

THE EASTSIDE TAX ALLOCATION DISTRICT PROGRAM DESCRIPTION

THE ATLANTA DEVELOPMENT AUTHORITY

The Atlanta Development Authority (“ADA”) is a public authority created by the City of Atlanta to promote the revitalization and growth of the City. It represents a consolidation of the City’s economic and community development efforts in real estate, finance, marketing and employment, for the purpose of providing a focal point for improving Atlanta’s neighborhoods and the quality of life for all of its citizens. ADA is the cornerstone of an overall effort to provide economic and redevelopment services in a more effective and efficient manner.

TAX ALLOCATION DISTRICTS

Also known as Tax Increment Financing (“TIF”), Tax Allocation Financing is a redevelopment and financing tool by which governments can provide financial assistance to eligible public and private redevelopment efforts within an officially designated area or tax allocation district (“TAD”). Increases in property tax revenues, which are generated primarily from new investment in the district, are allocated to pay infrastructure costs or certain private development costs within the TAD. This is primarily done through the issuance of Tax Allocation District Bonds.

THE EASTSIDE TAX ALLOCATION DISTRICT

The new Eastside TAD, used in combination with the existing Westside TAD, was created to give Downtown Atlanta a powerful tool for promoting the development of new commercial space and in-town housing stock. By providing economic incentives necessary to encourage private and public/private development, the goal is to generate growth in Downtown jobs and residents who are attracted by new, well-designed high-density housing and key quality-of-life infrastructure investments; the desired result is an attractive, bustling 24-hour Downtown. The Eastside TAD is also intended to spur the revitalization of the historic Auburn Avenue corridor, as well as the densely traveled Memorial Drive/Martin Luther King Jr. Drive corridor, and should contribute to the rebuilding of aging public housing projects into economically viable and safe, mixed-income live/work/play communities.

In December, 2003 the City of Atlanta, Fulton County, and the Atlanta School Board passed resolutions creating the Eastside Tax Allocation District and established ADA as the Redevelopment Agent and, in the case of the County and School Board, consenting to the inclusion of their respective portions of ad valorem tax increments created within the District and the application of those tax increments to pay certain qualified redevelopment costs. As Redevelopment Agent, ADA is responsible for promoting positive development within the Eastside TAD and administering the TAD financing process. A map of the Eastside TAD boundaries is attached. The district falls within Neighborhood Planning Units M, N, V and W.

ELIGIBILITY & REQUIREMENTS

A. ELIGIBLE DEVELOPMENTS

TAD funding is available to developments in the Eastside TAD that support the goals and objectives of the Eastside Redevelopment Plan which anticipates the following land uses:

- Office
- Retail
- Mixed-use
- Residential (affordable and market-rate)
- Hospitality
- Cultural
- Entertainment
- Community services
- Parks and open spaces

B. AFFORDABLE HOUSING

Increasing the supply of affordable housing is a major objective for the City of Atlanta. The City has established a goal that a minimum of twenty percent (20%) of new housing units funded from the proceeds of Eastside TAD bond issues be affordable. Rental units must be rented at prices that are affordable to persons and/or families whose income does not exceed sixty percent (60%) of the Atlanta Metropolitan Statistical Area Median Income ("AMI"), using income limits as published by the U.S. Department of Housing and Urban Development ("HUD") to establish rental prices. For-sale housing units must be sold at prices that are affordable to persons and/or families whose income does not exceed eighty percent (80%) of the AMI, using income limits as published by HUD. Not more than half of this minimum requirement can be satisfied by residential construction undertaken by the Atlanta Housing Authority.

C. ATLANTA PUBLIC SCHOOLS

An amount equivalent to five and one-half percent (5 ½%) of tax allocation district net bond proceeds shall be made available to the Atlanta Public Schools ("APS") in support of APS' educational reform efforts, its continued infrastructure improvements within the Eastside TAD and for other general educational purposes. Developers benefiting from the Eastside TAD are encouraged to enhance the affordability of housing, thereby improving APS' ability to recruit and retain qualified educator. Developers benefiting from the Eastside TAD are also required to either enter into an educational partnership with Atlanta Public Schools, or contribute \$25,000 to an education trust fund.

D. KEY POLICY COMPONENTS

- Approved projects must be consistent with goals and objectives of the applicable redevelopment plan(s).
- The optimal use of public dollars will be sought. Projects proposed for inclusion in bond issues and used for bond sizing will be assessed for their economic viability, based in part on current and near term market demand and likely product absorption. Projects based largely on speculative office space, and other high-risk uses, will be less favorably received unless the project would meet a clear public purpose goal.
- We will strive to limit TAD funding to those projects that would not be economically feasible without public subsidy. The existence of a project within a TAD does not automatically entitle the developer to receive TAD proceeds. Bond issues will be sized using projects that are reasonably projected to generate a net increase in the tax base. Projects receiving bond proceeds may include the foregoing, as well as projects contributing to various public purpose goals and infrastructure improvements consistent with the redevelopment plan. The amount of funding granted to a specific project may reflect an allocation of less than 100% of the projected tax

increment generated by that project a) in order to address public purpose goals b) based on the assessment of financial need made by ADA and c) other factors as determined by ADA.

- o Developer equity, including but not limited to land value and cash at risk, will be invested in the project before TAD funding is made available
- o Unless a specific exception is granted by ADA, TAD funding approval should be obtained before start of construction on qualified projects. Unless a specific exception is granted by ADA, TAD funds are disbursed to developers as taxable value is created.
- o Developers will use best efforts to comply with the City's Equal Business Opportunity Program¹ with respect to the participation of minority business enterprises, female enterprises, disadvantaged business enterprises and business enterprises located within the City of Atlanta, in all business opportunities which relate to the Project.
- o Developer shall comply with the City's First Source Job Policy², with respect to the hiring and training of low-income City of Atlanta residents, as administered by the Atlanta Workforce Development Agency.

EASTSIDE TAD FINANCING PROCESS

The Eastside Tax Allocation District financing process includes, but is not limited to, the following steps:

1. In order to determine eligibility of a project for TAD financing, interested applicants shall:
 - a. Contact ADA to arrange an initial meeting to discuss the viability of your proposed project.
Call:
Amanda Rhein
Senior Project Manager – Tax Allocation Districts
Atlanta Development Authority
(404) 614-8282
 - b. Complete the Eastside TAD Application, packaged in 3-ring binders with content, tabs, formatting and order of data identical to that of the attached Application. Two copies of completed applications shall be submitted to the Atlanta Development Authority, accompanied by the non-refundable application fee. An electronic copy (pdf) of the application with all exhibits and tabs included and ordered properly must be provided on a CD.
2. Upon receipt of an application, ADA staff will review the application for content and completeness. Incomplete applications will not be processed. (An application will be considered received only when it is complete and the application fee has been paid.) ADA reserves the right to select and employ third party consultants to assist in the analysis and review of the proposed project, its financing and the associated tax increment. The applicant shall pay the cost of such ADA consultants, whether or not the project is constructed.
3. After the application has been reviewed for consistency with City goals, and received an initial favorable evaluation, ADA staff will convene an Advisory Committee Meeting. The Advisory Committee consists of representation from the Eastside Neighborhood Planning Units. Developers are required to attend and present to the Advisory Committee.

The Advisory Committee's role is to give a recommendation to the ADA Board, which has the authority to approve projects for Tax Allocation District Financing. The Advisory Committee will either recommend TAD funding to support a project or decline the project. (Note: The ADA Board has the authority to approve projects that have not been recommended by the Advisory Committee.)

¹ Code of Ordinances of the City of Atlanta, Part Two Article X, Division 12

² Code of Ordinances of the City of Atlanta, Part Two Article XI, Division 1

If the project is not recommended for TAD funding by the Advisory Committee, the Developer may:
1) request that the project be considered by the ADA Board without Advisory Committee support, or
2) modify the project and resubmit it to the Advisory Committee at a later date or 3) withdraw the project.

4. After the Advisory Committee issues a recommendation, ADA staff will place the project on the next appropriate ADA Board Meeting Agenda. The Developer will be notified when ADA's Board will consider their project for funding. Developers are required to attend the ADA Board Meeting and be prepared to answer questions from the Board regarding their project.
5. Upon approval for TAD funding by the ADA Board, the project will be earmarked for inclusion in the next Eastside Tax Allocation Bond Issue. (TAD funds are generally derived from selling Tax Allocation Bonds).
6. When the total value of funding for approved projects is large enough to support a bond issue (at least \$10 million), ADA staff will bundle that project with other approved projects to be included in an Eastside Tax Allocation Bond Issue. Projects earmarked for a bond issue will undergo rigorous review by Bond Underwriters and Bond Counsel. Associated due diligence includes real estate valuation, market absorption analysis and feasibility studies. Developers of approved projects will be required to enter into a "Development Agreement" with the City of Atlanta as part of the Tax Allocation Bond Issue. The "Development Agreement" outlines the relationship between the Developer, ADA, and the City. It also details disbursement of Tax Allocation Bond proceeds.
7. Upon completion of all bond documents, ADA and the City of Atlanta's Finance Department will submit the completed bond documents for City Council Approval.
8. Following Council approval, Tax Allocation Bonds will be sold and bond proceeds will be distributed to Developers consistent with their "Developer Agreement".
9. Application Expiration due to Project Delay: If construction is not commenced within six (6) months of TAD funding approval by the ADA Board, the Application may be declared null and void. In this case, a new application, along with fees, would be required to reconsider the transaction at a later date.
10. Material Project Changes: The amount and timing of TAD proceeds may change if the underlying deal and/or associated sponsorship change materially, regardless of whether the original transaction has already been approved by the ADA Board. At ADA's option, a new application, along with fees, may be required to reconsider a significantly different transaction.

FEES AND CHARGES

A. APPLICATION FEE

The greater of: a) ten basis points (.10%) of the total amount of the gross estimated total TAD bonds applied for or b) \$2,500, is payable to Atlanta Development Authority (ADA) when Application is submitted to ADA. Any application submitted without full application fee is deemed incomplete. The application fee is non-refundable.

B. COMMITMENT FEE

Equal to the greater of fifteen basis points (.15%) or \$15,000. Payable one time, from bond proceeds at financial closing.

C. ADMINISTRATIVE FEE

Paid annually to ADA in arrears for the term of the TAD Bonds issued to support the project equal to the greater of: a) 20 basis points (.20%) of the outstanding funded amount, or b) \$5,000. Based upon each project's pro rata share of the bond issue.

D. BOND COST OF ISSUANCE

Includes, but is not limited to bond counsel fees, bond underwriter fees, trustee fees, trustee and underwriter counsel fees, bond printing, bond validation and publication costs, and ADA's financial advisor, if any. These costs, along with an approved applicant's share of any capitalized interest and required reserve funds, shall be paid pro rata by such applicant from its share of TAD Bond proceeds.

Note: ADA reserves the right to waive some or all fees and charges incurred by not-for-profit entities.

Eastside TAD

