

Downtown Municipal Service District Boundary

*January 5, 2026
City Council Work Session*



- September 2, 2025, City Council Work Session
- Staff was directed to review the inclusion of Park View Townhomes (Park View) in the Downtown Municipal Service District (MSD).
- The following report outlines the history, creation, legal framework for changes, and financial impact of this request



- Downtown Municipal Service District (MSD)
 - Established the in 1978 under Article 23 of N.C.G.S. §160A
 - Authored an additional ad valorem tax
 - Fund enhanced downtown services.
- The district expanded in 1983 and has been renewed every five years since, most recently in June 2023 (Resolution R2023-024).
- The current rate for Fiscal Year 2026 is \$0.1489 per \$100 of assessed valuation



Park View Townhomes

- The Park View Townhomes development at 301 Bragg Boulevard was completed in 2013 on the former Days Inn property through a public-private redevelopment agreement with H&H Holdings.
- The project delivered 47 townhomes valued collectively at approximately \$12.98 million and is managed by the Park View Townhome Association.
- County Geographical Information Systems confirms these parcels are entirely within the current MSD boundary



Residential Property

- There are other exclusively residential properties within the MSD boundary.



- Park View lies within the established MSD
- The MSD was initially designed to promote downtown revitalization through business development, events, and placemaking efforts
- Downtown has evolved into a mixed-use environment where residents, businesses, and visitors all share in the benefits
- Parkview directly benefits from the proximity to downtown amenities and events
- The continued investment and activation of downtown through the MSD have helped sustain higher demand and market appreciation

- Should Council amend the boundary to remove Parkview, the MSD Fund would lose approximately \$19,300 in annual revenue.
- To maintain the current service level, Council could alternatively increase the MSD tax rate from \$0.1489 to \$0.1610 per \$100 of assessed valuation, an increase of \$0.0121 per \$100.
- Without a rate adjustment, the reduction in revenue would require either a proportional decrease in the MSD management contract or an increase in the General Fund transfer to offset the shortfall

Procedure for Removal

- If Council wishes to alter the Downtown MSD boundary, the procedure is governed by N.C.G.S. § 160A-538.1.
- A property owner may submit a written request to the City Council to remove the owner's tract or parcel of land from a service district.
- The owner shall specify the tract or parcel, state with particularity the reasons why the tract or parcel is not in need of the services, facilities, or functions of the proposed district to a demonstrably greater extent than the remainder of the City and provide any other additional information the owner deems relevant.
- Upon receipt of the request, the City Council shall hold a public hearing as required by N.C.G.S. § 160A-538.1.
- If the City Council finds that the tract or parcel is not in need of the services, facilities, or functions of the district to a demonstrably greater extent than the remainder of the City, the City Council may, by ordinance, redefine the service district by removing therefrom the tract or parcel.
- The removal of any tract or parcel of land from any service district shall take effect at the end of a fiscal year following passage of the ordinance, as determined by the City Council, according to N.C.G.S. § 538.1(b).



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