



TO: Carrboro Advisory Boards

FROM: Annette Stone, Economic and Community Development Director

DATE: August 31, 2018

RE: Economic Impacts of Development of Lloyd Farm

The following report is the estimated economic impact of the development of the Lloyd Farm. If the conditional rezoning is approved, the developer has reported his estimated construction cost to be \$105,850,000. The Orange County Tax Assessor has reviewed the proposed plans and estimates the property will be assessed at approximately \$64,000,000. Based on this estimated value using current tax rates, staff has calculated the tax revenues that would be realized at 100% build-out (attachment 1).

Orange County	\$	544,256
CH/Carrboro Schools	\$	129,152
Carrboro	\$	380,416
Total Property Taxes	\$	1,053,824

A similar analysis was completed on the property under the current zoning. The developer reported there would still be a grocery store, energy center and about 4000 sq. ft. of retail. The property as currently zoned could yield approximately 250 bedrooms or 150 1 and 2 bedroom apartment units and 15 townhomes. The estimated tax value if developed under existing zoning is \$44,194,400. The following amounts are taxes that would be collected on an annual basis if developed under current zoning.

Orange County	\$	375,829
CH/Cboro Schools	\$	89,184
Carrboro	\$	262,692
Total Property Taxes	\$	727,705

In addition, staff has provided a 10 year estimate of revenues based on the conditional rezoning assuming 50% completion in Year 1, 75% completion in Year 2, 85% completion in Year 3, and 100% Year 4 (attachment 2). By Year 5 Carrboro would collect an estimated \$387,009 in property tax on the project. This amount is equal to 1.75 cents on the Town's current tax rate.

Sales tax is based on estimated annual gross sales of \$48,250,000. The total tax collected is \$1,055,469, however that would be distributed over the county and the municipalities, including Chapel Hill and Hillsborough. Orange County would realize approximately \$666,833 annually and Carrboro \$93,219. Sales tax is expected to continue to grow at about a 2% annual increase. This increase is reflected in the 10 year analysis.

The project would provide 425 full and part-time jobs. The construction project will provide 350 temporary construction jobs.

Other one-time revenues from the project include a payment-in-lieu for affordable housing. The developer has suggested that he would pay \$743,000 toward the Town's affordable housing fund and try to provide some affordable units. And an additional \$250,000 if he is unable to provide any affordable units on site.

The current property owner is required to pay a deferred tax payment at the sale of the property in the amount of \$326,695. Finally, the developer has offered to donate 4.6 acres of the property to the Town. The property is valued at \$1,150,000.

Attachment 1

Lloyd Farm Economic Development Impact Analysis
Carrboro Economic and Community Development Office
August 2018

Economic Impact – Source of Revenue	*Developer's Estimate/Cost	**County/Town Staff Estimates
<u>Estimated Property Value</u> - Orange County Taxes - CH/Carrboro Schools Taxes - Carrboro Taxes ❖ Total Property Taxes	<u>\$105,850,000</u>	<u>\$64,000,000</u> \$544,256 \$129,152 \$380,416 \$1,053,824
<u>Estimated Annual Sales Taxes</u> (based on developers estimate of \$48,250,000 gross sales) - Orange County - Carrboro		\$1,055,469 \$666,833 \$93,219
<u>Jobs/Salaries</u> - Harris Teeter - Specialty Stores and Restaurants - Senior Living Complex - Medical Office Staff - Shopping Center Maintenance Crew - Construction Project	<u>Est. Jobs</u> 125 220 15 50 15 350	<u>Avg. Salary</u> \$27,412 \$23,737 \$24,910 \$33,340 \$22,781 \$35,840
Affordable Housing Contribution (additional \$250,000 if affordable units are not located on site)	\$743,000	\$743,000
Donation of land to the Town 4.6 acres	\$1,150,000	
One-time Deferred Tax Payment (All Jurisdictions)		\$326,695.92
Estimated Carrboro Portion		\$117,610.53

**Estimated assessed values calculated by Orange County Tax Assessors Office. Retail Sales Taxes calculated using model sales tax calculator provided by Orange County. Average Salary based on data from NC Works.

Attachment 2

Lloyd Farm 10 Year Revenue Analysis

Revenues	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTALS
Property Taxes											
Carrboro	\$ 193,408	\$ 290,112	\$ 328,794	\$ 386,816	\$ 387,009	\$ 387,009	\$ 387,009	\$ 387,009	\$ 387,009	\$ 387,009	\$ 3,521,186
CH/Carrboro School	\$ 64,576	\$ 96,864	\$ 109,779	\$ 129,152	\$ 129,217	\$ 129,217	\$ 129,217	\$ 129,217	\$ 129,217	\$ 129,217	\$ 1,175,671
Orange County	\$ 272,128	\$ 408,192	\$ 462,618	\$ 544,256	\$ 544,528	\$ 544,528	\$ 544,528	\$ 544,528	\$ 544,528	\$ 544,528	\$ 4,954,362
TOTALS											\$ 9,651,219
Sales Taxes											
Carrboro	\$ 46,610	\$ 71,313	\$ 82,437	\$ 95,102	\$ 97,004	\$ 98,944	\$ 100,923	\$ 102,941	\$ 105,000	\$ 107,100	\$ 907,374
Orange County	\$ 333,417	\$ 510,127	\$ 589,707	\$ 693,773	\$ 707,648	\$ 721,801	\$ 736,237	\$ 750,962	\$ 765,981	\$ 781,301	\$ 6,590,956
Affordable Housing											
		\$ 743,000									
One Time Tax Deferred Payment											
Orange and Carrboro	\$326,696										
YEARLY TOTALS	\$ 1,236,834	\$ 2,119,608	\$ 1,573,335	\$ 1,849,099	\$ 1,865,407	\$ 1,881,500	\$ 1,897,915	\$ 1,914,658	\$ 1,931,736	\$ 1,949,155	