Woodfin TIF – Summary

Buncombe county is the second North Carolina local government to issue project development debt instruments. In August 2008 the county issued $12,960,000 project development revenue bonds to finance a variety of public improvements within a development intended to create a town center in the town of Woodfin; it ultimately plans to issue as much as $25 million in total for the project.

The project development district, which was created by the town and labeled the Woodfin Downtown Corridor Financing District, comprises 205 acres straddling I-26 in Woodfin. (The developer owns all but 46.9 acres of the district.) The district's outer boundaries include a closed landfill that had been operated by the city of Asheville and then purchased by the town in 1985; there had been an unsuccessful attempt to convert the site to a golf course. The actual landfill cells, however, are not subject to development and are not included within the 205 acres. The remainder of the district is undeveloped or lightly developed property. The development plans for the district call for three phases. The first two involve the area east of I-26 and will include residential, retail, and office uses, with the bulk of the private development being residential. The third involves the area west of the Interstate and will be predominantly residential. The public improvements in the district, to be paid for with bond proceeds, include streets, water and sewer extensions, pedestrian walkways and bike trails, and landscaping, including within a proposed park. (The public improvements might eventually also include a parking facility.) The developer is constructing the public improvements with bond proceeds and will then convey those improvements to the town. The base value of the district is $13,857,500; the development financing plan forecasts another $230 million in private investment by 2015.

The town and the county entered into an Interlocal Agreement just prior to the closing, under which the town agreed to create the district and assume responsibility for the public infrastructure constructed in the district, the county agreed to issue the project development bonds, and both governments agreed to dedicate their property taxes on the increment to repayment of the bonds.

The town council approved creation of the district on 26 November 2006, and on the same day both the council and the board of county commissioners approved the development financing plan for the district. The plan calls for total borrowing of up to $25 million, done in phases in each of which a portion of the public infrastructure will be constructed along with a portion of the private development. The Local Government Commission (LGC) approved the first such phase, in the amount of no more than $13.5 million, on April 1, 2008. The proceeds of these Series 2008 bonds were to be used as follows:

Infrastructure Improvements	$ 7,404,565
Deposit to the Debt Service Reserve Fund	1,296,000
Deposit for Interest during Construction	2,270,376
Deposit for Working Capital	1,209,661
Issuance Expenses	618,949

Total uses	$12,799,551

The only security for the bonds is the proceeds of property taxes levied by the town and the county on any incremental increase in the value of property in the district after its creation. To strengthen this security, the private developer has entered into a Minimum Assessment Agreement with the town and county under which it, and its successors in interest, agrees to a minimum assessment for tax purposes on its property within the district sufficient to generate (along with taxes on other private property in the district) the tax proceeds necessary to service the debt.

The first series of bonds were issued for a term of 26 years, although the district itself may exist for as long as 30 years from its inception, depending on the term of later series of bonds. Bond proceeds were to pay interest on the debt for the first three years, and principal payments begin in 2013.