

Tax Allocation Districts (“TADs”) 101

Overview of Presentation

- ◆ The Atlanta Development Authority
- ◆ What is a TAD?
- ◆ TAD Creation Process
- ◆ ADA Approach to TADs
- ◆ TAD Project Funding Process
- ◆ City of Atlanta TADs
- ◆ 4 New TADs

The Atlanta Development Authority

- ◆ Distinct public body corporate and politic and not directly controlled by the creating Governing Body
 - Provides City with flexibility to implement economic development initiatives
 - Governed by 9-member Board
- ◆ Georgia Redevelopment Powers Law gave local governments the right to create TADs
 - Consisting of economically and socially depressed areas
- ◆ Responsible for implementing redevelopment activities within each TAD

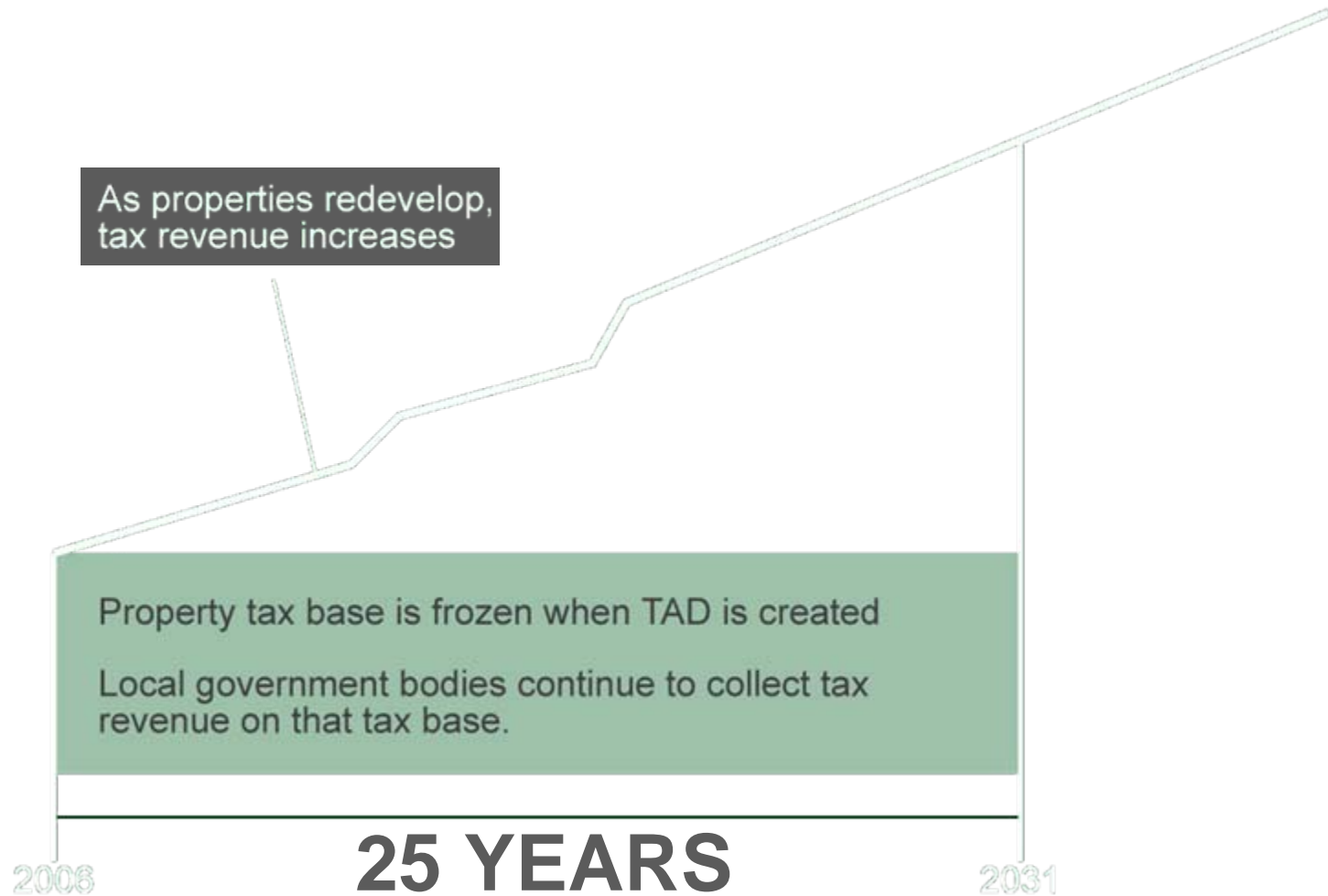
The Atlanta Development Authority

- ◆ Urban Residential Finance Authority
 - Issues multi-family bonds
 - Provides mortgage downpayment assistance
- ◆ Neighborhood Development
 - Develops residential and commercial projects in under-served areas
- ◆ Commerce and Entrepreneurship
 - Administers small businesses loans
 - Serves as a resource for information on business incentives and credits
- ◆ Tax Allocation Districts
 - Manages and administers existing TADs

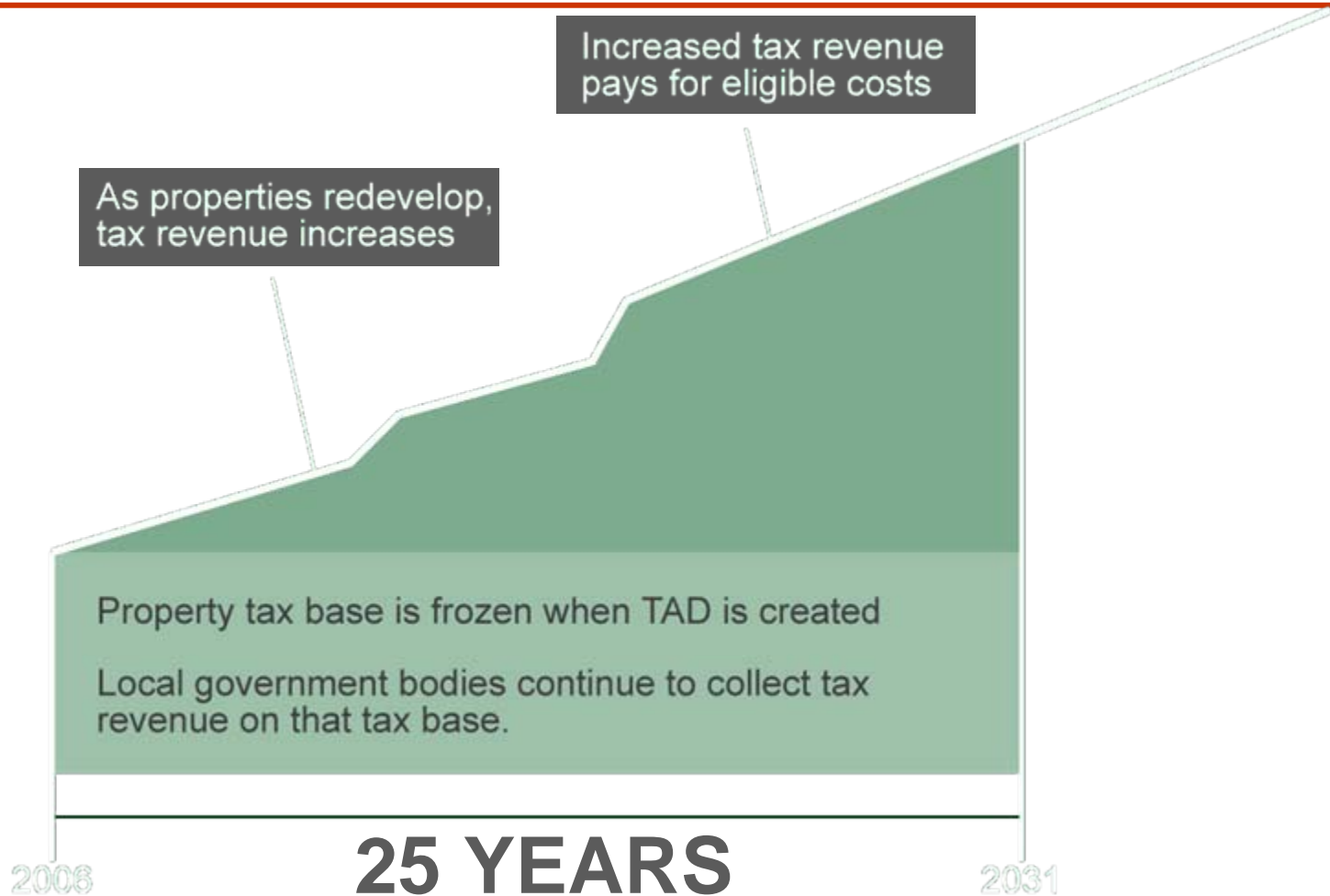
What is a TAD?

- ◆ One of the City's most important economic incentive tools
- ◆ Creates incentive for development that would otherwise not occur
- ◆ Tax Increment Financing (TIF) is a tool used to publicly finance certain redevelopment activities in underdeveloped or blighted areas
- ◆ Locally, TAD creation results from legislation passed by the City, County, and Atlanta Public Schools
- ◆ The tax base within a specified geographical area is set as of the effective date of the TAD creation
- ◆ New development within the TAD increases property values and thereby increases tax revenue

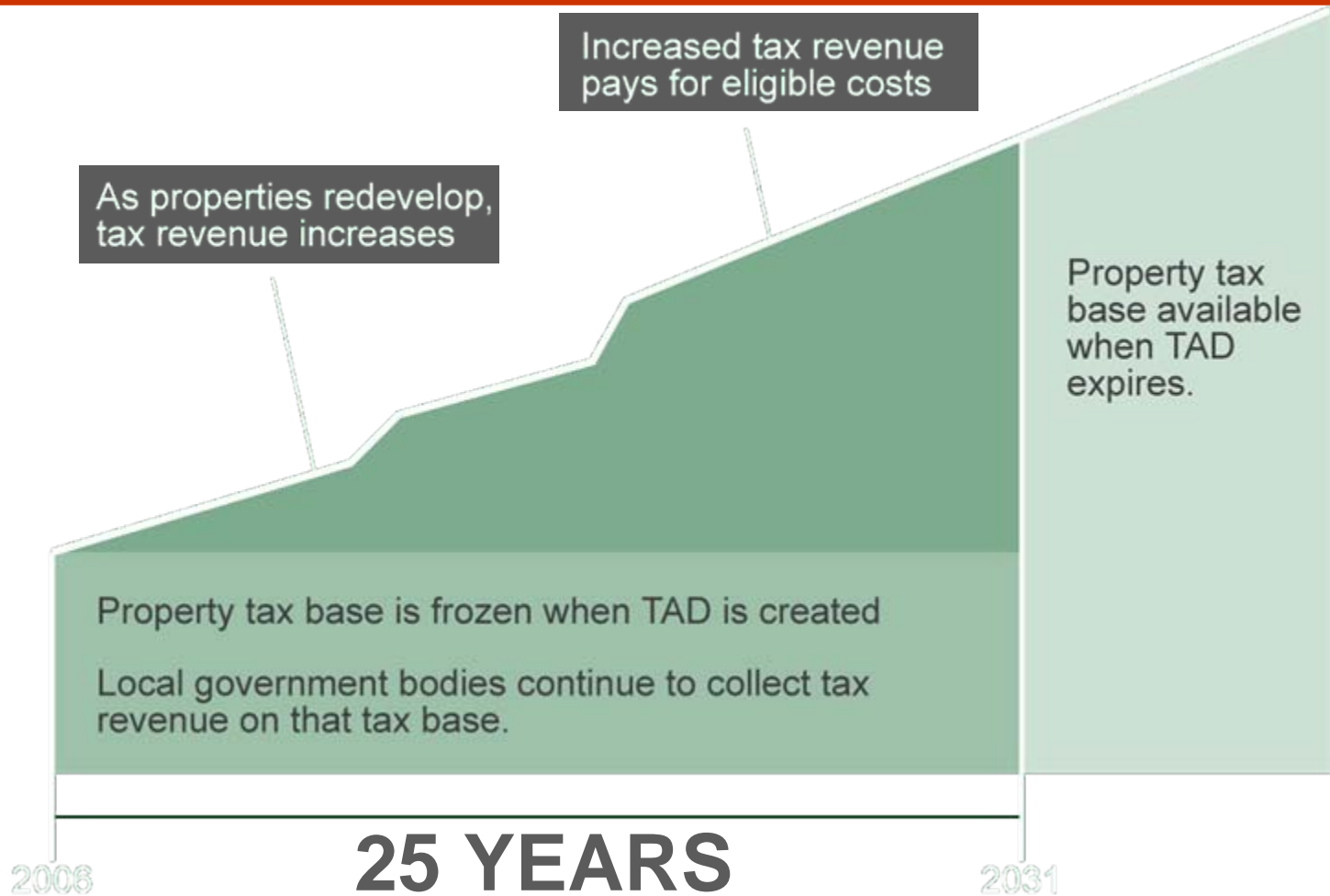
What is a TAD?



What is a TAD?



What is a TAD?



TAD Creation Process

1. Redevelopment area identified
2. If the value of taxable property in proposed TAD plus the value of taxable property in existing TADs **exceeds 10%** of City's total taxable property value, the proposed TAD cannot be created
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. Local government resolution introduced (initiating jurisdiction)
5. Public hearing
6. Resolutions of other governing bodies adopted (consenting jurisdictions)
7. Base taxable value for the TAD determined and certified by the State Revenue Commissioner

ADA Approach to TIF

- ◆ Jumpstart development
- ◆ Operate in a five-year timeframe
- ◆ Initial projects receive a greater percent of available increment
- ◆ Only subsidize projects where true developer shortfall exists (“but for” test)
- ◆ Use of funds to achieve important City objectives consistent with the Economic Development Plan

New Century Economic Development Plan 5-Year Goals

- ◆ Create 60,000 new jobs in the City of Atlanta
- ◆ Create 24,000 new metro jobs related to airport growth and expansion
- ◆ Grow property value in the City by \$26B, by adding households and leased commercial space
- ◆ Add 2,000 new workforce housing units each year by use of City incentives
- ◆ Decrease the City's crime rate by 50%
- ◆ Increase the high school completion rate of Atlanta Public School students by 25%
- ◆ Add 1,900 acres of dedicated parks and greenspace to the City

TAD Project Funding Process

1. Developer meets with ADA to discuss scope of project
2. Developer submits application for TAD funding
3. ADA conducts project analysis and due diligence with underwriter and consultants
 - a. Market study
 - b. Fiscal feasibility
4. Community Advisory Boards review proposed projects
5. ADA Board approves projects and terms of Development Agreement
6. Developer enters into Development Agreement with City and ADA
7. City Council approves bond package
8. Bonds are issued by City
9. Post-issuance monitoring and reporting by ADA

TAD Project Funding Process: *ADA Preliminary Review*

- ◆ Is it consistent with purpose/goals of TAD?
- ◆ Does it meet the “but for” test?
- ◆ Will it generate money to fund other projects?

TAD Project Funding Process: *Due Diligence*

- ◆ Includes:
 - Real estate valuation
 - Market absorption
 - Feasibility studies
- ◆ Conducted by:
 - ADA Staff, Bond Underwriters, Bond Counsel, and 3rd Party Consultants

TAD Project Funding Process: *Project Analysis*

- ◆ Tax value: Analyze project costs and Fulton County assessments of comparable projects
- ◆ Project increment: Post-development property tax bill less the initial property tax bill
- ◆ Gross bond sizing: Apply debt coverage ratio and debt service constant to project increment
- ◆ Net bond proceeds: Gross bond minus cost of issuance, debt service reserve, capitalized interest, and community commitments

TAD Project Funding Process: *Community Advisory Boards*

- ◆ Function: Review each TAD application and make a recommendation to ADA Board in support or opposition
- ◆ Membership
 - Criteria set forth in TAD resolution
 - Comprised of nominated residents and community leaders
 - City Council confirms appointments

TAD Project Funding Process: *Development Agreement*

- ◆ Agreement between developer of approved project and City of Atlanta
- ◆ Protects interests of the City as development moves forward
 - Outlines the relationship between the developer, ADA, and City
 - Developer's obligations
 - Completed construction
 - Minority participation
 - Parks and greenspace
 - Conditions for disbursement of bond proceeds

TAD Project Funding Process: *ADA Board*

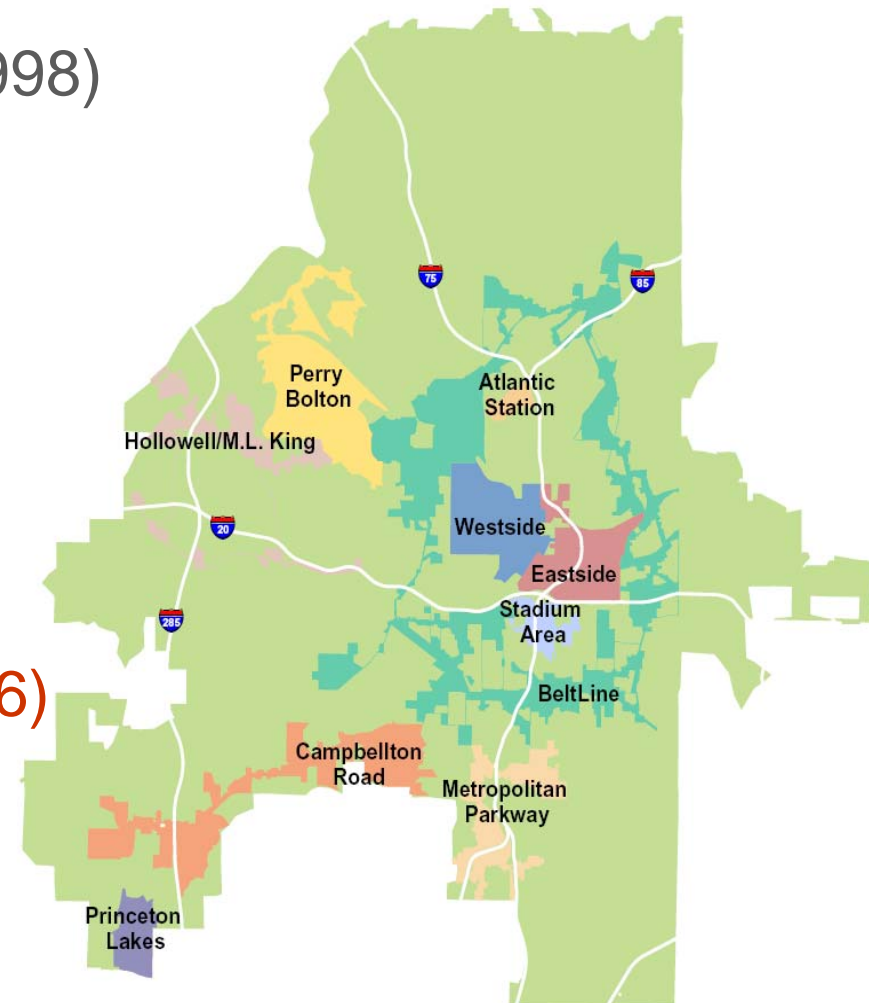
- ◆ Reviews ADA staff and Advisory Board recommendations for TAD funding
- ◆ Board approves Development Agreement and maximum Bond Issue amount
- ◆ Subject to City Council approval, a project is earmarked for inclusion in the next Tax Allocation Bond Issue

TAD Project Funding Process: *Bond Issuance*

- ◆ City Council approves terms of proposed bond issues after which tax allocation bonds can be sold
- ◆ City is represented by members of Law and Finance Department in preparation of bond issue along with Underwriters and Bond Counsel

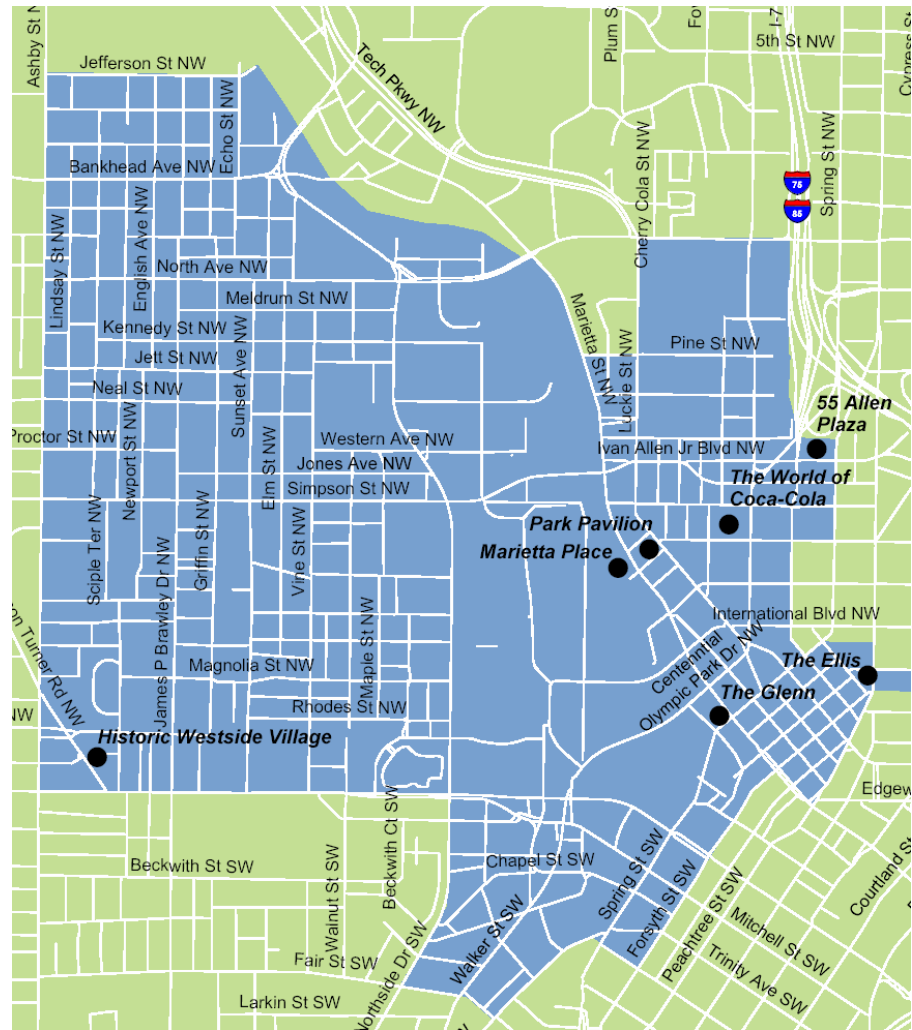
City of Atlanta Tax Allocation Districts

- ◆ 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)



City of Atlanta TADs: *Westside*

- ◆ Created in 1992, expanded in 1998
- ◆ Covers Downtown west of Peachtree plus Vine City and English Avenue
- ◆ 2005 Bond Issue (\$82.6 million) supported: 210 new condominiums, 195,000 sf of retail and entertainment space, 323,000 sf of office space and 480 hotel rooms.
- ◆ Allocation to Neighborhood Fund in support of Westside neighborhood revitalization.
- ◆ Base Assessed Value: \$270,693,404
- ◆ 2007 Assessed Value: \$683,801,000



City of Atlanta TADs: *Westside TAD*



The new World of Coca-Cola



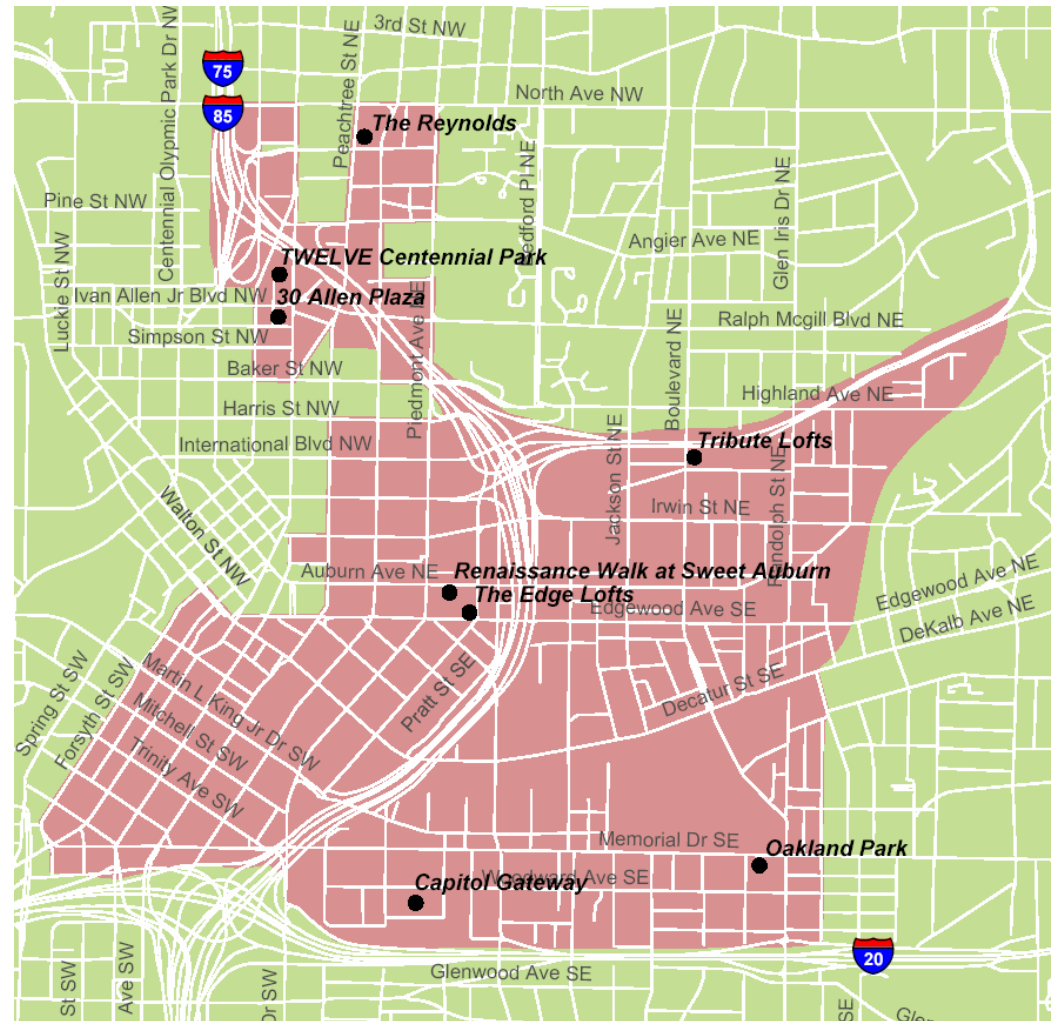
55 Allen Plaza



Park Pavilion

City of Atlanta TADs: *Eastside*

- ◆ Spur the creation of an attractive, walkable, bustling 24-hour downtown
- ◆ 2005 Bond Issue (\$47.5 million) supported: 1,900 housing units, 150,000 sf of retail, 250,000 sf of office space and over 100 hotel rooms.
- ◆ Base Assessed Value: \$299,727,400
- ◆ 2007 Assessed Value: \$530,197,000



City of Atlanta TADs: *Eastside TAD*



TWELVE Centennial Park



Renaissance Walk at Sweet Auburn



Capitol Gateway



30 Allen Plaza

City of Atlanta TADs: *Atlantic Station*

- ◆ Facilitate the environmental remediation and redevelopment of this 138-acre brownfield site
- ◆ Atlantic Station mixed-use community to include: 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
- ◆ \$76.5 million bond issue in 2001; \$166.5 million second funding in 2006
- ◆ Base Assessed Value: \$7,193,480
- ◆ 2007 Assessed Value: \$378,776,000



City of Atlanta TADs: *Atlantic Station TAD*



Publix and TWELVE



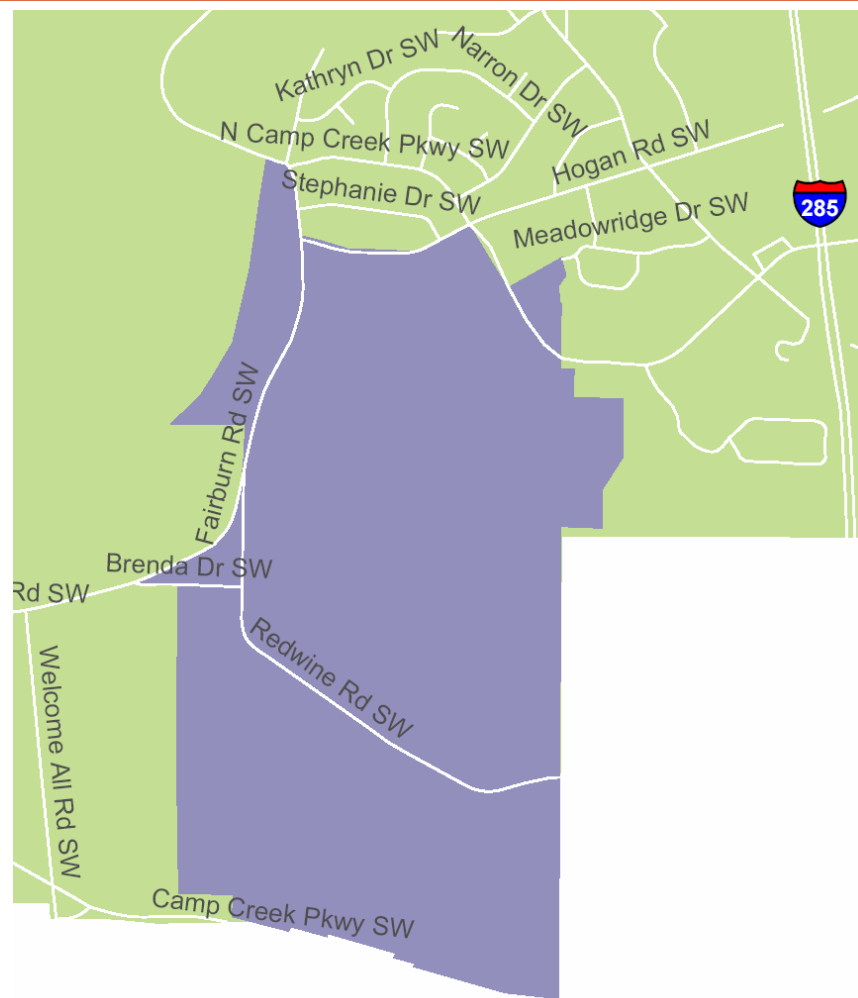
18th Street in The District



Beazer Townhomes

City of Atlanta TADs: *Princeton Lakes*

- ◆ Support the necessary infrastructure improvements on the site
- ◆ 2006 Bond Issue (\$21 million) supported: mixed-use development with 90,000 s.f. of office space, 378,000 s.f. of retail and restaurants, 450 townhomes, 350 apartments and 700 detached single-family homes.
- ◆ Base Assessed Value: \$826,760
- ◆ 2007 Assessed Value: \$88,064,000



City of Atlanta TADs: *Princeton Lakes*



Single Family Homes



Aerial View of Development



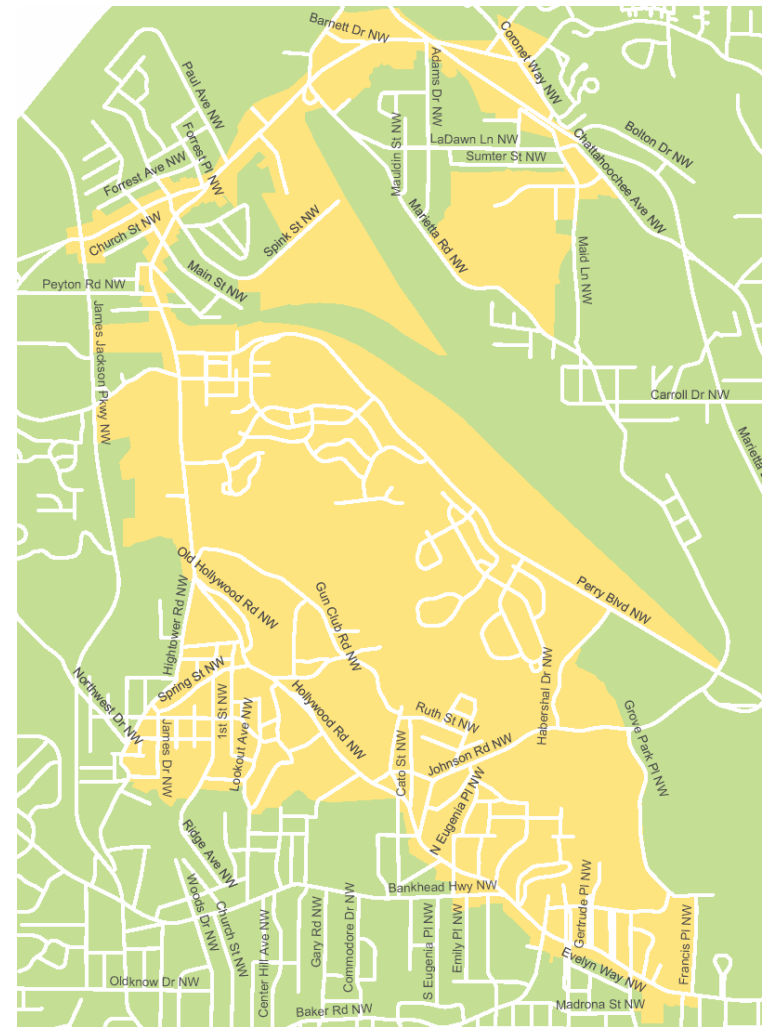
Camp Creek Marketplace Phase II



Apartments Under Construction

City of Atlanta TADs: *Perry-Bolton*

- ◆ Focus is the redevelopment of Perry Homes and the revitalization of the surrounding area
- ◆ 2007 Bond Issue (approximately \$75 million) will support: the construction of over 1,200 detached single-family homes, 700 apartments, community facilities and active parkland
- ◆ Base Assessed Value: \$66,022,880
- ◆ 2007 Assessed Value: \$184,988,000



City of Atlanta TADs: *Perry-Bolton*



West Highlands Single Family Homes



Perry Village



Bolton Village



Heman E. Perry Park



Moores Mill Village

Tax Allocation Districts: *The BeltLine*

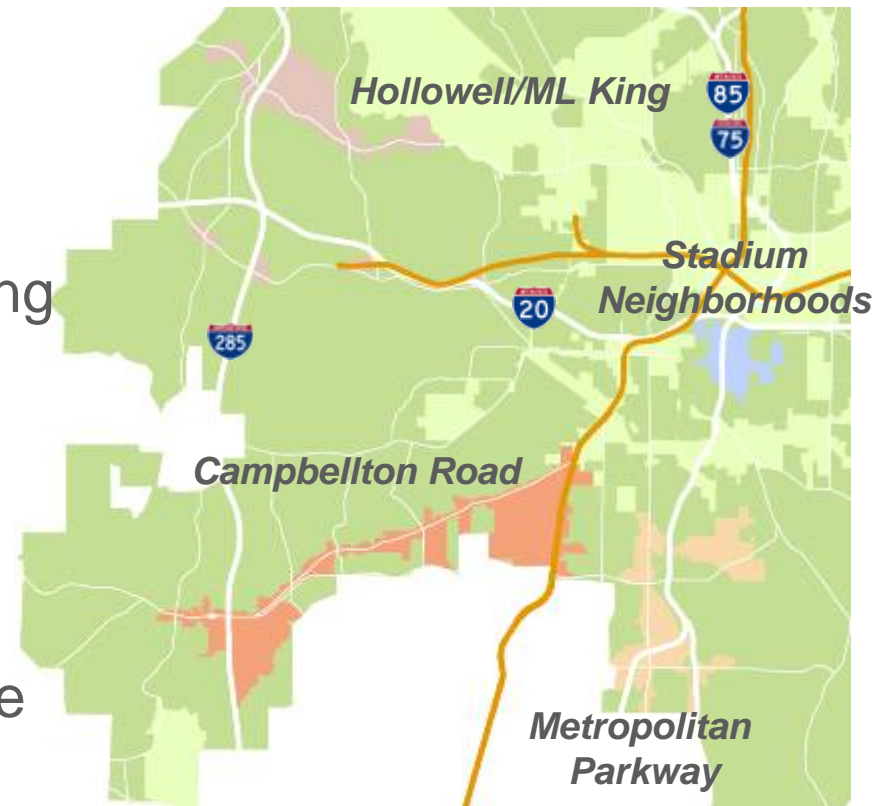
- ◆ 22 mile loop around City
- ◆ 6,500 acres: ~8% of total City land area
- ◆ TAD bonds will fund infrastructure and improvements for public benefit:
 - Parks: 1,300 new acres of parks and greenways
 - Paths: 33 miles of trails
 - Public transportation
- ◆ The BeltLine TAD will function somewhat differently from Atlanta's other TADs
 - Existing TAD bond proceeds used primarily as developer incentive
 - The improved BeltLine will serve as the economic development incentive

Tax Allocation Districts: *The BeltLine*

- ◆ BeltLine revenue over 25 years:
 - \$1.6 billion total
 - Anticipated to generate a \$20 billion increase in the City's tax base
- ◆ Seven separate bonds issuances
 - First bond issue validated on January 23
 - Other issuances take place every four years
- ◆ 156 acres acquired by City for BeltLine park use
- ◆ Over 60 projects currently underway in BeltLine

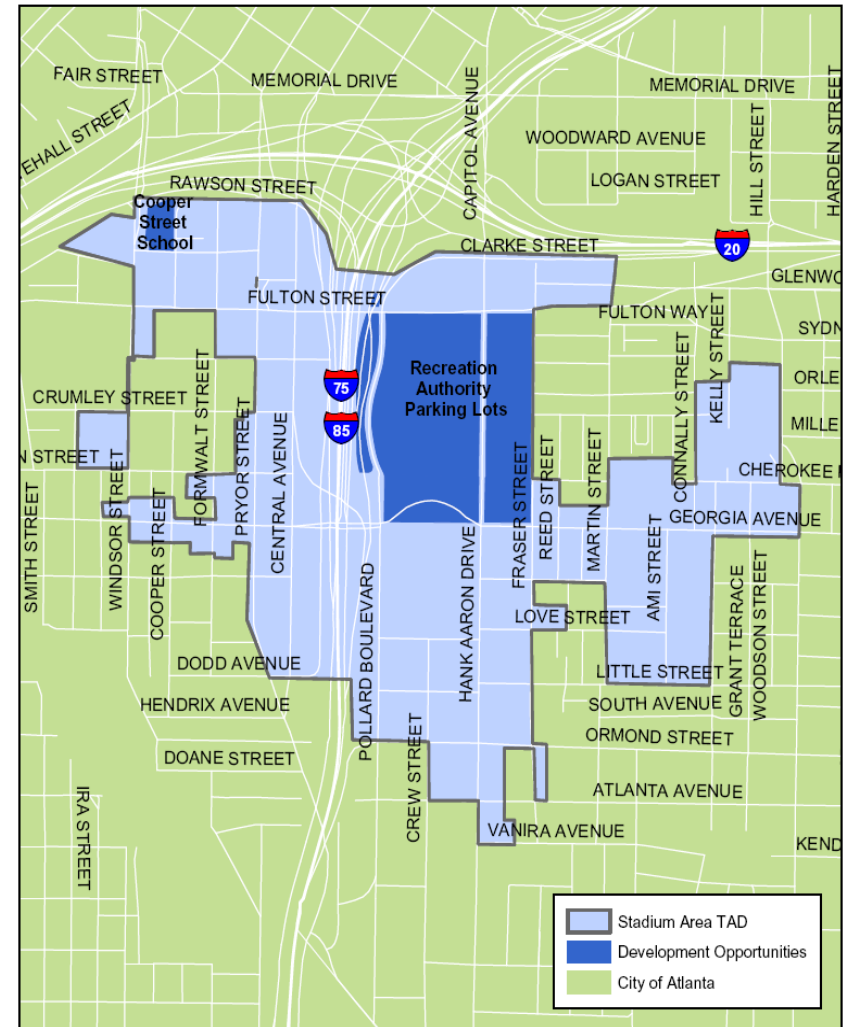
4 New TADs

- ◆ Limited bond issue proceeds
- ◆ Pay-as-you-go financing: developers reimbursed for costs already incurred as new tax increment is generated
- ◆ Developer responsible for providing up-front financing
- ◆ Municipality assumes no risk of default
- ◆ Project funding contingent upon continued satisfaction of policy goals and requirements
- ◆ Developer and banker responsible for underwriting project, thus assuming all risk
- ◆ More cost effective for City



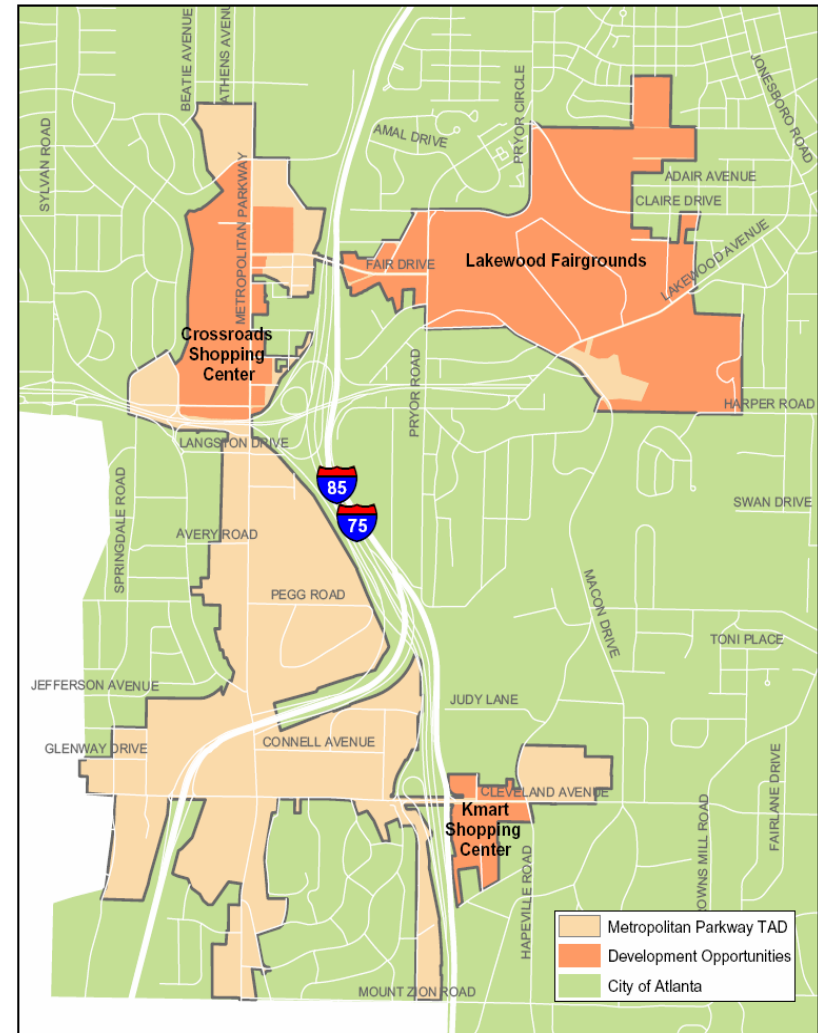
4 New TADs: *Stadium Area*

- ◆ Potential redevelopment through 2020:
 - 3,630 residential units
 - 860,000 sf of commercial development
 - Market value: \$1.2 billion
- ◆ Anticipated Bond Proceeds: \$158 million
- ◆ Key Redevelopment Opportunities:
 - Turner Field surface parking
 - 100 acres of private parking lots and vacant land

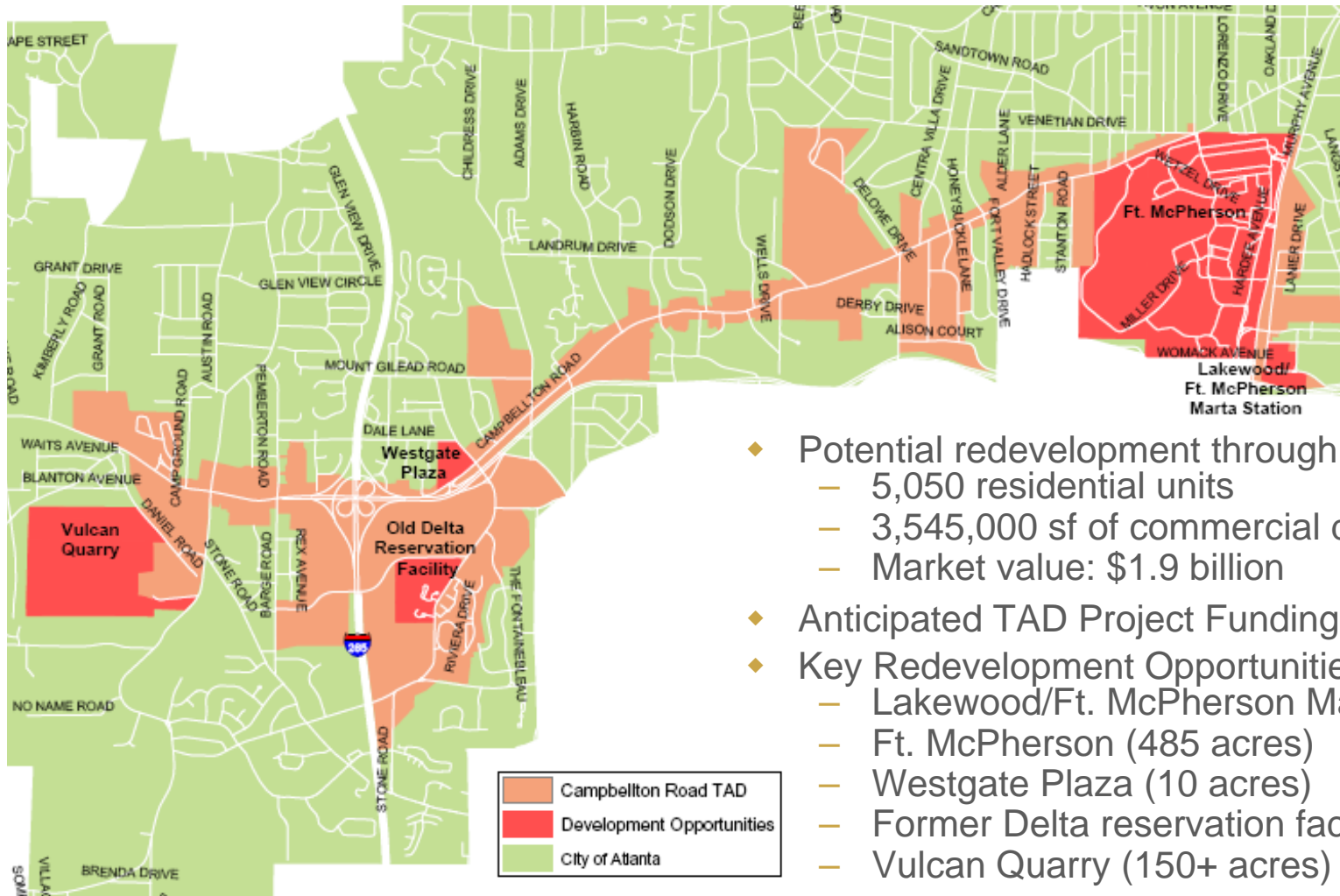


4 New TADs: *Metropolitan Parkway*

- ◆ Potential redevelopment through 2016:
 - 2,200 residential units
 - 775,000 sf of commercial development
 - Market value: \$713 million
- ◆ Anticipated TAD Project Funding: \$85 million
- ◆ Key Redevelopment Opportunities:
 - Lakewood Fairgrounds (138 acres)
 - Crossroads Shopping Center (23+ acres)
 - Kmart Shopping Center (10+ acres)



4 New TADs: *Campbellton Road*



- ◆ Potential redevelopment through 2020:
 - 5,050 residential units
 - 3,545,000 sf of commercial development
 - Market value: \$1.9 billion
- ◆ Anticipated TAD Project Funding: \$225 million
- ◆ Key Redevelopment Opportunities:
 - Lakewood/Ft. McPherson Marta Station
 - Ft. McPherson (485 acres)
 - Westgate Plaza (10 acres)
 - Former Delta reservation facility (66 acres)
 - Vulcan Quarry (150+ acres)

4 New TADs: *Hollowell/M.L. King*

- ◆ Potential redevelopment through 2016:
 - 4,165 residential units
 - 525,000 sf of commercial development
 - 300,000 sf of industrial development
 - Market value: \$776 million
- ◆ Anticipated TAD Project Funding: \$100 million
- ◆ Key Redevelopment Opportunities:
 - Westlake Marta Station
 - H.E. Holmes Marta Station
 - Bankhead Courts (45 acres)
 - Bowen Homes (77 acres)

