

DRAFT

Gateway East Urban Renewal Plan

Feasibility Study & Market Assessment Update

Prepared for the CAPITAL CITY DEVELOPMENT CORPORATION | October 8, 2018

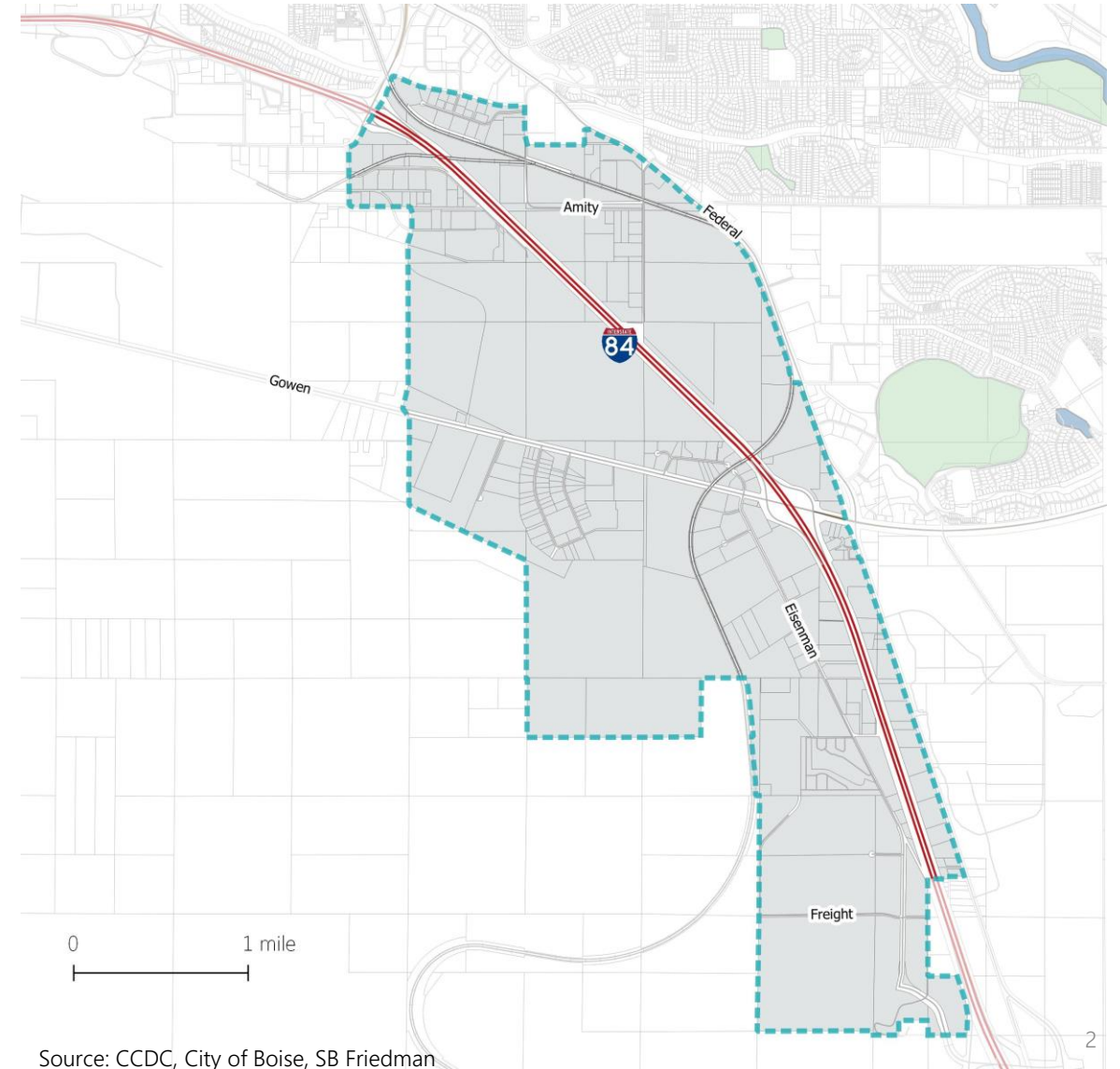


VISION
ECONOMICS
FINANCE
STRATEGY
IMPLEMENTATION

Gateway East Original Boundary

DRAFT

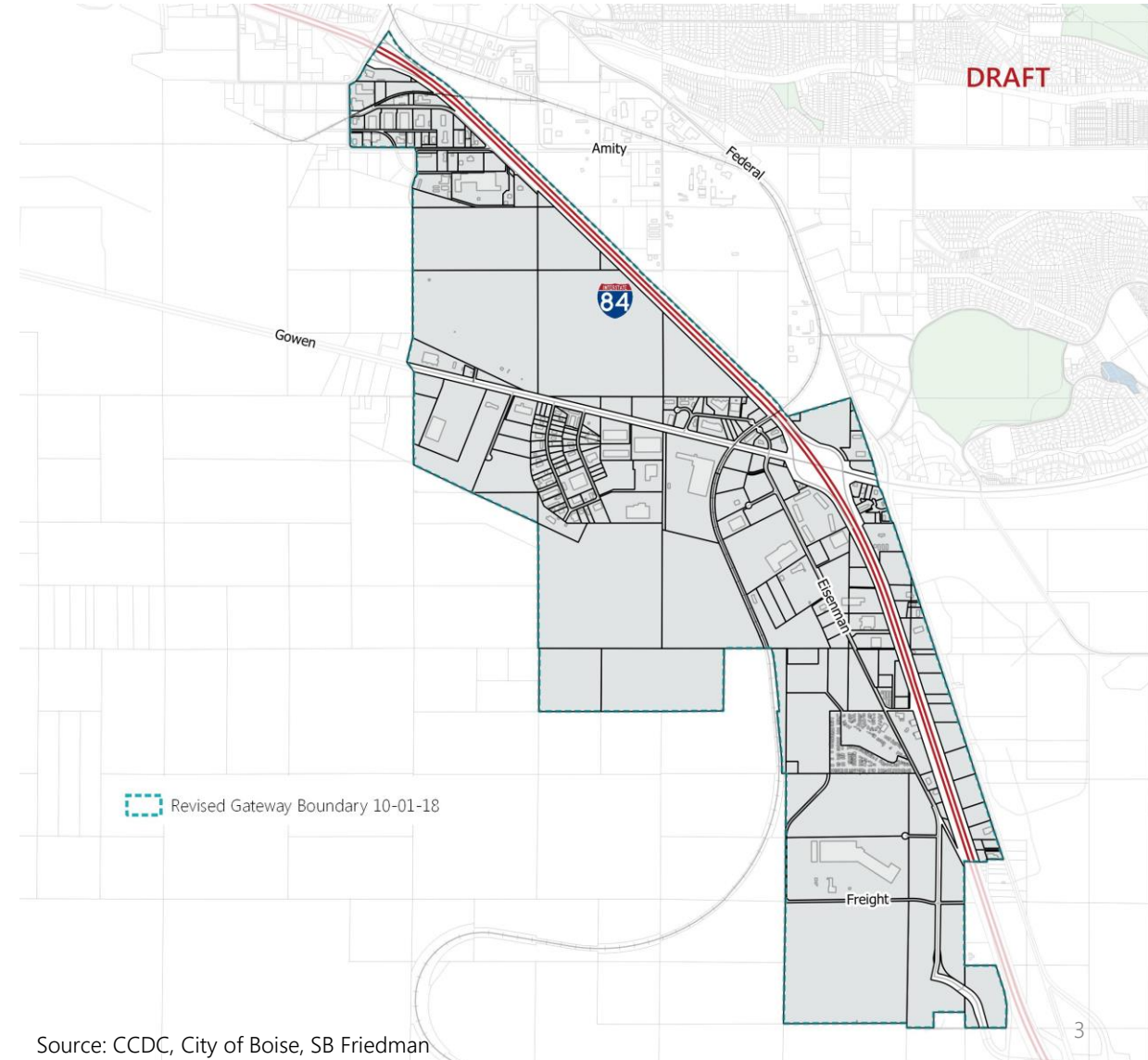
- Original boundary: 3,260 acres
- Considerations for area reduction
 - Eligibility findings
 - Sites susceptible to change
 - Planned/key improvements
 - Contiguity
- Eligibility findings included
 - Deterioration of site
 - Deterioration of structure
 - Predominance of defective or inadequate street layout



Gateway East Parcel Reduction

DRAFT

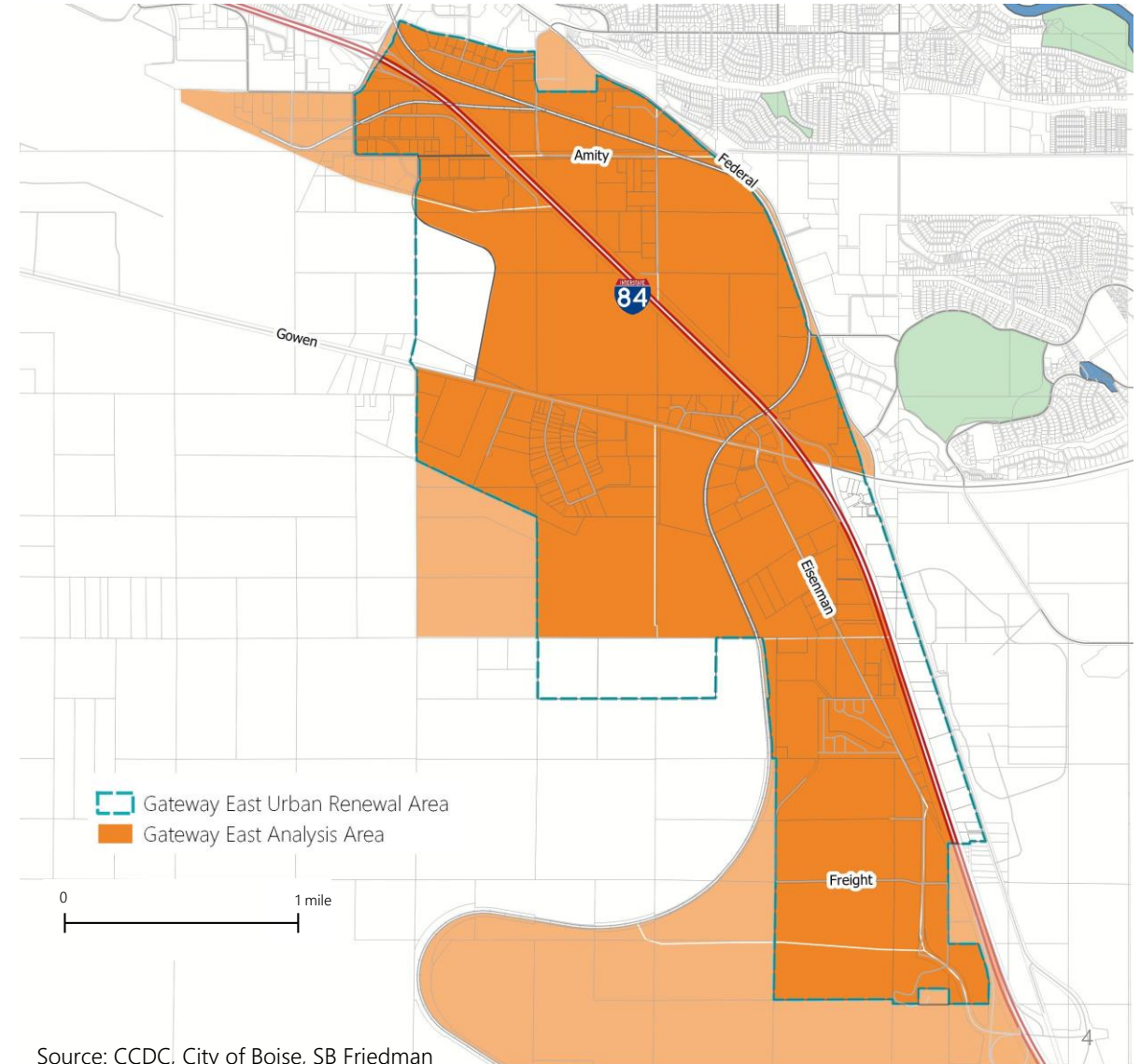
- Updated boundary removes the majority of parcels north of Gowen and east of I-84
 - Retains most sites susceptible to change, particularly those that are not development ready
 - Minimally impacts planned infrastructure improvements
- Revised area: 2,640 acres (~20% reduction)



Gateway East Original Market Methodology

DRAFT

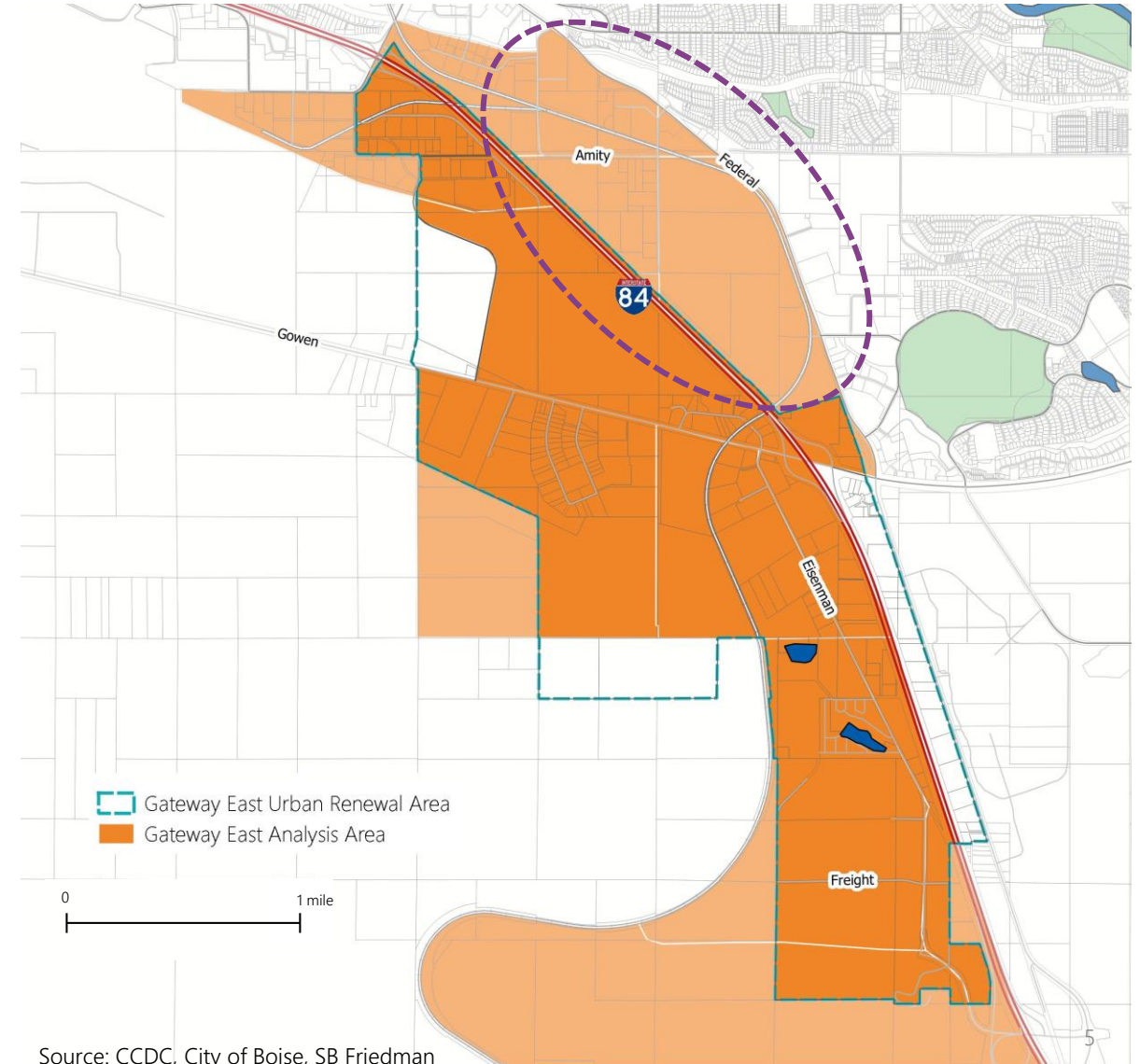
- Original findings were based on a combination of COMPASS and Longitudinal Employer-Household Dynamic (LEHD) data
 - LEHD data provided employment base
 - COMPASS data provided annual growth rate
- Demand projections:
 - Industrial – 10.1 M SF
 - Retail – 97,500 SF
 - Hotel – 1-2 hotels



Gateway East Original Market Methodology

DRAFT

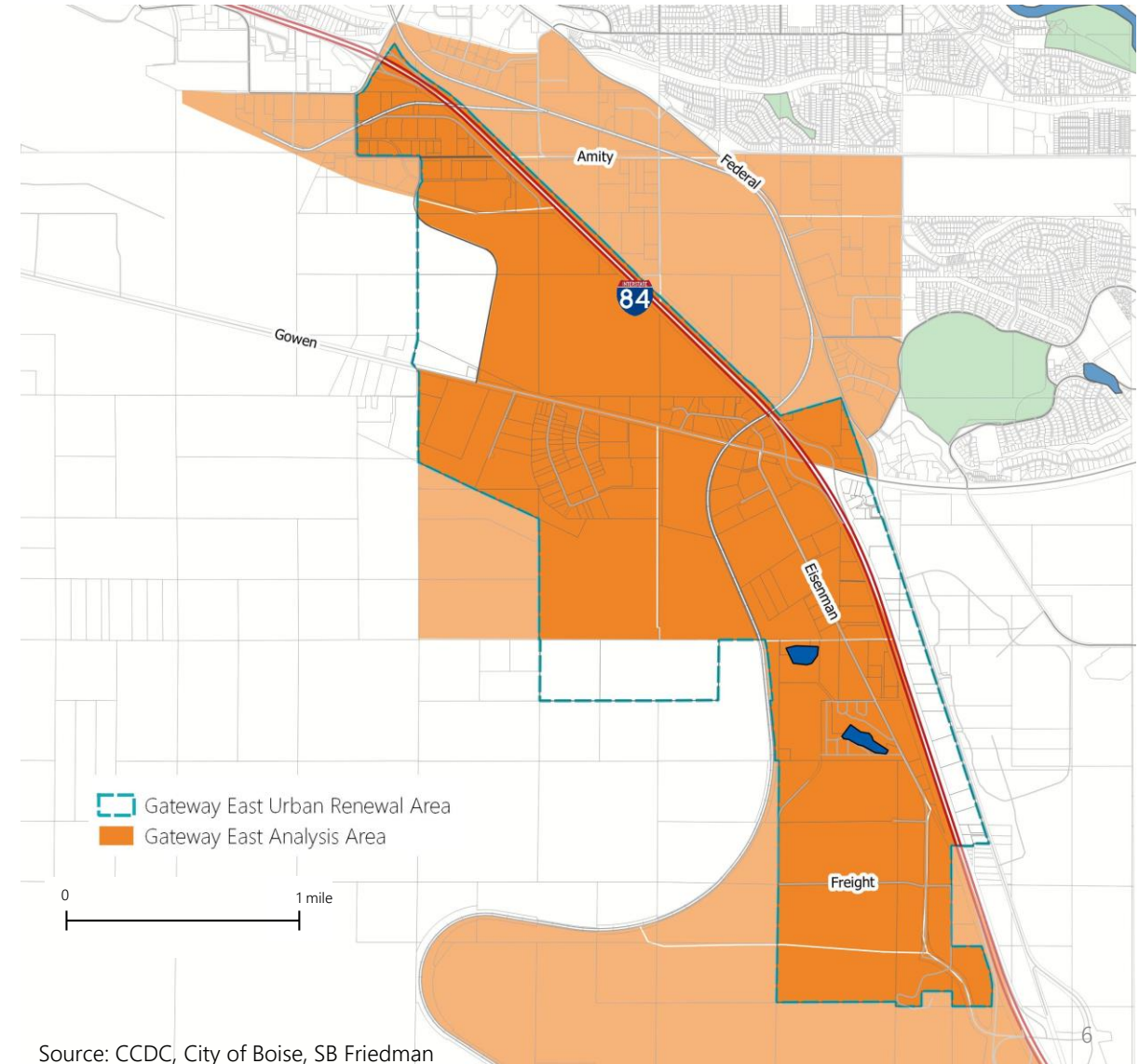
- Original findings were based on a combination of COMPASS and Longitudinal Employer-Household Dynamic (LEHD) data
 - LEHD data provided employment base
 - COMPASS data provided annual growth rate
- Demand projections:
 - Industrial – 10.1 M SF
 - Retail – 97,500 SF
 - Hotel – 1-2 hotels



Gateway East Revised Market Methodology

DRAFT

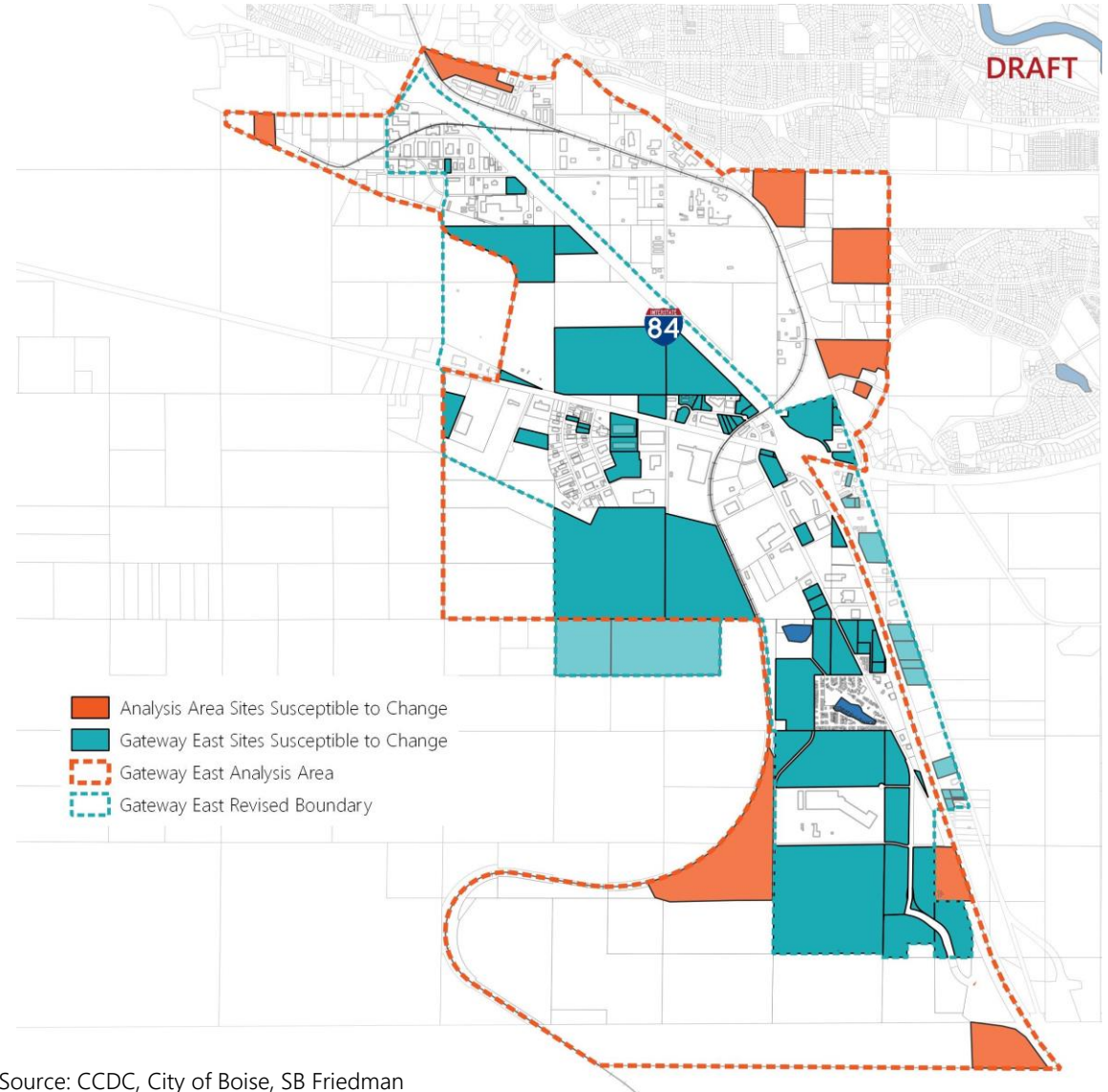
- Expanded the transit analysis zones (TAZs) included in the Analysis Area to account for all within the industrial corridor (excluding the airport)
- Calculated the total demand projected for the industrial corridor
- Allocated demand between Gateway East and the remainder of the Analysis Area based on the ratio of sites susceptible to change in each



Gateway East Revised Market Methodology

DRAFT

- 80% of sites susceptible to change acreage is within the Gateway East revised boundary
- Revised demand projections
 - Industrial – 9.9 M SF
 - Retail – 92,500 SF
 - Hotels – 1-2 hotels (unadjusted)



Key Revenue Model Assumptions

DRAFT

- Inflation rate: 2.5%
- Composite tax levy: 0.015 (constant over life of the URD)
- Urban Renewal annual program operations: 12%
- CCDC discount rate: 4%
- Development phasing
 - Known developments (projects the CCDC is aware of) are assumed to deliver over a 10-year period
 - The remainder of the demand is assumed to deliver over 19 years
- Taxable value per unit assumptions vary by land use:

| Taxable Value Assumptions: | | | | | |
|----------------------------|--------|-------------------|--------------------|----------------|----------|
| | Retail | Ind. Distribution | Ind. Manufacturing | Ind. Warehouse | Hotel |
| Taxable Value | \$195 | \$55 | \$55 | \$85 | \$89,000 |
| Unit | SF | SF | SF | SF | Key |

Source: SB Friedman

Revenue Projections

\$94.4 M in revenues projected for the revised boundary

DRAFT

| | | | Sources of New Increment Value | | | | | | | Sources of Revenue | | Combined Revenue | |
|----------|-----------------|------------------|---|---|--------------------------------------|--------------------------|---|--|------------------------------------|---|------------------------------------|-----------------------------|---------------|
| | | | Value Growth of Existing Real Estate | Value Growth from Projected New Real Estate in the Gateway East URA | | | | | Revenue from Existing Value Growth | Revenue from Projected New Value Growth | Gross URA Revenue (Existing + New) | New Increment Value Revenue | |
| URA Year | Assessment Year | CCDC Fiscal Year | Cumulative TV Increment on Existing Real Estate | TV Increment from 2018 Development | TV Increment from Known Developments | TV Increment from Demand | TV Deductions of Existing Land/Improvements | Cumulative TV Increment on Development | | | | | |
| [5] | [6]/[7] | [6]/[7] | [8] | | [9]/[11] | [10]/[11] | [11] | [12] | [13] | [13] | | [14] | |
| Q1 | 0 | 2018 | 2019 | \$7,592,550 | \$14,582,323 | \$0 | \$0 | -\$100,478 | \$14,481,846 | | | | |
| | 1 | 2019 | 2020 | \$15,374,914 | \$21,438,000 | \$7,262,512 | \$24,401,100 | -\$2,609,037 | \$65,439,456 | \$113,888 | \$217,228 | \$331,116 | \$291,382 |
| | 2 | 2020 | 2021 | \$23,351,837 | \$0 | \$18,093,444 | \$25,011,128 | -\$2,674,263 | \$107,505,751 | \$230,624 | \$981,592 | \$1,212,216 | \$1,066,750 |
| | 3 | 2021 | 2022 | \$31,528,183 | \$0 | \$18,545,780 | \$25,636,406 | -\$2,741,120 | \$151,634,461 | \$350,278 | \$1,612,586 | \$1,962,864 | \$1,727,320 |
| | 4 | 2022 | 2023 | \$39,908,937 | \$0 | \$19,009,424 | \$26,277,316 | -\$2,809,648 | \$197,902,415 | \$472,923 | \$2,274,517 | \$2,747,440 | \$2,417,747 |
| Q2 | 5 | 2023 | 2024 | \$48,499,210 | \$0 | \$19,484,660 | \$26,934,249 | -\$2,879,889 | \$246,388,996 | \$598,634 | \$2,968,536 | \$3,567,170 | \$3,139,110 |
| | 6 | 2024 | 2025 | \$57,304,241 | \$0 | \$19,971,776 | \$27,607,605 | -\$2,951,886 | \$297,176,216 | \$727,488 | \$3,695,835 | \$4,423,323 | \$3,892,524 |
| | 7 | 2025 | 2026 | \$66,329,397 | \$0 | \$20,471,071 | \$28,297,796 | -\$3,025,683 | \$350,348,804 | \$859,564 | \$4,457,643 | \$5,317,207 | \$4,679,142 |
| | 8 | 2026 | 2027 | \$75,580,182 | \$0 | \$20,982,847 | \$29,005,241 | -\$3,101,325 | \$405,994,287 | \$994,941 | \$5,255,232 | \$6,250,173 | \$5,500,152 |
| | 9 | 2027 | 2028 | \$85,062,236 | \$0 | \$21,507,419 | \$29,730,372 | -\$3,185,138 | \$464,196,796 | \$1,133,703 | \$6,089,914 | \$7,223,617 | \$6,356,783 |
| Q3 | 10 | 2028 | 2029 | \$94,781,342 | \$0 | \$22,045,104 | \$30,473,631 | -\$3,258,330 | \$525,062,121 | \$1,275,934 | \$6,962,952 | \$8,238,885 | \$7,250,219 |
| | 11 | 2029 | 2030 | \$104,743,426 | \$0 | \$13,299,602 | \$31,235,472 | -\$1,893,780 | \$580,829,968 | \$1,421,720 | \$7,875,932 | \$9,297,652 | \$8,181,934 |
| | 12 | 2030 | 2031 | \$114,954,561 | \$0 | \$0 | \$32,016,358 | -\$1,941,124 | \$625,425,952 | \$1,571,151 | \$8,712,450 | \$10,283,601 | \$9,049,569 |
| | 13 | 2031 | 2032 | \$125,420,975 | \$0 | \$0 | \$32,816,767 | -\$1,989,652 | \$671,888,715 | \$1,724,318 | \$9,381,389 | \$11,105,708 | \$9,773,023 |
| | 14 | 2032 | 2033 | \$136,149,050 | \$0 | \$0 | \$33,637,187 | -\$2,039,394 | \$720,283,726 | \$1,881,315 | \$10,078,331 | \$11,959,645 | \$10,524,488 |
| Q4 | 15 | 2033 | 2034 | \$147,145,326 | \$0 | \$0 | \$34,478,116 | -\$2,090,379 | \$770,678,557 | \$2,042,236 | \$10,804,256 | \$12,846,492 | \$11,304,913 |
| | 16 | 2034 | 2035 | \$158,416,509 | \$0 | \$0 | \$35,340,069 | -\$2,142,638 | \$823,142,952 | \$2,207,180 | \$11,560,178 | \$13,767,358 | \$12,115,275 |
| | 17 | 2035 | 2036 | \$169,969,472 | \$0 | \$0 | \$36,223,571 | -\$2,196,204 | \$877,748,893 | \$2,376,248 | \$12,347,144 | \$14,723,392 | \$12,956,585 |
| | 18 | 2036 | 2037 | \$181,811,259 | \$0 | \$0 | \$37,129,160 | -\$2,258,951 | \$934,562,824 | \$2,549,542 | \$13,166,233 | \$15,715,775 | \$13,829,882 |
| | 19 | 2037 | 2038 | \$193,949,090 | \$0 | \$0 | \$36,318,413 | -\$2,307,387 | \$991,937,921 | \$2,727,169 | \$14,018,442 | \$16,745,611 | \$14,736,138 |
| | 20 | 2038 | 2039 | Last Year of Collections: | | | | | \$2,909,236 | \$14,879,069 | \$17,788,305 | \$15,653,709 | |
| | | | Total Revenue, 2019-2038 | | | | | | | \$28,168,000 | \$147,339,000 | \$175,508,000 | \$154,447,000 |
| | | | Present Value of URA Revenue (2019\$): | | | | | | | \$17,247,000 | \$89,992,000 | \$107,239,000 | \$94,370,000 |



221 N. LaSalle St, Suite 820

Chicago, IL 60601

312-424-4250 | sbfriedman.com

VISION | ECONOMICS
MARKET ANALYSIS AND REAL ESTATE ECONOMICS

STRATEGY
DEVELOPMENT STRATEGY AND PLANNING

FINANCE | IMPLEMENTATION
PUBLIC-PRIVATE PARTNERSHIPS AND IMPLEMENTATION