

ROME REDEVELOPMENT AGENCY

Policies and procedures for processing requests for TAD financing

November 8, 2006

The City of Rome, following local legislation enacted by the Georgia Legislature and voter approval in a City-wide referendum, passed a local ordinance adopting the Redevelopment Powers Law, which is found at O.C.G.A. § 36-44-1 *et seq.* The newly adopted Redevelopment Power allows for the creation of carefully designated redevelopment areas, redevelopment plans, and tax allocation districts. In 2005, the City created a redevelopment area and a redevelopment plan.

The City of Rome also established two Tax Allocation Districts (“TAD”) and is exploring the possibility of creating new TAD’s in the future. As authorized under the Redevelopment Powers Law, TADs offer opportunities for communities to support desired public and private development by reinvesting the resulting incremental property tax revenues into the projects themselves. TAD increments may be used to reduce the cost of constructing public infrastructure, site assembly, demolition or other costs that may be necessary to make the development feasible. For example, a proposed redevelopment project that creates \$250,000 in incremental property tax revenue over an existing use, could potentially support a \$2.0 to \$2.5 million public investment to write down eligible costs.

The City Commission has delegated to the Rome Redevelopment Agency (“RRA”) responsibility for evaluating requests from private developers to receive TAD funding support. This is a discussion of the procedure established by the RRA to consider new projects within established and future TADs.

A. Application Process

The procedure consists of the following steps:

1. Before making any formal presentation to the RRA, the Applicant must submit initial project/financial information for review by staff.
2. Staff will subject the proposal to a standard financial evaluation, based on incremental tax revenues generated and resulting supportable debt service. The purpose of this evaluation is to set the upper limit of eligible project assistance.
3. If after a preliminary review if the developer still wants to proceed, staff will notify the Chairman that the Applicant wishes to present a proposal to the RRA for initial consideration. The Chairman may choose to:

- a. Place the item on the next available meeting agenda or
 - b. Defer the request to a working group of Directors for an initial review before bringing the request to the full Board.
4. The developer would then be invited to present the details of the project at a Board Meeting. The Board may take one of the following actions at this time:
 - a. Authorize staff and/or a working group of Directors to perform additional analysis; or
 - b. Forward the request to the Rome City Commission and the Floyd County Commission with a recommendation; or
 - c. Take no action.
5. Assuming the Board authorizes additional study, the proposal is further screened to verify justification for the requested funding. Staff and/or a working group of Directors will meet with the Applicant again. It may also be appropriate to bring in additional City staff at that time. This more detailed screening process will evaluate:
 - a. Additional information needed to make a recommendation
 - i. Additional project details
 - ii. Verification of experience, qualifications and financial capacity to complete the project
 - b. Economic justification/need for public financing and participation
 - c. Anticipated project benefits, such as:
 - i. Removal of slums and blight
 - ii. Revitalization of surrounding neighborhoods
 - iii. Increase in home ownership
 - iv. Economic development/job creation benefits
 - v. Addition of public amenities and infrastructure
 - d. Potential project issues
 - i. Adverse neighborhood impacts
 - ii. Project risk
 - iii. Other
6. As part of this “second tier” staff/working group review, the Applicant would be expected to submit a more formal financial proposal requesting the use of TAD funds. This proposal would include a specific funding request, a description of the intended uses for the financing, financial justification for the request and evidence that the project can pay back the required investment. If the Applicant is still interested, this proposal will be presented to the RRA Board for action. The Board may take one of the following actions at that time:
 - a. Move to forward the project request to the Rome City Commission and the Floyd County Commission, either

- i. With a recommendation to approve; or
 - ii. With a recommendation to deny.
- b. Request additional information and analysis before rendering a decision or
- c. Table the request.

The above procedures are designed to produce a relatively quick conclusion, with the goal of obtaining a decision from the Rome City Commission and the Floyd County Commission within a maximum of 120 days from the initial inquiry.

Apart from this procedure, the RRA has developed general policy guidelines to define minimum project qualifications, public objectives and priorities for the investment of TAD funds. These criteria serve as a consistent standard for evaluating project proposals, both within existing TADs and in any new districts that may be created in the future. These guidelines are provided in Attachment A and are an integral part of the procedures outlined above.

7. Each meeting will have an agenda allowing for public participation if the representative notifies and registers with either the City or County Manager's office given in advance of twenty four hours prior to a scheduled meeting and listing the topic of discussion.

B. Application/Financing Fees

The RRA has established a fee schedule for processing requests for TAD assistance to recover the City's costs of securing tax increment financing. Successful Applicants will be expected to enter into a development agreement with the City of Rome as a condition of the financing award.

The base fee for submitting an application for TAD financing is \$5,000.00 for funding requests of up to \$1,000,000.00. An additional \$1,000.00 shall be added to the base application fee for requests over the first \$1,000,000.00 and for each increment of \$1,000,000.00 thereafter.

Adopted November 8, 2006.

Rome Redevelopment Agency

By:

Chairman

Attest:

Administrative Secretary

ATTACHMENT A:
Rome Redevelopment Agency
Policy Guidelines for the Evaluation of Requests for
Tax Allocation District (TAD) Financing
(Adopted , 2006)

The Rome Redevelopment Agency (“RRA”) welcomes development proposals from the private sector that serve to revitalize redevelopment areas within the City of Rome. It is the RRA’s policy to evaluate all unsolicited, private sector requests for TAD financing and to recommend public sector support of those requests, which are (a) economically justified; (b) well conceived and capable of being implemented with reasonable levels of public support; and (c) serve to advance the City of Rome and Floyd County’s overall redevelopment goals and objectives.

The RRA will evaluate TAD funding requests based on the following general factors:

- a) The purposes/uses for TAD financing and the consistency of those purposes with the Redevelopment Powers Law and City and County redevelopment objectives;
- b) The overall amount and timing of tax increment to be generated by the project;
- c) The Applicant’s demonstrated financial need for TAD Assistance based on standard pro forma evaluation criteria (i.e. the “but for” test), and
- d) Resulting project benefits & return on the public’s investment.

Each of these factors is described in more detail below:

A. Purposes/Uses of TAD Financing

The RRA will only consider applications for TAD financing for purposes/uses that are consistent with the definition of “redevelopment” as defined in Georgia Redevelopment Powers Law (O.C.G.A 36-44-3(5)). These eligible purposes/uses include, without limitation:

- The construction of any **building or other facility** for use in any business, commercial, industrial, governmental, educational, charitable, or social activity;
- The renovation, rehabilitation, reconstruction, remodeling, repair, demolition, alteration, or expansion of any **existing building or other** facility for use in any business, commercial, industrial, governmental, educational, charitable, or social activity;
- The construction, reconstruction, renovation, rehabilitation, remodeling, repair, demolition, alteration, or expansion of **public or private housing**;
- The preservation, protection, renovation, rehabilitation, restoration, alteration, improvement, maintenance, and creation of **open spaces or green spaces**;
- The construction, reconstruction, renovation, rehabilitation, remodeling, repair, demolition, alteration, or expansion of **transit facilities**;
- The development, construction, reconstruction, renovation, rehabilitation, repair, demolition, alteration, or expansion of **public works and utilities**;
- The development, construction, reconstruction, renovation, rehabilitation, repair, demolition, alteration, or expansion of **telecommunications infrastructure**;
- The restoration and preservation of **historic sites and buildings**;

- The development, construction, reconstruction, renovation, rehabilitation, repair, demolition, alteration, or expansion of **pedestrian amenities and safety improvements**;
- **Property acquisition**, assembly and disposition costs for redevelopment purposes;
- **Environmental** inspection and clean up costs (remediation);
- **Streetscape** (curb & gutter, sidewalks, street furniture, plazas, fountains, street trees, sculpture, etc.)
- **Recreation facilities** (Examples: Facade Grants, Tree Planting, etc.)

B. Tax Increment Generated by the Project

It is the RRA’s policy to insure that any project, which receives a TAD contribution is “self-financing,” that is, the project generates sufficient future property tax increment to pay back the associated debt service obligations incurred as a result of that request. It is also the RRA’s policy to favor those projects which generate sufficient increment to meet debt coverage ratios that are imposed by lenders or, more importantly, generate “excess revenues” that can be used to retire debt and/or return revenues to the taxing jurisdictions’ respective general funds, ahead of schedule. The RRA will also consider in its evaluation, projects that return substantial long-term incremental property tax revenues after all financing has been fully retired. Although the RRA may consider proposals that are not self-financing as defined above, such proposals must offer other extraordinary benefits to justify such contributions.

In addition to the overall amount of tax increment generated in proportion to cost, the RRA will consider the overall market/financial feasibility and perceived level of risk associated with the proposed development plan, as well as the demonstrated qualifications and experience of the Applicant to execute the project as proposed. For projects that are highly complex or have a high level of development risk, the RRA may request supporting documentation in the form of feasibility studies, appraisals and/or other information to support the application.

C. Project Economics

Applicants for TAD financing assistance must demonstrate financial need for such assistance based on reasonable pro forma projections of costs, revenues and expected profits, i.e. meet the “but for” test as established in the Redevelopment Powers Law.

Potential legitimate needs for TAD contributions to overcome poor development economics may include but not be limited to:

- High site acquisition, assembly, demolition or remediation costs due to the nature of the proposed redevelopment site;
- Inadequate public infrastructure that must be rebuilt or enhanced at the developer’s expense in order to support the proposed use;
- The Applicant’s commitment to provide a percentage of affordable housing within the overall unit mix;
- The inclusion of project amenities/enhancements that offer a public benefit but cannot be supported by the project’s economics; or

- The need to incur above-average construction costs in order to successfully market units, or to satisfy the City and County’s desire to encourage high quality development in redevelopment areas.

D. Project Benefits and Return on Public Investment

In addition to purposes/uses that are consistent with State Law, the RRA will give added consideration/support to investments of TAD funds which achieve redevelopment goals and objectives that have been established in the Redevelopment Plan and by the City of Rome. These goals/objectives include but are not necessarily limited to:

- Increasing the percentage of owner-occupied housing, particularly in neighborhoods that (a) currently have high concentrations of rental housing; and (c) exhibit high incidence of vacancy, code violations and substandard housing conditions;
- Encouraging new construction or rehabilitation that corrects code violations and eliminates substandard rental housing;
- Increasing the supply of “affordable¹” ownership housing within the City limits (See footnote for definitions of affordable housing);
- Increasing the supply and quality of available housing products for the elderly;
- Revitalizing any declining commercial corridors; and
- Reducing service cost impacts/burdens on City Schools and other municipal and county departments.
- Projected sales tax revenue for commercial properties

The RRA recognizes that in some individual cases, project proposals may return exceptional public benefits that merit investments of TAD funds at a higher level than is indicated by the evaluation criteria outlined in this policy. In such extraordinary cases, the RRA may recommend that the City and County make a larger investment of public funds than would otherwise be considered.

¹ In this case, “affordable” ownership housing shall be defined to include new or rehabilitated housing units that meet one of more of the following criteria: (a) are priced a minimum of 20% below the median sale price of all new construction offered within the City limits at the time; (b) are within the means of households earning no more than 120% of the median household income in Floyd County, according to accepted industry criteria used to qualify mortgage Applicants; or (c) are supported by some form of housing subsidy that enables the unit to be purchased by individuals who would not otherwise qualify on the basis of income. The RRA shall give added weight to proposals that contain significant numbers and percentages of units meeting definitions b and c above.

ATTACHMENT B: TAD Application Form

PART I: APPLICANT INFORMATION

1. Name and Location of Proposed Development Project
2. Amount of TAD Funding Requested
3. Developer Contact Information
 - i. Address
 - ii. Designated Contact
 - iii. Title
 - iv. Phone
 - v. FAX
 - vi. E-mail Address
4. Ownership Entity Name
5. Legal Form of Ownership
6. In a separate attachment, provide the names, addresses, phone numbers and e-mail addresses for all major partners, limited partners, or other project participants. Also indicate the ownership interest of each development participant listed under this item.

PART II: DEVELOPMENT PROFESSIONAL TEAM

1. PROJECT ARCHITECT
 - a. Company
 - b. Primary Contact Name
 - c. Address
 - d. Phone Number
 - e. E-mail Address
 - f. Biography with Relative Experience
2. CIVIL/TRAFFIC ENGINEER
 - a. Company
 - b. Primary Contact Name
 - c. Address
 - d. Phone Number
 - e. E-mail Address
 - f. Biography with Relative Experience
3. CONTRACTOR
 - a. General Contractor Name

- b. Primary Contact Name
 - c. Address
 - d. Phone Number
 - e. E-mail Address
 - f. Biography with Relative Experience
4. PROPERTY MANAGER (If Applicable)
- a. Company
 - b. Primary Contact Name
 - c. Address
 - d. Phone Number
 - e. E-mail Address
 - f. Biography with Relative Experience
5. DEVELOPER'S ATTORNEY
- a. Legal Firm Name
 - b. Primary Contact Name
 - c. Address
 - d. Phone Number
 - e. E-mail Address
 - f. Biography with Relative Experience
6. ENVIRONMENTAL CONSULTANT
- a. Name of Firm
 - b. Primary Contact
 - c. Address
 - d. Phone Number
 - e. E-mail Address
 - f. Biography with Relative Experience

PART III: GENERAL PROJECT INFORMATION

1. General Project Description
- a. Location of the development site
 - b. Tax parcel ID number(s)
 - c. Acreage
 - d. Existing land use(s)
 - e. Current full value and assessed (40%) value of the development site
 - f. Current annual real property tax bills (City, County and School taxes)
 - g. Estimated existing total population and City public school enrollment currently residing within the development site
 - h. Proposed demolition of existing structures (If applicable, describe the amount of existing building SF and current uses of buildings to be demolished. Include the number of existing total and occupied housing units.)
 - i. Permanent job creation/retention associated with the development (if applicable)
 - j. Estimated annual City/County/School property taxes generated at completion.

k. <u>Project (Use) Mix</u>	<u>%</u>
Residential	___
Retail	___
Office	___
Other _____	___
Parking Structures (Spaces)	___
TOTALS	100%

1. Construction Type (New Construction, Rehab, Conversion, etc.)
2. Residential detail (if applicable)
 - a. Ownership Housing Unit Mix %:
 - b. Rental Housing Unit Mix %:
3. Describe planned unit features, finishes and amenities (provide visuals if available).
4. Describe planned project amenities (recreational amenities, open space, etc.)
5. Nonresidential detail (if applicable) %:
6. Estimated project completion (end) value. (Estimate the total sell out value of the project. Include a value estimate for any buildings retained by the developer.)
7. Describe the proposed uses of TAD funds and itemize the distribution of those costs
8. Supporting documents
 - a. Existing conditions photos
 - b. Location and project boundary maps
 - c. Conceptual Site Plan (If a conceptual site plan is not available, provide an estimated delivery date for a site plan.)
 - d. Project rendering and/or conceptual elevation drawings (if available)

PART IV: PROJECT ECONOMICS

Financing assumptions should be clearly reflected in the project pro forma (items 3 through 8 below) and described in explanatory notes.

1. Financing Sources

Applicable? (Yes/No) Financing Amount % of total Cost

- a. Conventional Debt
- b. Governmental Loans (Describe)
- c. State/Federal Grants (List Sources)
- d. Tax Credits
- e. Other Debt
- f. Contributed Equity
- g. Other sources
- h. TAD Funding Request

TOTAL

- 2. Equity: Describe the amount and source(s) of developer's equity to be supplied to the development.
- 3. Estimated Financing Terms: Estimate interest rates/costs of debt financing to be used.
- 4. Discounted Cash Flow Analysis: Submit a DCFA reflecting the period from start-up through construction, stabilization and total sell out. If a portion of the property is to be retained by the Applicant, provide an estimate of the residual value of the retained property. (The Applicant may submit its own pro forma or use a template supplied by RRA staff.)
- 5. Construction cost estimates: Include in the development pro forma a detailed estimate of all construction hard and soft costs. Any costs associated with proposed uses of TAD funds as described above should be itemized separately for verification.
- 6. Income projections from sales and leasing activity: Provide detailed revenue estimates from sales and leasing activity. If space is to be leased and retained in the Applicant's ownership after completion, include stabilized occupancy and lease rate projections. If space is to be sold, include projected absorption rates, unit price appreciation and related assumptions.
- 7. Market Evidence: Describe the sources of comparable sales/leases and/or other market evidence relied upon as a basis for the proposed prices and absorption rates indicated above.
- 8. Return Of Investment (ROI): Calculate projected returns on equity to be provided by the developer, with and without the requested TAD contribution. If more than one investor is contributing equity to the project, calculate ROI to individual investment entities

PART V: SITE CONTROL, ZONING AND SCHEDULE

1. Provide evidence of site control in the form of copies of deed(s), contracts for purchase, land lease agreement, etc.
2. Indicate the existing and requested zoning designation(s) for the project site.
3. Indicate whether the site is currently zoned for its intended use(s). If no, describe the timeline for obtaining zoning approvals.
4. Indicate whether all required site plan approvals and/or variances have been obtained. If no, describe the timeline for obtaining zoning approvals.
5. Provide a copy of findings from the Phase I Environmental Report. If a Phase I Environmental Report has not been prepared, provide a timeline for submitting the report.
6. Include a projected construction schedule that describes the time frames and estimated milestones for acquiring financing, completing plans and specifications, permitting and construction. The construction schedule should identify target dates for the following major milestones:
 - a. Obtain Financing Commitments
 - b. Detailed (Final) Site Plan Approval
 - c. Real Estate Closing Date (if applicable)
 - d. Construction Start Date
 - e. Estimated Completion Date
 - f. Target date for first units sold or leased

PART VI: CERTIFICATIONS

All TAD Applications shall include the following statements and certification:

The undersigned Applicant hereby certifies to the best of his/her knowledge and belief, that the information in this application is true, correct and complete. The undersigned further represents that he/she has the authority to bind the Applicant and all individuals and entities herein to this warranty of truthfulness and completeness of the application.

The Applicant further acknowledges having read all applicable sections of RRA Policies and Procedures governing the disposition of requests for TAD financing assistance. The Applicant understands and agrees to abide by all provisions of applicable Georgia statutes, as well as all program policies, rules and guidelines established by the RRA, the City of Rome, and Floyd County, as applicable.

The Applicant acknowledges that a favorable vote by the City Commission and Floyd County Commission to support this application, does not constitute a commitment to finance

the proposed project, but only an agreement to seek third party investors to purchase tax allocation bonds or offer comparable financing to the City, based upon anticipated future real property tax increment to be generated by the project. The Applicant will be responsible for satisfying underwriting criteria that may be imposed by these financing sources.

APPLICANT SIGNATURE:

Name:

Title:

Date

Witness Signature:

Witness Name:

Date