# Economic Development Using Authorities & Other Special Tools



10/10/14

#### Billy Peppers, DCA

## Community Involved Economic Development



- Some things don't make business sense
- Some things are just too complicated
- Some things require mechanisms to bridge gaps
- How do you factor community into a deal?

## What we know about Economic Development ...

- Banks want to be paid back
- Developers want return on investment
- What makes sense on paper doesn't always look good when complete
- The Private-Sector is Usually Smarter about Development



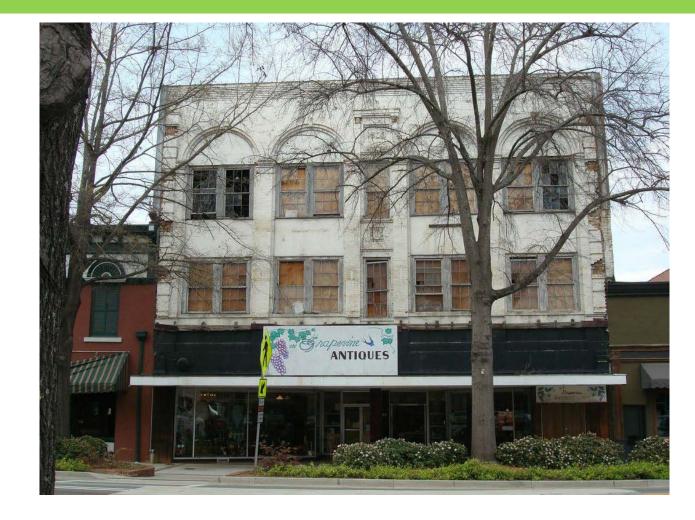
#### What We Also Know ...



#### New is Easier

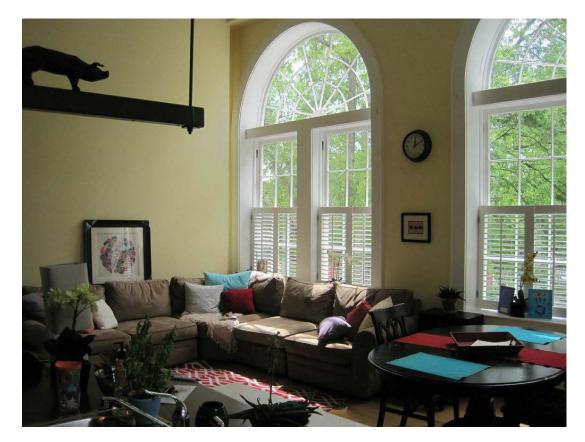
- Rehabilitation & Preservation is more expensive in many cases
- Downtown is a hard place to redevelop
- Certain aspects of communities don't make business sense, but are very valuable

#### Case In Point ... The Baldwin



## The Baldwin, Milledgeville





### The Financial Plan for The Baldwin

<u>Source</u> DD RLF	<u>Amount</u> \$ 250,000	<u>Use</u> Construction/rehab	<u>Amount</u> \$ 250,000
Georgia Cities	\$ 250,000	Construction/rehab	\$ 250,000
GCF Green Fund	\$ 150,000	Construction/rehab	\$ 150,000
CDBG Redevelopment Loan	\$ 500,000	Construction/rehab	\$ 500,000
Century B & T	\$1,277,500	Construction/soft costs	\$1,277 <mark>,</mark> 500
Owner Equity	\$ 369,046	Acquisition Development/soft costs	\$ 185,000 \$ 184,046
<u>Historic tax credits</u> Total Project Cost:	\$ 759,448 \$3,545,953	Construction/rehab	<u>\$ 759,448</u> \$3,545,953
Total Project Cost.	33, J <b>4</b> J, 7 J3		JJ, JHJ, 7JJ

### A Second Case Study ... Nashville, GA



## Creativity in Legal Authority





## Funding Mechanisms for Development

- Special Tax Districts
- Business Improvement Districts
- Community Improvement Districts
- Tax Allocation Districts
- Intergovernmental Agreements

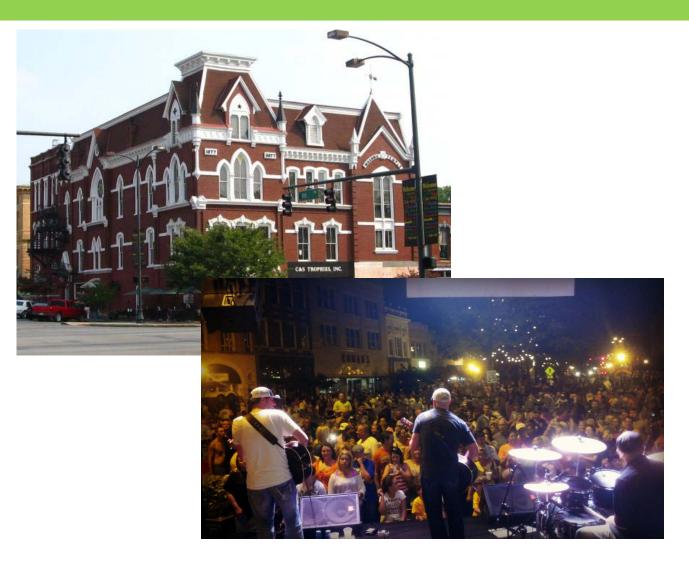
## Special Tax Districts ...

- Should provide a supplemental service
- Created by local government
- Easiest to create, can be politically difficult



## **Business Improvement Districts**

- Assessment approved by majority of local property owners in a district
- Can be used on private projects
- Effective Program for Downtown Development
- Funds can be allocated to the public sector



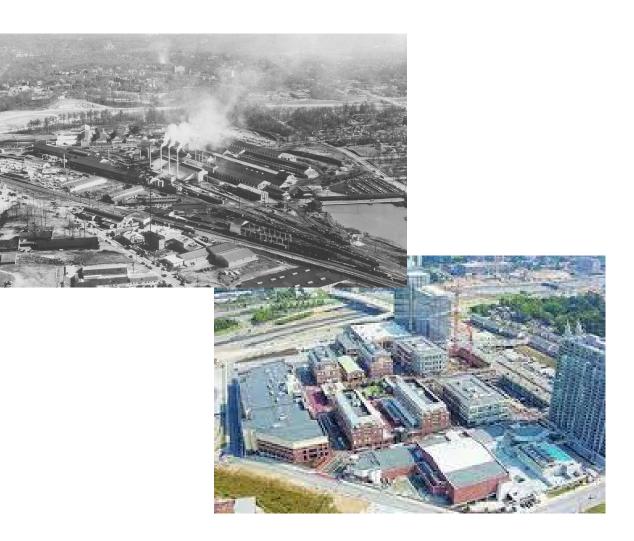
# **Community Improvement Districts**

- Assessment approved by local property owners in a district
  Majority + Property Value
- □ For public projects
- Requires Legislative Approval of the tool
- Most effective in long-term projects & enhancements



## **Tax Allocation Districts**

- Most Lucrative Special Tax District by value
- Hardest to implement
- Most political
- Longest-term financing
- Requires the most up-front planning
- Requires voter approval of the use of the tool



### Questions to Ask ...

- What is the Plan?
  - Master Planning
  - Community Visioning
- What Public Role is Needed?
  - Lead Development
  - Assist Development
  - Get out of the Way of Development
- How Many Layers are Needed?



#### The Woodstock Case Study ...



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