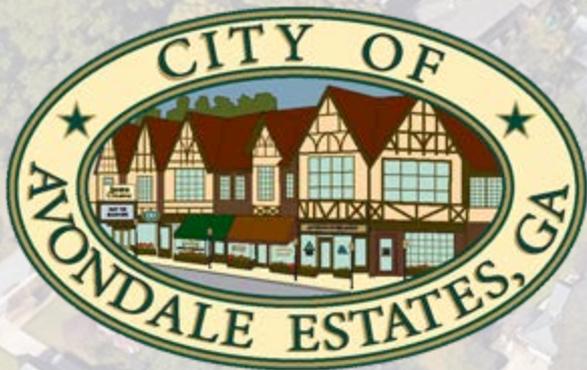


**CITY OF AVONDALE ESTATES  
DEVELOPMENT ADVISORY SERVICES FOR 4-ACRE PARK  
AND ASSOCIATED PRIVATE DEVELOPMENT  
COMMUNITY SUMMARY**



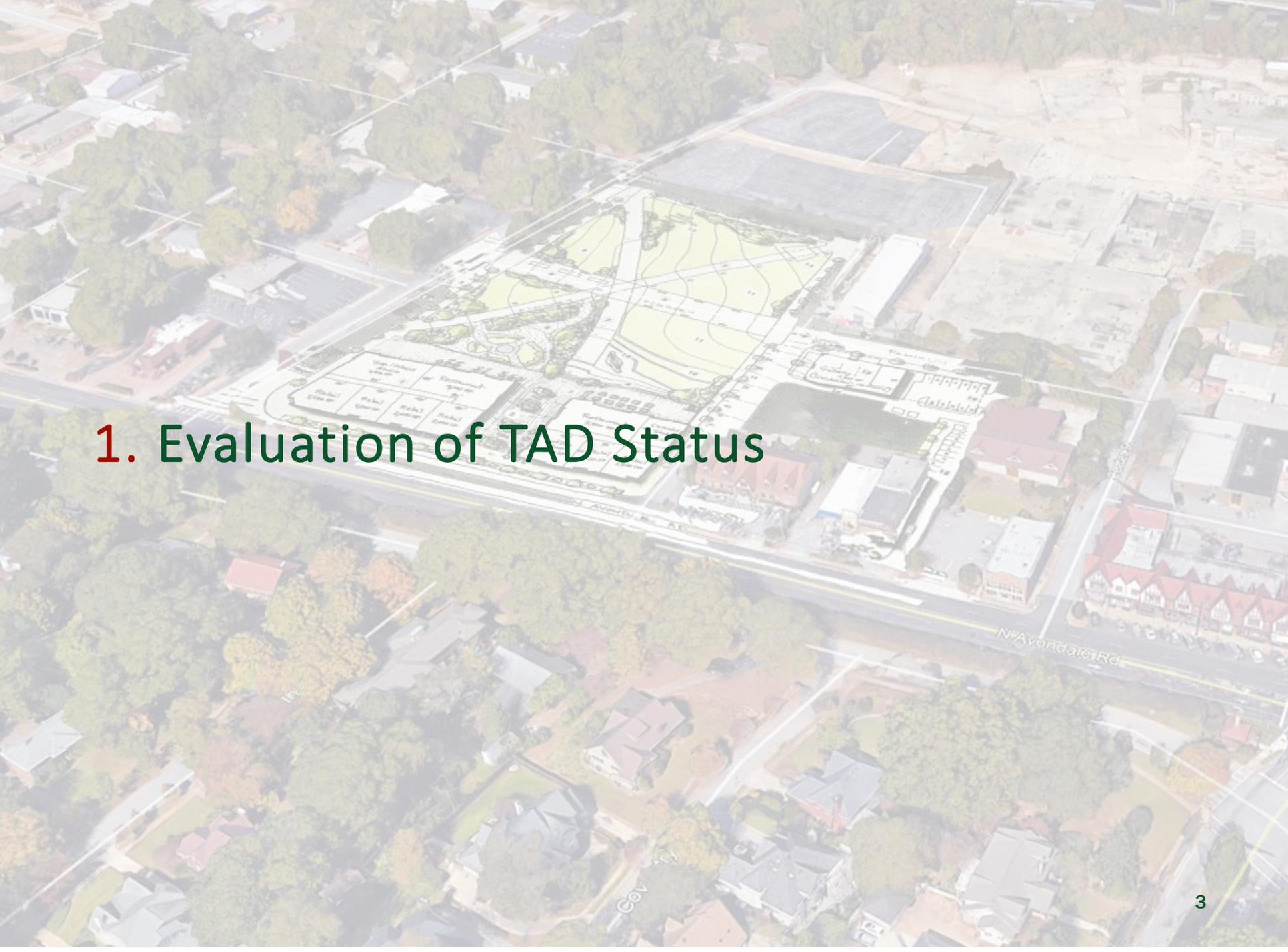
**Bleakly** Advisory Group

MARCH 12 2018

# CITY OF AVONDALE ESTATES DEVELOPMENT ADVISORY SERVICES FOR 4-ACRE PARK AND ASSOCIATED PRIVATE DEVELOPMENT.

This analysis addresses:

- 1: What is the status of the City of Avondale TAD # 1?
- 2: Based on the “Concept 9” redevelopment scheme, what is the development potential and financial feasibility of the 4-acre property?



# 1. Evaluation of TAD Status

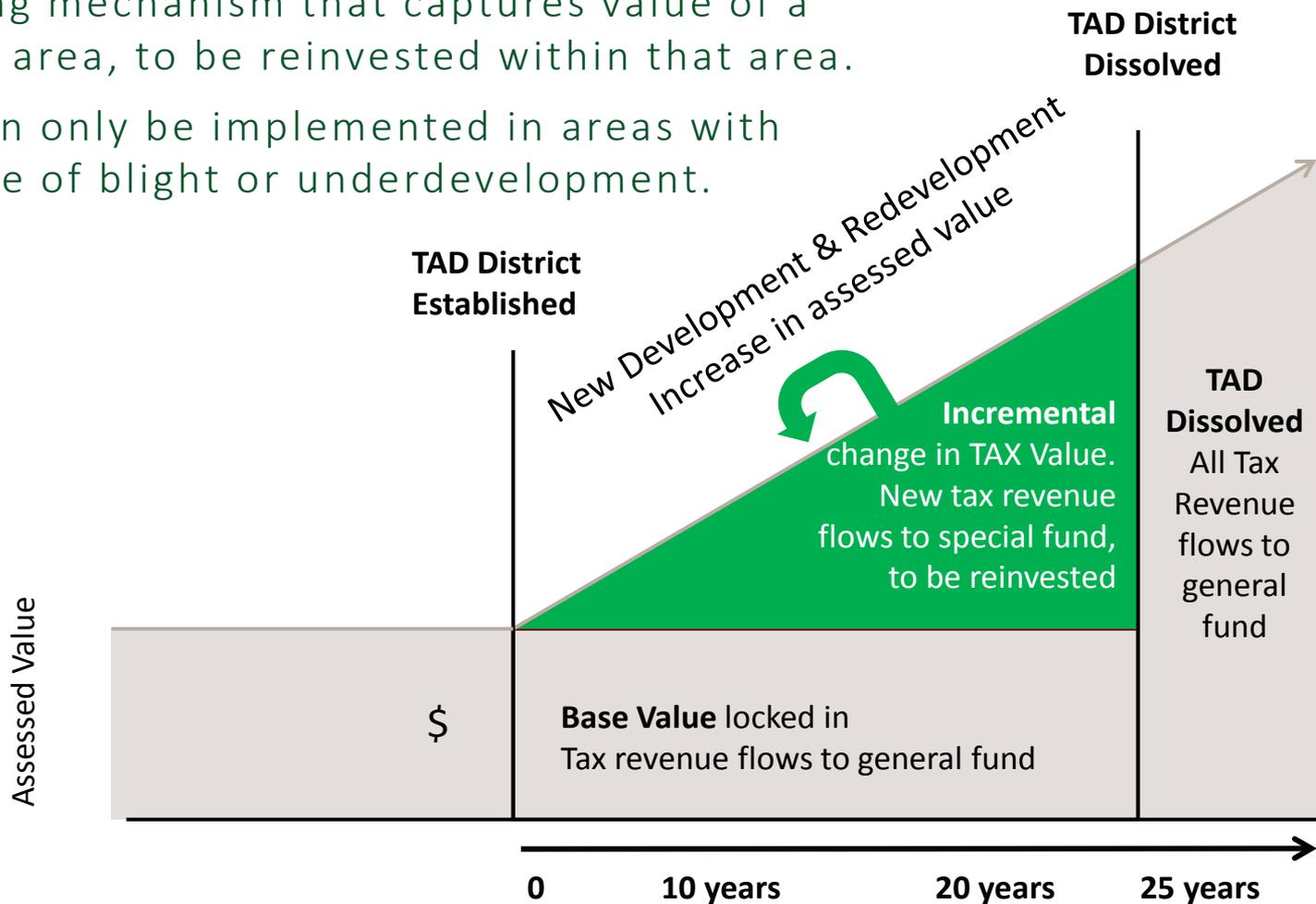
# EVALUATION OF TAD STATUS

- A Tax Allocation District, or “TAD”, is a public financing mechanism that captures value of a defined area to be reinvested within that area.
- TADs can only be implemented in areas with evidence of blight or underdevelopment.

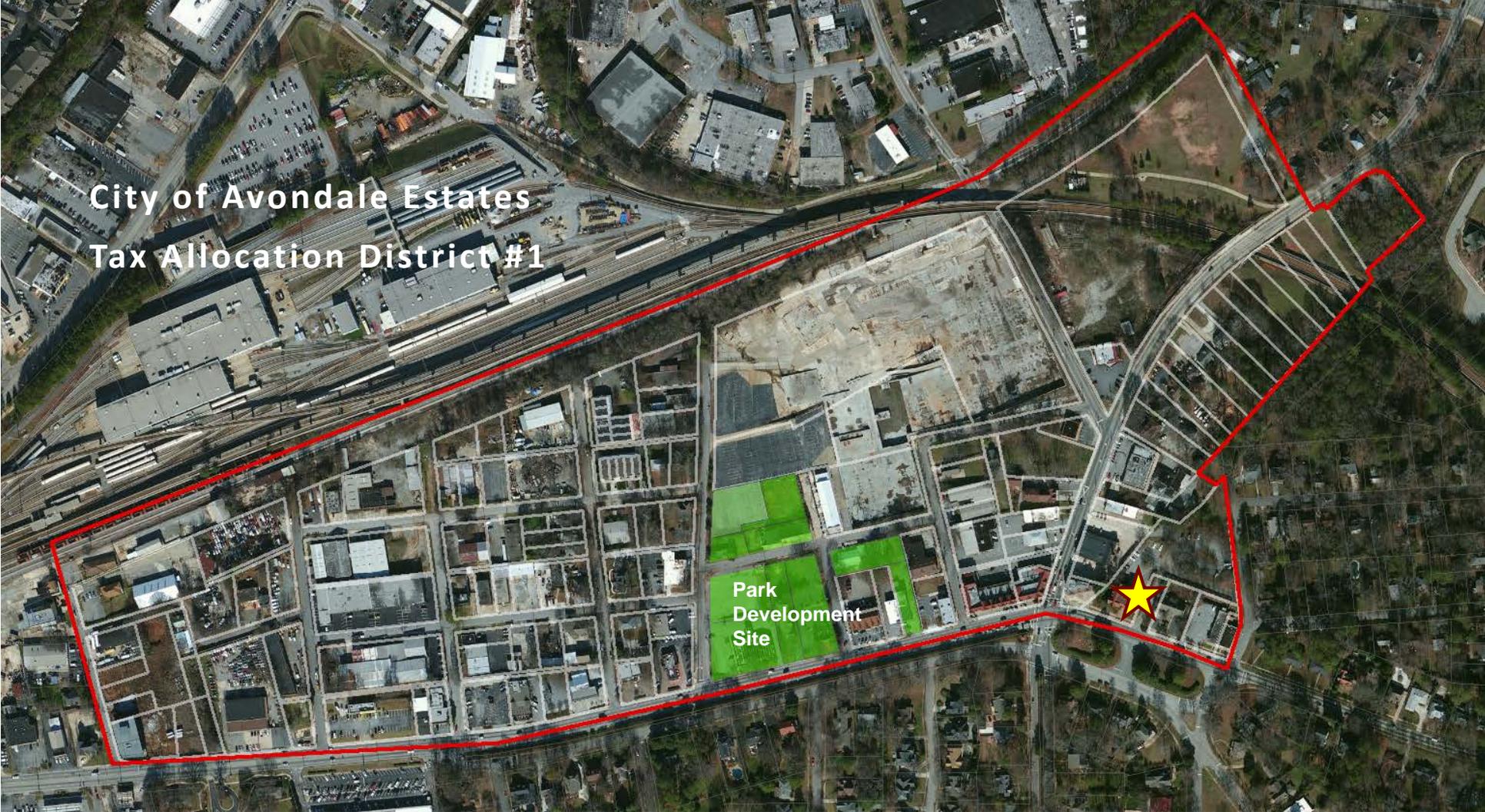
# EVALUATION OF TAD STATUS

## Refresher: How a TAD works

- A Tax Allocation District, or “TAD”, is a public financing mechanism that captures value of a defined area, to be reinvested within that area.
- TADs can only be implemented in areas with evidence of blight or underdevelopment.



# EVALUATION OF TAD STATUS



City of Avondale Estates  
Tax Allocation District #1

Park  
Development  
Site

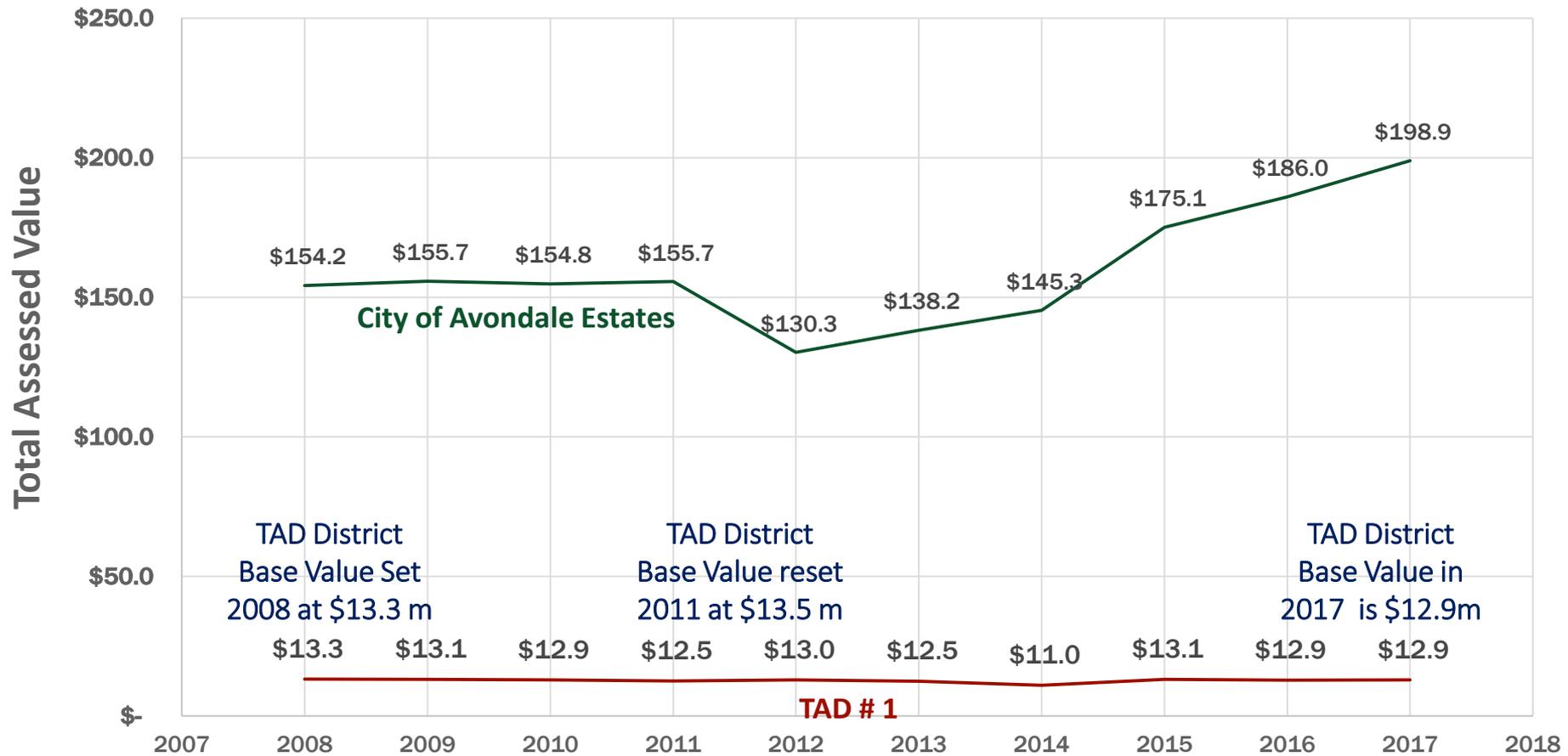


# STATUS OF THE AVONDALE TAD

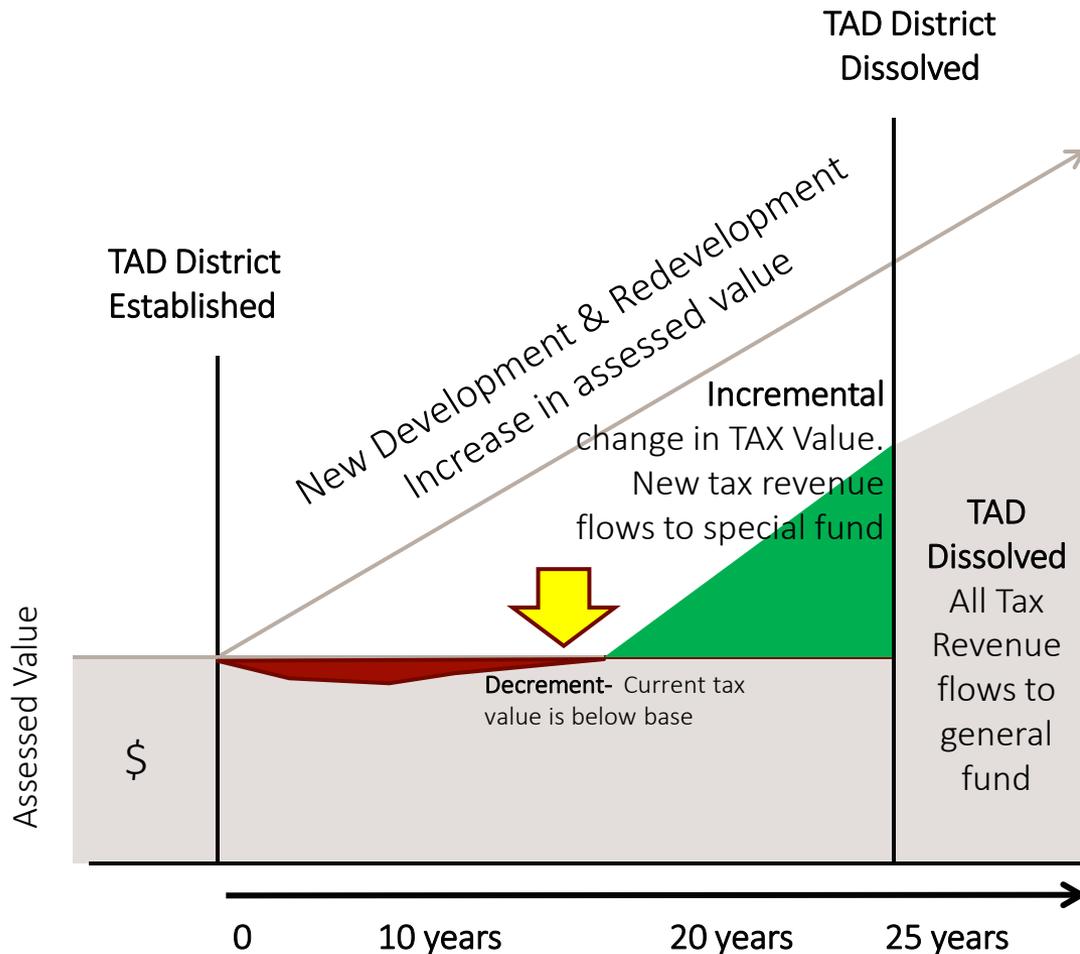
- Avondale TAD # 1 has the support of the City of Avondale and DeKalb County.
  - This means that the TAD does capture incremental tax revenue from City taxes (currently 9.957 mills) and DeKalb County taxes (currently 9.5 mills).
  
- Avondale's TAD is not supported by DeKalb County Schools.
  - This means that the TAD does not capture incremental tax revenue from DeKalb Schools taxes (Currently 23.38 mills)
  
- Note: All properties inside a TAD pay their property taxes just like anybody else.
  - After property taxes are collected, the County Tax Assessor identifies all revenue forming from properties inside each TAD.
  - The Tax assessor pays the tax revenue up to the BASE VALUE into the general funds of the City and County.
  - Any INCREMENTAL funds go in to a special TAD account for reinvestment.

# STATUS OF THE AVONDALE TAD

Tax Digest History. City of Avondale Estates and TAD # 1 (in \$ millions)



# STATUS OF THE AVONDALE TAD



- The Avondale TAD # 1's base value is **\$13.5 million** based on the TAD's 2011 Tax digest.
- The current (2017) Tax Digest value of Avondale TAD # 1 is **\$12.9 Million**
- This means that the TAD currently has a decrement (a negative increment) of **-\$667K**.
  - Thus, the TAD's TAX digest needs to increase by \$667,000, equivalent to approximately **\$1.7 million** dollars of development value, before surplus tax revenue begins accruing in the TAD fund.
  - It is likely that the 2018 Property Tax assessments will put the Avondale TAD into the green.

# STATUS OF THE AVONDALE TAD

## Key Findings

- The Avondale TAD appears to be properly certified and established in terms of City, County and State requirements.
- Dekalb County has agreed to participate in the TAD with no special requirements or limits.
- DeKalb Schools declined to participate in the TAD.
- The TAD Redevelopment plan decrees that the TAD will remain in existence “until all redevelopment costs, including any debt service, are paid in full. This repayment is projected to take approximately 25 years” but no expiration date is specified.
- The TAD has not increased in value since established over 10 years ago.
- The TAD currently has a decrement (a negative increment) of -\$667K.
- **Avondale TAD #1 is currently in good standing with strong short-term prospects. No major changes are recommended.**

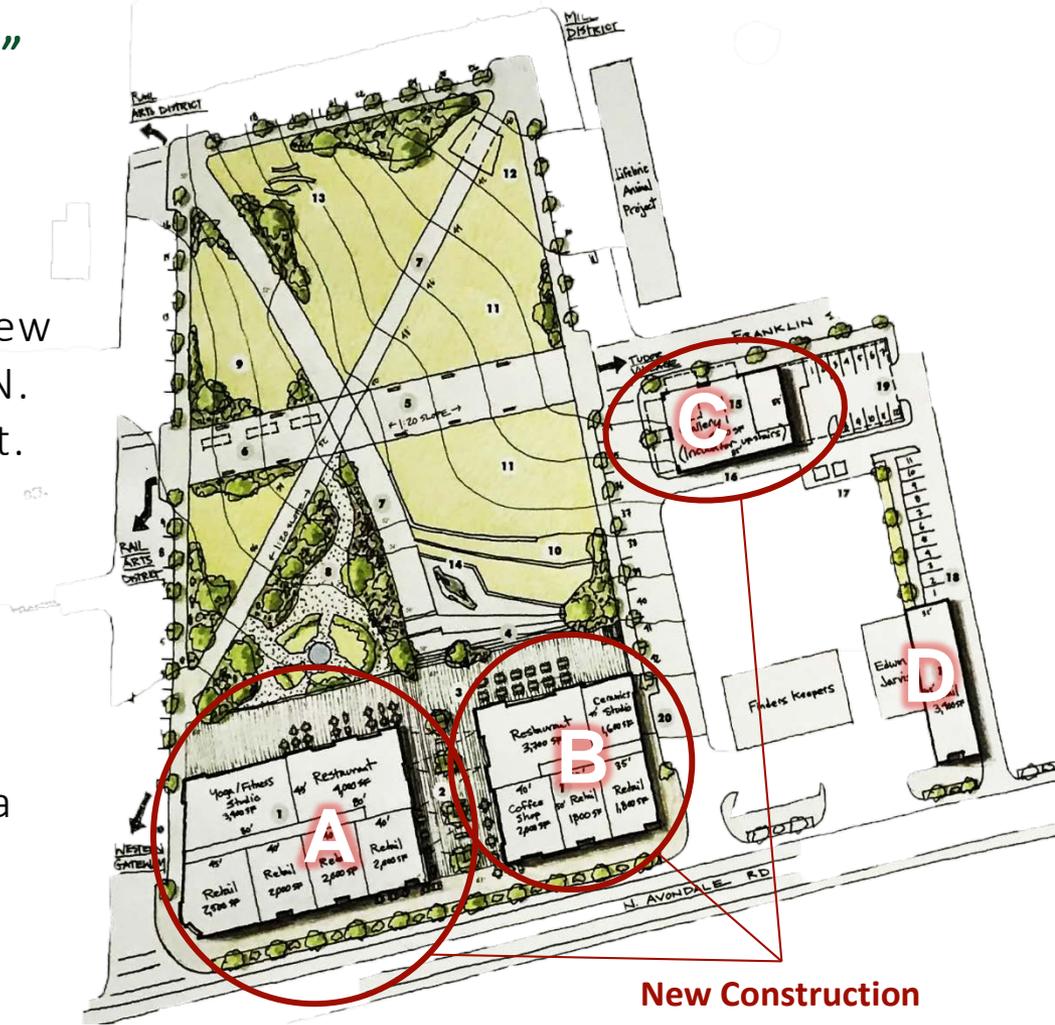


## 2. Assessment of “Concept Nine” Park Proposal

# PARK PRELIMINARY FINANCIAL FEASIBILITY

## ■ Preferred Development Alternative: “Concept Nine”

- *Concept Nine* was selected from the Avondale Design Competition
- *Concept Nine* features two new commercial buildings along N. Avondale Rd between Lake St. and Oak St., with a mix of restaurant and retail space, connected by a shared patio that overlooks the a park of approximately 2 acres.
- *Concept Nine* also proposes a third new building at the corner of Lake and Franklin Streets.



# PRELIMINARY FINANCIAL FEASIBILITY

Concept Nine rendering in context



# PRELIMINARY FINANCIAL FEASIBILITY

## Goals articulated by City of Avondale

### ■ Character goals

- Keep scale intimate
- Curate mix of tenants
- Emphasize local character
- Provide community/arts space
- Create a public amenity of lasting value

### ■ Fiscal goals

- Recoup purchase price of land through property lease/sale and/or TAD revenue
- Generate TAD revenue to offset park construction costs
- Generate TAD revenue to fund park-related infrastructure
- Create jobs, housing, customer base for local business and activity.
- Stimulate development elsewhere in City

# PRELIMINARY FINANCIAL FEASIBILITY

## Goals articulated by City of Avondale

### ■ Character goals

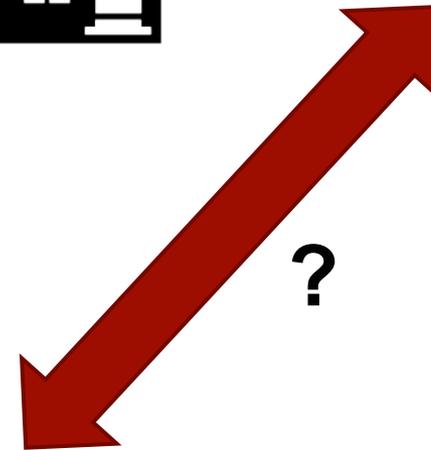
- Keep scale intimate
- Curate mix of tenants
- Emphasize local character
- Provide community/arts space
- Create a public amenity of lasting value

### ■ Fiscal goals

- Recoup purchase price of land through property lease/sale and/or TAD revenue
- Generate TAD revenue to offset park construction costs
- Generate TAD revenue to fund park-related infrastructure
- Create jobs, housing, customer base for local business and activity.
- Stimulate development elsewhere in City



Higher density  
Taller buildings  
Higher land value  
More TAD \$\$ produced  
More interest from partners



Lower density  
Lower buildings  
Lower land value  
Less TAD \$\$ produced  
Less interest from partners



# PRELIMINARY FINANCIAL FEASIBILITY

## Site Description

- The site contains 10 tax parcels, with a combined area of 4.06 acres.



## ■ Strengths

- Frontage and visibility from N. Avondale Rd.
- Consolidated public land ownership
- Adjacency to Tudor Village & Downtown
- Mostly demolished
- Existing trees
- Strong market potential
- Strong planning & vision
- Adjacent to major planned development
- Strong nearby redevelopment activity
- Established credibility as a desirable location
- Terrain

## ■ Challenges

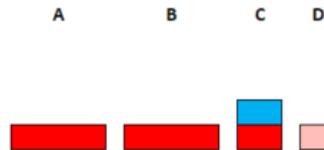
- Lack of adjacent development
- Parking
- Presence of privately-held parcels within land assembly
- Irregular shaped assembly

# PRELIMINARY FINANCIAL FEASIBILITY

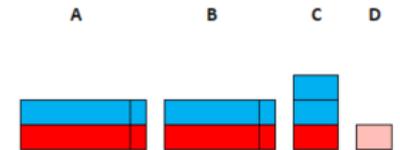
- The analysis looked at six redevelopment scenarios with varying configurations of density and land use.
- We evaluated six different scenarios based on development density and mix of uses.
- How does each scenario support the City's goals for the land.
- For each scenario, based on estimated property values, we estimated:
  - Total commercial square feet
  - Total residential units
  - Minimum parking required
  - Total development value
  - Estimated TAD revenue
  - Does the parking fit?
  - Does the commercial land value recover the purchase cost?

## Scenarios:

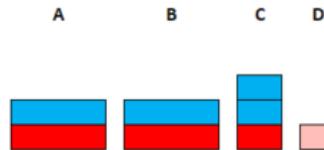
1: Low Density Retail & Office



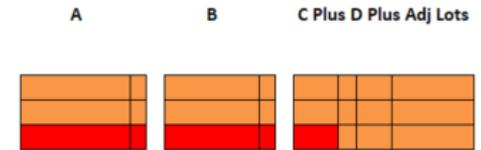
5: Moderate Plus Retail & Office



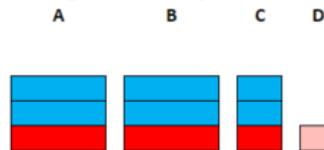
2: Moderate Density Retail & Office



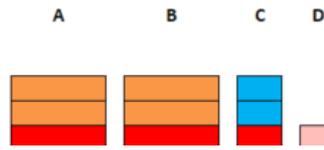
6: Maximum Double Plus Condo with Retail



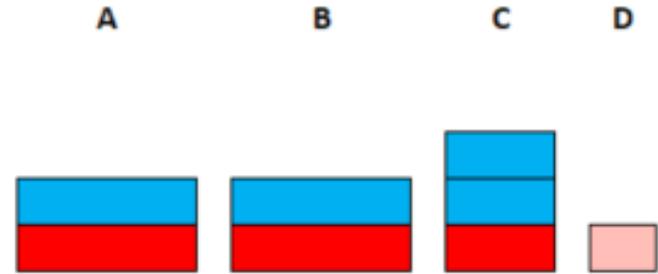
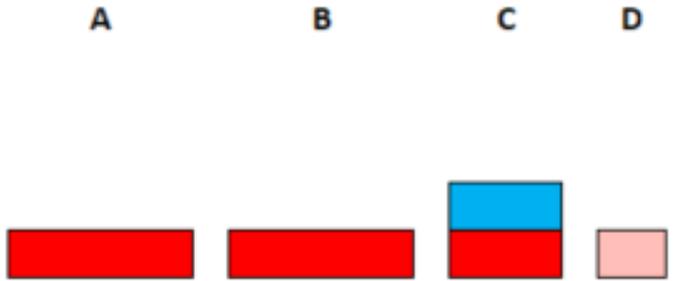
3: Higher Density Retail & Office



4: Higher Density Retail & Condo



# PRELIMINARY FINANCIAL FEASIBILITY



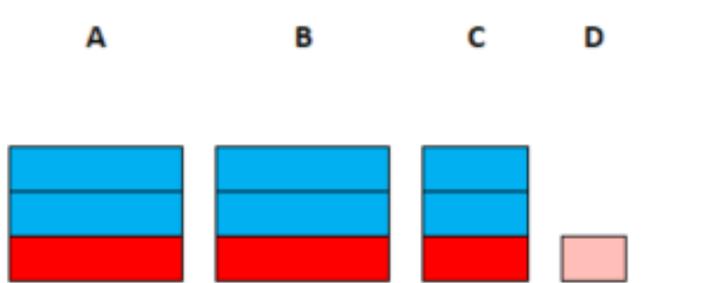
## Scenario 1: Low Density Retail & Office

- **Building A & B:** 1 story, retail & restaurant. 30,000 SF combined
- **Building C:** 2 Story retail & office. 8,600 SF
- **Building D:** Rehab existing retail. 3,400 SF
  
- Total Commercial Space: 42,000 SF
- Estimated Development Value: \$6.7 million
- Recover land costs? No
- TAD Revenue/year: \$52,000

## Scenario 2: Moderate Density Retail & Office

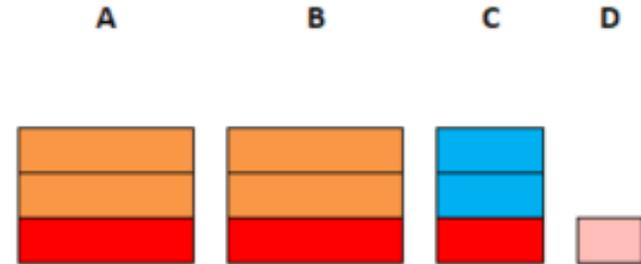
- **Building A & B:** 2 story, office over retail & restaurant. 60,000 SF combined
- **Building C:** 3 Story, 2 office over 1 retail. 12,900 SF
- **Building D:** Rehab existing retail. 3,400 SF
  
- Total Commercial Space: 76,000 SF
- Estimated Development Value: \$12 million
- Recover land costs? Mostly
- TAD Revenue/year: \$92,000

# PRELIMINARY FINANCIAL FEASIBILITY



## Scenario 3: Higher Density Retail & Office

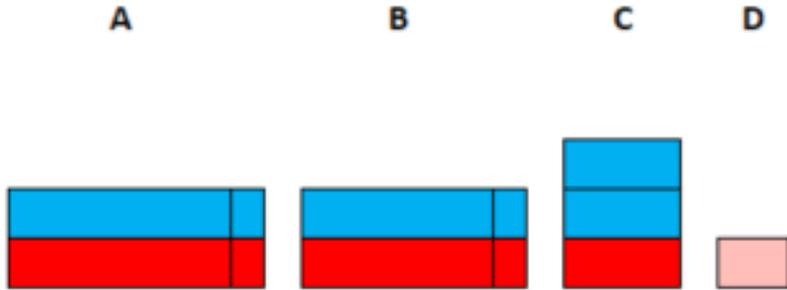
- **Building A & B:** 3 story, 2 office over 1 retail & restaurant. 90,000 SF combined
  - **Building C:** 3 story, 2 office over 1 retail. 12,900 SF
  - **Building D:** Rehab existing retail. 3,400 SF
- |                                |              |
|--------------------------------|--------------|
| ■ Total Commercial Space:      | 106,000 SF   |
| ■ Estimated Development Value: | \$16 million |
| ■ Recover land costs?          | Yes          |
| ■ TAD Revenue/year:            | \$127,000    |



## Scenario 4: Higher Density Retail & Residential

- **Building A & B:** 3 story, 2 condo over 1 retail & restaurant. 20,000 SF commercial, 36 Condos
  - **Building C:** 3 Story, 2 office over 1 retail . 12,900 SF
  - **Building D:** Rehab existing retail. 3,400 SF
- |                                |              |
|--------------------------------|--------------|
| ■ Total Commercial Space:      | 42,000 SF    |
| ■ Total Residential Units      | 36           |
| ■ Estimated Development Value: | \$16 million |
| ■ Recover land costs?          | Yes          |
| ■ TAD Revenue/year:            | \$123,000    |

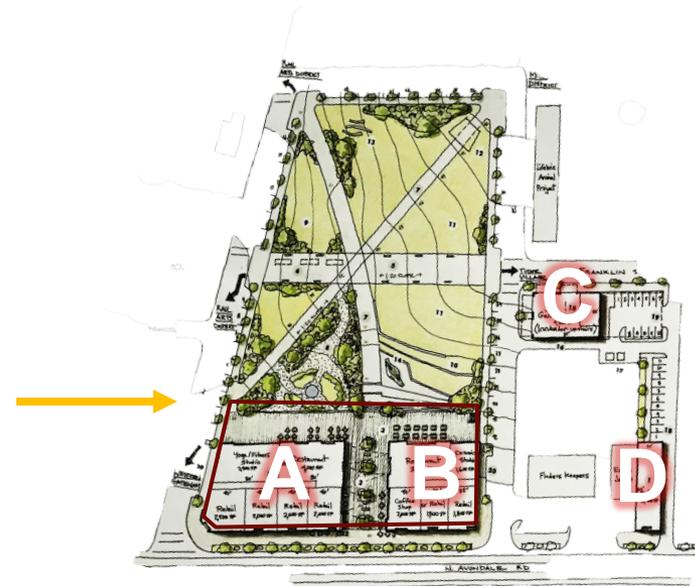
# PRELIMINARY FINANCIAL FEASIBILITY



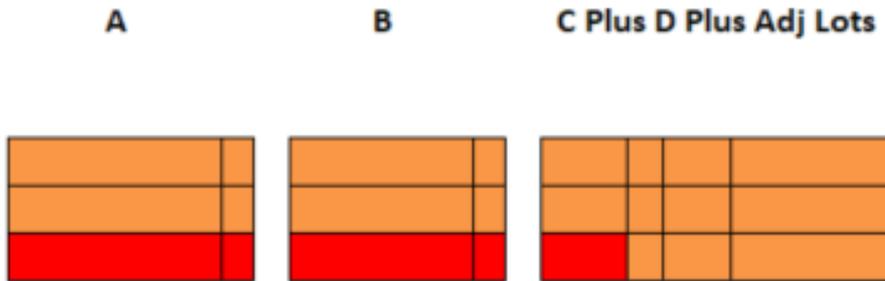
## Scenario 5: Moderate Plus Retail & Office

Expand footprint of A&B 30' north. Park reduced from 2.3 to 2.1 Acres

- Building A & B: 2 story, office over retail & restaurant. 68,000 SF commercial
- Building C: 3 Story, 2 office over 1 retail. 12,900 SF
- Building C: 3 Story, 2 office over 1 retail. 12,900 SF
- Building D: Rehab existing retail. 3,400
- Total Commercial Space: 94,000 SF
- Estimated Development Value: \$14 million
- Recover land costs? Yes
- TAD Revenue/year: \$113,000



# PRELIMINARY FINANCIAL FEASIBILITY



## Scenario 6: Maximum Development Envelope

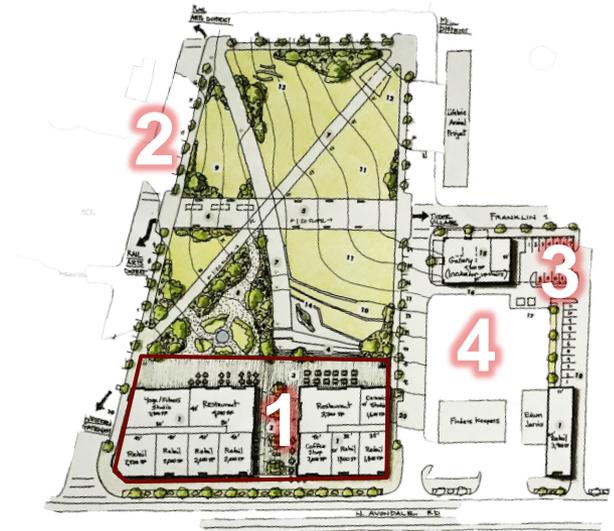
Expand footprint of A&B 30' north. Acquire/partner 3 adjacent lots (0.75 ac), demo adjacent buildings C & D, Replace with 3-story condo over retail with parking deck.

- **Building A & B:** 3 story, condo over retail & restaurant. 39,000 SF commercial, 70 condos.
- **Building C& D :** 3 story, condo over retail with parking deck. 11,000 SF commercial, 72 condos.
- Total Commercial Space: 51,000 SF
- Total Residential Units 142
- Estimated Development Value: \$50 million
- Recover land costs? Yes
- TAD Revenue/year: \$372,000

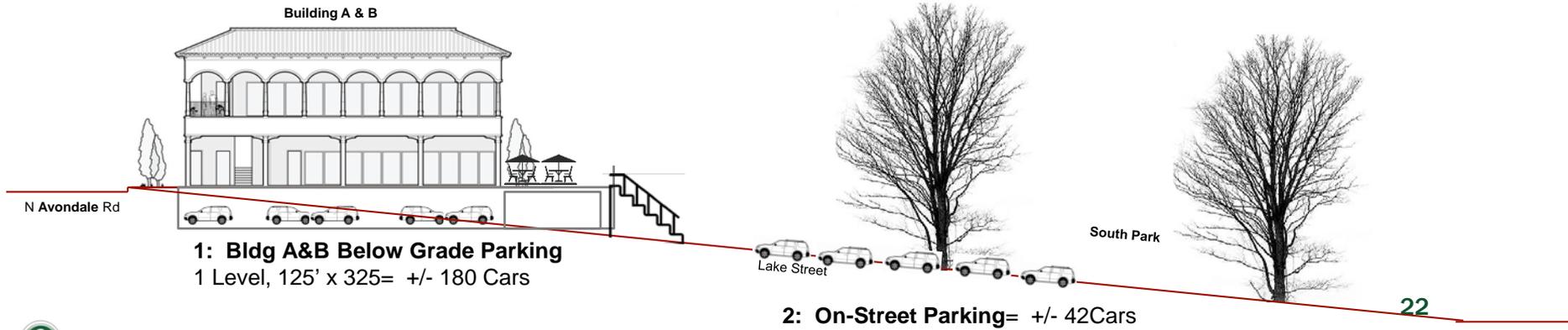
# PRELIMINARY FINANCIAL FEASIBILITY

## Parking Considerations

- Development scenarios based on the Concept Nine plan would require between 176 and 405 parking spaces (Based on City Center District parking minimums from the City Zoning Code)
- Much, though not necessarily all, of this parking could be accommodated on or near the site:
  1. Underneath Buildings A and B (+/- 180 spaces)
  2. Street parking (+/- 40 spaces)
  3. Surface parking at Bldg. C and D (20-40 Spaces)
  4. New surface lot behind Finders Keepers (+/- 50 spaces)
  - Total: +/- 310-320 spaces
- More intensive land uses could require off-site or structured parking.



4: Surface Lot Behind Finders Keepers = +/- 50 Cars



# KEY FINDINGS

- Moderate-plus or higher density required to recover commercial land cost and offset park land costs.
- Scenarios 3,4 & 5 could support a 2+ Acre park + development worth \$16 million.
- Scenarios 3,4 & 5 recover land cost values and generate TAD revenue of \$90k to \$130k/year.
- Maximum development scenario would be worth \$50M, generating \$372K in TAD annually.
- This only accounts for on-site TAD and development. Park and commercial buildings would stimulate redevelopment elsewhere in the TAD.
- Parking will be a limiting factor for most feasible development scenarios
  - Restaurants, retail and office all drive high parking requirements.
  - Residential uses require less parking.
  - Most scenarios will require partial structured parking and/or off-site surface lots.
- Redevelopment will probably not require direct TAD subsidy.
  - Market already has strong development momentum.
  - Public commitment to park construction of park qualifies as catalyst.
  - Residential with limited retail will probably be lowest-risk development scenario.
  - This assessment does not address stormwater and other site requirements.