Proposed Tax Increment Financing District
Gallery at Market East

April 16, 2015
Transaction Summary

• Gallery has been owned by PRA and has suffered from a significant lack of investment over time.

• $325 million comprehensive redevelopment of the Gallery from 8th Street through 11th Street, including $234.5 million investment by PREIT/Macerich

• PREIT/Macerich guarantees completion of the project and releases City and PRA from past and future financial obligations.

• Economic Impact and Opportunity:
  – Increased occupancy and sales
  – 2,000 construction jobs and more than 1,000 new permanent jobs
  – Goals for local hiring and participation by minority and female owned firms during construction
  – Summer employment program for city youth
  – Leasing and mentorship program targeted to city-based small, minority and women owned businesses
Proposed TIF District

• Today the Gallery generates $1.6 million annually in School District tax revenue from real estate, U&O and liquor by the drink taxes.

• Without a comprehensive redevelopment project that increases occupancy and sales, those revenues will remain flat or decline over time.

• The proposed TIF District would:
  – Last for 20 years, from 2016-2035.
  – Continue to pay the School District’s existing $1.6 million in base taxes
  – Generate $94 million in additional tax revenues for the School District from U&O and liquor by the drink taxes over the 20 years.
  – Generate $126 million in total tax revenue to the District over 20 years.
  – Result in School District taxes of $11.4 million annually in 2036
  – Invest $19.6 million (NPV) of incremental District real estate taxes above the current base for a total of $45 million in payments over 20 years.
20-year sum = $126.0 million
Base amount = $31.6 million
Net Benefit = $94.4 million
Annual post-TIF revenue = $11.4 million

Base Revenue = $1.6mm/yr