

ADA



Atlanta Development Authority

July 18, 2008



Young | Urban | Vibrant | Creative | High Tech | Energetic | Global | Cultured | Diverse | Boundless

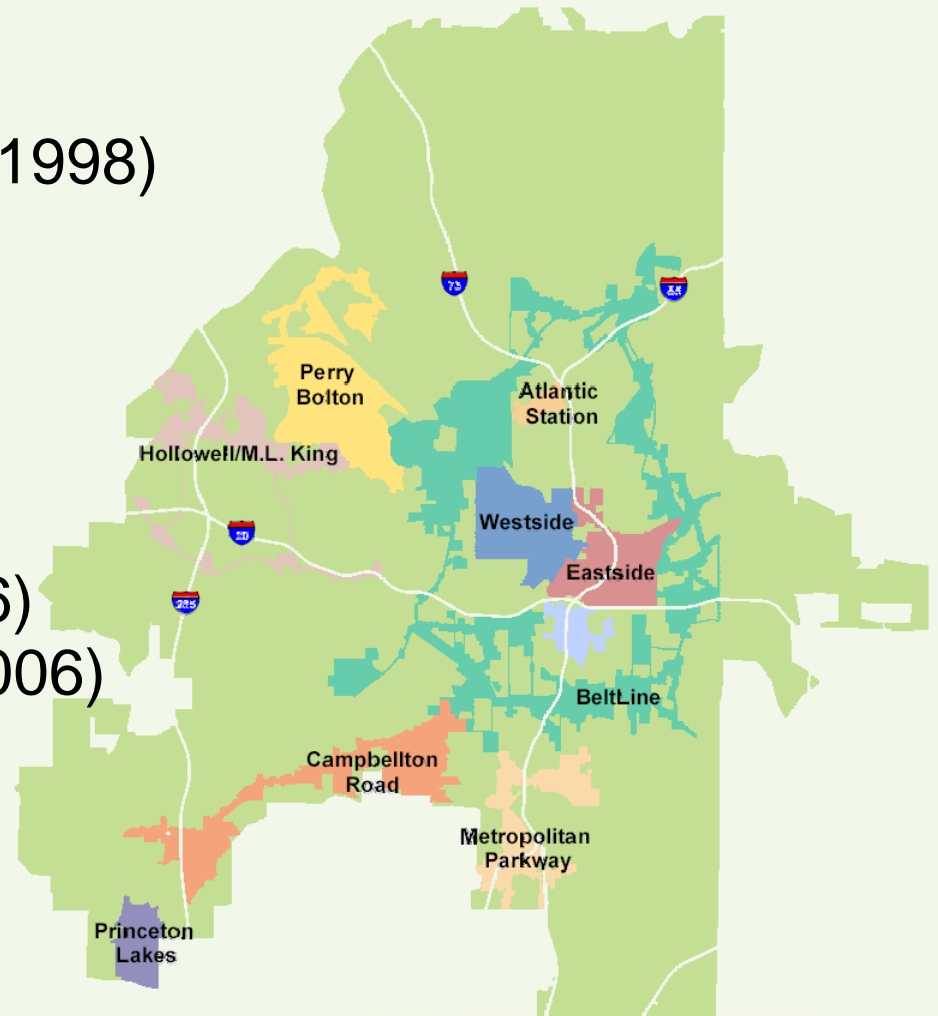
The Most Overlooked TIF Element: Addressing Buy-In and Public Policy

Overview of Presentation

- City of Atlanta Tax Allocation Districts
- Evolution from Developer to City-Driven Process
- TIF District Creation Process
- TAD Project Funding Process
- ADA TAD Policies
- ADA Approach to TIF
- New Century Economic Development Plan
- Consensus Building
- Commercial Corridor TADs
- Other References

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)



TIF District 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

TAD Project Funding Process

1. Developer meets with ADA to discuss scope of project
2. Developer submits application for TAD funding and fee
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-funding monitoring and reporting by ADA

Evolution from Developer to City-Driven Process

- From developer-driven to City/Authority-driven projects
- TIF Issues:
 - 6 bond issues totaling \$410 million
 - 23 projects attracted over \$2.7 billion in private investment

Proving Ground

- Educate
- Incorporate best practices early
- Implement well

TADs Work!

- Ground breakings
- Speeches
- Property tours

New Challenges

- Heightened public focus
- Higher expectations
- Greater public purpose funding

ADA TAD Policies

Redevelopment Plans: consistent with goals and objectives

Projects: make optimal use of public dollars; economically viable based on supply and projected demand

‘But for’ test: limit dollars to projects with gap funding needs; not an entitlement

Equity: developer equity invested first

Funding: approval should be obtained before construction starts; disbursement as taxable value is created

MBE/FBE Utilization: best efforts to provide opportunities to DBEs

Employment Notification and Recruitment: provide hiring and training opportunities for low income residents

ADA Approach to TIF

- Seek and implement experienced municipalities' best practices
- Jumpstart development
- Operate in a five-year timeframe
- Initial projects receive a greater percent of available increment
- Not an entitlement. Only subsidize projects where true developer shortfall exists (“but for” test)
- Transparency and accountability
- 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

Consensus Building: *City of Atlanta*

- Downtown Revitalization
- Job Creation
 - Training and employment of low-income City residents
 - Employment Notification and Recruitment Plan
- Affordable housing requirements
- Funding for various public purpose initiatives:
 - Police mini-precincts and fire stations and equipment
 - Streetscape improvements
 - Parks and greenspace
 - Center for Civil and Human Rights
- Funding for homelessness initiatives

Consensus Building: *Fulton County*

- Creation of affordable housing
- Housing rehabilitation
- Allocation of funding for facilities
 - Expansion/renovation of health and senior centers
- Retail development in targeted corridors
- Development of office space

Consensus Building: *Atlanta Public Schools*

- PILOT payments
- Funding provided for capital improvements
 - \$7 million allocation for construction of new elementary school
 - 5.5% of bond proceeds
- Focused marketing of affordable housing to teachers
 - Educator/Public Safety Personnel Marketing Plan
- Establishment of educational partnerships
 - Internship/apprenticeship opportunities
 - On-site activities
 - In-class presentations
 - Facilities sharing



Consensus Building: *Community*

- Participation in district establishment and project approval process
- Funds for quality of life projects:
 - Police mini-precincts and fire stations and equipment
 - Streetscape improvements
 - Parks and greenspace
 - Center for Civil and Human Rights
- Affordable housing
- Job creation
- Improved access to goods and services
- Environmental clean-up

Commercial Corridor TADs: *Economic Development Incentive Study*

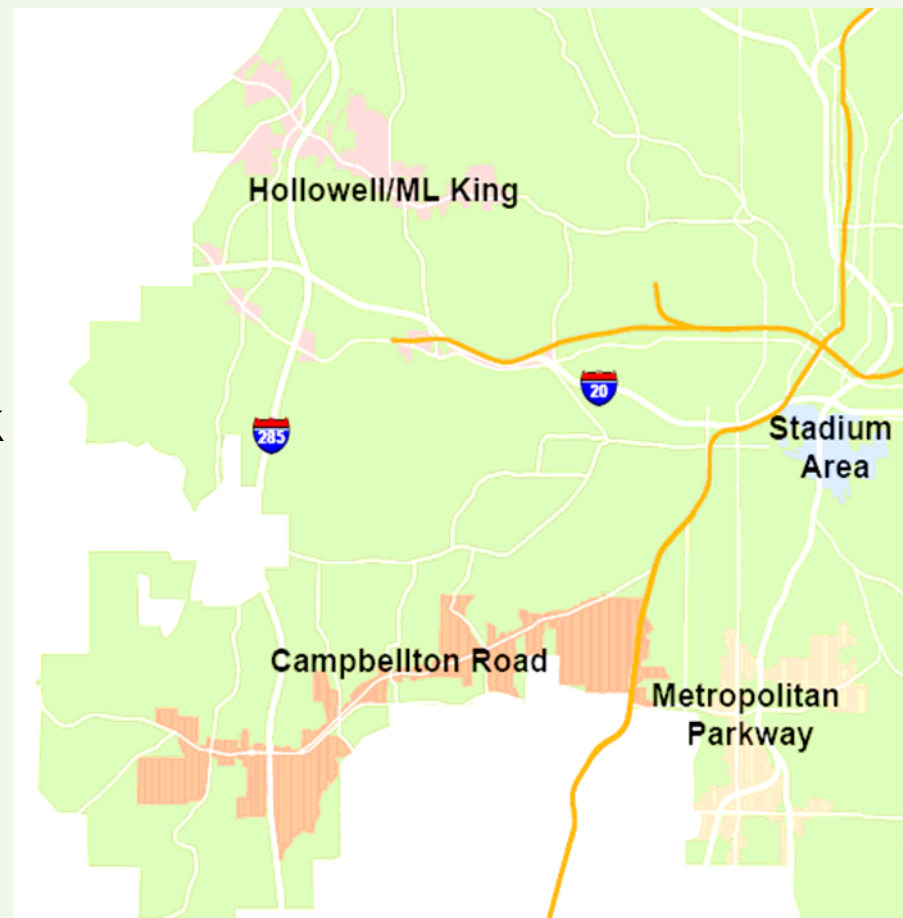
- City Council identified development opportunities in 10 areas (6 EDP Priority Areas and 4 Areas of Interest)
- Consultant compared and evaluated use of Urban Enterprise Zones (UEZs) and Tax Allocation Districts (TADs) in 10 areas
- Study recommended 4 areas for TAD designation:
 - Metropolitan Parkway
 - Stadium Area
 - Campbellton Road
 - Hollowell/M.L. King
- ADA studied recommendations and consulted with City Council, community and developers to determine optimal use of incentives
- ADA then issued an RFP for TAD redevelopment plans

Commercial Corridor TADs: *Legislative Strategy*

- TADs were approved by Atlanta City Council in November and December 2006
- TADs were approved by Fulton County Board of Commissioners October 2007
 - 10% State cap
 - Post-BeltLine “malaise”
 - Affordability provision: amount and income limits
 - Gentrification concerns
- Georgia Department of Revenue certifies TAD base increment in 2007 with a December 31, 2006 base
- Presentations to Atlanta Public Schools staff and Board members throughout 2007
 - Increased educational benefits & funding
 - Increased Board representation
 - Increased reporting
 - No agreement reached

Commercial Corridor TADs: *Financing Method*

- 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



Lessons Learned

- Identify stakeholders, influential parties and decision makers
 - Educate
 - Build support
 - Create partnerships with public and private entities
- Formulate a Communication Plan
 - Frequent and consistent communication
 - Broad-based and one-on-one
 - Well-thought out messages
 - Proactive: quarterly reporting
- Research and incorporate best practices
- Establish and publicize early successes
 - Establishing credibility
- Transparency

Other References

- www.atlantaemergingmarkets.com
- TAD Redevelopment Plans
- Livable Communities Coalition: *Study and Analysis of TADs in Georgia*: www.livablecommunitiescoalition.org
- Council of Development Finance Agencies: *TIF Best Practices Reference Guide*
- ADA Website: www.atlantada.com