

Downtown Tax Increment Finance District (Durham, NH)

Development Program and Financing Plan
APPROVED SEPTEMBER 24, 2012 – EFFECTIVE APRIL 1, 2013



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I. Introduction

The Durham Town Council hereby proposes establishment of the **Downtown Tax Increment Financing (TIF) District** pursuant to RSA 162-K:5 to fund improvements that enhance the economic vitality of the downtown area by creating new or improved infrastructure including, but not limited to, roads, traffic patterns, utilities, water distribution, sewer, stormwater management parking, pedestrian ways, lighting, sidewalks and urban amenities necessary to retain, attract and advance desirable mixed use development and private investment in the downtown / central business district of the Town of Durham. This particular area of Durham has potential to contribute more significantly to the Town's tax base, employment and quality of life through expanded positive economic growth and development. The area has remained largely unchanged over the past several decades, and has experienced some decline consistent with national trends of commercial retail and business office sectors shifting away from downtown centers. Stimulating mixed use development and reinvestment in this area will provide needed taxable assessed valuation, business revenue, employment opportunities and public amenities within the proposed district that will directly benefit the community far into the future. The purpose of this Development Program and Tax Increment Financing Plan is to establish a District in compliance with the provisions of New Hampshire RSA 162-K:6, 162-K:9 and 162-K:10. Specifically, these statutes require:

- Municipal adoption of a development program as a condition of establishing a TIF District. (RSA 162-K: 6).
- Municipal adoption of a development and financing plan that allocates use of tax increments for project costs, retirement of bonds and notes, operation, maintenance and improvements in the district and for general municipal purposes (RSA 162-K:9 and K:10).

II. Objectives

The objectives of this Development Program and TIF Plan are to:

- Create new or improved infrastructure including, but not limited to, roads, traffic patterns, utilities, power distribution, water distribution, sewer, stormwater management, lighting, sidewalks and parking;
- Improve pedestrian and bicyclist safety;
- Create traffic calming and improve traffic management and safety;
- Stimulate development or redevelopment of commercial property that will provide new commercial and office space, cultural and performance venues, professional services, conference and hotel services, restaurants or other businesses consistent with a vibrant downtown;
- Expand the property tax base;
- Expand and enhance employment and earning opportunities for Durham and area residents;

- Create green space, community meeting areas and an improved sense of community to help attract Durham residents and consumers from outside the community that will patronize existing and new businesses in the downtown as well as in other areas of the community; and
- Stimulate other businesses to locate or expand within the community.

III. Proposed Improvements

During November of 2009, the Town of Durham conducted an intensive Charrette engaging Durham residents and stakeholders to develop physical, programmatic and policy solutions to more effectively shape the future of Durham’s downtown and commercial core. Among the key concepts and priority design recommendations identified by The Durham Commercial Core Strategic Plan produced from the Charrette were changing the downtown one-way road system to a two-way system and developing a “Park Once & Walk Strategy” that includes a hierarchy of parking prices in the downtown. A critical component of a “Park Once & Walk Strategy” is creating an interesting and safe pedestrian environment in the downtown. The types of the improvement intended to enhance the attractiveness and improve safety for pedestrians include better sidewalks, street lighting, tree plantings, bike lanes, hardened streetscapes to differentiate travel lanes from parking, ADA compliant warning devices, restrooms, benches and associated amenities.

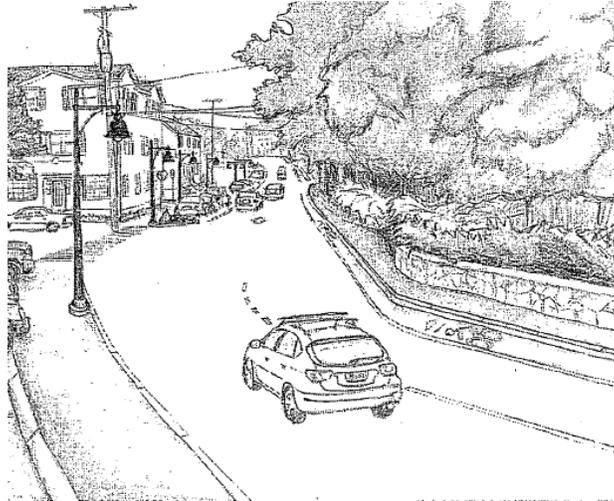
The Development Program and TIF Plan includes three projects focused on the downtown that are consistent with Durham’s Master Plan and the recommendations of the 2009 Durham Commercial Core Strategic Plan:

- 1) Traffic calming and streetscape improvements to the Pettee Brook Lane Corridor;
- 2) Deploying parking Kiosks or other technologies to manage parking resources; and
- 3) Planning, engineering and implementation of two-way traffic patterns along Main Street, lower Madbury Road and Pettee Brook Lane, and related intersection improvements.

Project: Pettee Brook Lane Corridor Improvements

Project Description: This roadway does not conform to standards set by the 1999 Main Street Enhancement Project, and this project will continue the Pettee Brook Lane Corridor improvements started in 2011 that focused on Street Lighting and sidewalks. The improvements will focus on continued sidewalk improvements, roadway modifications and bumpouts associated with parking, a brick crosswalk, bicycle lanes, landscaping and rehabilitation of existing crosswalks.

Estimated Project Cost: \$75,000



Pettee Brook Lane Corridor Improvements

Project: Purchase of Parking Kiosks

Project Description: The Town of Durham is currently developing a town-wide parking strategy using recommendations from the Town Charrette, 2011 Parking Study and input from downtown stakeholders. This project would use programmable parking kiosks to replace aging parking meters, and expand parking controls into new areas of the downtown where appropriate. It is anticipated that twelve Kiosks would be purchased in addition to the three kiosks already installed along Pettee Brook Lane.

The Kiosks offer more payment options than current meters, and allow the town to institute parking policies using a hierarchy of pricing based on location. This strategy is anticipated to evolve over time, and the parking kiosks will be reprogrammed accordingly. For example, the kiosks can be programmed to allow free parking for limited periods of time for in-and-out retail shoppers while also offering extended business parking with a pricing strategy that discourages abuse by motorists accessing the campus and not the downtown.

Estimated Project Cost: \$118,080



Durham Parking Meter Kiosk Trial

Project: Reconfiguration of downtown traffic patterns.

Project Description: This project reconfigures Main Street, lower Madbury Road and Pettee Brook Lane to two-way traffic patterns. The project anticipates the need for two traffic control systems at the intersection of Main Street and Mill Road and the intersection of Main Street and Madbury Road with associated public way construction and improvements. The design envisions a traffic circle at the intersection of Main Street and Pettee Brook Lane if sufficient land is made available from the university.

The estimated costs include an additional traffic study using afternoon peak traffic data, engineering, design, and implementation.

Estimated Project Cost: \$651,875

Subsequent projects will be developed in cooperation with current and future property owners, developers and other stakeholders and may include:

- Parking facilities;
- Road construction or improvements;
- Sidewalk construction or improvements;
- Bicycle lanes;
- Street lighting and landscaping;
- Improvements to utilities and power distribution;

- Improvements to water and sewer capacity; and
- Traffic calming and vehicular safety.

The total cost of all potential projects and improvements, including planning, design and administration cannot be forecasted at the outset. Captured increment tax revenue will be placed under the control of the Town Treasurer and will accumulate in a special account designated for the Downtown District until sufficient funds are available to complete a specific project or sufficient incremental tax revenue is captured to service bond principal and interest. Projects will be approved by the Town Council considering recommendations of the District Administrator and Advisory Board. The District Administrator and Advisory Board may recommend to the Town Council additional projects designed to fulfill the purpose of the District.

The Town Council shall determine if and when the level of captured increment in the District, combined with any other grant funds or private and public investment is sufficient to initiate a specific project. The Town Council may also determine that the level of captured increment in the District alone, or in combination with any other grant funds or private investment, justifies borrowing to complete a project.

IV. Project Benefits

Economic Development Benefits

The improvements described herein are required in order to service the existing population, accommodate planned growth and help ensure long-term community sustainability and economic vitality. Improvements within the District will also benefit areas adjacent to the District and the community as a whole. The proposed improvements have the potential to create in excess of \$47 Million in new property value within seven to fifteen years if 15% of the District is redeveloped. This forecast is based on a review of the development and redevelopment capability of existing properties within and adjacent to the Downtown TIF District. (Exhibit D)

The economic development objectives of the District are consistent with the Town of Durham Master Plan 2000, which states:

- The Downtown should be an attractive and vibrant commercial center of the community;
- The appearance of Downtown needs to be improved to make it more welcoming;
- Pedestrian use is a valuable asset to the downtown, and traffic flow is in conflict with pedestrian activity;
- A wide range of retail and commercial uses need to be created;
- Parking areas that can accommodate retail and commercial requirements need to be provided;
- Enhancements for traffic calming are needed; and
- Sidewalk and bike lane improvements are recommended.

The objectives of the District are also consistent with the objectives of the 2009 Downtown Commercial Core Strategic Plan as outlined above, and also include strengthening the local and area economy and energizing the commercial core.

V. District Boundaries

A. List of Properties

The TIF district shall include the 57 properties identified in Exhibit B, which is appended hereto.

B. Land Area and Assessed Values¹

The proposed TIF district contains approximately thirty-four and a half (34.5) acres, which represents approximately 0.24% of the 14,336-acre land area in the Town of Durham – the maximum area percentage allowed under the statute is 5%. The total current assessed value of all property in **the district excluding tax exempt is \$58,627,900 or 6.39%** of the total assessed value of taxable property in the Town (\$917,477,049) – the maximum allowable value allowed under the statute is 8%. Thus, the district complies with the size and value standards of RSA 162-K: 5.2

A diagram of the proposed District is appended as Exhibit C.

VI. Open Space

It is anticipated that additional open space may be set aside as a result of this initiative to create green space and community meeting areas that benefit the district, including promoting a greater sense of community.

VII. Environmental Controls

In construction of any of the planned public improvements, the Town of Durham, as well as any private parties, will be required to comply with all appropriate environmental regulations. These regulations may include, but are not limited to any or all of the following:

- State and federal regulations regarding the protection of wetlands and floodplains.
- State standards for design of public sewer systems.
- State permits regarding soil disturbance/filling.
- State and federal regulations regarding air, water, and noise pollution.
- Applicable building codes, zoning ordinance, subdivision and site planning regulations.

VIII. Proposed Re-Use of Private Property

TIF proceeds may be utilized for the purpose of purchasing and/or reusing private property; in such eventuality, all appropriate federal and state regulations will be observed.

¹ Land area and assessed values are based on the Town of Durham Assessors Online Database, 2012.

IX. Relocation and Displacement

The development program is not anticipated to require relocation and/or displacement of any persons, families, business concerns, or others; however, should circumstances change as the projects unfold then all appropriate federal and state regulations related thereto will be observed and complied with.

X. Proposed Operations of the District

A. Operations and Maintenance (O&M)

The added cost for operation and maintenance associated with the improvements anticipated in the initial 3 projects will be minor and will be reflected in the normal operations of the Town's Public Works Department; impacts associated with subsequent projects will be analyzed and presented to the Town Council in the context of project proposals.

B. Other Funding Sources

In order to reduce the amount of cost to the municipality, the Town may seek funding from other sources that may include, but are not limited to, the following:

- Community Development Block Grant Program (CDBG);
- Rural Development Grants;
- NHDES Financial Assistance Water / Wastewater Grants; and
- NHDOT Enhancement Grants

Since it is anticipated that projects will not be initiated until sufficient funds are available through accumulated tax increment, there will be no annual cost to the District. Any future projects proposed by the District Administrator and Advisory Board and approved by the Town Council will be funded as grant and private sources are identified and / or the captured increment is sufficient to totally offset the project specific cost. Alternatively, the Town Council may determine if and when the level of captured increment in the District, combined with any other grant funds or private investment, justifies additional borrowing. Otherwise, excess captured increment will be placed under the control of the Town Treasurer until sufficient funds are available to complete a specific project or task in a subsequent phase as determined by the Town Council.

XI. Development Agreements

In any situation where construction of improvements within this District commence prior to accumulation of sufficient incremental value necessary to fund the specific improvements or service bonds related thereto, the Town Council may require the developer or developers to execute a clearly enforceable Guarantee Agreement. This agreement will require the developer(s) to pay any deficiency between the Town's actual annual cost for bond debt service and incremental

tax revenues generated in the District.

XII. Impacts on Other Taxing Jurisdictions

A. Property taxes applied to incremental assessed value in the TIF District will include the municipal, school, county, and precinct taxes currently collected by the Town. The 2011, applicable tax rates are as follows:

Municipal	\$07.57/ \$1,000
County	\$02.61/ \$1,000
Education	\$15.69/ \$1,000
State Edu.	\$02.33/ \$1,000
Total	\$28.20/ \$1,000

The State Education Tax (currently (\$2.33/\$1,000) cannot be applied. The Tax Rate applied to the TIF District at present will be \$25.87, which is \$28.20 minus the State Education tax of \$2.33.

B. Records and Reports

Pursuant to the requirements of Section 162-K:11, the Town of Durham annual report shall contain a financial report from the District. This report shall contain:

- The amount and source of revenue of the District;
- The amount and purpose of expenditures;
- The amount of principal and interest on any outstanding bonded indebtedness;
- The original assessed value of the District;
- The captured assessed value retained by the District;
- The tax increments received; and
- Any additional information necessary to demonstrate compliance with the tax increment-financing plan.

XIII. Estimated Cost of the District Development Plan

As indicated in Section III, the total estimated capital cost to implement the three proposed projects is approximately \$844,951. This number excludes annual maintenance and operations costs. The Town Council will determine priority of funding with input from the District Administrator and Advisory Board. Future projects as recommended by the District Administrator and Advisory Board, and approved by the Town Council will be funded with grants, private investment, accumulated captured increment, public borrowing or a combination thereof as determined appropriate by vote of the Town Council.

XIV. Funding Sources

The Town of Durham intends to use multiple funding sources to complete the proposed development program as indicated above. A combination of private investment, state, federal & foundation grants, municipal appropriations and betterment / special assessments may be utilized

along with any other funding sources that may be identified and successfully pursued during the life of this District.

Uses of Incremental Tax Revenues

Pursuant to RSA 162-K, the Town of Durham will utilize incremental property tax revenues received from newly developed or redeveloped properties, and increased assessed value in the TIF District to implement the projects described in the District Development Plan. This means that, subject to the explanations and qualifications contained herein, by approving this TIF District Development Plan any increase in assessed value from the date of establishment of the District by Town Council vote and thereafter will be classified as incremental assessed value to be retained within the TIF district. Incremental income is gained by applying the Town property tax rate, less the State education rate, to this incremental value. As indicated in Section XII, above, this rate is currently \$25.87/\$1,000. Thus, \$1,000,000 in incremental assessed value would yield \$25,870 in tax revenue.

XV. Financing Summary

Total Projected Cost: \$844,951

Project: Purchase of Parking Kiosks to replace existing meters and manage parking resources
Estimated Project Cost: \$118,080

Project: Pettee Brook Lane Corridor improvement program
Estimated Project Cost: \$75,000

Project: Reconfiguration of traffic patterns to two-way including traffic studies, engineering, design and implementation
Estimated Project Cost: \$651,875

These numbers exclude annual maintenance and operations costs.

Subsequent Projects will be identified and cost estimates provided as the District Administrator and Advisory Committee propose them and upon approval by the Town Council. Upon approval of subsequent projects for this District by the Town Council, this section of the Development Plan will be amended accordingly.

In any year, if the amount of the current assessed value for the District exceeds the original assessed value that excess shall be referred to as captured assessed value.

That captured assessed value shall be dedicated to first paying the amount necessary to make any required debt service payments on any bonds that may be issued. Captured assessment value beyond that necessary for this purpose shall accumulate to complete the projects contained in the Development Plan, as well as any subsequent projects that are proposed by the Advisory Board and approved by the Town Council, and shall be available for all District purposes.

The estimated impact of tax increment financing on the assessed values of all other taxing jurisdictions within the Town of Durham is negligible, since the proposed improvements are designed to encourage commercial investment and lessen the residential tax burden. Thus, these activities will contribute to a long-term increase in the non-residential tax base at a faster rate than would otherwise be achieved. Additionally, there is no plan to remove currently taxable property from the tax rolls because of this project.

XVI. Plan Amendments

Pursuant to RSA 162-K:9, this plan can only be amended by a vote of Town Council.

XVII. Duration of Program

The TIF District will exist until any debt issued and borrowing initiated to fund the development program is retired and all improvements anticipated within the Plan for the District as originally adopted or subsequently amended by action of the Town Council have been completed.

XVIII. TIF District Administration

The Town Administrator shall administer the District subject to the limitations placed upon him by the Town Charter and any rules and limitations subsequently adopted by the Town Council.

XIX. Advisory Board

In accordance with 162-K:14, the Council shall create, by resolution, an Advisory Board for the District and delineate its advisory roles and responsibilities. The Advisory Board shall consist of five members appointed by the Council. The Advisory Board shall cease to exist immediately upon fulfillment of the purposes of the District. **Three members will be owners or occupants of real property within or adjacent* to the district as required by 162-K:14, one member will be from the Economic Development Committee and one member will be a Durham resident that is not an owner or occupant of real property in the district.** Advisory Board members excluding the representative of the Economic Development Committee shall serve for a term of three years and there shall be no limitation on the number of terms a member may serve. The term of the Economic Development Committee member will be up to three years and the term will expire if the member's term on the Economic Development Committee expires. The role of Advisory Board shall be limited to the review of plans and providing recommendations to the District Administrator on matters related the district. In instances where a majority of the Advisory Board believes that the District Administrator has not sufficiently considered the Advisory Board's recommendation, they may, by majority vote, refer the matter along with their written recommendations and explanations therefore to a regularly scheduled meeting of the Town Council. In such instances the District Administrator shall delay implementation pending Town Council review and determination on the matter. **All meetings of the Advisory Board will be public, and the Administrator and Advisory Board are encouraged to obtain public input as**

they administer the plan.

* *“Adjacent” means adjoining or bordering - actually touching a property line or a public ROW line within the District.*

XX. Implementation

Implementation of this plan requires the following actions be taken:

- Creation of the District described herein (RSA 162-K:5), occurred by vote of the Town Council on _____
- Adoption of the Development Program and Tax Increment Financing Plan (RSA 162-K:6, 162-K:9 and 162-K:10) incorporated herein occurred by vote of the Town Council on _____
- By Action of the Town Council on _____ the following members of the Advisory Board were appointed (RSA 164:K-14):

1
2
3
4
5

Exhibit A - Project Budget

PROJECT	BUDGET
Pettee Brook Improvement Program - Phase II	\$75,000
Parking Kiosks	
Kiosk Units	\$104,340
Signage	\$2,940
Kiosk Installation	<u>\$10,800</u>
Kiosk Total	\$118,080
2-Way Traffic Reconfiguration	
Engineering and Administration	\$77,297
General Demolition	\$11,425
Traffic Signals (Main Street and Madbury Road, Main Street and Mill Road)	\$315,000
Signage	\$6,213
Round-about (Main St & Pettee Brook Lane)	\$88,000
Traffic Islands	\$19,775
Asphalt Paving	\$48,000
Pavement Markings	\$26,900
10% Contingency	<u>\$59,261</u>
2-Way Traffic Reconfiguration Total	<u>\$651,871</u>
TIF PROJECT TOTAL	\$844,951

Exhibit B – Existing Property Values within District (Including Municipal & UNH Properties)

#	Parcel Address	Parcel ID	Current Assessed Value 5/10/12	Acres
1	29 Madbury Road	02--12--0	\$1,615,400	0.69
2	22 Garrison Ave	02--12--1	\$2,126,100	0.57
3	10 Pettee Brook Lane	02--12--11	\$812,600	0.33
4	25 Madbury Road	02--12--2	\$1,519,100	0.63
5	21 Madbury Road	02--12--3	\$793,200	0.24
6	17 Madbury Road	02--12--4	\$2,563,800	2.38
7	15 Madbury Road	02--12--5	\$254,900	0.16
8	8 Mathes Terrace	02--12--6	\$263,500	0.13
9	10 Mathes Terrace	02--12--7	\$415,900	0.18
10	Main Street Island	02--13--8	\$0	0.00
11	72 & 74 Main Street	02--14--1	\$1,005,000	0.44
12	66 Main Street	02--14--2	\$1,373,200	1.18
13	13 Jenkins Court	02--14--3	\$1,335,400	0.36
14	60 Main Street	02--14--4	\$1,503,400	0.35
15	70 Main Street	02--14--5	\$1,189,100	0.73
16	Teebrook Parking Lot (Tax Exempt)	02--15--0	\$247,100	0.48
17	Teebrook Parking Lot (Tax Exempt)	02--15--1	\$232,200	0.30
18	1 Madbury Road	04--1--0	\$478,400	0.43
19	12 Mathes Terrace	04--10--0	\$486,700	0.23
20	13 Madbury Road	04--11--0	\$274,100	0.13
21	9-11 Madbury Road	04--12--0	\$574,000	0.35
22	King Lot (UNH) - Madbury Rd (Tax Exempt)	04--13--0	\$274,200	0.86
23	3 Madbury Road	04--14--0	\$1,408,600	0.32
24	32 Main Street	04--2--0	\$1,253,700	0.13
25	36 Main Street	04--3--0	\$1,567,100	0.30
26	44 Main Street	04--4--0	\$613,100	0.18
27	46 Main Street	04--5--0	\$386,000	0.09

28	10 Main Street	04--54--3	\$2,778,800	0.60
29	8 Main Street	04--54--4	\$2,482,700	0.74
30	18 Main Street	04--55--0	\$667,100	0.72
31	20 Main Street	04--56--0	\$418,000	0.32
32	48 Main Street	04--6--0	\$805,100	0.15
33	50-54 Main Street	04--7--0	\$771,900	0.21
34	2-10 Jenkins Court	04--8--0	\$3,146,200	0.21
35	12 Jenkins Court	04--9--0	\$2,418,200	0.27
36	Main Street Island	05--1--0	\$0	0.00
37	19 Main Street	05--1--10	\$1,467,700	0.64
38	5 Smith Park Lane	05--1--13	\$253,800	0.92
39	19A/B Main Street	05--1--15	\$452,800	0.68
40	Red Tower Vacant Land	05--1--16	\$79,300	1.72
41	45 Main Street	05--1--17	\$1,096,300	0.14
42	5 Mill Road	05--1--1--A	\$2,547,900	10.00
43	5 Mill Road	05--1--1--B	\$3,938,800	0.00
44	49 Main Street	05--1--2	\$635,200	0.12
45	47 Main Street	05--1--3	\$2,540,300	0.13
46	39-41 Main Street	05--1--4	\$602,600	0.13
47	37 Main Street	05--1--5	\$958,000	0.18
48	35 Main Street	05--1--6	\$587,100	0.30
49	29 Main Street	05--1--7	\$901,400	0.22
50	25-27 Main Street	05--1--8	\$989,200	0.60
51	21 Main Street	05--1--9	\$555,900	0.22
52	4 Smith Park Lane	05--2--1	\$188,900	0.52
53	15 Main Street	05--2--2	\$455,600	0.25
54	9 Main Street	05--2--3	\$448,600	0.18
55	5 Main Street	05--2--4	\$508,800	0.55
56	1 Main Street	05--2--5	\$1,220,900	0.61
57	2 Mill Pond Road	05--2--6	\$898,500	1.05

Exhibit D- Estimated Potential Valuations at Build-out

Estimating the value of potential build-out is accomplished by determining the value of existing built out space within the proposed District as compared to an estimate of the value after redevelopment based on recent projects on Jenkins Court and Madbury Road. These recent developments are consistent with the current zoning as described below.

CURRENT ZONING

Central Business District:

- Up to 50 FT high w/ Planning Board Approval (30 FT with no PB Approval)
- Assuming 3' side or rear setbacks (minimum to have windows), and 15' front (maximum allowed)
- 100% of lot can be impervious

Church Hill District:

- 5' side and 15' rear and front (minimum allowed by zoning is assumed)
- 35 FT high with PB Approval (30 FT with no PB Approval)
- Maximum of 80% of the lot can be impervious

DISTRICT CONDITIONS

The proposed District consists of 34.5 +/- acres

The assessed value of the district is approximately \$58.9 Million of which \$34.2 Million are improvements.

The average value of improvements per acre is currently \$990,947.

PROJECTION

Using recent redevelopment projects at 9-11 Madbury Road and Jenkins Court as a baseline, the average improvement value after redevelopment is estimated to be \$10.1 Million per acre. These redevelopment projects are based on current zoning, and provided two floors of apartments focused on student rentals and two floors of non-residential space. The average increase in value after redevelopment is approximately \$9.1 Million per acre based on the district conditions summarized above.

It is estimated that the student housing supply in Durham will increase 28.6% in the fall of 2012 with the completion of a major housing project located in the western commercial zone of Durham. This increased supply of student housing requires Durham to focus future downtown redevelopment efforts on markets centered on office space, retail, medical, light manufacturing and professional services. The objectives of this TIF district are consistent with the need to create redevelopment focused on these new markets.

Larger development parcels and centralized parking would result in greater density and value per acre and the value could be greater if larger parcels of land are available for redevelopment, if building heights exceed three stories as permitted by current zoning, or centralized parking was provided.

As shown in the table below, the proposed improvements have the potential to create in excess of \$47 Million in new property value within seven to fifteen years if 15% of the District is redeveloped. This forecast is based on the review of the development and redevelopment potential of properties within and adjacent to the Downtown TIF District.

Percent of District Redeveloped	Property Value Increase
5%	\$15,870,741
10%	\$31,741,482
15%	\$47,612,224
20%	\$63,482,965