

Redevelopment Financing Tools in Atlanta's Emerging Markets

Invest Atlanta – Commercial TADs and New Markets Tax Credits

- The Atlanta Development Authority
- **How Do TADs Work?**
- Commercial Corridor TADs (CTADs)
- Pay-As-You-Go TAD Notes
- Stadium Neighborhoods TAD
- New Markets Tax Credits
- Q&A



July 19, 2010

The Atlanta Development Authority

- Formed in 1997 to act as the economic development agency for the City of Atlanta
- Consists of 50 employees and regularly partners with 50 economic development organizations
- Utilizes the full economic development finance toolbox, including bond finance, revolving loan funds, tax increment financing, and others tools
- Three primary focus areas:
 - **Housing Finance & Development**
 - **Small Business Lending and Business Recruitment and Retention**
 - **Tax Allocation Districts (TAD) & New Market Tax Credits (NMTC)**

Recent ADA Successes

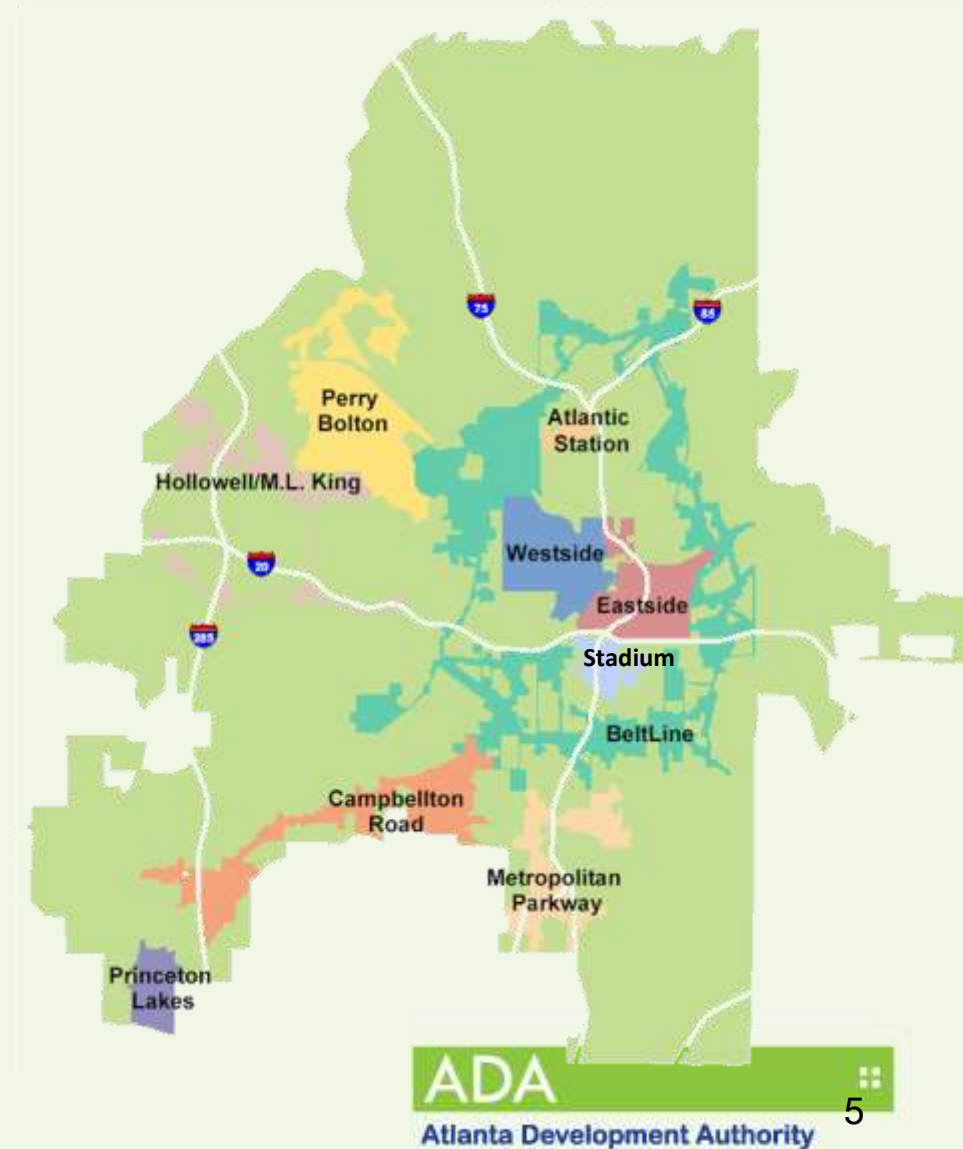
- Launched \$34M in bonds to help 400 individuals by homes: many reside in South Atlanta
- Designated the entire city as a Recovery Zone in order to leverage federal Recovery Zone facility bonds
- Participated in financing \$4M in small business lending
- **Allocated \$80 Million in NMTC allocation authority**
- **Launched the four new Commercial Tax Allocation Districts on June 30, 2010**
 - **Application period for developer proposals ends September 30, 2010**

Tax Allocation Districts in Atlanta

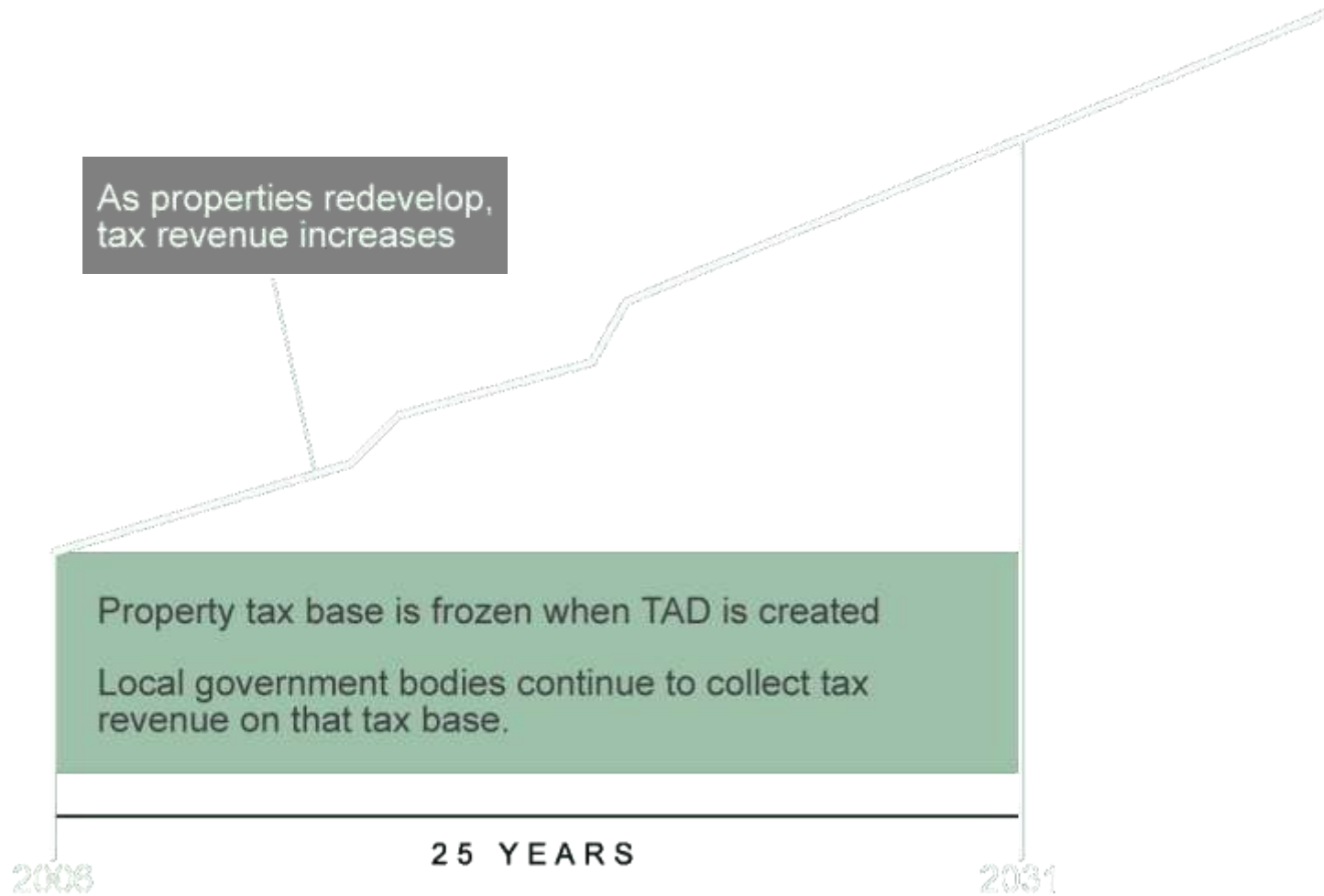
- Financial incentive to jumpstart larger scale major development
- Subsidy intended where true developer shortfall exists (“but for” test)
- Developer enters into Development Agreement with City and ADA
- In typical, large scale developments, bonds are issued by City
- Funds used to achieve City objectives consistent with the Economic Development Plan

City of Atlanta TADs: A Success Story

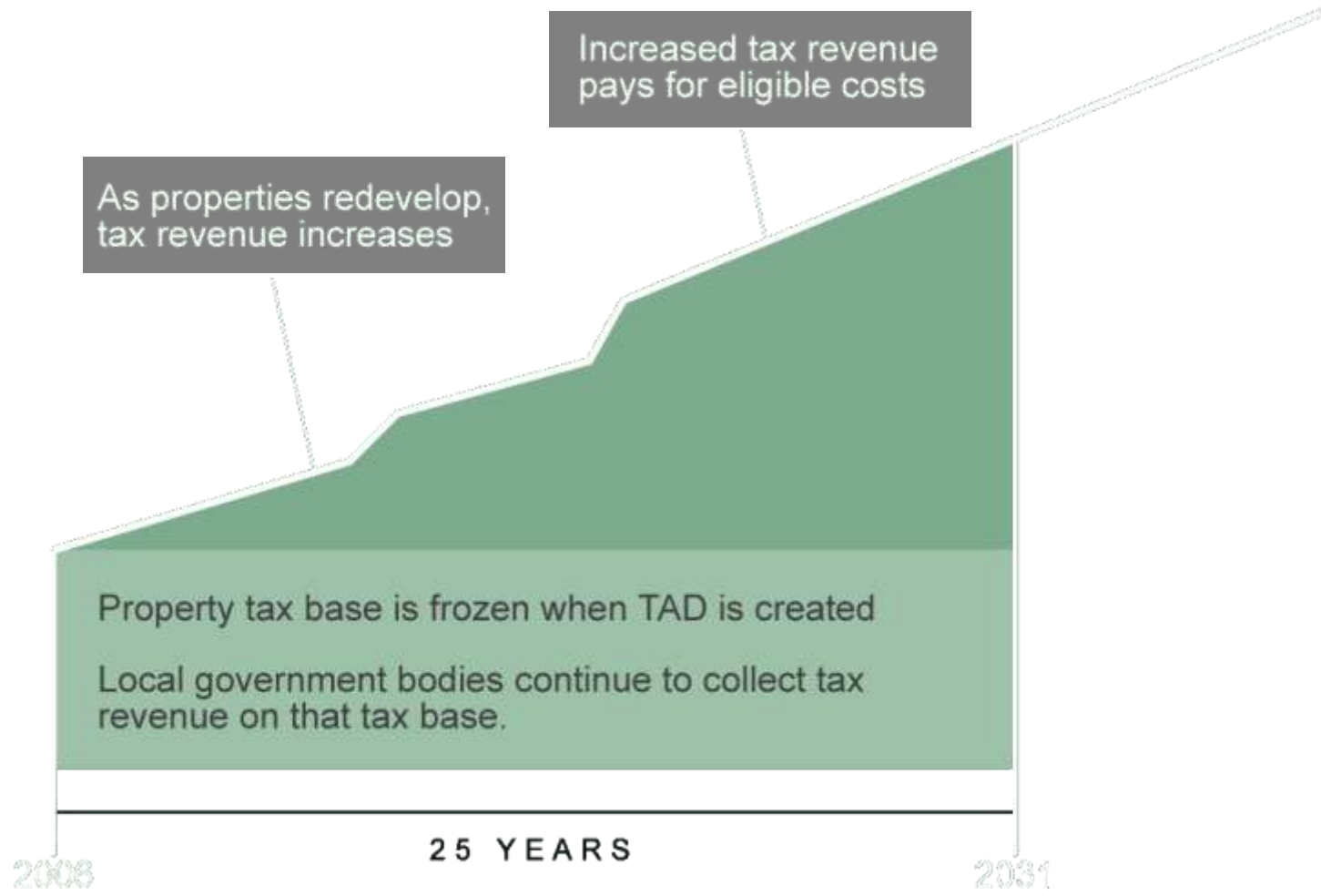
- Westside (1992, expanded 1998)
- Atlantic Station (1999)
- Princeton Lakes (2002)
- Perry-Bolton (2002)
- Eastside (2003)
- BeltLine (2005)
- **Metropolitan Parkway (2006)**
- **Stadium Neighborhoods (2006)**
- **Campbellton Road (2006)**
- **Hollowell/M.L. King (2006)**



How Do TADs Work?



How Do TADs Work?



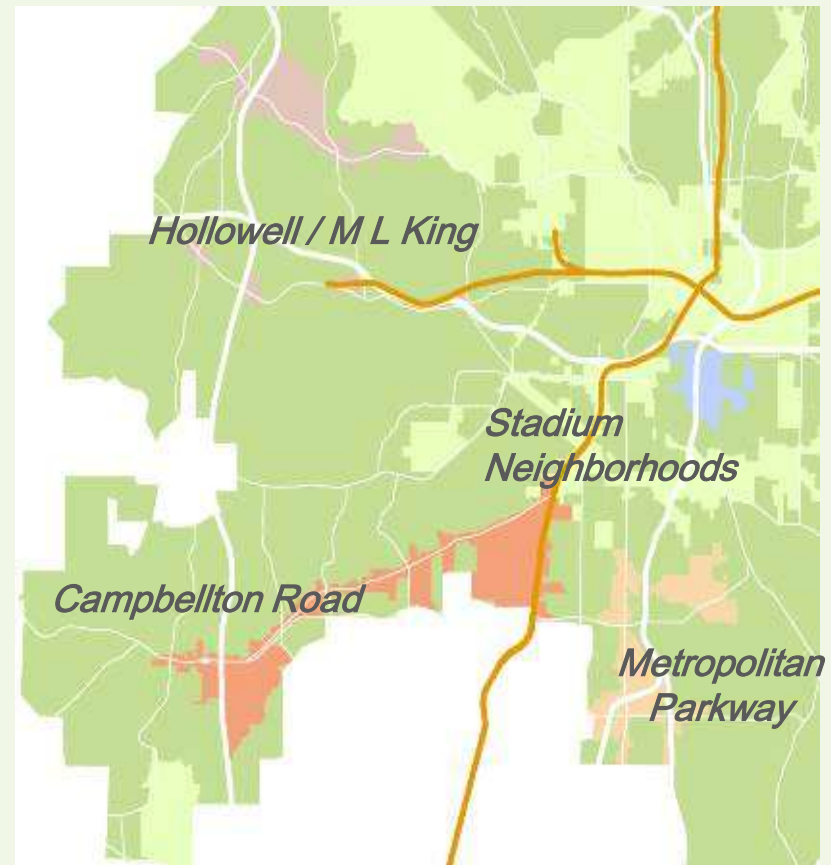
TAD Assessed Value Growth

	Acres	Year Est.	Base Value	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 *	Compound Annual Growth Rate
Westside	1386	1998	\$271	\$271	\$432	\$453	\$480	\$545	\$570	\$610	\$413	\$519	\$686	\$807	12%
Atlantic Station	138	1999	\$7		\$7	\$2	\$22	\$84	\$87	\$129	\$181	\$379	\$379	\$452	58%
Perry-Bolton	2273	2002	\$66					\$66	N/A	\$86	\$110	\$142	\$185	\$208	21%
Princeton Lakes	476	2002	\$1					\$1	N/A	\$2	\$5	\$34	\$88	\$109	126%
Eastside	890	2003	\$300						\$300	\$344	\$626	\$409	\$530	\$705	19%
BeltLine	6500	2005	\$543									\$623	\$862	\$1,125	28%
Stadium	372	2006	\$27										\$31	\$38	19%
Campbellton	1,433	2006	\$116										\$130	\$166	20%
Hollowell/MLK	886	2006	\$37										\$58	\$75	42%
Metropolitan	1023	2006	\$42										\$54	\$72	30%
Total	15,377		\$1,409	\$271	\$439	\$455	\$502	\$696	\$957	\$1,170	\$1,334	\$2,106	\$3,002	\$3,758	30%
City of Atlanta Digest				\$12,548	\$12,762	\$13,671	\$14,522	\$17,309	\$18,437	\$17,919	\$20,119	\$22,117	\$25,167	N/A	8%
City of Atlanta Digest (Excluding TADs)				\$12,277	\$12,323	\$13,215	\$14,020	\$16,813	\$17,480	\$16,749	\$18,242	\$19,904	\$22,165	N/A	7%

* 2008 Figures represent preliminary estimates by Fulton County Tax Assessors

The Four New Commercial Tax Allocation Districts

- Pay-as-you-go financing (minimum project size of \$5M)
- Alternative to Bonds, which require larger projects (multiple \$10M+ projects in a typical Bond Issuance of \$50M or more)
- Emphasis on commercial revitalization
- Developers reimbursed for costs already incurred as new tax increment is generated
- Project funding contingent upon continued satisfaction of policy goals and requirements
- Stream of funding is more flexible:
 - Smaller-scale development opportunities
 - Simpler than typical bond structure
- Earlier projects tend to get more benefit



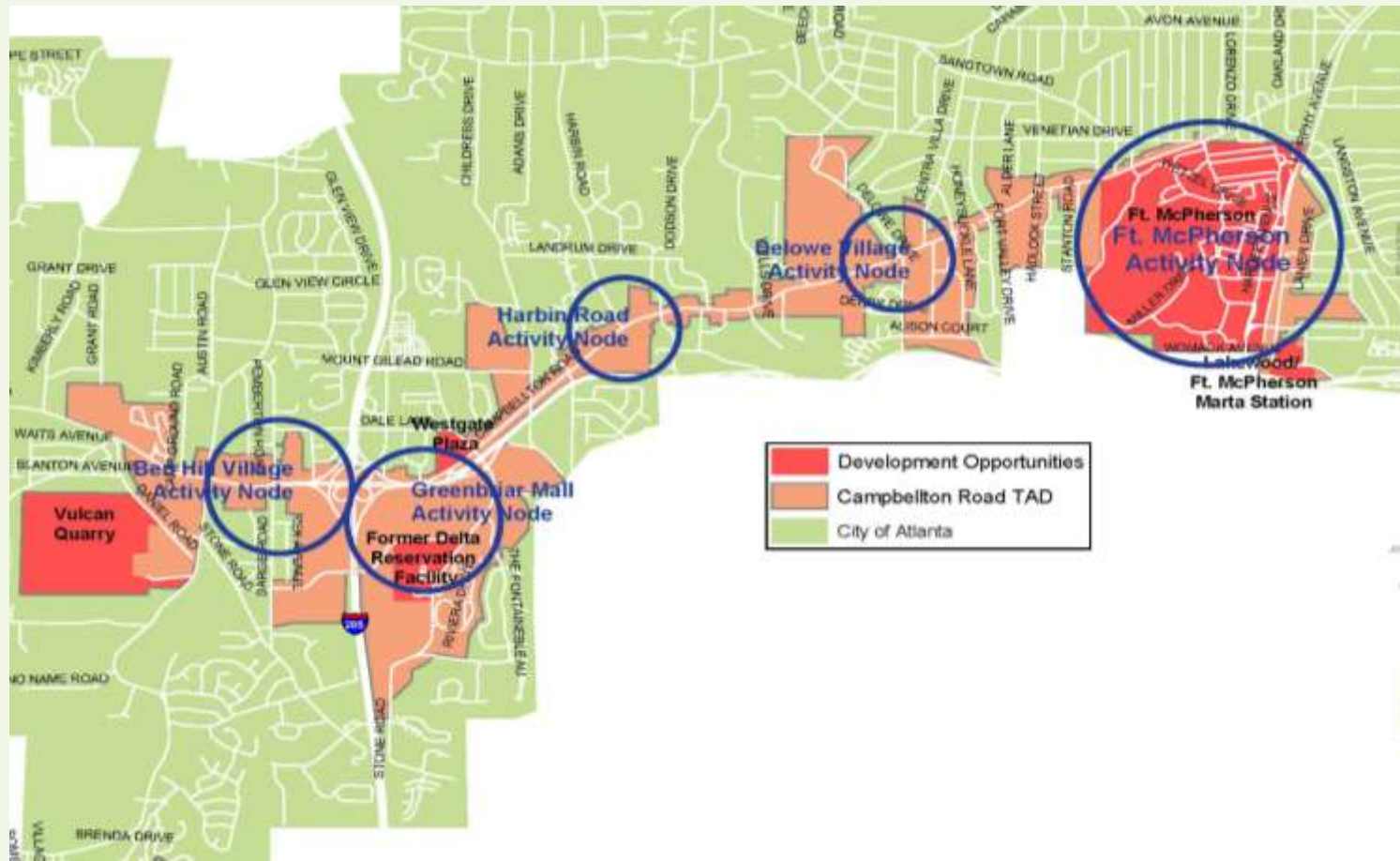
Commercial TADs Strategy

What we want to achieve:

- Attract private **investment** to spur catalytic mixed-use and economically viable development and job creation
 - Enhance retail and commercial uses
 - Grow industrial employment
 - Attract regional investments
 - Expand job opportunities for residents
- Direct significant increment to **quality-of-life** projects in the nodes
- Identify and leverage other capital resources that can work with Pay Go increment to create **economic development**



Campbellton Road TAD #7



Key Redevelopment Opportunities:

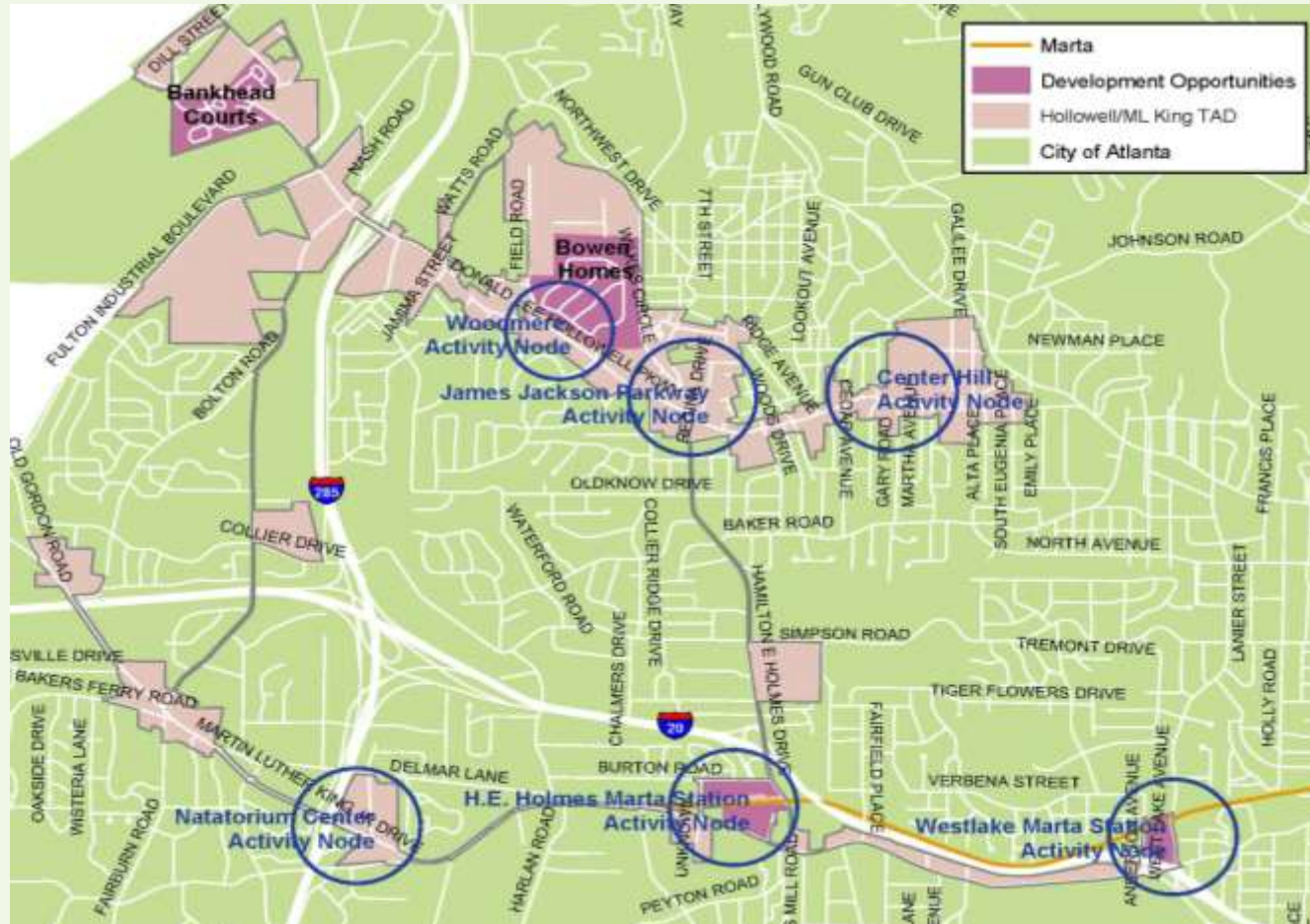
Lakewood/Ft. McPherson Marta Station

Ft. McPherson (485 acres)

Westgate Plaza (10 acres)

DeLowe Village Node

Hollowell / M.L. King TAD #8



Key Redevelopment Opportunities:

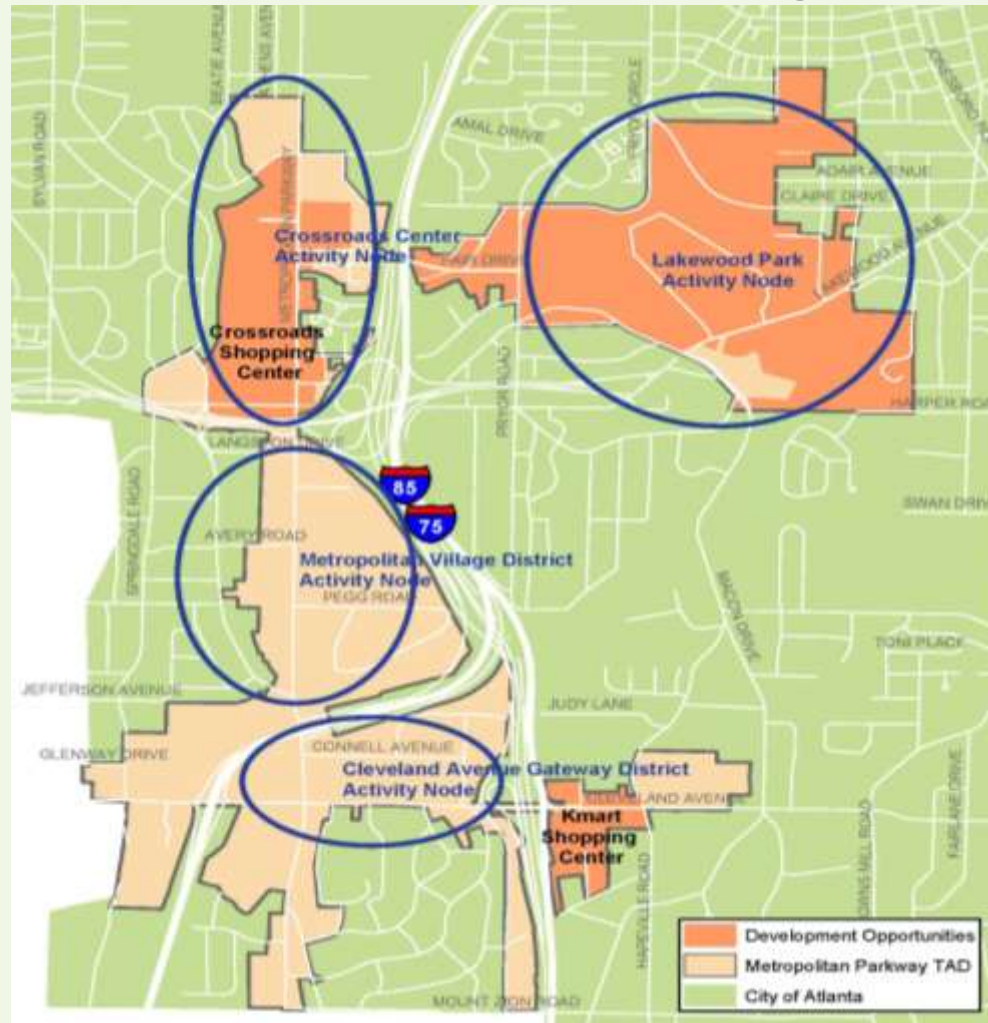
Westlake Marta Station

H.E. Holmes Marta Station

Bankhead Courts (45 acres)

Bowen Homes (77 acres)

Metropolitan Parkway TAD #9



Key Redevelopment Opportunities:

- Lakewood Fairgrounds (138 acres)
- Crossroads Shopping Center (23+ acres)
- Kmart Shopping Center (10+ acres)

Stadium Neighborhoods TAD #10



Key Redevelopment Opportunities:

- Turner Field surface parking
- 100 acres of private parking lots and vacant land
- Cooper Street School

Imagine Downtown, Inc.

Atlanta's New Markets Tax Credit Lending Entity

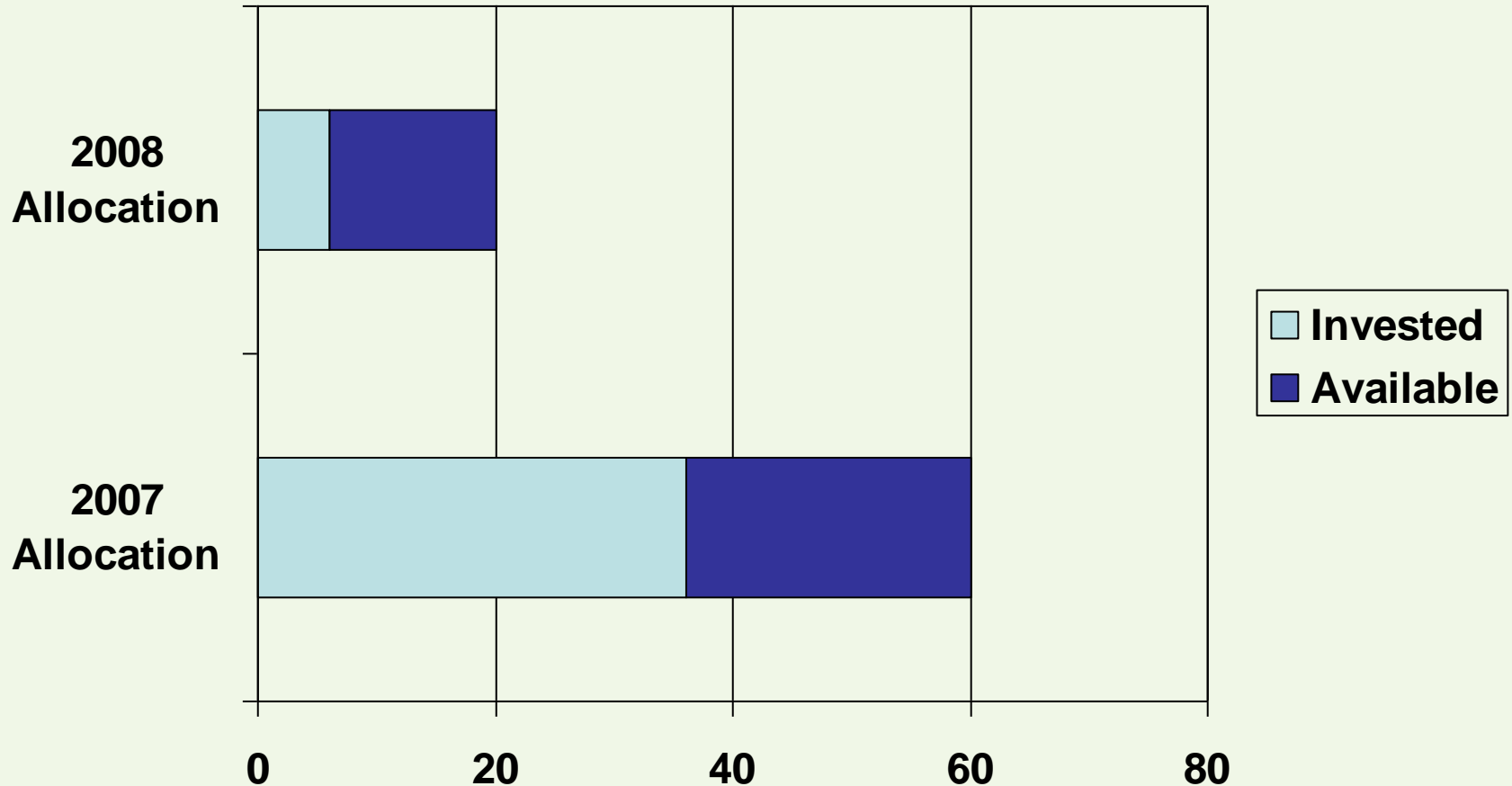
- Imagine Downtown, Inc. (“IDI”) is a 2007 and 2008 allocatee that has received \$80 million in New Markets Tax Credit authority
- ADA is controlling entity and provides all management oversight
 - Imagine Downtown, Inc. is directed by a six member Board of Directors
- Service area is Fulton County (higher distress low income census tracts as defined by the CDFI Fund)
- \$38 million in NMTC allocation available for non-residential, real estate development projects (minimum size of \$10 million due to high transaction costs)
 - Below market interest rate mezzanine debt product with favorable rates and terms (not a grant product)

City of Atlanta NMTC targeted areas



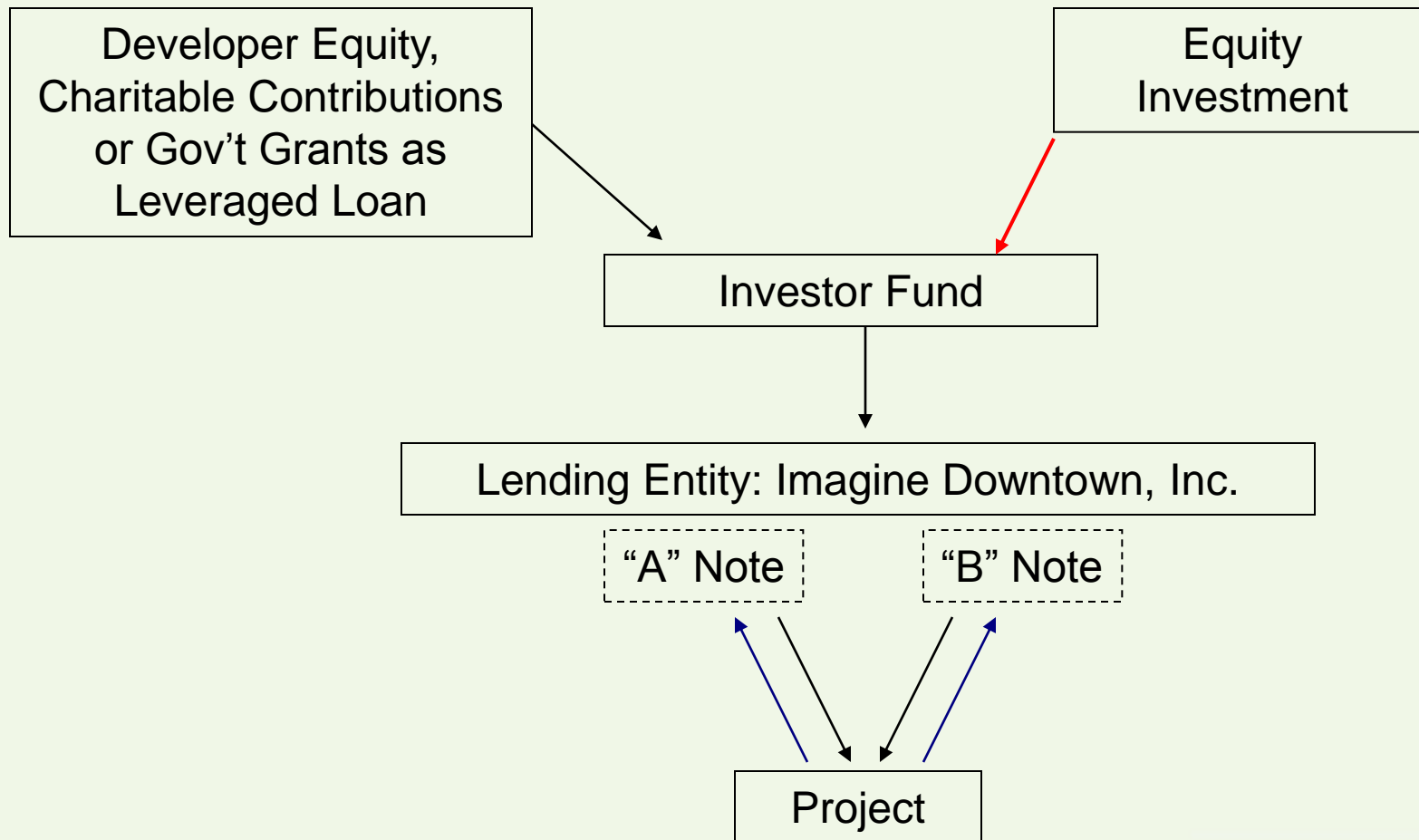
Imagine Downtown, Inc.

NMTC: \$80 million awarded, \$38 million available



Imagine Downtown, Inc.

Typical NMTC Deal Structure



Imagine Downtown, Inc.

Recent Transaction - Aerotropolis Atlanta



Ford Plant Redevelopment

Print# 80715152
Date: 07/15/08

Aerial Photography, Inc. 254-560-0404

- \$30M mezzanine loan
- Closed May 2009

Developer:
Jacoby Development

Project: 4,000 space
airport parking facility
with rooftop solar
power array



- Investor: SunTrust
- Lender: Capmark

Imagine Downtown, Inc.

Next Transaction - 200 Peachtree



- \$12M mezzanine loan
- Closed July 2010

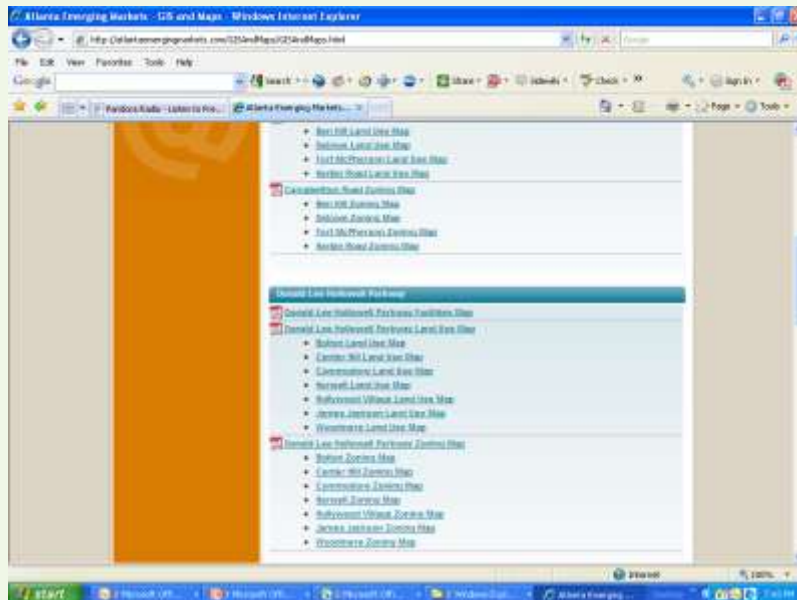
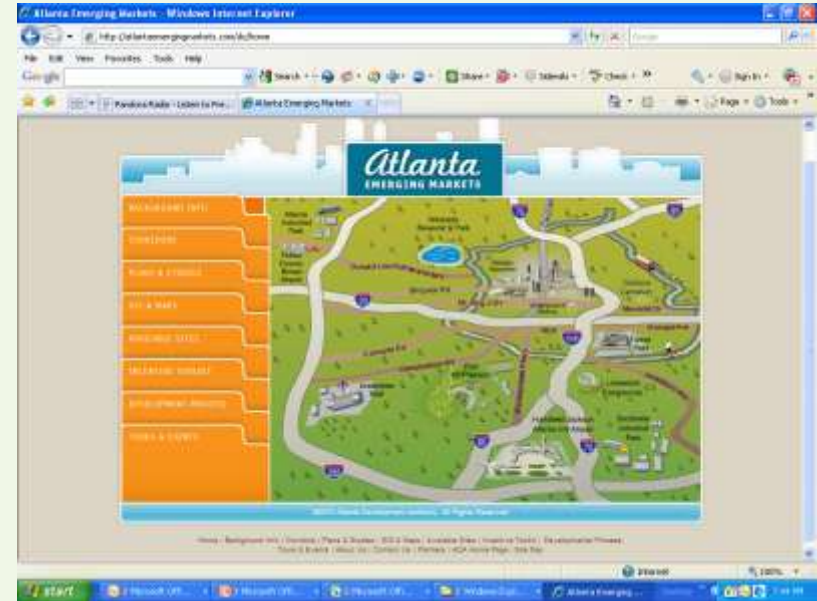
Developer:
180 Peachtree Retail

Project: Retail, special
event and conference
center

- Investor: Fifth Third
- Lender: Sponsor Equity

www.AtlantaEmergingMarkets.com

- Redevelopment Plans
- Land Use and Key Facilities Plans
- Detailed Maps and Plans
- Detailed NODES maps
- Parcel Lists



- To obtain a copy of this presentation visit our website at www.atlantada.com. Click “resource library” and scroll down to “presentations.”

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