



Atlanta BeltLine

BELTLINE TAD REDEVELOPMENT AND LAND USE PLAN HANDOUT 2: FREQUENTLY ASKED QUESTIONS

BELTLINE FREQUENTLY ASKED QUESTIONS

1) Why has the City decided to pursue a Tax Allocation District (TAD) for the BeltLine?

Mayor Franklin announced on April 18, 2005, that creation of a TAD is the most realistic and expeditious way to raise the significant capital needed to complete the BeltLine without tax increases or other City financial obligations. This is supported by the BeltLine Tax Allocation District Feasibility Study, which was completed in March 2005 under the direction of the Atlanta Development Authority and the BeltLine Steering Committee. The study assesses the significant development potential that could be achieved in response to investment in the BeltLine transit, greenways, and parks.

The City recognizes that this is an extremely significant project because of its development potential as well as improved transit and greenspace.

2) How would the BeltLine TAD improve the City?

The BeltLine TAD Feasibility Study recommended that eligible activities for TAD funds might include purchase of land for transit, greenways and parks; construction of transit, greenways and parks; financial incentives for workforce housing; improvements for Atlanta Public Schools; transportation improvements linking surrounding neighborhoods to the BeltLine and development infrastructure, such as the environmental remediation of brownfields.

3) How will the TAD boundary be drawn? Will single-family residential areas be included?

The TAD boundary will include areas that are likely to be redeveloped within walking distance (1/2 mile) of the BeltLine railroad corridor. The City's objective is to keep existing single-family neighborhoods intact, and provide suitable transitions to new development areas.

4) Why are Fulton County and Atlanta Public Schools involved?

They are involved because in the BeltLine area, along with the City of Atlanta, they are the entities that levy property taxes. For all three entities, tax revenues will be frozen for the life of the TAD at the base amount when the TAD is established. Incremental revenue will be directed for purposes associated with developing BeltLine projects during the life of the TAD. After the TAD expires, all property taxes collected on property within the BeltLine TAD area will follow the normal course and go to the three taxing entities for general operating purposes.

5) Has the preferred alignment and technology for new transit been determined?

No. MARTA has completed a feasibility study for the BeltLine as part of a larger effort to look at increased transit investment in Atlanta's central area, the Inner Core Feasibility Study. To fulfill federal requirements associated with future federal transit funding, MARTA is beginning further analysis that will determine a Locally Preferred Alternative (LPA) of alignment and technology.

6) What measures will be taken to ensure the provision of workforce housing?

Mayor Franklin has established a priority for workforce housing as part of any new development along the BeltLine. The Feasibility Study recommended that this could be achieved by offering financial incentives from the TAD, density bonuses in new zoning, and/or a revolving fund for community-based development.

7) Who will implement the plans proposed in the Redevelopment Plan?

In April, Mayor Franklin appointed Ray Weeks as Chair of the BeltLine Committee, the organization that will oversee and coordinate the numerous organizations actively involved in moving the BeltLine forward. The BeltLine is an important public-private partnership effort that will be achieved as a result of the active involvement of a wide



For more information please visit:
<http://www.atlantada.com/>

Or contact:
Liz Drake at EDAW

DRAKEL@EDAW.COM
404 870 5339 TEL
404 870 6590 FAX

variety of organizations, including the City of Atlanta, Fulton County, Atlanta Public Schools (APS), Friends of the BeltLine, the Trust for Public Land (TPL), the PATH Foundation, MARTA, Atlanta Regional Commission (ARC), Georgia Department of Transportation (GDOT), Georgia Regional Transportation Authority (GRTA), private foundations, and private developers.

TAD FAQ FREQUENTLY ASKED QUESTIONS

1) How is a TAD created?

The Georgia Redevelopment Powers Law was enacted in 1985 to give additional powers to local municipalities in order to facilitate the redevelopment of blighted or economically depressed areas. One of the powers that was granted to local governments in this law was to issue tax allocation bonds to finance infrastructure and other costs to stimulate development within a tax allocation district.

In order for an area to be designated as a TAD, the government must verify that the area is in need of redevelopment. These findings are reported in a Redevelopment Plan, which demonstrates why the area needs to be redeveloped and how the municipality plans to revitalize the area. The plan provides the redevelopment agency with the powers to improve dilapidated facilities and to use tax increment

financing to achieve the goals of the redevelopment plan.

2) Will property taxes be raised?

No. It is important to note that the increased tax revenue results from the development or rehabilitation of property and reflects a rise in property value, not an increase in tax rate.

3) How does TAD financing work?

The example on the next page demonstrates how project funding would be generated from a BeltLine TAD. While this is an example of one tract of property within the BeltLine area, over the life of the project, it is expected that there will be hundreds of such projects. It is important to understand that during the life of the BeltLine TAD and the TAD bonds, tax revenue collected by the City, County and School Board from properties within the BeltLine TAD would remain constant at the level of tax collections at the time the TAD was created. After the TAD expires and the bonds are repaid, the governing bodies will be able to derive substantially greater tax revenue from the BeltLine area due to revitalization that would not have occurred without TAD funding.

4) What is a bond?

A bond is similar to a home mortgage, but for a larger project and greater amount of money. The bond enables the government to fund a project more rapidly based on the pledge of future tax revenue, rather than funding the project gradually as taxes are collected over the longer-term time frame.

5) What is a tax increment?

The amount of property taxes collected on properties included in the TAD at the time of its designation continue to be distributed to the City, County, and Public Schools throughout the life of the TAD. Only the additional property taxes generated by the increase in the values of these properties after creation of the TAD are available for funding TAD activities. During the life of the TAD, the incremental amount is directed into a special fund for these purposes.

6) Are you allowed to use funds derived from one TAD to assist with another area?

The Redevelopment Powers Law stipulates that the increment generated in a TAD

which is derived from increases in property taxes must be spent within the TAD from which it came.

7) When does a TAD District terminate?

Typical TAD Districts exist for 25-30 years, depending on the term of the bond. However, any TAD may be terminated earlier if all bonds are paid off and the municipal board votes to terminate the district.

8) Is there a limit to the number or size of TADs Atlanta may create?

According to the Redevelopment Powers Law, the City cannot create a new TAD if the total taxable value of the existing TADs plus the proposed TAD is greater than 10 percent of the tax digest (total value of taxable property) for the City.

9) Do other cities and counties provide this type of financing?

Currently, 48 of the 50 states allow localities to use some form of tax increment financing. Most notably, Chicago had experienced significant success in attracting development back to the City though 122 TIF districts which have assets of \$174.3 million. Locally, eleven tax allocation districts have been created: seven are located in Fulton County – five in the City of Atlanta, one in the City of East Point and one in unincorporated Fulton County, three in Cobb County – one each in the Cities of Acworth, Marietta and Smyrna, and one in unincorporated Clayton County. Thus far, bonds have been issued in the Westside and Atlantic Station TADs in Atlanta and the Camp Creek TAD in East Point.

EXAMPLE

Assume a 5-acre tract of underutilized industrial property adjacent to the BeltLine railroad corridor is redeveloped as a mixed-use development. Before redevelopment, the property is assessed for property tax purposes at \$500,000. Based on the combined City, County and School Board property tax rate of 42 mills, the tax revenue generated from the 5-acre parcel before redevelopment is as follows:
 $\$500,000 \times 40\% \text{ assessed value} \times .042 \text{ rate of taxation} = \$8,400 \text{ tax liability per year}$

If this parcel is designated as part of a BeltLine Tax Allocation District (TAD), all increases in property tax revenue from redevelopment will be available for supporting eligible project costs within the TAD. Assume that tax allocation bonds are issued to develop a park adjacent to the rail line and adjacent to the 5-acre parcel, making a once-blighted property a community attraction. As a result, the owner of the 5-acre parcel makes the decision to develop a \$20 million condominium project overlooking the park. The new condos would increase the assessed value of the property by \$20 million, from \$500,000 to \$20,500,000. The tax revenue generated by the property after redevelopment would be as follows:
 $\$20,500,000 \times 40\% \text{ assessed value} \times .042 \text{ rate of taxation} = \$344,400 \text{ tax liability per year}$

The annual tax increment --- the difference between the taxes paid on this property before and after redevelopment --- would be $\$344,400 - \$8,400 = \$336,000$. This tax increment would be deposited into a special fund to repay the tax allocation bonds that were sold to develop the park as well as the other parts of the BeltLine project. The pre-development value of taxes, \$8,400 per year, would continue to be collected by the City, County and School Board as part of general operating funds. Once the TAD has expired and the TAD bonds are repaid, the full tax revenue from this property of \$344,400 per year would flow into the general operating funds of the City, County, and School Board.

How TADs Work

