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Viewpoint: Tax incentives bring more tax dollars and more benefits more quickly

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If you've read the tweets and headlines as of late, you'd think our elected officials in the City of Atlanta believe the Development Authority of Fulton County (DAFC) is simply giving away tax dollars for free to every developer in town while simultaneously digging into the pockets of citizens and school children. [Editor's note: On Sept. 21, the Atlanta City Council approved legislation seeking changes to tax abatements.]

That's simply not true.

In stark contrast to what others may want you to believe, the projects the DAFC board approves bring more benefits to the communities we serve and more tax dollars to the taxing jurisdictions, including City of Atlanta and Atlanta Public Schools, more quickly.

Many of these properties, even those in what most would consider popular areas, still manage to sit empty and blighted with very minimal amounts of property taxes being collected. This means that even properties located in Midtown, West Midtown, Buckhead, and the Beltline can face significant challenges that have left some of these properties vacant and/or underperforming, such as being used as surface parking lots, for decades.



DEVELOPMENT AUTHORITY OF FULTON COUNTY
Samuel Bacote, Development Authority of Fulton County board member

These properties and others will wait for your tax dollars to eventually make much needed infrastructure improvements, such as replacing antiquated stormwater management systems, building roads, realigning dangerous intersections, and strengthening existing infrastructure.

Throughout my time serving on the DAFC board, I have seen countless examples where DAFC worked with developers on projects to prevent continued delays on developing these challenged properties in order to get these projects on the tax rolls immediately without placing an additional burden on taxpayers later on. These projects include:

A Peoplestown project where the developer is investing its own funds to remedy a hundred-year-old storm sewer line made of brick to benefit the project and neighboring communities to rid current flooding issues.

A Midtown project where the developer is investing its own funds in a site, which has sat vacant since 2006, to remedy topographical challenges, build a road for the Arts Center Way Extension, and ultimately win Invesco's relocation of its global headquarters for the City of Atlanta and Fulton County.

A Midtown project where the developer is investing its own funds to bury existing powerlines, contribute land and infrastructure improvements to the new Midtown Atlanta Art Walk, strengthen the existing infrastructure of the MARTA tunnel that runs beneath the property, realign the intersection at 12th Street and West Peachtree Street, and ultimately win Google as a tenant.

A Beltline project on Hamilton Avenue where the developer is investing its own funds to remedy a site that has vast deposits of potentially hazardous lime that have been allowed to sit for too many years, making the cost to develop the property prohibitive.

Private developers choose where they build and naturally go to more fertile ground bound by their capital. As it gets more expensive to build in some areas of Fulton County, due to market forces paired with the restrictions and demands imposed by local governments, they may choose to work with a development authority or even take their business to another metro county. DAFC does not seek out developers. They choose to bring projects to our authority when they have difficulty obtaining financing without additional equity of some kind.

These projects are thoroughly examined by our board and only brought forward after an extensive staff evaluation. Not all requests make it to the board level. Throughout the vetting process, DAFC pays close attention to extraordinary costs of proposed projects like site challenges, including failed attempts by previous developers to develop the project site. Many of these site challenges involve environmental cleanup, like the Hamilton Avenue project described above.

Developers must also show how they provide public benefits to the community in terms of created and retained jobs and enhanced development that otherwise wouldn't be as significant without the public-private partnership represented by our involvement. Enhanced development could mean, as it often does, our condition of minority involvement, affordable housing, improvements to aging infrastructure, creation of new public amenities like green space that's privately managed yet open to all and quite often other intrinsic elements that relate to community benefit agreements.

We notice that often times the projected incentive amount is actually less than some of these extraordinary costs that many of the DAFC projects face. That's because our incentives are very conservative by only running for a period of 10 years, with a net reduction of approximately 25% during the incentive period, which is only realized if the project is actually constructed or developed. It's important to note that this reduction is off of the new tax dollars that have been generated by the project, which in many cases is at least 10 to 20 times what was being paid prior to the development and are paid incrementally throughout the 10 years of the incentive. More tax dollars are provided more quickly to the taxing jurisdictions.

Often the money that's not collected during the incentive period is poured into the project, providing enhancements beyond what might have eventually materialized without our partnership. More benefits are provided more quickly to our residents.

If we want more affordability, updated infrastructure, safer sidewalks and increased greenspaces throughout our county, someone has to pay for it. Often, it's either - at the moment - during a good real estate cycle when developers have projects, or it's hope for something later after our taxes and fees have increased. The way I see it is if we aren't at the table, our collective dreams for a vibrant community for all people would be deferred or never realized. We look beyond the ten-year incentive

period to help create the highest quality development that will be enjoyed by and create opportunities for Fulton County citizens in the long-term.

During these unprecedented times, it is even more important for us to look for ways to solidify and strengthen our partnerships to ensure economic development continues within the City of Atlanta and Fulton County.