

# New Community Authorities

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# What is a New Community Authority?

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A separate governmental body organized to encourage the orderly development of an economically sound new community



All acreage must be owned or controlled, through leases of at least 75 years' duration, options, or contracts to purchase



Flexible powers to own, operate, and finance “community facilities”

# How to Create a NCA?

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- Procedure for creation
  - “Developer” files petition with “organizational board” (e.g. legislative authority of municipal corporation)
    - Petition must include, among other things, plan that sets forth development program for District
  - Organizational board must hold public hearing and must approve creation of District as conducive to the public health, safety, convenience, and welfare
- NCA Board
  - Appointed by developer and local government

# City as Statutory Developer



# Community Development Charges

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Runs with land through declaration recorded on all property



An assessment providing a special benefit, not a tax



Flexible: Can be based on dollar amount (e.g., \$500 per year), millage (e.g., 5 mills per year), income (e.g., 1% on income and net profits), and/or sales (e.g., 2% on gross sales)

# NCA Concept - Enhancement



# Use of Community Development Charges

- Community development charges can be used to pay costs of:
  - Community Facilities
  - Land acquisition and land development
  - Debt service charges on bonds issued to finance those improvements
  - Costs of operating and maintaining those improvements



# Examples of Community Facilities

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- Public buildings, centers and plazas, auditoriums, day care centers, recreation halls, educational facilities, recreational facilities
- Parks and other open space land, lakes and streams, cultural facilities
- Streets, pathway and bikeway systems, pedestrian underpasses and overpasses, lighting facilities, design amenities
- Buildings needed in connection with water supply or sewage disposal installations or steam, gas, or electric lines or installation, telecommunications facilities

# Advantages of NCAs

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- NCAs are not subject to competitive bidding requirements.
- Community development charges are an additional charge on property. Unlike TIFs or general obligation bonds, NCA financing usually does not require a diversion of local resources!
- NCAs can be formed with an indefinite life.
- Community development charges may be based on economic activity, rather than on property value. This means entities that are more successful economically (in the case of a retail development) will pay a larger share.
- New development pays for new development.

# Even more advantages...

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NCA's can be utilized as a source of financing for public improvements, thus preserving debt capacity and limiting direct financial responsibility for such financing.



NCA's can be used by private entities, such as developers, to finance portions of the development through the capital markets.



NCA's offer advantages over special assessment financing as the plans and specifications of property financed through NCA's may be changed during the process. The special assessment process, on the other hand, includes many formal obstacles that limit this flexibility.

# Case Study: Bridge Park, Dublin, Ohio

- Spanning 30 acres along the Scioto River
- Initial projections included:
  - Office: 373,000 SF
  - Retail: 120,000 SF
  - Food & Beverage: 115,000 SF
  - Grocery: 76,000 SF
  - Apartments: 720
  - Condominiums: 70 units (\$350,000-\$450,000)
  - 500 person Conference Center
  - 150-key hotel
  - Seven parking garages
- Projected private investment in excess of \$230MM
- Connect historic downtown across Scioto River



# Proposal

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City-wide NCA controlled by City Council through the appointment of at least 7 Board members



Mandatory minimum millage for property entering the NCA



Permissive additional millage at developer's request and with the consent of the NCA Board



Flexibility to charge commercial developments differently from residential developments

# Questions?

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# Thank You



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