



ATLANTA
URBAN DEVELOPMENT

Building a New Model for Affordable Housing Development

Leveraging public land and a new investment model to create high quality mixed-income housing



ATLANTA URBAN DEVELOPMENT BACKGROUND

CHALLENGE: 20K AFFORDABLE UNITS BY END OF 2029

Why 20k Units?

Mayor Dickens' 20k unit goal is based on One Atlanta Housing Affordability Action Plan, which identified a 20k unit gap in affordable housing units for Atlanta residents

Current Production Inadequate

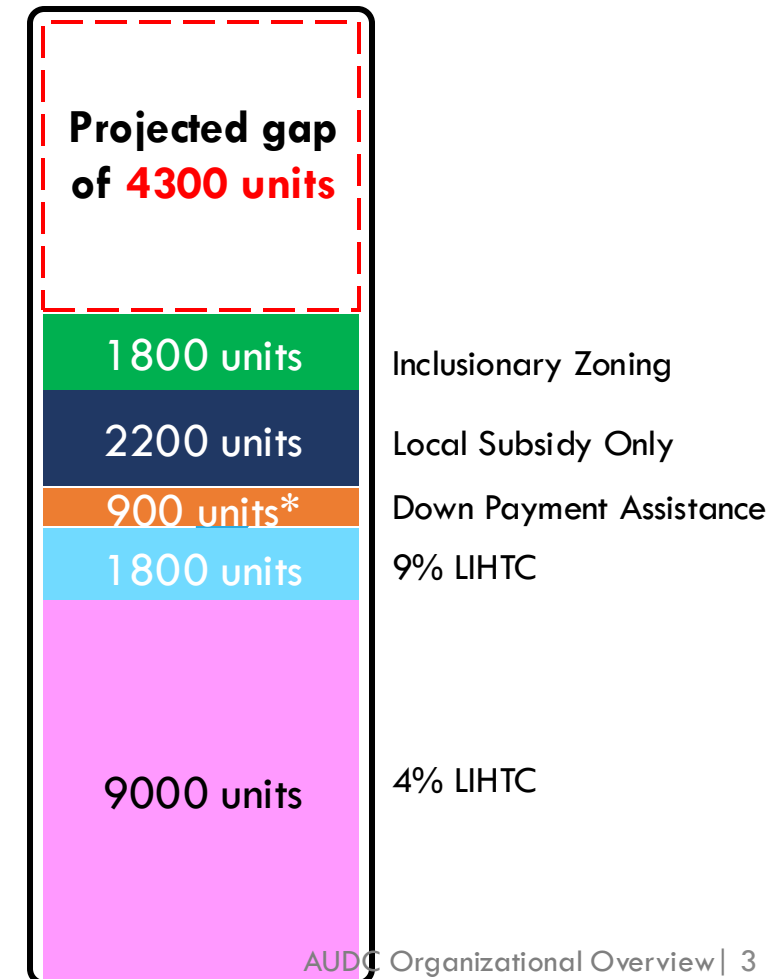
Atlanta's current strategy, in which state and federal Low Income Housing Tax Credits (LIHTC) generate about 2/3 of units, is estimated to only produce 15,700 units by 2030, leaving a 4,300 unit gap

The Way Forward

We have largely maxed out existing state and federal sources – to reach our housing affordability goals we must identify new local funding sources

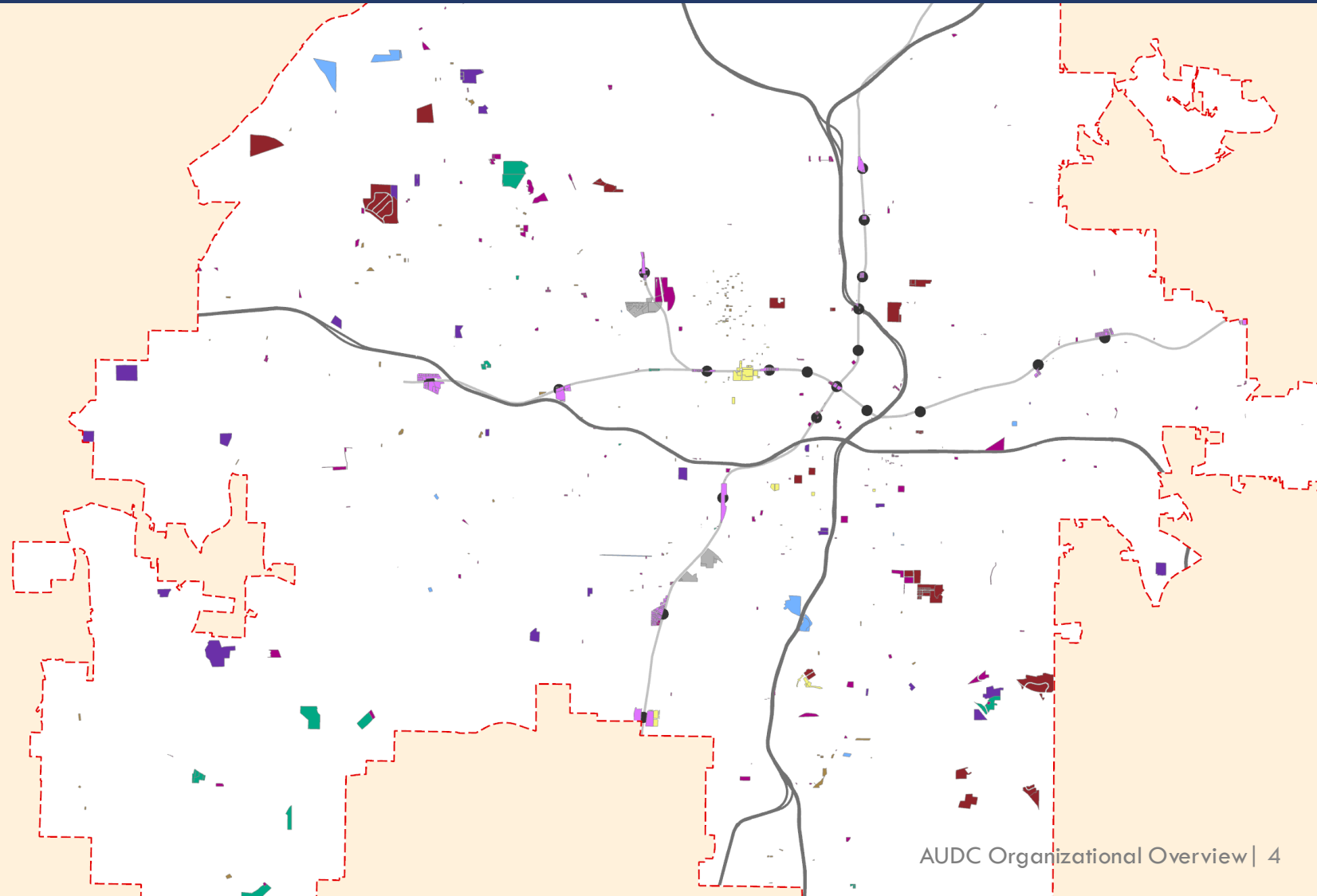
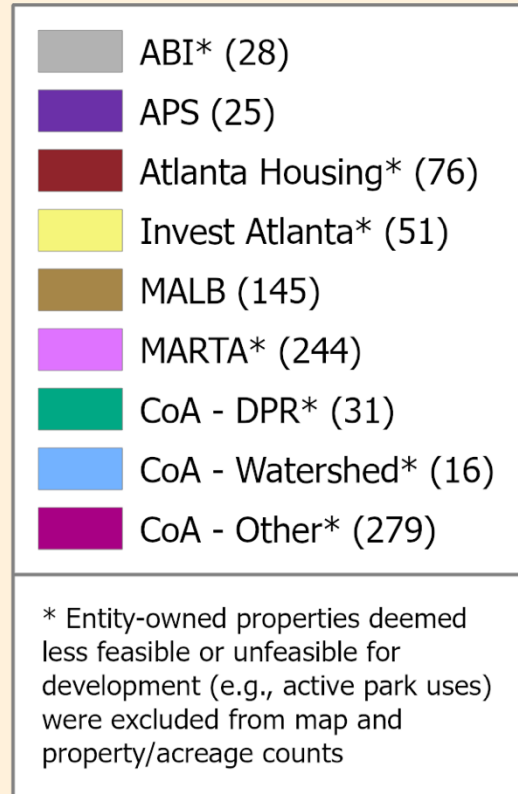
20,000

Goal for Affording Housing United Created or Preserved by End of 2029



MAXIMIZING VALUE OF PUBLIC LAND FOR AFFORDABLE HOUSING

AUD was conceived to unlock the over \$700M in land value held by the City of Atlanta and its public partners in underutilized or vacant property today.



LEARNING FROM A SUCCESSFUL FINANCING AND PARTNERSHIP MODEL

The Housing Opportunity Commission has pioneered a mixed-income housing model that has cleared a 3k+ unit pipeline relying on public land and low-interest, municipally financed debt

- Montgomery County's HOC (Maryland) partners w/ fee developers to build mixed-income, mixed-use housing w/ no LIHTC built on public land
 - 20% units @ 50% AMI, 10% units @ 80%AMI
- Use \$50M fund to issue a revolving, low-interest, mezzanine construction financing (Housing Production Fund) for their own projects
 - Fund is secured by County's housing trust fund's annual \$3M commitment
 - Actual spend from trust fund is much lower than \$3M
- The model's successes have been recognized
 - In 2022, County passed 2nd phase of \$50MM
 - State of MD proposing a state matching fund



HOCs The Laureate, 268 units of mixed-income TOD

BUILDING THE AUD

The AUD was created to expand affordable housing without relying on LIHTC funding, realizing the value of public land as a major source of equity by leveraging public investment.

CHALLENGE

LIHTC's LIMITATIONS

- Limited award availability
- Atlanta Housing is competing for less award availability
- Complicated capital stacks risk long development times
- LIHTC construction costs are typically 20% PSF relative to market rate projects

LOCAL TOOLKIT

PUBLIC LAND

- ~\$500M+ in value if realized as redevelopment
- Maximizing resource requires deeper public participation

PUBLIC FINANCE + TAX EXEMPTION

- Low interest loans and tax exemptions are the most readily available local sources of subsidy

SOLUTION

AUD HOUSING MODEL

- The proposed model of development combines available local resources – land and subsidy – and public sector capacity to execute
- AUD built as an organization w/the DNA to accelerate a new, innovative housing model built on activating public land

THE BUILDING BLOCKS OF THE AUD

The AUD will realize deep, permanent, adaptable affordability through a combination of tools

AFFORDABLE HOUSING GOALS

Deeply Affordable Rents

AUD will be able to pursue deeper levels of affordability for its developments than comparable deals

Permanent Affordability

AUD will be able to maintain the rents for its affordable units, irrespective of external factors affecting affordability

Affordability That Grows With Need

As rents in surrounding neighborhoods increase, AUD will be able to increase affordability by lowering rents on more of the units in its developments

ATLANTA URBAN DEVELOPMENT TOOLKIT

- **Public financing tools** (lower cost of capital) and **public ownership** make AUD deals more attractive to developers, allowing AUD greater negotiating leverage
- **Property tax exemptions** decrease operating costs, allowing property to reach required DSCR with lower overall rents

- **Public-private partnerships** with mechanisms for public control allow AUDC to control affordability of rents.

- **Mixed-income properties** allow market-rate units (with increasing rents) to subsidize the affordable units at the property.
- **Public-private partnerships** with mechanisms for public control allow AUD to increase affordability of rents.

ATLANTA URBAN DEVELOPMENT SUMMARY

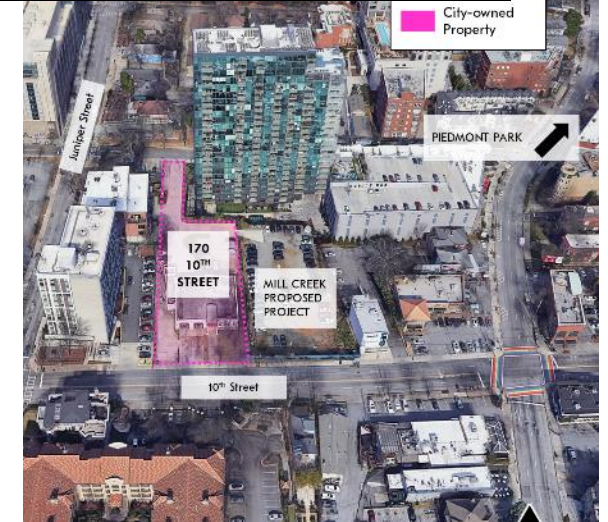
ATLANTA URBAN DEVELOPMENT CORPORATION

VISION

The Atlanta Urban Development Corporation is a specialized entity capable of leading the redevelopment of public land into marketable, mixed-income housing that is attractive and attainable to tenants of a broad range of income-levels to achieve the following goals:

1. Pioneer a new cross-subsidization model of public land development using public finance, tax exemption, and public land value and **not reliant on tax credits**
2. Establish **long-term affordability and control** of housing on newly developed sites, modeled after the social housing approach used around the world
3. **Partner with Atlanta's public agencies** to operationalize the Mayor's Housing Strike Force and streamline implementation of public, local sources of subsidy
4. To **catalyze large-scale redevelopment** of public land assemblages through community empowerment without displacement

Project: Fire Station #15



Project: Gun Club



AUD'S FINANCIAL TOOLKIT

AUD intends to unlock the following subsidy resources as its contribution to AUD-partnered projects. These tools are designed to reduce costs, reduce risk, and improve efficiency during pre-development, construction, and after stabilization.

Available Tools

Housing Production Fund

A dedicated \$38M fund to provide mezzanine-level, low-interest construction debt to AUD projects.

Private Enterprise Agreement

An up to 100% property tax exemption on all housing units up to 140% AMI.

Public Land

Entitled publicly-owned site contributed as equity into deals.

Low-Cost Permanent Finance

Use of bonding authority to secure below-market permanent takeout finance sourced from the municipal bond market.

External Partner Funding

AUD will work to identify external fund sources for public and philanthropic partners to contribute as additional capital sources into AUD deals.

TOOL SUMMARY: PRIVATE ENTERPRISE AGREEMENT

Overview

AUD is authorized to grant up to 100% property tax exemptions on all affordable and workforce housing units up to 140% AMI in which AUD has an ownership stake, a tool known in Georgia as a Private Enterprise Agreement (PEA).

Enabling

PEAs are a power granted to housing authorities and their subsidiaries by Georgia State Code §8-3-8, §8-3-3 and §8-3-3.1, which provide up to a 100% tax exemption without expiration.

Terms

The terms of the PEA are determined by a designated contract with AUD and must be approved by the AUD board. Terms of the PEA will be determined as a part of the deal-closing process, which will stipulate the length and amount of the tax exemption, as well as a possible payment in lieu of taxes (PILOT).

Affordability Requirements

PEAs will only be offered if AUD’s affordability targets are met.

DIAGRAM (2) 2023 AMI LEVELS IN ATLANTA

	Studio	1-Bed	2-Bed	3-Bed	4-Bed
50% AMI	\$893	\$957	\$1148	\$1327	\$1481
80% AMI	\$1430	\$1532	\$1838	\$2124	\$2370
140% AMI	\$2501	\$2681	\$3215	\$3717	\$4146

TOOL SUMMARY: HOUSING PRODUCTION FUND

Overview

The Housing Production Fund is a dedicated \$38M appropriation from the City of Atlanta, financed by the 2023 Housing Opportunity Bond, to provide mezzanine-level, low-interest construction loans to AUD developments. The HPF is allocated according to AUD needs and is administered by Invest Atlanta.

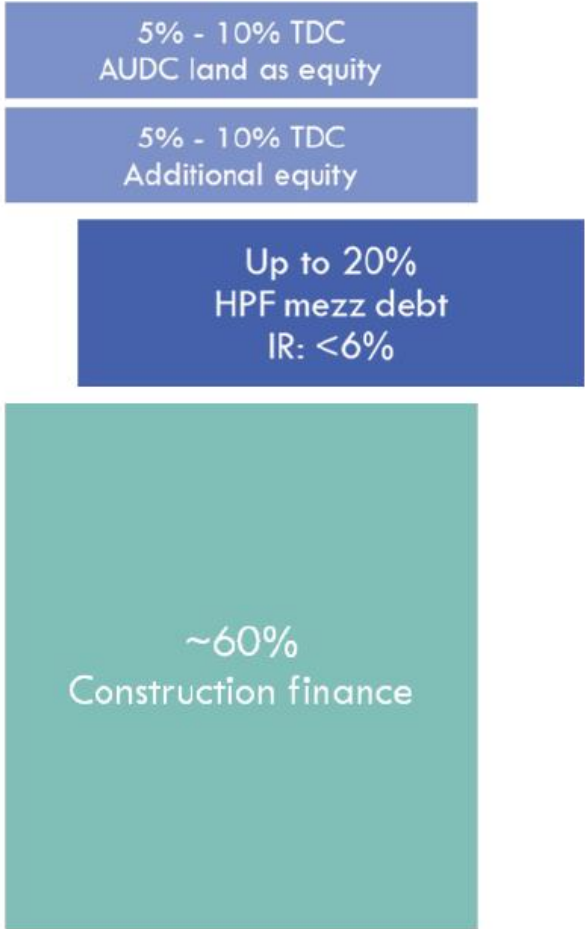
Mechanics

HPF loans are designed to provide a three- to five-year equity-like position for up to 20% of the capital stack. The HPF program is designed to provide below-market interest-only loans to be taken out at stabilization and recapitalization.

Impact

The fund provides first-draw capital for construction projects on publicly-owned land, helping to finance and de-risk pre-development, site preparation, site improvements, horizontal development, and early vertical development. The fund ensures a lower blended cost of flexible capital that reduces risk, shortens construction timelines, and translates into more affordable rents.

EXAMPLE CAPITAL STACK CONSTRUCTION



TOOL SUMMARY: LOW-COST PERMANENT FINANCE

Overview

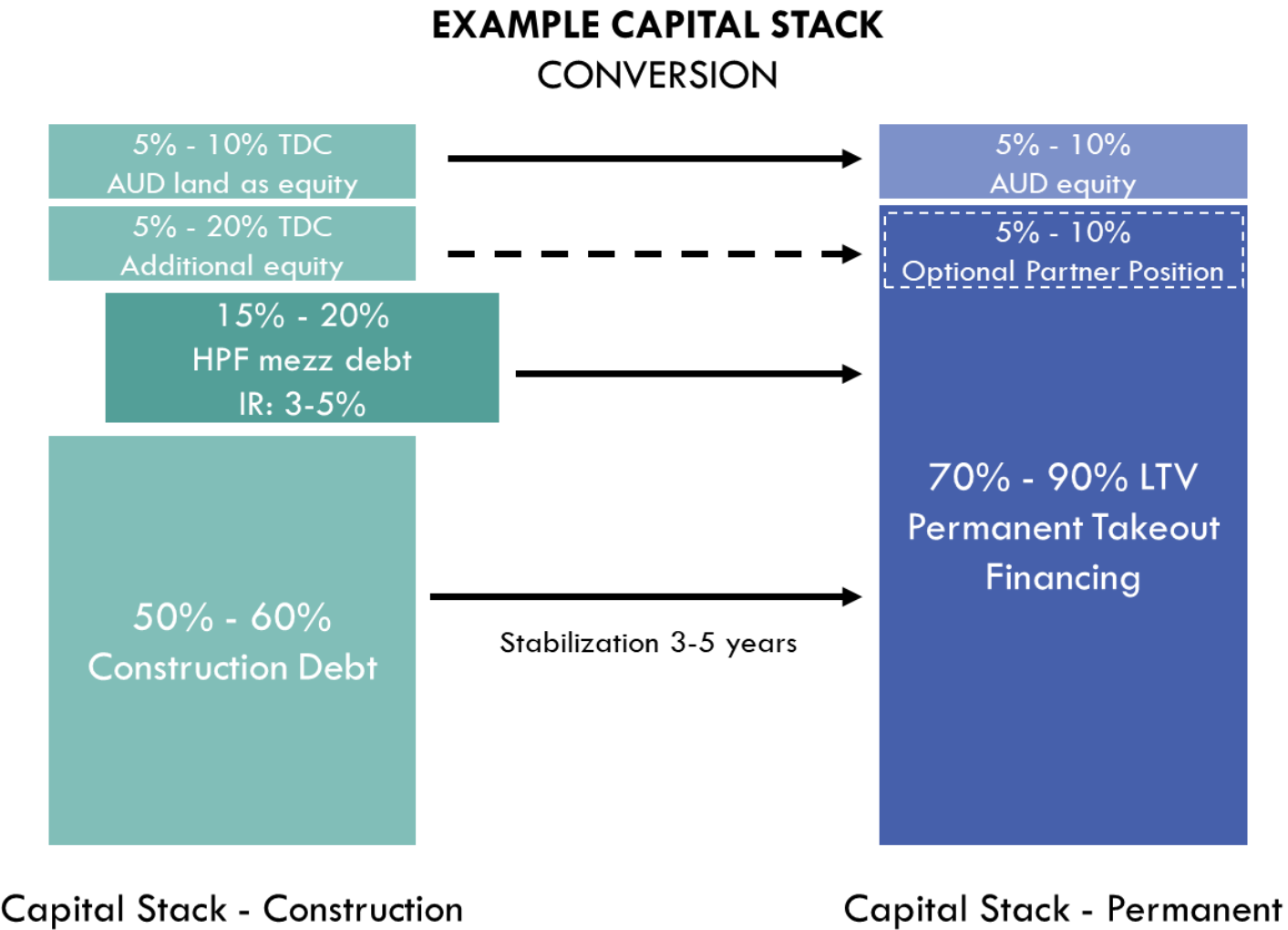
AUD, and other public partner, will use bonding authority to secure below-market permanent takeout finance sourced from the municipal bond market, preferably tax-exempt government bond debt based on availability.

Mechanics

This permanent debt will recapitalize the project upon stabilization and will reimburse both the HPF, construction debt, and partner equity, if applicable.

Impact

The City and AUD will provide resources necessary to ensure that the permanent finance is priced competitively. Debt terms are expected to include a 30-50 year amortization and ~1.2 DCR.



AUD PARTNERSHIP STRUCTURES SUMMARY

Common Partnership Terms

- Minimum affordability: 20% of units at 50% AMI and 10% of units at 80% AMI
- All rents below 140% AMI w/ stabilized rent growth across all units
- AUD to have right of first refusal over any sale to a third-party
- Operators must accept vouchers as source of income

Partnership Structures

Public Land JV

AUD publicly solicits to identify partner to develop a publicly-owned site and works with partner to jointly develop proposal for AUD funding under a joint venture partnership structure.

Capital JV

AUD to consider unsolicited partnership proposals for funding of new construction projects located on privately-owned sites under a joint venture partnership structure.

Ground Lease Financing

AUD to consider unsolicited partnership for new construction or acquisition/rehab projects for use of Private Enterprise Agreement and other partner capital sources.

PARTNERSHIP STRUCTURE: PUBLIC LAND JOINT VENTURE

AUD publicly solicits to identify partner to develop a publicly-owned site and works with partner to jointly develop proposal for AUD funding under a joint venture partnership structure.

Partnership Structure

Partners will participate in development as either equity partner or fee developer. AUD will contribute land, Housing Production Fund, and Private Enterprise Agreement and will guarantee optional capital exit for partners at stabilization under specified target conditions.

How Development Partners Participate

AUD will identify partners through an open, competitive public procurement. Projects will be designed from the ground up through partnership with the AUD.

Impact

Projects under this partnership arrangement will deliver returns to both parties, with the potential for stabilized affordability that grows over time as project matures.



Example Project: Midtown Fire Station

Available Tools

Housing Production Fund	Public Land	External Partner Funding
Private Enterprise Agreement	Low-Cost Permanent Finance	

PARTNERSHIP STRUCTURE: CAPITAL JOINT VENTURE

AUD to consider unsolicited partnership proposals for funding of new construction projects located on privately-owned sites under a joint venture partnership structure.

Partnership Structure

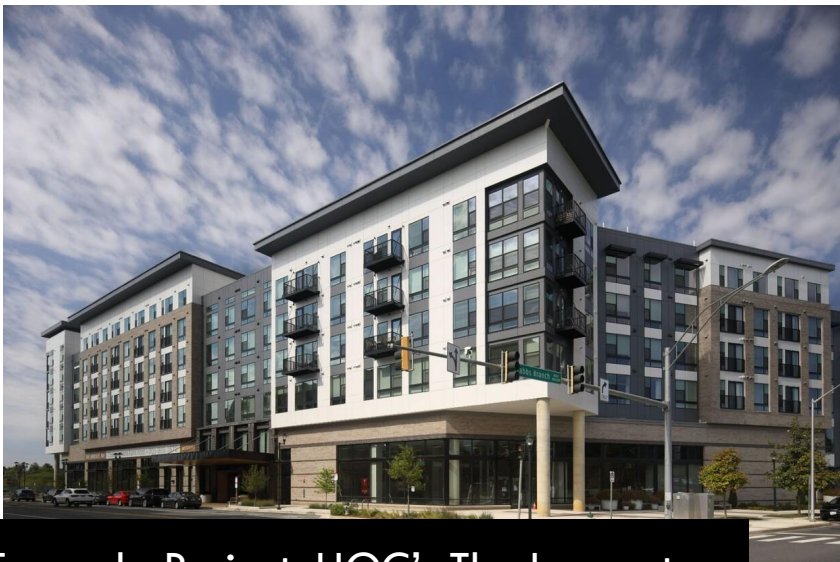
Partners will participate in development as equity partner. AUD will contribute Housing Production Fund and Private Enterprise agreement and will guarantee optional capital exit for partners at stabilization under specified target conditions.

How Development Partners Participate

Interested parties are free to approach the AUD will potential partnerships. AUD will typically have a less involved role in design of these projects.

Impact

Projects under this partnership arrangement will deliver returns to both parties, with the potential for stabilized affordability that grows over time as project matures.



Example Project: HOC's The Laureate

Available Tools

Housing Production Fund	Public Land	External Partner Funding
Private Enterprise Agreement	Low-Cost Permanent Finance	

PARTNERSHIP STRUCTURE: GROUND LEASE FINANCING

AUD to consider unsolicited partnership for new construction or acquisition/rehabilitation projects for use of Private Enterprise Agreement and other partner capital sources.

Partnership Structure

Partners will typically participate in development as sole equity contributor, though this will vary depending on external capital sources.. AUD will contribute Private Enterprise agreement and potential external partnership funding. AUD will reserve as right of first refusal for all project sales.

How Development Partners Participate

Interested parties are free to approach the AUD will potential partnerships. AUD will typically have a less involved role in design of these projects.

Impact

AUD will typically not participate in project returns, opting instead to guarantee affordability targets are met.



Example Project: Cobb County’s The Clover

Available Tools

Housing Production Fund	Public Land	External Partner Funding
Private Enterprise Agreement	Low-Cost Permanent Finance	

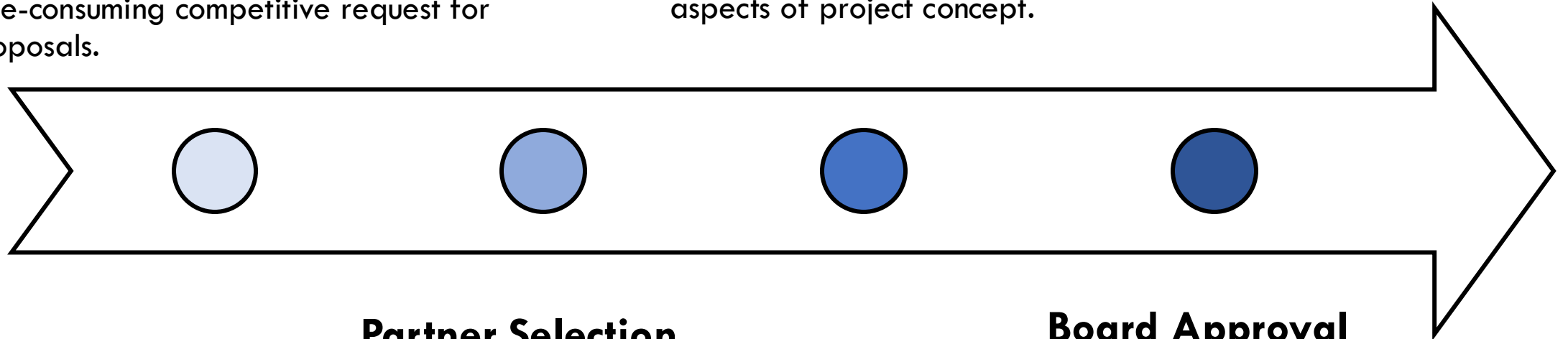
AUD'S APPROACH TO PROCUREMENT

Request for Qualifications

AUD's procurement will emphasize qualifications and aligned vision through an open RFQ procurement, and does not anticipate requiring an expensive or time-consuming competitive request for proposals.

Concept Development

AUD to begin collaborative concept development to determine project partnership arrangement, deal terms programming, cost, design, and other aspects of project concept.



Partner Selection

Through competitive selection process, AUD Evaluation Committee will recommend most qualified and aligned partners with Board confirmation.

Board Approval

AUD will work with the selected development partner to finalize partnership terms prior to Board vote and public announcement.

IDENTIFIED PIPELINE

MIDTOWN FIRE

Address
170 10th Street

Current Use
Fire Rescue Station 15

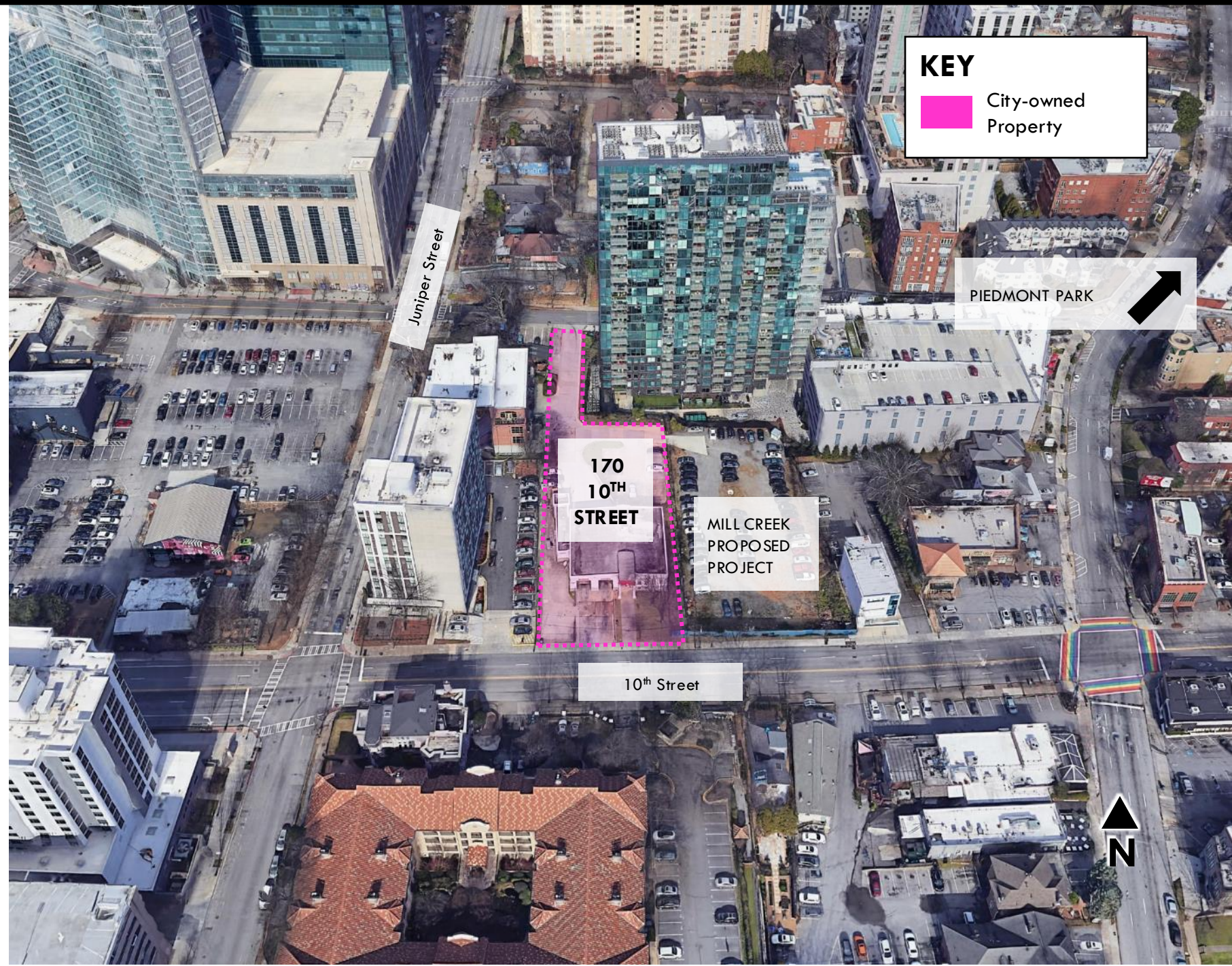
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CHALLENGE

- Temporary relocation of fire station

OPPORTUNITY

- Strong demand for redevelopment in the area; \$150M proposed MF project immediately adjacent to fire station
- Integrated ground-floor fire station into mixed-use development



GUN CLUB

1. Gun Club Park

Gun Club Park redevelopment proposes a mixed-income, mixed-use community with:

- ~400 total units,
- ~200 units of ownership single-family and townhome,
- ~200 units of small-scale multifamily up to 3-stories,
- 1/3 of units affordable to households earning between 50% and 80% AML,
- Prioritize construction 2BR, 3BR, and 4BR units,
- ~10k SQFT of retail,
- Extension of Proctor Creek Greenway trail, and
- Preservation of 40% as new park space and preserved tree canopy.

2. Johnson Road

Johnson Road redevelopment proposes a mixed-income, mixed-use "town center," serving as a gathering space for surrounding communities with:

- ~300 units of 5-story multifamily rental,
- 30% of units affordable to households earning between 50% and 80% AML,
- Up to ~10k SQFT of retail,
- Streetscape enhancements to Johnson Road to improve safety, and
- New enhanced amenity space along Proctor Creek.

