

Kingsdale Redevelopment Update

November 9, 2020

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City of **Upper
Arlington**

Timeline

| | |
|-------------|--|
| February | City makes offer to purchase the property |
| June 5 | Kroger announces intent to sell the property |
| September 8 | Continental Real Estate contract for property announced |
| October 5 | Site plans for Kingsdale unveiled at BZAP and CCFTF |
| October | Plans discussed in at least 5 public meetings in October |
| November | 5 opportunities for public comment and discussion at City Council (every Monday evening). Vote on TIF on November 30 |



Next Steps

- City Council vote on TIF November 30
- School Board action on TIF requested in December
- Continental must make second deposit in December (\$250,000 non-refundable) and close in early January (\$12.5 million)
- CCFTF preliminary recommendations/findings expected December 16
- Council action to place issue on May 2021 ballot prior to February 3



Financial summary of five scenarios*

1. Community Center built at Kingsdale with Continental proposal
 - Total cost of \$50 million. Net cost \$32.1 million after TIF.
2. Community Center built at MSC with Continental going forward
 - Total cost of \$75 million. Net cost of \$52 million after TIF.
3. No Community Center, but Continental goes forward
 - \$810,000/yr. (increase of \$687,000) to schools. Estimated \$500,000 to City.
4. City purchases property and builds stand-alone community center
 - Add \$12.5 million in land cost. Eliminate TIF revenue. Total and net cost: \$60 million.
 - Revenues to schools goes to \$0 as site will be for public use.
5. No TIF. Continental does not purchase land. City does not purchase land.
 - Site remains in current state, or Kroger could tear down building to reduce property taxes.



*Figures are based on estimates as of November 9, 2020 and subject to change. Figures do not include any potential funds from private donations or other sources

What is TIF?

Redirect *new* tax property tax revenue in connection with a new development (or redevelopment) away from normal recipients and toward payment of costs of improvements that benefit the development:

- Infrastructure Improvements – roads, sewers, traffic lights, etc.
- Direct Development Costs – parking

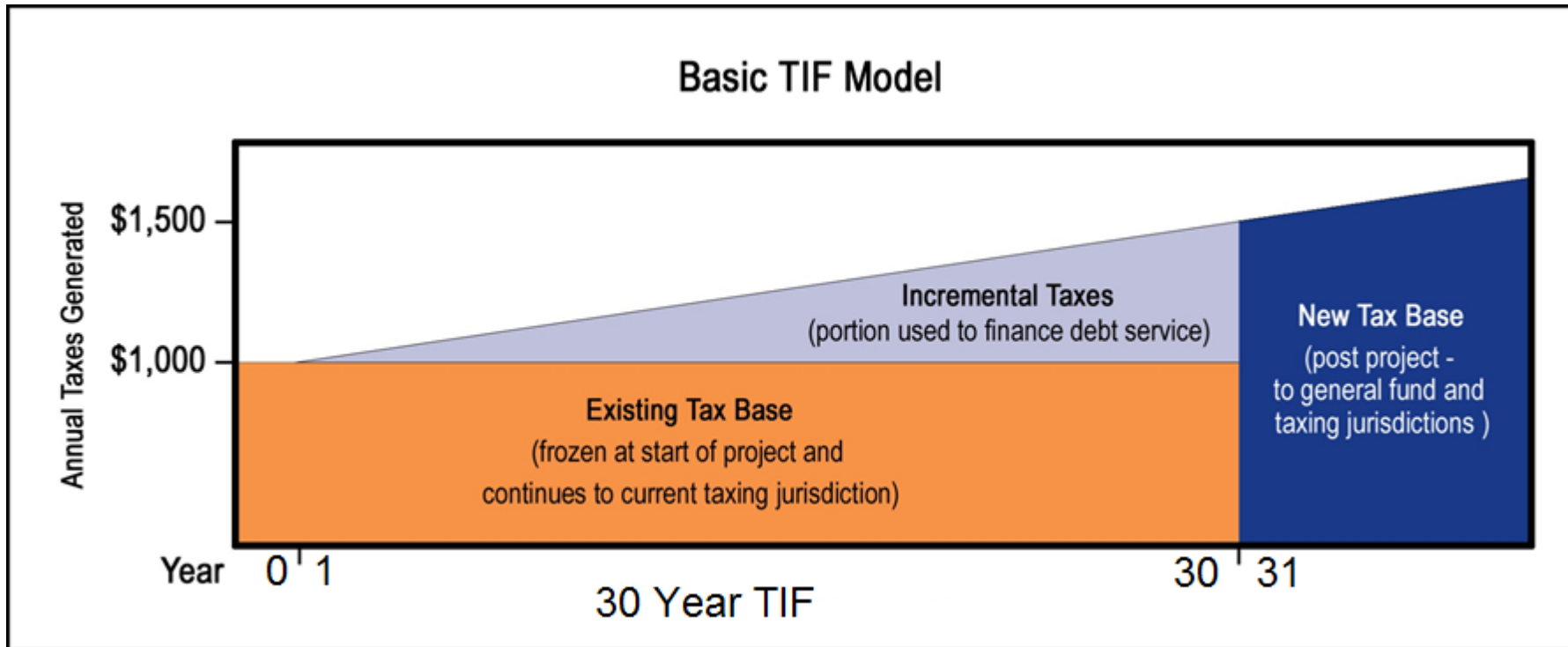


Increment

- Property owner does NOT receive a tax break
- Increase in real estate taxes resulting from development over and above the value prior to the date that the development occurred is redirected to eligible public improvements.
- Existing taxes continue to go to taxing districts (i.e., schools, county, city, continue to receive predevelopment tax revenues).



TIF Revenue Stream



Uses of TIF Revenue

- Public Infrastructure Improvements
- Land Acquisition
- Demolition
- Utilities
- Debt Service



EXAMPLE

- UA Development Corp owns a property valued at \$5M that currently pays \$125,000 a year in taxes. Schools receive \$90,000 a year in taxes.
- UA Dev wants to redevelop the site, with a project that would increase the taxable value to \$100M with annual taxes that would be \$2.5M
- The redevelopment requires \$20M in parking, roads, and utility improvements.
- Without money to pay for the infrastructure, the project cannot go forward.



Redirect for Infrastructure

- TIF allows all or part of the \$2.375 in new property tax revenues to pay for public improvements.
- Schools and other agencies continue to receive normal payments based on original \$125,000 tax payments.
- A \$20M loan for 20 years at 3% interest rate for the infrastructure would require \$1.3M in annual payments.
- Potentially up to \$1M in excess TIF revenue available for other public purposes.



Summary

- The development pays for the public improvements – and more
- Schools and other agencies do not see a revenue decline
- Excess TIF available for other public purposes

