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Avenue on Palmetto

Supplemental Information to the
Household Spending Economic Impact Report

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A. INTRODUCTION

This report presents supplemental information for the Household Spending Economic Impact Report prepared for the proposed Avenue on Palmetto development. The supplemental information contained in this report details the established consumer spending patterns for the census tracts located within and adjacent to the project area, and the anticipated Tax Increment Fund Revenue to be generated by the completed project.

B. CONSUMER EXPENDITURE SURVEYS

Each year, the U.S. Census Bureau conducts detailed analyses of the spending habits of residents by their household size, type, and income levels. These Consumer Expenditures Surveys are used by marketing firms to estimate expenditures of consumers and to assist retail companies in deciding where to locate and what populations to target for their consumer items and services. In most cases, marketing firms have based their data and recommendations on median household income of residents by geographic locations, while ignoring the advantages of urban density and the concentrated spending that takes place in city neighborhoods.

The ETI Purchasing Power Profiles presented here are based on analyses of the most recent data from the Consumer Expenditure Surveys (CEX) and the 2000 U.S. Census.

For the analysis of the Avenue on Palmetto development, Seminole County census tracts 020101, 020102 and 020201 were evaluated based their immediate proximity to the project site. The following table details the most recent historic purchasing and consumption patterns for these census tracts.

Consumer Expenditure Survey

Purchasing Power Profile State: Florida County: Seminole County Tracts: 020101 020102 020201 Land Area in Sq Mi: 1.54		
Consumer Expenditure Category	Est. Annual Expenditures	Expenditures per Square Mile
Food at Home	\$6,516,401	\$4,230,876
Food away from home	\$2,185,836	\$1,419,188
Apparel and related services	\$2,038,522	\$1,323,543
Television equipment, tapes disks	\$949,926	\$616,754
Audio equipment, CDs, tapes	\$233,934	\$151,885
Household textiles	\$129,460	\$84,054
Furniture	\$565,572	\$367,207
Floor coverings	\$56,872	\$36,925
Major appliances	\$285,726	\$185,512
Small appliances and housewares	\$92,112	\$59,805
Computer hardware and software	\$258,174	\$167,624
Miscellaneous household equipment	\$421,570	\$273,711
Non-prescription drugs and supplies	\$504,135	\$327,318
Housekeeping supplies	\$850,798	\$552,394
Personal products	\$504,170	\$327,340
Home repair commodities	\$152,290	\$98,877
Total for 16 categories	\$15,745,498	\$10,223,013

Source: University of Wisconsin-Milwaukee Employment and Training Institute, 2004. The analysis is based on 2002 Bureau of Labor Statistics Consumer Expenditure Surveys and 2000 U.S. Census data.

C. ESTIMATED INITIAL TAX INCREMENT FUND REVENUES

The Avenue on Palmetto development will represent a significant capital investment and addition to the City of Sanford's and the Seminole County tax roll. The initial year TIF revenue estimated to be generated by the Avenue on Palmetto development is **\$2,495,710** in County ad-valorem tax revenue and **\$1,158,134** in City of Sanford ad-valorem tax revenues. Due to the age of the TIF and preceding development already adding to the TIF base year value, it is anticipated that the entire amount of the additional ad-valorem revenues resulting from the development of the Avenue on Palmetto project will be placed in the CRA TIF and be available for CRA projects.

To estimate the initial year anticipated ad-valorem tax revenue that may be available for the Downtown Sanford TIF the anticipated sale value of the total number of units is applied to the above listed millage rates at a 95% collection rate.

Initial Year Estimated TIF Revenue =

(Total Number of Units) x (Anticipated Sale Value per Unit) x (Combined Millage Rates) x (.95 collection level)

Initial Year Estimated TIF Revenue = (409) x (\$471,250.00) x (.019955)¹ x (.95)

Initial Year Estimated TIF Revenue = \$3,653,844

The table below lists the initial year TIF revenue estimates, including assumptions.

	Millage Rates	Taxable Value	100% Tax Revenue	95% Tax Revenue
County	0.01363	\$192,741,250.00	\$2,627,063.24	\$2,495,710.08
Sanford	0.006325	\$192,741,250.00	\$1,219,088.41	\$1,158,133.99
Total TIF Increment			\$3,846,151.64	\$3,653,844.06
Assumptions				
Taxable value based on 409 units at avg value of \$471,250.00				
Current City/County Millage Rates				
Assumes full sale of units				
Estimate utilizes residential development only				

Source: Seminole County Property Appraisers Office, 2006. Land Design Innovations, Inc., 2006

D. ESTIMATED FUTURE TAX INCREMENT FUND REVENUES

The future tax revenues generated by the Avenue at Palmetto project are estimated using the current millage rates and initial year's values of the development adjusted for an annual 3% rate of appreciation. The Florida Save Our Homes Amendment to the Florida Constitution enacted in 1995, limits the amount of appraisal value appreciation for residential units that are used as a primary residence (homestead) to 3% annually or the percentage change in the Consumer Price Index,

¹ Seminole County Property Appraisers Office, May 2006

whichever is lower. This limitation does not apply to the year after a change in ownership occurs. After a change in ownership, the property is appraised at its sale value and in subsequent years, if a homestead, may apply the Save Our Homes limitation. To that end, a 3% appreciation value is used to estimate future TIF revenue that may be generated by this project.

The non-residential component of this development, 8,000 sq. ft. retail and 9,504 sq. ft. of restaurant, is not included in the estimation of initial year or future years' TIF revenue.

The following table details the estimated residential only TIF revenue that may be generated by the Avenue on Palmetto project through 2016.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
County Tax Rev	\$2,495,710.08	\$2,570,581.38	\$2,647,898.82	\$2,727,129.79	\$2,806,943.88	\$2,893,211.99	\$2,980,008.35	\$3,069,408.60	\$3,161,490.86
City Tax Rev	\$1,159,133.99	\$1,193,908.01	\$1,229,725.25	\$1,266,617.01	\$1,304,615.52	\$1,343,753.98	\$1,384,066.60	\$1,425,586.60	\$1,468,356.26
Total TIF Projection	\$3,654,844.07	\$3,764,489.39	\$3,877,624.07	\$3,993,746.80	\$4,113,559.20	\$4,236,965.98	\$4,364,074.96	\$4,494,997.20	\$4,629,847.12
Cumulative TIF	\$3,654,844.07	\$7,419,333.46	\$11,296,957.54	\$15,290,604.33	\$19,404,063.53	\$23,641,029.51	\$28,005,104.46	\$32,500,101.67	\$37,129,948.79
Assumptions									
	First year on tax roll 2008								
	Utilizes current millage rates								
	3% rate of growth on Residential Units Values								
	Does not include commercial properties								
	95% collection								

Source: Seminole County Property Appraisers Office, 2006. Land Design Innovations, Inc., 2006