
Draft Redevelopment Plan Summary

Flowery Branch Tax Allocation District # 1:

Old Town and Commercial Gateways



Public Hearing Presentation
November 21, 2007

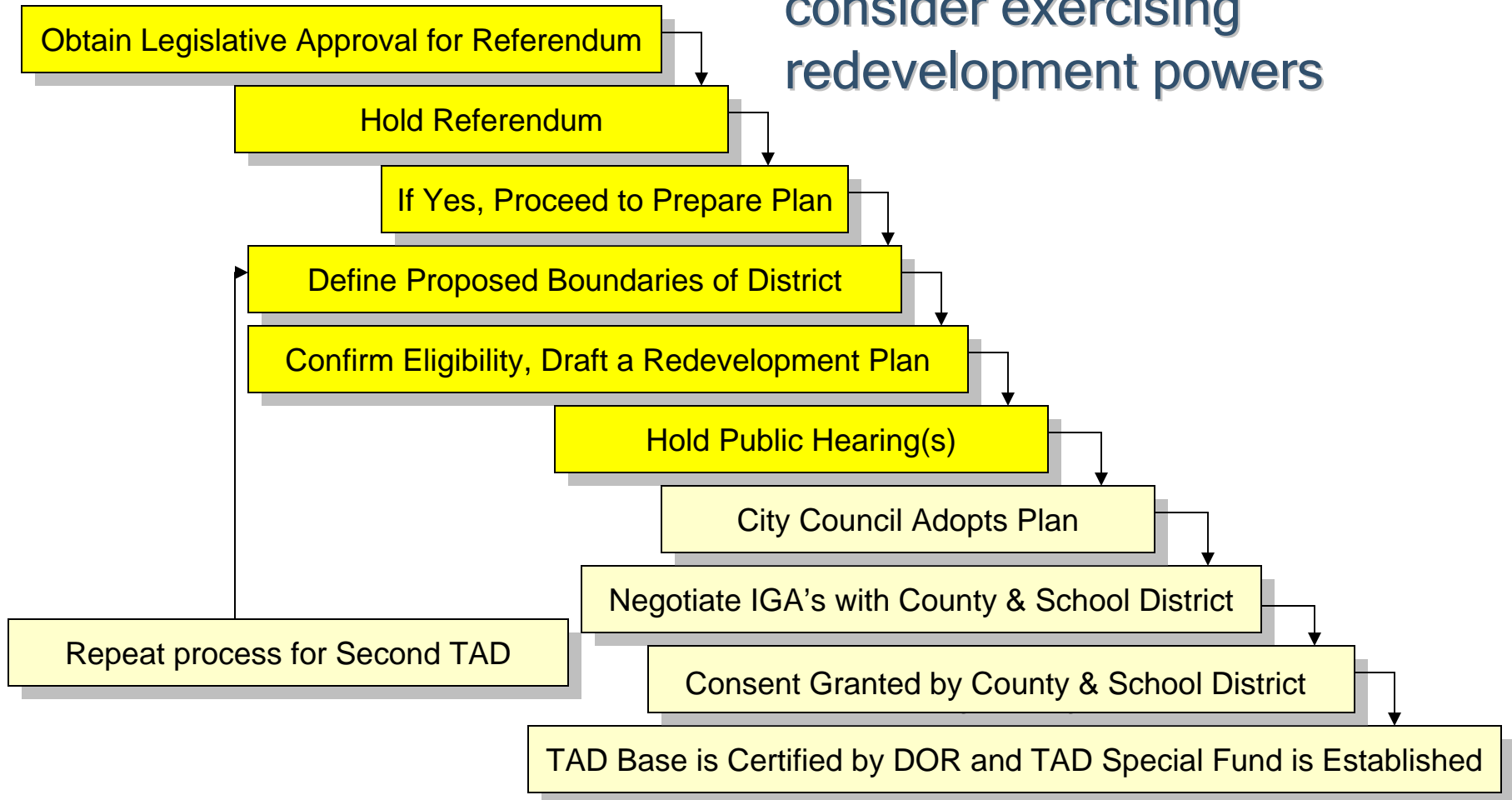
Presentation Outline

- The Redevelopment Powers Law
- Purpose and Need for the Redevelopment Plan
- Proposed Geographic Boundaries and Characteristics of the TAD
- Potential Sources and Uses of TAD Proceeds
- Other Issues
- Public Comment and Q&A

“It is found and declared that economically and socially depressed areas exist within counties and municipalities of this state and that these areas contribute to or cause unemployment, limit the tax resources of counties and municipalities while creating a greater demand for governmental services and, in general, have a deleterious effect upon the public health, safety, morals, and welfare. It is, therefore, in the public interest that such areas be redeveloped to the maximum extent practicable to improve economic and social conditions therein in order to abate or eliminate such deleterious effects. *To encourage such redevelopment, it is essential that the counties and municipalities of this state have additional powers to form a more effective partnership with private enterprise to overcome economic limitations that have previously impeded or prohibited redevelopment of such areas.*”

*Preamble to the Redevelopment Powers Law
O.G.C.A. 36-44-2*

In September, voters granted the City Council authority to consider exercising redevelopment powers



What is a Redevelopment Area?

- Local “Redevelopment Areas” are enabled under Georgia’s Redevelopment Powers Law give communities options to offer special financing to pay for infrastructure and attract private investment
 - **Tax Allocation District(s) (TAD) are formed within the designated area to qualify it for use of tax increment financing**
 - **Future increases in tax proceeds (called tax increment) from digest growth within a TAD can be “allocated” to capital improvements to support redevelopment**
- The local government must demonstrate that the area it proposes to designate meets the statutory definition of a redevelopment area

What qualifies as a Redevelopment Area?

- (A) Any urbanized or developed area in which the structures, buildings, or Improvements... endanger life or property.. or is ***detrimental to the public health, safety, morals, or welfare***;

- (B) ...which by reason of the presence of a predominant number of substandard, slum, ***deteriorated, or deteriorating structures; the predominance of defective or inadequate street layout, inadequate parking, roadways, bridges, or public transportation...*** faulty lot layout ... deterioration of site or other improvements; the diversity of ownership ... which prevent or encumber the free alienability of land; or the existence of conditions which endanger life or property by fire and other causes; or any combination of the foregoing

- (C) Any open area located within an urbanized or developed area within the corporate limits of a municipality ***which because of any factor or combination of factors enumerated in subparagraph (A) or (B) of this paragraph substantially impairs or arrests the sound growth of the community***;

What qualifies as a Redevelopment Area?

(E) Any area located within an urbanized or developed area ***which is substantially underutilized by containing open lots or parcels of land or by containing a substantial number of buildings or structures which are 40 years old or older or by containing structures or buildings of relatively low value as compared to the value of structures or buildings in the vicinity of the area...***

(F) Any geographic area designated within the comprehensive plan of a political subdivision for redevelopment which has previously been developed for commercial, residential, industrial, office, or similar or ancillary uses and which lies within the service delivery area of the political subdivision, ***in which the current condition of the area is less desirable than the redevelopment of the area for new commercial, residential, industrial, office, or other uses***, or a combination of uses...

What qualifies as a Redevelopment Area?

(G) Any urbanized or developed area or an area connecting two or more urbanized or developed areas that has been subject to some development but which has inadequate roadways, bridges, or public transportation or transit facilities incapable of handling the volume of traffic or passenger flow in or through the area in a safe and efficient manner either at present or following proposed redevelopment; or

(H) ***Any area combining any factors specified in subparagraphs (A) through (G) of this paragraph.***

Redevelopment Powers Law O.G.C.A. 36-44-3.(5)

How can TAD financing be used?

- Tax allocation increments may be used to assist in financing private investment, public infrastructure, land acquisition, relocation, demolition, utilities, debt service and planning costs including:

Sewer expansion and repair
Storm drainage
Street construction & expansion
Water supply
Park improvements
Bridge construction and repair
Curb and sidewalk work
Grading and earthwork

Traffic control
Street lighting
Landscaping
Property acquisition
Building acquisition
Demolition and clearance work
Parking structures
Environmental remediation

What information must be contained in a Redevelopment Plan?

- The law specifies the content of a Redevelopment Plan
 - **Plan goals and objectives**
 - **Rationale for qualification as a Redevelopment Area**
 - **Proposed redevelopment strategy, land uses and projects**
 - **Contractual relationships (implementing responsibility)**
 - **Redevelopment costs and proposed method of financing**
 - **Designation of the proposed TAD boundaries, parcels, current assessed value and property tax revenues**
 - **Projected future tax increments, anticipated bond issues and available financing**
 - **TAD creation/termination dates, relocation issues and historic properties**

Plan Goals and Objectives

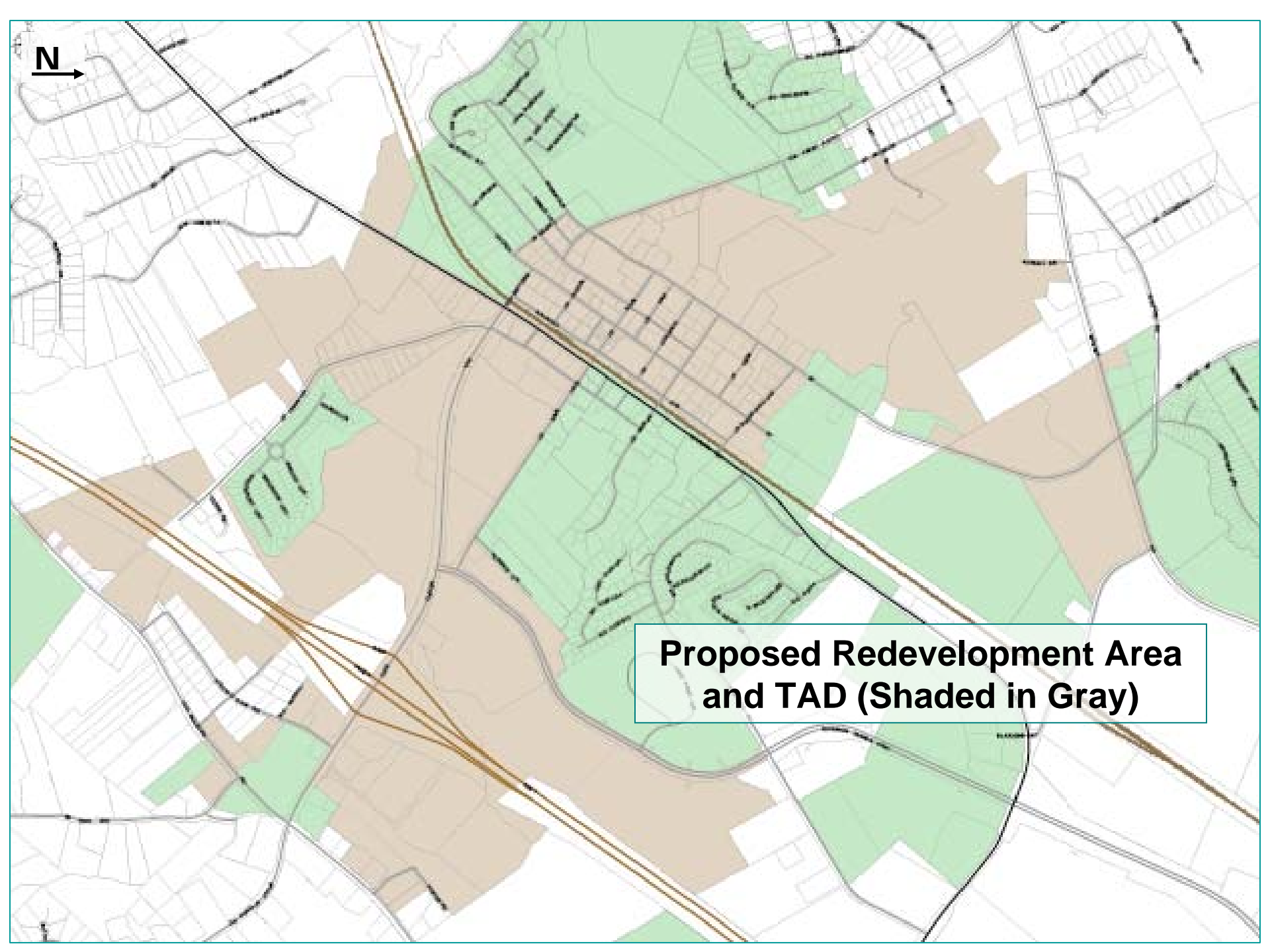
- This redevelopment plan is designed to provide the financial resources needed to implement the City's 2025 Comprehensive Plan

“Flowery Branch will preserve its small town feel... ***As the I-985 corridor develops, we envision a healthy retail and mixed use activity center evolving that will be distinguishable from other places....*** City leaders will play a large role in revitalizing Old Town as a major prong of its economic development efforts. ***In Old Town, residential properties will transition in use and obsolete buildings will be redeveloped*** ...all the while being sensitive to its historic resources... ***The city will master plan its water and sewer facilities, extend them as economic development priorities dictate,*** and become a leader in water conservation efforts... ***Flowery Branch's Old Town,*** with its grid pattern of skinny streets and authentic historic character along the railroad, ***upon revitalization with a vibrant mix of retail, restaurants, civic uses and housing and the installation of sidewalks and streetscapes, will be the gem of South Hall,*** the premier destination place for residents in the greater South Hall area.”

*Excerpts from the Citywide Vision Statement,
City of Flowery Branch 2025 Comprehensive Plan, June 2006*

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**Proposed Redevelopment Area
and TAD (Shaded in Gray)**



TAD boundaries, value and property tax revenues today

- The estimated full market value of the proposed TAD today totals \$47.5 million, averaging less than \$84,000 per acre
- The TAD today generates less than \$450,000 per year in combined City, County and School property taxes
- The boundaries of the proposed TAD represent roughly 8% of the City's total taxable digest.

Property Type	Accounts/ Parcels	Acres	Estimated Digest Value	FMV
Taxable Property	218	553.6	\$ 18,049,333	\$ 45,123,332
Tax Exempt	14	12.8	\$ -	\$ 2,377,237
Railroads and Utilities	5	0.4	\$ -	\$ -
Total Estimated TAD Base	237	566.8	\$ 18,049,333	\$ 47,500,569

Property Type	Accounts/ Parcels	Acres	Estimated Digest Value
Total Estimated TAD Base	237	566.8	\$ 18,049,333
City of Flowery Branch Digest	6,667	2,126.0	\$ 226,766,800
TAD Value as a % of City Digest			8.0%

Rationale for Qualification as a Redevelopment Area

- In comparison to Hall County and nearby areas, the proposed redevelopment area has:
 - **Experienced slower population growth**
 - **Has below average household incomes**
 - **Lower percentage of home owners**
 - **Higher percentage of multi-family/attached housing units**
 - **Lower values of owner-occupied housing**
 - 32% lower than the county-wide median housing value
 - 48% of owner-occupied units are valued below \$100,000
 - **Significantly older housing stock**
 - 27% of units built before 1970

Strategy, land uses and projects

- Approximately \$123 million in future private investment could occur within the redevelopment area over the next several years

Redevelopment Plan Summary		
	Units/SF	Estimated Future Market Value (\$Millions)
Old Town		
Residential Townhomes and Condos	125	\$21.4
Village Retail and Office Infill	15,000	\$1.0
Commercial Corridors		
Stonebridge Village and Out-Parcels	505,000	\$40.5
Other Highway Business Development	800,000	\$60.0
Total Estimated Private Investment		\$122.9

- This investment could generate \$1.03 million/yr in new tax revenue to finance capital improvements

Projected Tax Increment	
Projected Taxable Value of TAD Investment	\$ 98,608,000
Less Existing Base	\$ (9,026,870)
Total Estimated Tax Increment	\$ 89,581,130
Estimated Net Taxable Digest (40%) Value	\$ 41,360,852
City/County/School District General Fund Millage	\$ 24.84
Annual Incremental Tax Revenue at Build Out	\$ 1,027,404
<i>Source: Bleakly Advisory Group</i>	

Anticipated Redevelopment Costs

- The City's comprehensive plan identifies 18 needed public investments within the redevelopment area these include
 - **Transportation and parking improvements**
 - **Streetscape improvements**
 - **Wastewater Treatment and Sanitary Sewer Improvements**
 - **Water System Improvements**
 - **Storm Water Improvements**
- In addition, it MAY be necessary to dedicate a portion of future TAD proceeds to assist private developers in making redevelopment projects financially feasible within Old Town

Future tax increments & bond issues

- Projected tax increment could be sufficient to finance roughly \$11.2 million in future TAD bonds
- Revenue projections are based on 2007 general fund millage rates
- TAD Funds alone will NOT cover all future redevelopment costs anticipated in the plan

Annual Incremental Tax Revenue at Build Out	\$	1,027,404
Debt Coverage Ratio:		1.25
Bondable Property Tax Increment	\$	856,170
Estimated Distribution of Bond Proceeds:		
Infrastructure and Project Assistance:	\$	8,550,000
Two Year's Capitalized Interest:	\$	1,350,000
Debt Service Reserve:	\$	915,000
Bond Issuance Costs @:	2.5% \$	274,500
City of Flowery Branch Expense Reimbursements:	\$	165,000
Total Bond Issue(s):	\$	11,250,000
Financing Assumptions		
Loan period in years		25
Interest Only Period (Years)		2
PRN Retirement Period (Years)		23
Average Interest Rate:		6.00%
<i>Source: Bleakly Advisory Group</i>		

2007 M&O MILLAGE RATES*	
City of Flowery Branch	2.84 mills
Hall County Operating	6.26 mills
Hall County School District Operating	15.75 mills
Total	24.84 mills

*Levies for bonded indebtedness are not included in the calculation of the millage rates for TAD purposes.
Source: Hall County/Georgia Department of Revenue

Potential uses of available financing

- **IF** the City were to issue TAD bonds, the following table offers a reasonable estimate of how proceeds may be used
 - **Financing methods other than TAD bonds may be considered and used**
 - **Proposed allocations are flexible and may be changed**
 - **Any direct contributions to private sector developments would follow the City’s adoption of policies and application procedures to qualify projects**

Bondable Property Tax Increment		\$	856,170
Estimated Total TAD Bond Proceeds [1]:	100.0%	\$	11,250,000
Contribution to Wastewater Treatment Plant Improvements [2]	57.8%	\$	6,500,000
Old Town Traffic, Parking and Streetscape Improvements	11.1%	\$	1,250,000
Direct contributions to write down redevelopment project costs	7.6%	\$	850,000
Capitalized interest and reserves	20.2%	\$	2,275,000
Bond Issuance Costs	2.4%	\$	275,000
City of Flowery Branch Expense Reimbursements:	0.9%	\$	100,000

NOTES:

[1] Assumes use of TAD bond financing over 25 years, 1.25 debt coverage at 6% interest.

Source: Bleakly Advisory Group

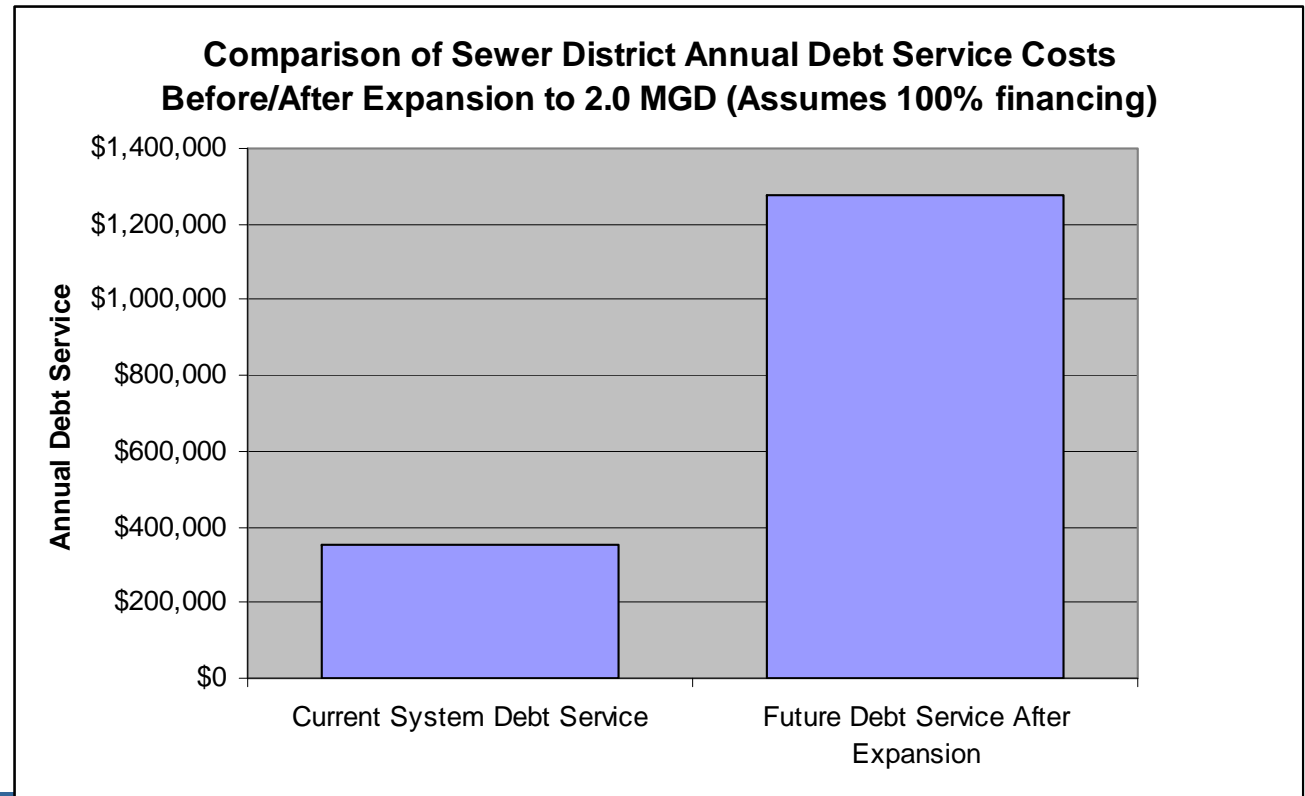
Contractual Relationships & Other

- The Draft Redevelopment Plan states:
 - **The City Council is designated to act as the City's redevelopment agent for purposes of plan implementation**
 - **There is no anticipated need to relocate existing homeowners or tenants as a consequence of implementing the plan**
 - **Implementation of the redevelopment plan will be consistent with the City's Future Land Use Plan for the redevelopment Area**
 - **Historic properties and districts will not be adversely affected**
 - **The TAD will become effective 12/21/07 and is proposed to remain in existence for up to 30 years**

Implications of TAD Financing on Treatment Plant Expansion Costs to Ratepayers

- If 100% of plant expansion costs were financed through sewer bonds, impacts on the District's annual debt service costs would be substantial

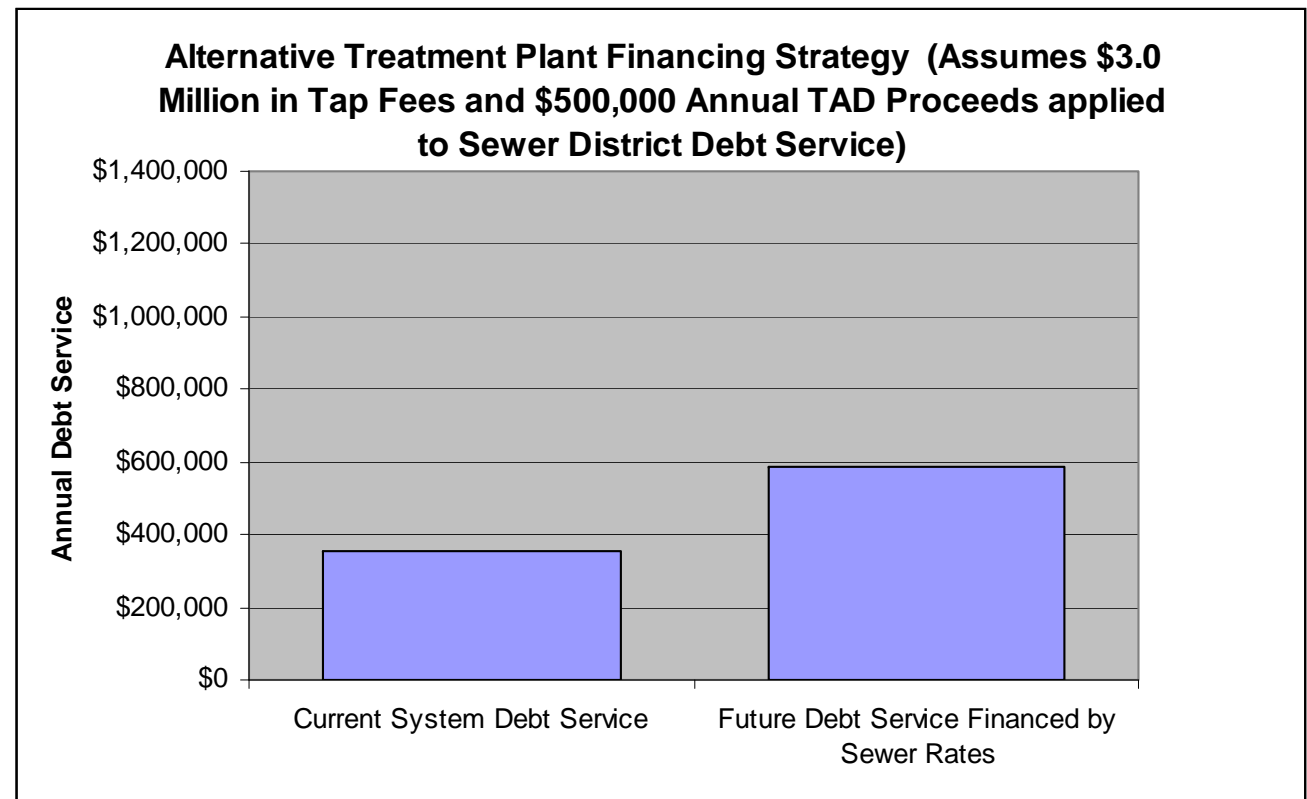
– **Annual debt service could increase by more than \$900,000 – (260%) and is not likely to be financially feasible**



A combination of new revenue is needed to soften rate impacts on existing users

- Pre-selling capacity to lower borrowing requirements and contributing TAD proceeds to sewer debt service could lower the percentage of costs financed by ratepayers

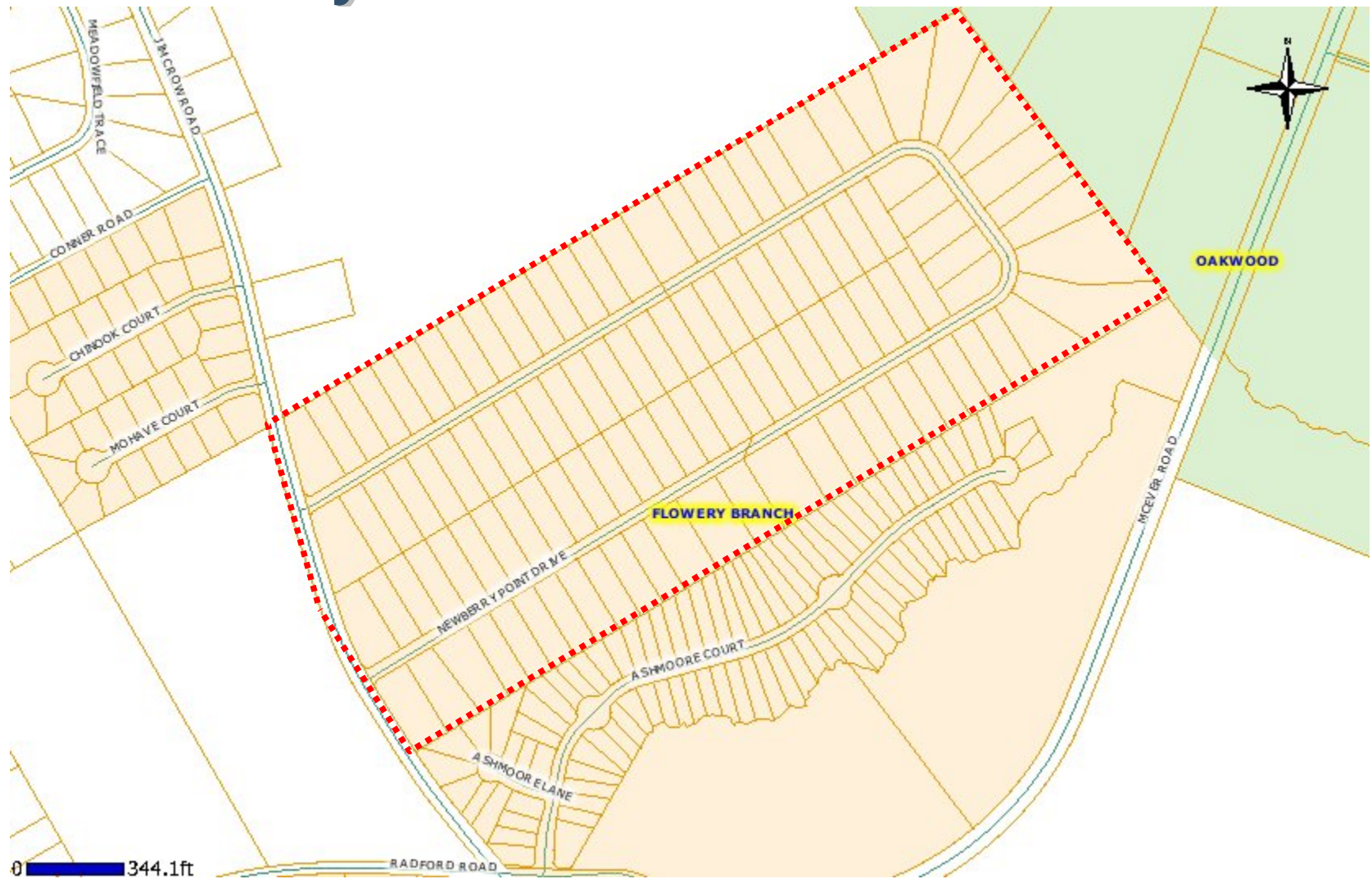
– It may be possible to achieve a rate-neutral business plan to expand the treatment plant using TAD proceeds as part of an overall financing strategy



Potential TAD Additions

- The City could choose to add up to \$4.6 million in additional digest to the TAD
- City Council requested consideration of 3 areas for possible inclusion within the TAD
 - **Newberry Point**
 - **Victoria Drive/Victoria Court**
 - **Lights Ferry Road**

Newberry Point



Newberry Point

- 114 total tax parcels
 - **Sampled 35 parcels for value information**
 - **Average parcel FMV: \$195,400**
 - **Total Estimated FMV: \$22.3 million**
 - **Total Estimated Digest Value: \$8,910,000**
 - **83% of property owners receive resident exemptions**
- Recommend Omitting
 - **Additional digest value exceeds 10% limit**
 - **Digest value of exemptions will also be counted against tax increment**
 - **Sewer improvements to the neighborhood could still be accomplished as part of a larger capital investment that includes TAD financing**

Victoria Court/Carriage Crossing



Victoria Court/Carriage Crossing

- 50 total tax parcels
 - 1 tax exempt
 - 2 larger multi-family properties
 - 47 duplexes
- Sampled 30 parcels for value information
 - Average parcel FMV (duplexes): \$114,978
 - Total Estimated FMV (all taxable parcels): \$6.3 million
 - Total Estimated Digest Value: \$2,507,000
 - More than 20 separate owners
- Recommend Omitting
 - Feasibility of assembling parcels for redevelopment is limited due to existing values and fragmented ownership

Lights Ferry Rd



Lights Ferry Rd

- 2 tax parcels totaling 32.4 acres
 - **Contiguous parcels in same ownership**
 - **Total FMV (duplexes): \$1,464,734**
 - **Total Estimated Digest Value: \$585,894**
 - **Values do not include mobile homes, which are taxed as personal property**
- Recommend Omitting
 - **Future redevelopment potential could probably be realized without TAD financing, or a separate TAD could be created at a later time**
 - **Personal property will complicate accounting of the TAD special fund**