



Innovation District Tax Increment Grant Update

Mecklenburg County
Board of County Commissioners

November 9, 2021

Overview

- TIG Program Review
- Innovation Districts
- TIG Request Summary
- REMI Analysis of TIG
- Preliminary Responses to BOCC Questions
- Next Steps

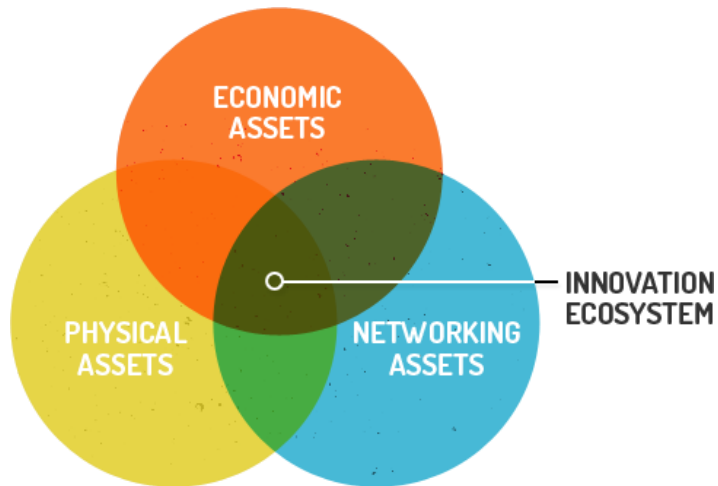


Tax Increment Grant Agreements

- Public / private partnerships to advance public facilities such as parks, infrastructure, public buildings
- Functionally similar to Business Investment Grants
 - Payments calculated on a percentage of incremental taxes created by development adjacent to project
 - Grant capped at actual costs or term year, which ever comes first
 - Developer must fund and complete the project with private dollars
 - Developer assumes all financial risk if development not completed
- Often are an interlocal agreement with City as County cannot directly fund infrastructure by state statute
- County has entered in to 9 agreements: 1 fully paid, 4 currently receiving payments, 3 under construction, 1 expired and unconstructed



Innovation Districts – Public Purpose



- Public-Private partnerships to foster innovation
- ~ 175 – 200 across North America
- Every district has required direct or indirect government partnership
- Challenging economic model
 - Specialized research space much more costly
 - Long gestation of businesses
 - Programming and public space do not generate returns



Tax Increment Grant Request Summary

Development team is seeking reimbursement of up to \$75 million for infrastructure costs related to the first phase of development, including:

- 800 space parking deck
- 4,358 feet of new or improved roads
- 4 improved intersections
- 900+ linear feet of storm culvert relocation
- 2,000+ linear feet of sanitary and water line relocation and upgrades
- 2,100+ linear feet of transmission lines undergrounded



Tax Increment Grant Request Summary

Source	Amount
City CIP	\$15,000,000
15 year, 90% Grant	\$60,000,000
County Share	\$38,356,477
City Share	\$21,643,523
Private/Other	\$19,220,000
Total	\$94,220,000

Cost Center	Estimated Amount
Purposeful Walk, Cycle Track & Plaza	\$9,070,000
Regional Parking Deck	\$28,150,000
New / Improved Roads	\$13,980,000
Pedestrian Underpass	\$3,000,000
Intersection Improvements	\$5,880,000
Transmission Line Relocation	\$13,170,000
Storm Culvert Relocation	\$10,550,000
Public Sanitary and Water Line	\$2,180,000
Grading & Demo	\$8,240,000
Total	\$94,220,000



Tax Increment Grant Request Summary

Grant Year	Estimated County Taxes Generated	Estimated County Grant Payment	Retained County Taxes
1	\$1,094,580	\$985,122	\$109,458
2	\$1,641,870	\$1,477,683	\$164,187
3	\$1,641,870	\$1,477,683	\$164,187
4	\$2,208,397	\$1,987,558	\$220,840
5	\$2,860,376	\$2,574,338	\$286,038
6	\$3,460,890	\$3,114,801	\$346,089
7	\$4,252,201	\$3,826,981	\$425,220
8	\$4,543,816	\$4,089,435	\$454,382
9	\$4,543,816	\$4,089,435	\$454,382
10	\$4,902,624	\$4,412,362	\$490,262
11	\$5,082,028	\$4,573,825	\$508,203
12	\$5,082,028	\$4,573,825	\$508,203
13	\$5,082,028	\$1,173,428	\$3,908,600
14	\$5,082,028	\$0	\$5,082,028
15	\$5,082,028	\$0	\$5,082,028
Total	\$56,560,583	\$38,356,477	\$18,204,106

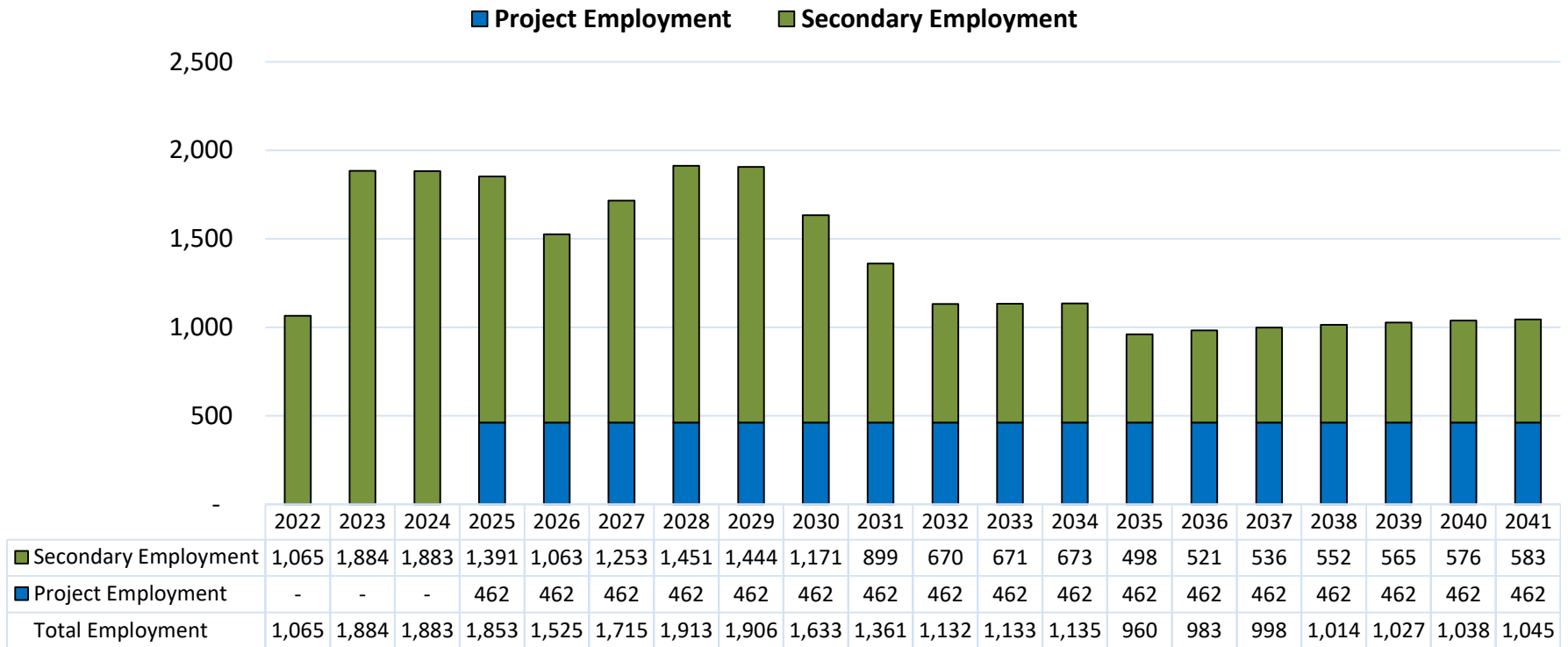
County will retain 100% of taxes generated after year 15 (\$5,082,028), for a total of \$43,614,248 in retained taxes when including five years post grant.



Impact Analysis

Employment Impact*

- The project is estimated to induce 1,853 jobs in Year 4.



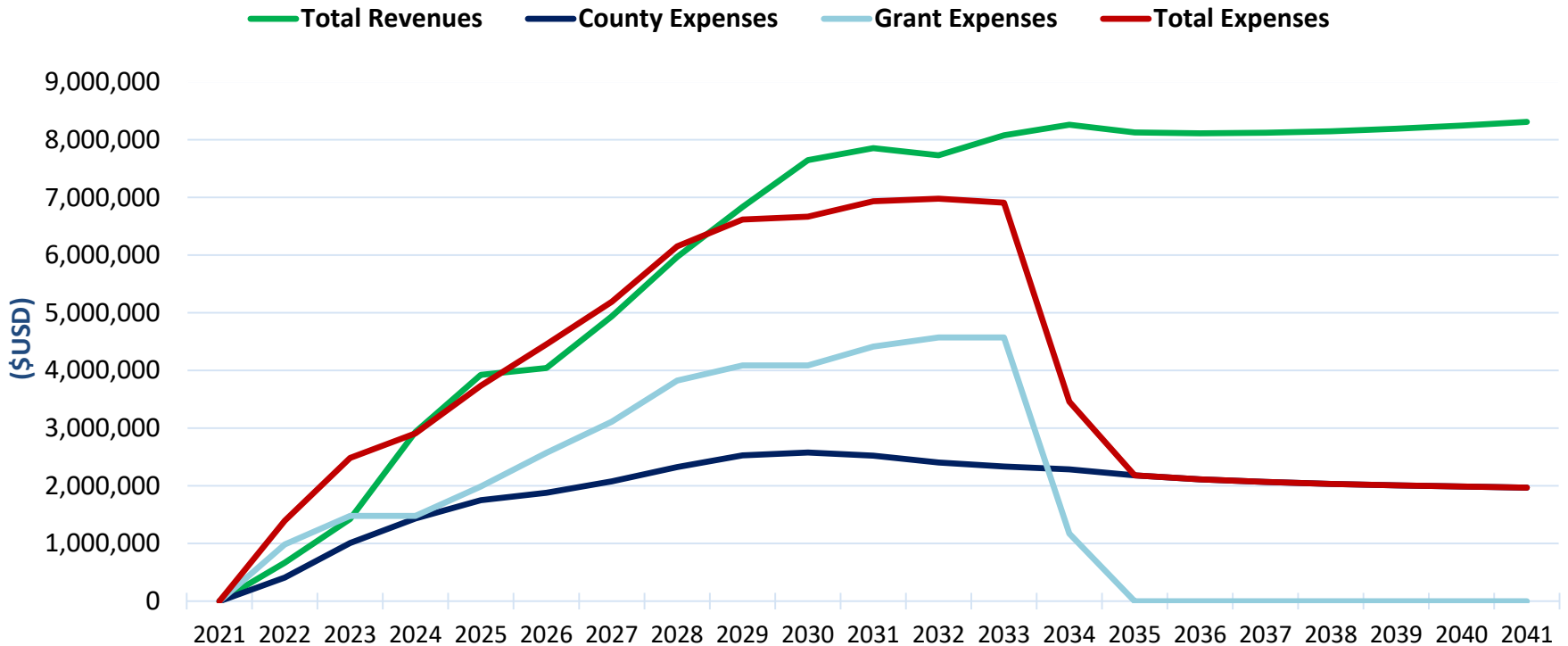
*Note: Analysis includes impact of construction and a limited number of jobs since it is unknown the type and total quantity of building tenants or jobs the construction will bring.



Impact Analysis

Projected Fiscal Impact*

- Estimated cumulative total net revenue by year 20: \$49,319,531



*Note: Analysis includes impact of construction and a limited number of jobs since it is unknown the type and total quantity of building tenants or jobs the construction will bring.



BOCC Question Responses

Affordable Housing

- Donating 14 acres of land on N. Tryon
 - 400+ affordable rent and ownership units
- 5% of units in development at 50% or below AMI

Minority Business Opportunities

- Infrastructure construction - City of Charlotte to set goals through their Business Inclusion contracting program
- Vertical District Construction - General practice is 20% MWSBE participation
- Building framework to enable diverse business participation



Tax Increment Grant Request Summary

Workforce Development Opportunities

- Ongoing discussions with CPCC, Charlotte Works, others on customized local training programs for opportunity youth
- Existing efforts already underway for justice involved students working towards employment
- Developing potential pathways to apprenticeships for clinical and health careers

Social Service Provision

- Evaluating existing programs similar to those at Charlottetowne Terrace for potential expansion



Tax Increment Grant Request Summary

Entity and Taxable Status

- The Innovation District will be owned and developed by a joint venture of Atrium Health and Wexford Science and Technology – formal name pending
- The entire District will be fully taxable, including 6 acres currently exempt that will lose exemption status
- Atrium is tax exempt for certain uses, but pays ad valorem taxes on the majority of their buildings and land.
- Atrium currently pays taxes on:
 - 3.9 million square feet of office and medical space
 - 304 acres of unimproved land



Next Steps

- November 8 – City vote on Tax Increment Grant
- November 16 – County vote on Interlocal Agreement
 - *Authorize County Manager to negotiate and execute Interlocal Agreement for amount up to ~\$38,356,477*





Innovation District Tax Increment Grant Update

Mecklenburg County
Board of County Commissioners

November 9, 2021