

## **STRATEGIC GUIDELINES FOR PROPERTY TAX INCENTIVES TO ENCOURAGE ECONOMIC DEVELOPMENT**

The City Council of the City of Chamblee recognizes that the Chamblee Downtown Development Authority is a separate body with vested authority to provide tax incentives. The DDA and City Council operate with the important shared mission of furthering the goals set forth in the master plan and other documents in order to achieve positive economic development in Chamblee.

Creation of guidelines for development incentives plays an important role in aligning goals and expectations of development considered by each of the bodies.

These guidelines are intended to provide a basis for decision making as well as communicate economic development priorities and goals to developers and to the public.

While these guidelines provide a strong foundation for consideration of development incentive requests, the DDA retains the discretion to approve or deny any tax incentive request. Tax incentive requests will be evaluated comprehensively. This policy is meant to serve as guidance in considering development incentive requests and adherence to the prerequisites as stated herein does not guarantee a project will receive a tax incentive.

### **Background**

The mission of the Chamblee Downtown Development Authority (DDA) is to promote, preserve, and enhance a safe and economically viable central business district in the City of Chamblee. These goals are facilitated by the creation of various programs, both public and private, that encourage redevelopment, growth, and employment opportunities within the district.

In Georgia, a principal tool for fulfilling these economic development goals is the application of property tax incentives. Use of these incentives involves the issuance of revenue bonds by the DDA to the applicant to construct the project. The project is then leased to the developer at a rent equal to the debt service on the bonds. The company, as a lessee, would have an option to buy the project for \$1.00 when the bonds are retired.

The “bonds for title” transaction provides the recipient a reduction in the amount of ad valorem taxes on the Project (the “Tax Incentive”). The Tax Incentive can be applied at a varied rate over a period up to 20 years as justified by the Project and negotiated by the DDA.

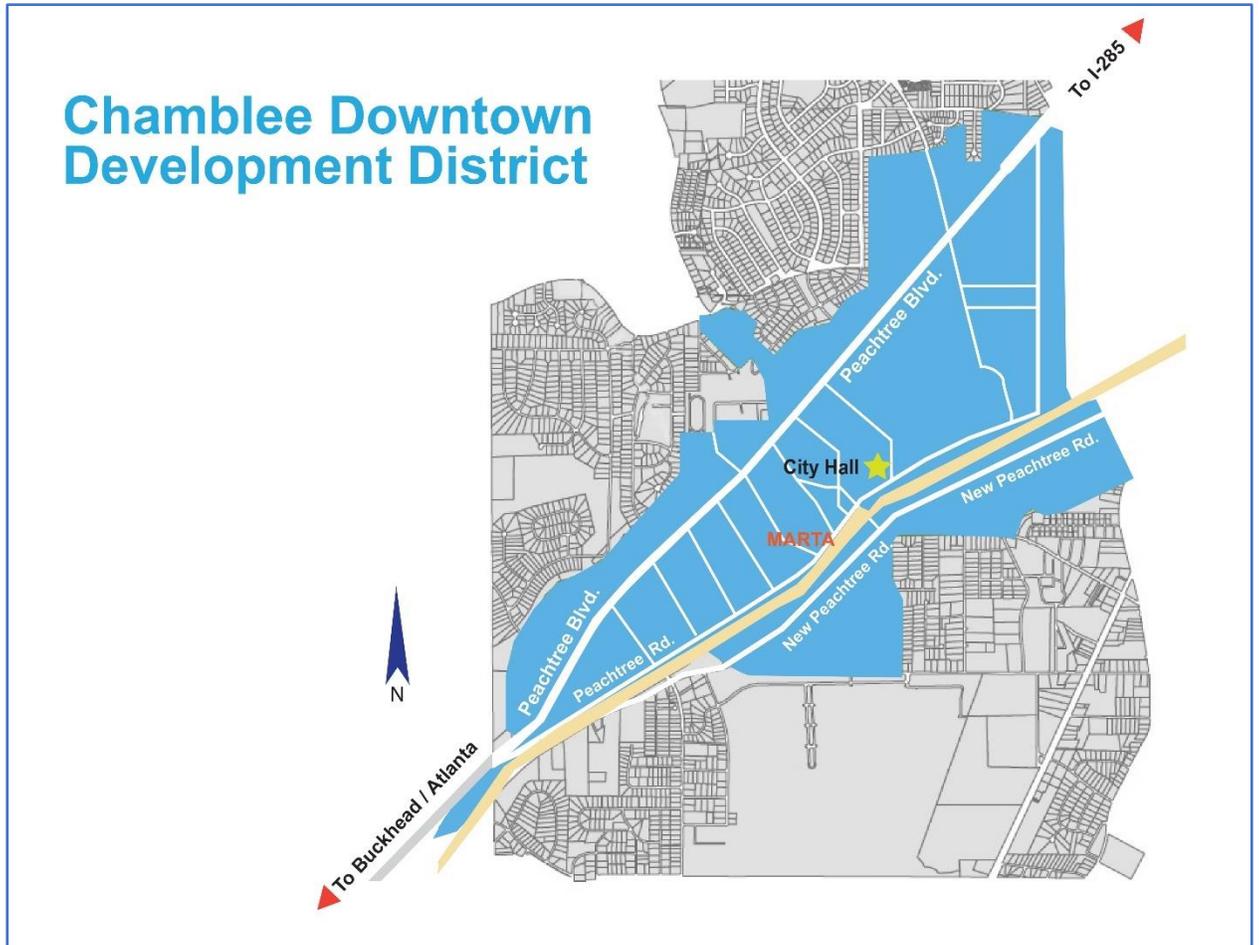
The DDA approved the city’s first tax incentive project in 2014 for The Olmsted (now known as The Oliver), a mixed-use development that has served as a catalyst for several other “halo effect” projects that significantly expanded both residential mixed-use options and the tax digest within the City of Chamblee. Since the initial tax incentive for that project, three additional tax incentive projects have been completed. Each project has acted as either a catalyst project to encourage the development of under-developed properties or has created a significant number of job opportunities in the community.

Strategic guidelines for the consideration of property tax incentives, as outlined below, provide clarity on the types of projects the DDA would consider incentivizing while increasing accountability, ensuring fairness in the decision-making process and establishing high standards for projects. Projects requesting a tax incentive must demonstrate a substantial positive community benefit and are examined on a case-by-case basis to ensure they meet the city’s vision.

## Prerequisites

The DDA is charged by the City of Chamblee with providing Tax Incentives only to projects determined by resolution of its board of directors to be effective in achieving economic development purposes aligned with the city’s master plan and vision for economic and community development. Prior to the DDA’s preliminary approval (the “Inducement”) to provide Tax Incentives to a Project, the following prerequisites must be met:

- The project must be **located within the boundaries of the DDA**, which are primarily located along Peachtree Boulevard and Peachtree Road.



- The project must submit a **formal and complete application**, including a narrative describing the nature of the project, project location, project size and breakdown of estimated costs, number of jobs created or saved, and the requested property tax savings schedule.
- A full city, county, and county school board **fiscal impact analysis** of the project must be conducted at the expense of the applicant by a financial analyst selected by the DDA. The fiscal impact analysis measures the estimated revenues to be derived by the principal jurisdictions that would tax the project and the estimated service costs of such jurisdictions as a result of the project (see Appendix A for an example).
- A **project pro forma**.

- The project must qualify as an **eligible “project” under [Georgia law governing Development Authorities](#)**.
- The **DDA** must judge that a Bonds for Title Transaction is appropriate for the project via a **majority vote** by its board members. Voting members weight the project against the standard of furthering redevelopment, growth, employment opportunities, and other economic development priorities.
- The DDA must judge that the applicant can meet its obligations pursuant to all relevant agreements. Additionally, the project must be deemed **feasible for implementation**.
- The project must **comply with applicable ordinances**, including zoning requirements.
- The project must be **consistent with existing local and regional planning efforts**. Priority for project locations are areas such as an Opportunity Zone, a Livable Centers Initiative area, the Town Center Master Plan area, a designated development corridor, a blighted area, a census tract eligible for New Market Tax Credits, or an area of development that would eliminate “islands” of undeveloped property between redeveloped properties.
- Developers must **enter a Notice of Intent to File** following documented substantive conversations with the Council Member(s) representing the district encompassing the project location. This process must take place prior to completing the Development of Community Impact (DCI) process or at least 90 days prior to applying for the incentive.

The DDA will consult with various economic development partners and consultants as it deems suitable, or as required by its procedures, in assessing an application for Tax Incentives.

Previously approved projects have not been required to meet a minimum investment amount in order to apply for a Tax Incentive. Because the applicant will pay all associated legal costs and Authority fees, the applicant must weigh the costs against estimated savings.

### **Considerations in Providing an Incentive**

In evaluating the appropriateness of a completed application that meets all prerequisites to receiving a tax abatement as a development incentive, the DDA board will measure against the following principal factors:

#### **Creation of Jobs**

*Projects creating at least 15 new jobs in a target industry in Chamblee may be considered for a tax incentive. Incentive amount per job is based upon the job salary as compared to the average wage in DeKalb County.*

#### **Housing Diversity**

*The metro Atlanta area, including Chamblee, is experiencing strong housing demand and a strain on attainable housing, impacting the local workforce and households at a range of incomes. Residential projects seeking a development incentive must fulfill specific requirements related to affordable housing.*

#### **Public Infrastructure Investment**

*The contribution of public infrastructure or facilities such as parks, traffic improvements, or pedestrian improvements*

Historic Preservation

*Preservation of historic structures meeting the definition of historic under the [Georgia Department of Natural Resources Historic Property Division](#)*

New Concept or Catalyst Project

*The extent that the project is a “catalyst” project, meaning it is a significant project in a relatively unproven area of town and is expected to have a multiplier effect by spurring further economic development projects; and/or*

*The extent that the project is a “proof-of-concept” project, meaning there are no other developments within 2,000 feet like the proposed development and the project will demonstrate that a business/development concept will be successful in Chamblee*

Environmental Conditions and Sustainability

*Commitment to sustainable design over and beyond the city’s requirements as outlined in the city’s Unified Development Ordinance and/or;*

*Environmental remediation, unless eligible to receive or leveraging tax credits under another program*

***Meeting the considerations listed above does not guarantee a project will receive a tax incentive. The DDA retains the discretion to approve or deny a tax incentive request. Tax incentive requests will be evaluated comprehensively.***

**Detailed Requirements for Job Creation Incentives**

Projects seeking a job tax credit in Chamblee must create at least 15 new full-time permanent jobs in the city in one of the target industries identified in the Chamblee Economic Development Strategic Plan.

Job creation will be evaluated based on the number of full-time permanent jobs within a target industry as well as the number of jobs that exceed DeKalb County’s average wage.

The standard incentive amount is \$1,750 per job, with an opportunity for increased development incentive based on the salary of the position as compared to the average wage in DeKalb County.

Additional incentives may be given to projects creating jobs that exceed [DeKalb County’s average wage](#) by 110% or more. The DDA reserves the right to conduct audits at any time, either directly or through a third-party auditor, to verify job numbers and/or wage minimums are met.

<b>Percent of County Average Wage</b>	<b>Possible Tax Incentive Per Full-Time Job Per Year for a Maximum of 10 Years</b>
110%	Up to \$3,500 per position
120%	Up to \$4,000 per position
150%	Up to \$4,500 per position
175%	Up to \$5,000 per position
200%	Up to \$5,500 per position

Current target industries for The City of Chamblee are:

- entrepreneurship
- technical, research, consulting and corporate operations
- local and regional distribution
- healthcare, non-profits, educational institutions
- local and regional distribution
- information services
- production (construction and manufacturing)
- entertainment and recreation (ex. restaurants, movie theaters, film studios)

The beginning incentive amount of \$1,750 per job, threshold of 15 positions, and opportunity of incentive for up to 10 years is based on the [Georgia Business Expansion and Support Act's Job Credit Program](#) and similar to the Job Tax Credit amount set by the Georgia Department of Economic Development<sup>1</sup>. This amount is based on DeKalb County's designation as a Level 3 County. Each year, Georgia counties are designated in one of four tiers based on the unemployment rate, per capita income, and poverty rate. A county's tier level determines the value of the tax credits earned, the allowed uses of the credits, and the minimum number of net new full-time jobs that must be created to qualify for state-level Job Tax Credits.

### **Detailed Requirements for Residential Projects Seeking an Incentive**

When the DDA began utilizing tax incentives as an economic development tool, an established goal was to increase housing quality and quantity in the downtown corridor. Two of the completed tax abatement projects are mixed-use residential developments which brought approximately 580 luxury apartment units to Downtown Chamblee. These projects have also spurred additional development projects around the western end of the downtown corridor, several of which also incorporate luxury apartment units.

The incentive strategy to increase the quality and quantity of housing units has been successful. The metro Atlanta area, including Chamblee, is now seeing drastic changes in housing demand and affordability, driving much of the workforce housing tenants out of the area.

The 2020 American Community Survey estimated 62.8% of households rent their living space. Currently, the average rent in Chamblee is \$1,485 per month, whereas the median household income is \$61,797. Based on these estimates, the average Chamblee household spends approximately 28.8% of their income on rent alone, excluding other necessary housing costs such as utilities. The threshold for affordable housing as defined by the federal Department of Housing and Urban Development is an aggregate expenditure (*including* necessary housing costs like utilities) of no more than 30% of monthly income.

The calculations above are based on the average rent and income for the entirety of Chamblee.

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<sup>1</sup> <https://79590748.flowpaper.com/BusinessIncentivesBrochure/#page=5>

Given the prime location and increased underlying land value of downtown real estate, it is reasonable to assume that market rate residential options in the Downtown Development Authority boundaries yield a higher rental rate and that downtown rent rates are on average greater than 30% of the average monthly income, exceeding the threshold for affordable housing.

Because of the lack of affordable units within the downtown corridor, applicants focusing on residential products and requesting a tax incentive must meet the following minimum requirements to be considered for a development incentive:

- Applicants for a tax incentive for multifamily rental housing projects must agree to set aside at least:
  - i. 5% of the housing units in the project for households with income that does not exceed 40% of the area median income (“AMI”) for the Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area, as determined from time to time by the U.S. Department of Housing and Urban Development; or
  - ii. 10% of the housing units in the project for households with income that does not exceed 60% of the AMI; or
  - iii. 20% for households with income that does not exceed 80% of AMI (the “Applicable AMI Percentage”) during the term of the Tax Incentive

Any combination of the above may not exceed 30% of the total number of units within the development.

Projects meeting full requirements for an incentive related to housing diversity may be eligible for up to \$375,000 per unit in tax incentives, not to exceed \$20 million over a 20-year term.

<b>Units</b>	<b>AMI</b>	<b>Incentive</b>
5% of total units	40% AMI	\$375,000/unit over 20-years
10% of total units	60% AMI	\$300,000/unit over 20-years
20% of total units	80% AMI	\$225,000/unit over 20-years

- Households counted toward the Applicable AMI Percentage must not be required to pay more than 20% of the applicable AMI (40%, 60%, or 80% AMI) per month for rent.
- Unit size capacity will be determined using an estimate of 1-2 persons per bedroom
- All affordable units are required to be similar in construction and appearance to market units and not be in isolated or less marketable areas of the project. Additionally, the proportion of studio, 1 bedroom, 2 bedroom, 3 bedroom, etc. units designated for affordable housing must closely reflect the distribution of units of the overall project.
- Certain workforce housing tenants to include: teachers at public schools within the DeKalb County School District, police officers, firefighters, emergency medical technicians, and other public safety employees of DeKalb County or the City of Chamblee, will qualify under the set-aside requirements if the applicable household’s income (as certified by the tenant’s employer or other means) does not exceed 133% of the Applicable AMI Percentage (40%, 60%, or 80% of AMI) that would otherwise apply.

- Unless otherwise authorized by the DDA, affordable units may not be leased to households comprised solely of full-time undergraduate students. In addition, incumbent tenants of affordable units whose income exceeds the current applicable income limit will be permitted to remain in their units for the remainder of the lease or up to three months if the tenant’s annual household income falls within 140% of the Applicable AMI Percentage (40%, 60%, or 80% of AMI) that would otherwise apply.
- Multifamily rental developments may be required to provide the DDA with a recorded rental restriction agreement (in a form acceptable to the DDA) detailing the affordable set-aside requirements. Applicants for multifamily rental housing developments must agree to certain affordability covenants, including, but not limited to:
  - the delivery of annual monitoring and compliance reports;
  - maintaining verifiable waiting lists for affordable units;
  - periodic on-site visits and participation in annual compliance training.
- Applicants for multifamily rental housing projects must also agree to not refuse to lease affordable units to holders of Section 8 vouchers or other comparable tenant-based assistance programs.

While it is the intent of the DDA to require the affordable housing set aside for all projects incorporating a residential component and requesting a tax incentive through the Chamblee DDA, there may be exceptions which would allow the project to move forward without the affordable housing set aside requirement. Such conditions include:

- Public infrastructure investment, such as traffic improvements, pedestrian improvements, and/or parks, which exceed the minimum requirements as set by the city’s Unified Development Ordinance and exceeds 3% of hard project costs
- Costs incurred related to environmental remediation of the site exceed 5% of hard project costs
- The project creates or retains at least 100 new jobs with at least 50% jobs of those exceeding the [DeKalb County average wage](#)

### **Detailed Requirements for Projects Seeking an Environmental/Sustainability Tax Incentive**

Projects meeting undue hardship due to environmental remediation, stormwater retention requirements, sewer capacity issues, or other unforeseen circumstances may be considered for a tax incentive. Projects must demonstrate that the substantial increase in costs associated with the remediation makes the project cost prohibitive. Should a project receive a tax incentive to address increased costs due to environmental issues, the project cannot also pursue additional tax credits or incentives concurrently.

Additionally, projects that significantly exceed the city’s sustainable requirements as outlined in the city’s Unified Development Ordinance may be given consideration for a tax incentive. To trigger this consideration, projects must meet the minimum requirements to qualify as Gold Certified in either LEED or another similar program approved by the DDA. Projects cannot merely meet the criteria through a checklist but must go through the associated program certification process to meet this consideration.

## **Process and Timeline**

Developers must file a Notice of Intent with the DDA utilizing applicable forms and must include a summary description of the project, any concept plans, justification for the incentive and a community engagement plan. The Notice of Intent must follow substantive conversations with the Council Member(s) representing the district encompassing the project location as well as preliminary discussions between the applicant, DDA staff, and DDA Chair. Staff will review initial inquiries to determine a project meets the prerequisites to move forward in the process.

These preliminary steps in the process take place prior to completing the Development of Community Impact (DCI) review process and at least 90 days prior to formally applying for the incentive, including filing the fiscal impact analysis and any other necessary reports or information.

Following receipt of the completed application, the DDA Executive Director will determine if the project meets the minimum standards for recommending the Bonds for Title Transaction for consideration by the full DDA.

The Chamblee Downtown Development Authority meets monthly on the fourth Tuesday at 6:30 p.m.

Bonds for Title Transactions receive two formal approvals by the full DDA board: (1) the Inducement Resolution, at which time the transaction is approved in principle, and (2) the final Bond Resolution, at which time the full legal documentation is approved in substantial form.

The applicant will be expected to have knowledgeable representatives available for necessary DDA meetings, in whatever capacity the meeting is being held (in-person or virtual).

Following approval of an Inducement Resolution by the DDA, the applicant will work with the deal team (applicant's attorneys, its advisors, DDA staff, and DDA attorneys) to prepare and complete the legal documentation, obtain the final Bond Resolution at a subsequent meeting of the DDA, and submit all necessary documents for validation to the District Attorney for review.

Following successful bond validation, the Bonds for Title Transaction may be closed.

The timeline for consideration of development incentives is variable, depending on issues encountered and the schedules of the deal team as well as consideration by and questions from the DDA. Generally the period elapsing from filing of an application to closing the Bonds for Title transaction is approximately 90 days. However, additional time should be accounted for in giving city council members notification of intent to apply for a tax incentive, as well as to hold preliminary conversations with the DDA. The DDA retains the ability to hold special-called meetings to accelerate the schedule should they so choose. See Appendix B for a sample timeline.

Annual reporting for all incentive projects is required as defined in the final memorandum of understanding (MOU).

## Limitations

The DDA is vested with legal authority for determining whether to enter into any Bonds for Title Transactions to provide Tax Incentives. The DDA may make exceptions to these eligibility considerations or alter them from time to time, and its judgements and decisions in any instance are not subject to challenge or review.

## APPENDIX A – Fiscal Impact Example

**Table 4: Fiscal Impact, Chamblee, Project X**

<b>REVENUES</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Sales Taxes	\$40	\$49	\$56	\$65	\$74	\$82	\$91	\$101
Property Taxes	\$220,370	\$220,014	\$219,116	\$217,816	\$216,863	\$215,854	\$214,642	\$213,374
Franchise Fees	\$53	\$119	\$195	\$228	\$262	\$297	\$332	\$367
Occupation Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Liquor Licenses	\$15	\$33	\$54	\$63	\$72	\$82	\$92	\$101
Alcoholic Bev Tax	\$7	\$17	\$27	\$32	\$37	\$42	\$47	\$52
Services	\$17	\$39	\$64	\$74	\$85	\$97	\$108	\$120
Fines	\$44	\$100	\$163	\$191	\$219	\$248	\$278	\$307
Permits	\$39	\$89	\$145	\$170	\$195	\$221	\$247	\$273
Miscellaneous Fees	\$86	\$194	\$317	\$371	\$426	\$483	\$540	\$597
<b>Total Revenues</b>	<b>\$220,671</b>	<b>\$220,654</b>	<b>\$220,137</b>	<b>\$219,010</b>	<b>\$218,233</b>	<b>\$217,406</b>	<b>\$216,377</b>	<b>\$215,292</b>
<b>EXPENDITURES</b>								
Support	\$165,242	\$164,036	\$162,535	\$160,976	\$159,875	\$116,491	\$115,655	\$114,809
Public Works	\$68	\$154	\$251	\$294	\$337	\$383	\$428	\$473
Recreation/Libraries	\$77	\$175	\$286	\$335	\$384	\$436	\$487	\$539
Court System	\$9	\$20	\$33	\$38	\$44	\$50	\$56	\$62
General Government	\$63	\$142	\$232	\$272	\$312	\$354	\$396	\$438
Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Social Welfare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety	\$233	\$528	\$863	\$1,010	\$1,158	\$1,313	\$1,469	\$1,624
Other Costs	\$89	\$201	\$329	\$385	\$441	\$501	\$560	\$619
<b>Total Expenditures</b>	<b>\$165,781</b>	<b>\$165,256</b>	<b>\$164,529</b>	<b>\$163,310</b>	<b>\$162,551</b>	<b>\$119,528</b>	<b>\$119,051</b>	<b>\$118,564</b>
<b>NET REVENUES</b>	<b>\$54,890</b>	<b>\$55,398</b>	<b>\$55,608</b>	<b>\$55,700</b>	<b>\$55,682</b>	<b>\$97,878</b>	<b>\$97,326</b>	<b>\$96,728</b>
<b>REVENUES</b>								
	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	
Sales Taxes	\$110	\$110	\$110	\$110	\$110	\$110	\$110	
Property Taxes	\$212,673	\$211,096	\$210,119	\$208,631	\$208,132	\$207,821	\$207,584	
Franchise Fees	\$406	\$430	\$444	\$444	\$444	\$444	\$444	
Occupation Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Liquor Licenses	\$112	\$119	\$123	\$123	\$123	\$123	\$123	
Alcoholic Bev Tax	\$57	\$61	\$63	\$63	\$63	\$63	\$63	
Services	\$132	\$140	\$145	\$145	\$145	\$145	\$145	
Fines	\$339	\$360	\$372	\$372	\$372	\$372	\$372	
Permits	\$302	\$320	\$331	\$331	\$331	\$331	\$331	
Miscellaneous Fees	\$660	\$700	\$723	\$723	\$723	\$723	\$723	

Total Revenues	\$214,791	\$213,336	\$212,430	\$210,942	\$210,443	\$210,132	\$209,895
<b>EXPENDITURES</b>							
Support	\$114,285	\$114,004	\$113,955	\$113,464	\$113,406	\$113,367	\$113,347
Public Works	\$523	\$555	\$573	\$573	\$573	\$573	\$573
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Recreation/Libraries	\$596	\$632	\$652	\$652	\$652	\$652	\$652
Court System	\$68	\$72	\$75	\$75	\$75	\$75	\$75
General Government	\$484	\$513	\$530	\$530	\$530	\$530	\$530
Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Social Welfare	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety	\$1,795	\$1,904	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966
Other Costs	\$684	\$726	\$749	\$749	\$749	\$749	\$749
Total Expenditures	\$118,435	\$118,406	\$118,500	\$118,009	\$117,951	\$117,912	\$117,892
<b>NET REVENUES</b>	<b>\$96,356</b>	<b>\$94,930</b>	<b>\$93,930</b>	<b>\$92,933</b>	<b>\$92,492</b>	<b>\$92,220</b>	<b>\$92,003</b>
<b>10-Year NPV</b>	<b>\$1,032,623</b>						

This project is based on an office development bringing approximately 500 jobs to Downtown Chamblee. The project investment is nearly \$80 million for a 15-year tax incentive capped at \$6 million.

## APPENDIX B – Tax Incentive Schedule

Step	Timing
1. Preliminary discussions between applicant, DDA staff, and DDA Chair.	Variable
2. Developers must enter a Notice of Intent to File following documented substantive conversations with the Council Member(s) representing the district encompassing the project location.	Variable  This process must take place prior to completing the Development of Community Impact (DCI) process and/or at least 90 days prior to applying for the incentive.
3. Completed application submitted with payment for costs and fees.	At least 8 weeks prior to the DDA meeting to consider Inducement
4. Staff orders final fiscal impact analysis and obtains other requisites and circulates preliminary materials to DDA.	At least 6 weeks prior to the DDA meeting to consider Inducement
5. DDA discusses project materials at their regularly scheduled meeting.	Approximately 4 weeks prior to the DDA meeting to consider Inducement.
6. Fiscal Impact Analysis and other prerequisites provided to DDA staff.	Approximately 3 weeks prior to the DDA meeting to consider Inducement.
7. Application and Inducement Resolution provided to DDA members for review	Approximately 2 weeks prior to the DDA meeting to consider Inducement.
8. DDA meets to discuss and vote on Inducement Resolution	4 <sup>th</sup> Tuesday of the appropriate month
9. Preparation of full legal documentation	Variable, following passage of Inducement Resolution, to be completed at least 1 week prior to DDA meeting for final Bond Resolution
10. DDA considers and votes on final Bond Resolution	4 <sup>th</sup> Tuesday of subsequent month
11. All bond documents are provided to the District Attorney for review	The day following the approval of the Bond Resolution
12. Bond Validation petition filed; District Attorney signs Petition and Complaint; Judge signs Order to publish notice for validation hearing	A week following the District Attorney's review
13. Validation notice is delivered to the legal organ	The day following the Bond Validation petition filing
14. First validation notice is published in the legal organ	A week after the validation notice is delivered to legal organ
15. Second validation notice is published in the legal organ	A week after the first validation notice is published in the legal organ
16. Closing of Bonds for Title Transaction	Following the Bond Validation, at the convenience of all parties.