

TOWN OF AVON, INDIANA

CRG Residential

Proposed Satori Pointe Development

July 13, 2015

DRAFT #1



Financial

Solutions

Group,

Inc.

2680 East Main Street
Suite 223
Plainfield, IN 46168
317.837.4933

TOWN OF AVON, INDIANA

CRG Residential

Proposed Satori Pointe Development

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July 13, 2015

Mr. David George

CRG Residential
805 City Center Drive
Suite 160
Carmel, IN 46032

VIA EMAIL: dgeorge@crgresidential.com

RE: PROPOSED SATORI POINTE DEVELOPMENT

Mr. George:

In connection with the proposed residential development in the Town of Avon (the "Development") by CRG Residential (the "Developer"), we have, at your request, prepared this Special Report (the "Report"), which includes the following:

- **General Comments;**
- **Summary of Impact of Development on Taxing Districts;**
- **Estimated Revenue and Expenditure Impact on Overlapping Taxing Units;**
- **Summary of Estimated School Property Tax Levy Impact - Development Only;**
- **Estimated School Property Tax Revenue and Assessed Value Impact - Development Only;**
- **Estimated Number of Students Added per Year;**
- **Summary of Estimated Assessed Value Added over the Duration of the Build Out of the Development; and**
- **Number of Housing Units and Number of Residents Added per Year.**

The schedules and underlying assumptions are based upon information provided to us by representatives of the Town of Avon, CRG Residential, the Hendricks County Assessor's and Treasurer's offices and the Indiana Department of Local Government Finance (DLGF). In preparing these schedules, assumptions were made (as noted) regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We express no opinion, nor do we provide any other form of assurance thereon, and we have no responsibility to prepare subsequent reports.

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Proposed Residential Development

The purpose of this Report is to provide an analysis of the impact on revenue and expenditures if the Development occurs. Revenue and expenditures directly related to the Development are the primary focus of this Report. Impacts caused by other factors, such as reassessment or legislative changes, are not reflected in the detail of this Report. The Report is intended to be an objective assessment of the possible impacts from the Development. The proposed Development is currently in a TIF District. **For purposes of this Report, we have assumed that all new assessed value would be passed thru to the underlying taxing districts and NOT be captured in the TIF District.**

Methodology

This impact analysis is based upon the estimated assessed value and the estimated number of residents and students created by the Development. The Development is proposed on approximately 21.8 acres. The property is currently owned by Hendricks Regional Health and is exempt from property taxes. The parcels are located along U.S. 36. Water and Wastewater utilities are currently available nearby.

The Development is located in the Avon taxing district. The Pay 2015 tax rate for the Avon taxing district is \$3.1034, which is composed of Hendricks County, Washington Township, the Town of Avon, Avon Community School Corporation and the Washington Township Library tax rates. For this analysis, tax rates are assumed to remain constant.

The total gross assessed value of the Development is estimated at approximately \$22,504,500. We have assumed a gross assessed value of each unit based upon information provided to us by the Developer and comparable properties.

The property tax revenue estimates were generated by multiplying the current tax rate for the underlying districts by the estimated assessed value less the estimated Circuit Breaker impact. Revised property tax rates are not reflected in this Report and no adjustments to assessed values or levies, in the future, were included.

No additional non-property tax revenue for all taxing districts, except for the Town and Township Fire, was included in this Report. The Town estimates are based on information provided by the Town's Financial Advisor and include increases in CEDIT, CAGIT, Local Roads and Streets revenue, Motor Vehicle Highway funds and other fees/taxes. The Township Fire estimates are based on the 2015 Certified Budget information.

A number of services provided by the Town, Townships, County and Libraries are likely to experience expenditure increases. Town departments which are most likely to experience increased expenditures include Police, Town Court, Public Works, Planning & Building and Parks. Although not all departments will experience increased costs immediately, over time, the Development will contribute to those costs. For Township expenditures, it has been assumed that increased expenditures will come from providing Fire Protection, while Administrative and Poor Relief expenditures are assumed to not increase.

It is important to note that not all property taxes paid by the Development represent additional revenue for the taxing units; rather, they represent the portion of the unit's levy which will be paid by the Development. Due to statutory limitations, taxing units are not able to simply increase their levy by the amount which could be generated by the Development, holding all other factors constant. Some taxing units have the ability to appeal for an increase in their levy due to growth and this Development could contribute to that growth appeal validation.

Town Impact

Based on information provided by DLGF and the Town's Financial Advisor, clarifying property tax revenue, non-property tax revenue and expenditures have been included in the Report.

Township Impact

The only increase in assumed expenditures relates to the costs of providing Fire Protection. This has been estimated to increase at the same per capita rate as currently exists. No other expenditures related to other Township services (such as Poor Relief and General Administrative functions) are assumed to increase. To offset minor potential increases in expenditures, we do not include any growth assumptions related to the non-property tax revenue for Non-Fire funds.

County and Library Impact

County and Library expenditures were also estimated to increase as a result of the Development. We have not assumed any increase in non-property tax revenue.

School Impact

The estimated impact on the School district, in both new students and property tax revenue, is also shown in this Report. The current estimated property tax revenue 'per student' amount for Avon Schools is \$4,328 (derived from information provided by DLGF and IDOE). Seventy percent (70%) of the School tax rate is for debt service. We have assumed that no new debt service would result from the Development. Therefore, we have only utilized the transportation levy amount of \$634, per student, in our analysis. It is important to note that this amount includes residential as well as commercial properties in the calculation. If it was based solely on residential property tax revenue, the amount would be lower. Currently, School operating costs (including teacher salaries and benefits) are paid from State Aid and not property taxes. It has been assumed that State Aid will increase to offset any increases in operating costs as a result

of the Development. The School property tax revenue is only used for debt service, capital projects and transportation costs. The remaining costs per student are paid from State Aid and Miscellaneous Revenue.

Additional Economic Impact

The proposed Development will have a positive impact on businesses in the area, including a direct impact of over \$22,500,000 and an indirect impact of over \$17,757,000 during the construction phase. This impact will result in new jobs and spending in the area.

Recommendation

Based upon the information presented in the attached Report, we recommend that the Town request a financial contribution from the Developer in order to offset a portion of the expected revenue shortfalls. The Development has a low property tax cap rates of 2% (apartments) and the proposed project will create a demand for additional governmental services.

It is important to note that based upon the current property tax system and the current Avon tax rate, most residential developments will not provide a positive fiscal impact to local units of government due to the Circuit Breaker. However, the total impact may be positive if additional commercial development occurs in response to new residents.

TOWN OF AVON, INDIANA

CRG Residential

Proposed Satori Pointe Development

Summary of Impact of Development on Taxing Districts

<u>Estimated Surplus/(Shortfall)</u>	<u>Proposed Development</u>		
	<u>Year 1</u>	<u>Year 3</u>	<u>Year 5</u>
Town Portion (Pg. 6)	\$ (10,403)	\$ (10,403)	\$ (10,403)
Township Portion (Pg. 7)	(3,329)	(3,329)	(3,329)
County Portion (Pg. 8)	(6,044)	(6,044)	(6,044)
Library Portion (Pg. 8)	(4,426)	(4,426)	(4,426)

Summary of Estimated School Tax Levy per Student

	<u>Proposed Development</u>		
	<u>Year 1</u>	<u>Year 3</u>	<u>Year 5</u>
Current Avon Schools			
School Portion (Pg.9) (1)	\$ 496	\$ 496	\$ 496

(1) The School tax levy shown is only for transportation costs. We have assumed that no new debt service costs or capital project costs would be needed as a result of the Development. All School operating costs are paid from State Aid.

TOWN OF AVON, INDIANA
 CRC Residential

Proposed Satori Pointe Development

Estimated Revenue and Expenditure Impact on Overlapping Taxing Units

Town	Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Estimated Revenue (Assumed)</i>						
Property Tax Illustration (1)	0.3775	\$ 57,259	\$ 57,259	\$ 57,259	\$ 57,259	\$ 57,259
Non-Property Tax (2)	\$ 130	49,140	49,140	49,140	49,140	49,140
Totals		\$ 106,399	\$ 106,399	\$ 106,399	\$ 106,399	\$ 106,399
<i>Estimated Expenditures (3)</i>						
Totals	309	\$ 116,802	\$ 116,802	\$ 116,802	\$ 116,802	\$ 116,802
Surplus/(Shortfall) (4)		\$ (10,403)	\$ (10,403)	\$ (10,403)	\$ (10,403)	\$ (10,403)

- (1) Based on current property tax rate times estimated assessed value, see Page 12. Property taxes paid by the Development do not necessarily represent additional revenue for the Town; rather, they represent the portion of the Town's tax levy which will be paid by the Development. Estimated property taxes have been reduced by 35.5% for estimated Circuit Breaker impact.
- (2) Based on the non-property tax revenue per capita and multiplied by estimated number of residents in the Development, provided by the Town's Financial Advisor
- (3) Based on the Town's per capita for Police, Town Court, Public Works, Planning & Building and Parks departments and multiplied by estimated number of residents in the Development, provided by the Town's Financial Advisor
- (4) Represents the estimated surplus/(shortfall) related to the Development. A surplus does not necessarily represent funds available for other purposes, as the increase in revenue partially consists of property taxes, which represent the portion paid by the Development, not necessarily new revenue.

TOWNSHIP OF AVON, INDIANA

IRG Residential

Proposed Satori Pointe Development

Estimated Revenue and Expenditure Impact on Overlapping Taxing Units
(Continued)

Township	Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Estimated Revenue</i>						
Non-Fire Related Funds						
Property Tax Estimation (1)	0.0458	\$ 6,642	\$ 6,642	\$ 6,642	\$ 6,642	\$ 6,642
Non-Property Tax (2)	-	-	-	-	-	-
Fire Related Funds						
Property Tax Estimation (1)	0.4473	64,872	64,872	64,872	64,872	64,872
Non-Property Tax (2)	95	35,910	35,910	35,910	35,910	35,910
Totals		\$ 107,425	\$ 107,425	\$ 107,425	\$ 107,425	\$ 107,425
<i>Estimated Expenditures</i>						
Non-Fire Related Funds (3)	\$ 38	\$ 14,364	\$ 14,364	\$ 14,364	\$ 14,364	\$ 14,364
Fire Related Funds (4)	\$ 255	\$ 96,390	\$ 96,390	\$ 96,390	\$ 96,390	\$ 96,390
Totals		\$ 110,754	\$ 110,754	\$ 110,754	\$ 110,754	\$ 110,754
Surplus/(Shortfall)		\$ (3,329)	\$ (3,329)	\$ (3,329)	\$ (3,329)	\$ (3,329)

(1) Based on current property tax rate times estimated assessed value, see Page 12. Property taxes paid by the proposed Development do not necessarily represent additional revenue for the Township; rather, they represent the portion of the Township's tax levy which will be paid by the Development.

Estimated property taxes have been reduced by 35.5% for estimated Circuit Breaker impact.

(2) Based on non-property tax revenue per capita and multiplied by estimated number of residents in the Development

(3) Based on Township General Fund, Recreation and Township Assistance Fund expenditures per capita and multiplied by the number of new residents

(4) Based on Fire General, Emergency Fire Loan and Fire Cumulative Fire Fund expenditures per capita and multiplied by the number of new residents in the Development

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Estimated Revenue and Expenditure Impact on Overlapping Taxing Units
(Continued)

<u>County</u>	<u>Multiplier</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<i>Estimated Revenue</i>						
Property Tax Estimation (1)	0.3180	\$ 46,120	\$ 46,120	\$ 46,120	\$ 46,120	\$ 46,120
Estimated Expenditures (2)	\$ 138	52,164	52,164	52,164	52,164	52,164
Surplus/(Shortfall) (3)		\$ (6,044)	\$ (6,044)	\$ (6,044)	\$ (6,044)	\$ (6,044)
<u>Library</u>						
<i>Estimated Revenue</i>						
Property Tax Estimation (1)	0.0581	\$ 8,426	\$ 8,426	\$ 8,426	\$ 8,426	\$ 8,426
Estimated Expenditures (2)	\$ 34	12,852	12,852	12,852	12,852	12,852
Surplus/(Shortfall) (3)		\$ (4,426)	\$ (4,426)	\$ (4,426)	\$ (4,426)	\$ (4,426)

(1) Based on current property tax rate times estimated assessed value, see Page 12. Property taxes paid by the Development do not necessarily represent additional revenue for the County & Library; rather, they represent the portion of the County & Library's tax levy which will be paid by the Development. Estimated property taxes have been reduced by 35.5% for estimated Circuit Breaker impact.

(2) Estimated

(3) Represents the estimated surplus/(shortfall) related to the Development. A surplus does not necessarily represent funds available for other purposes, as the increase in revenue partially consists of property taxes, which represent the portion paid by the Development, not necessarily new revenue.

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Proposed Satori Pointe Development

Estimated Revenue and Expenditure Impact on Overlapping Taxing Units
 (Continued)

	Current Avon Schools	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated Tax Levy/Student (1)	\$ 634	\$ 496	\$ 496	\$ 496	\$ 496	\$ 496
Difference from Current Situation		(138)	(137)	(137)	(137)	(137)
Cumulative Number of Students from Proposed Apartments		100	100	100	100	100
Surplus/(Shortfall) (2)		<u>\$ (13,767)</u>	<u>\$ (13,747)</u>	<u>\$ (13,747)</u>	<u>\$ (13,747)</u>	<u>\$ (13,747)</u>

(1) Estimated current tax levy is for Transportation Funds only (See Page 10).

(2) Represents the difference between current tax per student and the estimated tax levy per student multiplied by the cumulative number of students from the Development

NOTE: The School tax levy is only used for debt service, capital projects and transportation costs.

All School operating costs are paid from State Aid.

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Proposed Apartments

Estimated School Property Tax Revenue and Assessed Value Impact - Development Only

	Current Avon Schools	Year 1	Year 2	Year 3	Year 4	Year 5
Students (1)	9,115	100	100	100	100	100
School Tax Rates						
Debt Service and Pension Debt	\$ 1,291,600	\$ 1,291,600	\$ 1,291,600	\$ 1,291,600	\$ 1,291,600	\$ 1,291,600
Capital Projects	0,222,900	0,222,900	0,222,900	0,222,900	0,222,900	0,222,900
Transportation	0,342,200	0,342,200	0,342,200	0,342,200	0,342,200	0,342,200
Total School Tax Rate	1,856,700	1,856,700	1,856,700	1,856,700	1,856,700	1,856,700
Net AV Increase (2)	\$2,124,886,812	\$22,504,500	\$22,504,500	\$22,504,500	\$22,504,500	\$22,504,500
Estimated Transportation Tax Levy as A Result of New Developments (2)	\$ 5,776,767	\$ 49,630	\$ 49,630	\$ 49,630	\$ 49,630	\$ 49,630
Transportation Tax Levy/Student	\$ 634	\$ 496	\$ 496	\$ 496	\$ 496	\$ 496
Development Assessed Value/Student (Net AV/Students)	\$ 225,045	\$ 225,045	\$ 225,045	\$ 225,045	\$ 225,045	\$ 225,045
District Assessed Value/Student	\$ 233,032	\$ 233,032	\$ 233,032	\$ 233,032	\$ 233,032	\$ 233,032

(1) See Page 11.

(2) Based upon current year information provided by the Department of Local Government Finance (DLGF) for taxes payable in 2015 and estimated increase in assessed value as shown on Page 12

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Description	Number of Units	Student Multiplier (1)	Estimated Number of Students Added per Year					Total
			Year 1	Year 2	Year 3	Year 4	Year 5	
Students per Year	270	0.37	100	-	-	-	-	100
Cumulative Number of Students			100	100	100	100	100	100
Expense/Student (2)								
Students			9,115	100	100	100	100	100
Total Estimated Expense			\$ 1,059,778	\$ 1,091,571	\$ 1,124,318	\$ 1,158,048	\$ 1,192,789	

(1) Per 2009 Avon School Corporation Demographic Study (.44) less an adjustment for the one bedroom apartments

(2) Based upon information provided by the Avon Schools and an inflation factor

NOTE: All School operating costs are paid from State Aid. There should be no net impact on School operating costs.

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Proposed Satori Pointe Development

Summary of Estimated Assessed Value Added over the Duration of the Build Out of the Development

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Residential Portion					
Total Number of Units	270	-	-	-	-
Number of Units					
Apartment - 1 Bedroom	135	-	-	-	-
Apartment - 2 Bedroom	135	-	-	-	-
Apartment - 3 Bedroom	-	-	-	-	-
55+ Paired Patio	-	-	-	-	-
Single Family Homes	-	-	-	-	-
Estimated Net Value per Unit (1)					
Apartment - 1 Bedroom	\$ 72,500	\$ 72,500	\$ 72,500	\$ 72,500	\$ 72,500
Apartment - 2 Bedroom	94,200	94,200	94,200	94,200	94,200
Apartment - 3 Bedroom	-	-	-	-	-
55+ Paired Patio	-	-	-	-	-
Single Family Homes	-	-	-	-	-
Homestead/Mortgage Deductions (2)	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Residential NAV					
Apartment - 1 Bedroom	\$ 9,787,500	\$ -	\$ -	\$ -	\$ -
Apartment - 2 Bedroom	12,717,000	-	-	-	-
Apartment - 3 Bedroom	-	-	-	-	-
55+ Paired Patio	-	-	-	-	-
Single Family Homes	-	-	-	-	-
Total Estimated NAV	<u>\$ 22,504,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Assessed Value Increase	<u>\$ 22,504,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cumulative Net Assessed Value Increase	<u>\$ 22,504,500</u>	<u>\$ 22,504,500</u>	<u>\$ 22,504,500</u>	<u>\$ 22,504,500</u>	<u>\$ 22,504,500</u>

(1) Estimated

(2) Estimated net assessed value reduced by the Homestead (\$45,000), Supplemental Homestead (35%) and Mortgage (\$3,000) deductions

TOWN OF AVON, INDIANA

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Proposed Satori Pointe Development

Number of Housing Units and Number of Residents Added per Year
(per Developer and Census Bureau)

Description	Total Number of Units	Number of Units per Year					Total
		Year 1	Year 2	Year 3	Year 4	Year 5	
Units per Year	270	270	-	-	-	-	270
Apartments	270	-	-	-	-	-	-
Duplex	-	-	-	-	-	-	-
55+ Paired Patio	-	-	-	-	-	-	-
Single Family Homes	-	-	-	-	-	-	-
Cumulative Number of Units		270	270	270	270	270	270

People per Unit	Cumulative Number of People per Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
Cumulative Number of New People (1)	378	378	378	378	378

(1) The number of residents per household in Avon, Indiana, per U.S. Census Bureau (2.3) less an adjustment for the estimated number of 1 bedroom units included in the proposed project.

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Estimated Economic Impact of Estimated Construction Cost

Total Estimated Construction Cost	<u>\$ 22,500,000</u>
Estimated Additional Economic Impact from Spinoff	<u>\$ 17,757,000</u>

TOWN OF AVON, INDIANA

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Parcel Listing

<u>Parcel ID</u>	<u>Net Assessed</u>	<u>Number of Acres</u>
32-10-01-452-002.000-031	\$ -	11.15
32-10-01-451-001.000-031	-	10.65
	<u>\$ -</u>	<u>21.80</u>

NOTE: Both parcels are currently owned by Hendricks Regional Health and are not currently taxable.

