

# Economic, Fiscal, & School Impact Analysis: Villa Rica Mixed-Use Development

Prepared For:



Prepared By:



# Project Summary

Fuqua Development is proposing to build a grocery-anchored mixed-use development in the east side of Villa Rica. The proposed development will include over 102,500 square feet of modern retail as well as two residential components.

Commercial development at the subject site will include numerous restaurants, a grocery store, and a gas station. Residential development at the subject site will include multifamily and townhome units. The site will be located along the corridor of the proposed Mirror Lake Connector. Key components of the development will include:

- A grocery store.
- Standalone retail/restaurants, surrounded by surface parking.
- 255 townhomes arranged within the western half of the development.
- 208 apartments in the southeastern section of the development, surrounded by surface-level parking.
- Recreational space in the middle of the development, with a pool and tennis court concept.
- An existing stream and forest that will act as a natural buffer between the development and what lies to the west.
- A roundabout entryway into the eastern half of the development, which is dedicated to retail.

## Current Site Plan



# Executive Summary

## *Expanding Villa Rica's Retail and Residential Offerings While Growing the Tax Base*

As highlighted herein, the economic, fiscal, and school benefits from Fuqua's proposed Villa Rica Development are expected to include:

### **Construction Impacts**

- \$41.8 million in construction materials purchased locally
- 503 annual full-time equivalent construction jobs
- \$46 million in construction payroll, much of which will be invested back into the local community by construction employees

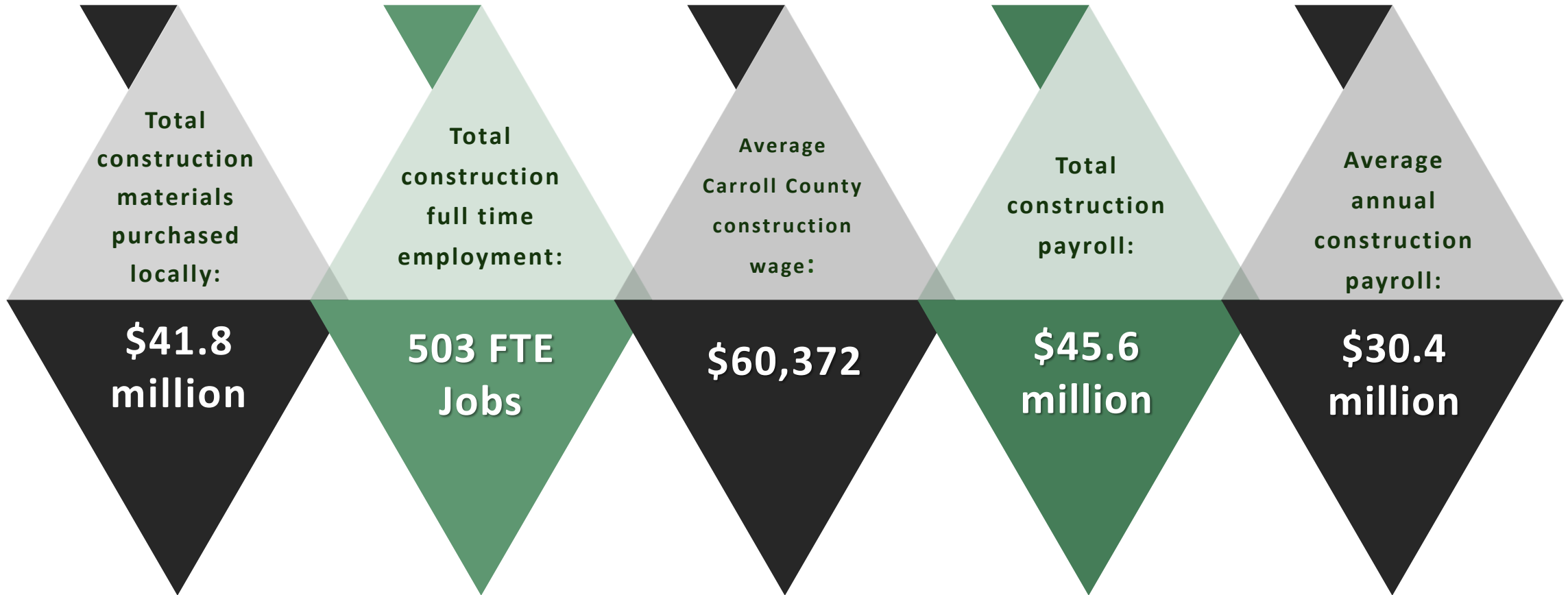
### **Impacts from Operations**

- Approximately \$2 million in additive sales taxes to be distributed to the City, County and the Carroll County schools based on \$69 million in annual retail sales
- An incremental assessed/taxable value of the property when developed of \$44.4 million, leading to approximately \$1.4 million in incremental annual property taxes overall, including \$275,500 incremental annual property taxes for Villa Rica
- 225 permanent Full-time Equivalent (FTE) jobs at the site when fully operating

### **School Impacts**

- An expected maximum of 230-235 public school students at the residential component of the development at stabilization
- \$1.5 million in revenue annually for the school system, from sales taxes, real property taxes, and personal property taxes, with a net positive fiscal impact at \$682,000.

# Executive Summary: Economic Impacts from Construction



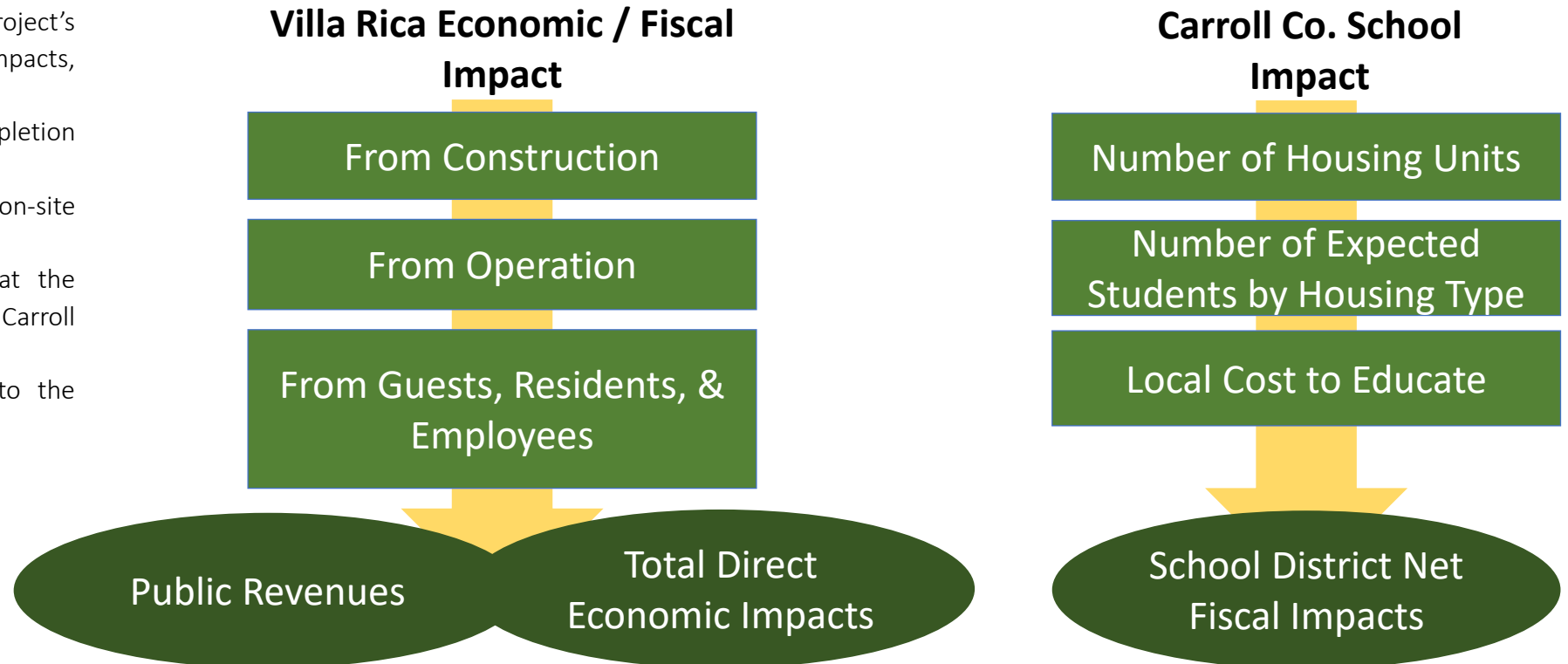
# Executive Summary: Economic Impacts from Operation



# Economic & School Impact Methodology

This study analyzes the mixed-use project's economic, fiscal, and school impacts, focusing on:

- annual taxes generated at completion that will flow to Villa Rica,
- construction and permanent on-site employment,
- potential school children living at the development that will attend Carroll County public schools, and
- the potential net fiscal impact to the schools based on local cost.



# Public Revenues from Construction

One of the principal economic benefits of the development will be the value of new construction. The 102,500 square feet of new commercial development, and the 463 new residential units will cost approximately \$135 million to construct.

A total of \$56 million in construction materials will be purchased, with an estimated \$42 million purchased locally. The project is likely to create 500 on-site FTE construction jobs, with an annual construction wage of \$60,372 annually, following current local trends. The total annual payroll for construction labor could range above \$30 million.

During construction, workers will spend money on food and supplies near the project site, which increases the actual sum of total sales tax revenue from construction.

## Construction Impacts

Total Commercial Construction Cost (incl. fit-out)		\$53,191,876
Total Apartment Construction Cost (less land)		\$38,480,000
Total Townhome Construction Cost (less land)		\$43,350,000
<b>Total Construction Cost</b>		<b>\$135,021,876</b>
Construction Hard Costs @ 75%		\$101,266,407
Construction materials	55% of hard costs	\$55,696,524
Construction materials purchased locally	75% of materials	\$41,772,393
Construction Labor Costs	45% of hard costs	\$45,569,883
Avg. annual payroll (18 months of construction)		\$30,379,922
Avg. Carroll County Annual Construction wage		\$60,372
<b>Avg. annual full time equivalent (FTE) construction employment</b>		<b>503</b>



# Public Revenues From Operations

Once construction of the mixed-use development is complete, it will generate significant public revenues from its operation for Villa Rica, Carroll County, and Carroll County Schools from the growth in real and personal property values, the additive retail sales and sales tax collections in the area, and the increased employment due to the property's tenants.

The on-site retailer, grocery store, gas station, coffee shop, and restaurants are expected to generate \$69 million in annual retail sales.

Annually, sales taxes from the completed project's operations will generate approximately \$2 million toward local Carroll County collections, to be distributed to the City, County and the Carroll County schools, as shown on the following page.

Retail Tenant	Sq. Ft.	Projected Sales	Projected Sales	Sales/SF
Gas/Convenience Store OP #4	6,500	\$6.5M	\$6,500,000	\$1,000
Coffee OP #3a	2,500	\$1.7M	\$1,700,000	\$680
Fast Casual Restaurant OP #3	2,325	\$2.0M	\$2,000,000	\$860
Restaurant OP #5	2,000	\$.8M	\$800,000	\$400
Restaurant OP #2	6,500	\$3.0M	\$3,000,000	\$462
Restaurant OP #1	6,700	\$5.5M	\$5,500,000	\$821
Grocery	60,000	\$43.0M	\$43,000,000	\$717
Restaurant	3,400	\$1.5M	\$1,500,000	\$441
Shop Space	12,600	\$5.0M	\$5,000,000	\$397
<b>Total</b>	<b>102,525</b>	<b>\$149.2M</b>	<b>\$69,000,000</b>	<b>\$673</b>



# Public Revenues From Operations

Once construction of the mixed-use development is complete, it will generate significant public revenues from its operation for Villa Rica and Carroll County, and Carroll County Schools from the growth in real property values, the additive retail sales in the area, and the increased employment due to the property's tenants.

## Sale Taxes

As noted above, the on-site retailer, grocery store, gas station, coffee shop, and restaurants are expected to generate \$69 million in annual retail sales.

In addition to the approximately \$2 million toward local Carroll County collections, an additional \$2.8 million in sales tax collections would go toward the state of Georgia, based on this level of sales.

Carroll County Schools split the school sales tax collections in Carroll County with Bremen School District and Carrollton City Schools.

Based on the on-site sales expectations Carroll County Schools stand to gain approximately \$0.5 million annually from sales taxes collection at the subject site.

Similarly, the County's overall 2% sales tax collections are split among the county and municipal governments based on population apportionment. \$69 million in on site sales would account for \$805,000 in sales tax collections annually to the County government and \$108,000 for Villa Rica.

Annual Local Tax Collections	
Retail Square Feet (taxable sales)	102,525
Estimated Sales/Per SF	\$673
Estimated Retail Sales	\$69,000,000
Sales Taxes:	
State Sales Tax 4%	\$2,760,000
Carroll SPLOST @ 3%	
<i>Carroll County 2%</i>	\$1,380,000
<i>Schools 1%</i>	\$690,000
<b>Total Sales Tax Potential</b>	<b>\$4,830,000</b>
<b>School Distribution</b>	
Carroll County Schools @ 71.77% of School Total	<b>\$495,213</b>
<b>County/Municipal Distribution</b>	
Carroll County @ 58.32% of County Total	<b>\$804,816</b>
Villa Rica @ 7.85% of County Total	<b>\$108,330</b>

# Public Revenues From Operations

## Property Taxes

Based on the forecast tax appraised value at build-out, as shown at right, the development is forecast to be valued by the tax appraiser at \$111.8 million and the assessed/taxable (40%) value of the development, at build-out is estimated to be \$44.7 million.

Netting out the existing total assessed value of the property at approximately \$317,000, per the Carroll County tax assessor, results in an incremental assessed/taxable value of the new development of \$44.4 million.

Currently, the subject site generates just over \$10,000 in overall property taxes in total to the County, City, and Schools. This amounts to just \$1,982 property taxes currently paid to Villa Rica, based on current millage rates.

The mixed-use development will generate approximately \$1.4 million in incremental annual property taxes overall once it is completed, including \$275,500 incremental annual property taxes for Villa Rica.

Additionally, the operations at The Villa Rica Mixed-Use Development will lead to an estimated \$99,000 in assessed personal property value at build-out, which will also add marginally to collections for the City and the Carroll County school system.

Retail Tenant	Sq. Ft.	Forecast Tax Appraised Value per SF	Forecast Tax Appraised Value
Gas/Convenience Store OP #4	6,500	\$380	\$2,470,000
Coffee OP #3a	2,500	\$225	\$562,500
Fast Casual Restaurant OP #3	2,325	\$225	\$523,125
Restaurant OP #5	2,000	\$225	\$450,000
Restaurant OP #2	6,500	\$225	\$1,462,500
Restaurant OP #1	6,700	\$225	\$1,507,500
Grocery	60,000	\$150	\$9,000,000
Restaurant	3,400	\$225	\$765,000
Shop Space	12,600	\$175	\$2,205,000
<b>Total Commercial Forecast</b>	<b>102,525</b>		<b>\$18,945,625</b>
Assessed Value (40%)			\$241,867

Residential	Units	Forecast Tax Appraised Value per Unit	Forecast Tax Appraised Value
Apartments	208	\$140,000	\$29,120,000
Townhomes	255	\$250,000	\$63,750,000

<b>Total Tax Value Forecast</b>	<b>\$111,815,625</b>
Assessed Value (40%)	\$44,726,250
Existing Assessed Value	\$317,062
Incremental Value Created	\$44,409,188
<b>Total Incremental Property Tax Collections</b>	<b>\$1,417,364</b>
Villa Rica Millage	6.25
<b>Villa Rica Annual Collections</b>	<b>\$275,576</b>

# Public Revenues From Operations

## Personal Property Taxes

Based on the established ratio of real property value to personal property in Carroll County overall, it is expected that \$99,000 in annual personal property value will be created at the development when fully operational.

That amount of value creation will lead to approximately \$620 in annual personal property tax collections for Villa Rica annually, and \$1,800 for Carroll County Schools.

### Total On-Site Revenues – Villa Rica

Combined, it is expected that the City of Villa Rica will collect from the new development approximately **\$385,000 in new public revenues**, including:

- Real Property Taxes: \$275,576
- Personal Property Taxes: \$620
- Sales Taxes: \$108,330

Personal Property Forecast	
Real Property 40% Value	\$79,544,871
Personal Property-Inventory (40%)	\$8,390,093
<b>Real/Personal-Inventory Ratio</b>	<b>0.11</b>
Personal Property-FF&E (40%)	\$24,170,353
<b>Real/Personal-FF&amp;E Ratio</b>	<b>0.30</b>
Subject Site Commercial Property 40% Value	\$241,867
Est. Personal Property-Inventory Assessed Value	\$25,511
Est. Personal Property-FF&E Assessed Value	\$73,493
<b>Est. Personal Property Assessed Value</b>	<b>\$99,005</b>
<b>Villa Rica Millage @ 6.25</b>	<b>\$619</b>
<b>Carrol Co. School Millage @ 17.9</b>	<b>\$1,782</b>

# Employment Impacts

## Employment

Using reasonable square foot per employee estimates, the project, as depicted in the master plan, could support **225 permanent Full-time Equivalent (FTE) jobs** at completion including:

- Restaurants: 117 jobs, both back and front of the house
- Grocery: 67 FTE jobs at the planned grocery store
- Retail: 32 jobs, primarily in the non-grocery retail trade sector
- Multifamily: approximately 8 jobs in the real estate management and leasing sector.

Additionally, as noted above, the development is likely to create just over 500 on-site FTE construction jobs during build-out, with a total annual payroll of \$300.3 million.

### \*Assumptions:

All development to be fully taxable.

On-site employment estimates are limited to direct, permanent full time equivalent (FTE) jobs.

Property Type	Units	Ratio	Measurement Unit	FTE Jobs
Multi-Family Residential*	\$1,114,000	8	/\$Mil Operating Expense	8
Retail (SF)	19,100	600	SF/Employee	32
Restaurant (SF)	23,425	200	SF/Employee	117
Grocery (SF)	60,000	900	SF/Employee	67
<b>Estimated Total Permanent On-Site Employment at Build Out</b>				<b>224</b>

\*Est. annual operations budget

Ratios based on ICSC and ITE research

# Public School Impacts

The U.S. Census, through the Public Use Microdata Sample (PUMS), makes current estimates of the number of children in households for cities and counties from baseline data from the 2010 Census projected forward. This data provides household-level insights to the American Community Survey, which allows a determination of the most accurate multipliers for residents and school-aged children by tenure and number of bedrooms in the unit in Carroll County.

Using this data, the forecast calls for an expected maximum of 230-235 public school students at the residential component of the development at stabilization.

These students will range in age, and thus have less of an impact on any singular grade level in their assigned schools.

Estimated Public School Students at Villa Rica Mixed Use Development					
		Occupied	School-Aged Children per Unit	Total School-Aged Children	Total Public School Students
	Units	Units			
<b>Apartments</b>					
One Bedroom	146	138	0.10	14	12
Two Bedroom	62	59	0.56	33	30
<b>Apartments Total</b>	<b>208</b>	<b>198</b>		<b>47</b>	<b>42</b>
<b>Townhomes</b>					
<b>Townhomes Total</b>	<b>255</b>	<b>208</b>	<b>1.02</b>	<b>212</b>	<b>191</b>
<b>TOTAL</b>					<b>233</b>

# Public School Impacts

Local revenues will cover \$3,495 per student, equating to \$815,200 total expenditures from local funds for the 230-235 students at the development.

Sales taxes, real property taxes, and personal property taxes are expected to generate **\$1.5 million in revenue annually** for the school system.

The net positive fiscal impact (*Annual revenue – Annual expenditures*) is expected to stabilize annually at \$682,000.

<b>Carroll Co. School Impact</b>	
Total Carroll Co. Schools Student Population	15,005
Total Expenditures	\$154,232,000
Local Revenue Share	34%
Annual Budget Covered by Local Funds	\$52,438,880
<b>School System Revenue</b>	
Sales Taxes	\$690,000
Real and Personal Property Taxes	\$806,765
<b>Gross Revenue</b>	<b>\$1,496,765</b>
<b>School System Expenses</b>	
Estimated Students	233
Education Cost per Student Covered by Local Funds	\$3,495
<b>Expenses</b>	<b>\$815,222</b>
<b>Net Revenue</b>	<b>\$681,542</b>



**KB** | ADVISORY GROUP

## *TERMS and LIMITING CONDITIONS*

- **Accuracy of Report:** Every reasonable effort has been made to ensure that the data developed in this assignment reflect the most accurate and timely information possible and is believed to be reliable. This consulting assignment was based on estimates, assumptions, and other information developed by KB Advisory Group (“KBA”) from its independent research efforts, general industry knowledge, and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agents or representatives, or any other data source used in preparing or presenting this study. The research and reports are based on information that is current as of the date of the report. KBA assumes no responsibility to update the information after the date of the report. The research may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described in our research and report, and variations may be material. Therefore, nor warranty or representation is made by BKA that any of the projected values or results contained in the work product from this assignment will actually be achieved.
- **Usage of Report:** The research product may not be used, in whole or in part, in any public or private offering of securities or other similar purposes by the client without first obtaining the prior written consent of KB Advisory Group.

404.845.3550

[www.kbagroup.com](http://www.kbagroup.com)

---