



COUNCIL
for QUALITY
GROWTH

ADVOCACY

INFORMATION

EDUCATION

Promoting balanced and responsible growth

WHERE WE ARE

10-County Core

- 73 Cities
- 4,480,100 Residents

20-County Metro

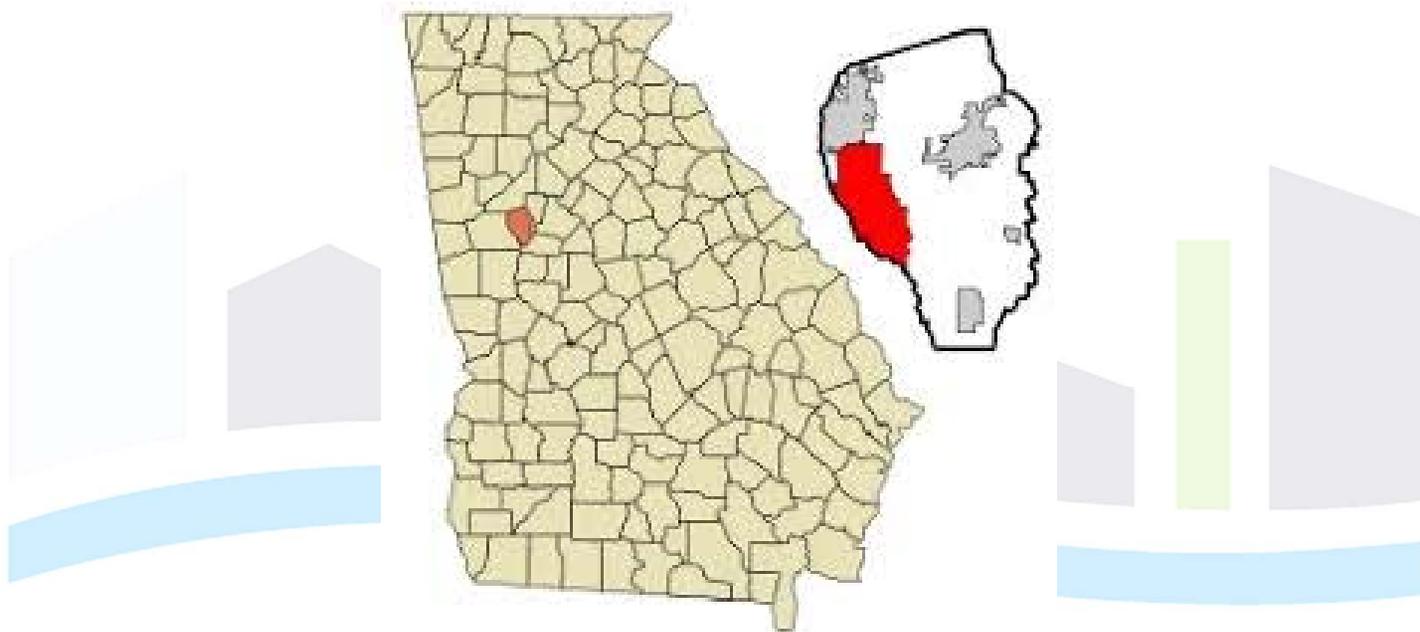
- 122 Cities
- 5,789,700 Residents





ECONOMIC (RE)DEVELOPMENT TOOLS IN PEACHTREE CITY

Community Improvement Districts and Tax Increment Financing (Tax Allocation Districts)





COMMUNITY IMPROVEMENT DISTRICTS PURPOSE

- The purpose of CIDs is to provide one or more of the following:
 - Street and road construction and maintenance, including curbs, sidewalks, streetlights and devices to control the flow of traffic on streets and roads;
 - Parks and recreational areas and facilities;
 - Storm water and sewage collection and disposal systems;
 - Development, storage, treatment, purification and distribution of water;
 - Public transportation;
 - Terminal and dock facilities and parking facilities;
 - Such other services and facilities as may be provided for by general law.
- Services can ONLY be provided within CID's boundaries
- Local law can allow CIDs to take on additional services such as public safety, strategic planning, and policy authority



COMMUNITY IMPROVEMENT DISTRICTS HISTORY

- Constitutional Amendment ratified and incorporated in 1985, authorizing creation of CIDs by act of the General Assembly
- State Legislature passed first enabling Act in 1988, for Cobb County CIDs.
- Cumberland CID was first CID formed in Georgia
- Nearly 70 percent of all CIDs created after 2000, and over half of all CIDs extant today created after 2010
- Newest CIDs are West End CID and Highway 278 CID, both formed in late summer, 2017.



COMMUNITY IMPROVEMENT DISTRICTS FORMATION

- Steps to CID Formation:
 1. State law
 - Local legislation must be passed by the General Assembly providing for CIDs in a specified county or municipality, or both
 2. Local Government Enactment
 - The adoption of a resolution consenting to the creation of a CID by the governing authority of the municipality if the CID is located wholly within the incorporated area
 3. Consent of the Governed
 - A **majority** of the owners of real property within the CID which will be subject to taxes levied by the administrative body of the CID; AND
 - The owners of real property within the CID which constitutes at least **75 percent by value** of all real property within the community improvement district which will be subject to taxes, fees, and assessments levied by the administrative body of the community improvement district



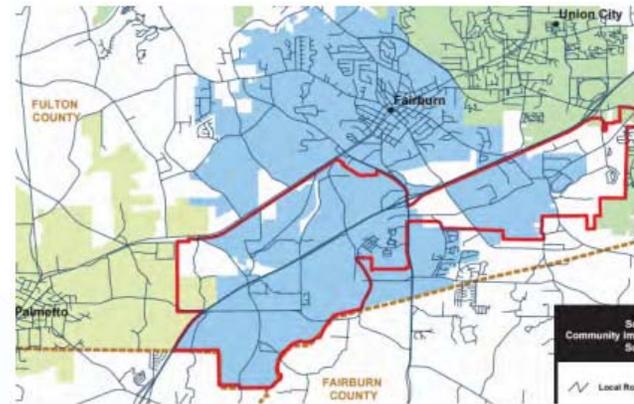
COMMUNITY IMPROVEMENT DISTRICTS POWERS

- **Financing**
 - Primary financing mechanism through additional ad valorem (property) tax
 - Maximum allowable is 25 mills of property's assessed value
 - Among Region's CIDs, all between 3 and 5 mills.
 - Power to issue debt – not counted against governing authority's debt limitation
 - Residential and multi-family properties, and tax-exempt properties are exempt from this additional assessment
- **Board of Directors**
 - All active CIDs governed by a Board of Directors
 - Most CID Boards are made up of Directors (usually commercial property owners within the CID) elected by CID members as well as positions appointed by the governing authority
 - In addition to approving expenditures of the CID, the Board of Directors sets the annual millage rate
- **Projects**
 - CIDs can carry out any project that satisfies an enumerated purpose, including additional purposes specified by the local enabling act



COMMUNITY IMPROVEMENT DISTRICTS CASE STUDY – SOUTH FULTON CID

- Purpose:
 - Transportation Improvements: Improving Access to Warehousing, Manufacturing, and Industrial Sites
- Governance:
 - 10 Person Board – 1 Appointee from each city in the CID, 2 Appointees from Fulton County, 1 Member elected by single-vote, and 4 Members elected by equity vote
- Financing:
 - 3 mill assessment
 - Revenues of approximately \$600,000 per year
 - Expenditures of approximately \$500,000 per year
 - 73 percent of expenditures for capital projects;
 - 26% for operations and administration;
 - 1% for non-capital projects

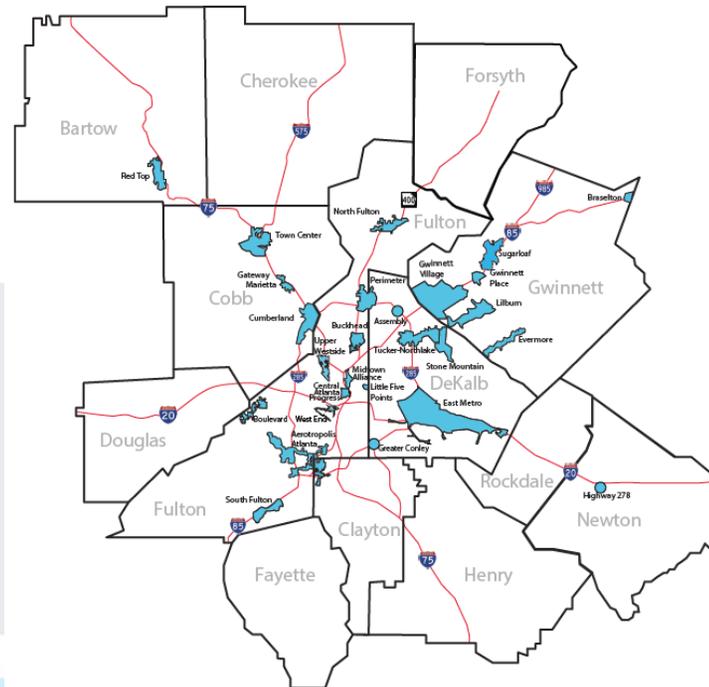


	OAKLEY INDUSTRIAL BOULEVARD UPGRADE	STATE ROUTE 74 INTERCHANGE
Type	Road improvements	Road infrastructure
Year initiated	2005	2012
Status	Completed	In progress
Project cost (estimated)	\$5.5 million	\$37.5 million
Funding sources (other than CID)	Federal, local and GTIB grants	Local, GDOT
Partners	City of Fairburn, Union City, Fulton County, GDOT, SRTA	City of Fairburn, Fayette County, GDOT



COMMUNITY IMPROVEMENT DISTRICTS BIG PICTURE

- Commercial Property Owners tend to lead the creation of a CID
- Primary motivation for creating CIDs is to attract additional funding and promote economic revitalization
- CIDs typically provide a combination of the 7 services explicitly allowed
 - Planning, transportation, and beautification are the most common services
- CID revenues range from approximately \$250,000 to nearly \$9 million
- CIDs pair tax revenue with:
 - Local sources such as SPLOST;
 - State and federal sources such as GTIB and USDOT grants and loans; and
 - Regional grants from entities such as the Atlanta Regional Commission

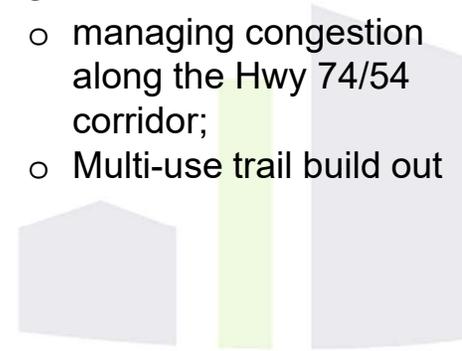




COMMUNITY IMPROVEMENT DISTRICTS PEACHTREE CITY – ABERDEEN/WILKSMOOR VILLAGE

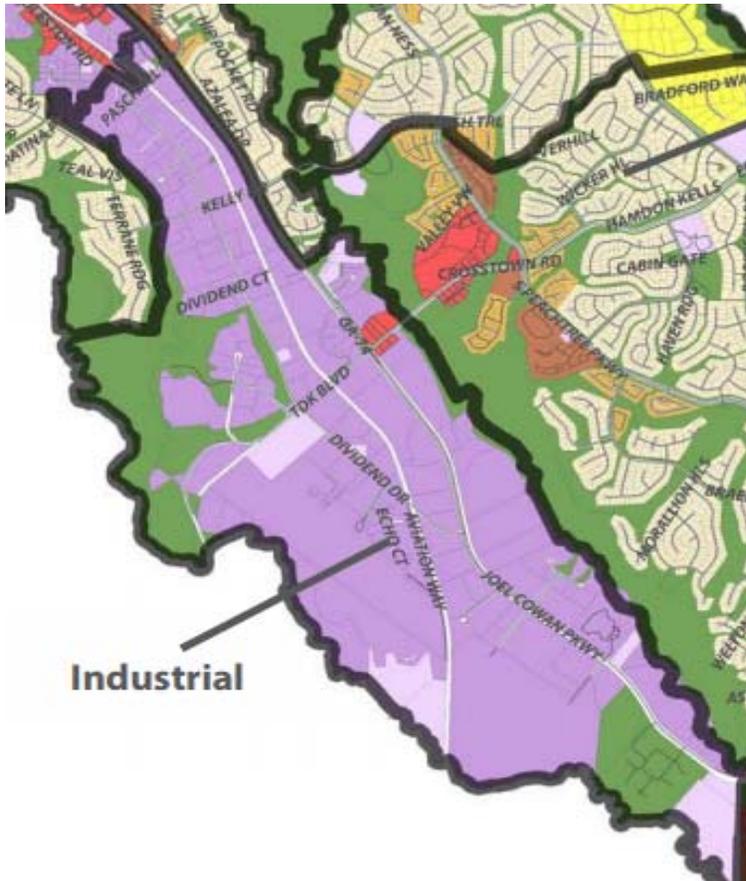


- No enabling statute – would require State law + resolution by City Council
- Of 4 properties identified, at rate of 4 mills, \$100,000 in CID revenue annually
- Used for:
 - managing congestion along the Hwy 74/54 corridor;
 - Multi-use trail build out





COMMUNITY IMPROVEMENT DISTRICTS PEACHTREE CITY – INDUSTRIAL VILLAGE



- No enabling statute – would require State law + resolution by City Council
- Significant revenue opportunities through CID formation in Industrial Village area





TAX INCREMENT FINANCING WHAT IS A TAD/TIF ?

- A tax allocation district is a geographical area wherein the local government sells bonds to finance infrastructure and other redevelopment costs.
 - The bonds are secured by a “tax allocation increment” which is the increase in the property tax revenues resulting from redevelopment activities occurring
 - As the taxable value of property in a TAD increases, the city/county collects those revenues and sets aside the increase into a special fund to pay off the bond(s) that financed the public improvements in the district
- Three general purposes for TAD creation:
 1. Encourage commercial development in largely undeveloped or under-developed commercial corridors where high infrastructure costs has inhibited quality development;
 2. Redevelop downtowns or revitalize other areas; or
 3. Multiple objectives, including replacement of existing, lower valued development with mixed-use projects and other appropriate development – i.e. vacant shopping centers, substandard apartment complexes, etc.
- Millage rate remains the same for the property owner



TAX INCREMENT FINANCING WHAT IS A TAD/TIF ? (cont.)

- Tax allocation districts capture incremental property tax revenue increases in a specified geographic area
- The anticipated or actual incremental increases are then used to finance activities to promote economic development
- The economic development in turn should stimulate increased growth in tax revenues
- The most significant financing innovation is the use of anticipated revenue increases to back debt
- Generally, the tax increment is the total from all overlapping jurisdictions.



TAX INCREMENT FINANCING CREATION

- Georgia's Redevelopment Powers Law passed in 1985
- First TAD financing in Georgia in 1998
- A local government authorizes a TAD by referendum. Approval gives local governments the ability to form one or more TADs
- If referendum passes, local government must designate a TAD boundary and prepare a TAD Redevelopment Plan
 - Plan and map must be approved by a resolution of the local government
 - Once resolution passes, the taxable value in the TAD is "certified" as the base value of the district
- Usually TADs are initially approved for 30 years
- Number of TAD districts in existence:
 - 9 in 2002
 - 26 in 2007
 - 64 in 2013



TAX INCREMENT FINANCING BENEFITS

- Economic development can “pay for itself”
- Localities leverage anticipated revenues from redevelopment to stimulate growth
- Debt does not count against local debt ceiling and does not have to be backed by full faith and credit
- Allows overlapping jurisdictions to pool resources
- Allows access to redevelopment powers, such as eminent domain
- Tool to promote growth in areas that otherwise would not redevelop



TAX INCREMENT FINANCING COSTS

- Initial investment in infrastructure or other activities to support economic development
- Increased demand for public sector services from growth. Particularly an issue for school districts
- “Opportunity cost” of public services that could have been provided with the revenues diverted to economic development
Note: Additional revenues might not be available without economic development investment from TAD
- Problems of gentrification and equity in application of TAD



TAX INCREMENT FINANCING RISKS

- Benefits from investment fail to materialize:
Private sector partners renege on agreement
- Insufficient revenues to cover debt obligations
- Insufficient revenues to cover the increases in demand for public services
- Long term erosion of tax base
- Public sector bears unnecessary burden of costs of development (i.e., private sector receives unearned windfall)
- Displacement of low and moderate income families



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THANK YOU!

QUESTIONS?

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