

# **Atlanta Development Authority**

## **ANNUAL REPORT 2007**

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## Message from the *Chair*



*Mayor Shirley Franklin*

**The Atlanta Development Authority** had a banner year in 2007. As the official economic development agent of the City of Atlanta, ADA works with more than 55 economic development partners to advance the City's New Century Economic Development Plan (EDP), adopted in 2004. The ambitious goals we set forth represent our vision of raising Atlanta to the status of a world class city.

It appears that three of our seven EDP goals will be accomplished by 2009: increasing airport jobs, property values and high school graduation rates. Hartsfield-Jackson Atlanta International Airport continues to connect Atlanta with the world and be the largest economic development engine in our metro region and the Southeast region. Over the past three years, \$16 billion in property value was added to the City's tax digest. Our employment centers in Downtown, Midtown and Buckhead are thriving in complementary and distinct ways, affording new residents many choices of where to live and work. We are thrilled with the accomplishments of Atlanta Public Schools (APS) under the stewardship of Dr. Beverly Hall and we salute APS for its continued focus on excellence and results in graduation rates. We all recognize that education is a key driver in economic development, and if we want to attract more jobs, we must have an excellent K-12 educational system.

We continue to push hard to achieve our goals to reduce crime, promote job growth in the City and increase our inventory of workforce housing and parks and greenspace. Over the past three years, the City has added an average of 5,800 jobs each year – but our growth rate trails that of the region and the State. We are lacking in incentives both at state and local levels. We have got to do a better job retaining our existing businesses while making the case to relocation prospects that being in the City is their best option. If businesses want access to a highly educated, creative and diverse resident base, then the City of Atlanta is not *a* choice, but *the* choice.

Crime has sharply declined in Atlanta. In 2004, the City's crime rate was 10,500 crimes per 100,000 residents – our goal is to cut the crime rate in half by 2009. Through 2006 (the most recent official FBI statistics) we had achieved a good part of the goal, reducing crime to 8,188 per 100,000 residents – a decrease of nearly 25%. Moreover, Atlanta has dropped out of the ranks of America's cities with the highest crime rates. For much of the 1980s and 1990s we occupied one of the top five spots in the FBI rankings, but in 2006 we dropped to #30 – a terrific achievement for Chief Pennington and his team at the Atlanta Police Department. While our unofficial numbers have seen a bump up in the crime rate in 2007 (similar to a national trend), it will be difficult to achieve our five-year goal. We remain focused on providing a safe city for our residents and visitors, and we will spare no resources in this effort. I fully expect to see us back on track in 2008.

Workforce housing continues to be at the top of my administration's agenda. In 2007, City Council made history by approving \$75 million in Housing Opportunity Bonds to support affordable housing initiatives. We fully expect the next two years to be much better. It's important that singles, retirees, students and families be able to live near jobs, restaurants, schools and hospitals.

The City of Atlanta has successfully added 425 acres of new parks and greenspace over the past three years, moving us toward our ambitious goal of adding 1,900 acres. During 2007 we assembled the first BeltLine park at Boulevard Crossing, acquired three blocks toward the vision of a green corridor connecting the Capitol and Historic Oakland Cemetery and expanded a major nature preserve in north Buckhead. Atlanta BeltLine, Inc. (ABI) and its partners also acquired the 4.5-mile Northeast BeltLine Corridor. ABI continues to advance land acquisitions with the Trust for Public Land and BeltLine Partnership as funds are available through the ongoing \$60 million BeltLine Capital Campaign. We anticipate their work will continue to drive the growth of parks along the BeltLine in 2008.

ADA's mission is critical. I would like to recognize our 2007 Board of Directors and thank them for their commitment to economic development in the City of Atlanta. My fellow board members are:

- Barney Simms, Atlanta Housing Authority (Vice Chair)
- Alex Wan, Optima, Inc. (Treasurer)
- Joe Brown, Centerline Capital Group (Secretary)
- LaChandra Butler Burks, APS Board Member
- Emma Darnell, Fulton County Commissioner
- Carlton Eccles, retired
- Tracy Hankin, *WebMD*
- Jim Maddox, Atlanta City Council Member
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With 24 months remaining in my tenure as Mayor of Atlanta and Chair of ADA, it is my personal goal to provide the kind of leadership that will allow ADA to fulfill its mission and leave a legacy of which we can all be proud.

## Message from the *President*



*Peggy McCormick*

**It is an honor** to serve as president of ADA. I am lucky to work every day with 50 passionate and talented employees. This year we had some exciting firsts:

- The creation of the HOME Atlanta program, our first single-family mortgage program in seven years
- Approval of five new redevelopment projects to be financed in the Perry-Bolton TAD
- Winning a \$60 million allocation of New Markets Tax Credits with our partners at Central Atlanta Progress on our first try
- Wipro Technologies choosing the City of Atlanta as the location of its first North American development center, bringing an estimated 1,000 jobs
- Our first business development trip to Europe
- Completing the construction of the first parking deck in downtown Atlanta's Government Center

HOME Atlanta is funded through our issuance of tax exempt bonds. These first mortgage dollars, combined with down payment assistance, funded by the City's Opportunity Bond program, have enabled more than 100 working class families to become home owners. We are reaching our target population of teachers, police officers, healthcare workers and government workers and making it possible for them to live near their jobs in the City. Real estate brokers and lenders tell us that HOME Atlanta has made a positive impact on the Atlanta real estate market by increasing demand for homes during this turbulent period.

In November, ADA approved five projects expected to spur significant, long awaited development in the Perry-Bolton Tax Allocation District in Northwest Atlanta. Created in 2002, Perry-Bolton did not move forward, pending legislative issues. In 2007, all parties came together with an impressive, unified community effort. The five approved projects represent over \$500 million in new development including more than 2,000 residential units (30% affordable) plus more than 185,000 square feet of much anticipated retail anchored by a first-class grocery store. The resolution of the BeltLine TAD litigation will allow us to seek City Council approval of this bond issue in 2008.

Earlier this year, ADA filed our initial application for the U.S. Treasury Department's five-year-old New Markets Tax Credits Program, competing with financial institutions, developers, cities, counties and states. We partnered with Central Atlanta Progress and focused on future projects downtown. With a 10% chance of success, ADA and CAP were very pleased with our award of \$60 million in tax credits. These credits bring more capital for projects downtown that can be layered with conventional financing, tax allocation districts and historic tax credits. We also believe this award is a note of confidence in developments in downtown Atlanta.

We wish to welcome Wipro Technologies to the City. Known as the #1 global IT service provider, Wipro's values – intensity to win, action with sensitivity and unyielding integrity – align with the spirit of Atlanta. Wipro considered a number of locations in the U.S. and in the metro Atlanta area. They chose the City because of ready access to talent, transit options and global markets. The company recognized our welcoming team of business leaders and economic development agencies – we thank the Metro Atlanta Chamber of Commerce and the Georgia Department of Economic Development for their great teamwork on this project.

At ADA, we recognize the mounting importance of foreign direct investment and building cross-border relationships to the City's economic vitality. This fall, ADA participated in our first business development trip to Europe. We met with life science companies and international economic development offices to build relationships, seek new opportunities and expand our emerging life science cluster. The delegation met with European business leaders and entrepreneurs in Brussels, Amsterdam, London and Manchester. The 10-day trip, led by the Metro Atlanta Chamber of Commerce, has resulted in ten active projects interested in some level of investment in Atlanta.

The new 850-space Government Center parking deck on Central Avenue opened in December 2007 to serve the needs of downtown government workers and the surrounding community. This project, dormant on the drawing board for 30 years, was completed on schedule and under budget. ADA managed the \$23 million project.

The senior team at ADA has focused this year on building an effective and talented team, developing systems and processes to support our employees, building our financial infrastructure and executing with excellence. I would like to recognize our senior team and thank them for their leadership and commitment to our mission:

- Ernestine Garey, Managing Director of Housing Finance
- Larry Gerlach, Chief Financial Officer
- Veronica Jones, General Counsel
- Sonya Moste, Director of Marketing and Public Relations
- Cheryl Strickland, Managing Director of Tax Allocation Districts
- Charles Whatley, Director of Commerce and Entrepreneurship

Together, we have accomplished a lot. We thank our employees for their focus every day on achieving our city's economic development goals. We would also like to thank the Atlanta City Council for their continued support.

ADA recognizes the importance of the relationships with our economic development partners, more than 50 organizations. We thank our partners for their collaboration and commitment to achieving the vision and goals of the City's Economic Development Plan.

In 2004, the Economic Development Plan's direction was set by the Mayor's vision that Atlanta be:

- *the thriving core of the metropolitan area*
- *the most successful city in the Southeast*
- *a competitive city, nationally and internationally*

The results of 2007 and the pipeline of projects for 2008 prove that Atlanta is a city on the move.

# New Century Economic Development Plan

## 2007 Results

Adopted in 2004, the New Century Economic Development Plan's goals and achievements are monitored on an annual basis. More than 50 economic development partners work together toward achieving these milestones.

EDP Goals	Base *	Best in Class Goals	Results				% of Goal
			2005	2006	2007	Cumulative	
APS High School Graduation Rate <sup>1</sup>	57%	<b>72%</b>	72%	69%	68%	<b>68%</b>	<b>94%</b>
Airport Jobs <sup>2</sup>	105,000	<b>add 24,000</b>	13,340	available in 08	available in 08	<b>13,340</b>	<b>56%</b>
Property values <sup>3</sup>	\$42B	<b>add \$26B</b>	\$3B	\$5B	\$8B	<b>\$16B</b>	<b>62%</b>
Crime per 100,000 residents <sup>4</sup>	10,800	<b>reduce to 5,600</b>	8,965	8,188	available in 08	<b>2,612</b>	<b>47%</b>
Jobs Growth <sup>5</sup>	406,000	<b>add 60,000</b>	5,058	9,735	9,965	<b>24,758</b>	<b>41%</b>
Workforce housing units created with City incentives <sup>6</sup>	1,300/yr	<b>add 10,000</b>	1,632	804	1,085	<b>3,521</b>	<b>35%</b>
Acres of Parks & Greenspace <sup>7</sup>	3,400	<b>add 1,900</b>	92	226	107	<b>425</b>	<b>22%</b>

<sup>1</sup> Georgia Department of Education -- Source: <http://public.doe.k12.ga.us/ReportingFW.aspx?PageReq=102&CountyId=761&PID=0&PTID=0&FY=2007>  
[Note: Graduation rate does not include alternative schools such as adult education centers or correctional facilities.]

<sup>2</sup> H-JAIA Economic Impact Report 2005

<sup>3</sup> Georgia Department of Revenue - Tax Digest Consolidated Summary -- Source: <http://www.etax.dor.ga.gov/PTD/cds/csheets/menu.aspx>

<sup>4</sup> FBI - Crime in the United States 2006 -- Source: <http://www.fbi.gov/ucr/cius2006/index.html>

<sup>5</sup> U.S. Census Bureau, QWI Online, accessed December 11, 2007 -- Source: <http://lehd.did.census.gov/led/datatools/qwiapp.html>

<sup>6</sup> Workforce Housing Plan Production Database, City of Atlanta Bureau of Housing and ADA

<sup>7</sup> City of Atlanta departments - Watershed and Parks

\* Baseline Years: Jobs(2004), Airport Jobs (2003), Property Value (2003), Workforce Housing (2004), Crime (2003), HS Graduation Rate (2002), Parks (2004)

## ***Affordable In-town Housing for Atlanta's Workforce***

In an historic move, the City funded a Housing Opportunity Fund and approved \$75 million in Housing Opportunity Bonds, designating ADA as the program administrator. Of the initial 2007 Opportunity Bond offering of \$35 million, more than \$7 million has been expended, with another \$5 million committed to projects.

We launched the HOME Atlanta Program in May 2007 and have helped more than 100 people become homeowners with over \$12 million in first mortgages. These homeowners are employed as school teachers, public safety officers, government workers, corporate employees, healthcare professionals and workers in Atlanta's retail and service industries. The average HOME Atlanta buyer:

- Purchases a home with an average sales price of \$176,000
- Has an average annual household income of \$47,000
- Has an average family size of 1.5

ADA's HOME Atlanta initiative is being recognized nationally as an innovative model in providing workforce homeownership opportunities. By offering an attractive fixed-rate first mortgage program that can be layered with other incentives, we are making homeownership a reality for working class residents who have chosen to live, work and play in our beautiful city.

Partnering with some of our economic development partners, home buyers can access assistance from ADA with HOME Atlanta grants, Opportunity Bond programs and our Atlanta Affordable Homeownership Assistance. Other partners providing assistance include the City of Atlanta with a mortgage assistance program, the Atlanta Housing Authority with its Capitol Gateway Homeownership Assistance, and the United Way with Individual Development Account grants.

### **Multifamily Rental Housing**

ADA issued more than \$34 million in tax exempt bonds for two residential projects – Alta Coventry Apartments and Lillie R. Campbell Apartments, both new construction – in Southwest Atlanta. This will add 418 units, with 34% of units available at affordable rental rates.

### **Homeless Opportunity Fund**

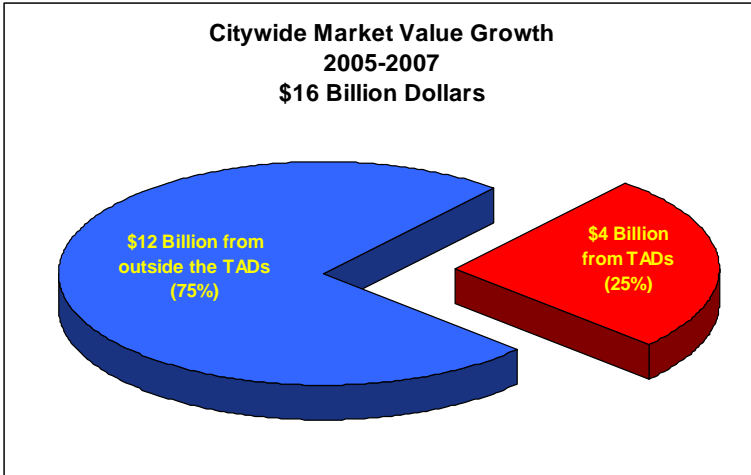
The Homeless Opportunity Fund was established in 2006 through a \$22 million Opportunity Bond offering.

In 2007, ADA:

- Committed more than 77% from the fund, leveraging an additional \$92 million in private/philanthropic resources
- Approved 15 projects that will add 435 supportive housing units
- Partnered with social service agencies, including Mary Hall Freedom House, Georgia Rehabilitation Outreach, Making a Way Treatment, Achor Center, Caring Works, Hope through Divine Intervention, Community Friendship, St. Jude's Recovery Services and the Positive Outlook Foundation, to provide supportive services.

# ***Tax Allocation Districts*** **Spurring Commercial and Residential Redevelopment and Property Values**

TADs are the City's #1 revitalization tool. Within the City of Atlanta there are currently ten TADs: five operated by ADA, one operated by Atlanta BeltLine, Inc. and four that have been recently created but are not yet operational (these are pending APS participation, expected in early 2008, and would also be operated by ADA). The City's ten TADs comprise more than 15,000 acres of geography and about \$7.3 billion in property value. The participation of Atlanta Public Schools and Fulton County, in the form of tax increments, has been integral to the success of the TADs.



Citywide, property values increased 8% annually, based on a 3-year average. Of the \$16 billion in growth in property value in the City, 25%, or about \$4 billion, has occurred within the first six TADs.

Each TAD was formerly a slow or no-growth area. Given that they represent 10% of the City's tax base, the fact that they generated 25% of the City's growth over the past three years is a testament to their economic development effectiveness.

## **Featured 2007 Project**

We celebrated numerous openings of TAD funded projects in 2007. The opening of one of downtown's longest anticipated redevelopments is highlighted below:

The Ellis, at 176 Peachtree Street (in the Westside TAD), opened its doors to guests in early October. The property was vacant for more than 30 years, having originally opened as the Winecoff Hotel in 1913 – the site of a tragic 1946 fire that prompted the establishment and enforcement of U.S. safety and fire codes. The recent \$23 million renovation included \$3 million in TAD funds that restored the building to its former grandeur as an upscale boutique hotel.

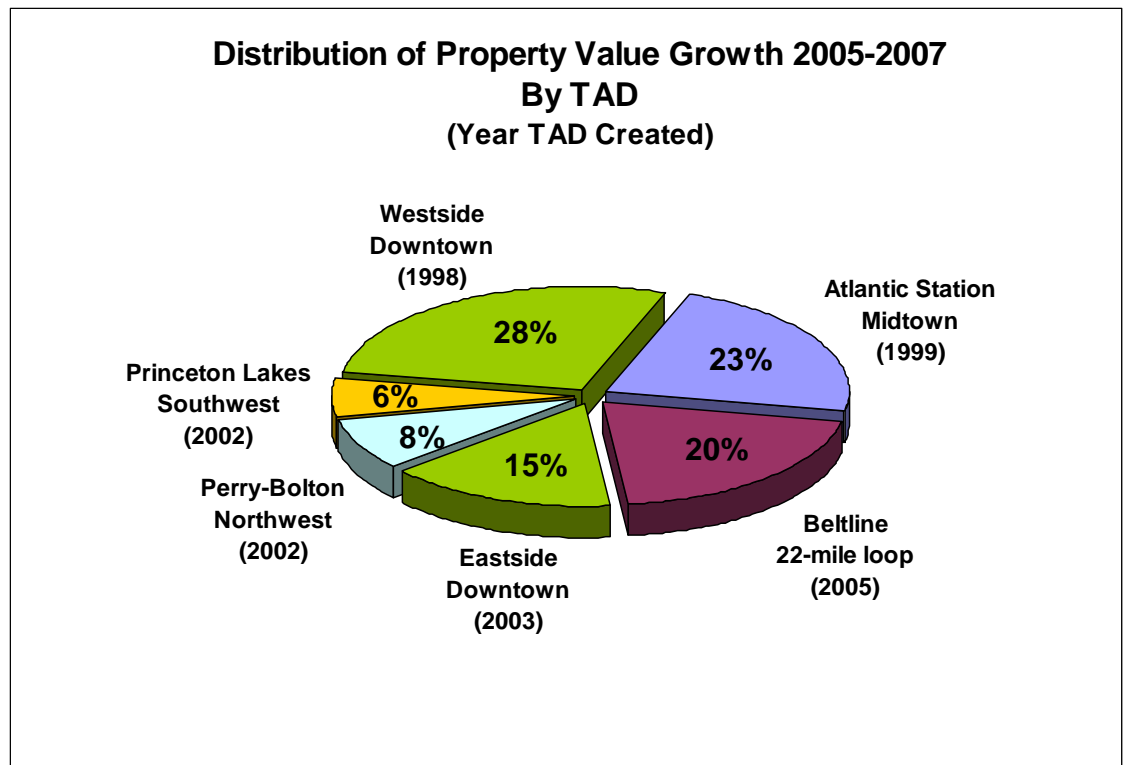
## **Two publications released in 2007 reported Atlanta's effectiveness in implementing the TADs:**

- "Tax Increment Financing Best Practices Reference Guide", jointly released in November by International Council of Shopping Centers and the Council for Development Finance Agencies. ADA was a significant contributor to the development of this publication, distributed nationally.
- Livable Communities Coalition Report: "Survey and Analysis of Tax Allocation Districts (TADs) in Georgia - The First 8 Years". An independent third-party evaluation of the financial performance of TADs and their effectiveness as a redevelopment tool. Cited Atlanta as having performed well and issued 92% of all TAD bonds in the state.

A link to both publications is available on ADA's website.

As the City's redevelopment agent, ADA has managed six TAD bond issues totaling \$410 million since 2001. The underlying 24 projects leveraged private direct investment in excess of \$2.8 billion and resulted in:

- 2 million square feet of office space
- 2.2 million square feet of retail and entertainment space
- 8,000 residential units (23% affordable)
- 3,300 estimated construction jobs
- 680 hotel rooms
- Redevelopment of three historic properties
- First new Auburn Avenue development in 30 years
- Redevelopment of former AHA housing project
- Establishing a Public Purpose fund for the Westside TAD



In addition to significant progress at Perry-Bolton, ADA has paved the way for the 2008 Westside TAD bond issue. This offering is expected to provide over \$100 million in incentive gap funding for up to 15 new projects. As a result, downtown Atlanta is primed to add 2,000 housing units, 900 hotel rooms, 700,000 square feet of office space and 250,000 square feet of retail space, representing new investment of more than \$1.2 billion.

For a more in-depth look at TADs in the City of Atlanta, download the TAD Fourth Quarter 2007 report from ADA's website.

## ***Entrepreneurship and Global Commerce***

### **Increasing Job Growth**

ADA aggressively works to help existing businesses grow and to attract new employers to the City. The goal in the New Century Economic Development Plan is to increase jobs in the City at an annual rate of 2.7%, on par with the metro region. This goal was aggressive in contrast to the City's average annual job growth of 1% to 1.5% in the 1990s. From 2005 to 2007, the quarterly Census reports that the City's job growth has averaged 2% each year, a welcome improvement. However, during this period, the 28-county metro region has grown faster, at 3.6% each year.

Working closely with our economic development partners at the state, the Metro Atlanta Chamber of Commerce, Georgia Power and Central Atlanta Progress, the City was successful in landing five major company relocations and expansions, creating over 2,000 jobs. The most significant are:

- Wipro Technologies of India, the #1 global IT service provider, which will establish its first North American development center in the City, creating 1,000 jobs
- Quality Tech, which purchased an existing building in the English Avenue neighborhood that was converted to a one-million square foot data center with a value of \$80 million – now one of the largest data centers in the Southeast
- Cousins Properties, a national commercial developer that relocated its headquarters from Cobb County to downtown, bringing 175 jobs into the City
- Invesco, a financial services firm that moved its global headquarters from London to Midtown and will create 150 jobs over the next several years
- Legal Sea Foods, a well known Boston-based restaurant chain, will open its first restaurant in Atlanta, creating 100 jobs

ADA participated in major industry tradeshow and missions such as:

- An international business development trip with our economic development partners at the Metro Atlanta Chamber of Commerce to Amsterdam, London, Manchester and Brussels
- The spring conference of the International Council of Shopping Centers in Las Vegas, the premier retail development and leasing conference that attracts 45,000 retailers and developers
- BIO 2007 in Boston, the largest global conference of researchers, life science companies and venture capitalists
- Inner City Economic Forum in Philadelphia, which attracts financial investors committed to inner cities in the U.S., sponsored by the Initiative for a Competitive Inner City
- CoreNet Global in Atlanta, hosting 1,200 site selection consultants and corporate real estate executives

ADA issued tax exempt bonds for 501(C)(3) entities to finance three economic development projects:

- The first building in the Georgia State University Science Park, a new 215,000 square foot research and teaching facility in downtown, financed for \$91 million
- The \$58 million acquisition by GSU of SunTrust Plaza in downtown, to be converted into university offices and an incubator for life science companies
- An expansion of the Atlanta Botanical Gardens, financing a new visitors' center, parking garage and garden improvements amounting to \$45 million

To support the growth of small businesses in the City, ADA administers four small business loan programs. Working closely with our external credit review committee we more than tripled our loan activity from recent years in 2007, funding approximately \$1.4 million in loans to small businesses across the City. The following businesses opened as a result:

- Dynamic Dish (an organic grocery and restaurant), Edgewood Avenue - Sweet Auburn
- Azul Day Spa, Bill Kennedy Way
- New Deal Services (an automotive company), Metropolitan Avenue
- Like a River Salon & Spa, Highland Avenue
- West Peachtree Bakery, Allen Plaza
- JC Mets (a dental practice), Martin Luther King, Jr. Drive

## ***Real Estate Activity*** **Supporting Economic Development**

**Downtown Parking:** The new 850-space Government Center parking deck on Central Avenue opened in December 2007 to serve the downtown community. ADA financed the \$23 million project and managed the construction. This project, on the drawing board since 1978, was completed on schedule and under budget.

**Selling of Cascade Parc:** Cascade Parc was started in 2004 as joint venture between ADA's Urban Residential Finance Authority and Sharon McSwain Homes. The 331-unit master-planned community consists of for-sale single family homes and townhomes. As of October 2007, 129 townhomes and 82 single family homes had been sold. Sharon McSwain Homes purchased URFA's share of Cascade Parc in November 2007.

**Park Place South:** An in-town neighborhood across from Lakewood Fairgrounds, Park Place South is a planned community of condominiums, town homes and single-family cluster homes, and 100 senior rental units. Despite a challenging real estate market, ADA was successful in selling 18 condominiums and 10 single family homes in 2007.

**Southside Industrial Park:** ADA is working closely with our economic development partners at Hartsfield-Jackson Atlanta International Airport and the Atlanta Housing Authority to jumpstart industrial job growth and development in and around Southside Industrial Park. In 2007, ADA structured a multi-parcel land sale to a nationally known industrial developer that is scheduled to close in 2008. ADA is focused on selling all its developable land in SIP to industrial developers in 2008, which will lead to the addition of 1,700 new distribution jobs.

**Center for Civil and Human Rights (CCHR):** ADA is an active member of the CCHR Partnership, working closely with Central Atlanta Progress and the mayor's office to undertake predevelopment activities pursuant to a late 2008 groundbreaking. The Center will commemorate the important contributions of Atlantans and Georgians to the historic struggle for African-American freedom and equality, and also serve as a place for ongoing dialogue, study and resolution of current human rights issues. With opening targeted for 2010, 2007 activities were focused on organization and infrastructure, economic feasibility and fiscal impact, content development, and archives and article collection.

## ***Marketing and Promotion of the City of Atlanta***

ADA is focused on marketing and promoting the City of Atlanta. In 2007, we:

- Provided an operating grant to Brand Atlanta, an economic development initiative focused on increasing the number of visitors to Atlanta and driving the economic growth of our hospitality and tourism industry. In 2007, Brand Atlanta refocused its approach from a national branding campaign to a marketing campaign in major U.S. markets. The campaign message will promote Atlanta as one of the nation's capitals of culinary excellence, legendary shopping, award-winning theater, world-class art and fabulous festivals, which can be enjoyed in an environment of southern warmth and hospitality.
- Directly pitched or contributed to 25 positive, nationally published print news stories
- Increased Pulse of Progress circulation from 12,000 to 20,000 with 40% of readers located out of state. Pulse is a monthly newsletter centered on economic development results in the City
- Launched new e-newsletter, *Invest Atlanta*, specifically targeting site selection consultants working on corporate relocations
- Developed [www.AtlantaEmergingMarkets.com](http://www.AtlantaEmergingMarkets.com), designed to promote real estate opportunities in lesser known parts of Atlanta, with a special focus on the City's anticipated four new commercial revitalization TADs – Campbellton Road, the Stadium Area, Metropolitan Parkway and Hollowell Parkway/Martin Luther King Jr. Drive.
- Fielded an estimated 4,800 phone calls about the HOME Atlanta program since it began in May
- Hosted Housing Opportunity Bond Information Days for more than 50 multifamily developers and community housing development organizations
- Gave more than 65 external presentations about ADA programs
- Hosted 200 prospective entrepreneurs at monthly small business information seminars
- Made 35 personal visits to and tours of businesses
- Met with almost 20 international delegations to build economic development relationships
- Completed compliance audits on 45 multifamily bond properties
- Worked with 70 qualified business relocation prospects
- Increased the number of unique web visitors from 19,000 to 30,000 per month



**Atlanta Development Authority**

**86 Pryor Street SW, Suite 300 | Atlanta, GA 30303**

**Phone 404.880.4100**

**Fax 404.880.9333**

**[www.atlantada.com](http://www.atlantada.com)**