



Welcome to Gainesville

Unlocking Growth
Understanding and Leveraging Tax Allocation Districts



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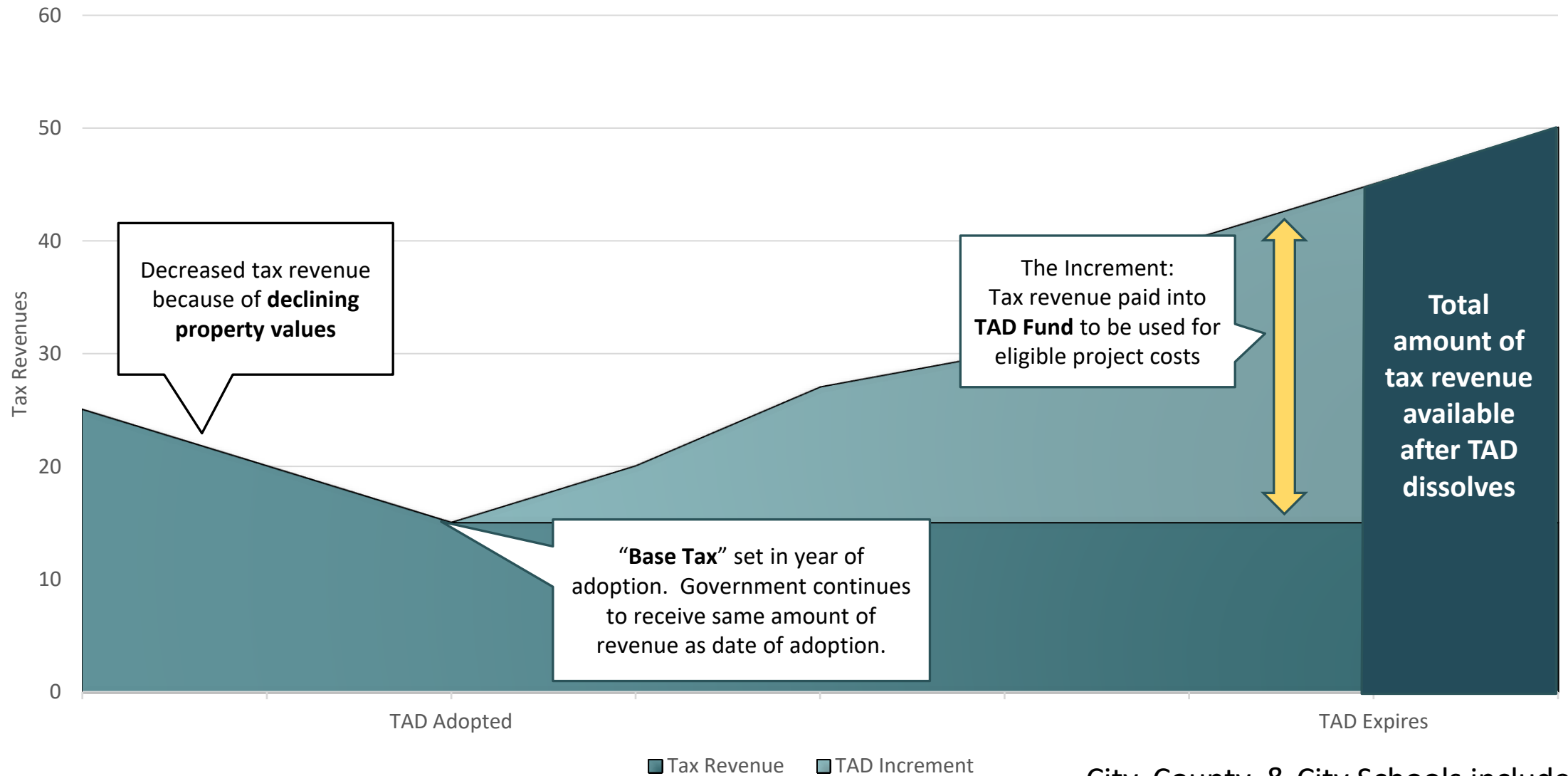




What is a Tax Allocation District (TAD)?

A financial tool where future tax growth in a district is used to fund improvements in the area today.

TAX ALLOCATION DISTRICTS



City, County, & City Schools included

What is a Tax Allocation District (TAD)?

- Implemented in an area where property values are declining (The District)
- Property taxes are “frozen” at a base year
- Property taxes generated above the base year (The Increment) are put in a “special fund” and reinvested into the Tax Allocation District (TAD)
- Owners/Developers request TAD funding to improve their project or bridge a gap to make a project financially feasible
- Local government can use the money to make public improvements
- As the area improves, property values and property taxes increase

Uses of TAD Funds

Georgia Redevelopment Powers Law (OCGA 36-44) governs how TAD funds are used:

- Capital Costs : New Construction, Renovation, Demolition, Clearing & Grading of Land, Public Works Improvements
- Financing Costs
- Professional Service Costs : Architectural, planning, engineering, legal
- Real Property Assembly Costs

TAD Funds should not exceed certain % of Project Expenses

- Typically 15-20%

Establishing a TAD

General Assembly –
Redevelopment Powers

Voter Approval to use
Redevelopment Powers

TAD District Established

Adopt a Redevelopment
Plan for the District

IGAs with other Taxing
Entities

GA DOR certifies tax
base value

Ready for Applications!

Establishing a TAD

TAD Committee

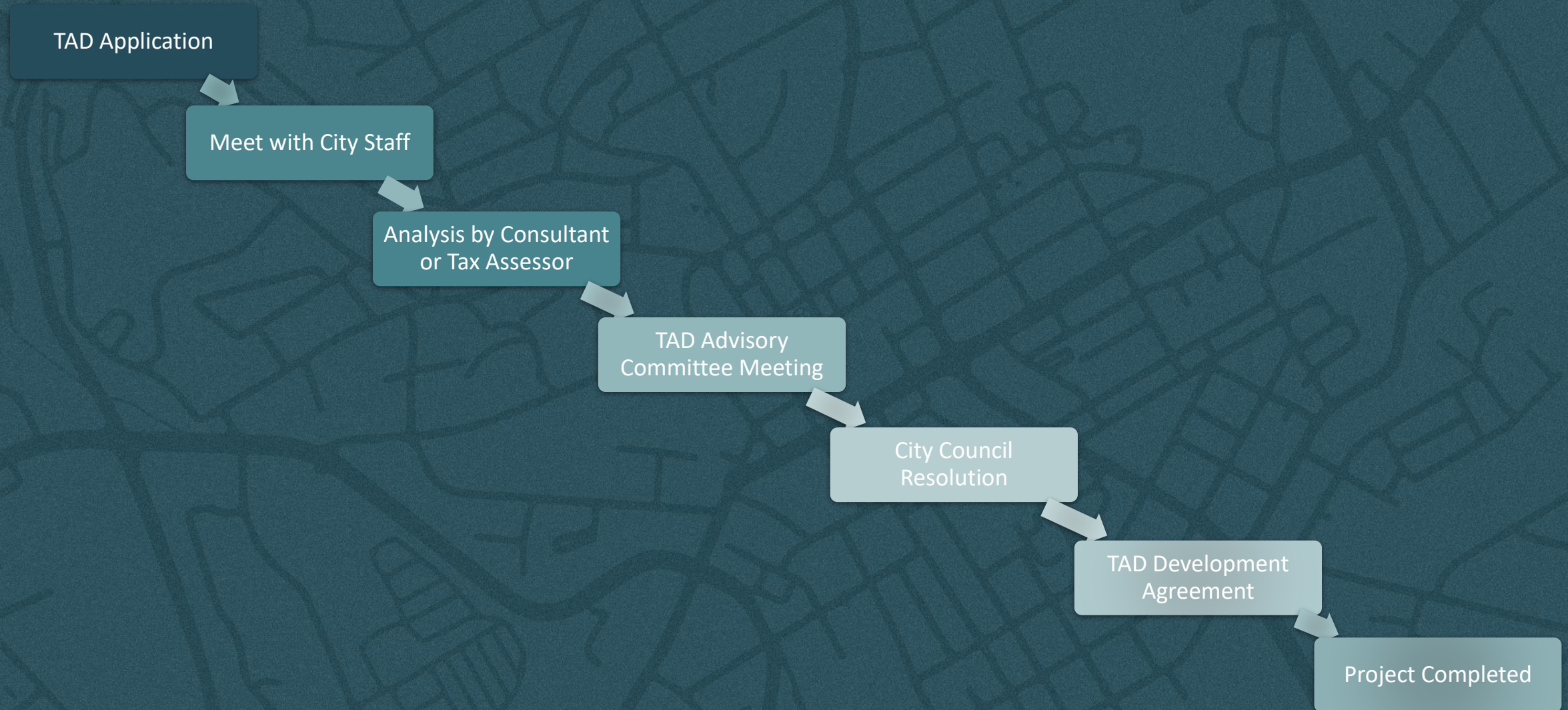
- Evaluates applications and makes recommendations to Council
- Must be approved by TAD Committee before moving to Council
- Includes all participating taxing authorities in the TAD

City, County, School, Chamber or Main Street, Real Estate, Banking

Establish Policies & Procedures

- Application Process
- Uses of TAD Financing
- Criteria to evaluate a project
- Contribution limits/Minimum developer investment

The TAD Application Process



The TAD Payout Process

TAD payments have changed over time as projects have increased in size

- Lump sum payments for large projects are not possible because of cash flow
- Payout occurs annually, based on years approved

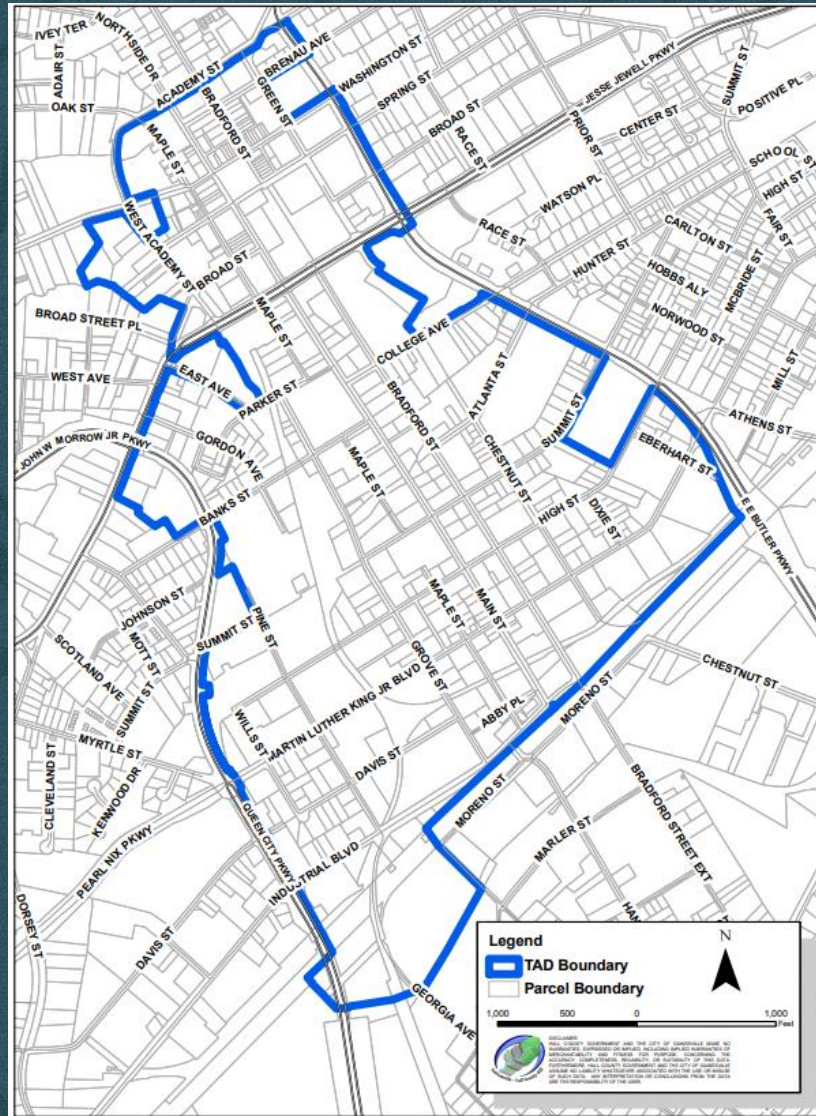
Payout based on actual TAD Increment, rather than projection

- Tax Assessor provides estimate for application process and applicant is approved up to certain amount
- Approval is given for the Increment actually generated over time

TAD Funds are reimbursed after:

- Funds are Spent
- Project is Complete
- A Certificate of Occupancy has been obtained

Gainesville's Midtown TAD

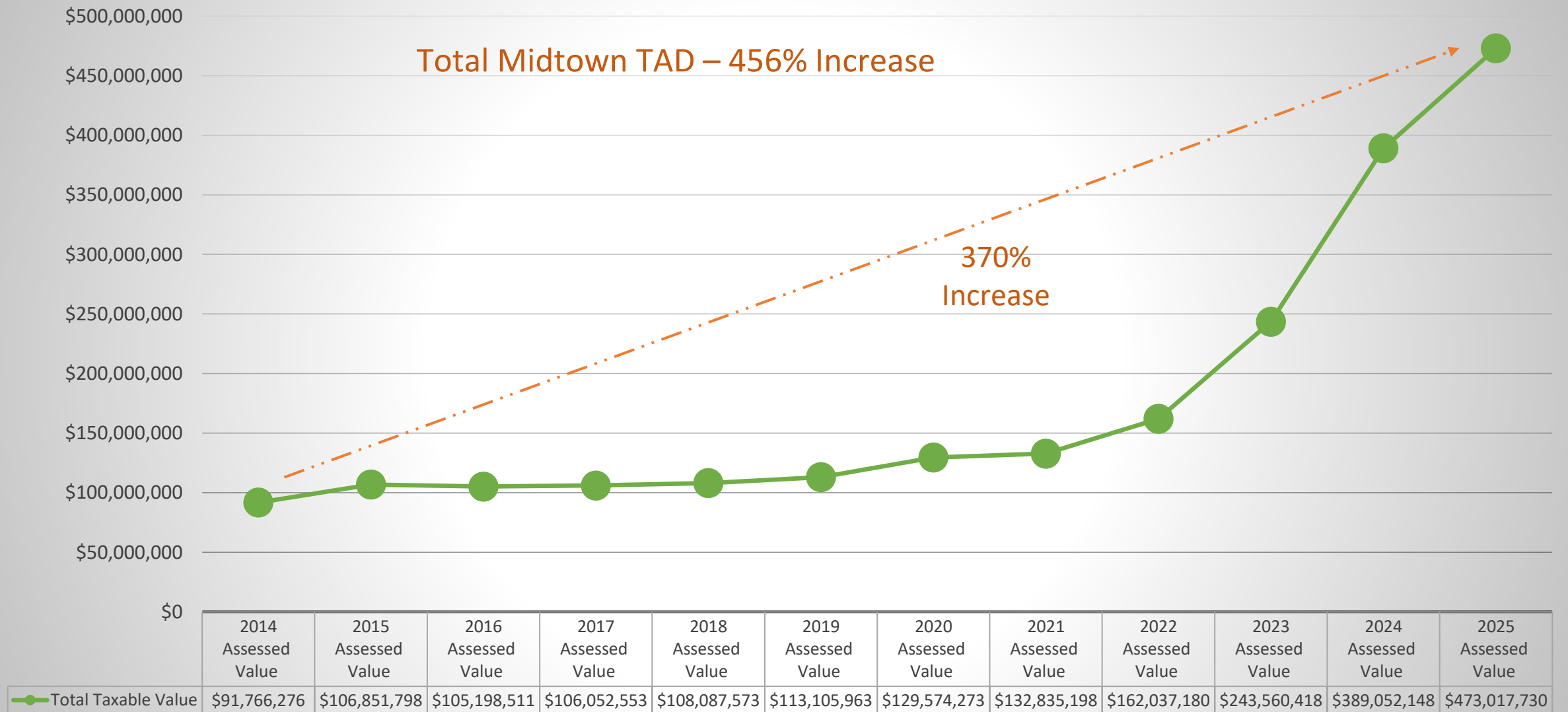


- Created in 2006
- 250 acres (528 parcels) with a certified taxable base value of \$85.0 million
- City Schools and Hall County approved resolutions to participate
- IGAs signed with City Schools and Hall County in 2007

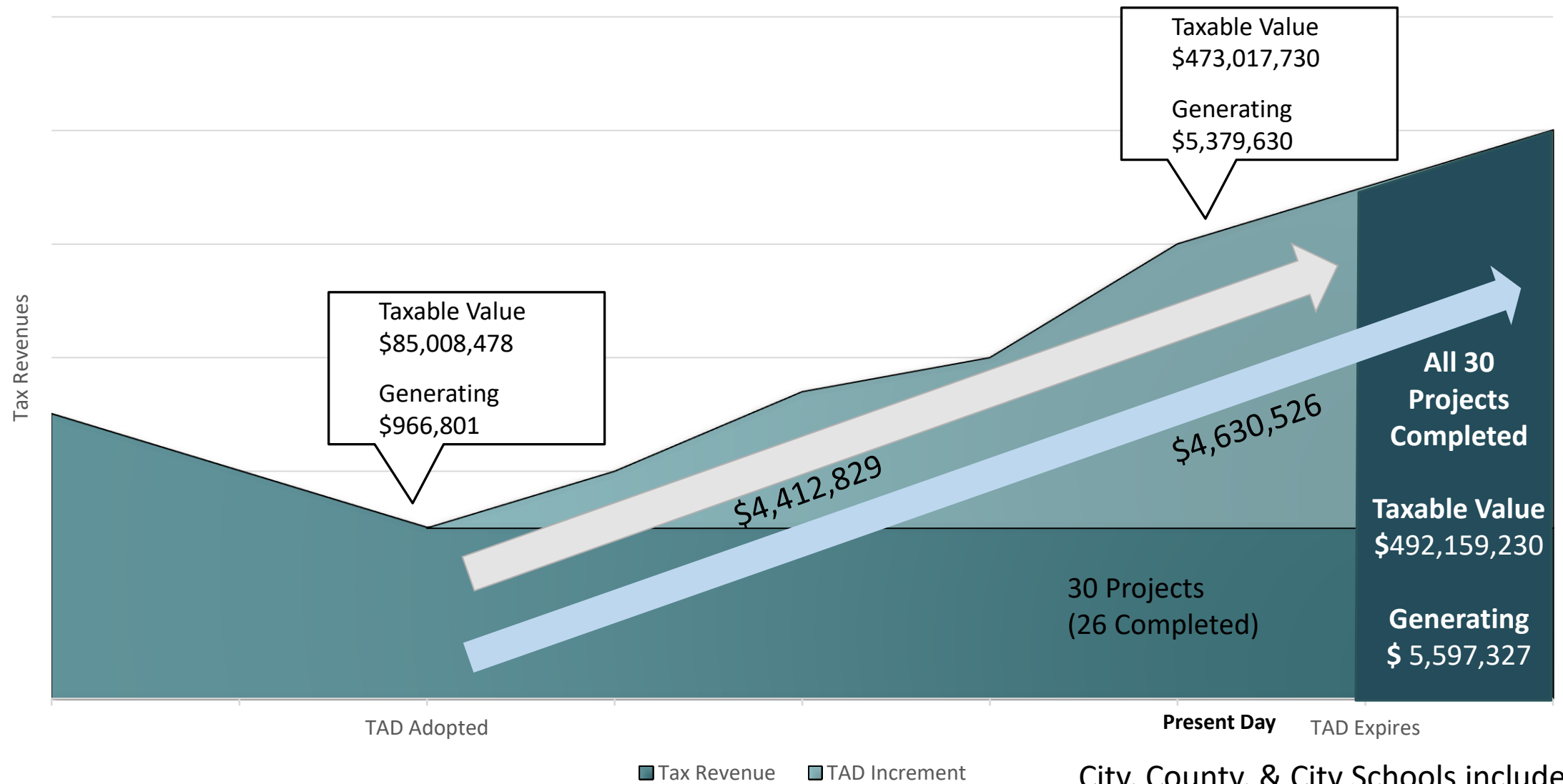
MIDTOWN TAX ALLOCATION DISTRICT: HOW ARE WE DOING?

- Created in 2006
- First TAD project in 2009
- **30** : Projects Approved to Date
- **\$46.6 Million** : Total approved TAD Funds
- **\$17,500 to \$13.2 Million** : Awarded Amounts
- **\$268 Million** : Total estimated investment of approved projects
- **\$85 Million** : Base Taxable Value – Tax Year 2006
- **\$473 Million** : Total Taxable Value – Tax Year 2025

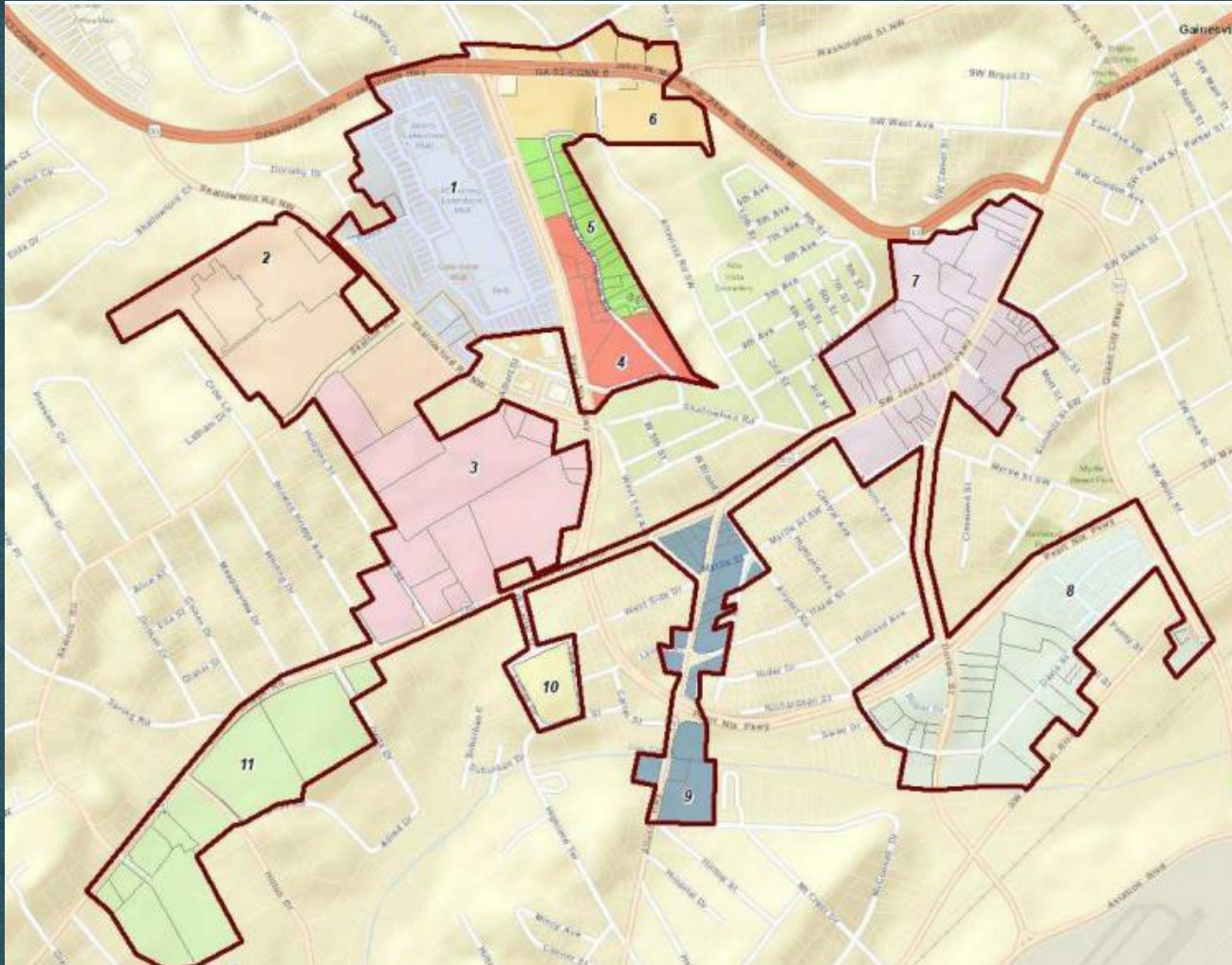
Midtown TAD – Taxable Value



TAX ALLOCATION DISTRICTS



Gainesville's Westside TAD



- Created in 2018
- 344 acres (170 parcels) with a certified taxable base value of \$132.2 million
- City Schools and Hall County approved resolutions to participate

Liberty Midland Example



Liberty Midland TAD Calculation

- 2006 Property Value : \$298,256
- Project Investment in 2021-2022 : \$2,400,000 for 14 cottages
- 2025 Property Value : \$3,551,800
- TAD Allocation Approved : \$373,000 Lump Sum Payment
- TAD Increment for 2025 : (2025 PV - 2006 PV) x millage rate
 - $(\$3,551,800 - \$298,256) \times \text{millage rate}$
 - $\$40,904 - \$3,640 = \underline{\$37,264}$
- Breakeven : 10 years





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