



86 Pryor Street, SW, Suite 300
Atlanta, GA 30303
Phone: 404.880.4100
Fax: 404.880.9333
www.atlantada.com

CITY OF ATLANTA TAX ALLOCATION DISTRICTS* QUARTERLY REPORT

DATE: 2/13/2009

TO: ATLANTA CITY COUNCIL
FULTON COUNTY BOARD OF COMMISSIONERS
ATLANTA BOARD OF EDUCATION

FROM: CHERYL STRICKLAND, MANAGING DIRECTOR, TAX ALLOCATION DISTRICTS

CC: MAYOR SHIRLEY FRANKLIN
DR. BEVERLY HALL, SUPERINTENDENT, ATLANTA PUBLIC SCHOOLS
ZACHARY WILLIAMS, COUNTY MANAGER, FULTON COUNTY
DREWNELL THOMAS, PRESIDENT, ATLANTA PLANNING ADVISORY BOARD
ATLANTA DEVELOPMENT AUTHORITY BOARD OF DIRECTORS
ATLANTA BELTLINE INC. BOARD OF DIRECTORS
CITY OF ATLANTA OFFICIALS:
GREGORY GIORNELLI, CHIEF OPERATING OFFICER
JIM GLASS, CHIEF FINANCIAL OFFICER
ELIZABETH B. CHANDLER, CITY ATTORNEY
JAMES E. SHELBY, COMMISSIONER OF PLANNING AND COMMUNITY
DEVELOPMENT

SUBJECT: TAX ALLOCATION DISTRICT QUARTERLY REPORT: 4TH QUARTER 2008

* Information contained in this Report pertains to nine of the ten City of Atlanta TADs. The monthly BeltLine TAD e-newsletter, Atlanta Connected, is available at www.beltline.org

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Dear TAD Stakeholders:

2008 was a productive and eventful year for the TAD program.

On November 4th the voters of Georgia affirmed tax allocation districts as a tool for local jurisdictions to attract economic development by passing Constitutional Amendment 2. In supporting Amendment 2 to the Georgia Constitution, with 51.5 percent of the vote, Georgians moved forward in preserving a school district's option to participate in TADs in Georgia as they also can in 47 of 49 states across the country. In 2009 we will continue to work with state legislators to encourage re-enactment of the Georgia Redevelopment Powers Law by the Georgia General Assembly in this legislative session. With the re-enactment of the Redevelopment Powers Law, TADs can be restored to their full effectiveness as a catalytic economic development tool, as before the Georgia Supreme Court ruling in February 2008 that prohibited school district participation.

The 2008 Westside TAD bonds, in process for over two years, were closed in December. This \$63.75 million bond issue provided seed funding for the widely anticipated Center for Civil and Human Rights, gap funding for five development projects Downtown, as well as allocations to the Neighborhood and Public Purpose Project Funds.

We are also pleased to report that in December, the Fulton County Board of Commissioners amended their original consent to the Westside TAD by extending their participation until 2038. This ensures the future viability of this essential tool and the continued revitalization of areas where investment is still needed, including Vine City, English Avenue, South Central Business District, the Gulch and Castleberry Hill.

A series of hurdles have been encountered over the past four years in our efforts to issue Perry Bolton TAD bonds, most recently the unfolding of significant events in the financial markets and the nation's economy. We have determined that the most feasible strategy for marketing and selling the initial series of Perry-Bolton TAD bonds is to defer consideration until after the 2009 legislative session, when we anticipate Atlanta Public Schools' tax increment will be available.

I would like to thank the Atlanta Board of Education, the Fulton County Board of Commissioners and the Atlanta City Council for their participation to date in the City of Atlanta TADs. We also are thankful for the hard work of ADA Board of Directors and the TAD Advisory Boards and Committees who work closely with us to approve each funding recipient. We appreciate your interest and dedication to the economic development of the City. Your ongoing partnership makes our efforts to revitalize the City possible.

We are excited to share our accomplishments and look forward to continuing to partner with you to achieve our ambitious goals for 2009, including creating positive momentum in the Commercial Corridor TADs.

Sincerely,

Cheryl Thomas Strickland
Managing Director, TADs

2008 YEAR IN REVIEW

Openings

Hilton Garden Inn (Westside TAD), located across from the Georgia Aquarium, opened its doors to guests in March. Castleberry Hill's first, new, mixed-use condominium development **Castleberry Point Lofts** combines traditional loft features with a contemporary design. This is the first project funded through the 2008 Westside TAD bond issue to reach completion. 2008 also saw a number of new restaurants open in TAD funded projects throughout the City, many funded through the Eastside TAD and Westside TAD 2005 bond issues, including:



Castleberry Point in the Westside TAD

- The grand opening of **The PEASANT Bistro** (Westside TAD) was celebrated in February. Overlooking Centennial Olympic Park with a breathtaking view of Atlanta, PEASANT Bistro gives diners a cosmopolitan experience, with a warm and inviting atmosphere.
- **Stella Neighborhood Trattoria**, featuring affordable, freshly-prepared Italian food served in a cozy neighborhood setting, opened in the first floor of Oakland Park.
- In August, **Legal Sea Foods** opened at the Hilton Garden Inn. Legal Sea Foods, celebrating 40 years as an award winning seafood restaurant, offers over 40 varieties of fresh fish and shellfish flown in daily.
- **The Wine Loft**, opened in October, is an upscale wine bar featuring over 90 wines by the glass and 200 by the bottle as well as a limited menu designed for pairing.
- **Rise Sushi Lounge**, a modern sushi restaurant which opened in October, features top-grade seafood and the freshest produce available in Atlanta, with an emphasis on ingredients caught or harvested regionally.

Accomplishments to Date

ADA currently operates five tax allocation districts and we work closely with Atlanta BeltLine, Inc. on the BeltLine TAD. Four additional TADs were created by the City in 2006 and will become operational pending approval of the Atlanta Public Schools participation agreement. The city's ten TADs comprise 15,377 acres of geography. Although we know property value growth occurred in the city's TADs in 2008, we cannot quantify the results until the 2008 tax digest is certified by Fulton County. This action has been delayed due to the volume of commercial property tax appeals.

In our role as the city's Redevelopment Agent, ADA has managed seven TAD bond issues totaling \$473 million since 2001. These underlying 30 projects leveraged private direct investment in excess of \$3.2 billion and resulted in:

2.2 million	Square Feet of Office Space
2.4 million	Square Feet of Retail and Entertainment Space
\$3.2 billion	Private Investment Leveraged (ratio 7:1)
\$473 million	Value of City of Atlanta TAD Bond issues
1,080	Hotel Rooms Constructed
1,800	Affordable Housing Units Constructed with TAD Assistance
8,330	Total Housing Units Constructed

Westside TAD Bond Closing

The 2008 Westside TAD bonds, in process for over two years, were closed by the city in December. This bond issue provided seed funding for the widely anticipated Center for Civil and Human Rights, gap funding for five development projects Downtown and funds for five public infrastructure projects in the Downtown area. This contributed to \$429 million in new development projects in downtown, around Centennial Olympic Park and in Castleberry Hill. Collectively, these projects will add 411 residential units, 195,000 square feet of retail/entertainment space, 173,000 square feet of office space and 237 hotel rooms. Projects include:

- Center for Civil and Human Rights (LEED certified)
- Technology Enterprise Park
- 45 Allen Plaza
- Castleberry Point in Castleberry Hill
- Northside Plaza
- Historic Westside Village



Neighborhood Union Health Center in the Westside TAD



Neighborhood Union Health Center in the Westside TAD

With every Westside TAD bond closing, twenty percent of bond proceeds generated by downtown projects are allocated to the Westside TAD Neighborhood Fund, which incentivizes projects that improve the quality of life in Vine City and English Avenue. **In 2008, we celebrated the following Neighborhood Fund-sponsored activities:**

- Groundbreaking for the Vine City Park
- Opening of the Fulton County Neighborhood Union Health Center
- Refurbishment of 47 homes by Rebuilding Together Atlanta [link to video <http://www.rebuildingtogether.org/content/multimedia/detail/3451>]

The Public Purpose Project Fund, into which ten percent of bond proceeds generated by projects around Centennial Olympic Park are deposited, was established to provide funding for public projects that, in and of themselves, do not generate tax revenue, but add value to the district as a whole. Projects anticipated to receive funding include:

- Andrew Young Tribute in Walton Spring Park
- West Peachtree Place Two Way Conversion
- Downtown Traffic Signal Upgrades

ADA is also pleased to report that in December, the **Fulton County Board of Commissioners amended their original consent to the Westside TAD by extending their participation until 2038**. This ensures the future viability of this essential tool and the continued revitalization of areas where investment is still needed, including Vine City, English Avenue, South Central Business District, the Gulch and Castleberry Hill. There are still significant redevelopment opportunities in these areas where challenging conditions persist. Fulton County's future participation in the TAD is essential to ensure continued redevelopment and revitalization.

Perry-Bolton TAD: Opportunity Delayed

The Perry-Bolton TAD was established in 2002 to facilitate the revitalization of more than 500 acres of under-developed real estate in northwest Atlanta, including the blighted Perry Homes public housing development. It's been our expectation that the first bond issue in this TAD would spur the creation of mixed-income housing, retail, including a much needed grocery store, a new Fire Station 28, neighborhood commercial development and continued revitalization in West Highlands.



West Highlands in the Perry Bolton TAD

We have encountered a series of hurdles in our efforts to issue these bonds, including the revision of a previously unworkable affordable housing requirement, BeltLine TAD litigation and the related constitutional amendment, and, most recently, the unfolding of significant events in the financial markets and the nation's economy.

We have determined that the most feasible strategy for marketing and selling the Perry-Bolton TAD bonds is to wait until after the 2009 legislative session, when we anticipate Atlanta Public Schools' tax increment will be available. After reassessing both the capital and real estate markets, we hope to be in a better position at that time to fund all initial applicants, including those who were unable to move forward in a previously proposed 2008 bond issue. Those applicants include:

- West Highlands (1,297 residential units)
- Bolton Village (14,500 square feet of retail, 14,500 square feet of office space)
- Bolton Crossing (40,000 square feet of restaurant and retail space)
- Fire Station #28 (including police mini-precinct and community room)
- Moores Mill Village Redevelopment (Publix-anchored mixed-use project)
- Perry Village (390 apartments)

Commercial Corridor TADs Status

In late 2006, City Council approved the creation of four additional TADs to help jumpstart redevelopment in three South Atlanta commercial districts and one West Atlanta corridor: Campbellton Road (#7); Stadium Area (#10); Metropolitan Parkway (#9); Hollowell/ML King (#8). Late 2008, the Commercial TADs were awarded up to \$10 million New Markets Tax Credits authority by the US Treasury, CDFI Fund. The New Markets Tax Credits would be used with tax increment generated by the commercial TADs. It is anticipated that **the four Commercial Corridor TADs will be operational by 3rd Quarter 2009.**

Greenspace Funding

Over the past year ADA continued to spearhead land acquisition for the Memorial Drive Greenway Corridor Assemblage in the Eastside TAD, a seven-block liner greenspace project that will eventually connect Oakland Cemetery to the state capitol. **Three properties, totaling 1.84 acres, were acquired by the City this year creating a total greenspace assemblage of 4.23 acres.** Funding for these acquisitions has come from the Eastside TAD, in addition to Quality of Life Bonds, Park Impact Fees and a donation from the Historic Oakland Foundation. This vision of a grand gateway to the state capitol dates back to 1974, when it was included in a State of Georgia plan approved by Governor Jimmy Carter. Eventually, a plaza and park will extend across the interstate from the new, mixed-use Capitol Gateway development, connecting this historically disenfranchised area to downtown Atlanta.

ADA has also provided funding for the expansion and development of Vine City Park. In September a groundbreaking ceremony was held for the new 1.26-acre public park, located in the Vine City neighborhood on Magnolia Street, between Graves Street and Walnut Street, will feature a plaza, playground, event lawn, walking paths, a picnic pavilion, and formal gardens.



Vine City Park in the Westside TAD

\$300,000 has been allocated for land acquisition and development associated with Phase II.

The park design was developed through Park Pride's Park Visioning initiative in coordination with the City of Atlanta Department of Parks, Recreation and Cultural Affairs. Funding for the park was provided through the Westside TAD Neighborhood Fund in addition to grants from the Community Foundation of Atlanta, the Arthur M. Blank Family Foundation and ACoRA. A total of \$600,000 in Westside TAD Neighborhood Funds will be provided for Phase I development and an additional

AFFORDABLE WORKFORCE HOUSING UPDATE

The City's first five TADs have funded approximately 1,800 affordable housing units to date in the Eastside, Westside and Atlantic Station TADs. Approximately 600 affordable units are also planned or underway in the Perry Bolton TAD.

Atlantic Station TAD: The developer's goal is to provide 20% of all residential units to families earning up to 80% AMI. To date, 23% of all housing units constructed, under construction and planned, have been affordable. This includes 401 condominiums and 427 apartments.

Eastside TAD: The Eastside TAD Affordable Housing Program was established to ensure all residential projects receiving Eastside TAD support will include 20% affordable housing targeted to homeowners earning up to 80% of the area median income (AMI) or renters earning up to 60% of AMI. In all, 38%, or 718 units (514 apartments and 204 condominiums), will be affordable, nearly double the target. Thus far, 144 affordable ownership units have closed at TWELVE Centennial Park, Oakland Park, The Reynolds, Renaissance Walk and Tribute Lofts. Additionally, 421 apartments at Capitol Gateway have been completed, of which 254 are affordable.

Compliance: ADA manages the Eastside Affordable Housing Purchase Program ("AHPP"). Under this program, 20% of all fee simple units in projects receiving TAD assistance are required to be affordable. ADA manages program compliance for the initial purchase of each affordable unit. ADA receives notification upon resale or refinancing; this facilitates monitoring of the occupancy of each affordable unit. Thus far, 144 units priced between \$139,900 and \$155,000 have closed at The Reynolds, Tribute Lofts, Oakland Park, TWELVE Centennial Park and Renaissance Walk.

Perry Bolton TAD, West Highlands: Fifty-six percent (395 units) of the multi-family rental units will be affordable. Upon completion, the project will include approximately 240 affordable single family homes, or 20% of all for-sale units.

Princeton Lakes TAD: The enabling legislation did not set forth an affordable housing requirement for this TAD. Approximately 50% (418 homes) of the homes have been sold to date for less than \$200,000, making them affordable to Atlantans earning up to 80% of the area median income. Upon completion of all phases, it is projected that approximately half of the homes will have initial sales prices under \$200,000.

Westside TAD: This TAD does not contain an affordable housing requirement. Instead, 20% of all bond proceeds are dedicated to the Neighborhood Fund to support the redevelopment of Vine City and English Avenue. Approved projects have produced 246 affordable units to date, representing 26% of the total units financed with Westside TAD funds.

ATTACHMENT A

Status of Approved Residential Projects

Project	Units Planned	Units Under Construction	Units Under Contract	Units Closed/ Rented	Total Units	
Eastside						
	Affordable	0	0	1	87	104
	Market Rate	0	0	7	230	413
TWELVE		0	0	8	317	517
	Affordable	0	0	0	21	26
	Market Rate	0	0	1	61	104
The Reynolds		0	0	1	82	130
	Affordable	0	0	0	10	13
	Market Rate	0	0	1	6	52
Oakland Park		0	0	1	16	65
	Affordable	0	0	1	7	32
	Market Rate	0	0	16	13	128
Renaissance Walk		0	0	17	20	160
	Affordable	0	0	0	19	29
	Market Rate	0	0	0	87	118
Tribute Lofts		0	0	0	106	147
	Affordable	272	0	N/A	242	514
	Market Rate	200	0	N/A	143	343
Capitol Gateway		472	0	0	385	857
	Total Affordable	272	0	2	386	718
	Total Market Rate	200	0	25	540	1158
	TOTAL	472	0	27	926	1876
Westside						
	Affordable	N/A	N/A	N/A	N/A	N/A
	Market Rate	0	0	7	0	74
45 Allen Plaza		0	0	7	0	74
	Affordable	N/A	N/A	N/A	N/A	N/A
	Market Rate	0	0	47	15	112
Castleberry Point		0	0	47	15	112
	Affordable	26	0	0	0	26
	Market Rate	197	0	0	0	197
Northside Plaza		223	0	0	0	223
	Affordable	N/A	N/A	N/A	N/A	N/A
	Market Rate	0	30	17	36	210
Historic Westside Village		0	30	17	36	210

Affordable	0	0	0	194	194
Market Rate	0	0	0	67	67
Gateway Apartments	0	0	0	261	261
Affordable	0	0	0	26	26
Market Rate	0	0	0	75	75
Centennial House	0	0	0	101	101
Affordable	N/A	N/A	N/A	N/A	N/A
Market Rate	0	0	0	167	167
Museum Tower	0	0	0	167	167
Affordable	N/A	N/A	N/A	N/A	N/A
Market Rate	0	0	0	49	49
123 Luckie	0	0	0	167	49
Total Affordable	26	0	0	220	246*
Total Market Rate	197	30	71	409	951
TOTAL	223	30	71	629	1,171

Atlantic Station					
Affordable	160	0	N/A	241	401
Market Rate	750	401	N/A	1,111	2,262
Condominiums	910	401	0	1352	2663
Affordable	0	0	N/A	427	427
Market Rate	0	0	N/A	303	303
Apartments	0	0	0	730	730
Affordable	N/A	N/A	N/A	N/A	N/A
Market Rate	0	84	0	102	186
Single Family/Townhomes	0	84	0	102	186
Total Affordable	160	0	0	668	828*
Total Market Rate	750	485	0	1516	2751
TOTAL	910	485	0	2,184	3,579

Princeton Lakes					
Affordable	N/A	N/A	N/A	N/A	N/A
Market Rate	0	306	0	339	656
Apartments	0	306	0	339	656
Affordable	N/A	N/A	N/A	N/A	N/A
Market Rate	108	24	0	834	964
Single Family/Townhomes	108	24	0	834	964
Total Affordable	0	0	0	0	0*
Total Market Rate	108	330	0	1173	1503
TOTAL	108	330	0	1,173	1,503

ATTACHMENT B

Approved TAD Projects

Project	Location	Developer	Housing			Hotel	Structured	TAD Funding	Project Cost	Completion
			Units	Retail SF	Office SF	Rooms	Parking			
Eastside (2005 Bond Issue)										
30 Allen Plaza	30 Ivan Allen Jr. Boulevard	Barry Real Estate	0	10,127	252,887	0	582	\$2,300,000	\$41,387,995	2005
The Reynolds	565 Peachtree Street	Urban Realty Partners	130	15,000	0	0	285	\$4,300,000	\$34,200,000	2006
TWELVE	400 W. Peachtree Street	Novare Group	517	20,600	12,900	102	863	\$11,000,000	\$122,575,000	2007
Tribute Lofts	480 John Wesley Dobbs	InVision Group	147	7,110	0	0	246	\$3,200,000	\$32,224,084	2007
Oakland Park	563 Memorial Drive	Urban Realty Partners	65	6,375	0	0	143	\$1,800,000	\$16,170,000	2007
Renaissance Walk	177-205 Auburn Avenue	Integral Real Estate Group &	160	27,000	0	0	318	\$4,000,000	\$48,492,441	2007
Capitol Gateway	90 Memorial Drive	Trammell Crow Residential,	857	43,000	0	0	surface	\$5,300,000	\$115,000,000	2010
Total			1,876	129,212	265,787	102	2,437	\$31,900,000	\$410,049,520	
Westside (2001 Bond Issue)										
123 Luckie	123 Luckie Street	Center City Housing Corporatio	49	3,600	0	0		\$11,899,576	\$12,764,550	2000
Northyards	North Avenue & Northside Drive	Northyards Partners LLC	0	0	250,000	0	0	\$0	\$29,037,000	2001
Historic Westside Village	825 and 831 MLK Jr. Drive	Historic Westside Partners	0	35,000	0	0	0	\$0	\$16,781,045	2001
Centennial House	115 W Peachtree Place	Novare & ANDP	101	3,000	0	0	142	\$1,225,000	\$29,037,000	2002
Museum Tower	285 Centennial Olympic Park Drive	Harold A. Dawson Co.,	167	30,000	0	0		\$1,900,000	\$53,760,876	2002
Gateway Apartments	370 Northside Drive	Northside Village Development	261	8,000	0	0	360	\$480,000	\$28,803,239	2005
Total			578	79,600	250,000	0	502	\$15,504,576	\$170,183,710	
Westside (2005 Bond Issue)										
The Glenn	120 Marietta Street	Legacy Property Group	0	5,000	0	110	existing	\$1,500,000	\$20,945,698	2006
World of Coke	Pemberton Place	Coca-Cola Company	0	83,000	0	0	500	\$7,400,000	\$96,400,000	2007
55 Allen Plaza	55 Ivan Allen Jr. Boulevard	Barry Real Estate	0	23,220	322,970	0	772	\$3,000,000	\$64,026,561	2007
Marietta Place	300 Marietta Street	Legacy Property Group	0	36,874	0	0	existing	\$1,300,000	\$7,928,604	2007
The Ellis	176 Peachtree Street	RD Management	0	1,200	0	127	existing	\$4,100,000	\$25,866,933	2007
Park Pavilion	311 Marietta Street	Legacy Property Group	0	45,180	0	242	670	\$4,400,000	\$88,500,000	2008
Historic Westside Village	825-831 MLK Jr. Drive	Trammell Crow Company &	210	0	0	0	293	\$30,000,000	\$41,845,518	2008
Total			210	194,474	322,970	479	2,235	\$51,700,000	\$345,513,314	
Westside (2008 Bond Issue)										
45 Allen Plaza	45 Ivan Allen Jr. Boulevard	Barry Real Estate Companies	76	16,409	0	121	0	\$7,094,787	\$162,698,317	2009
Castleberry Point	333 Nelson Street	Miller Gallman Developers	112	35,663	0	291	610	\$1,952,167	\$31,785,000	2008
Northside Plaza	400 & 445 Markham Street	Harold A. Dawson Co.	223	12,900	0	0	TBD	\$1,404,920	\$36,124,000	2010
Historic Westside Village	Martin Luther King Jr. Drive	Russell New Urban/Trammell C	0	30,844	0	0	0	\$236,213	\$7,619,205	2009
Technology Enterprise Par	369-388 Technology Circle	The University Financing Founc	0	0	172,880	0	0	\$2,792,299	\$65,386,383	2009
Center for Civil and Humar	Ivan Allen Jr. Boulevard & Centennial	National Center for Civil and Hl	0	90,000	0	0	0	\$40,002,441	\$125,000,000	2011
Total			411	185,816	172,880	412	610	\$53,482,827	\$428,612,905	
Atlantic Station (2001 & 2006 Bond Issues)										
Total			3,579	1,327,000	1,018,787	101	22,300	\$189,763,145	\$2,000,000,000	2010
Princeton Lakes (2006 Bond Issue)										
Mixed-Use	Camp Creek Parkway	Princeton Lakes Partners LLC	776	460,767	92,000	160	surface	\$7,400,000	\$145,000,000	2008
Single-Family	Camp Creek Parkway	Pulte Homes Corporation	844	0	0	0	0	\$10,500,000	\$163,759,336	2008
Total			1,620	460,767	92,000	160	0	\$17,900,000	\$308,759,336	

*Includes tax increment generating projects only. Excludes public purpose projects with the exception of the Center for Civil and Human Rights.

**Projects in the inaugural Perry Bolton TAD bond issue have been approved by the ADA Board of Directors, but have yet to go before City Council for approval.