

Next item on the agenda is a presentation Community Improvement District update. Taylor.

Good morning, Madam Chair, Madam Vice Chair, commissioners, and pillars of the community.

It is my pleasure to introduce Ms. Malaika Rivers, who joins us today to present the findings of the Community Improvement District CID study.

Ms. Rivers is a leader in Transportation and Infrastructure Planning, Economic Development, and Public-Private Partnerships.

She is the founding partner at the Pontem Resources, where she continues to support communities in achieving meaningful and sustainable growth.

Malaika.

Good morning, everybody.

Good morning.

Thank you very much.

It's good to be here with you today.

Again, Malaika Rivers with Pontem Resources.

I had the pleasure of working with Tayla and Toussaint and the city manager late last year to do an exploratory study to look at community improvement districts.

And I know that several of you are familiar with CIDs, but I'm going to give a presentation that gives a little bit of background on CIDs

so that everybody in the audience knows what we're talking about.

So, we looked at CIDs for two of Henry County's commercial corridors, that being the Eagles Landing Parkway and the Jonesboro Road area.

CIDs are very much about commercial districts and commercial centers, not residential areas.

This is important to remember.

Okay, so the study effort, it evaluated the opportunity to form CIDs, and I'm going to refer to them as CIDs throughout this presentation,

as a mechanism to bring commercial property owners to the table to help with these corridors maintenance and growth over the years.

Are they sustainable organizations that can help with economic development and infrastructure development and create character along these corridors?

So, what are CIDs?

That's the first question to answer.

So, they are special assessment districts.

They're special purpose tax districts.

They enable commercial property owners that are neighboring, so in districts and in corridors.

They allow them to self-impose property taxes in order to raise funds through these taxes that they then invest in the public infrastructure and programs in the community.

So, the CID allows the organizational mechanism for these commercial property owners to come together, advocate on their common needs, self-tax to raise taxes, and then work with a government partner, be it the county or the cities that they are in, to invest in public infrastructure that benefits everybody.

This is just a quick map of where CIDs currently exist in metro Atlanta.

My background is about 30 years in CIDs, and I helped run the first CID in Georgia for about 22 years, and I've been consulting in this capacity for the last six.

So, you can see they're very much within the perimeter and north of the area, but we've got very few that are on the southern side.

So, there is opportunity to form CIDs as these commercial areas grow.

So, they are legislatively enabled tax districts.

They are provided for in the state constitution to have seven purposes.

So, this is roads and bridges and sidewalks.

It could also be water systems.

It could be parks and rec.

And it can even be docking facilities.

And then there's this seventh category of anything else that is also applicable.

What that translates to in terms of the commercial areas in the map that I previously showed are these types of programs.

So, infrastructure, lots of road building, bridges, sidewalks, streetscapes, also landscaping and beautification.

Many CIDs get into public safety.

Many do litter removal.

And some commercial areas that have been a little harder on the economics look at CIDs as being economic development

tools for revitalization.

So, these are the practical applications of what CIDs do.

So, our effort looked at understanding what it would take to form a CID.

Again, they're legislatively enabled.

So, Henry County actually created its own local legislation in the very, very early days of CID legislation.

It dates back to 1985.

So, you have that local legislation in place, which allows CIDs to form both in unincorporated areas as well as in your cities.

It takes very specific metrics to form CIDs.

Again, they are self-imposed property taxes where the commercial property owners voluntarily come together.

They are not like another taxing mechanism where the government imposes the tax or creates the CID.

At least a simple majority of the number of property owners that are subject to the tax need to provide written consent.

This is where it takes the business community to come in, the commercial property owners.

That simple majority needs to own at least 75% of the assessed property value.

So, you definitely have to have a majority of ownership and value that comes to the table to form CIDs.

Once those metrics come to the table, the local government approves it through the tax commissioner's office.

It certifies the district.

And then that board caucuses and comes together and begins their activities.

Oh, and the board members set their own millage rate, which is the funding mechanism that brings dollars to the table.

Okay, so our effort looked at, took a particular approach to this study, and we used this approach throughout other clients as well.

We analyzed what's going on in the community through data and GIS.

So, we looked at the tax digest in this case, we looked at the 2024 approved tax digest, looked at your comp plan, zoning, state and local legislation.

We also did outreach to stakeholders in the area, both on the government side, the public sector side, from the city and the county level, as well as the commercial property owners as well.

So, we had about 25 stakeholders that provided their input into this endeavor, and we met with these people, both in person and virtually, through about 10 different meetings.

We created promotional materials, and we distributed letters to property owners in those two sub-area as well.

About 332 commercial property owners received letters.

All right, so these are the two sub-areas.

Again, I mentioned Eagles Landing and Jonesboro.

We did not the entire corridors of each, but we limited to areas that your planning department helped us identify.

The Eagles Landing sub-area is about 1,100 acres, about 1.8 square miles.

And the Jonesboro Road sub-area is 867 acres, or about 1.2 square miles.

Again, we wanted to focus on the commercial activity in those corridors, not the residential activity.

So, when we talked to the stakeholders, and we separated in meetings by particular corridors, we did try to tease out, what are the needs of you as an investor in this area, so that we could come up with common themes within each of the sub-areas

that would create a value proposition of what a CID could do.

Does a CID need to be proactive in terms of growth?

Does it need to be reactive in terms of growth?

These are the different types of things that we tried to call out.

But we found some commonalities between both sub-areas, and they're combined here on the slide.

So, road improvements and continuing to keep up with some of the growth in the area, repaving, access management, and things like that.

Pedestrian improvements.

There are some sidewalks along those corridors, but they could use a little bit of work as it relates to encouraging people to get out on foot.

So, pedestrian improvements was another common theme.

And then a cohesive design and beautification for the corridors.

So, if you're along the Jonesboro Road corridor, is there a cohesive design between the east side and the west side?

So, people can identify that.

Okay.

So, I'm going to break it down into each of the sub-areas now and get into the opportunity of CIDs.

Because we have to look at it from what is the land use and what are the potential revenue generations from there.

Because the land use is very important.

Again, if there's any residential on a parcel ID, it is excluded from the opportunity of being in a CID.

We also need to understand, is it an exempt property?

Does the government own it?
Or is it a hotel property?
So, we look at your digest from the land use.
And this is the Eagles Landing sub-area.
You can see that, well, there are about 500 parcels on here.
The cross-hatched ones are in the city of Stockbridge, just to identify those.
The ones that are not cross-hatched are in unincorporated Henry County.
The lighter blue is general commercial and the darker blue is industrial.
But those combined, those blue ones, are the CID-eligible properties that could join forces and create a CID.
Everything else in gray is not eligible to be part of a CID.
So, it's essentially two-thirds of the parcels are eligible to be part of CID as it relates to this particular sub-area that we drew.
And, again, this is based on the 2024 Tax Digest.
So, what does that mean as it relates to self-assessments and potential revenue generation coming in that sub-area?
CIDs have capped millage rates.
The state allows for 25 mils.
Your local act also allows for 25 mils.
But 25 mils is a very, very high amount.
Most CIDs operate with a 3 mil or 5 mil placement in terms of the funding that they bring in.
So, what I did for the report was to provide you an understanding of what 25 mils would bring in based on the 2024 Tax Digest,
but also what 3 mils and 5 mils would bring in.
Again, your future Tax Digests are going to generate different types of money.
And as the area grows and values increase with the properties, you're going to see increases in the revenue generation that a CID could bring in.
But based on the 2024 Tax Digest, at 3 mils, it would bring in \$685,000 a year, 5 mils in excess of \$1 million,
and 25 mils brings in more than \$5.5 million.
Now, big, big caution on this.
This assumes that all of those commercial properties are participating.
That is not going to be your realistic situation right off the bat.
Most CIDs start capturing some amount of the commercial property owners,
and then over time they have the other property owners join.
But this gives you the revenue potential for the self-assessments based on, you know, the top side of it.
So, Jonesboro Road, similar type of map.
Blues are eligible.
Grays are not.
You've got about three-quarters of the parcel, number of parcels, in the Jonesboro Road area that are eligible for CID,
that being general commercial and also industrial.
Again, based on the 2024 Tax Digest at 3 mils, \$363,000, which is about half the amount that Eagles Landing could bring to the table
based on the district lines that we drew, 5 mils, \$613,000, and 25 mils in excess of \$3 million.
Same caveat.
This assumes all of the commercial parcels are participating,
which is not likely going to be the initial scenario right out of the gate.
So, the evaluation and recommendations.
We don't have a clear yes or no right now, but I'm leaning that you have more opportunity in the Eagles Landing corridor.
The idea of that with Eagles Landing is that you've got decent stakeholder interest based on the groups that we spoke to.
Again, Henry County government, city of Stockbridge, as well as the commercial properties owners in the area.
You also have more density in the area, so it's easier to talk to people about what dollars can do when you bring them to the table
because you're talking about putting additional tax on them or them agreeing to an additional tax
so they understand what the growth opportunity and challenges are.
Higher CID revenues as well.
An excess of \$600,000 is a little bit better than an excess of \$300,000,
although I know a CID that started with about \$30,000,
and I know a CID that collects about \$12 million.
So, you know, it's a vast range of what you can do based on the conditions in the environment.
Jonesboro Road, you've got the Western Parallel Connector,
which is really brought to the table as being opportunistic by many of the stakeholders,

especially the developers and the growth opportunity there.

A little more lukewarm as it relates to Jonesboro.

Again, it's less dense, and folks were not seeing quite the need right now,

but I have to caution all of this with another statement that says that,

on average, it takes about four years to start a CID.

That's from when you first start talking to people to when you can legally activate it.

The length of time is because, again, you need to talk to people about what is the benefit of a CID to you, what would you do with it, what could it do for you.

So you're talking about getting them engaged and understanding of what the CID can do as a mechanism and having them agree to this additional property tax.

So it takes a series of years.

Again, Eagle's Landing, to me, having a little more opportunity than Jonesboro at this particular point.

Okay, so the recommendations.

You could target one corridor or both corridors, but keep the conversations going.

Again, it's a phased approach.

It starts with first education.

Then it becomes a little bit more strategic as it relates to transferring the idea of creating a CID, one from being a government-initiated idea to one where the property owners take on this responsibility themselves and then form the CID themselves.

Another idea is to broaden the study area boundaries that we were looking at, especially to pull in the Western parallel connector.

It does make a lot of sense to, when a CID has started,

to try to get as many parcels in as possible,

even if it doesn't have a lot of commercial activity on it right now,

knowing that that growth will come and that having them as early-in members will facilitate the capacity of the CID.

Another idea is to assess if the targeted corridor's growth is going to be more residential than commercial.

In all of our stakeholder conversations, there was a lot of talk about the residential growth coming in,

and some of the stakeholders brought to the table that the CID could pick up the needs of that residential growth.

I will caution you.

The developers that you are talking to as it relates to CIDs are probably not going to want to hear about the residential opportunity

because, again, multifamily does not pay into this.

So we have to create a value proposition for the CID, for the developers that are developing retail and hotel and office and those types of commercial products.

Another idea is that we did hear from folks that you've got some mixed-use development that's coming out of the ground, and that's terrific.

One thing that's important for CIDs,

is if ground-floor retail and upper-story residential are combined onto the same parcel ID,

because there's residential use on there, it renders that parcel ineligible to participate in a CID.

So I would suggest that you condo out the ground-floor retail from the upper-story residential.

And in our conversations with the tax commissioner and tax assessor,

they were open to that,

although they also indicated that that was not the approach being underway right now.

Another idea is to look at some of the development costs,

as Henry County's development costs as it relates to neighboring counties.

In one of our conversations with a developer who's also a property owner in the area,

the question came in terms of, well, if this is another tax that's in the area,

does that make Henry County, keep Henry County competitive from a tax base?

So doing an analysis that might answer that question right off the bat could be helpful

as it relates to understanding Henry's tax competitive environment

and how a CID might play into that as well.

Also, the final recommendation is CIDs are one particular type of mechanism

that can create public-private partnerships by bringing commercial property owners to the table,

but they're not the only one.

Everybody's familiar with tax allocation districts and special services districts

and all of those other types of items,

but there's another type of public-private partnership on the books,

which is a city business improvement district,

or commonly known as BIDs.

In Georgia, they also bring commercial property owners to the table,

but they also bring multifamily property owners to the table.

So you can then bring in that much more voice, advocacy, financial capacity to the table.

So they're operated slightly differently.

They sunset every five to ten years,

but they can also re-up based on an approved business plan.

The big difference is that CIDs can be formed in unincorporated areas

as well as municipal areas.

City business improvement districts in Georgia can only be formed in cities,

not in unincorporated areas.

So that is a limiting factor as it relates to that type of mechanism.

And I think that concludes my remarks.

Taylor and the rest of the team has the full report if you'd like to get your hands on that.

But I can answer any questions that you have right now

and just say thank you so much to the planning department and to your staff.

They were terrific to work with and very much enjoyed the project.

Yes, Commissioner Price.

I was just wondering, can any of the CID funds be used for exit ramp improvements or just the corridors?

Yeah, great question.

And the spirit of your question is something that I need to call out,

which is although CIDs bring commercial property owners,

the private sector's dollars to the table,

you can only spend them on public rights-of-way, not on private property.

So, yes, you can do roads, bridges, sidewalks, any type of public facility like that.

And also, I didn't get into it in this.

It was beyond my time limit.

But CIDs, the magic of CIDs, is that they bring money to the table,

but it's only considered seed money.

That money is then used to leverage other sources of funds.

So whether it's the state transportation infrastructure bank

or whether it's federal formula funds or discretionary funds

or county SPLOS funds or city funds,

the CID brings its dollar to the table,

and on average it leverages four extra dollars for every \$1 it brings to the table.

That's the real magic of what CIDs do

because when you're talking about a \$10, \$20, \$30, \$100 million work program,

you know, your million dollars in tax collections isn't going to do it.

It takes time and effort to build your funding stack through other grant programs

and then to go through the infrastructure development life cycle

to really make the improvements.

Yes, ma'am.

Did you have any questions on the CID?

No, ma'am.

Okay.

So what is the next steps?

So you've got a great analysis on the two sub-areas.

We could do some more digging into it to see what kind of appetite there is

to take one or both of those to the next steps.

I'm really going to defer to the planning department

in terms of how they'd like to handle the next steps.

If you'd like to tap into my experience, I'd be delighted to help you out.

But we are not at a point of going straight into any kind of formation campaign.

There's still a lot of education that needs to be had by the county at this point.

So you talked about the Eagles Landing Corridor.

A lot of that is in the city of Stockbridge.

So you talked about the BIS.

What is it that the cities can do?

City Business Improvement District, a BID.

Okay.

So could that be a collaboration between the city and the county, where the CID on the county side and on the other side, the city picks that up, but we do it jointly?

I would suggest that if that corridor is targeted,

I will say that in my conversations with city officials, they were very much open to the idea of a CID.

They saw the opportunity as an economic development tool.

I think that the conversations initially should focus on a CID.

And because you don't want, to your point,

you don't want your unincorporated areas to be excluded.

Your two mechanisms might theoretically work, but it also might be an administrative real difficulty.

Okay.

Just curious.

Commissioner Rums.

I just want to add to that, because even with the city of Stockbridge,

when I was on as the councilwoman, we started the research in 2017 for the Eagles Landing area.

So it would change over in different departments.

Now to have it here, somebody that can really focus and have our staff that could be able to follow up,

I think that's going to be a good thing, because it is a need there,

because it attracts tourism, because when people are getting off, you want to get off on a safe exit.

And normally beautification attracts that.

So we want to definitely make sure that we are now in a position to follow up,

and hopefully, prayerfully, we'll be able to move forward with this.

So thank you for your presentation, because it was well, you know, clear,

and, you know, so that way everyone can understand the importance that it can bring to our community.

So thank you.

Thank you for that.

And I think my final comment is I will congratulate you all for your efforts to pick up this idea, because it's easy to initiate the idea of a CID in a very densely populated area like downtown or in some of these other primary commercial centers.

The opportunity needs to be handled more on the government side in these outer areas,

because, again, you're talking about the need isn't so pressing.

You have to sell people on the opportunity of how a CID can help with their future property value and growth in their facilities operations.

So it's good that you have taken on the mantle, at least for step one.

I would suggest that it maintains with the government until it can be transitioned at a point where the developers and the property owners see enough value and take on the responsibility from there.

Thank you so much.

I appreciate the time.

So can we make sure that all of the commissioners get a copy of the presentation?

Taylor, what's the next steps then?

I'll make sure that everyone has a copy.

This is still in the preliminary stages of being exactly a study.

So the next steps we'll be able to communicate with you all on what's going to happen next.

Okay.

All right.

Great.

Thank you so much.