



TOWN COUNCIL AGENDA ITEM NO. CONSENT ITEM

DATE: December 17, 2018
FROM: Andrea Roy, Economic Development Director
ITEM: **Presentation and discussion of Tax Increment Reinvestment Zone (TIRZ) Feasibility Study for Lakeside Village.**

BACKGROUND INFORMATION: In conjunction with the zoning application for the Lakeside Village development (32-acre mixed-use development) in fall 2017, Realty Capital requested the Town's consideration of the creation of a potential Tax Increment Reinvestment Zone (TIRZ) to assist in the acceleration of development of Lakeside Village, funding the estimated \$20,550,727 in public infrastructure costs and amenities. Lakeside Village received zoning approval on April 16, 2018, and Town Council discussed the TIRZ request during their Strategic Planning Session in July, where the process, costs, benefits, etc. of a TIRZ, were evaluated.

Based on Council's direction from the Strategic Planning Session, on August 6, 2018, the Town enlisted the services of Hawes Hill & Associates (after a full RFP process) to conduct a TIRZ Feasibility Study to determine if the proposed project would be suitable for TIRZ assistance. The subject Study is the result of this effort, taking into account the types of uses to be constructed in Lakeside Village, when they will be constructed, and their estimated taxable value. Based on these factors, projected Town and County revenues from future property taxes are represented.

Total projected revenues of the Lakeside Village development are provided based on two scenarios; 1) the project being fully developed as proposed by the developer; and 2) if the project were to be only partially developed. The partial build-out scenario is included to represent how the occurrence of a significant economic downturn would impact revenues. Under the full build out scenario, three options showing various participation rates were applied to show how the different levels of Town and County participation will impact revenues. Option 1 estimates the Town/County each contributing 50% of their tax revenue to the TIRZ, Option 2 estimates Town/County contributing 75%/50%, and Option 3 estimates the Town/County each contributing 75% to the TIRZ. Table 9 and 10 on page 10 of the Study provide a side-by-side summary comparison of the various scenarios and options. These tables indicate that the lowest projected total TIRZ revenue over the 20-year period is \$71,490,150, while the highest projected total TIRZ revenue over the 20-year period is \$107,235,225. Based on these estimated revenues, a TIRZ would have the ability to fund the requested public infrastructure and amenities.

Lastly, at the Town's request, Hawes Hill provided a recommended approach to funding the public infrastructure improvements based on their extensive involvement in TIRZ Districts throughout the State. Staff directed the consultant to analyze financing options that would protect the financial interests of the Town, while providing the funding to the developer as early as possible. Under the proposed approach, the developer would initially fund all project costs and then be reimbursed by the revenues generated in the TIRZ; bonds could be issued, if so desired, once property values reach a level that would cover the debt payments. It is estimated that bonds could be sold within 3-4 years of the project commencing. If Council desires to pursue possible creation of a TIRZ, it is Staff's recommendation that further discussions surrounding this approach occur with the Town's Bond Counsel, Financial Advisor, and the Developer, to determine if this approach and/or a form of this approach, is also feasible for the developer and their lending institutions.

Naina Magon with Hawes Hill & Associates will present the Study and be available for questions during the Town Council Meeting.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT: N/A

LEGAL REVIEW: N/A

ATTACHMENTS:

1. Lakeside Village TIRZ Feasibility Analysis

DRAFT MOTION: N/A. Staff is seeking Council feedback and direction related to the possible creation of a TIRZ District. No formal action is required.