

Referendum on Redevelopment Powers Law



Prepared for:

City of Richmond Hill, GA

2019



Referendum Voting Day: November 5, 2019

- *On **Tuesday, November 5, 2019** citizens in Richmond Hill will have an opportunity to vote on whether the City should adopt Georgia's Redevelopment Powers Law.*
- *What the referendum says:*
 - *"Shall the Act be approved which authorizes the City of Richmond Hill to exercise redevelopment powers under the "Redevelopment Powers Law", as it may be amended from time to time?" Yes/No.*
- *Approval of the referendum by the voters would allow Richmond Hill to create one or more Tax Allocation Districts in the future, subject to detailed council review and approval.*

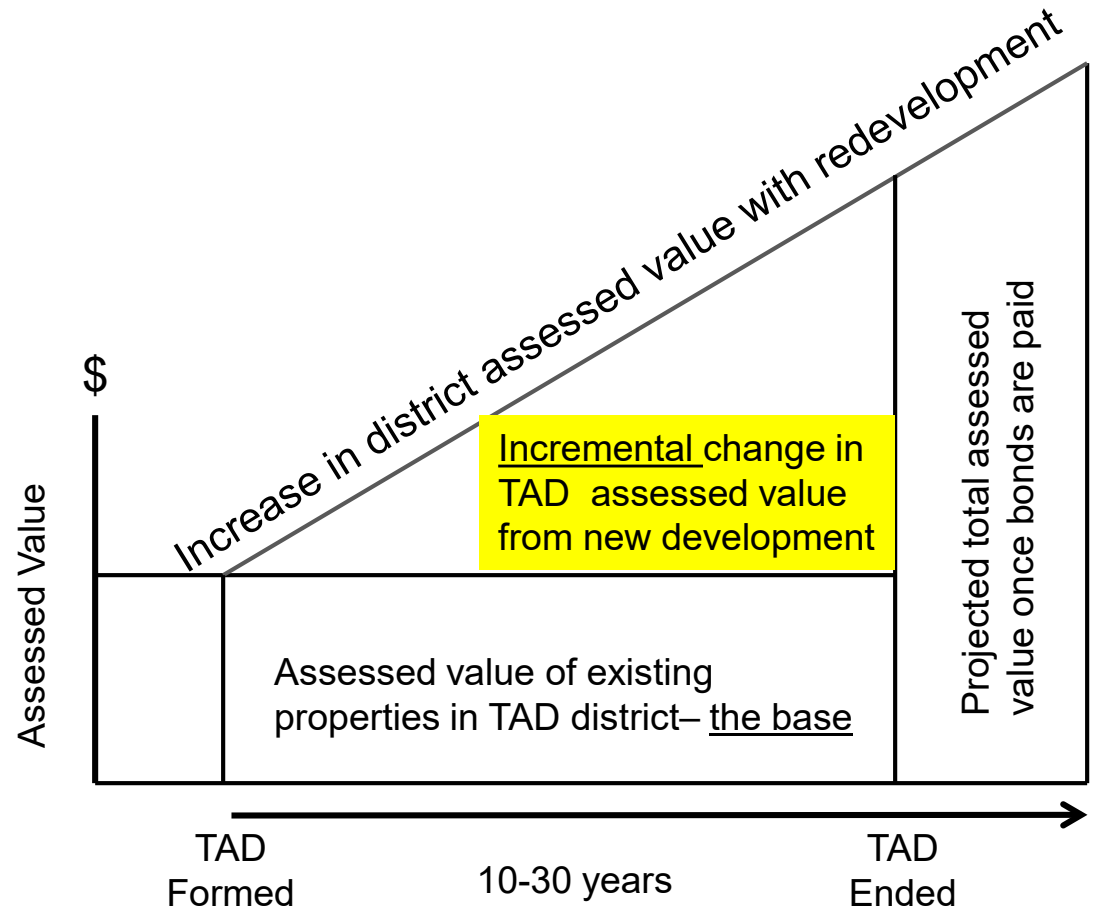
How does redevelopment work?

- The City designates an area for redevelopment and prepares a **tax allocation district redevelopment plan** to guide its actions.
- Once a TAD district is formed, property owners within the TAD are eligible to participate and can bring forth projects that meet the city's criteria for redevelopment.
- The incremental property taxes collected in the district above the base amount when the district was formed are put in a **special fund** instead of the general fund of the city.
- The amount of incremental property taxes above the amount collected when the district was formed can be used to pay for **infrastructure, parking and other public improvements** to support the new development.
- The cost of the improvement are paid either by **bonds** issued for the district, **bank loans** or on a “**pay as you go**” basis from the new increment.

How A TAD Works:

Future Property taxes from new development and future growth are used to pay off TAD bonds/loans.

All existing property taxes paid before development occurs (the base taxes) continue to go to the city, county and schools.



What areas in the City can become a TAD?

- **To be a qualifying area** in a city for a TAD it must meet at least one of the following definitions of a redevelopment area:
 - A. a **blighted or distressed area** is an area that is experiencing one or more conditions of blight
 - B. a **deteriorating area** that is experiencing physical or economic decline or stagnation
 - C. An area with **inadequate infrastructure**
- **Key target areas for TAD—commercial areas needing improvement at key interchanges with I-95**

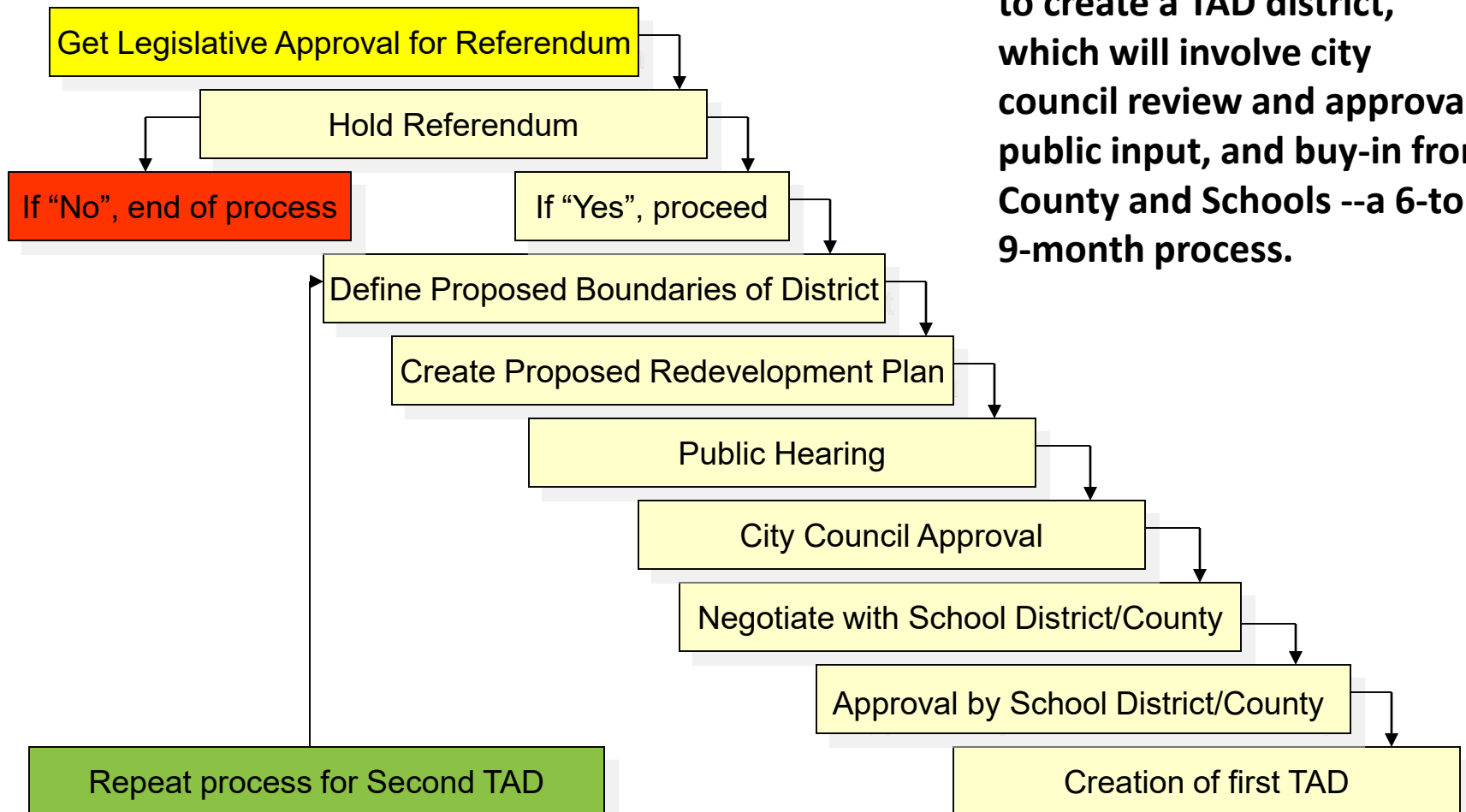
What is TAD's role in Redevelopment?

- **Redevelopment by its very nature, can present challenges:**
 - Demolition and environmental clean-up of existing facilities
 - Re-installing the transportation network/grid to provide access to the site
 - Installing or re-installing water, sewer, electrical and other infrastructure to the site.
 - The substantial pre-development/site preparation costs drive up the per acre cost of the site and can make moderate density redevelopment economically unviable
- TAD can provide the funding for “horizontal development” costs including-- site preparation, environmental remediation and infrastructure which can make the site viable to attract private investment for the “vertical development”

A Public Referendum is just the first key step in implementing TADs

- The referendum is just the **first step** in a multi-phased process to establish a TAD is to get the buy-in of the community to consider this financing technique.
- The referendum authorizes a local government to **begin to consider** the formation of one or more districts in the city—**approval of the referendum does not create any TADs or commit any city funds to projects.**
- The referendum is the first step in the approval process with public input at many points throughout the process.

Key TAD Steps:



If the referendum is approved the City will engage in a detailed process to create a TAD district, which will involve city council review and approval, public input, and buy-in from County and Schools --a 6-to 9-month process.

How are TADs used in Georgia?

- Over **80 counties and cities** have approved the use of TADs in Georgia since 1985.
- Nationally, **49 states and the District of Columbia** use **tax increment financing**—what we call TAD in Georgia.
- More than \$500 million in bonds have been issued in Georgia under the program since its start in 1999.
- TADs have been used for major developments like Atlantic Station in Atlanta and Camp Creek Marketplace in East Point and many smaller developments statewide in cities like: Duluth, Rome, LaGrange, Gainesville.

Some of the 80 Cities and Counties who have approved TAD:

- Duluth
- Gwinnett County (5)
- Lawrenceville
- Woodstock
- Atlanta (10)
- Savannah
- Gainesville
- Augusta
- Athens
- Smyrna
- East Point
- College Park
- Albany
- Marietta
- LaGrange
- Rome (4)
- Flowery Branch
- Lawrenceville
- Statesboro
- Columbus (6)

Projects Assisted by TADs



Atlantic Station, Atlanta GA--\$2 billion redevelopment of the former Atlantic Steel manufacturing site in Midtown Atlanta. TAD was used to create the 10,000+ car structured parking deck and for infrastructure to support development.



Camp Creek Marketplace, East Point, GA—On former vacant site in East Point, under approach to Hartsfield Jackson International Airport--Development of over 500,000 SF of retail, a business park with 5 million SF of industrial+ housing and hotels and over 4,000 jobs

Projects Partially Funded by TAD



Parsons Alley, Duluth, GA—The city of Duluth and developer created an innovative cluster of restaurants in its historic downtown using TAD funds to assemble the land and pay for public infrastructure and historic rehab. Created another destination in its historic downtown.



Downtown Square District, Gainesville, GA—the city is using TAD in innovative ways to create structure parking, and support the development of new housing, ground floor retail and office space near its historic square.

Projects Partially Funding by TAD



The District in Duluth replaced an old and largely vacant shopping center in the heart of the city with a vibrant mixed-use development of ground floor retail and high-end rental apartments with structured parking.



In 2018, Duluth approved the development of a new hotel in its downtown above a two-level parking deck partially funded with TAD. The hotel will be a Courtyard by Marriott and be walkable to all the restaurants and shops in downtown.

What are the benefits of TAD?

- It provides the “but for” financial support to make redevelopment financially feasible.
- It helps attract investment dollars into a community—typically, \$7.00 of private funding for each \$1.00 of TAD invested.
- It improves public infrastructure and quality of life in the community.
- It accelerates the growth of the City’s Tax Digest in the TAD district which benefits the city, schools and county.
- It supports the creation of innovative mixed-use development.
- It creates a “halo effect” increasing property values in the area around the TAD district—new investment in the TAD attracts additional investment to the broader area, outside the TAD.

Why Did the City Propose the Referendum?

- The City is interested in having this well-established economic incentive in its **economic development “toolbox”**.
- Allows the City to be prepared to respond to future opportunities to grow and prosper.
- Helps diversify our tax base and enhance the quality of life in our City.