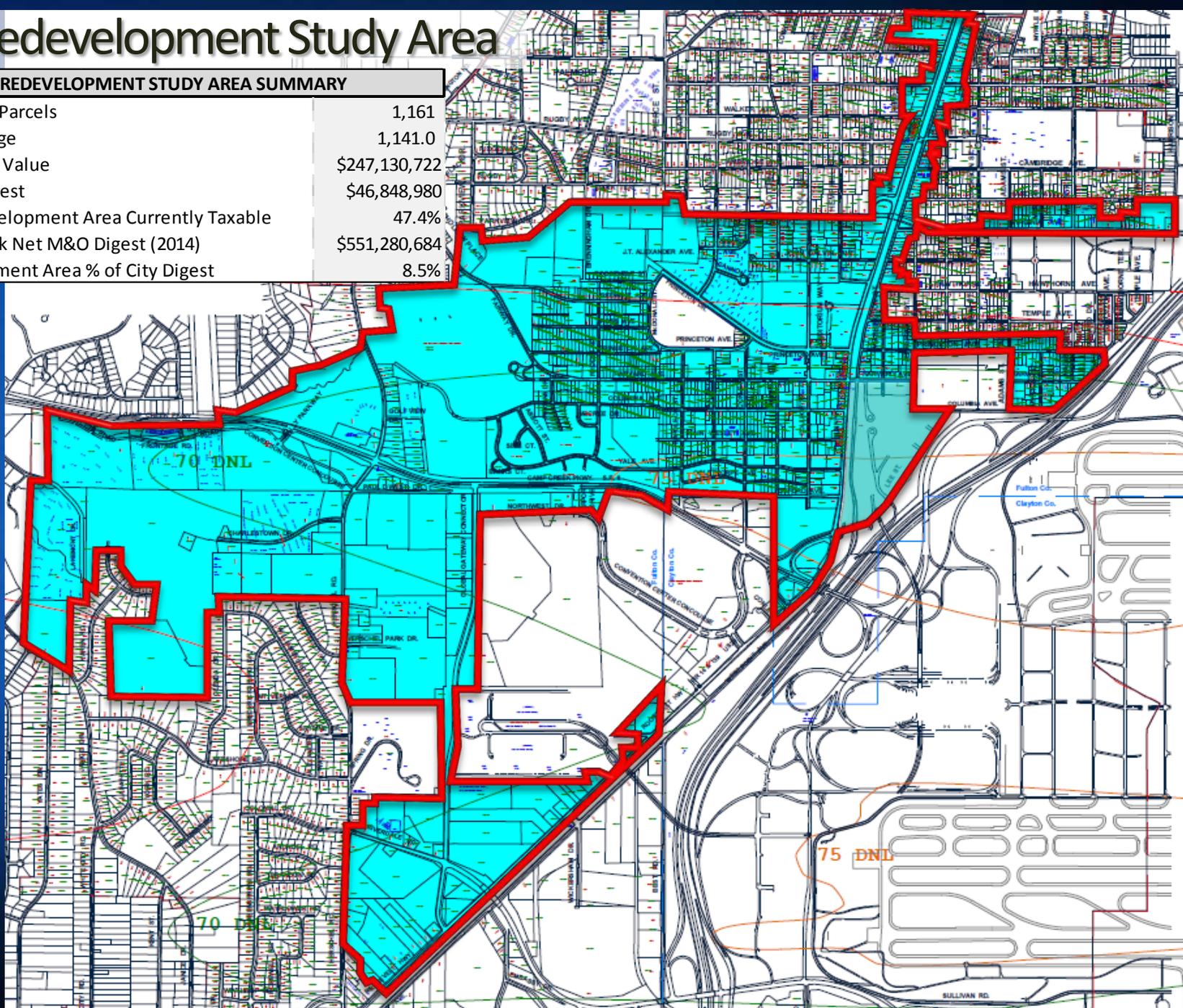
# Redevelopment Area and TAD Characteristics



# Initial Redevelopment Study Area

## REDEVELOPMENT STUDY AREA SUMMARY

Number of Parcels	1,161
Total Acreage	1,141.0
Full Market Value	\$247,130,722
Taxable Digest	\$46,848,980
% of Redevelopment Area Currently Taxable	47.4%
College Park Net M&O Digest (2014)	\$551,280,684
Redevelopment Area % of City Digest	8.5%



# Public Property Ownership

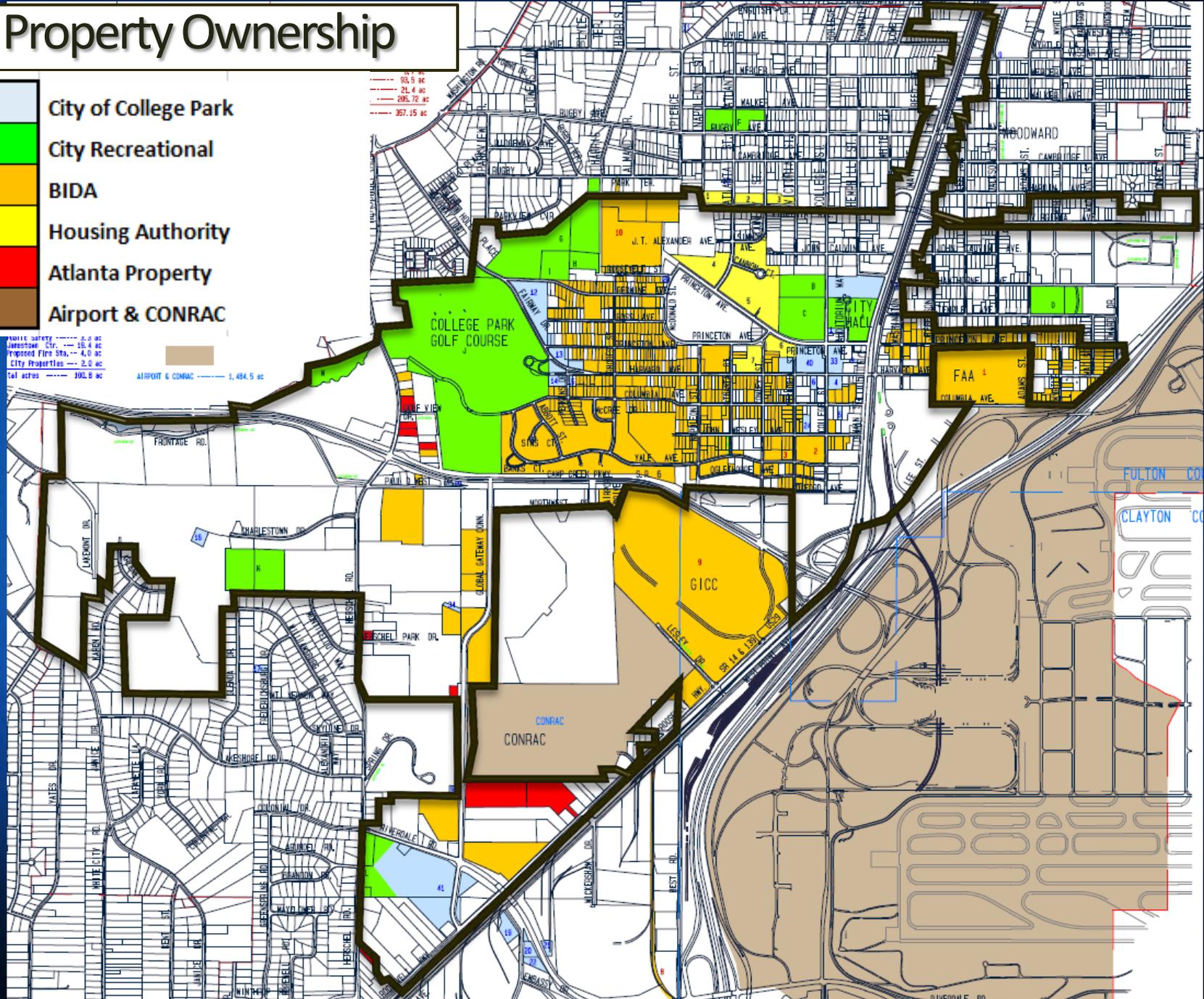


City of College Park  
 City Recreational  
 BIDA  
 Housing Authority  
 Atlanta Property  
 Airport & CONRAC

Water Safety 0.0 ac  
 Interstate 4.4 ac  
 Proposed Fire Sta. 4.0 ac  
 City Properties 2.0 ac  
 Total acres 100.8 ac

AIRPORT & CONRAC 1,484.5 ac

93.9 ac  
 21.4 ac  
 206.72 ac  
 357.15 ac



# Characteristics of the Redevelopment Study Area

- Contains nearly half of the City's total acreage in Fulton County – but only 9% of its taxable digest
- 52% of the total Study Area (592 acres) is currently tax exempt:
  - **119.8 acres** owned by the City of Atlanta, Fulton County or School District – existing uses are unlikely to change in the near term
  - **204 acres** owned by the City of College Park – most is used for active civic or recreational purposes, with some potential surplus property
  - **7.4 acres** owned by churches or religious organizations
  - **83 acres** owned by other public entities or private nonprofit organizations such as the Housing Authority, MEAG, MARTA, Woodward Academy, etc.
  - The remaining acreage is owned by BIDA and being held for eventual redevelopment
- The first phase of research was to evaluate realistic development opportunities for City-controlled vacant land or possible disposition sites



# Process of Determining Boundaries for TAD #1

- Set a goal of encumbering no more than 6% of the City's Fulton County Digest in the first TAD to maintain future flexibility
- Evaluate where opportunities for near term redevelopment are most likely to occur
- Reflect the City's priorities regarding how and where to invest future TAD proceeds
- Remove higher values taxable property Where there are no immediate projects planned and/or values are unlikely to change for the foreseeable future
  - i.e. most apartment complexes and Virginia Avenue hotels
- Remove all properties within the GICC Area Infrastructure Special Tax District
- Remove areas to the north and northeast of Princeton and Redwine Avenues, which could be more appropriately included in a second TAD when market conditions warrant



# Redevelopment Area and TAD # 1: Downtown and Airport Gateways

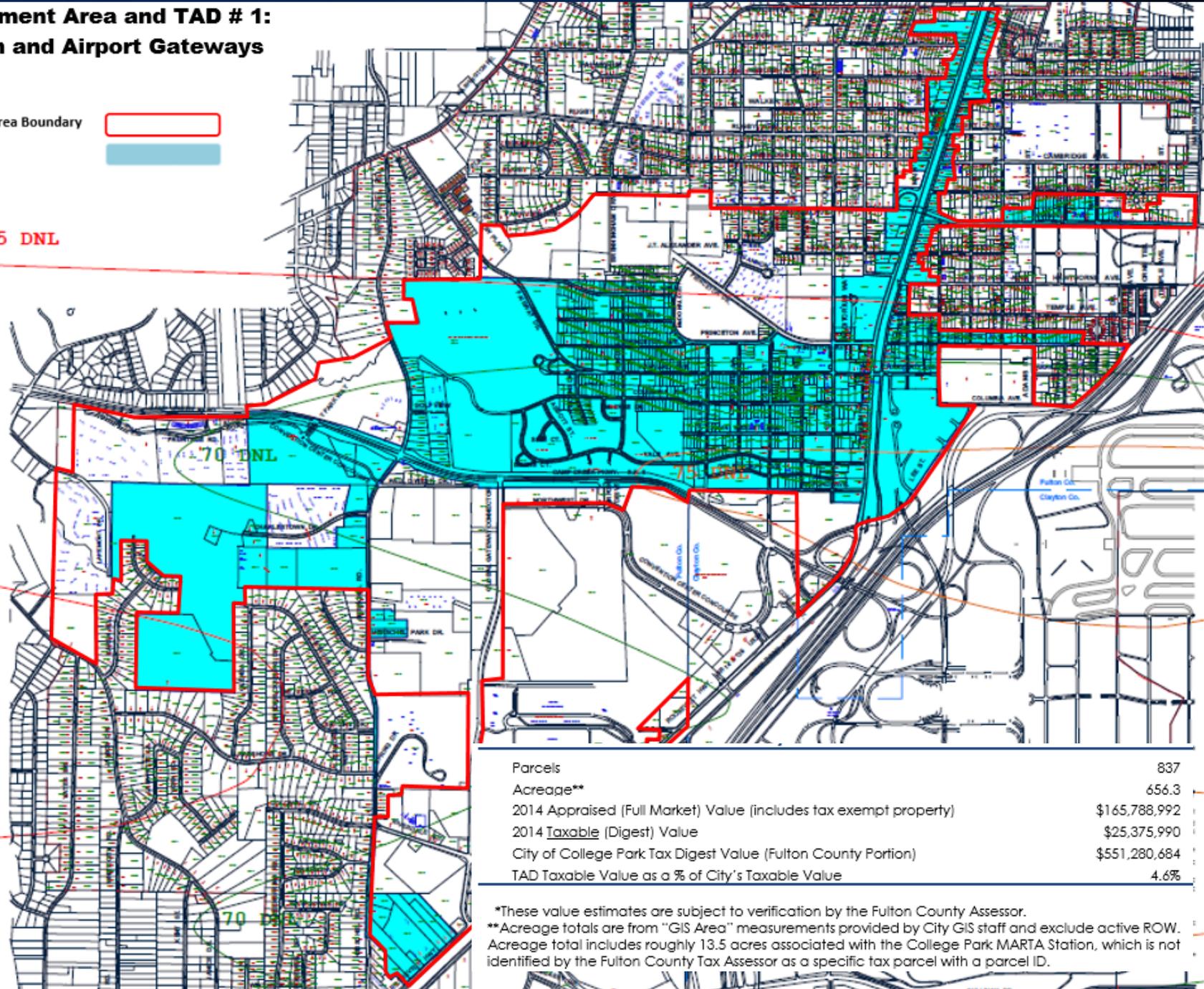
Redevelopment Area Boundary   
 TAD #1 Boundary 

65 DNL

70 DNL

65 DNL

65 DNL



Parcels	837
Acreage**	656.3
2014 Appraised (Full Market) Value (includes tax exempt property)	\$165,788,992
2014 Taxable (Digest) Value	\$25,375,990
City of College Park Tax Digest Value (Fulton County Portion)	\$551,280,684
TAD Taxable Value as a % of City's Taxable Value	4.6%

\*These value estimates are subject to verification by the Fulton County Assessor.  
 \*\*Acreage totals are from "GIS Area" measurements provided by City GIS staff and exclude active ROW. Acreage total includes roughly 13.5 acres associated with the College Park MARTA Station, which is not identified by the Fulton County Tax Assessor as a specific tax parcel with a parcel ID.

# Characteristics of the Proposed TAD #1

- Much of the property in TAD #1 is tax exempt, & taxable private property is also under-valued and under-developed:
  - 64% of TAD Parcels and Study Area parcels covering 404 acres are tax exempt, including nearly 250 acres owned by the City or BIDA
  - 243 taxable acres an average market value of only \$305,000/AC
  - 57 residential properties with an average market value of \$98,200/unit
  - 109 commercial properties with an average value of \$501,000 per parcel (average commercial parcel is roughly 3/4-acre)
  - 124 acres of vacant private land in addition to BIDA parcels
  - The balance of 15 taxable acres is occupied by 21 apartment properties with an average market value of \$308,000/parcel
- The TAD currently contributes very little fiscally to the City, County & School District
  - The entire TAD area currently generates less than \$1.1 million/year in combined general fund taxes on real estate for the City, County and School District
    - Averages \$1,694/Acre averaged across the entire TAD
    - City revenues from RE taxes average only \$498/AC



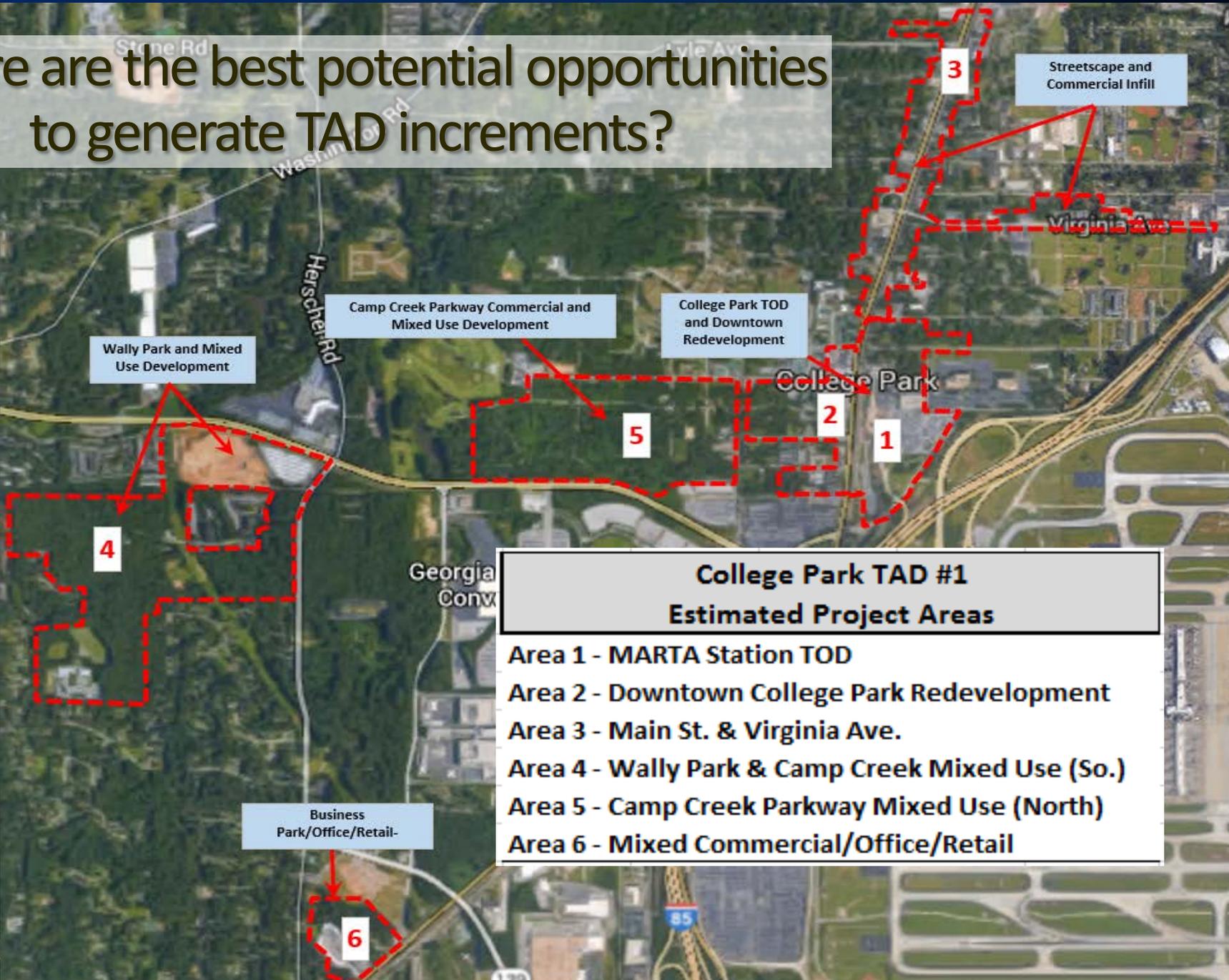
## Existing socio-economic conditions fully justify a TAD

- The economic impact of airport noise restrictions has resulted in a substantial reduction of the City's tax base. These restrictions:
  - Resulted in the net loss of more than 2,300 residents and 1/3 of households in the Redevelopment Area since 2000
  - Remaining households (a) earn incomes 38% below the MSA median; (b) nearly 30% are likely to live below the poverty level (c) 75% are renters; (d) average age of owner occupied housing is more than 44 years
- TAD incentives are needed to offset negative impacts of ANR actions which have:
  - Constrained the redevelopment potential of a large portion of the City
  - Added complexity and construction cost to remaining developable areas
  - Required higher density/value where development is feasible - in order to recover lost tax revenues from noise impacted areas
- The redevelopment area is substantially under-valued and falls far short of the City's vision as articulated in its long range plans.

# Redevelopment Project Areas



# Where are the best potential opportunities to generate TAD increments?



## College Park TAD #1 Estimated Project Areas

- Area 1 - MARTA Station TOD
- Area 2 - Downtown College Park Redevelopment
- Area 3 - Main St. & Virginia Ave.
- Area 4 - Wally Park & Camp Creek Mixed Use (So.)
- Area 5 - Camp Creek Parkway Mixed Use (North)
- Area 6 - Mixed Commercial/Office/Retail



# Areas 1 & 2: Downtown/TOD

## College Park Transit Oriented Development (TOD) Plan and Market Feasibility Study: 2012

Prepared by Atkins Engineering and Real Estate Research Consultants

### Preferred Concept Plan - (p.29)

- 221,500 SF Retail Commercial
- 134,700 SF Office
- 573 Residential Units
- 150 Room Hotel
- 3,461 Structured Parking Spaces

- These areas would be early phase TAD investments, supported by disposition of development rights to BIDA and MARTA parcels

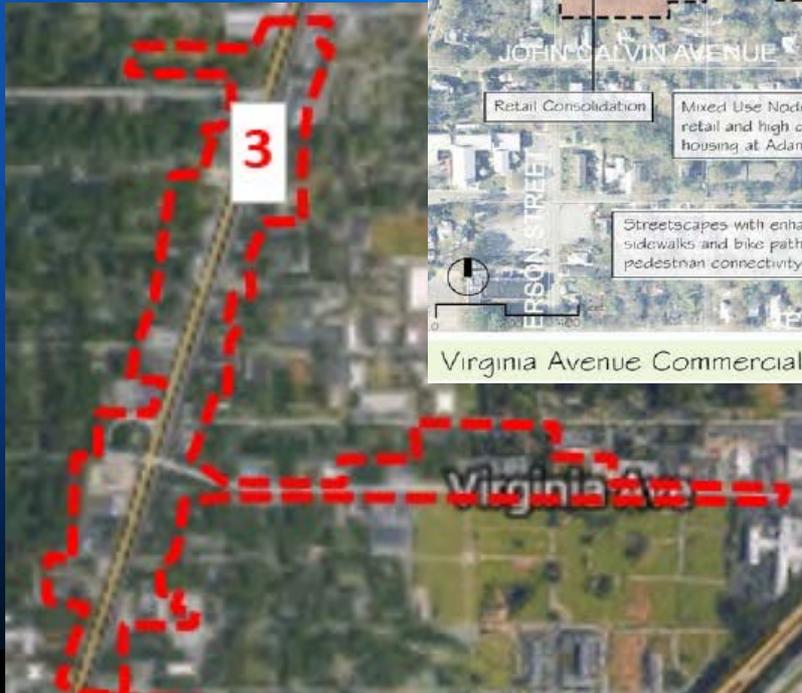


LCI Study Master Plan - Enlargement of City of College Park Downtown and MARTA Site.



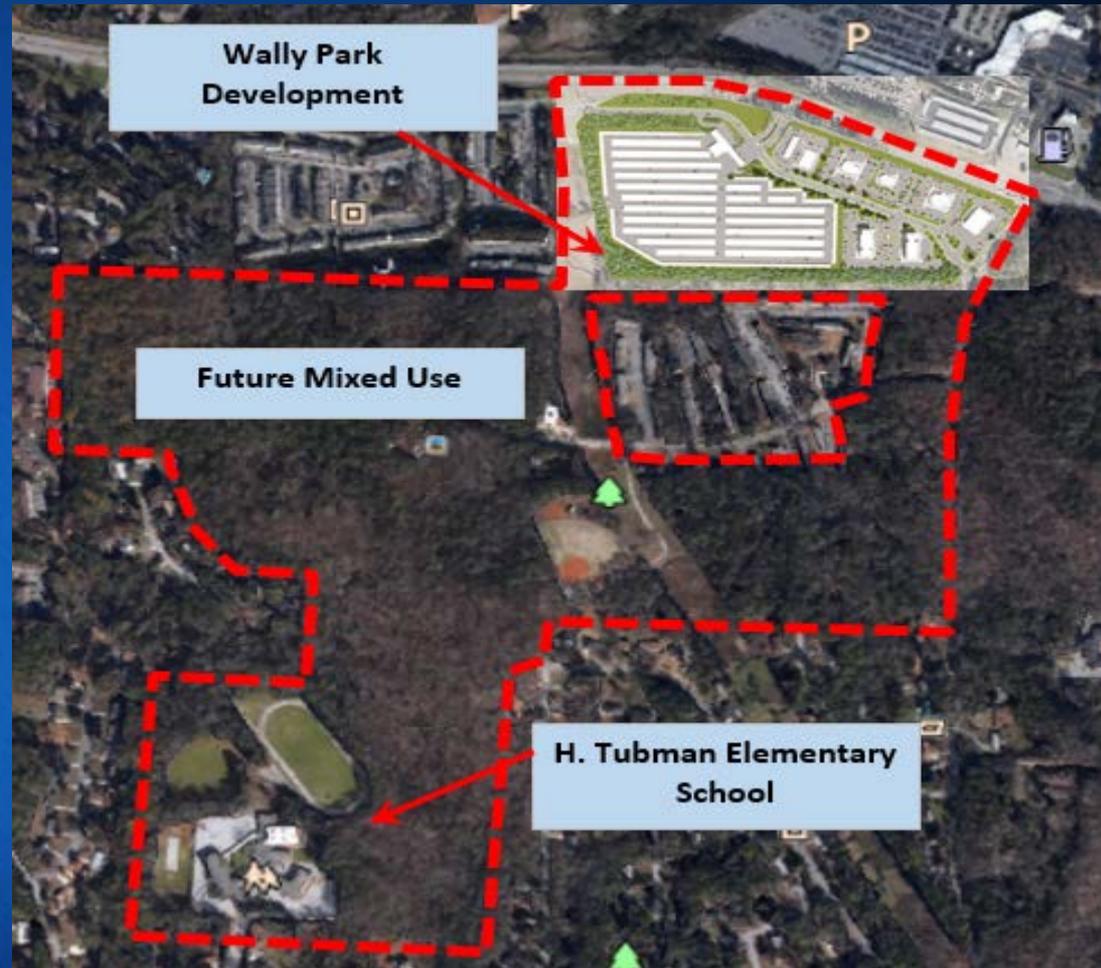
# Area 3 – Main St./Virginia Ave. Streetscape Improvements & Infill

- This area is proposed to be a recipient of TAD proceeds for streetscape improvements, after initial downtown redevelopment is underway and funds become available



# Area 4 – Camp Creek Parkway Mixed Use

- This area provides the best opportunity to develop replacement ownership housing within the TAD
- Seeded with TAD funds generated by the completion of Wally Park
- Plans center on the future re-use of all or portions of the Harriet Tubman ES site



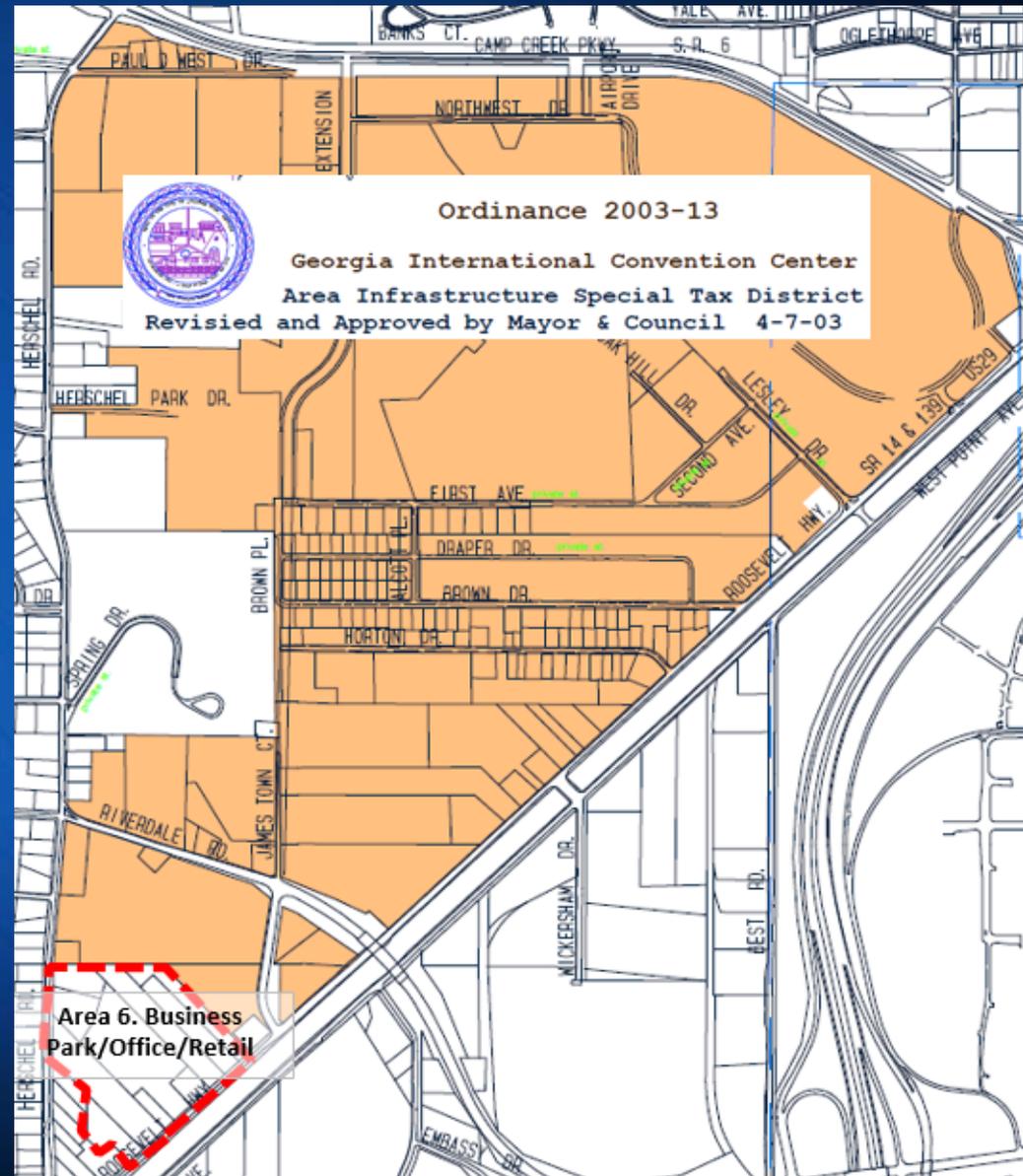
# Area 5 – Camp Creek Parkway Commercial (North)



- The City and BIDA should proceed with immediate marketing and invite proposals for redevelopment of 90 to 100 acres for commercial, business park or mixed-use development to change the character of the area and generate seed funds for downtown improvements

# Area 6 – Business Park, Office or Retail

- Including Area 6 could be integrated with redevelopment of abutting City-owned property inside the GICC District
- Balance of the TAD not included in the 6 Project Areas totals 296 acres.
- Halo effects and additional infill development could also modestly increase taxable digest in the balance of the TAD



# Estimated Project Area Redevelopment Potential

- Identified Redevelopment Project Areas impact 58% of the total TAD Acreage
  - Project areas currently contribute \$52,200/acre in taxable digest
- Forecast redevelopment potential over 10 Years:
  - 1,100 to 1,200 residential units
  - 1.6 million SF of new employment generating development supporting 2,500 permanent jobs
  - \$330 million in new investment inside the Project Areas
  - \$113.5 million increase in total TAD Taxable Digest

## College Park TAD #1 – Downtown and Airport Gateways Potential Redevelopment Sites

Acreage (of identified Redevelopment sites)	373
Current Full Market Value	\$88.5 Million
Existing Average Taxable Digest <u>per Acre</u>	\$52,200
Potential Redevelopment	
Residential Units (Rental + For Sale Housing)	1,190
Average Full Market Value/Unit	\$129,800
Commercial, Retail, Hotel, Business Park S.F.	1,642,600
Average Full Market Value/SF	\$77.00
Total Full Market Value at Completion (Entire TAD #1)	\$407.5 Million
Total TAD #1 Taxable Digest at Completion	\$138.9 Million
Net New Tax TAD Tax Digest at Completion	<b>\$113.5 Million</b>

Source: Developers, City of College Park and BAG



# Preliminary TAD Financial Forecast & Recommendations



# Potential Generators of TAD Fund Proceeds

## ● Near Term

- Wally Park
- Potential redevelopment site north of Camp Creek Parkway
- HJ Russell TOD Site (Phased burn off of BIDA ownership)

## ● Intermediate Term

- Downtown College Park Expansion and MARTA Station Development
- Residential and mixed use near Wally Park and Tubman ES

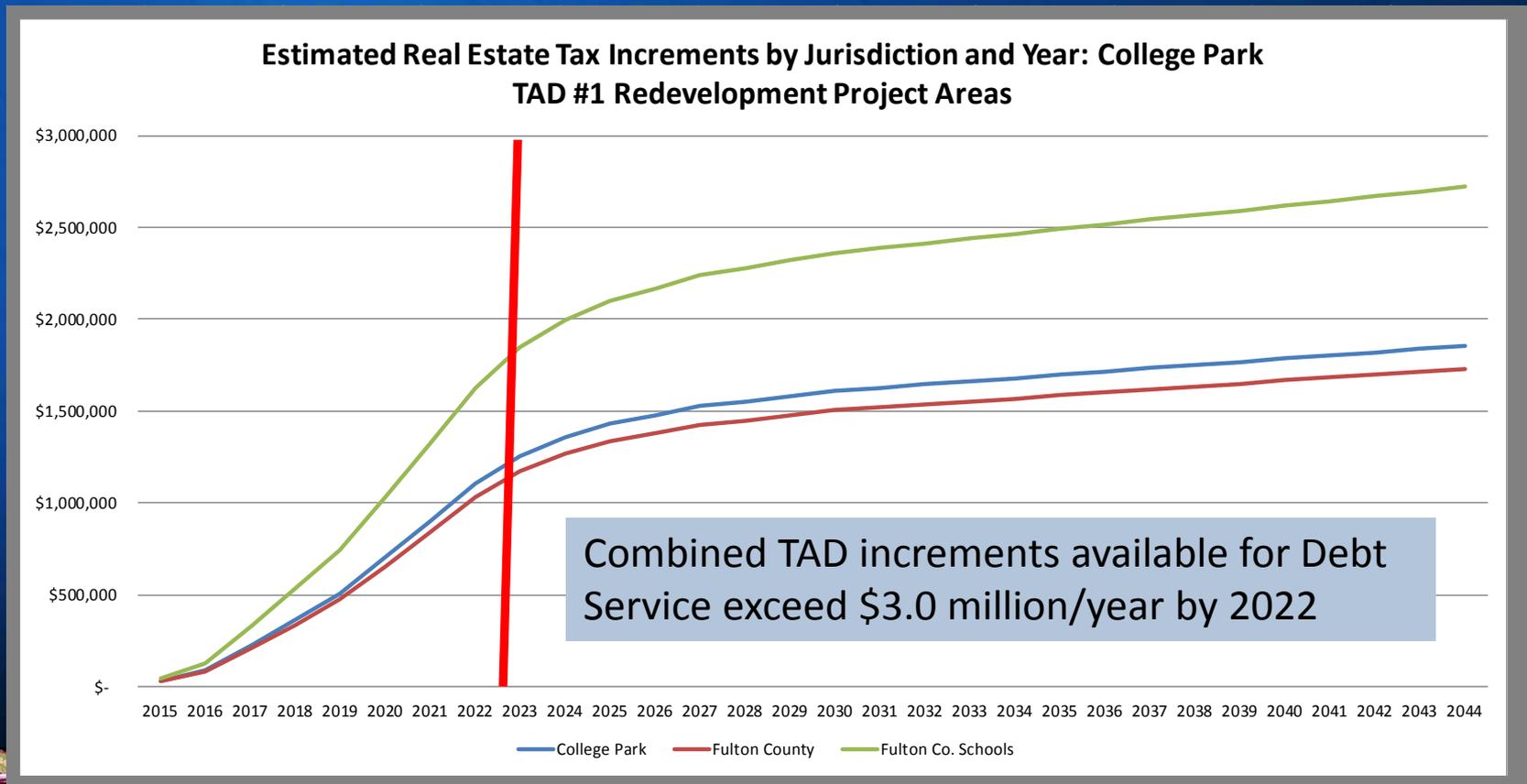
## ● Longer Term

- Main Street and Virginia Avenue infill
- 17-acre redevelopment site at Roosevelt Highway and Herschel Rd.



# Estimated Redevelopment Potential and TAD Digest Growth

- It is likely that only a percentage of the build-out potential of the TAD digest can be achieved early enough to leverage financing
- \$70 to \$75 million in digest growth is a reasonable estimate of what may be achievable to leverage TAD \$



# Estimated Available TAD Bond Proceeds

- BAG estimates that two bond issues could generate \$31.3 in net proceeds for actual construction projects assuming all taxing jurisdictions consent
- The bulk of financing is provided by the second bond issue

**Table 7: Estimated Bonding Capacity: Proposed College Park TAD #1  
(Assumes County and School District Participation)**

Real Estate Increment Only Projected Bond Issue Dates	Bond 1 2017	Bond 2 2020	TOTALS
Total Bond Amounts Issued	\$ 14,160,000	\$ 32,190,000	\$ 46,350,000
Capitalized Interest & Reserves	\$ 2,380,000	\$ 11,250,000	\$ 13,630,000
Bond Issuance Costs	\$ 478,800	\$ 937,500	\$ 1,416,300
<b>Net Proceeds Available for Projects</b>	<b>\$ 11,301,200</b>	<b>\$ 20,002,500</b>	<b>\$ 31,303,700</b>
Total Debt Service Payments	\$ (24,924,332)	\$ (61,045,177)	\$ (85,969,509)
Estimated Taxable TAD Digest to Support Bond Issues (\$M)	\$54.2	\$96.7	

**Notes:**

[1] Bond issues assume both County and School District consent.

[2] Capitalized interest is used to make first two years of debt service payments for each bond issue.

Unspent reserves are used to make the last debt service payment or are returned to the taxing jurisdictions.



# Priority uses of TAD Proceeds

- Roughly \$14.1 million (45%) of TAD proceeds are estimated to be applied to infrastructure and public improvements, including streetscape and façade work
- Majority of \$17.2 million is set aside as financial incentives to lower project development costs and attract private investment
- Actual allocations will be made by City officials in the future based on circumstances at the time of debt issuance

**Table 8: Potential Uses of Future TAD Proceeds - Proposed College Park TAD #1**  
 (For illustrative purposes funding is shown with and without School District consent)

Potential Expenditure	Estimated Allocation	Total Funds	
		Without School District	With School District
1 Downtown Infrastructure & Building Improvements	20%	\$ 3,568,200	\$6,260,000
2 Main Street/Virginia Ave. Streetscape Improvements	15%	\$ 2,676,200	\$4,695,000
3 Project Incentives - Downtown	30%	\$ 5,352,300	\$9,390,000
4 Project Incentives - Camp Creek	25%	\$ 4,460,300	\$7,825,000
5 Other Public Infrastructure	10%	\$ 1,784,100	\$3,130,000
<b>TOTAL Estimated TAD Funding:</b>	<b>100%</b>	<b>\$17,841,100</b>	<b>\$31,300,000</b>



# Phased Uses of TAD Fund Proceeds

## ● Near Term

- Project incentives to potential retail development site north of Camp Creek Parkway (as needed)
- Downtown/Main Street Improvements

## ● Intermediate Term

- Project incentives for new downtown commercial/mixed use development (as needed)
- Project incentives to potential residential development near Tubman ES
- Project Incentives to assist MARTA in securing a developer for the TOD site (as needed)

## ● Longer Term

- Project Incentives - Main Street and Virginia Avenue Streetscape work
- Development Incentives to potential residential infill areas to the west or northwest of downtown commercial blocks (as needed)



## Next Steps

- Move to acknowledge receipt of the Draft Redevelopment Plan and schedule a first Public hearing to obtain public comment on the Draft Plan and proposed TAD #1
  - Staff circulate Draft Redevelopment Plan to Fulton County and School District staff and City's elected representatives on the County Commission and BOE for comments prior to taking formal action
  - Consider modifications to the report and TAD boundaries before and after the public hearing – incorporating comments as desired
- Prepare a draft resolution to adopt the redevelopment plan and create TAD #1
- Schedule a second public hearing (optional) prior to voting on the TAD Resolution
- Adopt the TAD Resolution
- Make formal request to Fulton County and School District for their consent



# Questions?

