Chatham Park Special Assessment District

February 15, 2016

Summary of Presentation

- Introduction
- Chatham Park Highlights
- Overview of Special Assessment Districts
- Proposed Chatham Park Special Assessment District
- Benefits and Protections Provided to the County
- Anticipated Public Improvements
- Mechanics and Administration of the District
- Process to Establish the District / Next Steps
- Questions

Introduction

Chatham Park presenters include:

- Tom D'Alesandro (Chatham Park)
- Gary Joyner (Kilpatrick Townsend & Stockton)
- Thad Wilson (MuniCap)

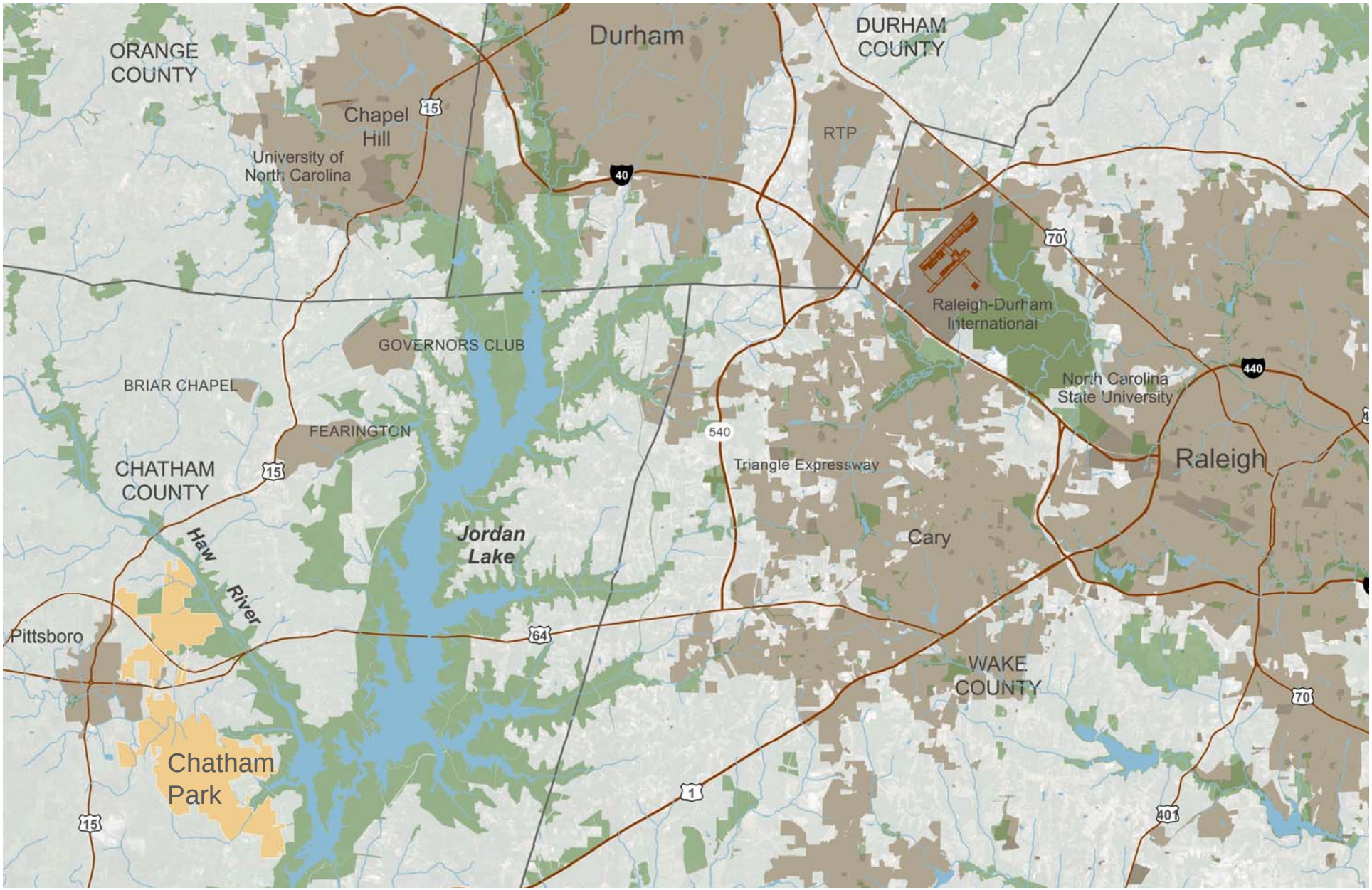
Requesting the Board to:

- Provide direction to County Manager to continue efforts to establish a special assessment district suitable to the County;
- Indicate general support for a Chatham Park special assessment district so long as certain County requirements are met;

Final approval of the Chatham Park SAD to be requested at a later point in time, after may details solved;

Town of Pittsboro voted unanimously to support the County's exploration of implementing a special assessment district.

Chatham Park Highlights



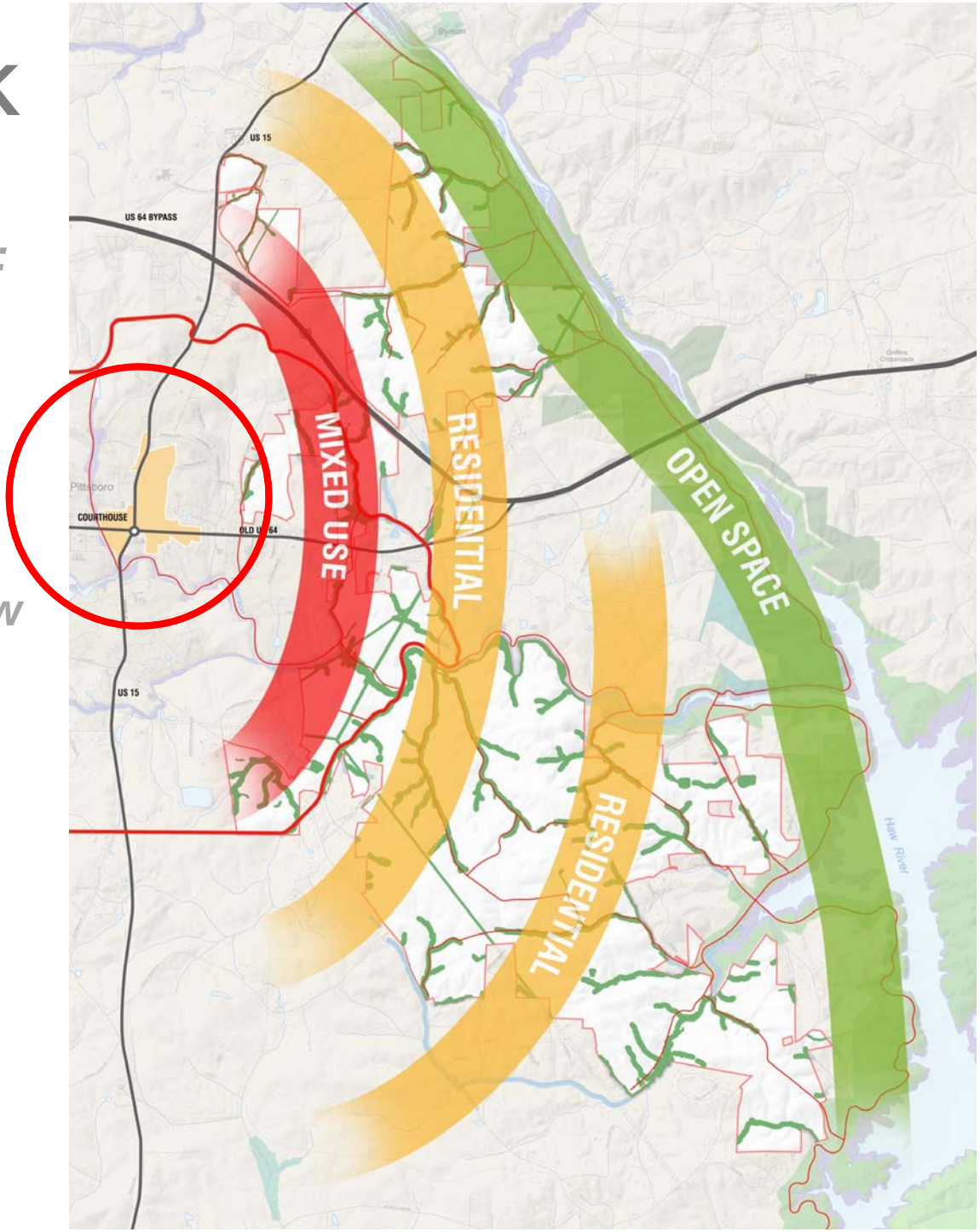
CHATHAM PARK

PLANNING FRAMEWORK:

Employment along US-64, US-15/501, and Chatham Parkway (US-15 bypass)

Open Space along the Haw River and Lake Jordan

Residential Villages organized between the open space and employment



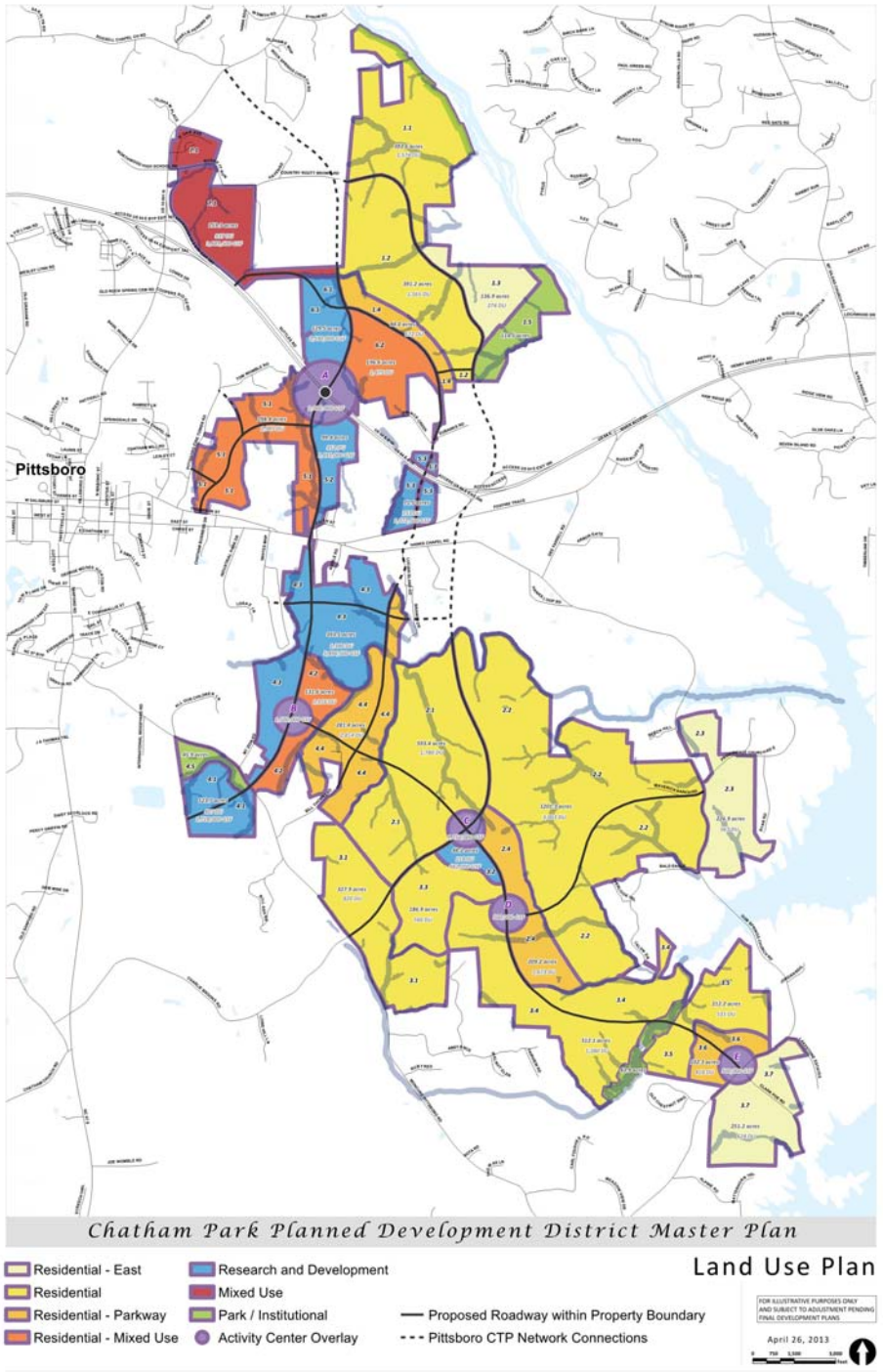
CHATHAM PARK

PLANNING FRAMEWORK:

Chatham Park's master plan reflects the regional road network prepared by the Town of Pittsboro

Most of these roads will be complete streets with pedestrian and bicycle travel lanes

It also reflects 50 miles of trails connecting Chatham Park to downtown Pittsboro and the Haw River/Jordan Lake open space



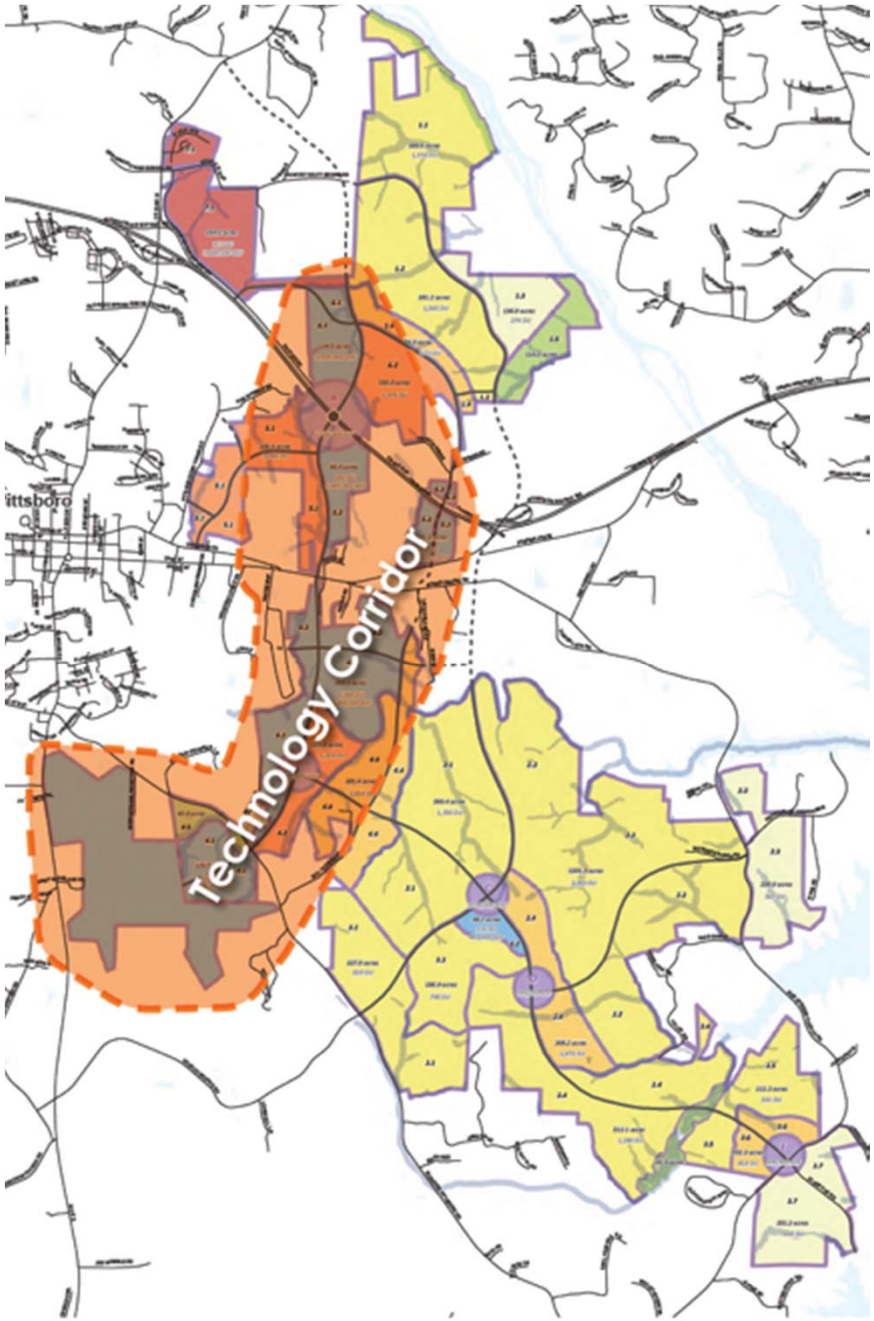
CHATHAM PARK TECHNOLOGY CORRIDOR

PLANNING FRAMEWORK:

Approximately 900 acres dedicated to mixed use employment, retail, medical, hospitality, and civic uses

Sufficient to replicate Research Triangle Park, but in an environment where working and living are integrated

The scale allows for a critical clustering of jobs



CHATHAM EDC
ECONOMIC DEVELOPMENT CORPORATION

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FOR IMMEDIATE RELEASE

CHATHAM PARK TO GENERATE $154 BILLION OVER NEXT 40 YEARS

Renowned Economist Estimates Development Will Also Create More than 100,000 Jobs

PITTSBORO, N.C., January 20, 2015 — A recent economic impact study conducted by renowned economist Dr. Michael Walden shows that cumulative spending generated by the Chatham Park development will total $80 billion for Chatham County, $140 billion for the Triangle region and $154 billion for North Carolina by the completion of construction in 40 years.

The study also indicates that after the full build-out of Chatham Park, the development will have created 61,000 permanent jobs in Chatham County, 99,000 permanent jobs in the Triangle region and 115,000 permanent jobs in North Carolina.

"Prior to conducting the study, I knew that a project with the size and scope of Chatham Park will have a significant impact on the local, regional, and state economies, and after calculating the numbers, the enormity of the impact is truly impressive," said Walden, a William Neal Reynolds Distinguished Professor at North Carolina State University and economic impact consultant for the N.C. Department of Commerce and N.C. General Assembly.

The study was commissioned by the Chatham Economic Development Corporation, the lead economic development agency marketing Chatham County.

CHATHAM PARK

REPORT: PROJECT MAY HAVE $154B IMPACT

C/O SASAKI ASSOCIATES

Rendering of Chatham Park development near Pittsboro.

The Chatham Economic Development Corp. recently commissioned a study by N.C. State University economist Michael Walden to determine the potential economic impact of the proposed 7,000-acre Chatham Park real estate development project on the economies of Chatham County, the Triangle region and North Carolina.

Michael Walden

The report takes into account Chatham Park's build-out potential over the next 40 years, which could include 22,000 new residential units and 22 million square feet of commercial, retail and civic building development.

Here are some of the major takeaways from the Walden study:

$80 billion
In cumulative spending and creation of 61,000 jobs in Chatham County

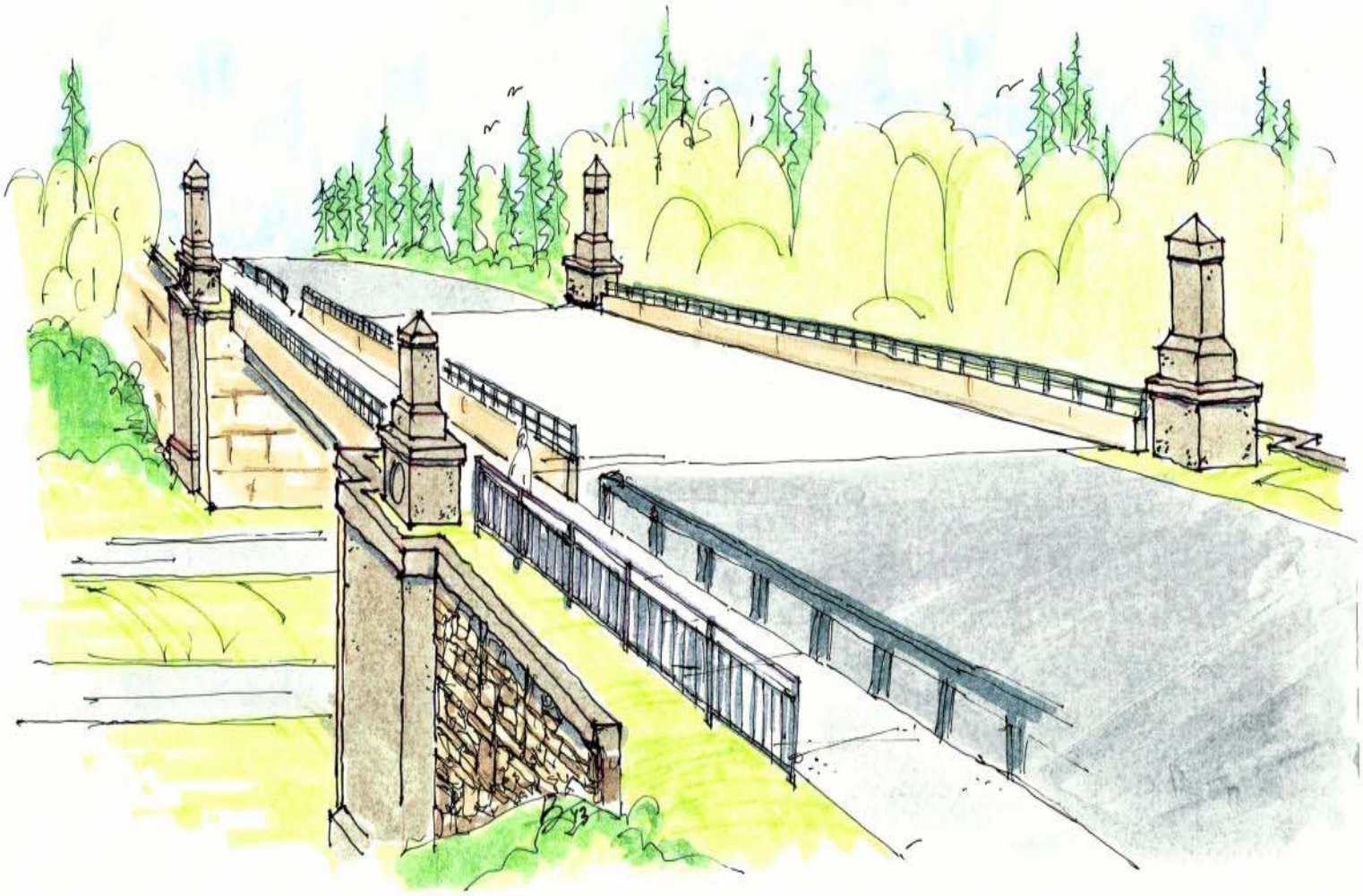
$140 billion
In spending and 99,000 jobs for the Triangle region

$154 billion
In spending and 115,000 new jobs for North Carolina

$146 million
In local public revenue generated for Chatham County annually after construction build-out is complete

$248 million
In tax and fee revenue for Triangle governments after construction build-out is complete

$442 million
In tax and fee revenue for North Carolina



Chatham Park Way Bridge -Preliminary Architectural Sketch

Scale: None
August 20, 2013

Consultant:
Kimley-Horn and Associates, Inc.

Chatham Park
UNC
HEALTHCARE
MHAworks

Overview of Special Assessment Districts

- Special assessment districts ("SADs") establish a self imposed (at the SAD's creation), annual fee on real property parcels in order to fund public improvements that will be owned by the appropriate public entity;
- The pubic improvements must provide a special benefit to the real property in the SAD;
- SADs allow developers to accelerate the construction of public improvements, including improvements critical to attract employers;
- Because SADs allow developers to recover public improvement expenditures through assessments over a lengthy period of time, not all of the costs of the upgraded public improvements has to be recovered in the land or home price.

Overview of Special Assessment Districts (cont.)

- SADs are responsible mechanisms for ensuring long term public improvement plans; SADs allow "growth to pay for growth;"
- Buyers of property in a SAD understand, through multiple and repetitive disclosure efforts, that in addition to paying the purchase price for their home or land, they will also pay an annual assessment fee for a period of time to cover the costs of certain public improvements;
- In general, purchasers of property can afford a stronger contribution to public improvements over time (as a SAD allows), rather than having to pay all of their contribution up front; this can enhance the quality of the public improvements and accelerate the construction thereof.

Chatham Park SAD

Key features of the proposed Chatham Park SAD include:

- The assessments will be utilized to **reimburse** the developer for public improvement expenditures incurred by the developer;
  - Reimbursements only allowed for County approved public improvements;
  - Contrary to standard practice, no County or Town borrowing;
- The public improvements funded by the assessments will be conveyed to the entity that customarily owns such improvement;
- The current expectation is for one assessment district for the entire Chatham Park development; the SAD will utilize the allowed 25 year payment cycle for each parcel of real property, which will commence at varying points in time as the development is built out;

Chatham Park SAD (cont.)

Key features of the proposed Chatham Park SAD include:

- The developer intends to limit the annual assessment on residences to an average of $500 in 2016 dollars; commercial property will likewise have an annual assessment limit (likely per square foot);

- This cap will prevent the Special Assessment District from being able to fully reimburse the developer for the costs of the public improvements, but will allow for a reimbursement of a portion of the costs;

Chatham Park SAD (cont.)

Key features of the proposed Chatham Park SAD include:

- Chatham Park SAD will have no impact on Chatham County or Town of Pittsboro's credit rating, nor will it generate any financial risk to the County or Town;

- Protections provided to the County and Town include:
  - no assessments billed to publicly owned property;
  - no obligation for County or Town to pay assessments that remain unpaid by other property owners;
  - no out of pocket costs for the establishment of the SAD;
  - no obligation for the County or Town to provide ongoing administrative services to the SAD, nor to pay for ongoing administrative services; all County efforts (including staff time) and costs related to the billing of assessments, collection of assessments and general administration of the SAD will be funded by or reimbursed from the assessment revenues;
  - SAD does not create any obligation for the County or Town to provide public improvements.

Benefits to Chatham County

Through the proposed use of a SAD, the County should receive the following benefits:

- Accelerated delivery of public improvements, including the earlier completion of systems of improvements that the entire County can enjoy;
- Chatham Park can maintain more competitive prices while offering a more robust mix of public amenities (50 miles of trails, complete streets, etc.);
- Higher investment in environmentally sensitive public improvements, potentially including enhanced water control and water quality improvements;

Benefits to Chatham County (cont.)

Through the proposed use of a SAD, the County should receive the following benefits:

- Help the Chatham Park development deliver the economic development benefits (jobs, tax base, etc.) as quickly and as strongly as possible;
- Help the County and the Economic Development Corporation (EDC) meet their strategic goals;
- Avoid burden on County finances or other county residents (“growth pays for growth”).

Anticipated Public Improvements

The following public improvements, among others, are anticipated to be funded by the assessments:

- Road improvements, including major arterial roadways, such as the US-15/501 Bypass (Chatham Parkway); elements to accomplish a “smart street” system (including bio-swales);
- 50 miles of trails, including Town, river and lake access;
- Water and sewer infrastructure within Chatham Park, including assets scaled to accommodate a major technology cluster in Chatham Park;
- Other public improvements allowed by state statutes.

Mechanics and Administration of the District

- Assessment levies will be placed on property based on its expected use;
- Several classes of residential property will reflect a range of annual assessment levels; also the case with commercial property types;
- Assessments will be billed to a parcel for a period of 25 years, commencing in the year that the parcel reached a development hurdle;
- The annual billing of the assessment shall occur through a specific fee on the annual real property tax bill;

Mechanics and Administration of the District (cont.)

- As developer incurs expenditures for approved public improvements, the balance available for reimbursement will grow;
- Amount to be reimbursed in any one year is limited to the annual assessment collections AFTER administrative expenses have been paid (County will have no obligation to reimburse from any other sources);
- As reimbursements are paid to the developer, the balance available for reimbursement will decline;
- Delinquent assessment payments will be collected similar to the County's collection of delinquent real property taxes;

Mechanics and Administration of the District (cont.)

- Administrative services will be organized to limit the County's work load while providing the oversight & controls desired by the County;

- All administrative costs will funded by assessment revenue; the County will have no obligation to fund the administrative costs nor provide unfunded services;

- Assessment revenues can fund the cost of necessary County staff time, including collection efforts.

Process to Establish the District / Next Steps

The expected process to establish the SAD can be summarized as follows:

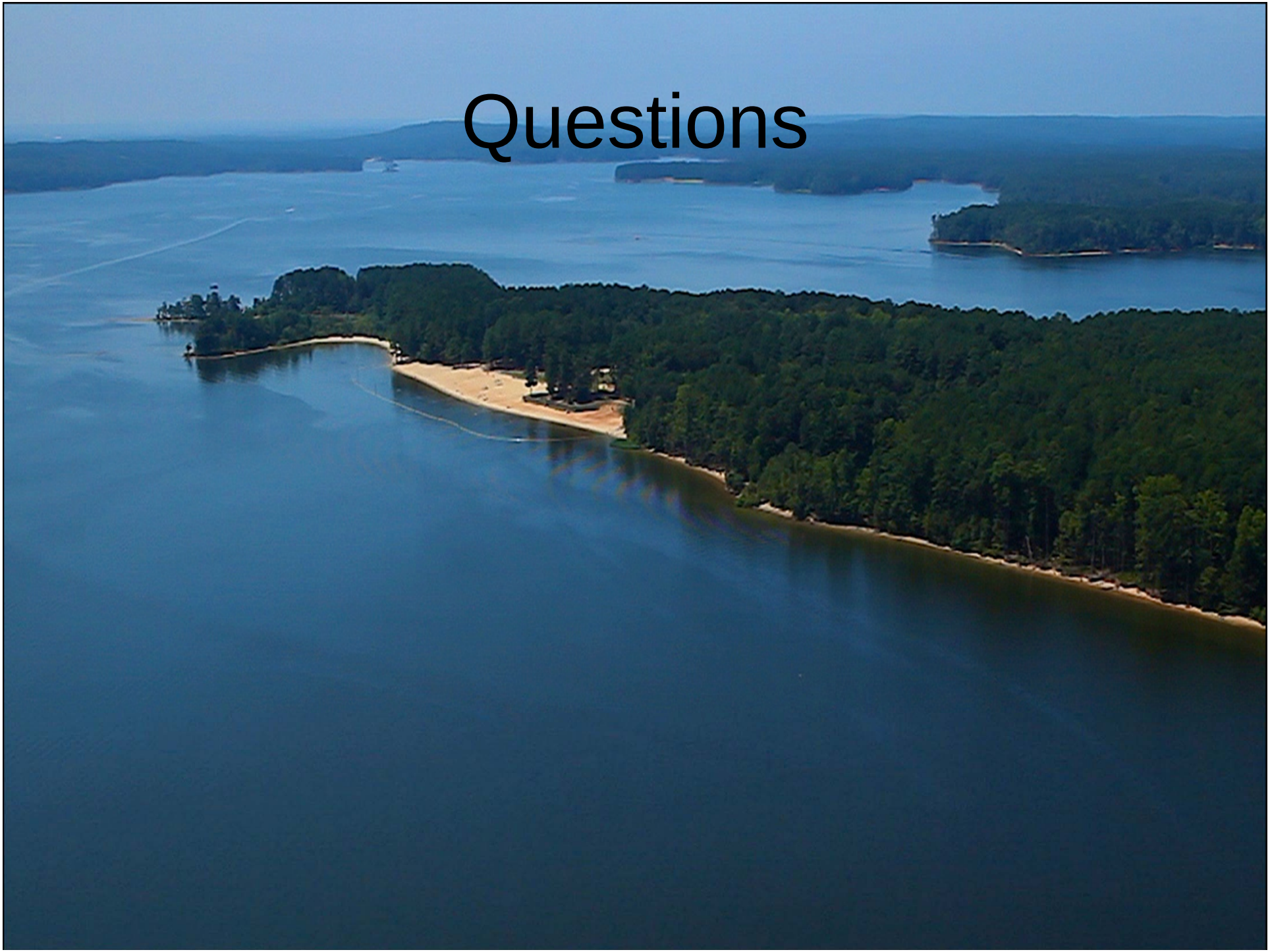
- Joint effort to amend the state statute (efforts are in process);
- Establish and execute a MOU with regard to the developer's reimbursement of the County's costs to explore and potentially execute the establishment of the SAD, including attorney fees, consultant fees, etc.
- Developer, developer's advisors, County staff and County attorneys & advisors will craft the SAD structure and critical SAD terms;
- Developer will prepare a detailed SAD proposal for the Board's review;
- If Board approval is provided, developer and County will begin the execution of the multi-step statutory process to formally create a SAD and levy assessments;
- Prepare and execute all necessary agreements, including an intergovernmental agreement with the Town of Pittsboro.

The developer will keep the Town up to date throughout the process and obtain any approvals necessary.

Request of the Board

Provide direction to County Manager to continue efforts to establish a special assessment district suitable to the County, not to provide formal approval of the proposed SAD.

Questions



CHATHAM PARK
Thank You