



The Montrose Group, LLC

Memo

To: Bob Lamb, Director of Development, Delaware County
 From: Nate Green, Partner, Director, Economic Development
 Date: October 23, 2019
 Re: Berlin Business Park Property Tax, Tax Increment Financing District, Tax Abatement Analysis

Background

The Berlin Business Park has the potential to bring significant capital investment, new jobs, infrastructure and new property taxes to Berlin Township and Delaware County over the next several decades. We performed an analysis of the various uses (single-family, multi family, light industrial and multi-family) on a 1,150 acre site and the property taxes that could be generated, the Tax Increment Financing District revenues that could be generated, and the cost to the schools of single family and multi-family housing on the site. The analysis was performed to compare 1,150 acres of single-family homes versus 1,150 acres of a mix of light industrial, commercial and multi-family housing.

Assumptions

1. Single family housing.

Assumptions	
Acreage	1,150.00
Houses per acre	2.6
Total Homes	2,990.00
Home value, 2019 median home sale, realtor .com	\$327,000.00
Homes sold per year (10yrs.)	299.00
New Students (1.8/home)	5,382.00
Annual Cost of Each Student	\$11,000.00

2. Light industrial.

Assumptions	
Acreage	518.00
Total Square Feet of Buildings	5,175,000.00
Square Feet Built Per Year (15 Yrs.)	345,000.00
Per Square Foot Market Value	\$30

Commercial.

Assumptions	
Acreage	488.00
Total Square Feet of Buildings	7,320,000.00
Square Feet Built Per Year (10 Yrs.)	732,000.00
Per Square Foot Market Value	\$90

Multi-family housing.

Assumptions	
Acreage	150.00
Total Units	1,500.00
Units Per Year (5 Years)	300.00
Unit Value	\$ 85,000



The Montrose Group, LLC

Analysis

Using the above assumptions, an analysis was performed to determine the total tax revenues that would be gained from each use, the revenues that the school district would gain from each use. Additionally, the analysis shows the TIF revenues generated through the light industrial and commercial uses, and the cost to the school district of educating students in the single-family housing units and multi-family housing units. This analysis was performed for a 35-year period. It was assumed that values of the various uses would not rise nor fall through this 35-year period but would remain constant.

Single Family Home Projections		
Total Tax Revenues	School District Revenues	Cost to Educate New Students
\$ 610,525,410.50	\$457,894,057.87	\$1,261,260,000.00

Light Industrial TIF Projections		
Total Tax Revenues	TIF Infrastructure Revenues	School District Revenues
\$ 113,173,058.25	\$42,439,896.84	\$36,152,504.72

Commercial TIF Projections		
Total Tax Revenues	TIF Infrastructure Revenues	School District Revenues
\$435,780,059.40	\$180,092,779.65	\$120,061,853.10

Multi-Family TIF Projections			
Total Tax Revenues	TIF Infrastructure Revenues	School District Revenues	Cost to Educate New Students
\$75,732,195.00	\$51,635,587.50	\$22,375,421.25	\$138,600,000.00

The single-family homes generate the most in new tax revenue, however the cost to educate the students in those homes is three times as much as the tax revenue gained. As shown above, the Olentangy School District will incur \$1.26B in costs and will collect only \$457M over a 35 year period. This will result in approximately \$800M loss to the School District over 35 years. After factoring in the State's payment back to the School District for each student the District will stiff face approximately \$680M in uncovered costs.

The mix of light industrial, commercial and multi-family pays for the needed infrastructure on the site (approximately \$275M over 35 years), allows the school district to realize more revenue than what it costs to educate the students in the multi-family units (gain of \$22M over 35 years), and provides for property tax abatement to attract both industrial and commercial uses (CRA is factored into these numbers) and provide for jobs to the residents of Delaware County, and income tax to Berlin Township through a Joint Economic Development District.