

SOUTH FULTON

Tax Allocation District (TAD)

Redevelopment Plan Summary

Prepared By:



Bleakly Advisory Group



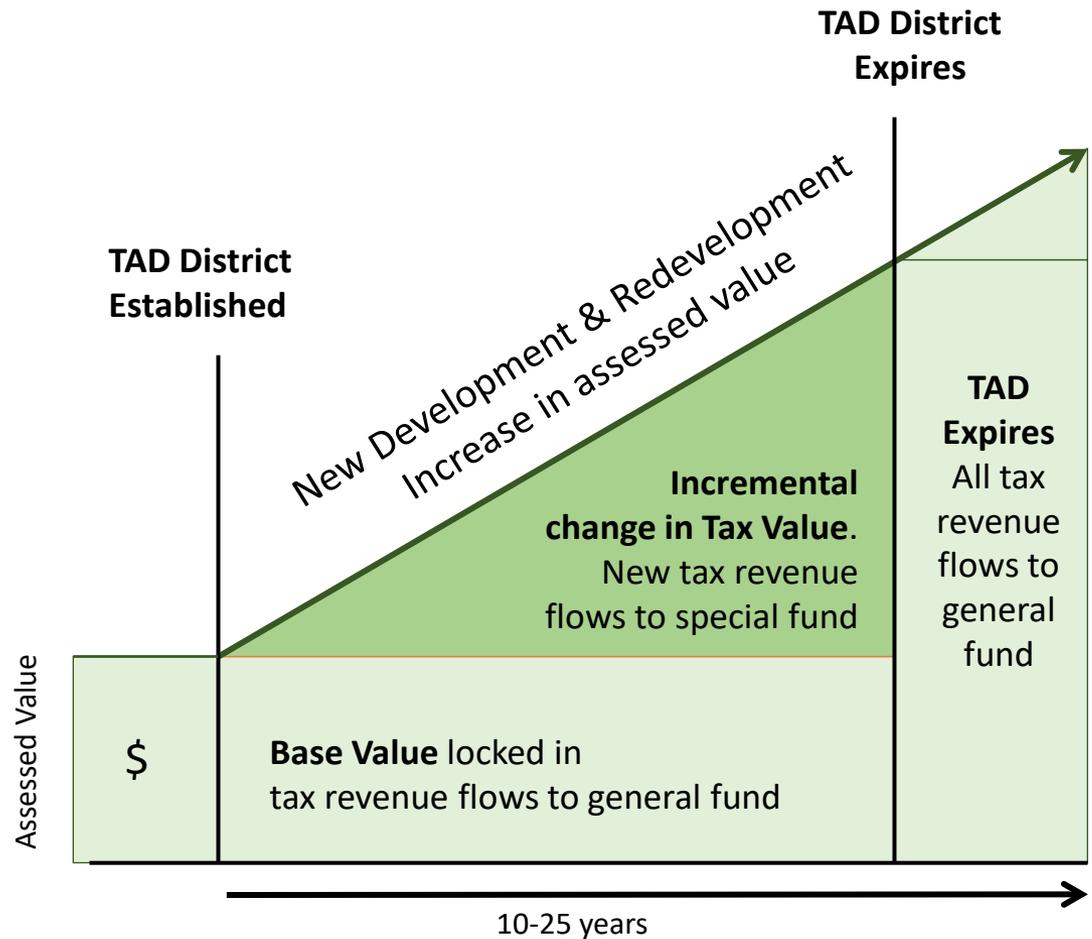
October 2020

TAD REDEVELOPMENT PLAN

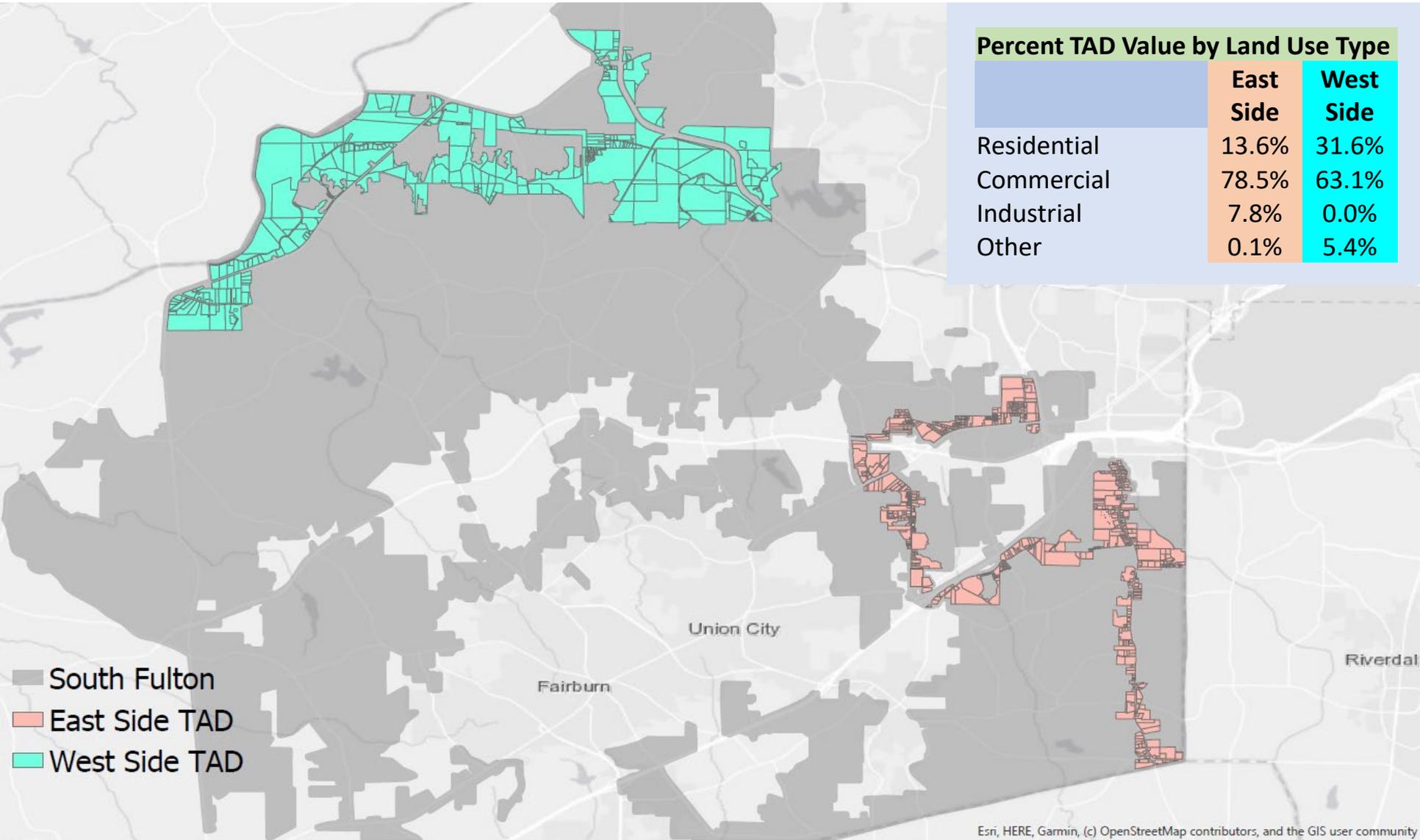
- This document provides a summary of the South Fulton Redevelopment Plan, which incorporates two Tax Allocation Districts (TADs) in the City of South Fulton that would support economic development and real estate redevelopment efforts.
- A Redevelopment Plan is required to be written by the Georgia Redevelopment Powers Law to present the rationale, boundaries, fiscal data, and proposed projects that could result from the formation of one or multiple TADs within a given jurisdiction
- The following analysis, conclusions, and recommendations are summarized herein:
 - **TAD Boundaries**
 - **Potential Redevelopment Scenarios within each TAD**
 - **Forecasted TAD funding that could be generated to support the intended development**
 - **Impacts to Fulton County Schools**
 - **Next Steps in the TAD creation process**

HOW A TAD WORKS

- Future incremental property taxes from new development and future growth are collected into a special TAD fund, earmarked to be used as part of infrastructure or development funding that will accelerate change within the TAD area.
- All existing (current) tax collections (“base value”) continue to go to County, City and Schools.
- Only additional new (incremental) taxes pledged to TAD.
- Does not impact personal property or sales taxes.



SOUTH FULTON: TAD BOUNDARIES



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SOUTH FULTON TAD#1: EAST SIDE

- **961** total parcels on **1,857** acres.
- 2020 tax appraised value of **\$232,957,055 (\$125,448/acre)**.
- The total value of the proposed East Side TAD represents **4.26%** of the City of South Fulton's total 2019 tax digest.
- The total taxable value of all TADs within the city combined may not exceed 10% of the city's total tax digest.



CRITERIA FOR TADS

East Side TAD Justification

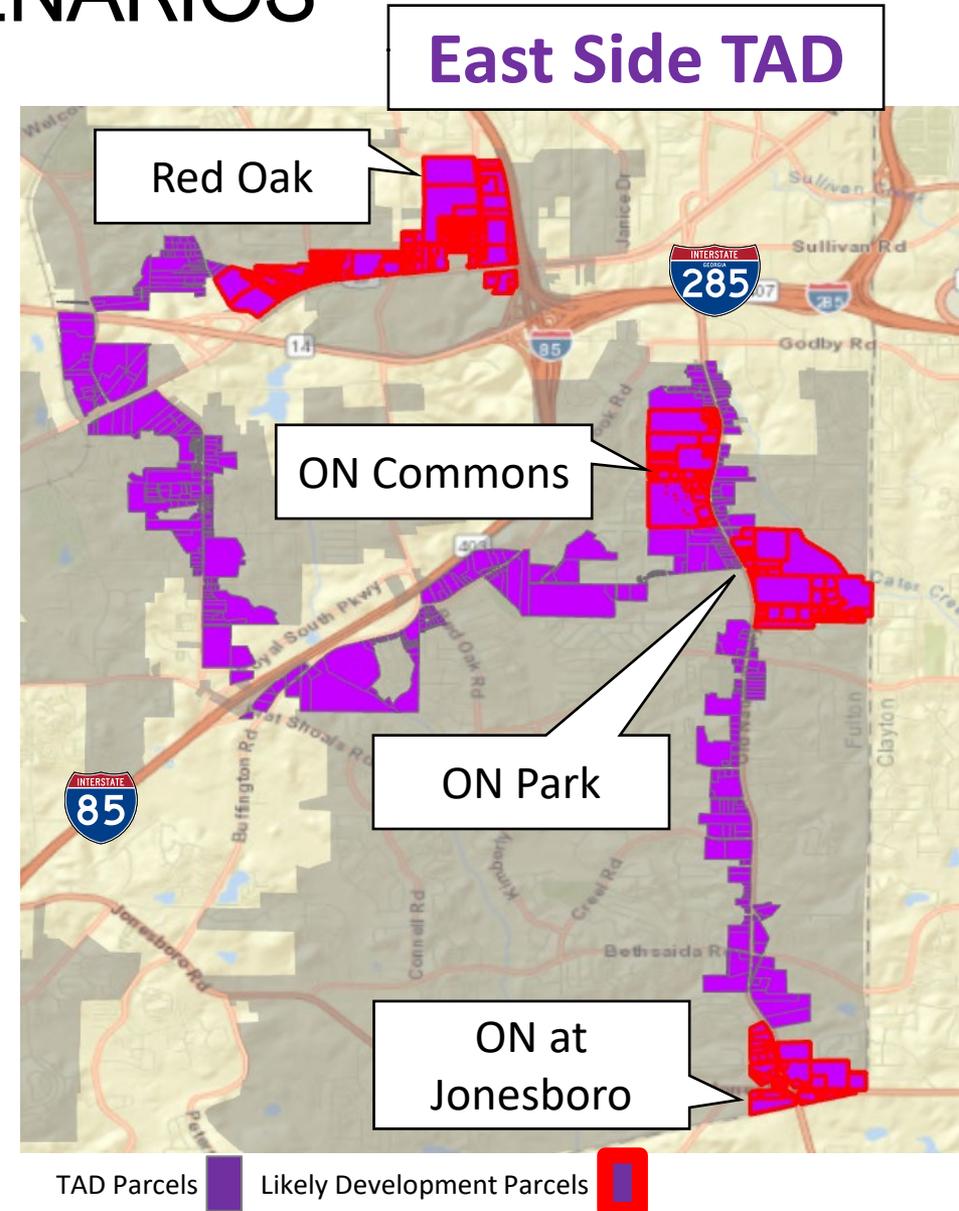
- Below in *italics* are excerpts from the Georgia Code § 36-44 that provide a necessary justification for an area being eligible to be included in a TAD.
- *The presence of a **substantial** number of structures or buildings that are 40 years old or older and have no historic significance;*
 - Proposed East Side TAD:
 - 48.3% of parcels with available data were built before 1980.
 - For contrast, 4.5% of parcels were built since 2010.
- *The predominance of structures or buildings of relatively low value compared to the value of structures or buildings in the surrounding vicinity or significantly slower growth in the property tax digest than is occurring in the political subdivision as a whole;*
 - Proposed East Side TAD:
 - 88.1% of parcels are valued at less than \$175,000.
 - The median parcel value is \$22,400, whereas South Fulton's overall median parcel value is \$50,920.
 - The median parcel value within the TAD is 66% lower than the surrounding political subdivision.

REDEVELOPMENT SCENARIOS

East Side TAD Anticipated Development

- Future development value in the East Side TAD was forecast by determining likely development of various types in each of four “nodes” based on area context. The nodes are:
 - Red Oak
 - Old National Commons
 - Old National Park
 - Old National at Jonesboro
- The forecast uses potential current unit or per square foot values based on real estate market conditions.
- The total tax appraised value of future development in the East Side TAD, at build-out, is forecast at **\$1,235,858,635**.

East Side Development Potential			
Type	Unit/SF Value	Units/SF	Value
Residential			
Single-Family	\$300,000	822	\$246,737,044
Townhome	\$250,000	180	\$44,975,855
Multifamily	\$163,000	3,219	\$524,759,785
Total Residential		4,222	\$816,472,683
Commercial			
Office (SF)	\$221	267,148	\$59,039,719
Retail (SF)	\$166	1,565,987	\$259,953,913
Hotel	\$72,086	1,393	\$100,392,320
Total Commercial			\$419,385,952
Development Value Forecast Total			\$1,235,858,635



TAD FUNDING

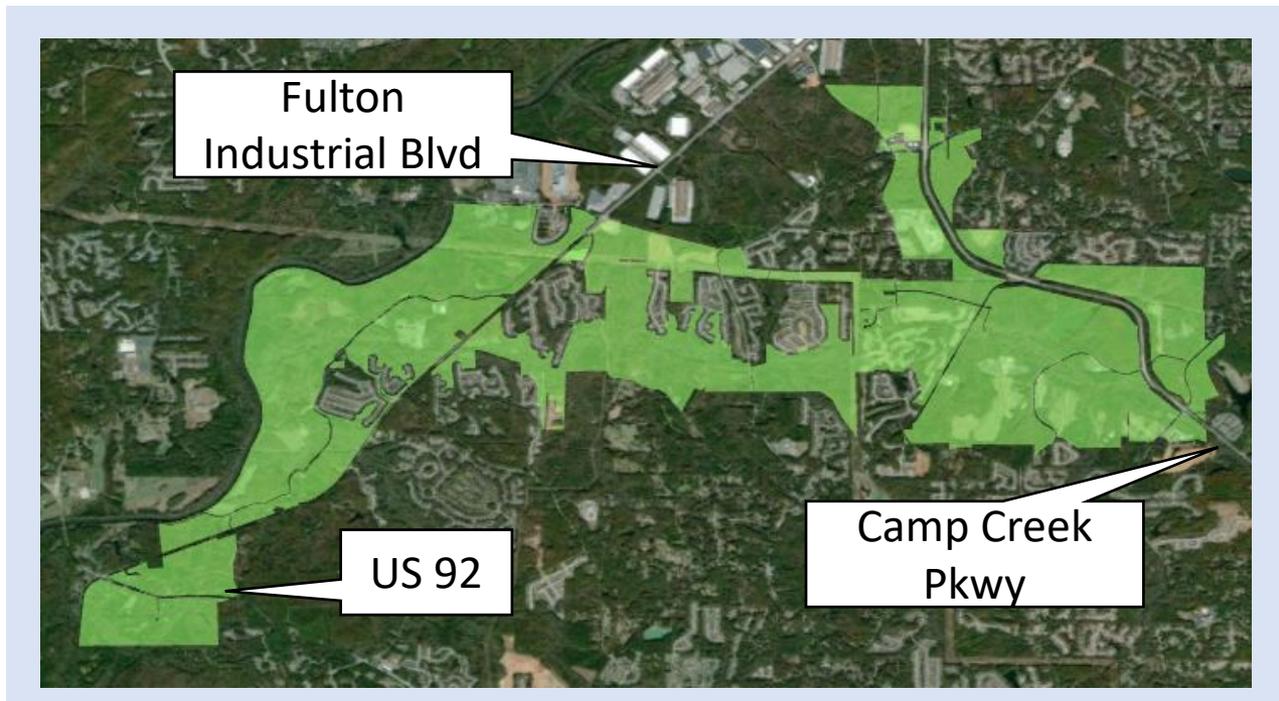
East Side TAD Revenue Forecast

- The forecast tax appraised value of the anticipated development, less the value of the existing property, equals the future TAD increment at build-out, which represents the revenues that can be encumbered to fund developments of infrastructure projects in the TAD area.
- In the East Side TAD area, the total increment at build-out is forecast to be **\$1,074,186,046**.
- Applying the local property tax millage rates, and dependent on the participation of different jurisdictions, calculates the amount of anticipated annual revenue available for economic development and real estate redevelopment.
 - If City of South Fulton, Fulton County, and Fulton County Schools taxes are all included in the East Side TAD, the total annual revenue would be **\$15,500,505**.
 - If Fulton County Schools did not agree to participate in the East Side TAD, the annual revenue would amount to **\$7,531,763**.

East Side						
Subarea	Red Oak	Old National at Jonesboro	Old National Park	Old National Commons	TAD Remainder (Redeveloped Portions)	Total
Current Appraised Value	\$61,841,700	\$19,150,300	\$8,931,800	\$47,987,300	\$23,761,489	\$161,672,589
Estimated Appraised Increment Value	\$210,689,253	\$186,393,489	\$419,042,138	\$134,499,668	\$123,561,498	\$1,074,186,046
Annual Revenue	\$3,040,246	\$2,689,658	\$6,046,778	\$1,940,830	\$1,782,992	\$15,500,505
Annual Revenue (without schools)	\$1,477,269	\$1,306,917	\$2,938,156	\$943,058	\$866,364	\$7,531,763

SOUTH FULTON PROPOSED WEST SIDE TAD

- **338** total parcels on **4,736** acres.
- 2020 tax appraised value of **\$159,125,490 (\$33,599/acre)**.
- The total current value of the West Side TAD represents **1.02%** of the city of South Fulton's total tax digest.
 - The total taxable value of all TADs within the city may not exceed 10% of the city's total tax digest.
- The total of the two TADs represent **5.28%** of South Fulton's total tax digest.
 - This leaves substantial room for the potential addition of future TADs.



CRITERIA FOR TADS

West Side TAD Justification

Below in *italics* are excerpts from the Georgia Code § 36-44 that provide a necessary justification for an area being eligible to be included in a TAD.

An 'area with inadequate infrastructure' means an area characterized by:

Deteriorating or inadequate parking, roadways, bridges, pedestrian access, or public transportation or transit facilities incapable of handling the volume of traffic into or through the area, either at present or following redevelopment; or

- Three approved plans – AeroATL Greenway Plan, AeroCID's Transit Plan, and Southern Fulton Comprehensive Transportation Plan – call for the enhancement and development of several transportation and infrastructure initiatives that include: enhanced bike and pedestrian access along Camp Creek Parkway, multiuse trails along Camp Creek Parkway and Enon Road, and Butner Road Bridge over Camp Creek Parkway among others.

Deteriorating or inadequate utility infrastructure either at present or following redevelopment.

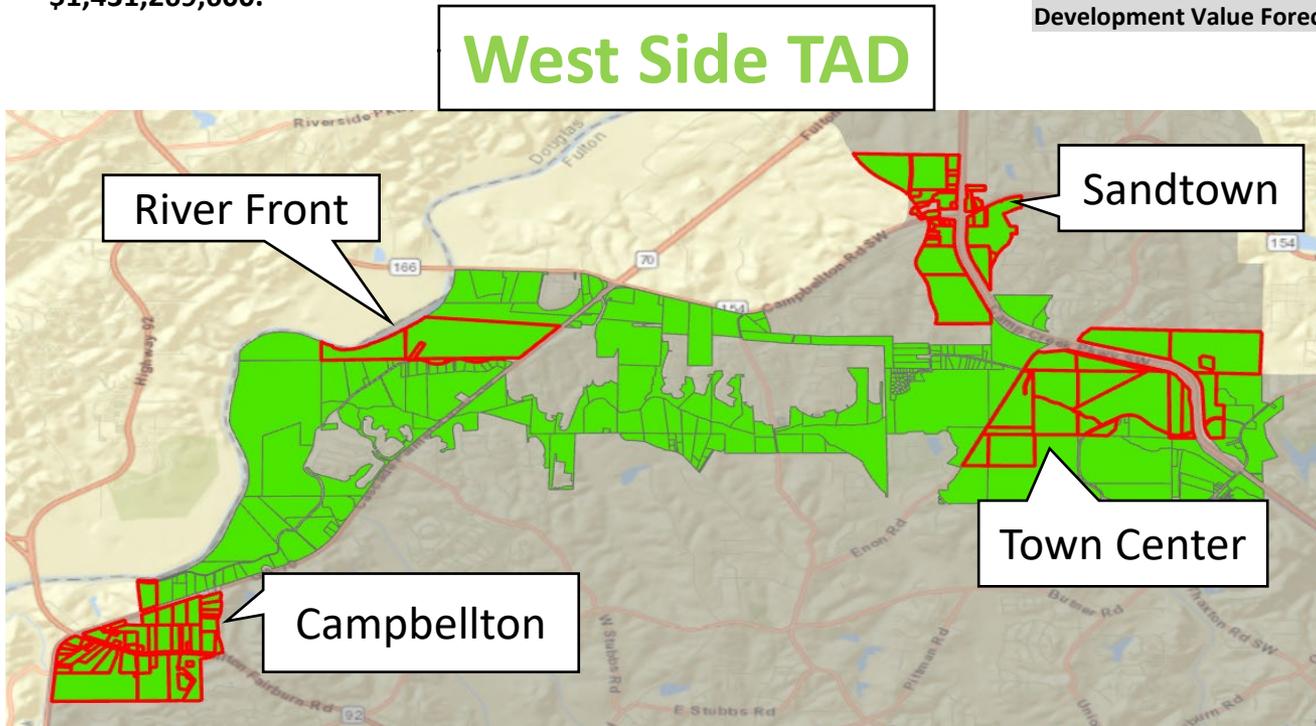
- Inadequate utility infrastructure exists at several nodes of future development and redevelopment in the Town Center, River Front, and Campbellton nodes.

DEVELOPMENT SCENARIOS

West Side TAD Anticipated Development

- Future development value in the West Side TAD was estimated in the same manner as in the East Side TAD; the nodes are:
 - River Front
 - Sandtown
 - Town Center
 - Campbellton
- The total forecast value of future development in the West Side TAD is **\$1,431,269,600**.

West Side Development Potential			
Type	Unit/SF Value	Units/SF	Value
Residential			
Single-Family	\$300,000	2,128	\$638,503,373
Townhome	\$250,000	824	\$205,881,524
Multifamily	\$163,000	2,222	\$362,177,978
Total Residential		5,174	\$1,206,562,874
Commercial			
Retail (SF)	\$166	1,184,029	\$196,548,813
Hotel	\$72,086	391	\$28,157,913
Total Commercial			\$224,706,726
Development Value Forecast Total			\$1,431,269,600



TAD FUNDING

West Side TAD Revenues Forecast

- The West Side TAD increment and revenue at build-out was calculated in the same manner as the East Side TAD described above.
- In the West Side TAD area the total increment, at build-out, is forecast to be **\$1,344,886,835**.
- If City of South Fulton, Fulton County, and Fulton County Schools taxes are all included in the West Side TAD, the total annual revenue would be **\$19,406,717**.
- If Fulton County Schools did not agree to participate in the West Side TAD, the annual revenue would amount to **\$9,429,809**.

West Side						
Subarea	Town Center	River Front	Sandtown Crossing	Campbellton	TAD Remainder (Redeveloped Portions)	Total
Current Appraised Value	\$32,720,400	\$1,050,600	\$43,393,500	\$5,389,700	\$3,828,565	\$86,382,765
Estimated Appraised Increment Value	\$367,940,513	\$222,279,400	\$47,433,500	\$521,209,458	\$186,023,964	\$1,344,886,835
Annual Revenue	\$5,309,382	\$3,207,492	\$684,465	\$7,521,052	\$2,684,326	\$19,406,717
Annual Revenue (without schools)	\$2,579,852	\$1,558,534	\$332,585	\$3,654,512	\$1,304,326	\$9,429,809

TAD INCREMENT GENERATION

Bond Proceed Calculation

- Cities often issue bonds based on anticipated revenues that will be paid into the TAD; those revenues can be used to service debt on those bonds. Various assumptions can be made about the terms of debt financing via bonds.
- For South Fulton, a relatively conservative set of term assumptions were made, resulting in the following forecast amounts of funding available for use in TAD areas.
- The assumptions made for the South Fulton Redevelopment Plan calculate potential funding based on up to a 25-year bond term, a 6% interest rate, and a gradual redevelopment of the TAD areas that will pick up speed as time goes on. Other alternative financing structures can be used. Determining the best financing approach to use will depend on specific redevelopment project characteristics and circumstances at the time the TAD financing occurs.
- Bleakly's analysis also demonstrates bond proceeds that would be generated both with the tax increment of Fulton County Schools property assessment, and without.

TAD INCREMENT GENERATION

Total Bond Proceeds (Without Fulton County Schools)

- East Side TAD:

- Without school participation: **\$24 million**

- West Side TAD:

- Without school participation: **\$30.1 million**

- Combined TADs:

- Without school participation: **\$54.1 million**

Without School Participation				
East Side	5 Years	10 Years	15 Years	25 Years
Total Accumulated Revenue	\$2,485,482	\$12,276,773	\$29,599,828	\$87,293,132
Bondable Value (95%)	\$2,361,208	\$11,662,935	\$28,119,837	\$82,928,475
Debt Coverage (125%)	(\$590,302)	(\$2,915,734)	(\$7,029,959)	(\$20,732,119)
Bondable Revenue	\$1,770,906	\$8,747,201	\$21,089,878	\$62,196,356
Estimated Bond Amount	\$1,510,619	\$6,506,813	\$13,779,030	\$32,005,951
Issuance Costs (3%)	(\$45,319)	(\$195,204)	(\$413,371)	(\$960,179)
Capitalized Interest (24 months)	(\$181,274)	(\$780,818)	(\$1,653,484)	(\$3,840,714)
Debt Reserve (10%)	(\$151,062)	(\$650,681)	(\$1,377,903)	(\$3,200,595)
Net Bond Proceeds	\$1,132,964	\$4,880,110	\$10,334,273	\$24,004,464
West Side	5 Years	10 Years	15 Years	25 Years
Total Accumulated Revenue	\$3,111,837	\$15,370,588	\$37,059,148	\$109,291,481
Bondable Value (95%)	\$2,956,245	\$14,602,059	\$35,206,190	\$103,826,907
Debt Coverage (125%)	(\$739,061)	(\$3,650,515)	(\$8,801,548)	(\$25,956,727)
Bondable Revenue	\$2,217,184	\$10,951,544	\$26,404,643	\$77,870,180
Estimated Bond Amount	\$1,891,303	\$8,146,566	\$17,251,422	\$40,071,627
Issuance Costs (3%)	(\$56,739)	(\$244,397)	(\$517,543)	(\$1,202,149)
Capitalized Interest (24 months)	(\$226,956)	(\$977,588)	(\$2,070,171)	(\$4,808,595)
Debt Reserve (10%)	(\$189,130)	(\$814,657)	(\$1,725,142)	(\$4,007,163)
Net Bond Proceeds	\$1,418,477	\$6,109,924	\$12,938,566	\$30,053,720
Total Bond Proceeds	\$2,551,441	\$10,990,034	\$23,272,839	\$54,058,184

TAD INCREMENT GENERATION

Total Bond Proceeds (With Fulton County Schools)

- East Side TAD:
 - With school participation: **\$49.4 million**
- West Side TAD:
 - With school participation: **\$61.9 million**
- Combined TADs:
 - With school participation: **\$111.3 million**

With School Participation				
East Side	5 Years	10 Years	15 Years	25 Years
Total Accumulated Revenue	\$5,115,167	\$25,265,823	\$60,916,983	\$179,650,849
Bondable Value (95%)	\$4,859,408	\$24,002,531	\$57,871,134	\$170,668,306
Debt Coverage (125%)	(\$1,214,852)	(\$6,000,633)	(\$14,467,784)	(\$42,667,077)
Bondable Revenue	\$3,644,556	\$18,001,899	\$43,403,351	\$128,001,230
Estimated Bond Amount	\$3,108,880	\$13,391,140	\$28,357,494	\$65,868,829
Issuance Costs (3%)	(\$93,266)	(\$401,734)	(\$850,725)	(\$1,976,065)
Capitalized Interest (24 months)	(\$373,066)	(\$1,606,937)	(\$3,402,899)	(\$7,904,259)
Debt Reserve (10%)	(\$310,888)	(\$1,339,114)	(\$2,835,749)	(\$6,586,883)
Net Bond Proceeds	\$2,331,660	\$10,043,355	\$21,268,121	\$49,401,622
West Side	5 Years	10 Years	15 Years	25 Years
Total Accumulated Revenue	\$6,404,217	\$31,632,949	\$76,268,398	\$224,923,850
Bondable Value (95%)	\$6,084,006	\$30,051,301	\$72,454,978	\$213,677,658
Debt Coverage (125%)	(\$1,521,001)	(\$7,512,825)	(\$18,113,745)	(\$53,419,414)
Bondable Revenue	\$4,563,004	\$22,538,476	\$54,341,234	\$160,258,243
Estimated Bond Amount	\$3,892,335	\$16,765,781	\$35,503,739	\$82,468,136
Issuance Costs (3%)	(\$116,770)	(\$502,973)	(\$1,065,112)	(\$2,474,044)
Capitalized Interest (24 months)	(\$467,080)	(\$2,011,894)	(\$4,260,449)	(\$9,896,176)
Debt Reserve (10%)	(\$389,234)	(\$1,676,578)	(\$3,550,374)	(\$8,246,814)
Net Bond Proceeds	\$2,919,251	\$12,574,335	\$26,627,804	\$61,851,102
Total Bond Proceeds	\$5,250,912	\$22,617,690	\$47,895,925	\$111,252,723

SCHOOL SYSTEM IMPACTS

New Revenue

- As of 2019, the parcels within the East Side TAD account for roughly .26% of the overall Fulton County Schools digest, and those in the West Side TAD make up .18% of the same.
 - Combined, the two TADs provide .44% of the Fulton County Schools digest.
- If Fulton County Schools participate in the TADs, the revenue currently generated by those properties would continue to flow to the school system.
- The redevelopment spurred by the TADs would bring financial benefits beyond the current base of the ad valorem property taxes.
 - Assuming property values in the TAD areas continue to grow at a modest 1.5% annually over 25 years, personal property tax revenue from the TAD parcels would increase by about **\$13.3 million**; however, with the implementation of the TADs, personal property tax revenues would grow by **\$32.1 million** in that same period.
 - Additionally, increased ESPLOST revenues from increased sales related to new residents, businesses, and hotels in the TAD area would total roughly **\$70 million**.
- In total, the creation of the South Fulton TADs is anticipated to generate over **\$87 million more** in additional revenue for Fulton County Schools over the next 25 years.

25-Year Financial Gain to Fulton County Schools

Personal Property Tax Revenue Collections Without TADs	\$13,313,055
Personal Property Tax Revenue Collections With TADs	\$31,198,513
ESPLOST Revenue Collections With TADs	\$69,790,676
Total Revenue Increase from TADs	\$87,676,134

Tax Digest in South Fulton TADs as a Percentage of Fulton County Schools Digest

	TAD #1: East Side	TAD #2: West Side	Total
TAD Current Tax Digest	\$93,182,822	\$63,650,196	\$156,833,018
Fulton County Schools Digest	\$35,635,858,631	\$35,635,858,631	\$35,635,858,631
TADs as percent of County	0.261%	0.179%	0.440%

SCHOOL SYSTEM IMPACTS

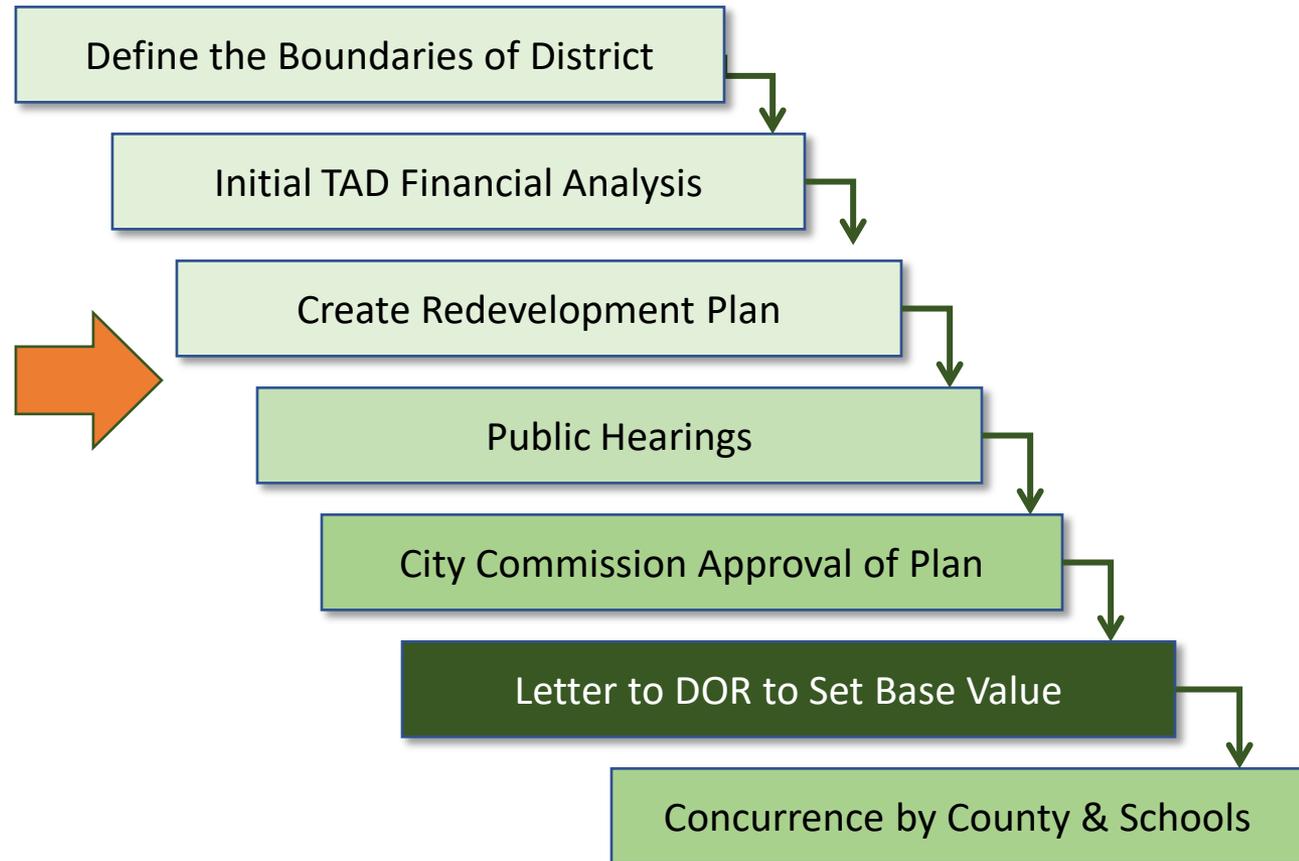
Student Generation

- The anticipated development of residences will bring new students to the TAD area, many of whom will attend Fulton County Schools.
- The combined new development in the TADs will bring a total of 9,395 new households in a mix of single family, townhome, and multifamily.
- The total number of new residents is estimated to be up to about 27,000, given the mix of anticipated development types
 - Given current ratios of school aged children in different housing types typical of the City of South Fulton, a total of **8,697** new students of all grades are anticipated to be added in the TAD areas over the next 25 years
 - Of those students, **7,575** would attend Fulton County schools.

South Fulton TADs Population and School Aged Children from Hypothetical Development					
Unit Type	Units at Build-Out	Population Multiplier	Estimated Population	School Age Children Multiplier	School Aged Children at Build-Out
Single Family	2,950	3.05	8,998	0.35	3,149
Townhome	1,004	2.11	2,118	0.11	233
Multifamily	5,441	2.96	16,105	0.33	5,315
Total	9,395		27,221		8,697
Public School Students (87.1 % of total)					7,575

PROPOSED SOUTH FULTON TAD SCHEDULE

- The next step in this process is public review and comment on the Redevelopment Plan followed by approval by the City of South Fulton.





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TERMS AND LIMITING CONDITIONS

- **Accuracy of Report:** *Every reasonable effort has been made to ensure that the data developed in this assignment reflect the most accurate and timely information possible and is believed to be reliable. This consulting assignment was based on estimates, assumptions and other information developed by Bleakly Advisory Group (“BAG”) from its independent research efforts, general industry knowledge and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agents or representatives or any other data source used in preparing or presenting this study. The research and reports are based on information that is current as of the date of the report. BAG assumes no responsibility to update the information after the date of the report. The research may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described on our research and report and variations may be material. Therefore, nor warranty or representation is made by BAG that any of the projected values or results contained in the work product from this assignment will actually be achieved.*
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