



CityLYNX Gold Line Economic Development Update Study

bae urban economics

May 16, 2013

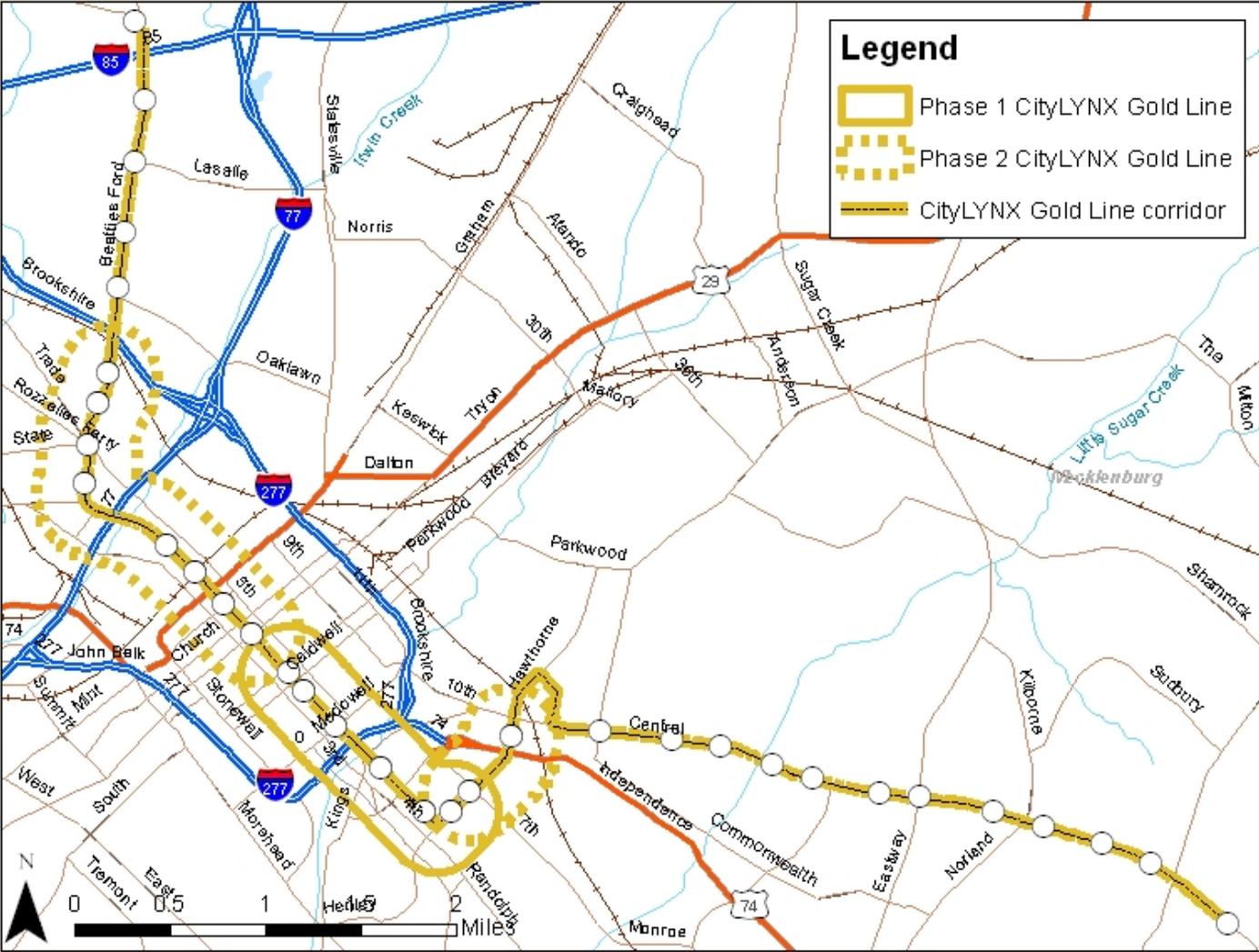
Purpose of the Update / Study Approach



- **Update 2009 BAE Study to inform two key questions regarding CityLYNX Gold Line Phase 2:**
 - ▣ What are economic development benefits from Phase 2?
 - ▣ Value capture: what are potential new fiscal revenues from CityLYNX Gold Line Phases 1 + 2 to help finance Phase 2?

- **Limited update of the comprehensive 2009 study**
 - ▣ Revised long-term development projections
 - ▣ Value of new development and resulting Tax Increment Finance (TIF) and Municipal Service District (MSD) revenues

CityLYNX Gold Line Phases 1 & 2 + Entire Corridor



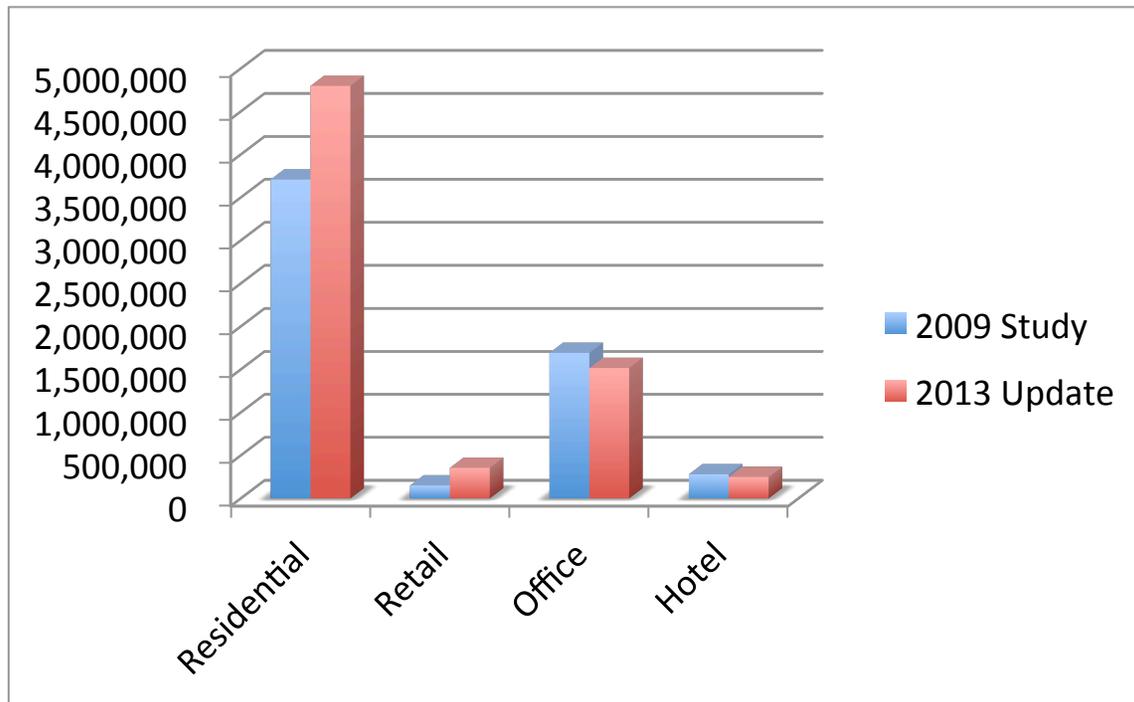
Market & Future Development Projections



- **2009 Study looked at four local market areas that cover the entire CityLYNX Gold Line corridor**
 - ▣ Update excludes East area not served by Phases 1 & 2
- **Charlotte has experienced recovery and strong job growth, with a 6% gain in jobs 2009 – 2011**
 - ▣ Unemployment higher because population growth faster
- **New MUMPO 2013 projections through 2035 used**
 - ▣ Compared to 2005 projections, still strong long-term growth, but with more new households, fewer new jobs

Updated Demand Projection for Phase 1

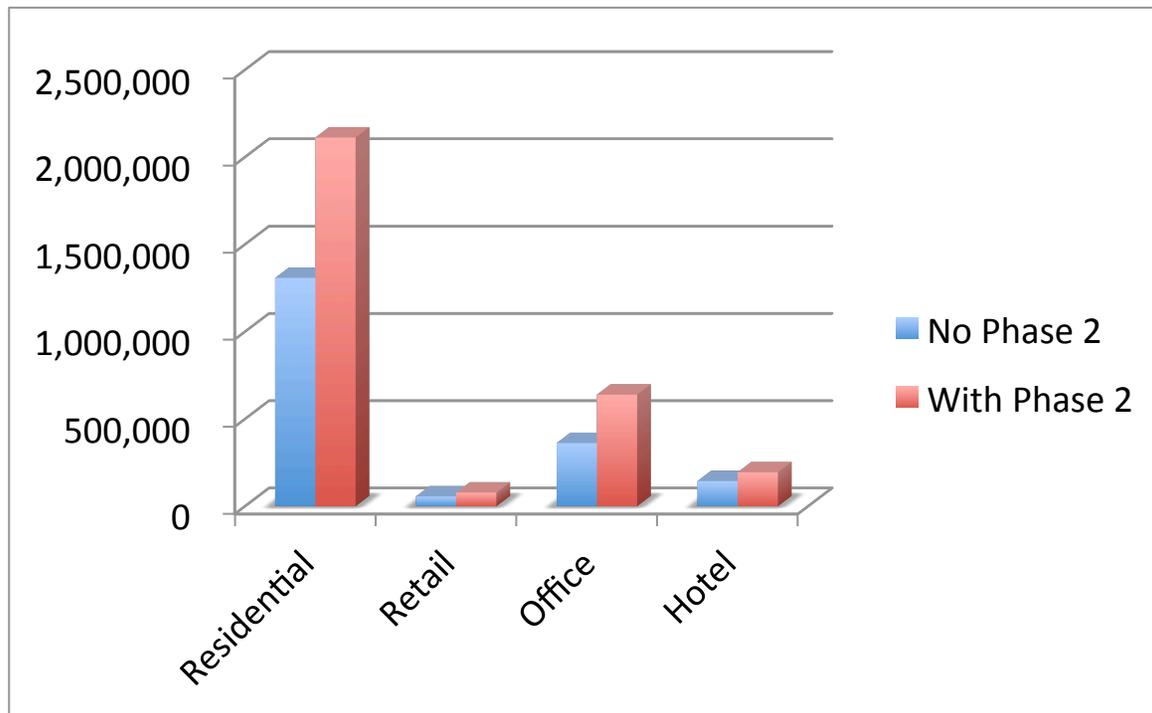
- **Updated projection of Gold Line induced Phase 1 development through 2035, compared to 2009 Study:**



- **Projections show +1.1 million square foot increase**

Additional Demand Resulting from Phase 2

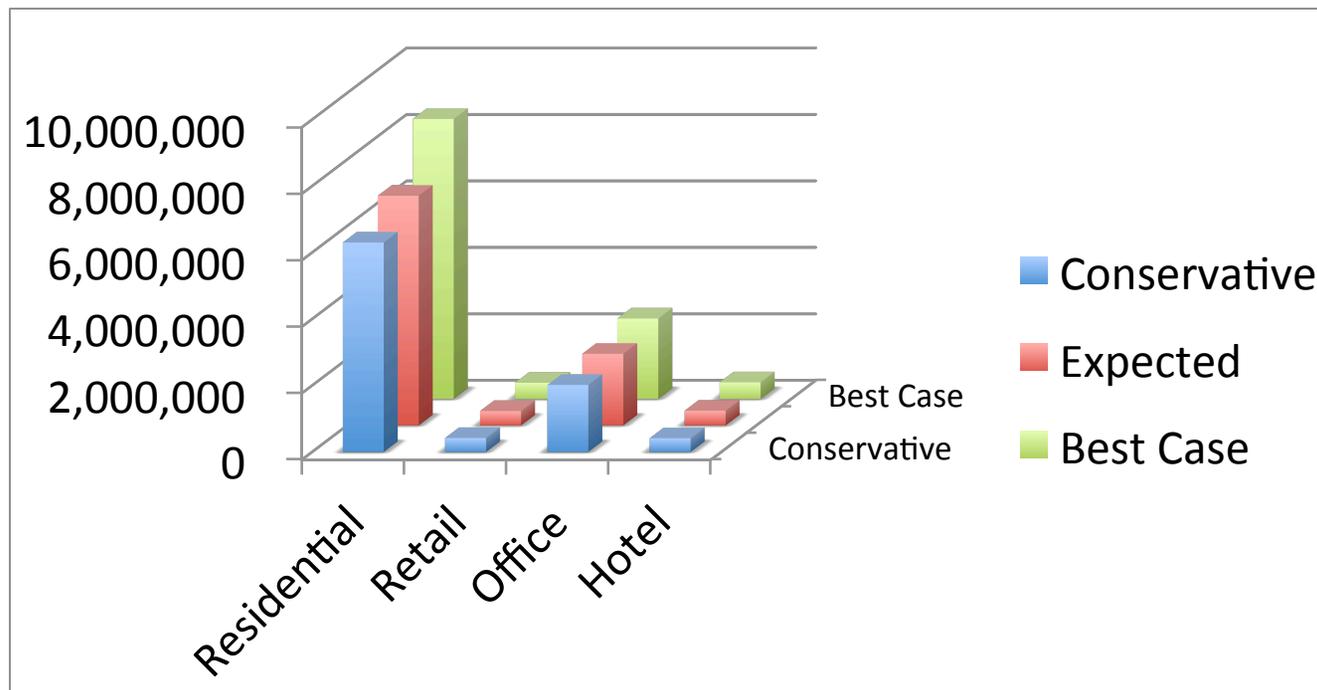
- **Different measure – how much more development does Phase 2 induce compared to “No Phase 2”:**



- **+1.1 million square feet of additional development**

Demand Sensitivity Analysis: Phases 1 + 2

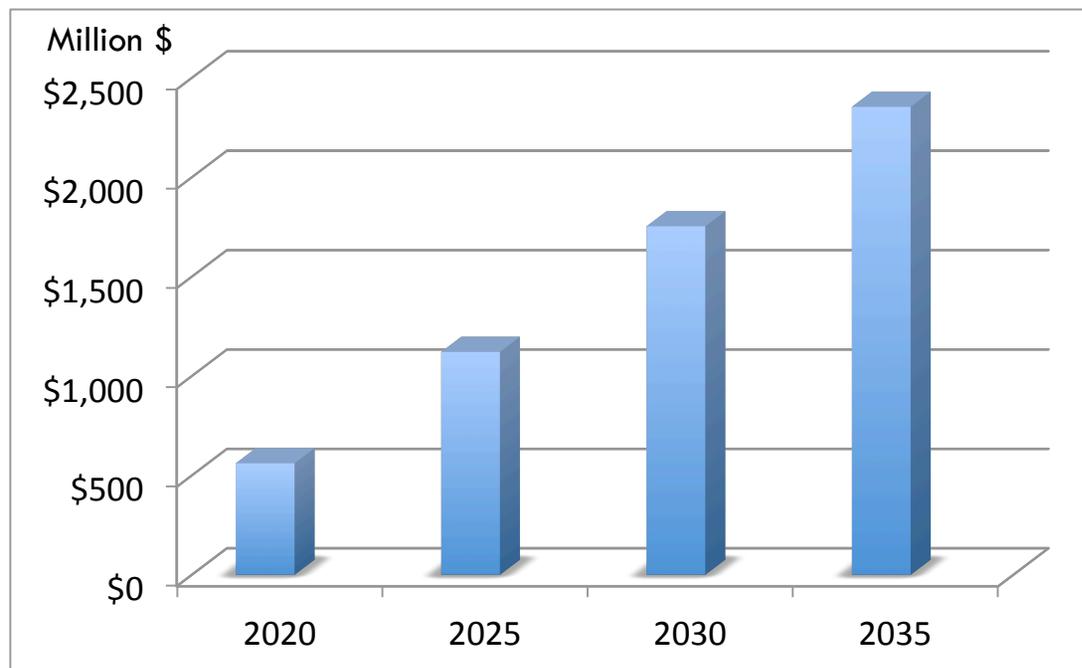
- **Expected, Conservative, Best Case scenarios**
 - ▣ If Gold Line corridor loses/gains share relative to region



- ▣ Conservative to Best Case is a range of 2.7 million sq. ft.

Tax Increment Finance (TIF) Revenue Projections – Assessed Value

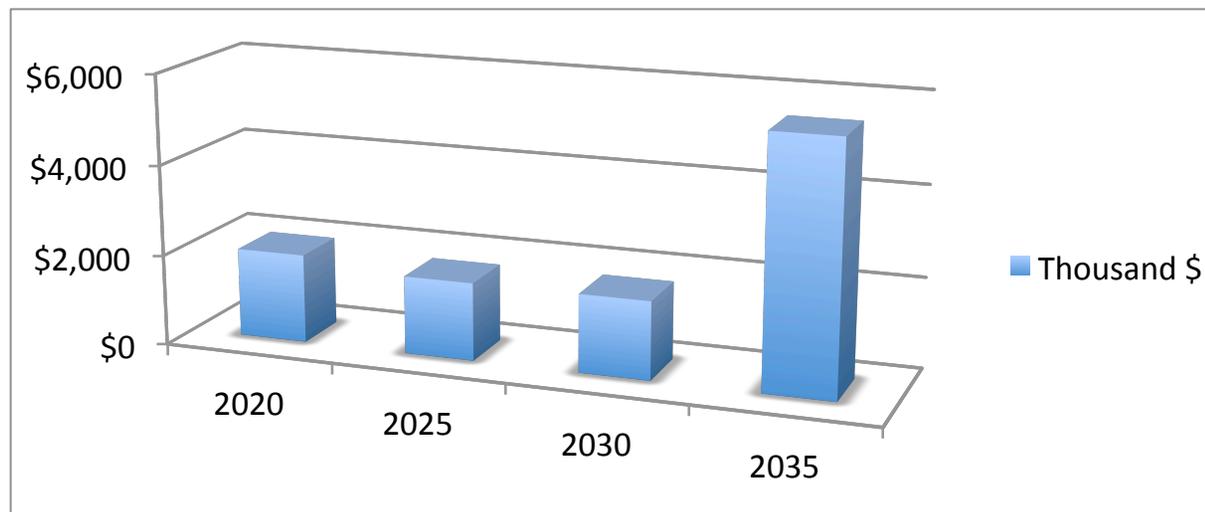
- **Modeled creation of new TIF District for Phases 1+2**
 - ▣ Start with 2015, measure growth above existing tax base for 1/4 mile on either side of CityLYNX Gold Line
 - ▣ No increase in taxes for existing property owners



Tax Increment Finance (TIF) Revenue Projections – Revenues

□ Revenue growth over time, challenge for debt issuance

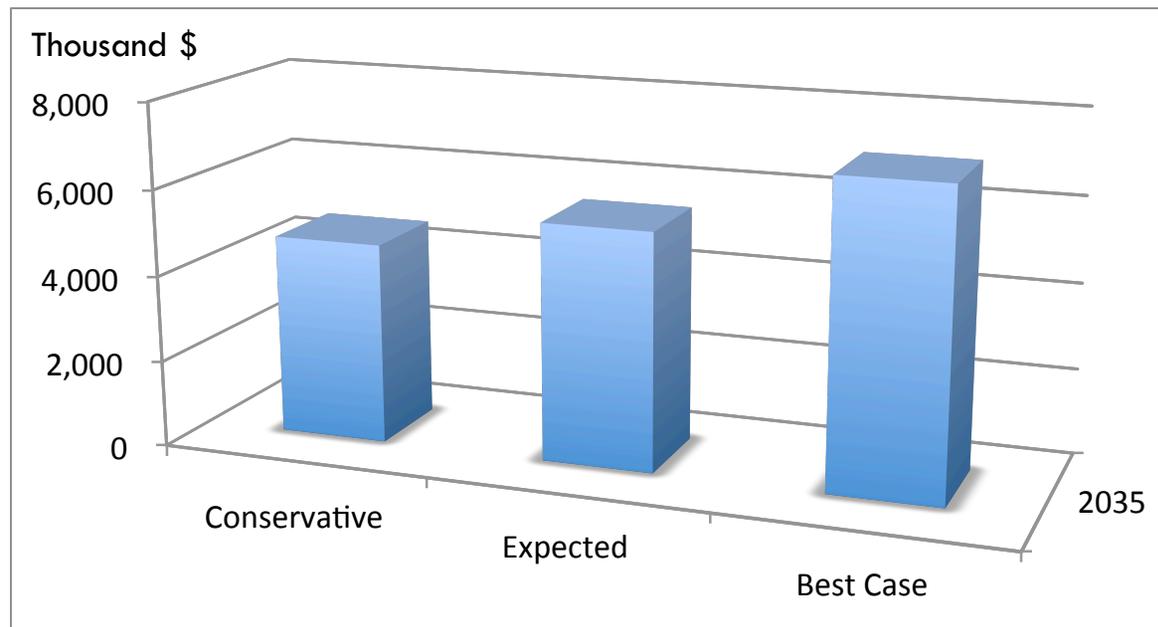
- ▣ Dedicates revenue growth that otherwise goes to General Fund, Municipal Debt Service, and Pay-As-You-Go
- ▣ Elizabeth Avenue, Red Line/Gateway Station project impacts



- ▣ Takes until 2035 to reach \$5.5 million/year

TIF Sensitivity Analysis

- **Expected, Conservative, Best Case scenarios**
 - ▣ Look at 2035 to compare scenarios
 - ▣ Differences reflect different levels of development

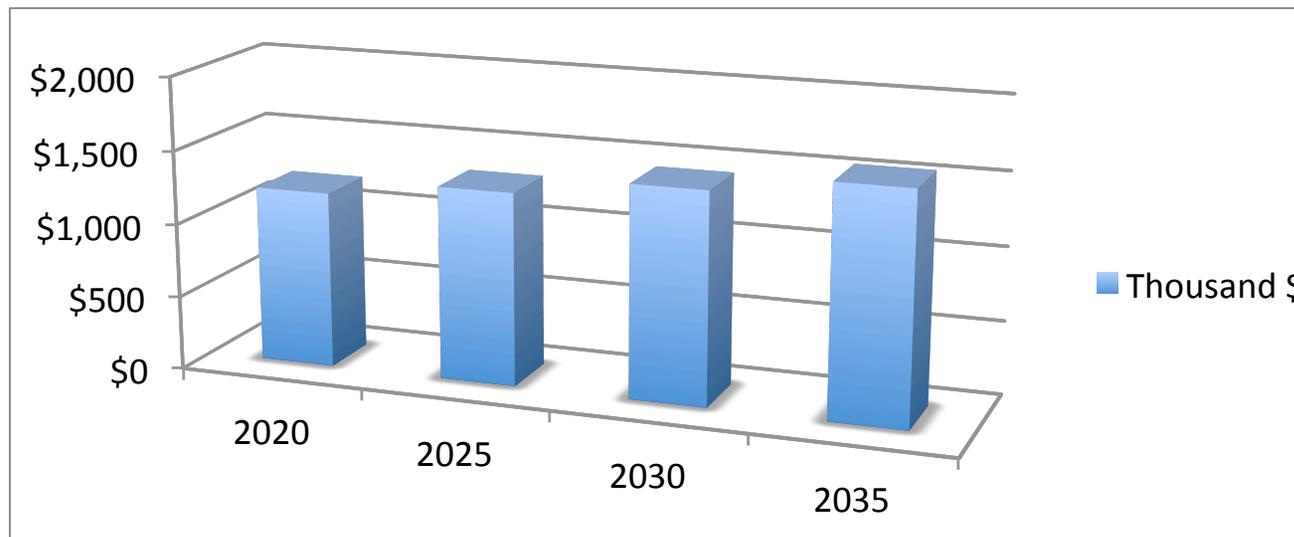


- ▣ Potential range of nearly \$2.4 million/year

Municipal Service District (MSD) Revenue Projections: Phases 1 + 2

□ Model existing + new MSD for Phase 1 + 2 area

- ▣ Added .0200% rate for ¼ mile on either side of Gold Line
- ▣ Applies to all properties within the area



- ▣ Grows to \$1.6 million/year by 2035. Range from Conservative to Best Case scenarios is \$136,000/year

Conclusions



- **Proposed Phase 2 of CityLYNX Gold Line projected to add 1.1 million square feet of new development**
- **New TIF and MSD districts by 2035 could generate \$7 million/year in combined new fiscal revenues**
- **Range of policy, timing, and underwriting issues to address before estimating the debt this could support**



Discussion