City of Norcross

Downtown Norcross Redevelopment Plan

Tax Allocation District #1 – City Center East

February, 2015

(DRAFT)

Prepared for:

the City of Norcross, GA

NORCROSS
a place to imagine

Prepared by:

BleaklyAdvisoryGroup

TABLE OF CONTENTS

Table of Contents **2**

Executive Summary **4**
The Opportunity and Vision 4
Key Challenges 5
The Goal 6

Introduction **13**
Geographic Boundaries (A) 15
How Residents in Norcross and Gwinnett County will Benefit 18
Overview of Tax Allocation Districts 18

Proposal **20**
Grounds for Exercise of Redevelopment Powers (B) **20**
Why the Downtown Norcross Redevelopment Area Qualifies as a Redevelopment Area 21
Market Conditions 24
Plan Vision and Goal 30
Proposed Land Uses after Redevelopment (C) 33

Proposed Redevelopment Projects (D) **35**

Contractual Relationships (E) **41**

Relocation Plans (F) **41**

Zoning & Land Use Compatibility (G) **42**

Method of Financing / Proposed Public Investments (H) **48**
TAD Potential of Downtown Norcross Projects 48
Proposed Public Investments 52
Assessed Valuation for TAD (I) **53**

Historic Property within Boundaries of TAD (J) **54**

Creation & Termination Dates for TAD (K) **54**

Tax Allocation Increment Base (M) **54**
Property Taxes for Computing Tax Allocation Increments (N) **55**

Tax Allocation Bond Issues (O, P, Q) 55
Amount of Bond Issue 55
Term of the Bond Issue or Issues 55
Rate of Bond Issue 55
Positive Tax Allocation Increments 56
Property to be Pledged for Payment of the Bonds 56

School System Impact Analysis (R) 57
The Current Value of the Proposed TAD Verses the Gwinnett Schools Tax Digest 57
Proposed Redevelopment in Norcross TAD #1 58
The Location of School Facilities within the Redevelopment Area 59
An Estimate of Educational Special Purpose Local Option (ESPLOST) Sales Taxes and Incremental Business Personal Property Taxes Projected from TAD Development 59
Conclusion Regarding School District Impacts 60

Summary Conclusion: Potential Benefits of Creating TAD #1 - City Center East 61

Appendices 63
Appendix A. Downtown Norcross TAD #1 Boundary Map (L) 64
Appendix C. Norcross Mayor and City Council 66
Appendix D. Gwinnett County Board of Commissioners and County Administrator 67
Appendix E. Gwinnett County School Board and Superintendent of Schools 67

* Headings followed by a letter in parenthesis [e.g. (A)] denote information required per Georgia Code Chapter 36, Title 44.

EXECUTIVE SUMMARY

This Redevelopment Plan (the Plan) has been prepared for the City of Norcross for the purpose of creating Tax Allocation District #1 – City Center East. This report presents the justification, rationale, boundaries, fiscal data and proposed projects which could result from the establishment of TAD #1. This Redevelopment Plan was prepared in conformance with the provisions of the Georgia Redevelopment Powers Law (O.C.G.A. Title 36 Chapter 44) which governs the creation of the Tax Allocation Districts (TADs) in the state. Leadership in the preparation of this plan was provided by the City of Norcross.

The general boundaries, goals, development opportunities and proposed public improvements, as well as the broad economic/market forces impacting the Redevelopment Area as a whole, were reported in the City of Norcross Town Center Plan: 2011 Livable Centers Initiative Update (the Town Center Plan), prepared by Pond & Company and completed in August of 2012. (That Plan was also an update of a 2001 study of the same area.) The goals of the 2011 Town Center Plan focused on transforming a 560-acre area (the LCI Study Area), "encompassing the historic downtown, surrounding neighborhoods, and commercial centers on Buford Highway" extending from Jimmy Carter Boulevard to Langford Road. This same study area, or portions of the study area have also been the subject of several other prior studies and redevelopment initiatives, including the creation of a "Redevelopment Overlay District" and designation of Buford Highway parcels as an "Opportunity Zone." The Town Center Plan, as well as earlier studies referenced in that Plan, have been extensively relied upon to provide the economic justification, rationale and related background data that is necessary to designate this Redevelopment Area and TAD.

Although Norcross is committed to improving the entire study area identified in the Town Center Plan, economic realities dictate that early phase priorities and actions should be concentrated on a much smaller geographic area which offers realistic, near-term opportunities for redevelopment. Therefore, this Redevelopment Plan focuses on certifying a Tax Allocation District which covers only a small, 27.7-acre portion of the Redevelopment Area and leaves open the option to create one or more additional TAD's if warranted in the future. This Plan also identifies a list of redevelopment projects with nearer term potential and defines desired uses of TAD proceeds that would result from implementing those projects. The Redevelopment Plan concludes with a "School District Impact Analysis," which is a statutory requirement of the Redevelopment Powers Law.

THE OPPORTUNITY AND VISION

The 2011 Norcross Town Center Plan proposed a strategy to direct new mixed-use development to the Study Area by implementing a series of transportation and pedestrian amenity improvements, investments in public parks and open space, catalyst projects, zoning/regulatory changes and related strategies. The City of

Norcross has invested substantial funds and effort to create a shared vision for its future, committing significant planning and other resources toward the revitalization of its historic downtown. That effort has included construction of Lillian Webb Park, building a new municipal complex and assembling multiple parcels for eventual redevelopment. The City's future challenge is to leverage those already completed improvements to attract new private investment and create a density of population and economic activity that is necessary to support a commercially successful downtown.

The City's vision for the LCI Study Area calls for the introduction of a mix of land uses and development densities which do not exist in the area today. TAD #1 will help to leverage higher property tax collections within an area that is substantially under-performing in terms of current value and generation of tax revenues. The housing, retail and commercial redevelopment proposed for the tax allocation district will substantially increase the existing property tax digest. This revenue increase will be captured through the TAD mechanism to incentivize redevelopment and help finance parking decks, stormwater detention and possibly other needed infrastructure improvements, at no additional cost to Norcross taxpayers.

The Norcross Town Center Plan promotes mixed use development, which combines various components of housing (including mixed income housing), office, and retail, to enhance the study area and offer a clear guide for redevelopment. Development of several key catalyst projects in the Employment Center and in the Historic Downtown will stimulate growth and drive investment in the area.

The plan recommendations offer flexibility and long-term economic viability. Combined with alternative transportation solutions, including an expanded bicycle and pedestrian network and traffic calming measures, and urban design recommendations, this plan supports economic diversity and creates a place in Norcross's Town Center where individuals can live, work, and socialize. Section 5: Recommendations consists of redevelopment guides for each focus area and specific recommended projects and policies.

***Exhibit 1**: Recommendations Summary – Norcross Town Center Plan*

KEY CHALLENGES

***Exhibit 2**: Lillian Webb Park and partial view of adjacent redevelopment sites.*

Historic areas like Downtown Norcross, often suffer from surrounding development patterns, inadequate transportation facilities and antiquated infrastructure which do not support new development of a quality or character desired by the City and its residents. Several challenges facing the City were outlined in the Town Center Plan. Among the most important were: (1) a relatively small population and existing housing inventory surrounding the downtown; (2)

the presence of aging, lower-valued commercial and light industrial space located along the Buford Highway Corridor; (3) above-average office and industrial vacancy rates, reflecting in part the age and condition of those facilities; and (4) the need to implement parking management, streetscape, traffic calming and pedestrian improvements in the downtown area.

THE GOAL

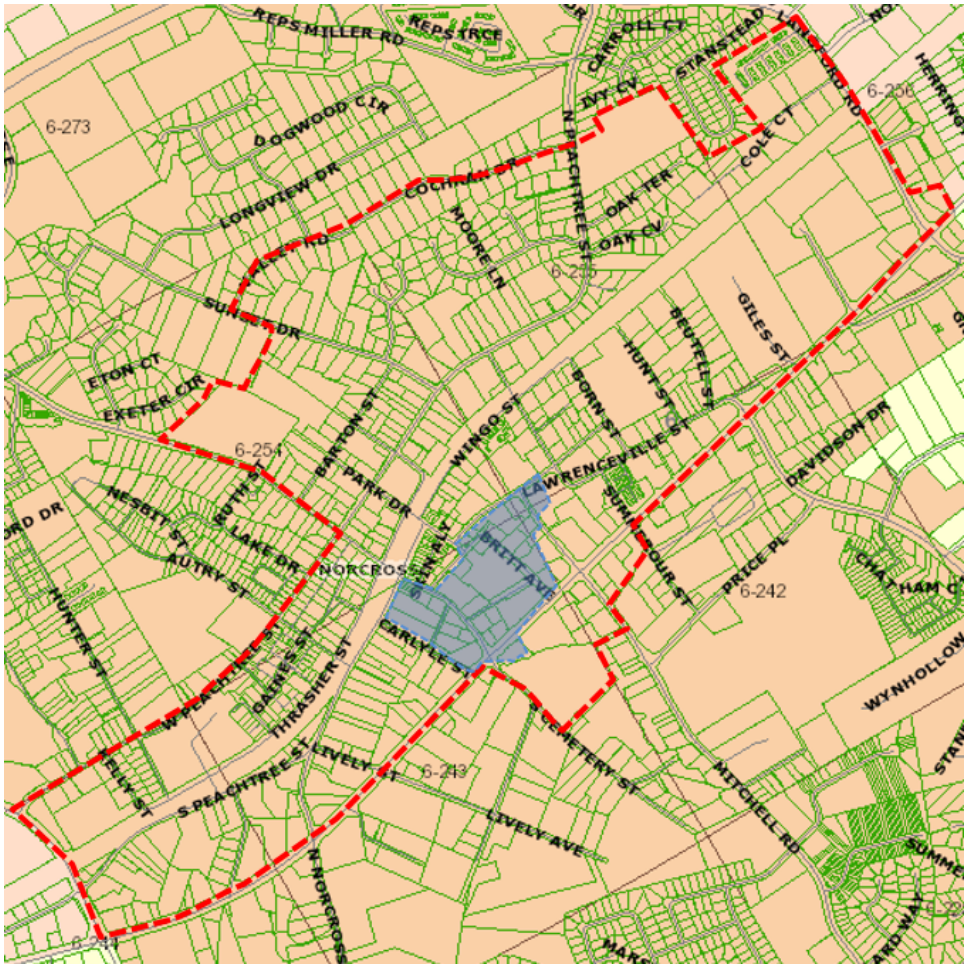
***Exhibit 3**: Norcross Town Center Plan concept drawing showing redevelopment opportunities surrounding Lillian Webb Park*

The creation of Norcross TAD Number 1, to be known as City Center East, will allow the City to encourage private investment on key City/DDA owned parcels. This new development will further enhance and expand the City's established, historic commercial district. In addition, the TAD will leverage private investment to provide public funds needed to further improve downtown infrastructure. In particular, TAD funds will be used to offset the cost of building parking structures and expand stormwater detention capacity to service the higher density, higher valued development advocated in the Town Center Plan.

DOWNTOWN NORCROSS TAD BOUNDARY

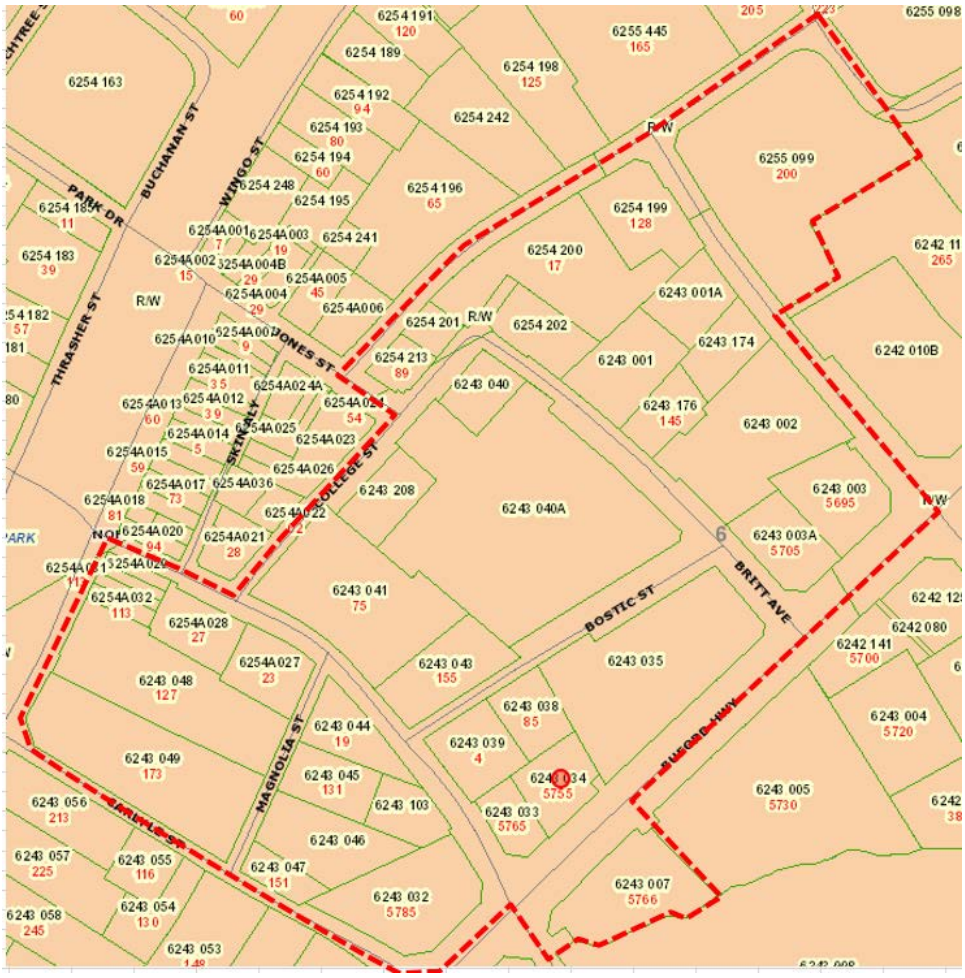
The boundaries of the proposed Redevelopment Area and the approximate boundaries of Tax Allocation District #1 are shown on Map 1. The boundaries of the Redevelopment Area are consistent with the 2011 Town Center Plan LCI Study Area, except for the addition of a small area that crosses Buford Highway to the Southeast of downtown. That added geography is part of the City's "Tier 3" Redevelopment Overlay District and was included for that reason. As shown, the proposed City Center East TAD covers only a small portion of the Redevelopment Area. The TAD is primarily located along the Northeasterly side of Buford Highway and is generally bounded by Carlyle Street, Holcomb Bridge Road, Lawrenceville Street and Mitchell Road. The one TAD parcel located on the Southeast side of Buford Highway is undeveloped and has been proposed as a possible stormwater detention site to service new development that would surround Lillian Webb Park. The balance of the TAD is generally identified within the City as "downtown" Norcross and includes the Park, most of the downtown area's existing commercial buildings and several parcels that have been acquired by the City and its Downtown Development Authority (DDA) for redevelopment purposes.

Map 1: Approximate Boundaries of the Proposed Downtown Norcross Redevelopment Area and Proposed TAD #1 – City Center East (Shaded)



An enlarged view of the proposed TAD, which identifies individual parcels within the district, is shown on Map 2 on the next page. The proposed TAD#1 contains only 38 tax parcels covering 27.65 acres. Of that number, 18 parcels and 13.1 acres are either owned by the City of Norcross, its DDA or by other tax exempt entities. The remaining 20 privately owned, taxable parcels cover 14.5 acres and contain 110,700 SF of existing buildings. These private properties have a total current value of roughly $7.5 million according to Gwinnett County Assessment Department records. This taxable real estate value averages to just under $520,000 per acre and only $68/SF of developed building space. Neither of these averages would be considered indicative of a thriving central business district. These low existing average values also explain the City's desire to attract new, higher-density development to its historic downtown.

Map 2: Tax Parcels and Boundaries
Proposed Norcross TAD Number 1 – City Center East



Additional characteristics of TAD #1 are summarized in Table 1:

Table 1: Norcross Tax Allocation District #1 - City Center East Parcel Information*

Parcels	38
Acreage**	27.65
2014 Appraised (Full Market) Value (includes tax exempt property)	$12,641,700
2014 Taxable (Digest) Value	$3,014,800
City of Norcross Tax Digest Value	$669,022,050
TAD Taxable Value as a % of City's Taxable Value	0.451%

*These value estimates are subject to verification by the Gwinnett County Assessor.
**Acreage totals are from "legal acreage" column as reported from Gwinnett County GIS data.

POTENTIAL REDEVELOPMENT PROJECTS

The City has initially identified five potential redevelopment projects within TAD #1. These projects include major investments on assembled City/DDA parcels, private projects on privately owned redevelopment sites and smaller-scale infill projects in existing under-valued areas. These projects collectively represent the vision for the future of Downtown Norcross as a mixed-use, mid-density center that will provide new residential units in the heart of downtown, plus new development opportunities for retail, office, lodging, dining and entertainment uses. These project areas are identified on Map 3.

Map 3: Potential Redevelopment Project Locations

Project 1: Parkside Norcross
Project 2: Lawrenceville Street & Mitchell Road Hotel Site
Project 3: Conversion of Existing Extended Stay Hotel Site
Project 4: Holcomb Bridge Road Retail Infill
Project 5: Holcomb Bridge Road and Carlyle Street Mixed Use

TOTAL DEVELOPMENT POTENTIAL

If these 5 project areas are developed as forecast, BAG estimates that they could support a total of approximately 450 residential apartments plus potential senior housing. These sites could also support roughly 205,000 SF of retail, commercial and lodging space, plus 15,000 SF of office space at build out. These project areas currently have a total market value of $5.6 million but a taxable digest (40%) value of less than $1.7 million, due to the fact that most of the properties are currently owned by the City or its DDA. At build-out, these same areas could have a realistic market value of nearly $91.8 million and add more than $35.0 million (net) to the City's taxable digest. This represents a near 21-fold increase in the taxable value of the existing properties and a 15-fold increase in the value of the entire TAD #1. BAG forecasts that these development projects would take approximately 7 years to construct and become fully taxable by 2022. This information is outlined in Table 2.

Table 2: Norcross TAD #1 – City Center East Potential Redevelopment Sites

Acreage (of identified Redevelopment sites)	14.09
Current Full Market Value	$5,642,700
Potential Redevelopment	
Residential Units (Rental Housing)	450
Average Full Market Value/Unit	$125,600
Commercial S.F.	220,000
Average Full Market Value/SF	$160.30
Total Full Market Value at Completion	$91,791,296
Total Taxable Digest at Completion	$36,716,519
Net New Taxable Value	$35,033,679

Source: Developers, City of Norcross and BAG

POTENTIAL TAD FUNDING

As noted above, completion of the above projects would increase the City of Norcross's tax digest by more than $35.0 million over current levels. Should all three taxing jurisdictions commit their M&O millage to the TAD, the above forecast could produce more than $1.38 million in annual property tax increments from taxes on real estate by 2022. (The balance of real estate tax collections would continue to be used for general fund purposes.)

This growth in tax increments could support potential bond revenues of $9.8 million (net after issuance costs and reserves) for investment in redevelopment projects and additional public improvements. (This estimate assumes that the City will offer to rebate a portion County and School District increments, totaling $12.4 million over 30 years.) Should the Gwinnett County Public Schools refuse consent to the TAD, the amount of net TAD bond proceeds the City could invest in redevelopment projects, is reduced to roughly $6.0 million.

POTENTIAL INVESTMENTS OF TAD PROCEEDS

There are several public improvements, infrastructure projects and development incentives which TAD funds could be used to support. However, the City's intent is to use the vast majority of TAD proceeds to construct parking decks and a shared stormwater detention facility for new downtown development projects. These investments of TAD proceeds are necessary to facilitate higher density redevelopment within the TAD. Table 3 provides a list of potential uses for TAD proceeds as defined by the City of Norcross:

Table 3: Potential Uses of Estimated Future Proceeds
TAD #1 - City Center East

	Potential Expenditure	Estimated Allocation	Total Funds: Without School District	Total Funds: With School District
1	Stormwater Detention Improvements	20%	$ 1,210,000	$ 1,960,000
2	Parking Decks	75%	$ 4,537,500	$ 7,350,000
3	Site Demolition and Misc. Investments	5%	$ 302,500	$ 490,000
	TOTAL Estimated TAD Funding:	**100%**	**$ 6,050,000**	**$ 9,800,000**

SCHOOL DISTRICT IMPACTS

Potential gains to the Gwinnett County Public Schools from participating in the proposed TAD should be marginally positive due to the future growth in its tax digest and ESPLOST revenues, with minimal impact on the demand for school services. The fiscal and economic impacts to Gwinnett County Public Schools from participating in the City's TAD#1 – Downtown Norcross are summarized as follows:

- The proposed TAD will affect the future appreciation of 0.012% (one one-hundredth of one percent) of the School's taxable digest. All current property taxes ($59,700/year) will continue to go to the school system—only increases above the current amount are pledged to the TAD.
- The redevelopment area will potentially attract 1,000 new residents and 120 school children at build out, achieved after several years of construction. This represents an addition of 0.069% to the total 2014 enrollment of the Gwinnett County Public Schools.
- There are no existing or planned Gwinnett County Public School facilities located inside the TAD boundary.
- Proposed redevelopment projects could generate an additional $142,000 in annual ESPLOST funds from new residents and businesses during years in which the E-SPLOST is in effect, an amount approaching current property taxes collected within the TAD boundary.

- The School District could also receive $244,400 per year in incremental revenue from increased business personal property taxes associated with new retail, commercial and office development within the proposed TAD.

More detailed findings are provided in the full report.

INTRODUCTION

This Redevelopment Plan (the Plan) has been prepared for the City of Norcross for the purpose of creating Tax Allocation District #1 – City Center East. This report presents the justification, rationale, boundaries, fiscal data and proposed projects which could result from the establishment of TAD #1. This Redevelopment Plan was prepared in conformance with the provisions of the Georgia Redevelopment Powers Law (O.C.G.A. Title 36 Chapter 44) which governs the creation of the Tax Allocation Districts (TADs) in the state, including a "School District Impact Analysis," which is a statutory requirement. Leadership in the preparation of this plan was provided by the City of Norcross.

THE VISION

The Norcross Town Center Downtown Plan envisions a unique, compelling destination that dynamically ties to greater Norcross, connects Norcross to the region, and embraces its history while providing a forward-thinking, socially engaging, inclusive, economically and environmentally sustainable place to live, work and visit.

Exhibit 4: Vision Statement, Norcross Town Center LCI Plan 10-Year Update, p. 57.

"Downtown" Norcross and the Buford Highway Corridor have been the subjects of extensive prior planning which was instrumental in justifying the boundaries, goals, strategies and specific projects contained in this Redevelopment Plan. The community's vision for Downtown began to take shape in 2001 when the Atlanta Regional Commission awarded the City a planning grant through its Livable Centers Initiative (LCI) program. The original 2001 LCI Plan was later updated in 2011. The City of Norcross Town Center Plan: 2011 Livable Centers Initiative Update (the Town Center Plan) was prepared by Pond & Company and completed in August of 2012.

The 2011 Town Center Plan focused on transforming a 560-acre area (the LCI Study Area), "encompassing the historic downtown, surrounding neighborhoods, and commercial centers on Buford Highway" extending from Jimmy Carter Boulevard to Langford Road. This same study area, or portions of the study area, have also been the subject of other prior studies and economic development initiatives, including the creation of a "Redevelopment Overlay District" and designating the length of Buford Highway and other nearby industrial parcels as an "Opportunity Zone." The Town Center Plan, as well as six earlier studies referenced in that Plan, are relied upon to provide the economic justification, rationale and related background data that is necessary to designate this Redevelopment Area and TAD.

Exhibit 5: Norcross Opportunity Zone Boundaries (shaded in green) The approximate TAD #1 boundaries are shown in blue.

The Town Center Plan identified three primary goals related to land use, transportation connections and community identity. These goals generally called for making the Study Area a "destination" for higher-quality and higher-density development, more diverse employment opportunities and a broader mix of housing options. This was supported by a related goal to improve transportation, circulation and amenities for pedestrians. The third core goal centered upon creating an "expanded identity" for downtown by pursuing quality architectural design, public spaces, cultural amenities and related improvements.

The Town Center Plan also addressed seven "focus areas" where specific investments and policies were proposed to achieve the Plan's overall goals. These focus areas included in-town residential neighborhoods, industrial and commercial employment nodes located along Buford Highway and "Historic Downtown Norcross" itself. Specific Plan goals related to the downtown area included (1) creating opportunities for mixed-use environments, (2) strengthening Norcross' identity, (3) connecting downtown to Buford Highway and (4) pursuing "critical mass" with retail and residential development. Since 2011 the City has successfully implemented several recommendations for the downtown focus area, including completing improvements to "Skin Alley" and College Street, making pedestrian, streetscape and signage improvements throughout downtown and acquiring potential redevelopment sites around Lillian Webb Park

Including Lillian Webb Park, the City and its DDA have assembled and currently own more than 11.3 acres within the proposed TAD #1. Excluding park land and existing public buildings, the City retains several parcels totaling in excess of 7 acres, which could be offered to the private sector for redevelopment purposes. After making substantial progress toward implementing the public components of the Town Center Plan, the City's remaining challenge is to leverage these successes to accomplish the redevelopment of assembled sites and remaining under-utilized buildings that are privately owned. The City also needs additional financial

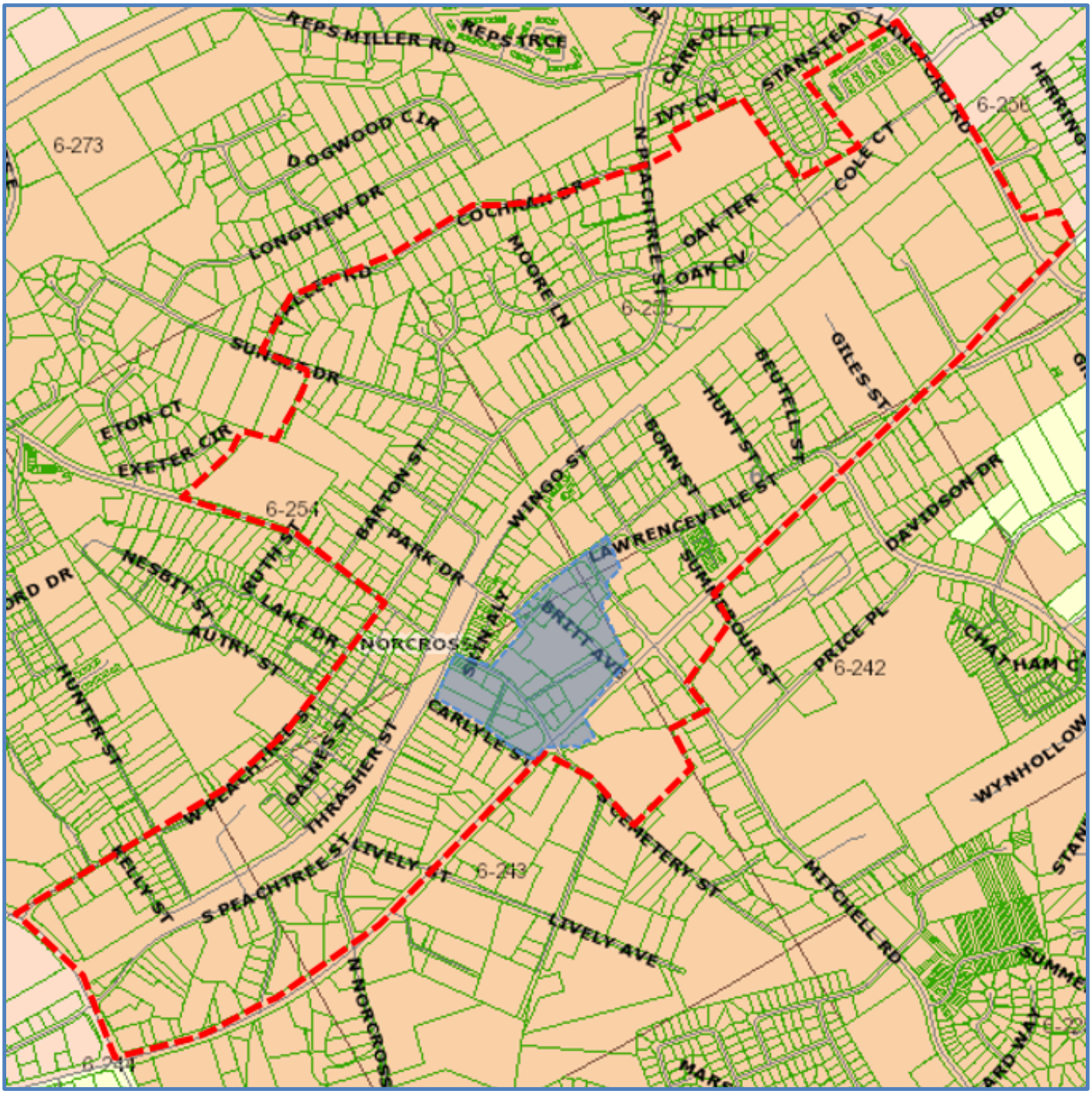
resources to help remove financial barriers and achieve the high-density, mixed-use development needed to make downtown a true destination. The primary financial challenges to accommodating new mixed-use development relate to providing adequate parking facilities and stormwater infrastructure to service higher density living.

Although Norcross remains committed to improving the entire study area identified in the Town Center Plan, economic realities dictate that early phase priorities and actions should concentrate on a much smaller geographic area which offers realistic, near-term opportunities for redevelopment. Therefore, the Redevelopment Plan focuses on certifying a Tax Allocation District which covers only 27.7-acres of the Redevelopment Area, leaving open the option to create one or more additional TAD's under this same Plan if warranted in the future. This Redevelopment Plan also limits the list of redevelopment projects to those with nearer term potential, and confines uses of TAD proceeds to purposes that would help to implement those specific projects. If additional TADs are proposed in the future, other projects and uses of TAD proceeds will be added to this Plan.

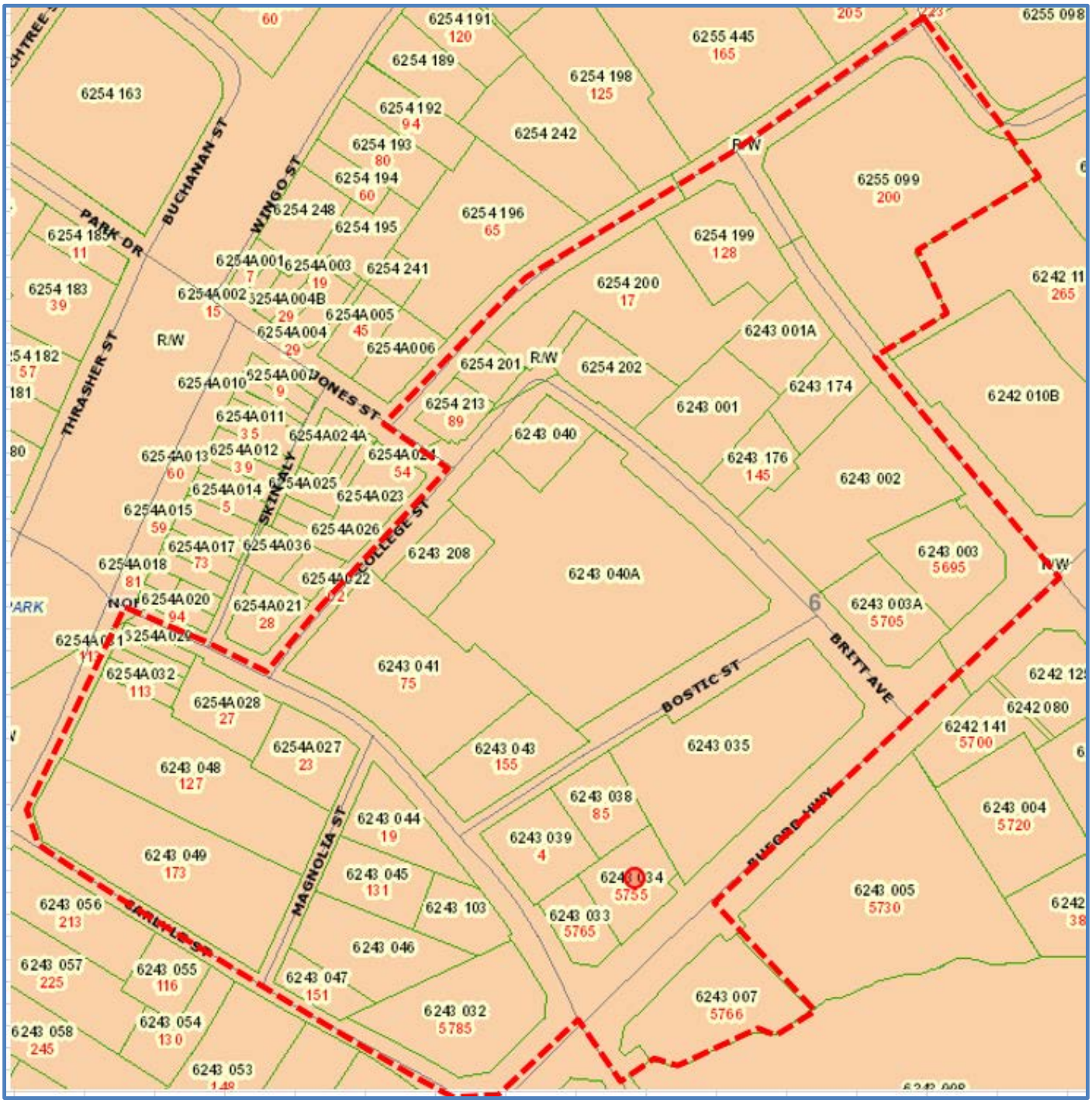
GEOGRAPHIC BOUNDARIES (A)

The Redevelopment Area and boundaries of Norcross Tax Allocation District Number 1: City Center East are illustrated in Map 4 shown on the next page. (This is followed by an enlarged Map 5, which shows the TAD boundaries only.) The boundaries of the Redevelopment Area are consistent with the 2011 Town Center Plan LCI Study Area, except for the addition of 9 tax parcels located on the Southeast side of Buford Highway, adjacent to downtown. That added geography is part of the City's "Tier 3" Redevelopment Overlay District and was included for that reason. The proposed City Center East TAD covers less than 5% of the total Redevelopment Area. The TAD is primarily located along the Northeasterly side of Buford Highway and is generally bounded by Carlyle Street, Holcomb Bridge Road, Lawrenceville Street and Mitchell Road. The one TAD parcel located on the Southeast side of Buford Highway is undeveloped and has been proposed as a possible stormwater detention site to service new development that would surround Lillian Webb Park. The balance of the TAD is generally identified within the City as "downtown" Norcross and includes the Park, most of the downtown area's existing commercial buildings and several parcels that have been acquired by the City and its Downtown Development Authority for redevelopment purposes.

Map 4: Downtown Norcross Redevelopment Area and TAD #1 Boundary Map (L)
(TAD #1 Parcels are shaded in Blue)



Map 5: Norcross Tax Allocation District #1 – City Center East (L)



How Residents in Norcross and Gwinnett County will Benefit

Benefits to the City and County from completing projects within TAD #1 include:

- Achieving the "destination development" character for downtown desired by City residents, by increasing shopping, dining, arts, entertainment and cultural activities;
- Strengthening the area's future economic viability by introducing greater diversity and density of housing, commercial space and employment;
- Providing adequate parking to support increased density;
- Increasing resident demand for retail goods and services, creating opportunities for existing and new local businesses;
- Attracting nearly $91.8 million in new private capital investment in currently under-utilized and under-valued property; and
- Generating substantial new annual revenues from property taxes on real estate and commercial personal property, sales taxes and business licenses.

Overview of Tax Allocation Districts

Tax allocation districts are Georgia's version of tax increment financing. Tax increment financing is a redevelopment funding mechanism that reinvests the future taxes from real estate development back into a project either (a) directly, as an incentive to attract new private investment into an area or (b) indirectly by paying for public improvements that could not be absorbed as a private development cost. As described by the Council of Development Finance Agencies. (www.cdfa.net), TIF was created and first used in California in 1952. Hundreds of TIF districts have helped spur urban redevelopment in cities across the country. Today, all 50 states and the District of Columbia use tax increment financing in some form.

In 1985, the Georgia General Assembly authorized formation of Georgia's form of tax increment financing called Tax Allocation Districts (TADs). The purpose of a Georgia tax allocation district is similar to tax increment financing in any other state. A TAD allows increased property taxes generated by new development within the designated district to be used to finance costs related to the development, such as public infrastructure, land acquisition, relocation, demolition, parking structures, utilities, debt service and planning costs. Other allows uses of "TAD proceeds" include:

- Sewer expansion and repair
- Storm drainage
- Street construction and expansion
- Water supply improvements
- Park improvements
- Bridge construction and repair

- Curb and sidewalk work
- Grading and earthwork
- Traffic control

Cities and counties throughout Georgia have created TADs to stimulate major new construction and renovation or rehabilitation in underdeveloped or blighted areas. Nearly 80 Georgia cities and counties have either created or are considering establishing TADs in their communities. There were also 10 existing TAD's in Gwinnett County as of the end 2014. A TAD offers local governments the opportunity to promote worthwhile redevelopment projects that would otherwise not be financially viable, or are located in areas which would otherwise be unattractive to private investment.

Prior to the last Recession in 2008 and 2009, other Georgia tax allocation districts such as Atlantic Station (Midtown Atlanta) and Camp Creek Marketplace (East Point), demonstrated the economic benefits which TADs can generate. These benefits include:

- **A stronger economic base—**Private development that would not have occurred without the TAD designation is attracted by this incentive.
- **The halo effect—**Several Georgia TADs have generated significant new investment in areas surrounding the TAD as well as within the tax allocation districts, further expanding the positive economic impact.
- **No impact on current tax revenues—**Redevelopment is effectively promoted without tapping into existing general governmental revenues or levying special assessments on property owners.
- **Expanded local tax base—**By stimulating economic activity TAD's expand the local tax digest, additional retail sales, and as a result, SPLOST revenues.
- **It is self-financing—**TADs are self-financing, since they are funded by the increased tax revenues from new development within the district.
- **High leverage—**Typically TAD funds represent between 5-15% of project costs, leveraging 7-20 times their value in private investment.

In summary, a tax allocation district is a financing mechanism that can be used to pay for public infrastructure or reduce private development costs, to make an underutilized area attractive to private investment and development, at no additional cost to local taxpayers. Establishing a TAD does not create a tax increase for either the community or property owners within the District. Nor does a TAD reduce tax revenues to the community, below levels which existed at the time the District was certified. In many cases, TADs can <u>increase</u> general fund revenues from new business personal property taxes, sales taxes, hotel/motel taxes, business license fees and other revenues which are not pledged for redevelopment purposes and would not otherwise occur.

BENEFITS OF TAD #1 - DOWNTOWN NORCROSS

Norcross was among several Metro-Atlanta cities which considered creating Tax Allocation Districts near the peak of the last real estate cycle, only to see those

efforts stall due to employment losses during the Great Recession, the credit crisis which followed, the resulting decline in housing demand and falling regional real estate values. A Redevelopment Plan for Downtown Norcross was prepared by McKenna Long & Aldridge, LLP in August of 2008. That Redevelopment Plan proposed creating a downtown TAD involving 101 parcels covering more than 97 acres. That proposed TAD had a 2008 base digest value of more than $20.2 million and envisioned a development potential of more than 1,700 new housing units and 1.1 million SF of commercial space at build out, increasing the City's taxable digest by more than $169 million.

But as real estate market conditions rapidly deteriorated over the latter half of 2008 and legal challenges temporarily stalled the Georgia Redevelopment Powers Law, the City abandoned its effort to secure County and School District consent. No redevelopment costs were ever incurred and the City dissolved the original TAD shortly after its creation. However, the City did not abandon its efforts to enhance Downtown Norcross, continuing to make property acquisitions, adopt more supportive land use regulations, create economic development incentives, complete construction of supportive public amenities and generally improve the area's attractiveness for private investment.

As real estate values have stabilized and the region now appears to be in a real estate recovery, creation of TAD #1 is designed to provide added financial incentives to realize the City's vision for its historic downtown, as expressed in the 2011 Town Center Plan. At the same time, this proposed TAD will impact a much smaller geography and is based upon much more modest expectations than the original 2008 effort. If successful, TAD #1 will help to defray the cost of building parking structures and stormwater detention facilities. These financial resources will help to make the types of higher-density, mixed-use redevelopment called for in City's vision statement financially feasible. Therefore, this TAD is a highly appropriate and consistent use of tax increment financing authorized in Georgia's Redevelopment Powers Law.

PROPOSAL

Through the creation of Norcross TAD #1 – City Center East, Norcross is supporting new opportunities for revitalization by implementing the Town Center Plan.

GROUNDS FOR EXERCISE OF REDEVELOPMENT POWERS (B)

Tax Allocation Districts are authorized in Georgia under the Redevelopment Powers Law, O.C.G.A. Title 36, Chapter 44. In 2009, the Redevelopment Powers Law was amended again, with the following definition of a "redevelopment area".

> *'Redevelopment area' means an urbanized area as determined by current data from the US Bureau of the Census or an area presently served by sewer that qualifies as a 'blighted or distressed area, a 'deteriorating area,' or an 'area with inadequate infrastructure' as follows:*

(A) A 'blighted or distressed area' is an area that is experiencing one of more conditions of blight as evidenced by:

(i) The presence of structures, buildings, or improvements that by reason of dilapidation; deterioration; age; obsolescence; inadequate provision for ventilation, light, air, sanitation, or open space; overcrowding; conditions which endanger life or property by fire or other causes; or any combination of such factors, are conducive to ill health, transmission of disease, infant mortality, high unemployment, juvenile delinquency, or crime and are detrimental to the public health, safety, morals, or welfare;
(ii) The presence of a predominant number of substandard, vacant, deteriorated, or deteriorating structures, the predominance of a defective or inadequate street layout, or transportation facilities; or faulty lot layout in relation to size, accessibility, or usefulness;
(iii) Evidence of pervasive poverty, defined as being greater than 10 percent of the population in the area as determined by current data from the U.S. Bureau of the Census, and an unemployment rate that is 10 percent higher than the state average;
(iv) Adverse effects of airport or transportation related noise or environmental contamination or degradation or other adverse environmental factors that the political subdivision has determined to be impairing the redevelopment of the area; or
(v) The existence of conditions through any combination of the foregoing that substantially impair the sound growth of the community and retard the provision of housing accommodations or employment opportunities;

(B) A 'deteriorating area' is an area that is experiencing physical or economic decline or stagnation as evidenced by two or more of the following:

(i) The presence of a substantial number of structures or buildings that are 40 years old or older and have no historic significance;
(ii) High commercial or residential vacancies compared to the political subdivision as a whole;
(iii) The predominance of structures or buildings of relatively low value compared to the value of structures or buildings in the surrounding vicinity or significantly slower growth in the property tax digest than is occurring in the political subdivision as a whole;
(iv) Declining or stagnant rents or sales prices compared to the political subdivision as a whole;
(v) In areas where housing exists at present or is determined by the political subdivision to be appropriate after redevelopment, there exists a shortage of safe, decent housing that is not substandard and that is affordable for persons of low and moderate income;
(vi) Deteriorating or inadequate utility, transportation, or transit infrastructure; and

(C) An 'area with inadequate infrastructure' means an area characterized by:

(i) Deteriorating or inadequate parking, roadways, bridges, pedestrian access, or public transportation or transit facilities incapable of handling the volume of traffic into or through the area, either at present or following redevelopment; or
(ii) Deteriorating or inadequate utility infrastructure either at present or following redevelopment.

-Georgia Redevelopment Powers Law

WHY THE DOWNTOWN NORCROSS REDEVELOPMENT AREA QUALIFIES AS A REDEVELOPMENT AREA

The City of Norcross has the authority to exercise all redevelopment and other powers authorized or granted municipalities pursuant to the Redevelopment Powers Law, as now or hereafter amended by virtue of a successful City voter referendum. The following section addresses how the proposed redevelopment area qualifies as meeting the conditions described in O.C.G.A. Section 36-44-3

subsections A, B and C presented above. It should be noted that these conditions are not necessarily present in the smaller TAD #1, due in large part to City actions already taken and public investments already completed over the past several years. TAD#1 is envisioned as a catalyst to start the first phase of new economic activity that will eventually spread to other portions of the redevelopment area where the following conditions are more prevalent:

- A (i, ii); B (i, ii, iii, iv) – Much of Buford Highway extending through the redevelopment area was developed in the 1970's and 1980's as first generation commercial and light industrial development, with large amounts of surface parking. The Town Center Plans calls for transforming several nodes within the redevelopment area into revitalized mixed-use, commercial or employment nodes, anchored by the City's historic downtown. Much of the existing developed commercial and industrial property along Buford Highway is economically underutilized, as evidenced by high vacancy rates at the time the 2011 plan was prepared. The value of existing development per acre or per SF of building area is also comparatively low. Even within the TAD, which includes the bulk of the City's historic downtown building stock, the taxable full market value of existing buildings averages only $68/SF (including land), which is likely to be well below replacement cost. Therefore, current conditions within much of the redevelopment area are less desirable than its potential as defined in the City's vision statement.

- B (v) – Although most existing housing in the redevelopment area is in good condition and average household incomes are higher than the surrounding region, more than 70% of existing housing is single-family and owner occupied. The Town Center Plan noted the need for more rental housing, a greater variety of "life cycle" housing options to attract people in different stages of life, and higher density housing to support commercial demand. TAD #1 is the most viable location to meet these housing objectives in the short term.

- C (i) – The proposed redevelopment area has inadequate roadways to handle current and future traffic flow which will result from the redevelopment of the area as a mixed-use activity center. The City has been working to address those deficiencies over the past several years. The primary transportation infrastructure deficiency within TAD #1 is insufficient parking to service mixed-use development.

- C (ii) – Portions of the proposed redevelopment area have inadequate sewer and water infrastructure to support higher-density redevelopment. Within TAD #1 there is a need to construct a centralized stormwater detention facility with the capacity to service multiple developments. Absent of a centralized facility, the cost of collecting stormwater runoff on site would make the redevelopment of several downtown parcels cost prohibitive.

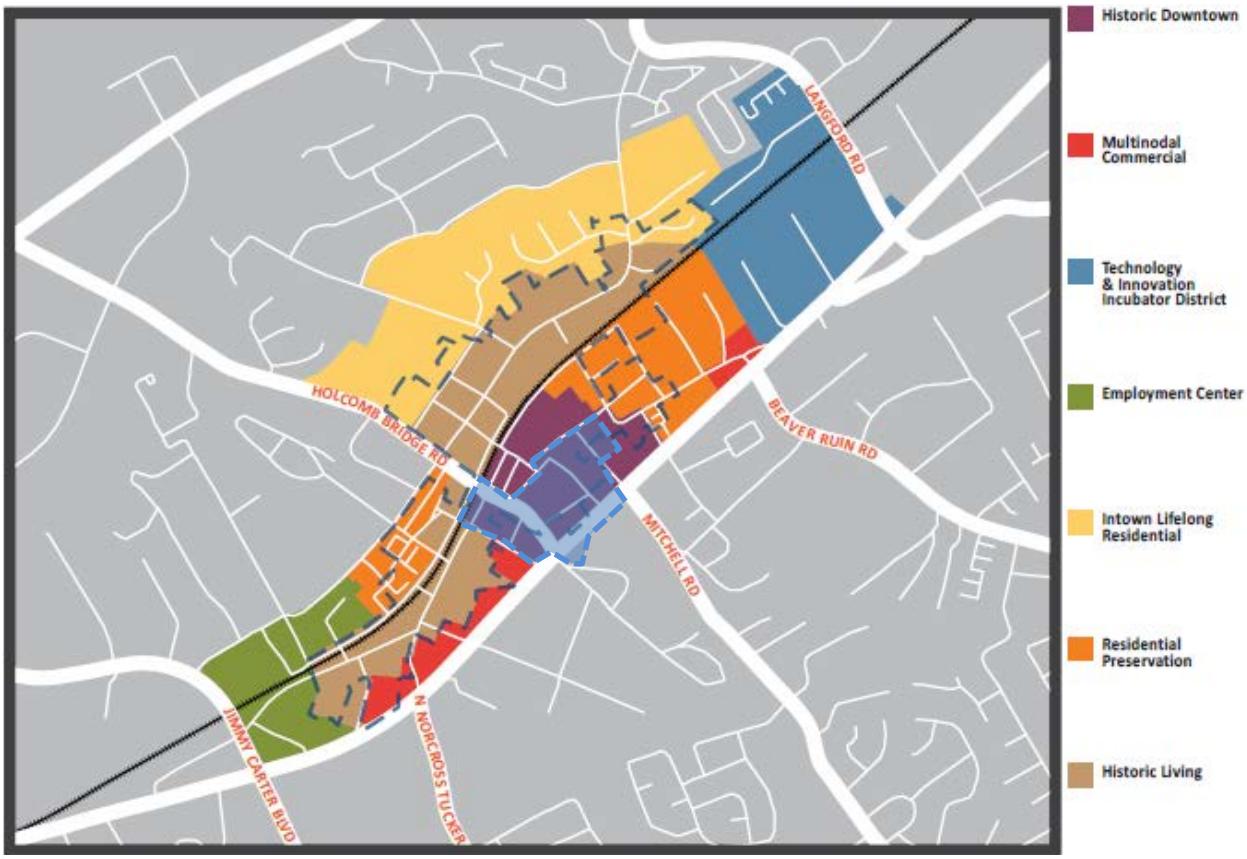


Exhibit 7: Identified Focus Areas/Development Nodes – Norcross Town Center LCI Plan. Approximate TAD #1 boundaries are shaded in blue.

In summary, Norcross envisions its downtown as a higher-density, mixed-use node which combines residential, retail, office and public uses. Creation of TAD #1 represents an essential building block to support the ongoing revitalization of this historic business district, consistent with the community's vision. If successful, the growth catalyst represented by a revitalized and growing downtown is expected to make nearby commercial corridors more viable economically and create opportunities to form additional TADs and make comparable improvements to other sections of the redevelopment area. Absent the TAD, the City of Norcross lacks alternative financial resources to finance structured parking and build stormwater infrastructure, which are essential to drawing private investment to the City's core.

When the Town Center LCI Plan was prepared in 2011 and adopted in 2012, several trends and demographic characteristics existed at that time, which provided evidence to conclude that that the Study Area also qualifies as a Redevelopment Area under criteria established by the Redevelopment Powers Law. These conditions have not significantly improved since that time and remain valid today. Relevant sections from the Town Center Plan, as well as additional demographic analysis prepared by BAG, appear in the following section.

MARKET CONDITIONS

As previously noted, the boundaries of the Redevelopment Area emulate those of the "LCI Study Area," which was addressed in the Town Center Plan. According to that report, the 560-acre LCI Study Area contained at that time, 52% of the City's retail space inventory, 24% of its office space and 32% of its existing industrial space. City-wide vacancy rates in each of those markets in 2011 were 12% (retail), 23% (office) and 14% (industrial) respectively. From information presented in the report, BAG estimated that the LCI Study Area contained 3.75 million SF of retail, commercial, office and industrial space of which 472,000 SF was vacant in 2011. The Study Area also contained 37% of the City's total non-residential space inventory of 10.24 million SF and 30% of City-wide vacancy. Prevailing rents in the area were also lower than the larger surrounding market, due primarily to the age and condition of properties located along Buford Highway.

In terms of population and housing, the LCI Study Area was found to have a slightly older, better educated and more affluent population than both the City and County as a whole. The existing housing stock was also higher valued on average, due in large part to the concentration of owner occupied and single-family detached units located in those residential neighborhoods which bordered Downtown Norcross. Those neighborhoods were included in the Study Area not because of poverty or blight, but because of their historic character and the City's desire to protect and better connect them to Downtown Norcross.

Identified demographic issues within the Study Area were related to the lack of housing diversity to serve a broader mix of households across all life cycles, as well as inadequate population density to support trade and service businesses. With an estimated 2010 Study Area population of only 1,300, increasing that population was proposed as a necessary redevelopment strategy to help create additional consumer demand, address nonresidential vacancy and achieve the City's goals for a commercially successful town center. Because nearly all of the Study Area's residential land inventory is already developed, expanding the local population requires the assembly and redevelopment of sites to higher density and mixed-use. The boundaries of Historic Downtown Norcross, consistent with proposed TAD #1, was identified as the logical catalyst location to implement that strategy.

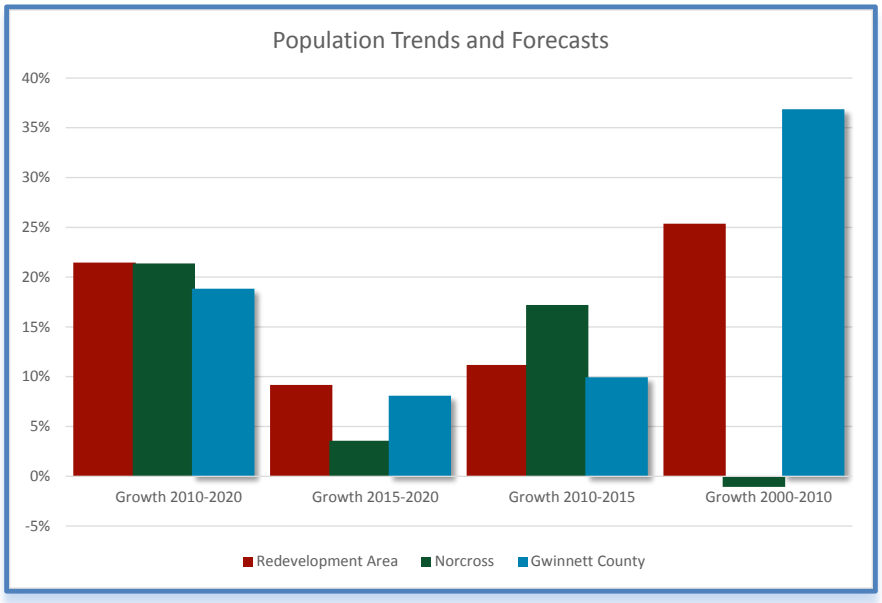
Relevant characteristics of the Redevelopment Area are summarized in the following paragraphs.

- **Norcross has experienced significantly slower population growth than Gwinnett County as a whole over the past decade.**[1] From 2000 to 2010, the population of the City of Norcross actually declined by 1%, while Gwinnett County's population expanded by nearly 217,000 (37%). The population of the Redevelopment Area grew faster than the City as a whole (25%), but was still below the County average. While the percentage change was larger than the

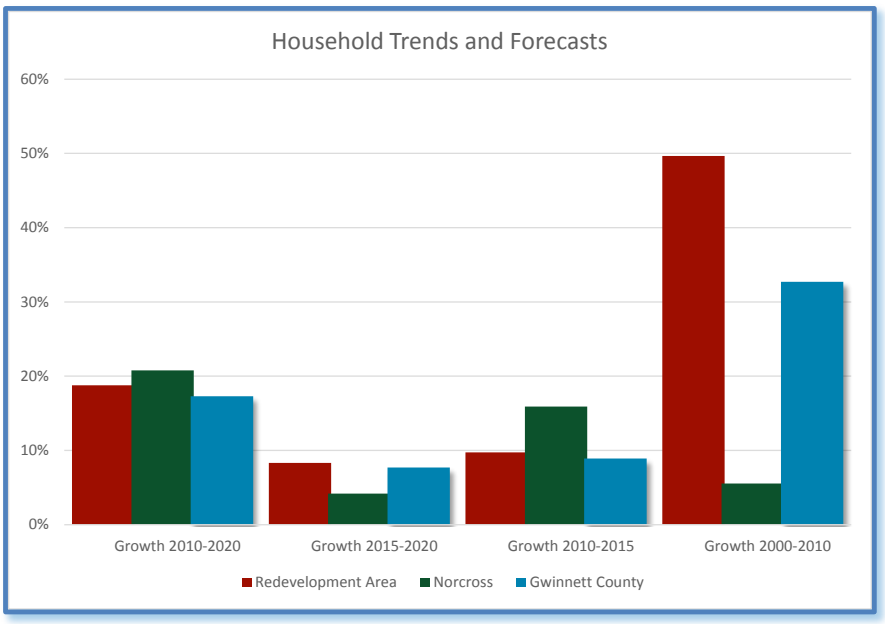
[1] Data reported in this section was obtained from the Nielson Company (Pop-Facts Demographic Snapshot 2015 Report) and CoStar.

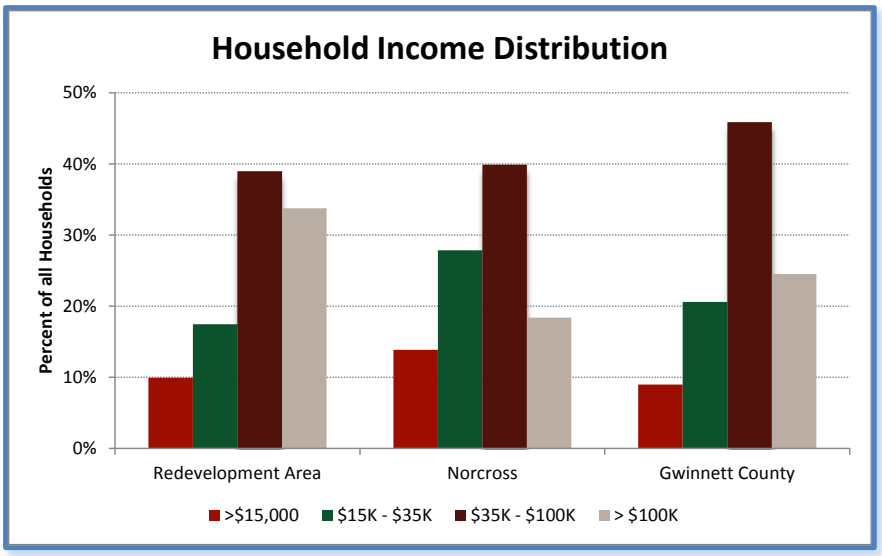
City average, the Redevelopment Area population remained small, totaling only 1,338 in 20l0. Despite encompassing the economic and historical center of Norcross, the Redevelopment Area contained only 15% of the City's population in 2010, far below the community's objectives as articulated in the Town Center Plan.

Since 2010, the City's population is estimated to have rebounded and grown by 17%, while population growth in the County and Redevelopment Area have slowed in comparison to the previous decade. Population growth over the next five years is forecast to increase significantly, with the Redevelopment Area, City and County all growing at similar rates. However, given that the Redevelopment Area is nearly built out, achieving forecasted growth rates will require the types of mixed-use redevelopment projects recommended in the Town Center Plan.



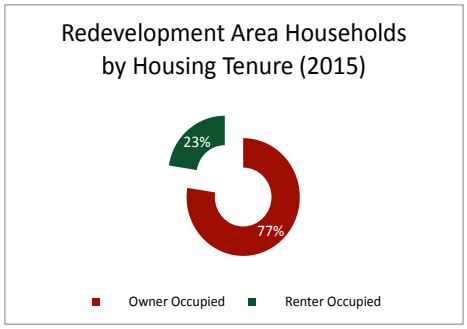
- **Household change has been similar to population.** From 2000 to 2010, Norcross added a net of only 160 households. All of that growth appeared to concentrate in the Redevelopment Area and the addition of households was not sufficient to offset City-wide population losses caused by shrinking average household sizes. The very small number of household formations in Norcross is striking, given that the number of households in Gwinnett County increased by more than 66,000 over the same period. Since 2010 the Redevelopment Area has captured only 11% of the new households added to the City. Absent of a successful redevelopment effort, household formations are projected to slow even further in percentage terms over the next five-years.

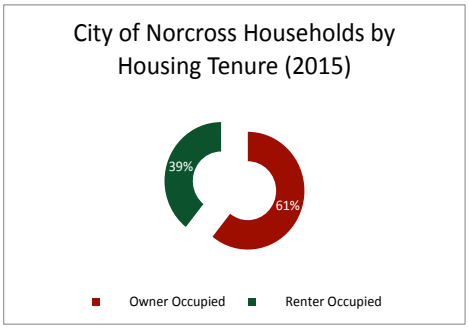


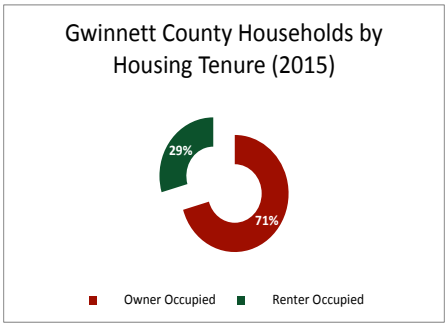


- **Household Incomes – Norcross household incomes are comparatively low.** As was noted in the Town Center Plan, the Redevelopment Area's population is older, better educated and modestly more affluent than Gwinnett County as a whole. However, the estimated median household income within the City of Norcross ($43,264) is well below Gwinnett County ($58,652) and the Redevelopment Area ($65,737). At the same time, it is estimated that only 18% of all Norcross households currently earn incomes above $100,000 per year, compared to 34% for the Redevelopment Area and 25.0% of households in Gwinnett County. Part of the reason for this skewed income distribution is the fact that only 23% of Redevelopment Area households are renters compared to 39% for the entire City. The Town Center Study Area also intentionally included certain higher-valued historic neighborhoods for their architectural significance, in order to preserve those neighborhoods from negative encroachment. One

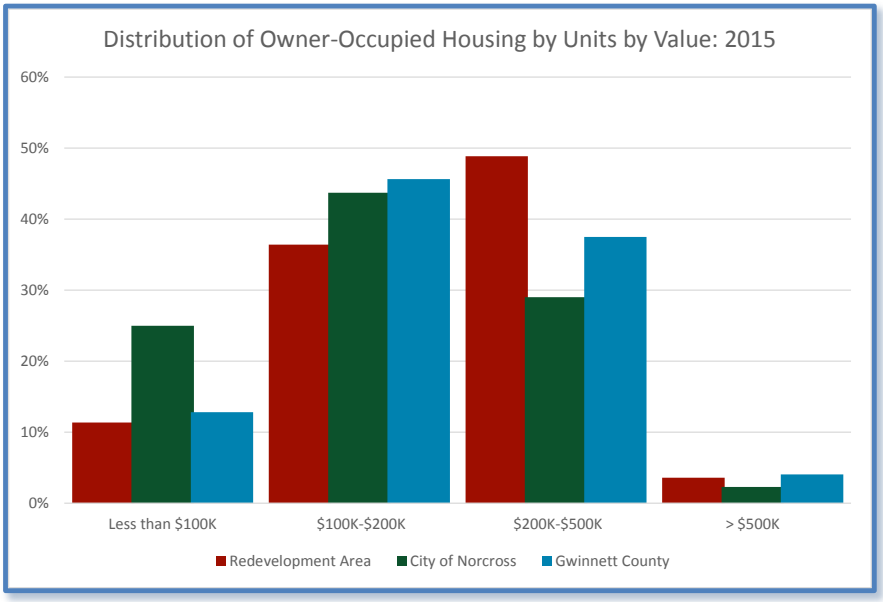
of the City's major goals articulated in this Redevelopment Plan is to broaden the range of future housing options to accommodate renters and attract a wider age and income distribution of households living in Downtown Norcross.





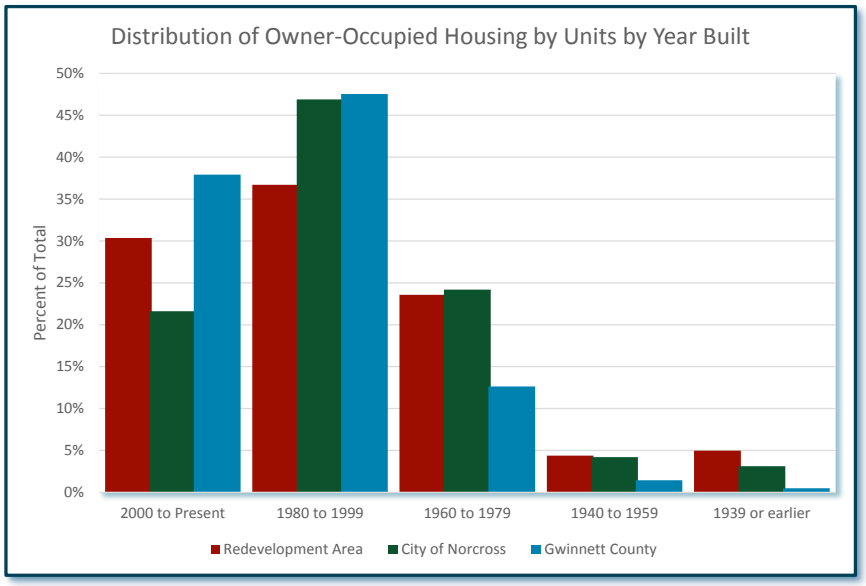


- **Housing Value – Owner-Occupied housing in the City of Norcross is lower valued than Gwinnett County.** Within the City of Norcross, the current (2015) median value of owner-occupied housing was estimated at $147,727, or 81% of the median value of for-sale housing in Gwinnett County ($183,334). For reasons noted above, the value of owner occupied housing in the Redevelopment Area is significantly higher at $207,264. Residential property values with the Redevelopment Area, City and County have not yet fully recovered from recessionary losses which began in 2008. Another of the City's major goals articulated supported by this Redevelopment Plan, is to introduce higher-density housing options to Downtown Norcross, which are affordable to a broader segment of the population.



- **Housing Age – The City's housing stock in significantly older than Gwinnett County.** The median age or year built of all housing in Norcross is 1986, a full 10 years older than the median for Gwinnett County (1996). The median age of housing in the Redevelopment Area (1990) is also older than the County as a

whole. The Redevelopment Area also has a slightly larger concentration of units built prior to 1960 (9%) than the City (7%) or the County (less than 1%). The objective of the Redevelopment Plan is not to address the age or condition of existing housing, which is generally well maintained and high-valued, but to increase the amount, variety and affordability of new housing units available in Downtown Norcross.



- **Existing Commercial Inventory – Retail, industrial and office space in the Redevelopment Area and Norcross Sub-Market are not performing as well as Gwinnett County as a whole.** BAG compared the inventory of retail, industrial and office space located along that section of the Buford Highway corridor which lies within the Redevelopment Area, against similar data for the Norcross market and the County as a whole. This comparison relies on the use of CoStar data, which only covers space that is available for lease or sublease. (Owner occupied buildings are excluded.) Comparative data for Norcross is also a Sub-market definition provided by Co-Star and is not confined to property located within the City limits.

  The data are presented in Table 4 and show that both retail and industrial space inventories within the Redevelopment Area have higher vacancy rates and lower rents that the nearby City- and County-wide markets. The Redevelopment Area also has a comparatively smaller office space inventory and much lower office vacancy, yet local office rents are still lower than the comparative markets. This is likely to be due to the fact that the local space inventory is significantly older and less functional than the larger surrounding market.

Table 4: Non-Residential Market Inventory

	Buford Highway Corridor	Norcross Sub-Market [1]	Gwinnett County
Retail Space			
Total S.F.	651,000	6,165,070	59,326,927
Vacant S.F.	63,093	563,702	5,057,615
% Vacant	9.70%	9.10%	8.50%
Average Rent (nnn)	$12.11	$12.73	$12.52
Maximum Vacancy[2]	15.9%(Q2 2009)	10.8%(Q1 2009)	11.4%(Q4 2009)
Industrial/Warehousing/Flex Space			
Total S.F.	1,033,748	44,072,608	128,755,948
Vacant S.F.	14,670	4,434,592	11,156,421
% Vacant	14.20%	10.10%	8.70%
Average Rent (nnn)	$2.50	$4.80	$4.42
Maximum Vacancy[2]	21.5%(Q2 2011)	16.6%(Q3 2010)	14.1%(Q3 2010)
Office Space			
Total S.F.	304,146	10,635,634	5,974,834
Vacant S.F.	28,738	2,674,635	6,155,772
% Vacant	9.50%	25.10%	18.30%
Average Rent (fs)	$12.90	$14.89	$15.72
Maximum Vacancy[2]	13.3%(Q4 2013)	25.1%(Q4 2014)	19.6%(Q2 2011)

Notes:
[1] The Norcross Sub-Market is geography identified by CoStar and is not contiguous to the City Limits.
[2] Maximum recorded vacancy rate over the past 10 years and the Quarter in which that vacancy occurred.

Source: Co/Star

- **Development Density and Tax Revenues – The proposed TAD #1 is substantially under-performing in terms of its economic value and contribution of property tax revenues to the City, County and School District.** Because of the large number of parcels involved, BAG did not pull property tax records for all properties in the 560-acre Redevelopment Area. We concentrated instead on the acreage and tax parcels located within the proposed TAD #1. Even though it encompasses the historic center of Norcross and is one of the most densely developed sections of the City, the taxable digest within TAD #1 averages only $109,000 per acre. The TAD as a whole is estimated to generate less than $112,700 per year in combined City, County and School District property taxes on real estate, generating average tax revenues of only $4,075 per acre. This area is clearly under-performing its economic/fiscal potential as defined in Section (D) above, including: *(ix) the predominance buildings of relatively low value and slower growth in the property tax digest than is occurring in the political subdivision as a whole and (x) stagnant rents or sales prices.*

SUMMARY OF MARKET CONDITIONS RELATING TO THE QUALIFICATION AS A REDEVELOPMENT AREA

In summary, designation of the Redevelopment Area is justified based on the following conditions. The boundaries of the proposed TAD #1 are sufficient to accommodate near-term development opportunities in the immediate vicinity of Lillian Webb Park, but are not intended to correct all of these identified deficiencies. Successful implementation of projects identified within TAD #1, which impacts less than 5% of the area, is expected to have a positive impact on nearby development nodes. Future opportunities to correct the following deficiencies which impact the Redevelopment Area as a whole, will be addressed by implementing other projects and perhaps creating one or more future TADs as needed.

- The Redevelopment Area has a comparatively small housing inventory and an estimated household population of only 1,300 in 2010. Although there is a population of more than 327,000 living within 6 miles of Downtown Norcross, commercial uses suffer from the lack of close-in population to support demand. The Redevelopment Area has substantially under-performed the County as a whole in terms of population and household growth.
- The Redevelopment Area lacks a diversity of housing types and price ranges to attract households across a spectrum of ages and life cycles.
- Retail and light industrial space in the Redevelopment Area is comparatively older and is characterized by above-market vacancy rates and below-market rents.
- Existing infrastructure, particularly parking, is inadequate to support new, higher-density development envisioned for properties located in TAD #1.
- Existing properties located within TAD #1 generate average tax revenues of only $4,075 per acre in combined City, County and School District property taxes on real estate. The area is substantially under-valued and under-performing compared to what would be considered typical of an economically "healthy" downtown, and falls far short of the City's vision for the area.

PLAN VISION AND GOAL

The vision of the Norcross Town Center Plan is to revitalize the City core and aging commercial corridors into "a compelling destination" that "embraces its history while providing a forward-thinking, socially engaging, inclusive, economically and environmentally sustainable place to live, work and visit." From the Vision statement, three primary goals were outlined to guide the development of the concept plan and establish a framework for policies, programs, recommendations, and priorities. The goals and selected relevant recommendations related to land use, transportation and identity and are summarized as follows:

LAND USE

"Facilitate destination development, create opportunities for employment diversity and provide a variety of housing choices (type and price point) throughout all stages of life to promote redevelopment and economic growth throughout the study area. Development will be high quality, with attractive architectural styles and integrity of building materials.

The new plan will put into place the "critical mass" necessary to support a diverse retail environment."

Relevant Land Use Objectives, Policies and Recommendations which are supported by this Redevelopment Plan include:

Exhibit 6: Conceptual Downtown "Key Catalyst Projects" identified in the 2011 Town Center LCI Plan.

- Utilize land within the Historic Downtown for higher density, mixed-use development.
- Encourage a wide variety of housing types within the study area, including high quality rentals, senior housing and workforce living options.
- Encourage mixed use development downtown surrounding Lillian Webb Park, to provide a variety of retail and office services to meet daily needs.
- Examine parking requirements for all uses and develop a downtown parking management strategy to promote compact infill while providing adequate, but not excessive, parking.
- Modify the Comprehensive Plan to allow for structures greater than two stories in downtown Norcross.
- Modify zoning ordinance on parcels within the Historic Downtown and Employment Center Focus Areas to be required to incorporate a percentage of plaza/greenspace with new development. It is recommended that this space be deeded to the city as public space.
- The Plan proposed seven (7) catalyst projects within the Historic Downtown, which included an area similar to TAD #1, "in order to spur additional development downtown and throughout the rest of the study area." The Plan recommended that "the initial catalyst project should be the completion of Skin Alley including the rehabilitation of the Alley itself, acquisition of parcels for the creation of public parking and Plaza." This recommendation has been implemented.

CIRCULATION / CONNECTIONS

"Expand safe, efficient, and continuous networks of bicycle and pedestrian facilities both within the study area and connected to the rest of Norcross and to destinations

within the region for improved health of the community... Provide adequate and convenient parking throughout the study area."

Transportation Objectives, Policies and Recommendations contained in the Town Center Plan are largely being funded by other sources and should not require allocations of TAD proceeds. Those recommendations which are relevant and will support this Redevelopment Plan include:

- Expand walkability in Downtown with connections to surrounding residential neighborhoods.
- Extend the bicycle network from downtown to surrounding neighborhoods and make connections to the regional bicycle network.
- Enhance pedestrian and bicycle connections to and across Buford Highway.
- Introduce traffic calming measures at identified key locations.
- Make automobile and pedestrian enhancements to identified rail crossings.

IDENTITY

"Expand the identity of the "downtown" throughout the study area through quality architecture and design cohesiveness of streetscapes; continue enhancements of the study area aesthetically through strategies that promote consistency, beautification, and safety; and provide enhanced signage throughout the study area to identify cultural amenities and destinations (i.e. shopping, parks, etc.), identify parking, and display relative distances to destinations."

Relevant Objectives, Policies and Recommendations which are supported by this Redevelopment Plan include:

- Continue to expand and improve the downtown streetscape by combining brick paver crosswalks and hardscape features with small planted areas and planter boxes.
- Connect nearby schools with pedestrian and bicycle facilities to enable travel to and from schools via pedestrian and bicycle modes.
- Identified the boundaries of downtown through construction of additional gateway monuments.
- Strengthen identity and wayfinding within the study area, include branding, signage, street light banners, maps and directional signage for a more cohesive aesthetic.
- Promote public art throughout the public realm of the study area
  Continue to upkeep and maintain existing community facilities and attract new programming to strengthen the livability and convenience of Norcross Town Center.

The leadership and citizens of Norcross have embraced the Town Center Plan. The City has since invested substantial time and effort to create a shared vision, has committed significant planning and other resources to create that vision, and made substantial progress toward implementing the Plan. The City of Norcross has over the past several years:

- Implemented zoning changes to enable development of multi-story buildings and promote mixed use as recommended;
- Invested in new public improvements to Lillian Webb Park and Skin Alley;
- Continued expanding downtown streetscape improvements; and
- Assembled multiple parcels for eventual disposition to the private sector and began marketing those sites to qualified developers.

By adopting this Redevelopment Plan and creating a TAD, the City is now seeking to capitalize on ongoing and completed public investments. The City intends to leverage TAD financing to attract a density and value of private development which is greater than what normal market forces could produce. In so doing, the Redevelopment Plan and TAD will benefit the residents of Norcross, business owners and Gwinnett County as a whole.

PROPOSED LAND USES AFTER REDEVELOPMENT (C)

The City of Norcross has adopted a 2034 Future Development Map as part of its Comprehensive Plan. The Comprehensive Plan indicates that the Redevelopment Area will remain a mix of commercial, industrial and residential uses. The majority of the Redevelopment Area is designated to be the City's "Town Center", with other areas located along Buford Highway designated as employment nodes and the balance of the Redevelopment Area designated for preservation of existing and largely built out residential neighborhoods. Projects proposed for TAD #1 in this plan are entirely consistent with land uses shown on Map 6.

Map 6: Future Development Map
City of Norcross 2034 Comprehensive Development Plan

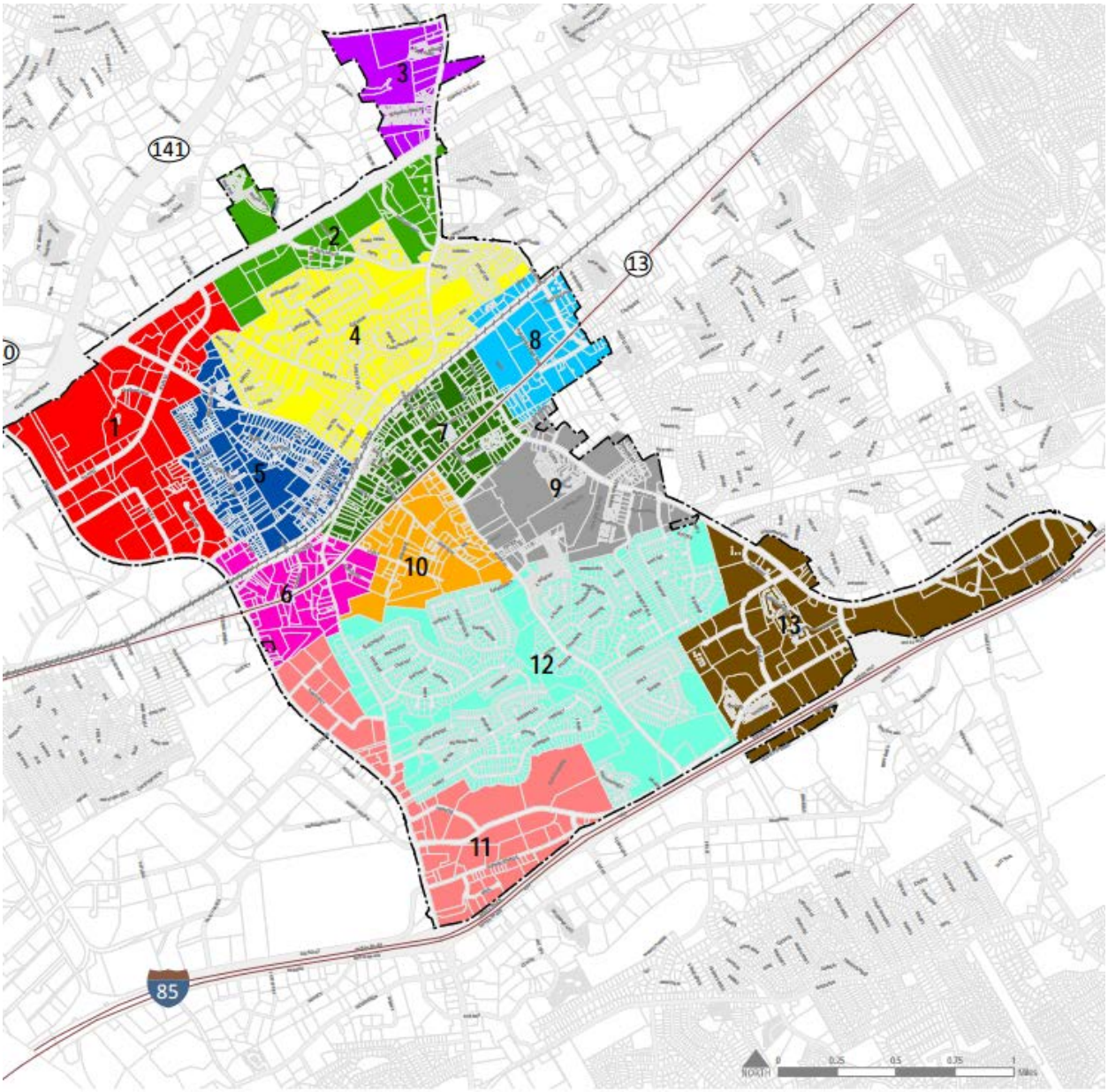


FIGURE 2-1: The Future Development Map

Source: City of Norcross GIS Dept. January 2014

- 1-Atlantic/Peachtree Industrial Blvd
- 2-Medlock/Peachtree Industrial Blvd
- 3-Norcross High School
- 4-North Peachtree St Neighborhoods
- 5-Hopewell Woods
- 6-Buford Hwy/Jimmy Carter Blvd Activity Center
- 7-Town Center
- 8-Langford Rd Industrial Center
- 9-Summerour Middle School
- 10-South Cemetery Street
- 11-Jimmy Carter Blvd/Brook Hollow Activity Center
- 12-Mitchell Road Neighborhoods
- 13-Beaver Ruin/Indian Trail Activity Center
- City Boundary
- Parcel Boundaries
- Major Roads
- Railroads
- ROW

Source: Jacobs Engineering, March, 2014

PROPOSED REDEVELOPMENT PROJECTS (D)

Working with City staff, BAG has identified a total of five redevelopment projects within the proposed TAD #1 which are in various stages of consideration, planning or execution and could be started or completed within the next 5 to 7 years. The following project summaries are based on either current plans or best estimates of future development potential based on the actions of property owners and other interested parties. In some cases redevelopment sites are already controlled by the City and/or DDA, so the disposition of those parcels for redevelopment is somewhat under the City's control and end uses could be enhanced with additional financial resources secured though the TAD. These project locations are shown on the following map and described in more detail in this section.

Map 7: Proposed City of Norcross TAD #1
Potential Redevelopment Projects

Project Area 1 – Parkside Norcross: This area totals roughly 3.5 acres consisting of 7 parcels with a total taxable digest of less than $191,000. Six parcels are owned by the City and the seventh 1.05 acre parcel is owned by Parkside Norcross, LLC, which is in process of constructing townhomes overlooking the park. The City is currently negotiating with Parkside to acquire the City's parcels to construct an estimated 250 apartments and 25,000 SF of commercial/retail space on the site. Achieving this level of density requires the construction of a parking deck and the developer is seeking TAD financing to support the construction cost of the parking deck. Because much of the land assembly is currently tax exempt, additional tax digest will be created by both the new construction and the transition of properties from tax exempt to private ownership.

Project Area 1: Proposed Norcross Town Center Parcels

Project Area 2 – Lawrenceville Street and Mitchell Road Hotel Site: This area contains five City-owned parcels totaling 2.51 acres with frontage on Mitchell Road, Lawrenceville Street and Britt Avenue. This area is also located near City Hall and Lillian Webb Park. The site is largely vacant, containing two single family dwellings

totaling less than 2,400 SF. BAG estimates that this site would be suitable for a variety of uses, including townhomes, apartments, office or commercial development. The City's first objective would be to market the site for development of a boutique hotel, supported by a conference center. BAG estimates that this area could at minimum, support the development of a 65,000 SF, 100 to 125 room limited service hotel with attached meeting space.

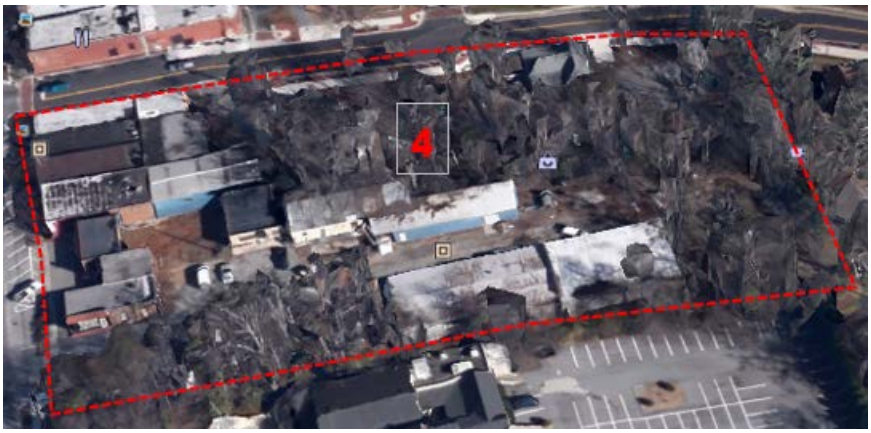
Project Area 2: Proposed Downtown Hotel Site.

Project Area 3 – Redevelopment of an existing Hotel: This area consists of a single 2.5 acre parcel which contains an operating extended stay motel. This motel consists of 3, wood-framed buildings containing a total of 41,000 SF. Despite the existing density, this parcel is relatively under-valued at $1.6 million or only $39.00 per SF of existing buildings. Consistent with the Town Center Plan's objective to attract a broader range of life-cycle housing to its downtown, the City believes that Area 3 would be a very attractive location for senior housing. As a senior community BAG estimates that area 3 could support up to 75,000 SF of buildings, with the number of living units determined by the nature of the project and level of amenities and services offered.

Project Areas 3: Conversion of Existing Hotel Site

Project Area 4 – Holcomb Bridge Road Retail Infill: This area contains 7 parcels totaling 2.66 acres and 24,000 SF of existing buildings located on the southwesterly side of Holcomb Bridge Road, adjacent to the City's redeveloped downtown commercial blocks. Three of the parcels are held by a single owner and City

officials believe that all property owners in the area could be interested in either selling or redeveloping those sites, particularly if the proposed Parkside Development moves forward. These properties and buildings are also comparatively low-valued, averaging only $47 per SF of existing building space. Depending on how other parts of the TAD develop in the future this area could support owner or renter occupied residential, commercial or office uses. For valuation purposes BAG estimates that the area could support the development of 40,000 SF of retail and office space in 1 to 3-story buildings.



Project Area 4: Holcomb Bridge Road Retail Infill

Project Area 5 – Holcomb Bridge Road/Carlyle Street Mixed-Use: This area contains six parcels totaling 2.92 acres, developed with less than 11,500 SF of existing buildings. This block is bounded by Holcomb Bridge Road, Buford Highway, Carlyle and Magnolia Streets. Despite their prime location, these properties are valued at only $85/SF of existing buildings. BAG estimates that this site could, at minimum, accommodate the future development of 200 multi-family units and 15,000 SF of retail and office space.

Project Area 5: Holcomb Bridge Road/Carlyle St. Mixed-Use

Remainder of the TAD – the balance of the proposed TAD #1 not addressed above includes 12 parcels containing 13.56 acres and 102,700 SF of buildings with an estimated market value of just under $7.0 million. This total includes the US Postal Service facility, two church-owned properties, Lillian Webb Park and the City's 14,000 SF community center located on College Street. Excluding those parcels, which are unlikely to change use for the foreseeable future, the balance of the TAD contains 7.1 acres and 38,000 SF of buildings. The full market value within this remaining area also averages less than $88/building SF. Existing building density in the balance of the TAD calculates to a relatively low 0.12 FAR, which suggests that additional infill development can be accommodated on those parcels. The

redevelopment plan makes no assumptions or calculations concerning specific future investments for these sites. However, it can be assumed that future incremental value growth is likely to occur at a faster rate if the proposed residential and commercial investments identified for redevelopment sites 1 through 5 are implemented as proposed.

TOTAL POTENTIAL REDEVELOPMENT

The table on the following page estimates the total impact of implementing all of the redevelopment projects summarized above. At build out, the combination of forecasted new construction, rising land value and the increased average value of improvements per square foot are estimated to raise the total market value (FMV) of TAD#1 from $12.64 million currently to $98.79 million. The resulting $86.15 million (681%) increase in FMV includes both taxable and tax exempt parcels.

The resulting increase in the TAD's total taxable digest (40%) value is influenced by forecasted new development and the transition of several existing parcels from tax exempt to taxable status. The projected redevelopment of sites owned by the City and DDA to private use are important contributors to this estimated change. BAG estimates that the TAD's overall taxable digest would increase from $3.01 million in 2014 to more than $38.0 million at build-out, an 11-fold increase.

Based on 2014 values and millage rates, taxes levied on existing properties within the proposed TAD #1 raised an estimated $112,700 in total real estate taxes to the City, County and School District, combined. Total levied taxes on real estate averaged only $4,075 per acre averaged over the entire TAD. If the forecasted build out and resulting valuations estimated in the above-described projects existed today, this same area would have generated more than $1.4 million in combined City, County and School District general fund real estate taxes. This total averages roughly $51,400 per acre. This estimate excludes additional taxes on business personal property, which could conservatively add another 30% to 35% to estimated ad valorem revenues from new commercial development within the TAD.

SUMMARY

Combined, the above projects include 450 apartments and 220,000 SF of new commercial, retail, office and lodging space. These projects could increase the total market value of the TAD by nearly $91.8 million and increase the TAD's taxable digest by $35 million including new construction, rehabilitation of existing buildings and the transition of properties from tax exempt to taxable status.

TABLE 5: Norcross TAD #1 - Redevelopment Project Areas
Calculation of Existing and Future Development and Tax Digest by Redevelopment Project Area

Summary		Project Area 1	Project Area 2	Project Area 3	Project Area 4	Project Area 5	Balance of TAD	Project Area TOTALS	TAD TOTALS
Existing Conditions									
Tax Parcels		7	5	1	7	6	12	26	38
Acres		3.50	2.51	2.50	2.66	2.92	13.56	14.09	27.65
Building SF		8,112	2,356	41,203	23,963	11,470	102,705	87,104	189,809
FMV Land		$ 1,184,600	$ 356,900	$ 653,400	$ 828,200	$ 495,900	$ 4,166,600	$ 3,519,000	$ 7,685,600
FMV Land/AC		$ 338,457	$ 142,191	$ 261,360	$ 311,353	$ 169,829	$ 307,271	$ 249,752	$ 277,960
FMV Buildings		$ 324,400	$ 46,400	$ 969,100	$ 300,300	$ 483,500	$ 2,832,400	$ 2,123,700	$ 4,956,100
Buildings FMV/SF		$ 39.99	$ 19.69	$ 23.52	$ 12.53	$ 42.15	$ 27.58	$ 24.38	$ 26.11
FMV Total		$ 1,509,000	$ 403,300	$ 1,622,500	$ 1,128,500	$ 979,400	$ 6,999,000	$ 5,642,700	$ 12,641,700
FMV/ AC:		$ 431,143	$ 160,677	$ 649,000	$ 424,248	$ 335,411	$ 516,150	$ 400,476	$ 457,204
FMV/ Bldg SF		$ 186.02	$ 171.18	$ 39.38	$ 47.09	$ 85.39	$ 68.15	$ 24.38	$ 26.11
Taxable Digest		$ 190,680	$ -	$ 649,000	$ 451,400	$ 391,760	$ 1,331,960	$ 1,682,840	$ 3,014,800
Taxable Digest/ AC:		$ 54,480	$ -	$ 259,600	$ 169,699	$ 134,164	$ 98,227	$ 119,435	$ 109,034
FAR		0.05	0.02	0.38	0.21	0.09	0.17	0.14	0.16
Future Conditions									
Acres		3.50	2.51	2.50	2.66	2.92	13.56	14.09	27.6500
Building SF		275,000	65,000	75,000	40,000	205,000	102,705	660,000	762,705
FMV Land		$ 1,554,322	$ 1,119,706	$ 771,350	$ 1,181,818	$ 1,339,101	$ 4,166,600	$ 5,966,296	$ 10,132,896
FMV Land/AC		$ 450,000	$ 450,000	$ 400,000	$ 450,000	$ 450,000	$ 307,271	$ 423,442	$ 366,470
FMV Buildings		$ 35,750,000	$ 6,500,000	$ 15,750,000	$ 3,600,000	$ 24,225,000	$ 2,832,400	$ 85,825,000	$ 88,657,400
Buildings FMV/SF		$ 130.00	$ 100.00	$ 210.00	$ 90.00	$ 118.17	$ 27.58	$ 130.04	$ 116.24
FMV Total		$ 37,304,322	$ 7,619,706	$ 16,521,350	$ 4,781,818	$ 25,564,101	$ 6,999,000	$ 91,791,296	$ 98,790,296
FMV/ AC:		$ 10,658,378	$ 3,035,739	$ 6,608,540	$ 1,797,676	$ 8,754,829	$ 516,150	$ 6,514,641	$ 3,572,886
FMV/ Bldg SF:		$ 135.65	$ 117.23	$ 220.28	$ 119.55	$ 124.70	$ 68.15	$ 130.04	$ 129.53
Taxable Digest		$ 14,921,729	$ 3,047,882	$ 6,608,540	$ 1,912,727	$ 10,225,640	$ 1,331,960	$ 36,716,519	$ 38,048,479
Taxable Digest/ AC:		$ 4,263,351	$ 1,214,296	$ 2,643,416	$ 719,070	$ 3,501,932	$ 98,227	$ 2,605,857	$ 1,376,075
Incremental Digest Growth		$ 14,731,049	$ 3,047,882	$ 5,959,540	$ 1,461,327	$ 9,833,880	$ -	$ 35,033,679	$ 35,033,679
Percent Change		7726%	NA	918%	324%	2510%		2082%	1162%
Future FAR		1.80	0.59	0.69	0.35	1.61	0.17	1.08	0.63
2015 Existing Conditions: Digest/Revenue Calculations									
City Millage	6.03	$ 1,150	$ -	$ 3,913	$ 2,722	$ 2,362	$ 8,032	$ 10,148	$ 18,179
County Millage	11.55	$ 2,202	$ -	$ 7,496	$ 5,214	$ 4,525	$ 15,384	$ 19,437	$ 34,821
School Millage	19.8	$ 3,775	$ -	$ 12,850	$ 8,938	$ 7,757	$ 26,373	$ 33,320	$ 59,693
	37.38	$ 7,128	$ -	$ 24,260	$ 16,873	$ 14,644	$ 49,789	$ 62,905	$ 112,693
Forecasted Build Out Conditions: Digest/Revenue Calculations									
City Millage	6.03	$ 89,978	$ 18,379	$ 39,849	$ 11,534	$ 61,661	$ 8,032	$ 221,401	$ 229,432
County Millage	11.55	$ 172,346	$ 35,203	$ 76,329	$ 22,092	$ 118,106	$ 15,384	$ 424,076	$ 439,460
School Millage	19.8	$ 295,450	$ 60,348	$ 130,849	$ 37,872	$ 202,468	$ 26,373	$ 726,987	$ 753,360
	37.38	$ 557,774	$ 113,930	$ 247,027	$ 71,498	$ 382,234	$ 49,789	$ 1,372,463	$ 1,422,252

City of Norcross and Bleakly Advisory Group, Inc.

CONTRACTUAL RELATIONSHIPS (E)

Pursuant to O.C.G.A. §34-44-3(a), the Norcross City Council will act as the redevelopment agent and will exercise redevelopment powers as needed to implement this plan. In doing so, the Council, acting directly or through a designee such as the Downtown Development Authority, may conduct the following activities and enter into the following contracts:

1. Coordinate implementation activities with other major participants in the redevelopment plan and their respective development and planning entities, including Gwinnett County and other stakeholders, as well as with various City of Norcross departments involved in implementing this redevelopment plan.

2. Enter into development agreements with private developers to construct infrastructure and vertical developments to implement the redevelopment plan.

3. Negotiate and enter into commercial financing agreements and intergovernmental agreements as needed.

4. Coordinate public improvement planning, design and construction among City, County and State agencies and departments.

5. Prepare (either directly or through subcontract to other appropriate entities) economic and financial analyses, project-specific feasibility studies and assessments of tax base increments in support of the issuance of tax allocation bonds or other forms of financing by the City.

6. The City will enter into contractual relationships with qualified vendors for the provision of professional and other services required in qualifying and issuing the bonds or other forms of financing, including, but not limited to, legal, underwriting, financial analysis and other related services.

7. The City will perform other duties as necessary to implement the redevelopment plan.

RELOCATION PLANS (F)

As is currently foreseen, no relocation of tenants or residents from private homes is anticipated within the Redevelopment Area or TAD #1. In the future should the relocation of existing homes or businesses be required, such relocation expenses may be provided for under all applicable federal, state and local guidelines if public funds are used for property acquisition. Such funding sources of require relocation benefits to be offered to tenants and users for relocation.

ZONING & LAND USE COMPATIBILITY (G)

The Redevelopment Area and Norcross TAD #1 include the historic commercial center of the City, plus first-generation highway commercial development located primarily along Buford Highway and its major intersections. The majority of the area's zoning is commercial, with some industrial zoning and significant residential areas located to the north of Downtown. In addition, Norcross has adopted a Redevelopment Area Overlay District, which is designed to facilitate the permitting of higher-density redevelopment projects as discussed in this plan. An overview of the permissible zoning categories and overlay districts are summarized below. The following Maps 8 through 11 identify the City's applicable zoning and overlay districts, as well as current and proposed future land uses within the Redevelopment Area and TAD.

C2 General Business District

"The C2, General business district is intended to provide adequate space in appropriate locations along major streets, thoroughfares and at intersections for various types of business use. These uses include the retailing of major goods and services, general office facilities and public functions that would serve a community area of several neighborhoods. Development of uses in the district characteristically occupies a larger area than in the C1, Neighborhood business district because it is intended to serve a greater population and to offer a wider range of services. Orientation and expansion of this district should occur as an increase in depth at major intersections rather than as a strip-like extension along the street or thoroughfare." The C2 General Business District allows most types of retail, commercial services and office uses. Major sections of the Buford Highway Corridor, but only a handful of parcels in TAD#1 are zoned C2.

C3 Central Business District

The C3 Central Business District allows similar general and medical office uses, retail uses and commercial services as C2, as well as public buildings, religious and other institutional and civic uses. The majority of the proposed TAD#1 is zoned C3. Much of the area within C3 also lies within the City's National Register Historic District. Proposed development and rehabilitation projects located within the National Register Historic District are subject to additional architectural, design and site plan review requirements.

DCD Design Concept Development District

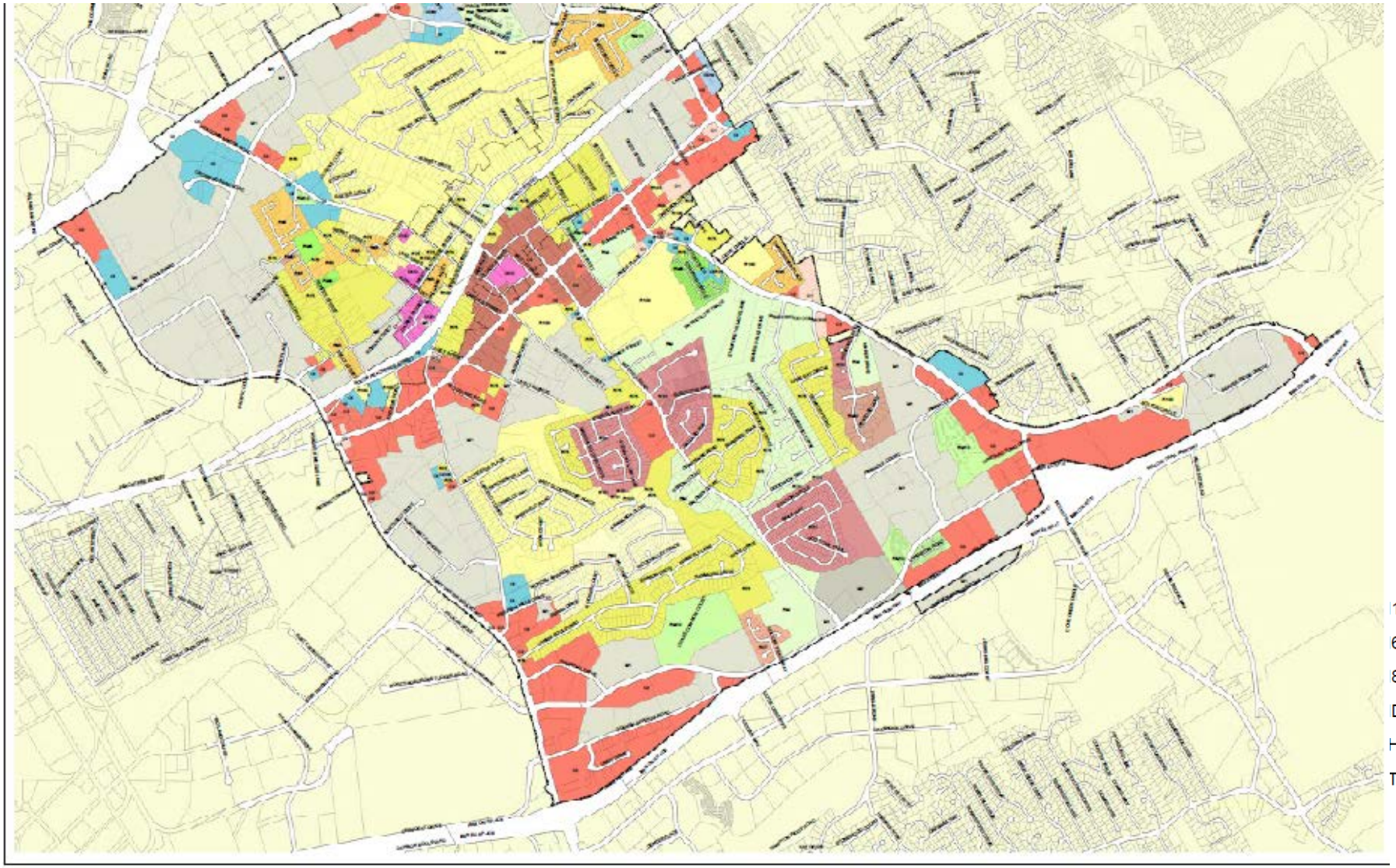
"The purpose of the design concept development district is to encourage the best possible site plans and building arrangements under a unified plan of development, rather than under lot-by-lot regulation. The developer benefits from better land utilization, economy in the provision of roads and utilities and flexibility in design. Approval of an overall concept plan will be in accordance with the 2030 Comprehensive Plan and the character of the neighborhood in which the development is located…A design concept development district is intended to promote mixed-use infill developments within the downtown business district." A small number of parcels located adjacent to Lillian Webb Park are zoned DCD.

RAOD – Redevelopment Area Overlay District

"The purpose of the RAOD, Redevelopment area overlay district is as follows:

1. *To encourage the revitalization of underused commercial and residential areas into pedestrian-oriented developments that provide a complementary mix of uses, including a variety of residential options, within convenient walking distance.*
2. *To encourage efficient land use and redevelopment plans forming a live-work-play environment that offers employees and residents the opportunity to fulfill their daily activities with minimal use of single-occupant automobiles.*
3. *To allow and encourage development densities and land use intensities that will allow for making productive use of alternative transportation modes such as bus transit, rail transit, ridesharing, bicycling, and walking.*
4. *To encourage formation of a well-designed, pedestrian-friendly activity center with high-density commercial and residential development that increases choices for safe living environments for the citizens of the city.*
5. *To allow flexibility in development standards in order to encourage the design of innovative development projects that set high standards for landscaping, greenspace, urban design, and public amenities.*
6. *To promote a distinct, unified theme that will reinforce the branding process and improve the market attractiveness of the area for investments by the private and public sectors.*
7. *To provide for the appropriate incentives to encourage reinvestment and renewal necessary to realize the potential of the city's Buford Highway/Jimmy Carter Boulevard character area, consistent with the city comprehensive plan.*
8. *To provide for connectivity of streets and sidewalks for improved vehicular and pedestrian circulation and reduce the dependence on automobile uses by increasing the ease of movement and opportunities for alternative modes of travel.*
9. *To encourage design measures that improve public safety and security.*

The RAOD is subject to district design guidelines. "These guidelines provide acceptable architectural design controls, landscaping, detail drawings, signage, fencing, lighting, and street and site furniture. These guidelines shall be used to promote proper design criteria for the RAOD. In the case that any provision of this section conflicts with those of the city redevelopment area district design guidelines, the provisions of this section shall govern."

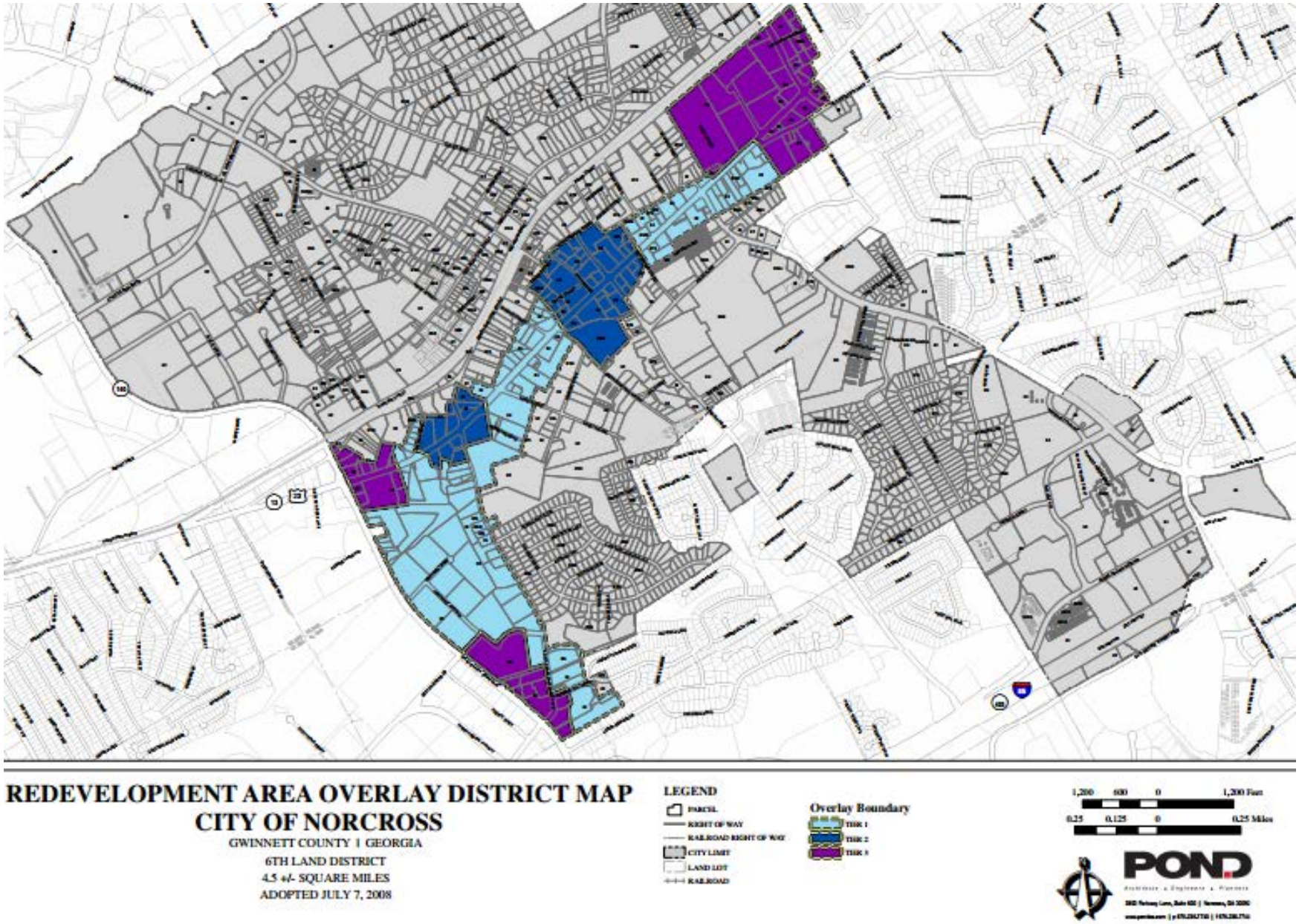


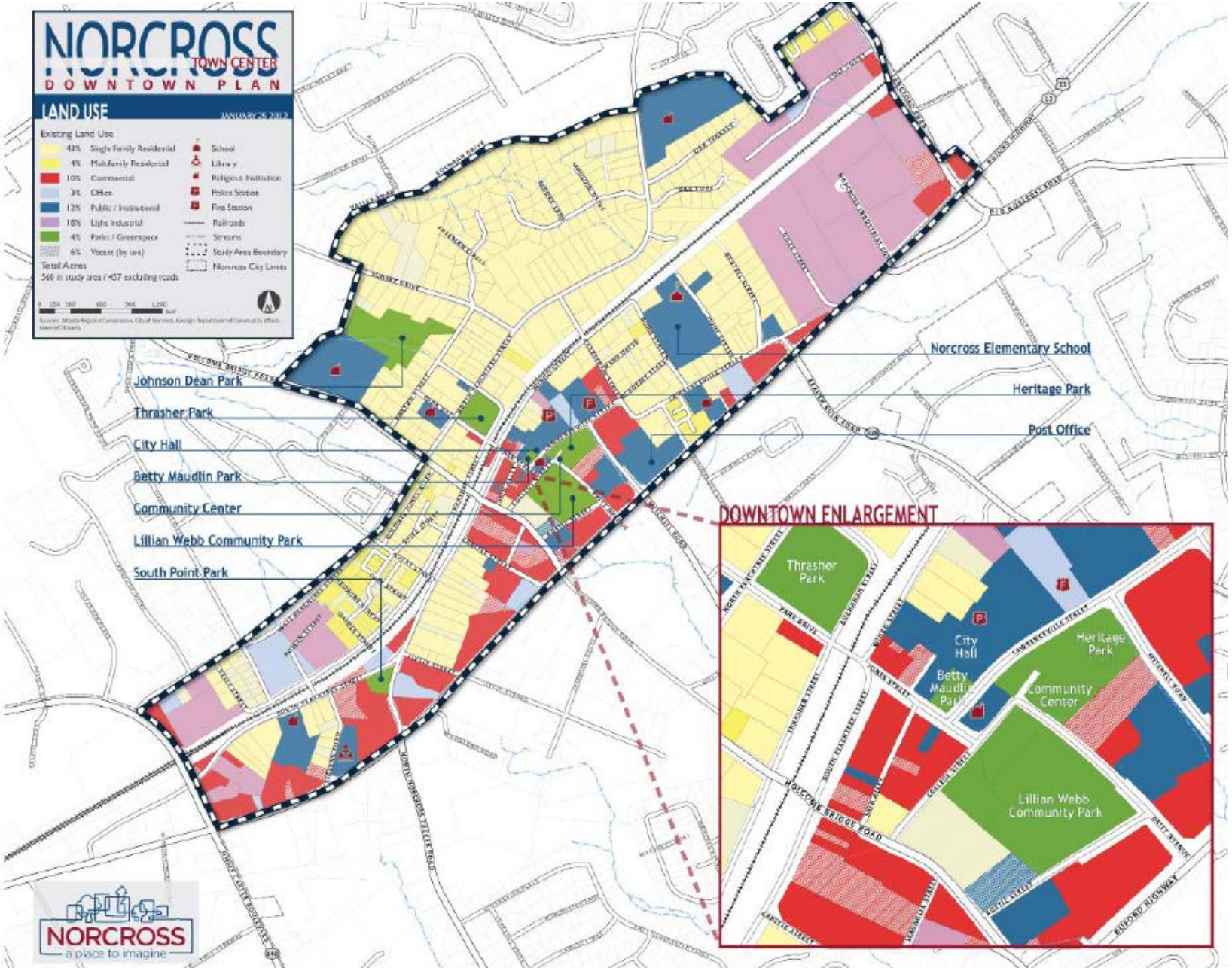
OFFICIAL ZONING MAP
OF THE
CITY OF NORCROSS
GWINNETT COUNTY, GEORGA
6TH LAND DISTRICT

6.12 SQUARE MILES
3,916 ACRES

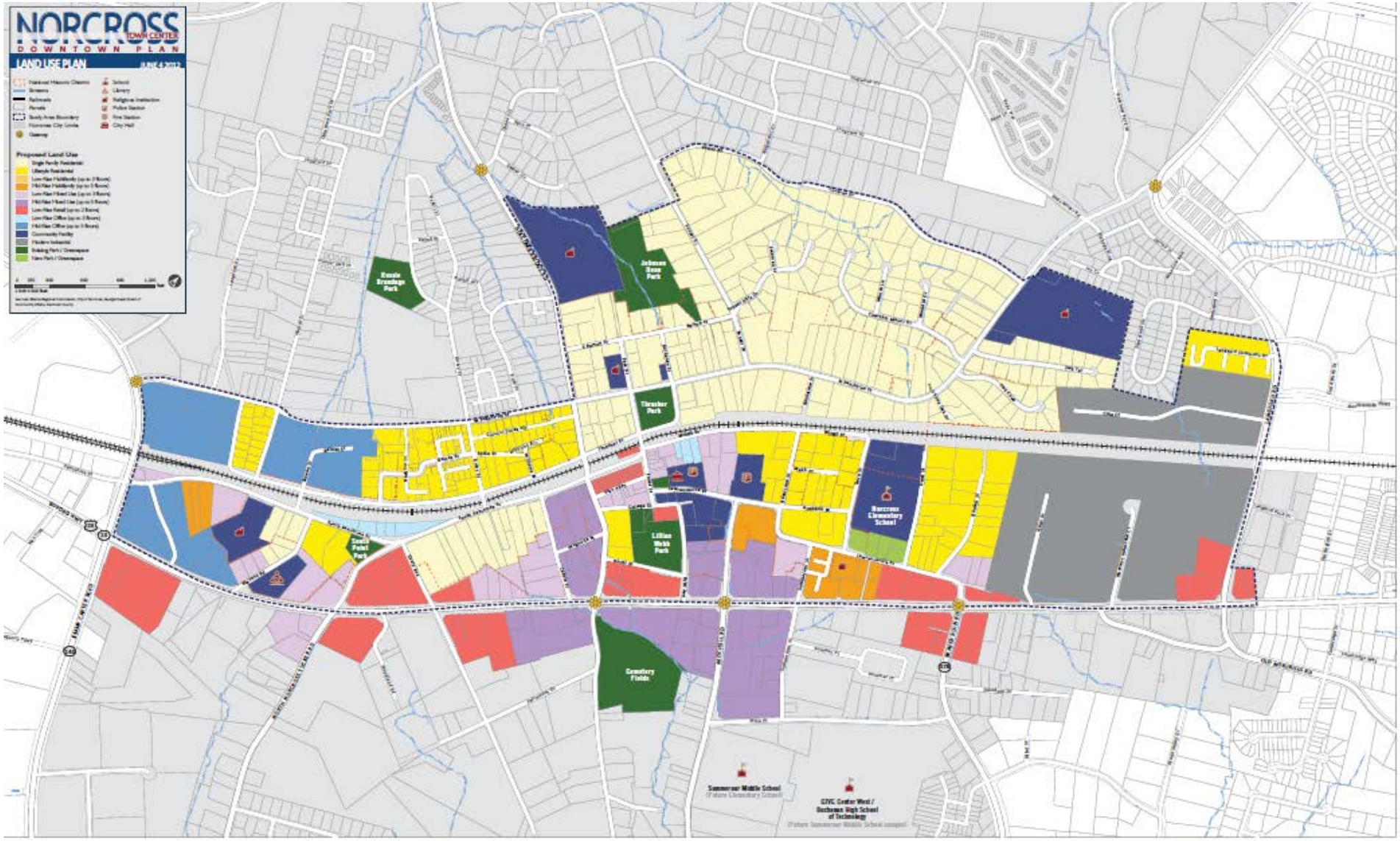
Legend

Map 9: Redevelopment Area Overlay District




NORCROSS
TOWN CENTER
DOWNTOWN PLAN
LAND USE
JANUARY 5, 2012
Existing Land Use
43% Single Family Residential
4% Multifamily Residential
10% Commercial
3% Office
12% Public / Institutional
18% Light Industrial
4% Parks / Greenspace
6% Vacant (by use)
Total Acres
569 in study area / 457 excluding roads
School
Library
Religious Institution
Police Station
Fire Station
Railroads
Streams
Study Area Boundary
Norcross City Limits
Johnson Dean Park
Thrasher Park
City Hall
Betty Maudlin Park
Community Center
Lillian Webb Community Park
South Point Park
Norcross Elementary School
Heritage Park
Post Office
DOWNTOWN ENLARGEMENT
Thrasher Park
City Hall
Heritage Park
Community Center
Lillian Webb Community Park
NORCROSS
a place to imagine

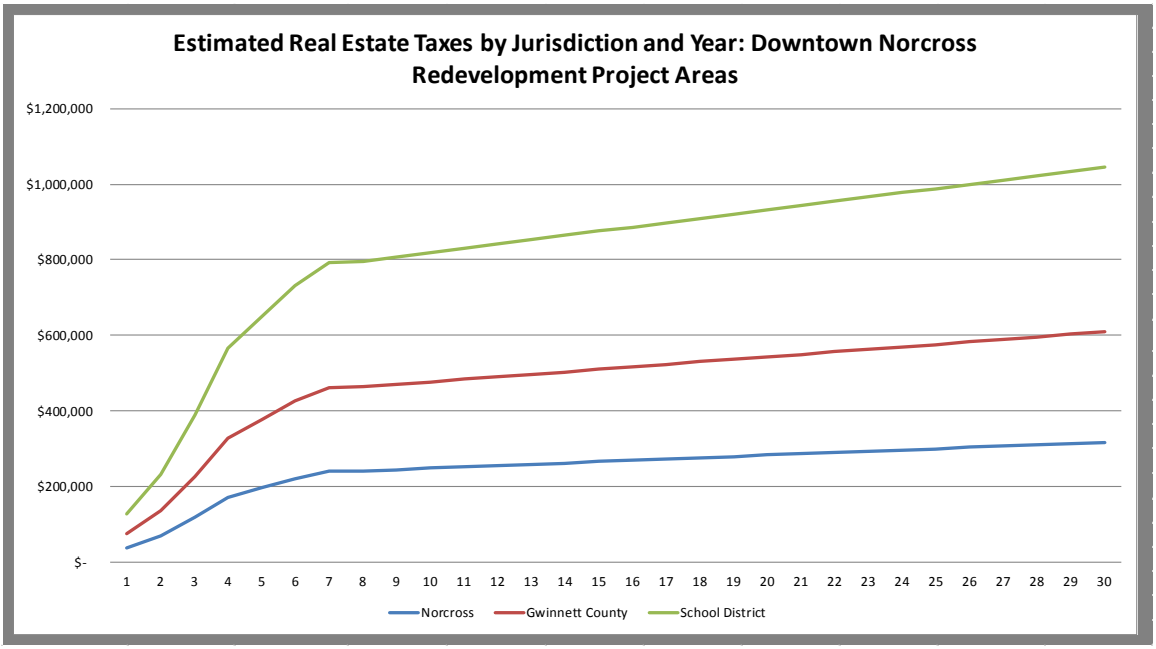
Map 11: Redevelopment Area
Proposed Land Use Plan
(Approximate TAD Boundaries Shown in Red)



METHOD OF FINANCING / PROPOSED PUBLIC INVESTMENTS (H)

TAD POTENTIAL OF DOWNTOWN NORCROSS PROJECTS

The following section estimates potential bond revenues from redevelopment projects in TAD #1, assuming that both Gwinnett County and the Gwinnett School District pledge their respective M&O millage to the TAD redevelopment effort.[2] Assuming an approximate 5-7 year phasing schedule and providing a reasonable allowance for "background growth", BAG estimates that the TAD could generate nearly $46.6 million in **total real property taxes** over the 30-year life of the TAD, assuming that millage rates do not change over the forecast period. Of this amount, it is estimated that $43.2 million would be tax allocation increments accruing to the TAD Special fund and the balance of $3.4 million would continue to flow to the respective taxing jurisdictions' general funds. Tax increments grow slowly initially and approach $1.4 million annually when projects are forecast to reach build out in 2022. Estimated annual tax increments generated over the 30-year life of the TAD are illustrated in the following graph.



From the $43.2 million in projected tax allocation increments, the following estimates assume that the City would rebate a total of $12.4 million in TAD increments back to the County and School District as payments in lieu of taxes (PILOT payments). After deducting PILOT payments, the City is left with a balance of just under $30.8 million available for redevelopment purposes.

[2] Revenue estimates in this section assume that Gwinnett County will pledge a net of 10.6 mils to the TAD, based on a recent agreement reached with the City of Duluth. This net estimate assumes that the County will request and the City of Norcross will agree to rebate of the recreational component of the County millage rate as a payment in lieu of taxes, reducing the effective county millage rate pledged to the TAD from 11.55 to 10.6 mils. Similarly, this section assumes that the City will ask the School District to contribute a net of only 10.0 mills to the TAD and offer to rebate the balance of School District Tax Increments as a payment in lieu of taxes.

BAG estimated the amount of proceeds this revenue stream could leverage using the following financing assumptions:

- The first bond is assumed to be issued in early to mid-2016, in order to provide funding to construct a parking garage for the Parkside Norcross project, as well as provide additional public parking downtown. This bond is assumed to have a 25 year term, a 1.25 debt coverage ratio and a 4.75% interest rate. Calculations assume that the first two years of interest payments and a one year debt service reserve would be capitalized into the bond. Given the investments already made by the City and the fact that it controls much of the real estate, BAG estimates that the City would be willing to offer further credit enhancements as necessary to finance the parking deck using TAD increments. Attaining a 4.75% interest rate on partially secured debt should be achievable in a 2016 time frame. We have also assumed a 3.5% issuance cost to cover any loan fees and potential reimbursements the City may wish to recover.

- Bond #2 is assumed to be issued in 2018 or 2019. This issue is estimated to have a 20 year term, a 1.2 debt coverage ratio and a 4.0% interest rate. It should be possible to secure more favorable financing terms for the second bond given the shorter term, the prospect for construction of multiple projects to be underway at the time of issuance. The market should perceive financing risks to be lower than the first issue. Calculations also assume that the first two years would carry interest-only payments. A one year debt service reserve would also be capitalized into the bond. We have also assumed a 3.0% issuance cost for the second bond.

- As noted above, these estimates assume that the County and School District will <u>both</u> consent to participate in the TAD. No allowances are made for possible changes in millage rates over the term of the bonds. We have also incorporated PILOT reimbursements as discussed above. If one or both of these taxing jurisdictions do not consent, resulting TAD proceeds would be reduced accordingly.

- Utilizing alternative terms, interest rates and debt coverage ratios would also produce differing estimates of bonding potential. The following estimates are intended to be representative and conservative. Any number of realistic alternative scenarios could also be modeled and could easily produce results which vary by a factor of 25% or more, particularly if the City provided a credit enhancement to secure a lower interest rate.

Table 6: Norcross TAD #1

Development Phasing Development, Digest Growth, Resulting Tax Increments and Supportable Bond Issues: 2015-2030

TAD AREA	2015 Taxable Digest	Total Build Out Digest Value	Start Year	End Year	1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025	11 2026	12 2027	13 2028	14 2029	15 2030
Project Area 1	$ 190,680	$ 14,921,729	2015	2019	$ 3,732,451	$ 7,462,883	$ 11,193,315	$ 14,923,748	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729	$ 14,921,729
Project Area 2	$ -	$ 3,047,882	2016	2018	$ -	$ 1,523,941	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882	$ 3,047,882
Project Area 3	$ 649,000	$ 6,608,540	2017	2020	$ 649,000	$ 649,000	$ 2,301,135	$ 3,953,270	$ 5,605,405	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540	$ 6,608,540
Project Area 4	$ 451,400	$ 1,912,727	2017	2019	$ 451,400	$ 451,400	$ 1,407,764	$ 2,364,127	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727	$ 1,912,727
Project Area 5	$ 391,760	$ 10,225,640	2018	2022	$ 391,760	$ 391,760	$ 391,760	$ 2,948,170	$ 5,504,580	$ 8,060,990	$ 10,617,400	$ 10,225,640	$ 10,225,640	$ 10,225,640	$ 10,225,640	$ 10,225,640	$ 10,225,640	$ 10,225,640	$ 10,225,640
Balance of TAD	$ 1,331,960	$ 1,331,960	0	0	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960	$ 1,331,960
Background Growth			1.5%	2020	$ -	$ -	$ -	$ -	$ 484,864	$ 1,023,122	$ 1,599,725	$ 2,170,452	$ 2,741,180	$ 3,311,907	$ 3,882,634	$ 4,453,361	$ 5,024,088	$ 5,594,816	$ 6,165,543
TAXABLE DIGEST:	$ 3,014,800	$ 38,048,479			$ 6,556,571	$ 11,810,944	$ 19,673,816	$ 28,569,157	$ 32,809,148	$ 36,906,950	$ 40,039,964	$ 40,218,931	$ 40,789,658	$ 41,360,385	$ 41,931,113	$ 42,501,840	$ 43,072,567	$ 43,643,294	$ 44,214,021
Total Tax Revenue Calculations																			
City Millage		$ 6.03	16%		$ 39,536	$ 71,220	$ 118,633	$ 172,272	$ 197,839	$ 222,549	$ 241,441	$ 242,520	$ 245,962	$ 249,403	$ 252,845	$ 256,286	$ 259,728	$ 263,169	$ 266,611
County Millage		$ 11.55	31%		$ 75,728	$ 136,416	$ 227,233	$ 329,974	$ 378,946	$ 426,275	$ 462,462	$ 464,529	$ 471,121	$ 477,712	$ 484,304	$ 490,896	$ 497,488	$ 504,080	$ 510,672
School Millage		$ 19.80	53%		$ 129,820	$ 233,857	$ 389,542	$ 565,669	$ 649,621	$ 730,758	$ 792,791	$ 796,335	$ 807,635	$ 818,936	$ 830,236	$ 841,536	$ 852,837	$ 864,137	$ 875,438
		$ 37.38	100%	$ 46,567,852	$ 245,085	$ 441,493	$ 735,407	$ 1,067,915	$ 1,226,406	$ 1,379,582	$ 1,496,694	$ 1,503,384	$ 1,524,717	$ 1,546,051	$ 1,567,385	$ 1,588,719	$ 1,610,053	$ 1,631,386	$ 1,652,720
Certified Taxable Base		$ 3,014,800																	
Annual Gross Tax Increments: All Taxing Jurisdictions				$ 43,187,056	$ 132,391	$ 328,800	$ 622,714	$ 955,222	$ 1,113,713	$ 1,266,889	$ 1,384,001	$ 1,390,690	$ 1,412,024	$ 1,433,358	$ 1,454,692	$ 1,476,026	$ 1,497,359	$ 1,518,693	$ 1,540,027
Less Rebates to County		-$0.95	-8%		-$3,365	-$8,356	-$15,826	-$24,277	-$28,305	-$32,198	-$35,174	-$35,344	-$35,886	-$36,428	-$36,970	-$37,513	-$38,055	-$38,597	-$39,139
Less Rebates to School Districtt		-$9.80	-49%		-$34,709	-$86,202	-$163,258	-$250,433	-$291,985	-$332,143	-$362,847	-$364,600	-$370,194	-$375,787	-$381,380	-$386,973	-$392,566	-$398,159	-$403,752
Balance After Rebates (Total Rebate)		$ (12,420,033)		$ 30,767,022	$ 94,317	$ 234,241	$ 443,630	$ 680,513	$ 793,423	$ 902,548	$ 985,980	$ 990,746	$ 1,005,944	$ 1,021,143	$ 1,036,341	$ 1,051,540	$ 1,066,738	$ 1,081,937	$ 1,097,135
Annual Gross Tax Increments: City and County Taxes Only				$ 20,311,087	$ 62,264	$ 154,636	$ 292,866	$ 449,246	$ 523,785	$ 595,824	$ 650,902	$ 654,049	$ 664,082	$ 674,115	$ 684,149	$ 694,182	$ 704,216	$ 714,249	$ 724,282
Less Rebates to County		-$0.95			-$6,229	-$11,220	-$18,690	-$27,141	-$31,169	-$35,062	-$38,038	-$38,208	-$38,750	-$39,292	-$39,835	-$40,377	-$40,919	-$41,461	-$42,003
Balance After Rebates (Total Rebate)		$ (1,183,506)		$ 19,127,581	$ 56,036	$ 143,416	$ 274,175	$ 422,105	$ 492,616	$ 560,762	$ 612,864	$ 615,841	$ 625,332	$ 634,823	$ 644,314	$ 653,805	$ 663,297	$ 672,788	$ 682,279
Bond Issue #1: All Taxing Jurisdictions																			
From Bond Proceeds					$ (356,725)	$ (356,725)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
From Tax Increments					$ -	$ -	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)	$ (543,722)
Annual TAD Special Fund Balance					$ 94,317	$ 234,241	$ (100,092)	$ 136,791	$ 249,702	$ 358,826	$ 442,258	$ 447,024	$ 462,223	$ 477,421	$ 492,620	$ 507,818	$ 523,017	$ 538,215	$ 553,414
Cumulative TAD Special Fund Balance					$ 94,317	$ 328,559	$ 228,467	$ 365,257	$ 614,959	$ 973,785	$ 1,416,044	$ 1,863,068	$ 2,325,291	$ 2,802,712	$ 3,295,332	$ 3,803,150	$ 4,326,167	$ 4,864,382	$ 5,417,795
Bond Issue #2: All Taxing Jurisdictions																			
From Bond Proceeds					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
From Tax Increments					$ -	$ -	$ -	$ (187,200)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)	$ (369,689)
Annual TAD Special Fund Balance					$ 94,317	$ 234,241	$ (100,092)	$ (50,409)	$ (119,987)	$ (10,863)	$ 72,570	$ 77,336	$ 92,534	$ 107,732	$ 122,931	$ 138,129	$ 153,328	$ 168,526	$ 183,725
Cumulative Fund Balance					$ 94,317	$ 328,559	$ 228,467	$ 178,057	$ 58,070	$ 47,208	$ 119,778	$ 197,113	$ 289,647	$ 397,380	$ 520,310	$ 658,440	$ 811,768	$ 980,294	$ 1,164,019
PRN Balance: Bond #1					$ 7,510,000	$ 7,510,000	$ 7,323,003	$ 7,127,124	$ 6,921,941	$ 6,707,011	$ 6,481,873	$ 6,246,040	$ 5,999,005	$ 5,740,236	$ 5,469,176	$ 5,185,240	$ 4,887,817	$ 4,576,267	$ 4,249,918
PRN Balance: Bond #2					$ -	$ -	$ 4,680,000	$ 4,680,000	$ 4,497,511	$ 4,307,723	$ 4,110,343	$ 3,905,068	$ 3,691,582	$ 3,469,556	$ 3,238,650	$ 2,998,507	$ 2,748,759	$ 2,489,020	$ 2,218,892
Total PRN Balance					$ 7,510,000	$ 7,510,000	$ 12,003,003	$ 11,807,124	$ 11,419,452	$ 11,014,734	$ 10,592,216	$ 10,151,108	$ 9,690,587	$ 9,209,793	$ 8,707,826	$ 8,183,747	$ 7,636,576	$ 7,065,287	$ 6,468,810

Source: Bleakly Advisory Group, Inc.

The potential size of each bond issue is summarized in the following table. Real estate tax increments from two bond issues could potentially leverage nearly $12.19 million in total financing proceeds based on the financing terms used. Of that amount $9.8 million could be delivered to actual bricks and mortar expenditures and the balance would be needed to cover issuance costs and reserves. Alternatively, using a simple "pay as you go" approach to utilize TAD funds yields slightly less than $4.5 million over the first 10 years. Issuing TAD bonds or other form of debt instruments would therefore enable the City to front-load and more than double the value of public improvements that would be possible without issuing debt. Using a portion of TAD proceeds as a partial funding source to secure grants or other lower-cost public financing could also leverage more funding for construction than is attainable by issuing conventional debt financing.

Table 7: Estimated Bonding Capacity: Proposed Downtown Norcross TAD #1
(Assumes County and School District Participation)

Real Estate Increment Only	**Bond 1**	**Bond 2**	
Projected Bond Issue Dates	**2016**	**2018**	**TOTALS**
Total Bond Amounts Issued	$ 7,510,000	$ 4,680,000	$ 12,190,000
Capitalized Interest & Reserves	$ 1,260,000	$ 745,000	$ 2,005,000
Total Bond Issuance Costs	$ 254,100	$ 136,400	$ 390,500
Net Proceeds Available for Projects	**$ 6,000,000**	**$ 3,800,000**	**$ 9,800,000**
Total Debt Service Payments	($13,219,049)	($6,841,598)	$ (20,060,647)
Estimated Taxable Digest in the TAD to Support Bond Issues ($M)	$ 19.7	$ 40.0	

Assumptions

[1] County and School District consent to participate.

[2] The City negotiates PILOT agreements that rebate the Recreation portion of the County millage rate and retains only 10 mills from the School District.

Source: Bleakly Advisory Group, Inc.

Total debt service payments (including capitalized interest and reserves) over the term of the bonds total roughly $20 million. If real estate values were to appreciate modestly over the last half of the forecast and millage rates remain unchanged, BAG estimates that the project could generate a cumulative total of $30.8 million in net incremental real estate taxes over the estimated 30-year life of the TAD. After deducting debt service payments which are funded from bond proceeds, the TAD shows a "surplus" of $10.8 million over the period. These "excess" property tax increments could be used to either (a) fund additional redevelopment costs, (b) rebate a portion of special fund revenues back to the respective taxing jurisdictions after sufficient reserves have been accumulated, or (c) pay off the TAD bonds early. Our initial calculations indicate that bonds could be paid off by 2031 (16 years) if all surplus proceeds were accumulated and applied against the outstanding principal balance.

PROPOSED PUBLIC INVESTMENTS

The Redevelopment Powers Law gives Georgia's communities wide latitude in the use of tax allocation district funds to support redevelopment. As enumerated in Section 36-44-3, the following are all eligible uses for TAD funds in a redevelopment area:

- Construction of building(s) for business, commercial, industrial, governmental, educational, charitable or social use
- Renovation, rehabilitation, reconstruction repair or demolition of any existing building
- Creation of public housing
- Creation of public works or public facilities
- Preservation of historic structures
- Creation or improvement of public spaces
- Creation or improvement of mass transit facilities
- Development, or improvement of telecommunications infrastructure
- Creation or improvement of pedestrian access and safety
- Property acquisition, site preparation, demolition, environmental remediation
- Infrastructure and utility relocation, rehabilitation or installation

The City of Norcross is proposing to use the vast majority of future TAD proceeds to finance the cost of building structured parking and a centralized stormwater detention facility. Both of these uses are necessary to support mixed-use development as called for in the Town Center Plan. BAG has also allocated a relatively small percentage of future TAD proceeds to help defray private sector development costs for such items as demolition, site development costs and similar uses.

Table 4: Potential Uses of Estimated Future TAD Proceeds
Downtown Norcross TAD #1

		Total Funds	
Potential Expenditure	Estimated Allocation	Without School District	With School District
1 Stormwater Detention Improvements	20%	$ 1,210,000	$ 1,960,000
2 Parking Decks	75%	$ 4,537,500	$ 7,350,000
3 Site Demolition & Misc. Investments	5%	$ 302,500	$ 490,000
TOTAL Estimated TAD Funding:	**100%**	**$ 6,050,000**	**$ 9,800,000**

The above table provides an estimated distribution of TAD proceeds among these potential uses. For comparison purposes the table is presented with and without School District consent. As discussed in detail earlier in this redevelopment plan, the market value of new planned private redevelopment will be approximately $91.8 million when completed, which, when combined with TAD infrastructure costs, will result in more than $100 million in new investment in the City of Norcross and

Gwinnett County. The private redevelopment costs will be funded from a variety of public and private sources including developer and investor equity, construction and permanent loans from financial institutions. The anticipated private investment of $170.5 million would represent a ratio of nearly $9.40 in private investment for each dollar of TAD funds committed.

ASSESSED VALUATION FOR TAD (I)

TAD #1 identified in the this Redevelopment Plan includes 38 tax parcels with a 2014 fair market value of $12,641,700, an assessed (40%) value of $5,056,680 and a taxable digest value of $3,014,800. Of the 38 parcels in TAD #1, 18 were exempt from taxation as of 2014. The existing land-use characteristics of parcels contained in TAD #1 are summarized in Table 9.

Table 9: Summary Parcel Data: Proposed Norcross TAD #1 - City Center East

Land Use	Number of Parcels	Total Acres	Improvement Value	Land Value	Total FMV	Assessed (Digest Value)	Taxable (Digest)
Residential	4	1.52	$172,800	$328,300	$501,100	$200,440	$200,440
Developed Commercial Property	11	9.98	$3,174,400	$2,962,000	$6,136,400	$2,454,560	$2,454,560
Private Commercial Vacant Land	5	3.00	$0	$899,500	$899,500	$359,800	$359,800
Religious/Other Tax Exempt	3	1.76	$406,000	$729,100	$1,135,100	$454,040	$0
City of Norcross/DDA	15	11.39	$1,202,900	$2,766,700	$3,969,600	$1,587,840	$0
TOTALS:	38	27.65	$4,956,100	$7,685,600	$12,641,700	$5,056,680	$3,014,800
Total City of Norcross Tax Digest (M&O - 2013)							$606,309,150
TAD % of City Digest							0.50%

Pursuant to the Redevelopment Powers Law, upon adoption of the Redevelopment Plan and the creation of the tax allocation district, the City will request that the Georgia Commissioner of Revenue certify the tax base of TAD #1 as of December 31, 2015, as the base year for the district. Values presented in Table 9 are therefore likely to change before the District is actually certified.

The tax base will increase in the future by the disposition and transition of City/DDA-owned parcels from tax exempt to taxable status, as well as resulting private investment that is incentivized by parking and stormwater improvements within the TAD. These public improvements and development incentives would be financed from the issuance of tax allocation bonds or comparable debt instruments. In addition, redevelopment of key sites is expected to stimulate other investments within Downtown Norcross and lead to a substantial increase in property values as the Redevelopment Plan is implemented.

Upon completion of the proposed redevelopments in the Redevelopment Area as presented in this plan, TAD #1 is projected to have an estimated full market value of nearly $98.8 million and a taxable digest of more than $38 million at build-out. The TAD's estimated taxable digest at completion represents an 11-fold increase over the TAD's current taxable value of only $3.01 million.

HISTORIC PROPERTY WITHIN BOUNDARIES OF TAD (J)

A National Register Historic District has identified numerous historic properties within the Redevelopment Area, including several properties within the TAD. The City has already incorporated design guidelines to protect National Register Historic properties during development or rehabilitation, within the Central Business District (C3), the Design Concept Development District (DCD) and Redevelopment Area Overlay District (RAOD) zones. Historic properties will not be substantially altered in any way inconsistent with technical standards for rehabilitation; or demolished unless feasibility for reuse has been evaluated based on technical standards for the review of historic preservation projects, which technical standards for rehabilitation and review shall be those used by the state historic preservation officer.

CREATION & TERMINATION DATES FOR TAD (K)

The Tax Allocation District #1: City Center East will be created effective December 31, 2015. The Redevelopment Powers Law provides that the district will be in existence until all redevelopment costs, including debt service, are paid in full. This repayment could take up to 30 years.

TAX ALLOCATION INCREMENT BASE (M)

On or before December 31, 2015, the Norcross City Council, acting as the redevelopment agent, will apply to the State Revenue Commissioner for a determination of the tax allocation increment base of the proposed tax allocation district. The proposed TAD will represent less than one half of one percent (0.451%) of Norcross's 2014 tax digest, well below the 10% maximum value threshold for all TADs in a given jurisdiction as referenced by the Redevelopment Powers Law.

The base valuation of the proposed district is estimated as follows:

Table 10: Tax Allocation District #1 - City Center East Parcel Information*

Parcels	38
Acreage**	27.65
2014 Appraised (Full Market) Value	$12,641,700
2014 Taxable (Digest) Value	$3,014,800
City of Norcross Tax Digest Value (Net M & O)	$669,022,050
TAD Taxable Value as a % of City's Taxable Value	0.451%

*These value estimates are subject to verification and correction by the Gwinnett County Assessor.
**Acreage totals are from "legal acreage" column of Gwinnett County GIS data.

Property Taxes Collected Within Tax District to Serve as Base Amount

Total Taxable Digest ($3,014,800) x Useable Millage (.03738)* = $112,693

(*This revenue estimate is before any PILOT payments to the County or Gwinnett County School District.)

PROPERTY TAXES FOR COMPUTING TAX ALLOCATION INCREMENTS (N)

As provided in the Redevelopment Powers Law, the taxes that will be included in the tax increment base for the tax allocation district are based on the following authorized millage rates:

Table 11: M&O Millage Rates*

City of Norcross	6.03 mills
Gwinnett Co. M&O (excludes recreation portion)**	11.55 mills
Gwinnett County Public School District	19.80 mills

*Levies for bonded indebtedness are not included in the calculation of the millage rates for TAD purposes.

Source: Gwinnett County/Georgia Department of Revenue, latest available estimates.

TAX ALLOCATION BOND ISSUES (O, P, Q)

AMOUNT OF BOND ISSUE

Upon adoption of this Redevelopment Plan, the City of Norcross proposes to issue tax allocation bonds or other financing instruments, in one or more issues. Estimated supportable levels of future financing could range from $9 to $20 million depending upon whether all taxing jurisdictions consent to participate, terms available at the time of issuance and the types of financing methods used.

TERM OF THE BOND ISSUE OR ISSUES

The City of Norcross proposes to issue tax allocation bonds or alternative forms of financing for a term no longer than 30 years. Under current market conditions, the City expects that actual financing terms will range from 20 to 25 years.

RATE OF BOND ISSUE

The City of Norcross intends to issue fixed-rate tax exempt bonds or comparable financing as available. Actual interest rates and payment terms will be determined

at the time of issuance based upon general market conditions, anticipated development within the redevelopment area, assessed taxable property values, and federal tax law considerations. The City reserves the option to either operate the district on a pay-as-you-go basis or consider other potential financing options including other commercial financing to support future projects, as appropriate.

POSITIVE TAX ALLOCATION INCREMENTS

The positive tax allocation increments for the period covered by the term of the bonds is estimated to range from $1.0 million to $1.4 million annually after the build out is complete (by 2021). The actual amount will depend upon the pace at which the Redevelopment Plan is implemented and the impact of the redevelopment activities and other economic factors on the tax base within the district as a whole. It is also anticipated that agreements with the County and School District may rebate a portion of generated tax allocation increments back to those jurisdictions, making less TAD proceeds available for project financing. Incorporating potential rebates, this Plan anticipates that between $600,000 and $1.0 million (net) would be available to repay debt service on TAD financing.

PROPERTY TO BE PLEDGED FOR PAYMENT OF THE BONDS

Should the respective taxing jurisdictions consent to participate, bonds will be secured by the positive tax allocation increment from eligible ad valorem taxes on real estate, as levied by the City of Norcross, Gwinnett County and the Gwinnett County Public Schools. The City does not anticipate pledging tax allocation increments from local sales taxes or taxes on commercial personal property.

SCHOOL SYSTEM IMPACT ANALYSIS (R)

Georgia's Redevelopment Powers Law, governs the operation of tax allocation districts (TAD's) in the State. The Law was amended during the 2009 legislative session to include a new provision under section 36-44-3(9)(R)for preparation of a "School System Impact Analysis". This section presents the school impacts of City of Tax Allocation District #1 – City Center East in order to address the requirements of this new portion of the Redevelopment Powers Law.

THE CURRENT VALUE OF THE PROPOSED TAD VERSES THE GWINNETT SCHOOLS TAX DIGEST

The current tax digest for the proposed TAD #1 is $5.06 million of which, only $3.0 million is currently taxable. According to the Georgia Department of Revenue, the latest published (2014) assessed value of the Gwinnett School's net taxable M&O digest exceeded $25.6 **billion**. The current taxable digest within the proposed TAD thus barely exceeds one one-hundredth of one percent (0.012%) of the School District's total taxable digest. The amount of ad valorem school taxes on real estate collected from the properties in the proposed TAD, as determined by the tax assessor on December 31, 2015, will continue to flow to the Gwinnett County School District throughout the operation of the TAD. (This revenue is currently estimated at roughly $59,700). The value of business personal property associated with the development of new retail and office space within the TAD will also continue to flow to the School District General Fund.

Table 12: Proposed Norcross TAD #1
TAD Digest as a Percent of Taxing Jurisdictions*

Taxing Jurisdiction	Gross Tax Digest	Net Taxable M&O Digest
TAD #1	$5,056,680	$3,014,800
City of Norcross	$692,020,360	$669,022,050
Gwinnett County	$30,001,969,270	$26,019,139,268
Gwinnett Public Schools	$29,226,748,280	$25,623,595,543
Norcross TAD #1 Taxable Digest as a % of		
City of Norcross	0.731%	0.451%
Gwinnett County	0.017%	0.012%
Gwinnett Public Schools	0.017%	0.012%

* This Table reports published 2014 Digest values for comparison purposes.

SOURCE: Georgia Department of Revenue, Local Government Services Division

Assuming the Board of Education consents to participate in the TAD, any additional property taxes on real estate collected above the certified base amount would be

used to attract redevelopment to this portion of the County. BAG estimates that if all TAD projects are successfully implemented according to the schedule and average values indicated in the redevelopment plan, taxpayers within the TAD would pay a total of $24.7 million in aggregate School District property taxes on real estate (at the current school millage rate) aggregated over the entire 30 year life of the TAD. Of that total, BAG estimates that roughly $1.8 million would continue to accrue to the School District's general fund and $22.9 million would be contributed as School District tax increments to the TAD Special Fund. Most of these increments would be due toward the back end of the TAD and potentially never be contributed if bond financing is paid off early and the TAD is dissolved before the end of 30 years. Less than $1.7 million of School District tax increments would be contributed over the first five years of the TAD. As has been previously noted, the City would be open to negotiating an agreement with the School District that rebates an additional $11.3 million in School tax increments over the life of the TAD, almost half of the District's total contribution.

PROPOSED REDEVELOPMENT IN NORCROSS TAD #1

As detailed earlier in this plan, there are five potential locations for redevelopment projects located on 14.1 acres of the 27.65-acre Norcross TAD#1. The Redevelopment Plan calls for a higher-density mix of uses which will expand the existing Downtown business district and be attractive for living, working, shopping and entertaining. Based on the proposed plan, the new development could increase the total digest value of taxable property within the TAD by more than $35 million over current levels. The projects could include:

- Roughly 450 new apartment units;
- a 65,000 square foot hotel with meeting space;
- another 65,000 SF of new restaurant, retail, entertainment and other commercial space;
- 75,000 SF of senior housing including independent and assisted living units; and
- 15,000 SF of new office development.

ESTIMATED NUMBER OF FUTURE PUBLIC SCHOOL STUDENTS LOCATED WITHIN THE TAD

Based on the proposed projects the above table presents an estimate of the number of new residents and school children that could be anticipated to live in the proposed TAD as a result of successful development occurring over 7-year construction period.

As shown on the following table, there would be an estimated 1,002 new residents and 120 school aged children from the combined potential development of 450 residential units when completed and fully occupied eight or more years into the future. Gwinnett County Schools had a total FTE enrollment of 173,246 in October of 2014 according to the Georgia Department of Education web site. Therefore, potential residential development in the proposed TAD would have slightly more

than a seven one-hundredths of one percent (0.069%) impact on total School District enrollment when completed, assuming district wide enrollment remains at current levels.

Table 13: Estimated Residents and School Aged Children in the Proposed TAD #1 - 2015 to 2044

Housing Type	Units	Avg. Value	Resident Multiplier	Estimated Residents	School Aged Children Multiplier	Estimated School Aged Children
Senior Housing	85	$194,400	1.5	128	0	0
Rental Housing						
1 bedroom	120	$95,000	1.49	179	0.08	10
2 bedroom	310	$110,000	2.03	629	0.3	93
3 bedroom	20	$120,000	3.34	67	0.87	17
Total Units	535					
Total Residents/Total Pupils				1,002		120
Total Residents/Pupils/unit				1.87		0.22

Source: Fannie Mae Foundation Residential Demographic Multipliers for Georgia/BAG

THE LOCATION OF SCHOOL FACILITIES WITHIN THE REDEVELOPMENT AREA

There are no existing or planned Gwinnett County Public School Facilities located within the boundaries of the proposed Norcross TAD #1.

AN ESTIMATE OF EDUCATIONAL SPECIAL PURPOSE LOCAL OPTION (ESPLOST) SALES TAXES AND INCREMENTAL BUSINESS PERSONAL PROPERTY TAXES PROJECTED FROM TAD DEVELOPMENT

In terms of the potential redevelopment projects described in the Redevelopment Plan, a portion of those projects would create new retail or hotel space that would generate potential ESPLOST revenues in future years. A portion of the households residing in the TAD would also be new to the County and would be expected to generate additional E-SPLOST through their taxable household purchases made within the County. Finally, new commercial, retail, hotel, senior care and office space would increase the School District's business personal property tax digest, which would not be pledged to the TAD. Typically, the value of business personal property can range from 25% to in excess of 100% of the real estate value of commercial or industrial land uses. BAG has used a ratio of 35% to estimate incremental personal property digest that would result from redevelopment of new commercial development within the TAD. Resulting calculations are summarized in the table on the following page.

Table 14: Estimated ESPLOST & Personal Property Taxes to Gwinnett County Schools

E-SPLOST: HOUSEHOLD SPENDING	Units	Avreage HH Income	Aggregate HH Income	Local Retail Sales @60%	E-SPLOST
SF Detached	0	$85,000	$0	$0	$0
Townhomes	0	$65,000	$0	$0	$0
Apartments	450	$45,000	$20,250,000	$12,150,000	$121,500
E-SPLOST: RETAIL DEVELOPMENT	**SF**	**Sales/SF**	**Total Sales**		**ESPLOST**
Commercial/Retail Space	65,000	$250	$16,250,000		$162,500
Total Annual ESPLOST Revenues*					$142,000
Business Personal Property Increment					
Estimated Incremental Commercial RE Digest					$35,270,222
Personal Property Value @				35%	$12,344,578
Annual Personal Property Taxes @ Millage Rate of				**19.8**	**$244,423**

*Adjusted for 50% double counting of TAD resident retail purchases.

Source: Bleakly Advisory Group, Inc.

At build-out, Norcross TAD#1 could be expected to generate approximately $142,000 annually in E-SPLOST revenues to the Gwinnett County Schools during years in which an E-SPLOST is in effect. This amount is nearly 2.4 times the $59,700 per year in annual School District property tax revenues (on real estate) currently generated by properties within the TAD (which the District will also continue to receive). In addition, BAG estimates that the District would gain roughly $244,000 in increased tax revenues from business personal property, associated primarily with proposed hotel, senior living, and office development components.

The combination of increased personal property taxes and real estate taxes on the base value of the TAD will continue to generate roughly $304,000 per year in annual property tax revenues to the School District, representing local revenues of roughly $2,500 per expected additional student. Adding expected increases in E-SPLOST raises annual School District revenues to more than $446,000 from the TAD at build out. Combined increases in E-SPLOST and taxes on commercial personal property offset approximately 61% of the School District property tax increments on real estate taxes that would be contributed to the TAD special fund. Absent of the TAD and its ability to accelerate implementation of the City's redevelopment effort within Downtown, it is likely to take several years for the Gwinnett County School District to achieve comparable revenue growth from property and sales taxes generated within this area of Norcross.

CONCLUSION REGARDING SCHOOL DISTRICT IMPACTS

As demonstrated in the preceding analysis, the fiscal and economic impacts to Gwinnett County Public Schools from participating in Norcross TAD #1 are:

- The proposed TAD will affect the future appreciation on 0.012% (one one-hundredth of one percent) of the School's taxable digest. All current property taxes ($59,700/year) will continue to go to the school system—only increases above the current amount are pledged to the TAD.
- The redevelopment area will potentially attract 1,000 new residents and 120 school children at build out, achieved after several years of construction. This represents an addition of 0.069% to the total 2014 enrollment of the Gwinnett County Schools.
- There are no existing or planned Gwinnett County Schools facility located inside the TAD boundary.
- The proposed redevelopment could generate an additional $142,000 in annual ESPLOST funds from new residents and businesses during years in which the E-SPLOST is in effect, an amount approaching 2.4 times current property taxes collected within the TAD boundary.
- The School District could also receive $244,400 per year in incremental revenue from increased business personal property taxes associated with new commercial and hotel development within the proposed TAD.

Thus we conclude that the potential revenue gains to the Gwinnett County Schools from participating in the proposed TAD will be marginally positive due to the future growth in its tax digest and ESPLOST revenues over existing levels, with minimal impact on the demand for school services.

Summary Conclusion: Potential Benefits of Creating TAD #1 - City Center East

As shown in the following table, the creation of the amended TAD #1 - City Center East could generate more than $91.8 million in new development which would increase the current $3.01 million taxable digest value of the TAD by an additional $35.0 million, an increase of 1160%. Nearly 265,000 SF of new/rehabilitated commercial development within the TAD could potentially house 340 local jobs when fully occupied.

Table 15: Summary of Norcross TAD #1 Benefits

Estimated Value of new private capital investment	$ 91.8 million
Cost of public infrastructure to be financed by the TAD (Net)	$ 9.8 million
Estimated annual ad valorem tax increment after full build out	$ 1.38 million
Estimated New Jobs Created*	340

*Consultant prepared estimates.

This projected investment would result in approximately $2.39 million in new, incremental annual property tax receipts from real estate and support net TAD funding for up to $9.8 million in needed infrastructure IF the City chose to issue TAD Bonds and all taxing jurisdictions consent to participate. This estimate also builds in anticipated City rebates of a portion of County and School District tax increments. The use of TAD proceeds as local match to supplement other forms of project financing obtained by the City, or on a-pay-as-you-go basis, could be expected to leverage differing levels of project funding.

APPENDICES

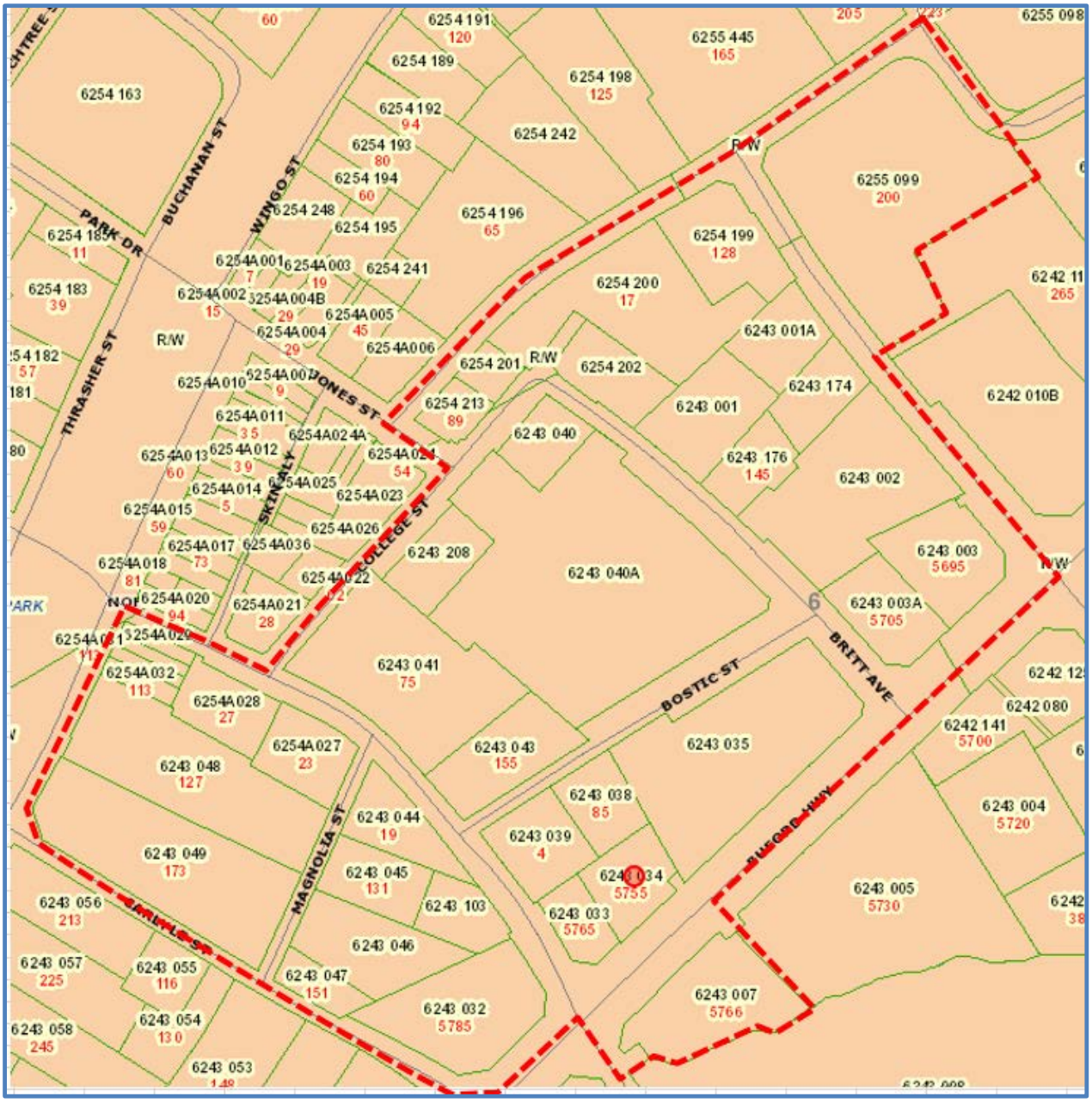
APPENDIX A: DOWNTOWN NORCROSS TAD BOUNDARY MAP (L)

APPENDIX B. LIST OF TAX PARCEL ID NUMBERS (PROPERTIES WITHIN THE TAD)

APPENDIX C. NORCROSS MAYOR AND CITY COUNCIL

APPENDIX D. GWINNETT COUNTY BOARD OF COMMISSIONERS

APPENDIX A. DOWNTOWN NORCROSS TAD #1 BOUNDARY MAP (L)



APPENDIX B: LIST OF TAX PARCEL ID NUMBERS (PROPERTIES WITHIN THE TAD)

Parcel ID Number	Primary Owner	Property Address		Legal Acreage	Total Appraised (Market) Value	Total Assessed (Digest) Value	Total Taxable Digest
6243 001	CITY OF NORCROSS	0	BRITT AVE	0.67	$46,700	$18,680	$0
6243 001A	CITY OF NORCROSS	0	MITCHELL STREET	0.53	$36,700	$14,680	$0
6243 002	US POSTAL SERVICE	265	MITCHELL ROAD	1.38	$636,300	$254,520	$0
6243 003	ADVANCE STORES COMPANY INC.	5659	BUFORD HIGHWAY	0.59	$710,000	$284,000	$284,000
6243 003A	PRUITT MARTHA ELAINE BRUCE	5705	BUFORD HIGHWAY	0.48	$425,000	$170,000	$170,000
6243 007	EFA PROPERTIES, LLC	5766	BUFORD HIGHWAY	0.95	$303,200	$121,280	$121,280
6243 032	BAGGETT ENTERPRISES	5785	BUFORD HIGHWAY	0.96	$300,000	$120,000	$120,000
6243 033	CITY OF NORCROSS	5765	BUFORD HIGHWAY	0.24	$11,000	$4,400	$0
6243 034	DOWNTOWN DEVELOPMENT AUTHORITY	5755	BUFORD HIGHWAY	0.41	$500,000	$200,000	$0
6243 035	VOSAMIS PROPERTIES, LLC	5735	BUFORD HIGHWAY	1.68	$1,376,300	$550,520	$550,520
6243 038	NORCROSS DDA PROPERTIES LLC	85	BOSTIC STREET	0.33	$84,000	$33,600	$0
6243 039	CITY OF NORCROSS	4	HOLCOMB BRIDGE RD.	0.49	$122,900	$49,160	$0
6243 040	DOWNTOWN DEVELOPMENT AUTHORITY	0	COLLEGE STREET	0.32	$182,400	$72,960	$0
6243 040A	DOWNTOWN DEVELOPMENT AUTHORITY	0	COLLEGE STREET	3.72	$678,200	$271,280	$0
6243 041	PARKSIDE NORCROSS LLC	75	COLLEGE STREET	1.05	$476,700	$190,680	$190,680
6243 043	CITY OF NORCROSS	155	HOLCOMB BRIDGE RD.	0.58	$226,600	$90,640	$0
6243 044	BURTON BILLY J & JULIE V	19	HOLCOMB BRIDGE RD.	0.39	$176,000	$70,400	$70,400
6243 045	KUCERA KEVIN T & RAMONA F	131	MAGNOLIA STREET	0.42	$367,200	$146,880	$146,880
6243 046	CHATHAM ENTERPRISES, INC.	0	MAGNOLIA STREET	0.61	$33,800	$13,520	$13,520
6243 047	KUCERA KEVIN T & RAMONA F	151	CARLYLE STREET	0.23	$88,400	$35,360	$35,360
6243 048	WEBB, JAMES H	127	SOUTH PEACHTREE STREET	1.43	$445,800	$178,320	$178,320
6243 049	CARLYLEHOUSE, LLC	173	SOUTH PEACHTREE STREET	1.67	$515,400	$206,160	$206,160
6243 103	BAGGETT ENTERPRISES	0	HOLLAND STREET	0.31	$14,000	$5,600	$5,600
6243 174	CITY OF NORCROSS	0	MITCHELL STREET	0.34	$23,700	$9,480	$0
6243 176	CITY OF NORCROSS	145	BRITT AVE	0.36	$179,300	$71,720	$0
6243 208	DOWNTOWN DEVELOPMENT AUTHORITY	57	COLLEGE STREET	0.40	$87,800	$35,120	$0
6254 199	CITY OF NORCROSS	128	LAWRENCEVILLE STREET	0.61	$116,900	$46,760	$0
6254 200	CITY OF NORCROSS	17	COLLEGE STREET	1.39	$680,900	$272,360	$0
6254 201	PRESBYTERIAN CHURCH	0	NE LAWRENCEVILLE STREET	0.15	$368,100	$147,240	$0
6254 202	CITY OF NORCROSS	0	NE COLLEGE STREET	1.00	$992,500	$397,000	$0
6254 213	WESLEYAN HISPANIC CHURCH CELEB	89	JONES STREET	0.23	$130,700	$52,280	$0
6254A 027	JONES, THOMAS SCOTT	23	HOLCOMB BRIDGE RD.	0.41	$124,000	$49,600	$49,600
6254A 028	SECTION 10, INC.	27	HOLCOMB BRIDGE RD.	0.49	$112,700	$45,080	$45,080
6254A 029	MION JOHN J	0	SOUTH PEACHTREE STREET	0.09	$109,700	$43,880	$43,880
6254A 030	EPPS J WAYNE	113	SOUTH PEACHTREE STREET	0.06	$189,700	$75,880	$75,880
6254A 031	EPPS J WAYNE	0	SOUTH PEACHTREE STREET	0.08	$71,800	$28,720	$28,720
6254A 032	EPPS J WAYNE	113	SOUTH PEACHTREE STREET	0.10	$74,800	$29,920	$29,920
6255 099	BRE ESA PROPERTIES LLC	200	LAWRENCEVILLE STREET	2.50	$1,622,500	$649,000	$649,000
TOTALS:		**38**	**Parcels**	**27.65**	**$12,641,700**	**$5,056,680**	**$3,014,800**

[1] "Acreage" shown in this table is from the "legal acreage" column appearing in the County GIS data base. "Calculated Acres" and "Deed Acres" values are different.

APPENDIX C. NORCROSS MAYOR AND CITY COUNCIL

Bucky Johnson, Mayor

Andrew Hixson

David McLeroy

Craig Newton

Charlie Riehm

Josh Bare, Mayor Pro Tem

Rudolph Smith, City Manager

APPENDIX D. GWINNETT COUNTY BOARD OF COMMISSIONERS AND COUNTY ADMINISTRATOR

Charlotte J. Nash, Commission Chairman

Jace Brooks, District 1 Commissioner

Lynette Howard, District 2 Commissioner

Tommy Hunter, District 3 Commissioner

John Heard, District 4 Commissioner

Glenn Stephens, County Administrator

APPENDIX E. GWINNETT COUNTY SCHOOL BOARD AND SUPERINTENDENT OF SCHOOLS

Carol Boyce, District I

Daniel D. Seckinger, District II

Dr. Mary Kay Murphy, Chairman, District III

Dr. Robert McClure, Vice Chairman, District IV

Louise Radloff, District V

J. Alvin Wilbanks, CEO/Superintendent