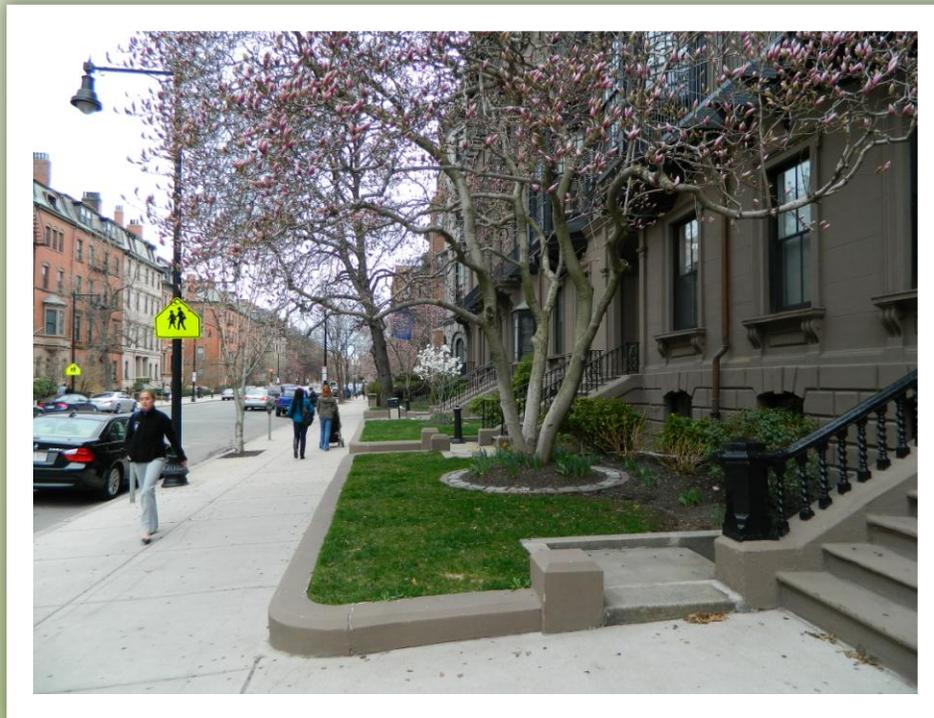


Columbus Consolidated Government Tax Allocation District

# Policies & Guidelines

---

*Planning Department*



## Section 1. Tax Allocation District (TAD) Policy and Guidelines

### Policy

The policy of Columbus Consolidated Government is to consider using TAD financing to support projects which demonstrate a substantial public benefit and shall, by creating new jobs and/or substantially retaining existing jobs, bolster the employment and economic base of the consolidated government, provide Economic opportunities, redevelop underperforming and underutilized neighborhoods/commercial nodes, decrease blight and poverty, reduce crime, increase property values and tax revenues, and implement the governments comprehensive and transportation plans and economic development strategies.

Each TAD project will be thoroughly evaluated to ensure the benefit will exceed the costs incurred by the project and that the project will be equitable for the whole government. TAD financing will be use in cases where alternative-financing methods cannot be obtained, or where TAD financing is the preferred method to encourage economic development through incentivizing.

All TAD applications must show that “but for” the use of TAD financing the project would not be economically feasible. The application must also show that the overall benefit for the community and government as a whole would be more advantageous than to leave the property in its current use.

TAD proceeds will not result in private inurement or excessive profit to developers or other project partners. All approved TAD expenses and expenditures must be documented and verify they are within industry standards. All TAD cost estimates and fees shall be reviewed by the government to ensure reasonableness.

Two types of applications will be considered. A Project specific redevelopment project will have most of the projects parcels within the identified TAD. An Area TAD will be used to attract development and incentives through Tax Increment Financing (TIF). Area TAD’s may include wider areas with projected redevelopment projects identified. The Columbus Consolidated Government reserves the right to review and approve individual projects within an Area TAD.

Redevelopment of brownfields and grayfields will be given higher priority for TIF’s. The government will not consider retroactive TAD’s. Retroactive will mean projects that have commenced land disturbance or construction prior to the date of an application submittal.

TAD financing for major infrastructure improvements will be viewed more favorably on all projects conversely to those that would fund minor aesthetic improvements. The government supports TAD funding for quality mixed-use development nodes that could contain a combination of land uses where residents of all income levels can live, work, play and obtain education. Developments that provide sustainable building techniques, diverse modes of travel and fresh food

markets will create an over arching community reinvestment. This effect should be estimated for each TAD project on reasonable assumptions over the life of the bond.

### Guidelines

- Projects eligible for considerations shall include, but are not limited to:
  - Projects that comprise more than 35% of retail will not be considered.
- All Taxing Authorities participating in the TAD shall enter into an intergovernmental Agreement (IGA) or Memorandum of Understanding (MOU) with the Columbus Consolidated Government, which will detail specific TAD policies, procedures and all special stipulations for each individual TAD project.
- TAD bond proceeds shall be used only to fund the following TAD eligible expenses.
  - Capital costs, Land clearing and grading, real property acquisition (provided that acquired property is for public use), demolition of existing structures, environmental remediation, construction of public works (including parking decks) and other system improvements that may be necessary to support the proposed redevelopment project (collectively, “permitted Redevelopment Capital Costs”); other system improvements may include project related infrastructure improvements that are interior to the project site but assist the overall development area.
  - Tax Allocation District financing Costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include (i) payment of interest on any TAD obligations issued in accordance with this policy accruing for a period not to exceed 42 months during and after the estimated period of construction of any project with respect to which any Permitted Redevelopment Capital Costs are financed in whole or in part by such obligations (which may include the time necessary for the increased property valuation derived from the redevelopment project to be reflected on the tax rolls and for the resulting tax allocation increments to be collected), (ii) reasonable debt service reserves related thereto, and (iii) Principal and interest paid to holders of evidences of indebtedness issued to pay for Permitted Redevelopment Capital Costs and any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity;
  - Professional service costs incurred in connection with Permitted Redevelopment Capital Costs (as described above in projects eligible for considerations), including those costs incurred for architectural, planning, engineering, financial, conducting environmental impact

analysis and statements, legal services, and including such costs incurred by the Government and other consenting jurisdictions.

- Unless otherwise agreed to in writing, parties to the IGA or MOU must agree to apply all tax allocation increments in excess of bond debt service and other bond related expenses to the early retirement of bonds. Bonds shall be limited to no more than 25 years, with earlier repayment substantiated by projections of excess tax allocation increments based on reasonable assumptions acceptable to the Government.

### TAD Application

- All applications must include a past 10-year trend analysis of real property values for the site in question. Furthermore, the applicant should provide analysis that the cost of providing its services for the parcel or parcels in question to address such issues as illegal and illicit activity and/or code violations is more than what would be reasonably anticipated when compared to other areas with similar land uses.
- All applications must include three 20-year projections that depict the following information:
  - Value of the parcels that are the subject of the TAD request should redevelopment not occur;
  - Value of the parcels should a TAD request be approved and the proposed project constructed; and
  - Value of the parcels if the TAD request was not approved but minor redevelopment did take place. Under the latter scenario, the applicant may prepare reasonable development projections based on current zoning of the subject property or some other reasonable development proposal or offer to develop that has been identified by the applicant.
- The total amount of TAD Financing shall not exceed 15% of the total estimated project value excluding capitalized interest. This limitation shall not apply to infrastructure projects which are funded independently of TAD assistance or to large redevelopment projects that have a significant public benefit but require, and can support through the generation of sufficient tax allocation increments, a greater degree of TAD assistance.
- Each TAD application will be required to demonstrate that the real property tax increments expected to be generated will be sufficient to provide at least 1.20 times coverage of the projected debt service on any such tax allocation bonds or notes. In addition, such applications will be required to verify the marketability of the bonds which may include a private placement of the bonds or the provision credit enhancement or other additional security for the repayment of the bonds.
- Supporting documentation of how the final project value is reached must be included in the application. This includes assumptions made regarding anticipated lease rates and sales prices, comparable appraisals, and input from the Tax Assessor.

- TAD applications should clearly demonstrate the feasibility of the proposed project through market analysis, feasibility studies, product demand, absorption rates and other supporting documentation. The Government reserves the right to request a review of relevant development proformas and may utilize an independent third-party consultant for analysis.
- All applications must include a detailed development budget that includes uses of TAD bond proceeds with all costs verified as being reasonable by an independent third-party who must provide documentation stating all development costs have been thoroughly reviewed and said costs have been determined to be reasonable and consistent with generally accepted construction industry principles and practices.
- Each TAD Application must include evidence that the applicant:
  - Has the financial ability to complete and operate the project.
  - Will contribute equity (i.e. cash and /or subordinate debt) of at least 15% of the total cost of the project. Projects with equity contributions from the developer in excess of 15% will be viewed more favorably.
  - Has thoroughly explored alternative financing methods.
- All successful applicants will be responsible for prompt repayment of all out-of-pocket expenses that the Government may incur in connection with the creation of the TAD (in excess of any expenses paid to the Government from the Application Fee) or thereafter related directly to the TAD, including, without limitation, fees and expenses of the Government's financial advisor and special counsel.
- The Government reserves the right to approve TADs and TAD Projects.

### Accountability

- TAD Applications are expected to include the following:
  - If the TAD Application is being recommended based upon job creation criteria, language will be included in the Plan stipulating that additional TAD assistance may be withheld by the Government or, if such assistance is on a pay-as-you-go basis, the Government's obligation to the applicant may be reduced, if satisfactory evidence is not shown that the indicated number and quality of jobs have been generated.
  - If businesses are to be relocated from other areas of the County/City, sufficient justification must be included in the Application to indicate why such relocation should be considered.
- Commencing in the second calendar year following the creation of such TAD, and continuing each year so long as such TAD is in effect, the Redevelopment Agency for each respective TAD will file with the Director of Planning.
  - By March 1 of each year (or such other date as may be approved by the Director, Office of Planning in Writing) an annual report containing the following information, together with such other information as the Director of Planning may request:

- The amount of positive tax allocation increments and the use of such funds and
- As to each TAD created within the Planning Areas located in the County/City, listing all real property and personal property located in the TAD, and
- Within ten business days of its issuance, a copy of the annual audit of the TAD's appointed Redevelopment Agency

## Method of Financing

TAD Applications may request that TAD assistance be provided in one of two forms:

- Direct Reimbursement to the Applicant
- Tax Allocation Bond or Note Financing

In deciding which method of financing to use, the prevailing factor in making the determination will be total costs involved and, in the case of bond or note financing, the marketability and security for repayment of the bonds. The County will not guarantee any tax allocation bonds or notes.

## Term

The maximum period for which a TAD may be established is 23 years, with earlier bond repayment substantiated by projections of excess tax allocation increments based on reasonable assumptions acceptable to the County.

## Submittal of Forms/Application Fee

Applicants requesting new TAD's shall complete and submit not later than August 1 of the year prior to the year in which the proposed TAD is to take effect, the following materials:

- Application for TAD financing in substantially the same form included under [TAD Application](#) or such other form as may be prescribed or approved by the Director of Planning.
- A non-refundable Application Fee which shall be initially payable in the minimum amount of 10,000 dollars, provided that the City Manager may increase the Application Fee up to a maximum amount of 15,000 dollars depending on the complexity of the application and the County/City's analysis thereof, and any such increased Application Fee amount shall be due and payable within ten days following the date of the Director of Planning written notice of such increase (checks will be made payable to the Columbus Consolidated Government).
- Five copies of the TAD Redevelopment Plan or five copies of the TAD Project Specific Plan.

## Exceptions

Certain requirements for TADs and TAD Projects may be waived if it is deemed to be in the best interest of Columbus Consolidated Government and necessary in order to encourage the development of an especially unique or distinctive development or amenity that will serve as a smart-growth model for future projects or as a catalyst project to spur redevelopment in surrounding areas.

## Application Procedures

- Applicant meets with Columbus Consolidated Government’s Planning Department staff to discuss the project and receive an application.
- Applicant submits the completed application, the required Application Fee and TAD Redevelopment Plan or TAD Project Specific Plan to the Planning Department.
- Director of Planning convenes a meeting of the TAD Advisory Committee to discuss the project including conformity with the Columbus Consolidated Government policies and plans. Said committee will be comprised of staff from the following Government departments, agencies, and organizations:
  - Planning Department
  - Reinvestment Division
  - Tax Assessor
  - Finance (including outside Financial Advisors and/or Bond Counsel)
  - County Attorney
  - Representative of the Muscogee County Board of Education (if appropriate)
  - Special Taxing Districts Representative
  - Department of Engineering \*
  - Columbus Water Works \*

\*Representation from these departments/organizations to be determined on an “as-needed” basis based on the size and scope of the proposed project.

- Within thirty days, that TAD Advisory Committee will determine to accept or reject the application.
- If the TAD Advisory committee accepts that application, staff will begin working with the applicant and/or their other appropriate consultants and Government staff to put together a draft TAD financing plan and TAD Redevelopment Plan and begin preliminary negotiations with the applicant to secure agreeable terms for a development agreement with the government (if applicable). The development agreement will not be drafted until after Council approval.

- Upon completion of a draft of the TAD financing plan, TAD Redevelopment Plan and development agreement terms that are agreeable to the applicant, these items will be presented to the Columbus Consolidated Governments Council at a regularly scheduled meeting. If approved, the Planning Department will make a recommendation to the Council to allow the project to move forward. The Planning Department applicant and/or consultants will make a presentation to the Council and request a public hearing and other statutory items are to be scheduled and/or further Council review scheduled, if appropriate.
- Public hearings will be conducted and after hearing the public input and receiving other board recommendations, the Council may: A) accept the plans and recommendations and direct staff to complete these plans, B) reject the plans and project or C) modify the plans accordingly and reenter negotiations.
- Once approved and the IGA or MOU and Development Agreement are executed, the TAD could be created, effective December 31 of the Year of creation.