New Jersey Economic Development Authority
and
Council of Development Finance Agencies
Present
The Revenue Allocation District Financing Seminar

Combinations Make the Difference: Special Districts and Overlay Districts

Trenton, New Jersey
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S&Y STONE & YOUNGBERG

Combining tax increment financing with special district financing can make projects more feasible for both local governments and developers. Local governments receive projects that pay for the costs of public improvements. Developers receive revenues generated from a successful project to pay debt service which relieves the burden on the project and makes for a stronger development.

This session illustrates why this approach has become more prevalent, describing shifts in public policy, drawing on case studies from across the nation, and concluding with considerations for the future.

Case Study: Mission Bay South (San Francisco Redevelopment Agency)

PROJECT SUMMARY:

Bonds issued to fund backbone infrastructure for the long-awaited (and much-negotiated) development of San Francisco's neglected Mission Bay neighborhood.

Bond Total: $114,200,000 in 3 series (2001, 2002, 2005)

Location: San Francisco eastern waterfront, near AT&T Park

Acreage: 237 gross acres (62 taxable)

Project Peripherals:

- Mixed-use development on previous industrial site
- Designed as biotech and life sciences R&D/business center
- 550,000 sq. ft. UCSF biotech campus and 3.5 million sq. ft. office/commercial
- 50,000 sq. ft. retail/entertainment
- 3,090 units of MF housing

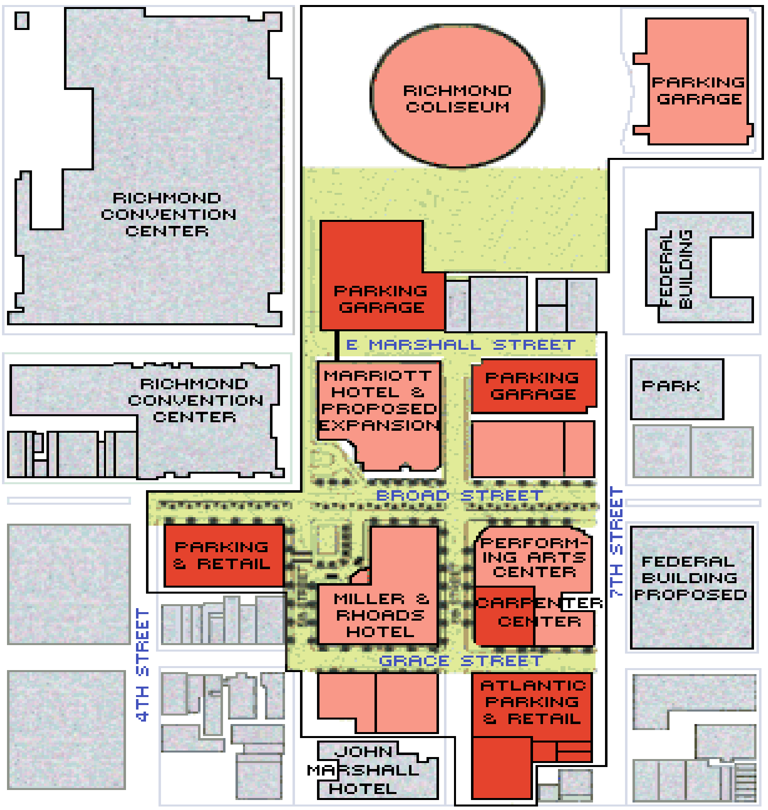
Features:

- Special tax levy: (1) developed for-sale residential property, (2) developed non-residential property, and (3) undeveloped property
- Potential for tax allocation bond takeout after sufficient rise in assessed value

Case Study: Broad Street (Richmond, Virginia)

PROJECT SUMMARY:

Broad Street is the centerpiece of a planned revitalization of the former retail center of downtown Richmond. Bonds issued to fund parking structures, streets, landscaping and other improvements.



Bond Total: $66,740,000 (2003)

Location: Downtown Richmond, Virginia

Project Peripherals:

- Mixed-use retail and commercial development
- Planned new hotel on site of closed hotel
- 630,000 sq. ft. Richmond Convention Center
- 290,000 sq. ft. New Federal Courthouse
- 3 parking garages and two surface parking lots providing 2,341 parking spaces

Features:

- Bond debt service repayment:
  - Parking revenues
  - Special assessments
  - Per ticket surcharges from Performing Arts Center and Richmond Coliseum
  - Annual contribution from City
- Trustee-held supplemental reserve

Case Study: The Farms of New Kent (New Kent, Virginia)

PROJECT SUMMARY:

Bond proceeds used to finance road, water and wastewater improvements for New Kent Vineyards, a 2,113 acre mixed-use development located in undeveloped county (2005 pop. 16,107) between Richmond and Williamsburg. Approximately $35 million of bond proceeds used to prepay developer sewer connection fees that will enable New Kent County to expand existing wastewater treatment plant earlier than would otherwise be the case without special district financing.

Bond Total: $85,666,000 (2006)
Series A, B and C

Location: 30 miles east of Richmond, Virginia

Acreage: 2,113 acres

Developers: Boddie-Noell Enterprises, Inc.
Republic Land Development LLC

Project Peripherals:

- Mixed-use development in undeveloped New Kent County
- 1,450 age-restricted units
- 300 residential estate lots
- 40 affordable residential units
- 830,000 sq. ft. of commercial
- Golf course, winery, working vineyards, polo complex, farmer's market with retail core

Features:

- Special Assessments
- Bonds subject to prepayment upon sale of residential lots to initial homebuyer

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Case Study: Upper Landing (St. Paul, Minnesota)

PROJECT SUMMARY:

Bonds issued primarily to develop previous industrial Superfund site on the Mississippi River to allow for residential construction. Bond proceeds used for environmental remediation, floodplain correction, the demolition of existing structures, the construction of water and sewer lines, streets, structured parking, building pilings and landscaping. Development is near completion.

Bond Total: $19,130,000 (2002)

Location: St. Paul, Minnesota

Acreage: 18 acres

Developer: Centex

Project Peripherals:

- Primarily residential development on previous industrial site
- 300 market rate rental units
- Up to 89 affordable housing units
- 210 owner-occupied condominiums
- 23,000 sq. ft. of commercial space

Features:

- Tax increment revenue
- Portion of construction funds escrowed or secured by LOC with release conditioned upon completion of the improvements and coverage test

Case Study: Arundel Mills and National Business Park Projects (Anne Arundel, Maryland)

PROJECT SUMMARY:

Anne Arundel County, Maryland enticed The Mills Corporation to build Arundel Mills (a shopping mall similar to Potomac Mills) without losing any existing tax revenues.

National Business Park – The County enticed Constellation Real Estate to build National Business Park, an officer complex catering primarily to National Security Firms working with the adjacent National Security Administration.

Bond Total: $42,000,000 (November 1999/June 2000)
$46,005,000 (April 2004)

Location: Anne Arundel County, Maryland

Project Peripherals:

- The County agreed to issue $28 Million of TIF Bonds for Arundel Mills to fund:
  - o Construction of a new interchange and other road improvements
  - o Construction of water and sewer lines
- The County agreed to issue $14 million of TIF Bonds for National Business Park primarily to fund access to the nearby Baltimore Washington Parkway.
- The two issues were the first to combine TIFs with special taxes.

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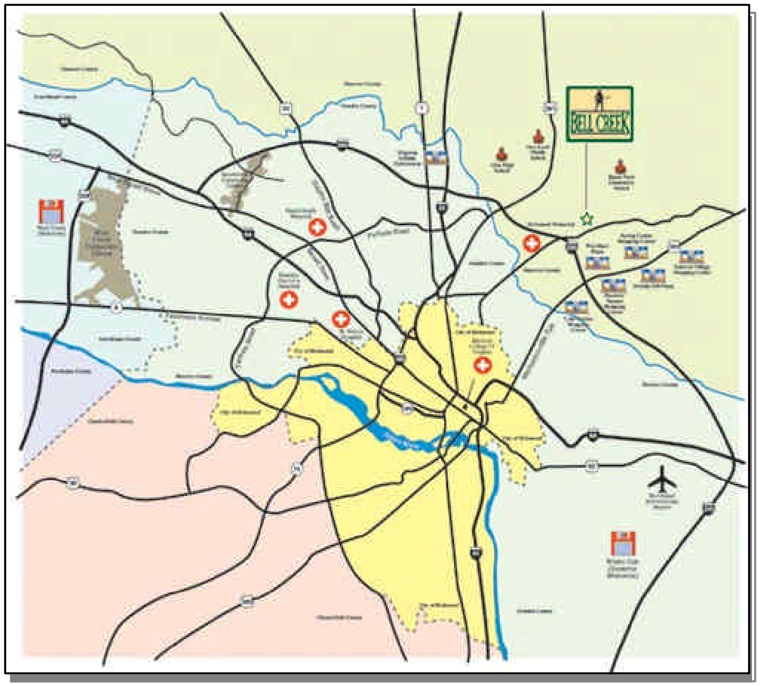
Case Study: Bell Creek (Hanover County, Virginia),

Project Summary:

Mixed-use development with approximately one-third of the land area developed for office and retail. The special tax district provided long-term, fixed rate financing, lower interest rates for capital, non-recourse financing with no subsidy required from Hanover County. The public-private partnership also provided utility service for 260 contiguous acres planned for business development, and expanded the County's tax base and increased employment opportunities while also preserving property that has unique significance in history.



Bond Total: $15,980,000 (2003)

Location: Northeast of Richmond, near I-295, I-95 and I-64

Acreage: 170 acres

Project Peripherals:

- 170 acres for business park and retail use
- Provided utility service to 260 contiguous acres planned for business development
- Recipient of a 2004 Achievement Award for the Nation Association of Counties for Creative Financing

Features:

- Bond debt service repayment:
  - Special assessments

Case Study: Park Place (Annapolis, Maryland)

PROJECT SUMMARY:

Mixed-use development near historic district of downtown Annapolis. Bonds issued to finance publicly owned portion of parking garage. Bonds structured with a pledge of tax increment revenues, parking revenues and a back-up special tax; Series B Bonds pre-payable from excess tax increment and net parking garage revenues.

Bond Total:	$25,000,000 (2004)
Location:	Annapolis, Maryland (near historic downtown)
Acreage:	11 acres
Project Peripherals:	▪ Westin 225-room luxury hotel ▪ 5-story Class "A" office building ▪ 166-unit residential condominiums ▪ Underground parking
Features:	▪ Tax increment revenues ▪ Net parking revenues ▪ City passed legislation to enable a back-up special tax to be levied to the extent that tax increment and parking garage revenues are insufficient to pay debt service

Case Study: Peninsula Town Center (Hampton, Virginia) (In Progress)

PROJECT SUMMARY:

During the past five to six years, Coliseum Mall has lost over 100 retail establishments while replacing approximately one half. The owner of the Mall proposes to demolish most of the existing structure and develop a commercial and residential town center designed with new urbanism planning principals.

Bond Total*: $90,000,000 (in progress)

Location: Hampton, Virginia

Project Peripherals*:

- Demolition of declining existing Mall which is currently City's largest taxpayer
- Redevelopment of approximately 900,000 sq. ft. of retail, restaurant, entertainment, office and residential space

Features*:

- Incremental real estate, sales, meals and amusement taxes
- Special ad valorem real estate tax
- Back-up special assessment
- City will receive approximately 50% of incremental tax revenues

*Preliminary, subject to change.

Questions?

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