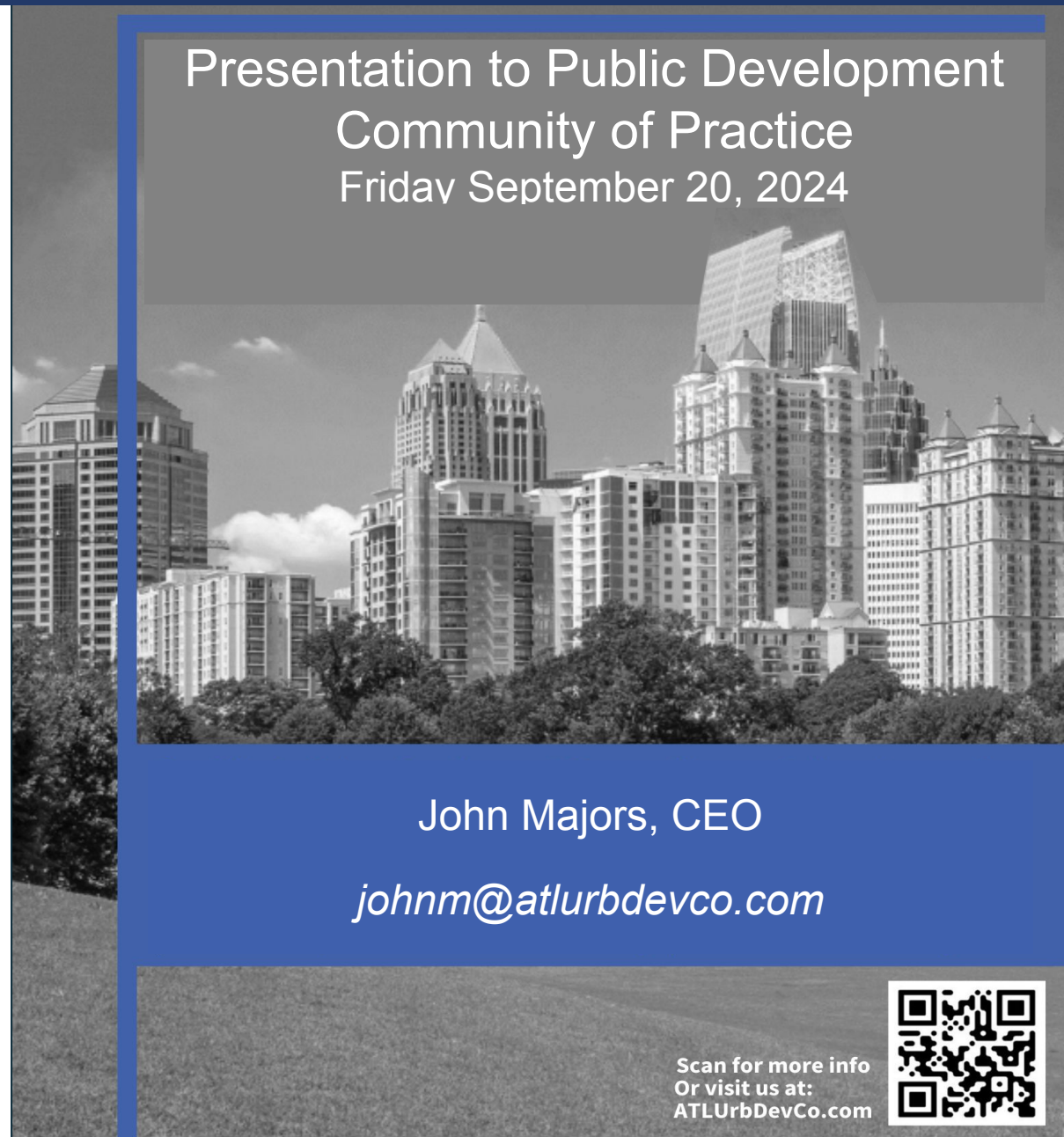
ATLANTA
URBAN DEVELOPMENT

Building a New Model for Affordable Housing Development

Leveraging public land to create high quality mixed-income housing

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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

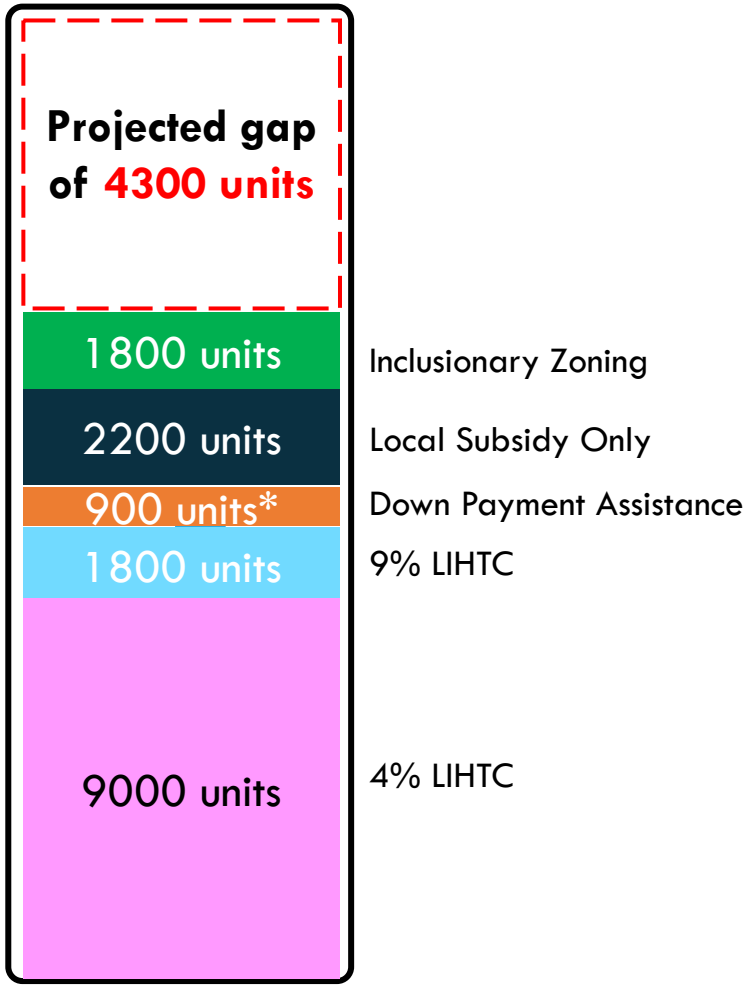
Atlanta's current strategy, in which state and federal Low Income Housing Tax Credits (LIHTC) generate about 2/3 of units, is estimated to only produce 15,700 units by 2030, leaving a 4,300 unit gap

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



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BUILDING THE AUD

The AUD was created to expand affordable housing without relying on LITHC 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

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THE BUILDING BLOCKS OF THE AUD

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

AFFORDABLE HOUSING GOALS	ATLANTA URBAN DEVELOPMENT TOOLKIT
Deeply Affordable Rents AUD will be able to pursue deeper levels of affordability for its developments than comparable deals	• **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
Permanent Affordability AUD will be able to maintain the rents for its affordable units, irrespective of external factors affecting affordability	• **Public-private partnerships** with mechanisms for public control allow AUDC to control affordability of rents.
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	• **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.

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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.

Public Land
Entitled publicly-owned site contributed as equity into deals.

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.

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

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

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AUD Roadmap

Operating with Entrepreneurial Spirit

Operations

17 ACTIVE DEALS (as of 9/5/24)

10 Public Land Deals
- Midtown Fire Station - **NEGOTIATION**
- Thomasville Heights- **EVALUATION**
- Gun Club / Johnson Road- Q3 2024
- APS Sites
  - Lakewood Heights Elem
  - Peeples St Elem
- Project Goldilocks- Eight (8) sites, [illegible] APS sites

5 Private Sector Deals

2 Transformative Investment Opportunities

Strategic Tools and Partnerships

Complete
- ~~Private Enterprise Agreement~~
- ~~IGA with AH~~
- ~~RFQ Evaluation Process~~
- ~~Investment Committee Structures~~
- ~~AUD Common Intake Form~~
- ~~IGA with Invest Atlanta~~
- ~~IGA with APS~~

In Process/On-going
- Common project intake, underwriting tool and process
- Strategic Planning
- Communications

Future Projects
- Permanent Takeout Financing

Organizational Sustainability and Infrastructure

Complete
- ~~AUD Bank Accounts~~
- ~~I/T Infrastructure~~
- ~~Website and Social Media~~
- ~~AUD Logo and Branding~~
- ~~Jan 19th Board Planning Session~~
- ~~Board Committee Structure~~
- ~~Non-Profit Start-up Consultant~~

In Process
- Board Policies and Procedures

For Discussion
- AUD Staff and Resource Allocation
  - PT CFO
  - Other capacity needs

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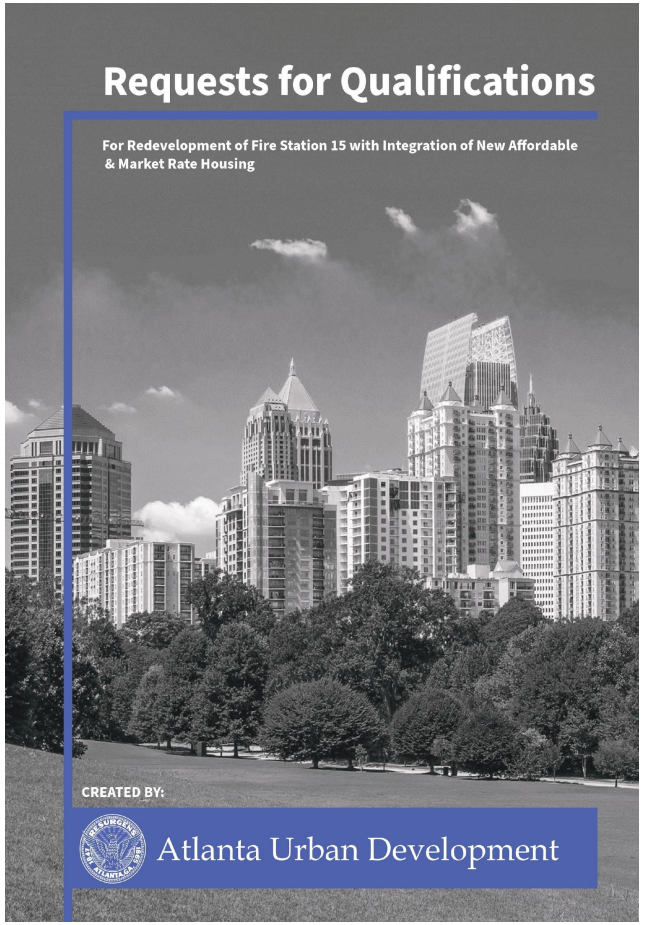
Public Land: Midtown Fire Station

- RFQ Evaluation Committee has narrowed the respondents down to the top 2.

- **Next Steps:** Identifying the top candidate and issuing Confidentiality Agreement.
  - Then, enter negotiation period to move toward a Master Developer Agreement(MDA).

- The development team will be publicly identified in a presentation of MDA to the Board as an Action Item.

- Staff and Board will discuss confidential aspects of RFQ/selection process during Executive Session.

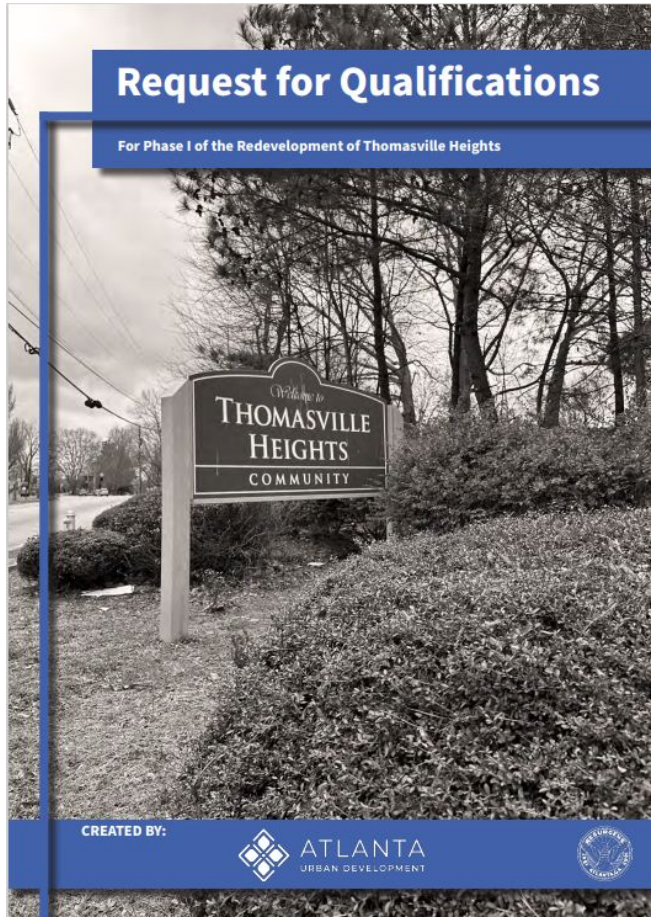


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Public Land: Thomasville Heights

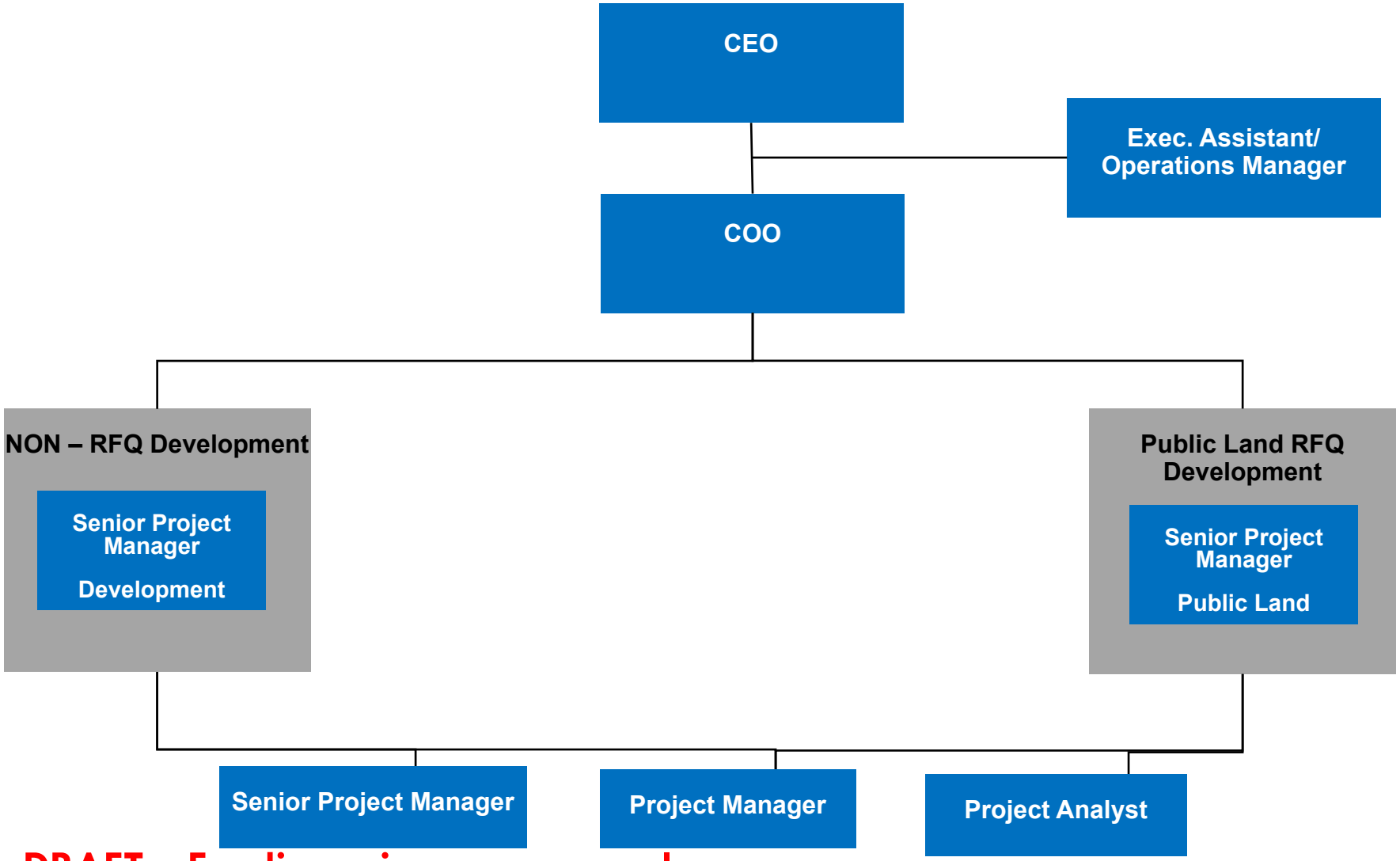
- RFQ submissions closed Friday, May 24th
- We have received **13 submissions!**
- **Next Steps:** Proposal Evaluations.
  - Finalizing the evaluation committee.
  - AUD team conducted a high-level review and summary of each proposal ahead of EC kick-off.
- **Selection Date Target:** 4Q2024

Evaluation Committee
Affordable Housing Champion
Development, Construction and/or Design Professional
Rep from City of Atlanta Housing Lab
Rep from Land-owning Agency
Rep from Community
Finance/Lending Professional NEW!



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Organizational Chart (By Position)



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Preliminary Budget Sources and Uses (By Category)

Sources of Cash

Initial City Funding (One-time)

Ground Lease Payments

Origination Fees (PEA and Mezz Loans)

Interest on Loans

Annual Compliance Fees

Cashflow Participation

Uses of Cash

Legal and Due Diligence Fees

Staffing

Office and General Admin Expenses

Travel Expenses

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