



Economic Development Plan & Tax Allocation Districts

Presented to:

District 3: Westside Neighborhoods Economic Summit

July 9, 2005



Overview of Presentation

- ◆ **The Atlanta Development Authority**
- ◆ **ADA and the Economic Development Plan (EDP)**
- ◆ **What is a TAD?: The Basics**
- ◆ **How TADs Work: Financial Framework**
- ◆ **TAD Creation Process**
- ◆ **ADA Approach to TADs**
- ◆ **City of Atlanta TADs**
- ◆ **Westside TAD**
- ◆ **Conclusion**



The Atlanta Development Authority

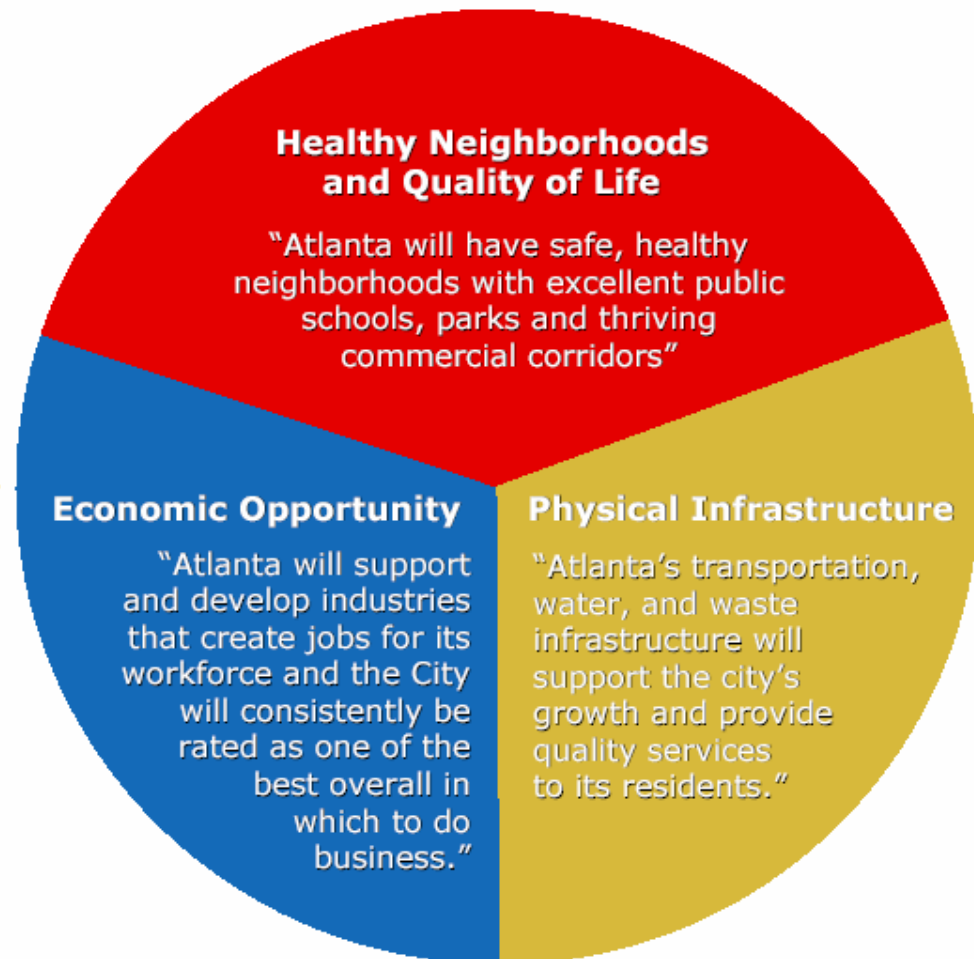
The Atlanta Development Authority is the catalyst for residential and commercial economic vitality in Atlanta. To accomplish this, we will:

- ◆ Coordinate efforts with the City, County, State and other key stakeholders;
- ◆ Jumpstart redevelopment activity within the City's tax allocation districts;
- ◆ Provide small business loans for expansion and start-up;
- ◆ Supply mortgage down-payment assistance to low and moderate income families;
- ◆ Issue bonds to spur residential and commercial development;
- ◆ Acquire land for green space, residential and commercial development;
- ◆ Implement quality of life projects in underserved communities;
- ◆ Retain and expand existing business, recruit new business, promote the City and available business development incentives

ADA and the Economic Development Plan (EDP)

Mayor Shirley Franklin's vision is:

"Atlanta will be the thriving core of the metropolitan area. The most successful city in the southeast. A competitive city, nationally and internationally."



ADA and the Economic Development Plan (EDP)





ADA and the Economic Development Plan (EDP)

Simply put, by 2009, our goals are:

- **Create 60,000 new jobs in the City of Atlanta**
(an increase of 14%, 3% annually; requires growing faster than the surrounding Metro area)
- **Create 24,000 new metro jobs related to airport growth and expansion**
(an increase of 23%, 4% annually)
- **Grow property value in the City by \$26B, by adding households and leased commercial space** (an increase of 62%, 8% annually)
- **Add 10,000 new workforce housing units by use of City incentives** (an increase in the current construction rate of 50%)
- **Decrease the city's crime rate to 5,600 crimes per 100,000 residents** (a decrease of over 50%, -10% annually)
- **Increase the high school completion rate of Atlanta Public School students to 72%** (an increase of 25%)
- **Add 1,900 acres of dedicated parks and greenspace to the City** (an increase of 56%)



ADA and the Economic Development Plan (EDP)

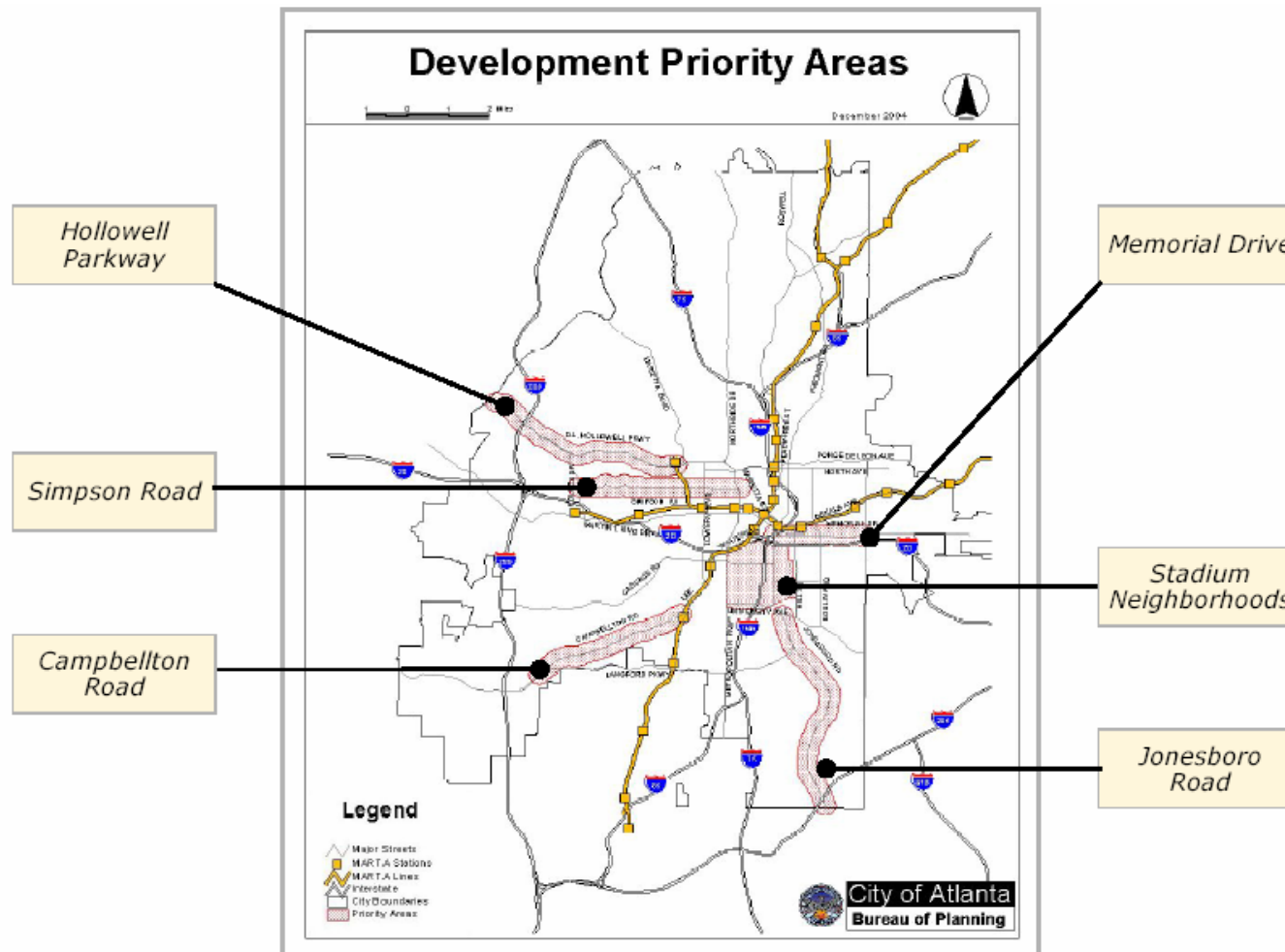
Economic Development Initiatives

- Support growth of target industries
- Create and grow business recruitment, retention, and expansion capabilities
- Champion BeltLine and Downtown as major development projects
- Increase economic vitality of underserved areas
- Make it easier to develop in Atlanta
- Increase workforce housing
- Increase capital available for development and business growth
- Make Atlanta one of America's safest cities
- Collaborate to improve the graduation rates in Atlanta

Public Schools

- Grow dedicated parks and greenspace

ADA and the Economic Development Plan (EDP)



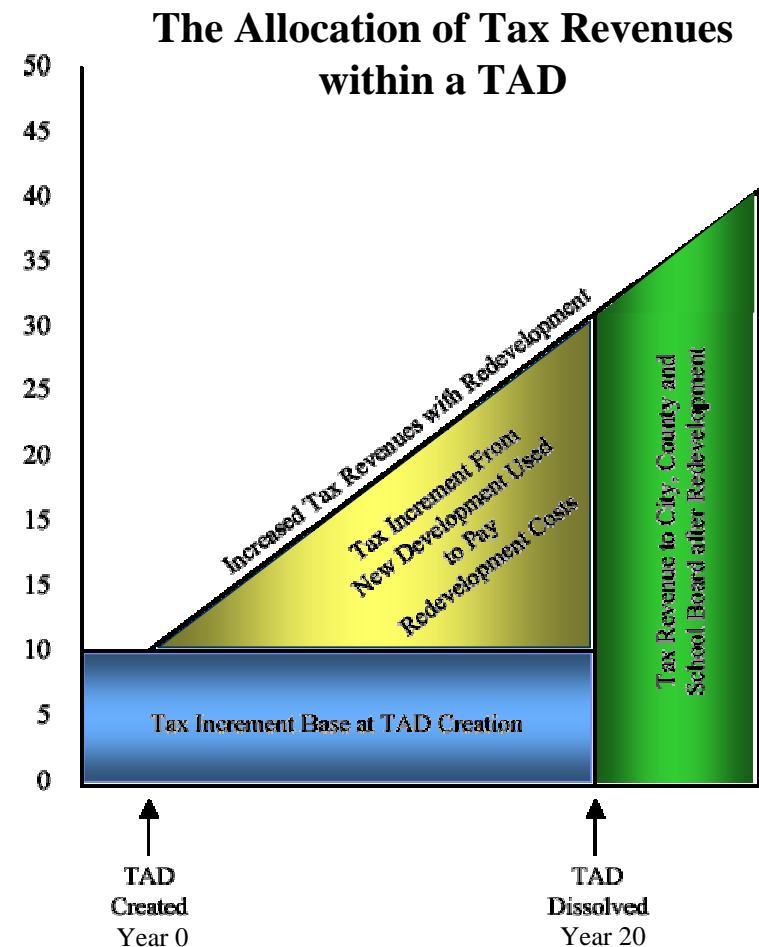
What is a TAD?: *The Basics*

- ◆ A financing tool that uses future property tax increases to spur economic development
- ◆ Requires approval by the City, County, and Atlanta Public Schools
- ◆ The tax base within a specified district is frozen
- ◆ New development within the TAD increases property values and tax revenue
- ◆ The anticipated “tax increment” is used to finance tax-exempt bonds
- ◆ Bond proceeds provide immediate capital to invest into TAD projects as well as public infrastructure
- ◆ Creates incentives for development that would otherwise not occur
- ◆ One of the City’s most important economic incentive tools

How TADs Work: *Financial Framework*

- ◆ Additional tax revenues are generated as a result of the increased value of newly developed or redeveloped properties
- ◆ New development in the TAD stimulates other development in the surrounding area, creating new tax revenues
- ◆ Additional tax revenues are placed in a special redevelopment fund to pay directly for the redevelopment costs or to issue bonds to finance redevelopment costs

Property Tax Revenue
(in millions)



TAD Creation Process

1. Redevelopment area identified
2. 10% cap on cumulative taxable value for all Atlanta TADs
3. Redevelopment Plan prepared
 - a. Cites existing conditions and finding of blight
 - b. Establishes boundaries of the proposed Redevelopment Area
 - c. Outlines goals of TAD
4. Public hearing held
5. Approval by City, County, and School Board

ADA Approach to TADs

- ◆ Jumpstart development
- ◆ Only subsidize projects where true developer shortfall exists (“but for” test)
- ◆ Use of funds to achieve important City objectives
 - Workforce housing
 - Improvement of specific neighborhoods
 - Public improvements

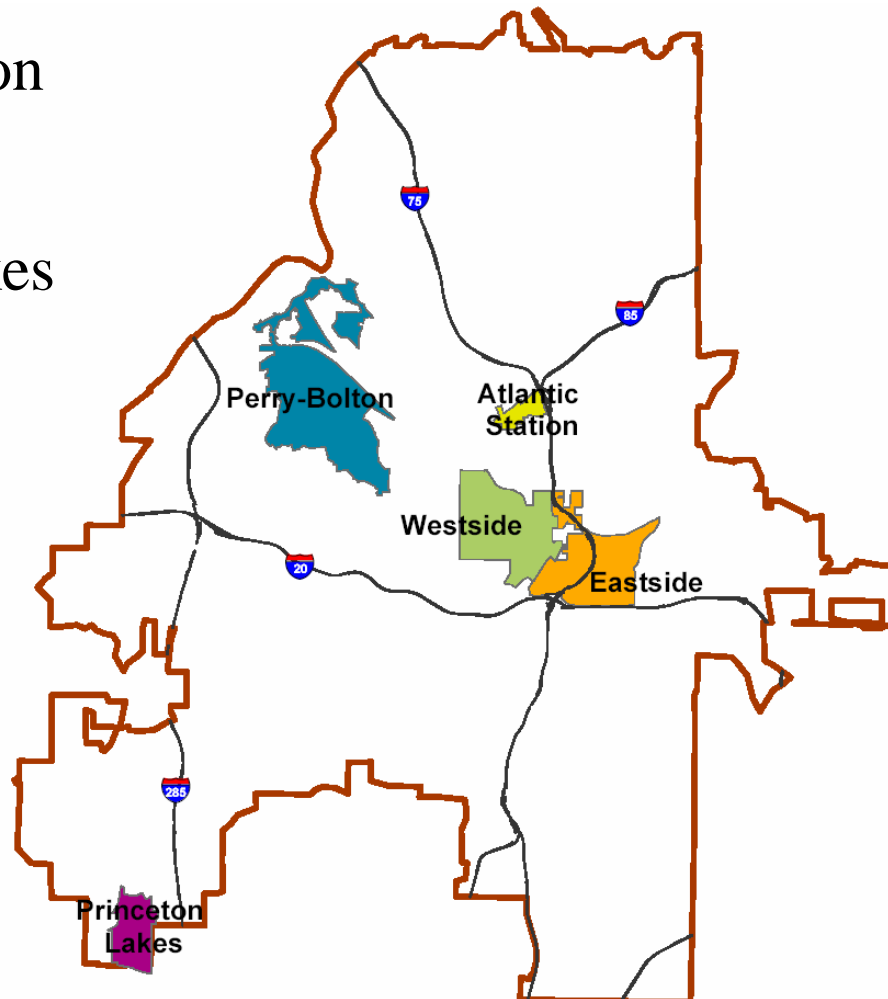
ADA Approach to TADs continued...

TAD Funding/Evaluation Process:

- ◆ ADA Staff:
 - Application Review
 - Underwriting/Due Diligence
 - Secured Financing from commercial/private lenders
 - Site Control
 - 5 – 10% of Total Project Costs
- ◆ Neighborhood Advisory Board
- ◆ TAD Committee
- ◆ ADA Board Approval
- ◆ Finance Executive Committee
- ◆ City Council

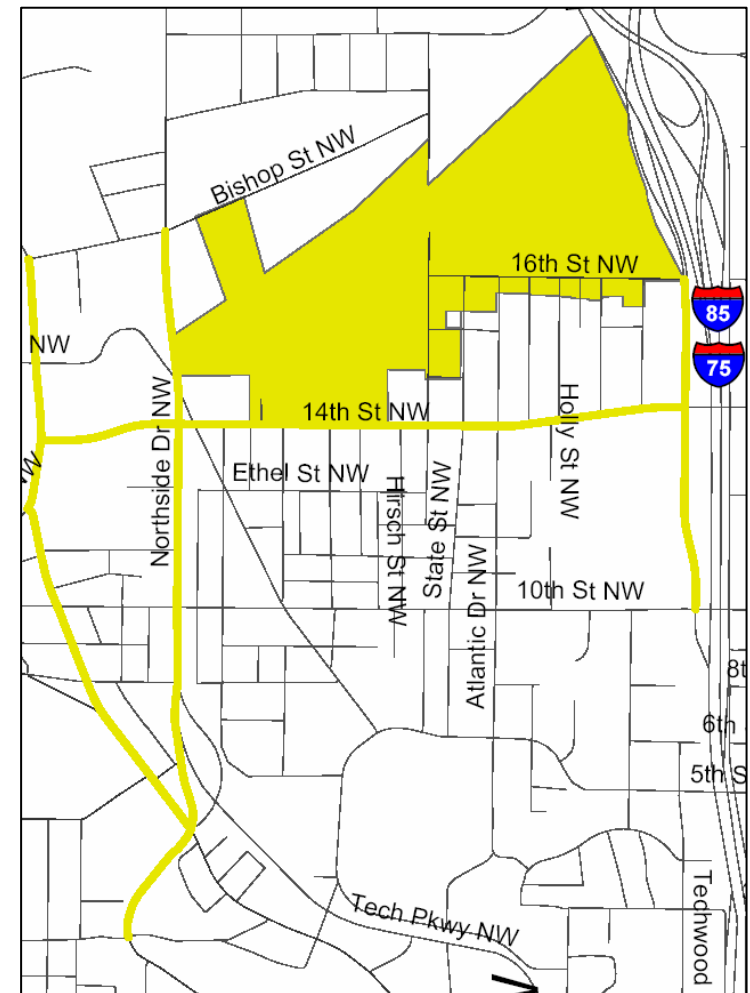
City of Atlanta TADs

- ◆ Atlantic Station
- ◆ Perry-Bolton
- ◆ Princeton Lakes
- ◆ Eastside
- ◆ Westside



City of Atlanta TADs: *Atlantic Station*

- ◆ Created in 1999
- ◆ Facilitate the environmental remediation and redevelopment of this 138-acre brownfield site
- ◆ Atlantic Station mixed-use community including: 1.6 million s.f. of retail, 6 million s.f. office and entertainment space, over 4,000 residential units, 1,150 hotel rooms, and create 30,000 new jobs
- ◆ First bond issue in 2001 for \$76.5 million, anticipate a second issuance of up to \$90 million in 2005



City of Atlanta TADs: *Atlantic Station Completed Projects*



171 17th Street (South Trust Building)



The Commons (residential area)



Beazer Townhomes

City of Atlanta TADs: *Perry Bolton*



Columbia Park Citi



Single Family Homes



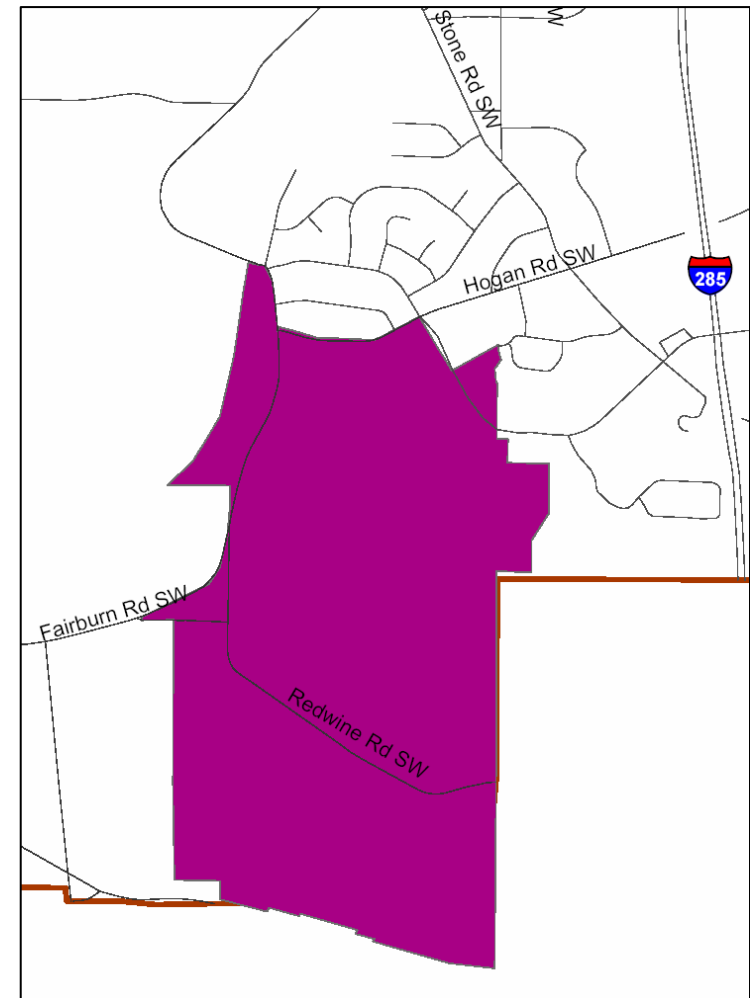
Town Center Park



Columbia Heritage

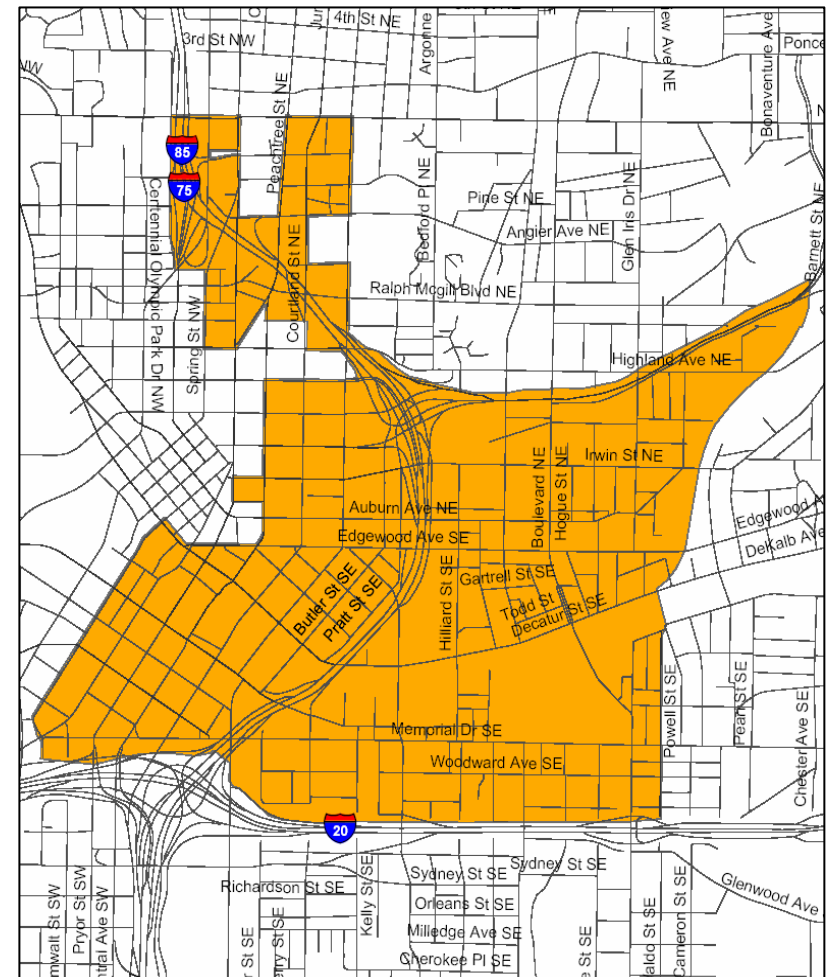
City of Atlanta TADs: *Princeton Lakes*

- ◆ Created in 2002
- ◆ Support the necessary infrastructure improvements on the site
- ◆ Mixed-use development will include over 650 housing units, 90,000 s.f. of office space, and over 470,000 s.f. of retail and restaurants
- ◆ First bond issue is projected for 2005 for approximately \$15 million



City of Atlanta TADs: *Eastside*

- ◆ Most recent TAD, created in 2003
- ◆ Facilitate redevelopment of Grady and Capitol Homes
- ◆ Major focus on residential development on Auburn Avenue and Centennial Hill
- ◆ Spur the creation of an attractive, walkable, bustling 24-hour downtown
- ◆ First bond issue estimated to be \$40 million in 2005



City of Atlanta TADs: *Eastside*



TWELVE Centennial Park



Sweet Auburn Village



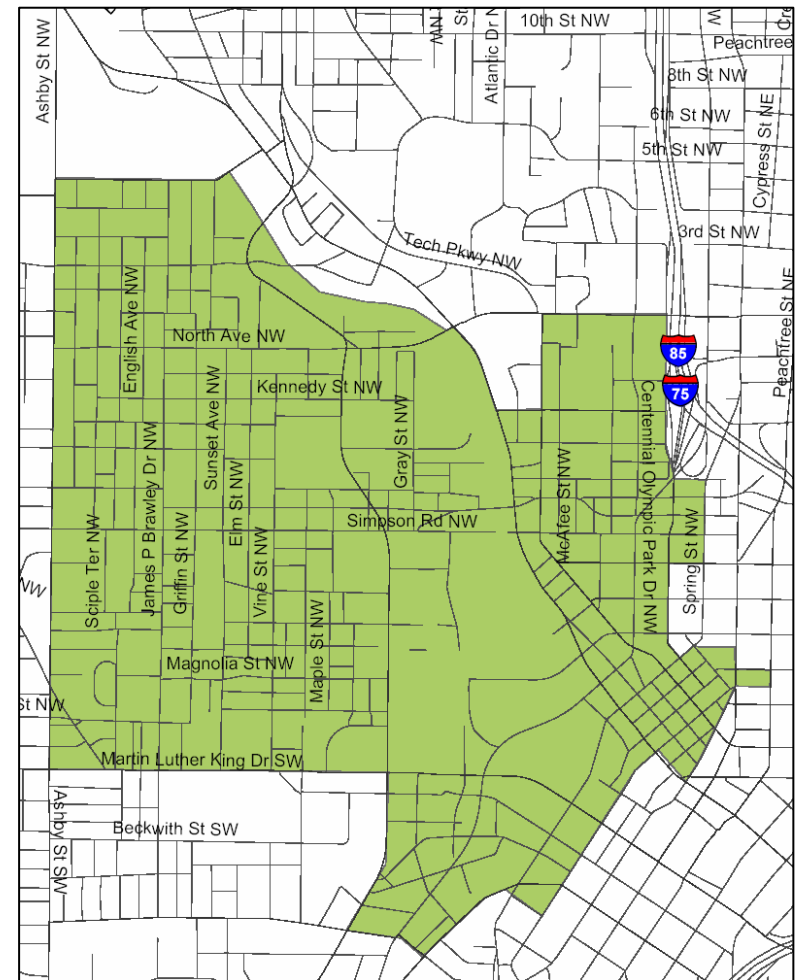
Capitol Gateway



30 Allen Plaza

City of Atlanta TADs: *Westside*

- ◆ Created in 1998
- ◆ Covers Downtown west of Peachtree plus Vine City and English Avenue
- ◆ First bond issue in 2001 for \$15 million, second projected for 2005 for \$50-60 million
- ◆ Historic Westside Village, Centennial House, Museum Tower, 123 Luckie Street, Northside Village and Northyards
- ◆ Funding for Centennial Place Elementary
- ◆ 20% of net proceeds to neighborhoods



City of Atlanta TADs: *Westside TAD Projects*



Museum Tower (condominiums)



Centennial House (condominiums)



123 Luckie Street (condominiums)

Westside TAD: *Affordable Housing*

- ◆ Total residential units funded by TAD: 568
 - Affordable units: 248
 - Percent Affordable: 44%
- ◆ Centennial House: 101 condominiums
 - 26 affordable condos @ 80% AMI
- ◆ Northside Village Apartments: 261 apartments
 - 222 affordable apartments @ 60% AMI

Westside TAD: *Neighborhood Fund*

- ◆ 20% of net bond proceeds to be set aside for the neighborhood fund
- ◆ 2001: Neighborhood Development Fund \$1,375,019
 - Allocated to Northside Village Apartments
 - Partnered with Bethel Northside Village LLC and Bethursday Development Corp
 - \$28 million in total project costs
 - TAD Funds 4.6% of Project Costs
 - Total TAD Proceeds \$2 million

Westside TAD : 2005 Bond Issuance

- ◆ 2005 bond issue anticipated to be approximately \$40 million
- ◆ Net Proceeds of approximately \$27 million
- ◆ APS to receive \$2 million allocation
- ◆ \$5.5 million to be dedicated to Neighborhood Fund
- ◆ Bond Closing is expected to occur in 3rd Quarter 2005

Westside TAD : 2005 Projects



Centennial East
200 condos plus
25,500 sf in retail
\$40.5 million investment



Winecoff Hotel
59,710 sf hotel
\$20.5 million
investment



Historic Westside Village
106 condos & 100 Townhomes
\$35 million investment

Westside TAD : 2005 Projects



The New World of Coca Cola
*83,000 sf family
entertainment attraction
\$96.4 million investment*



55 Allen Plaza
*323,000 sf office space
\$78 million investment*



Westside TAD: Goals and Guidelines for Applications to Neighborhood Fund

- ◆ **Redevelopment Plans:** all projects must be in compliance with the applicable area redevelopment plan.
- ◆ **Projects:** projects will be selected based on the projected impact on the community. The optimal use of public dollars will be sought. We will strive to support projects that will generate the greatest positive economic impact.
- ◆ **Gap Funding:** Demonstrated success in leveraging additional funds from both public and private sources will be taken into consideration. Neighborhood Fund dollars will not be the sole source of project financing.
- ◆ **Project Viability:** We will use the same underwriting criteria we use for all TAD projects in determining the long-term viability of the proposed project.
- ◆ **Capital improvements:** generally funds will be provided solely for capital improvements. (Operational expenditures are expressly prohibited due to federal restrictions on use of tax-exempt bond proceeds.)
- ◆ **Predevelopment funds:** funding for predevelopment projects and activities will only be considered in special cases. At least 50% matching funds must be secured by the developer.
- ◆ **Development Experience:** experience of the development team must be commensurate with the scope and size of the proposed project. Partnerships are encouraged for large scale projects.



Conclusion

Q&A