



Atlanta Urban Development Corporation

Leveraging public land to create high quality mixed-income housing

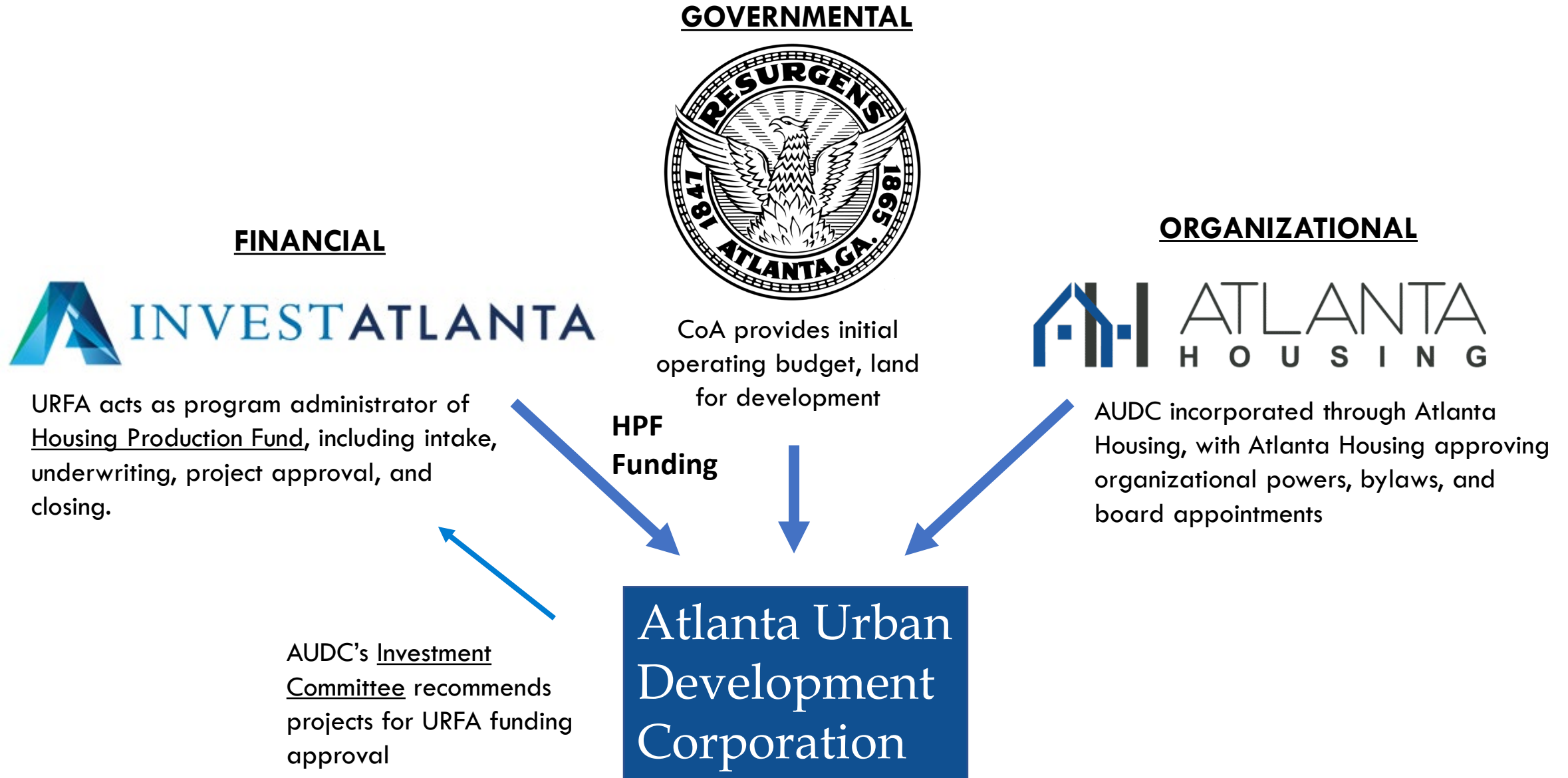
The City of Atlanta and its partners seek the creation of a specialized entity capable of leading redevelopment of public land to achieve the following goals:

1. Build a new model of public land development **not reliant on tax credits**
2. Establish **long-term affordability** and control of housing on newly developed sites
3. Work with Invest Atlanta to implement the Atlanta City Council-approved **Housing Production Fund** to provide critical capital for additional public land projects
4. Add additional public land development capacity that **compliments and expands housing development efforts** of the existing public agencies' work

RECOMMENDATIONS

1. Allocate \$38M from the Housing Opportunity Bond which will be used to **create a Housing Production Fund (HPF)**, providing low-interest, mezzanine construction financing for AUDC-partnered affordable housing projects.
2. Create a **new Atlanta Housing affiliated entity, the Atlanta Urban Development Corporation**, focused on developing mixed-income housing on public land.
3. AUDC projects to be sourced primarily from City and public partners' **portfolio of public land**.
4. **City would provide seed capital** to establish and fund operations, acquisitions, and establish initial equity for projects.
5. Utilize a **lean, fee-based based staffing model** where a private contractor would initially operate the AUDC funded by the City of Atlanta seed capital.

AUDC PARTNER ORGANIZATION CHART



CASE STUDY: HOUSING OPPORTUNITY COMMISSION'S HOUSING PRODUCTION FUND

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 Lindley, 200 units of mixed-income TOD

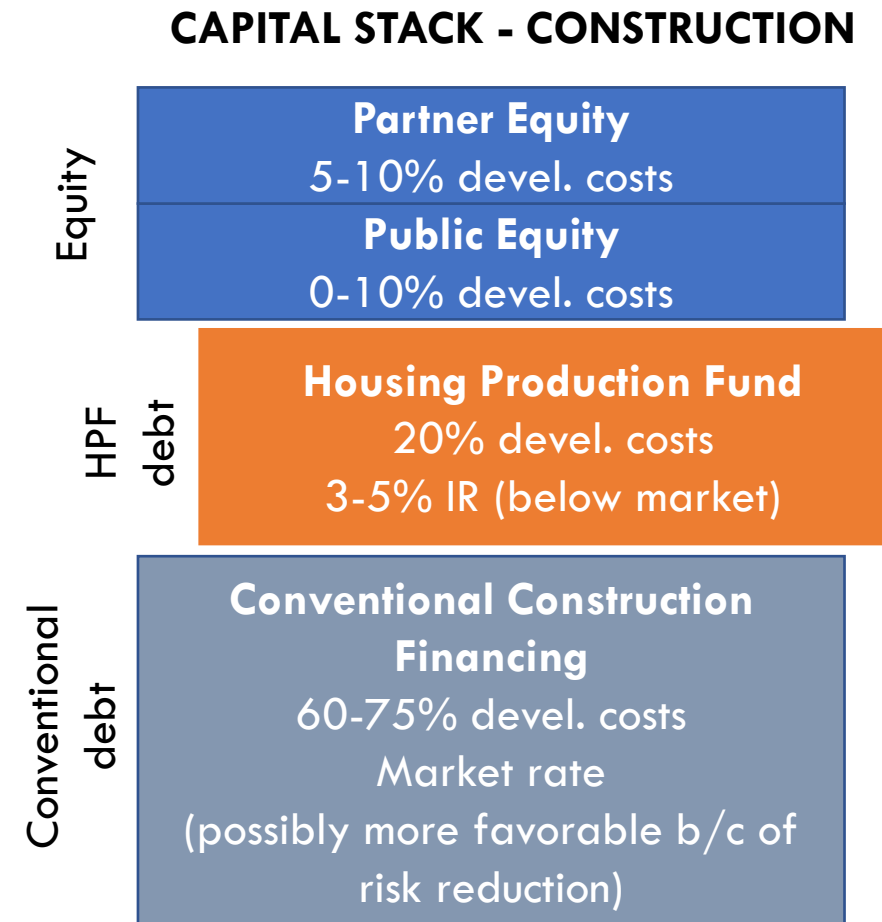
RECOMMENDATION #1

Allocate \$38M from the Housing Opportunity Bond which will be used to create a Housing Production Fund (HPF), providing low-interest, mezzanine construction financing for AUDC-partnered affordable housing projects.

- Getting to 20k affordable housing units will require an increase in non-LIHTC affordable unit creation. **Public land is our best resource** to do this.
- The **Housing Production Fund** is a low-interest, mezzanine construction financing fund for **non-LIHTC, new construction mixed-income, publicly-owned multifamily** projects, typically on public land.
- **At least 30% of units** will be affordable for households earning less than or equal to 80% AMI with at least half of such units affordable for 60% AMI households or below.
- **Deeper affordability** can be achieved by marrying philanthropic and concessionary capital.
- Projects will be **majority publicly-owned** and have **long-term affordability**.
- Funds will be managed by Invest Atlanta, Housing Opportunity Bond Program Administrator.

HOUSING PRODUCTION FUND FINANCING AND PIPELINE

- **Revolvability:** Loaned HPF funds will be repaid at stabilization through permanent financing, within 4 to 5 years of construction start.
- **Financial Self-Sufficiency:** HPF would support majority of its portion HOB debt service.
- **Leverage:** Approximately \$200MM in project loans can be issued over the 20-year life of the bonds with less than \$1M in annual City investment.
- **P3 Partnerships:** Developer private partners will contribute to public HPF and land investments.
- **Phase I Pipeline** of public land available for HPF will include 3 to 4 projects.
- **Production:** Projected to produce 400 affordable housing units per phase (4 – 5 years), or 800 units by 2029.



RECOMMENDATION #2

Create a new entity (Atlanta Urban Development Corporation) incorporated through Atlanta Housing focused on developing mixed-income housing on public land.

- Entity would be a **wholly owned subsidiary of Atlanta Housing**.
- Separate entity allows for a specialized board composition and **direct accountability for engagement and execution** of development portfolio.
- Builds on **internationally proven model** of specialized public development corporations for the specific purpose of developing select public land properties.
- Incorporation through Atlanta Housing creates flexibility for potential use of **certain powers under the Housing Authorities Laws** as granted by Atlanta Housing.

RECOMMENDATION #3

AUDC projects to be sourced primarily from City and public partner's portfolio of public land.

- The **board will be comprised of 9 members**: AH Board Chair, Mayor or their designee, City Council CDHS Chair, Invest Atlanta CEO (non-voting), AH CEO (non-voting), and 4 seats appointed by the AH Board, 3 of those seats selected from nominees provided by the Mayor
- AUDC will create an **Investment Committee** composed, in part, of local real estate, finance, and/or affordable housing professionals to recommend projects for approval by AUDC board and use of HPF funds by Invest Atlanta.
- City has identified **9 City-owned properties** that are strong candidates for inclusion into the AUDC's portfolio.
- AUDC will work with public partners, including Atlanta Housing, to identify and potentially **transfer select properties** within their portfolio. AH land transfers would be subject to AH Board and HUD approval pursuant to federal disposition regulations.

RECOMMENDATION #4

City would provide seed capital to establish and fund operations, acquisitions, and establish initial equity for projects.

- AUDC will require **initial seed funding** to support operations, including the hiring of contractor staff. No AH or HUD funds will be used.
- The Mayor's Office will work with City Council to identify and allocate necessary funds and City-owned sites for the AUDC.
- This seed capital will also provide an **initial equity source** for Phase I of projects, including initial costs for due diligence.
- There are **no financial expectations or obligations of Atlanta Housing** for AUDC other than formation and appointment of Board of Directors, from time to time.

RECOMMENDATION #5

Utilize a lean, fee-based based staffing model where a private contractor would initially staff the AUDC.

- Initial staffing for the project would be sourced to a private firm.
- This would allow the AUDC to be staffed immediately with real estate industry professionals.
- Long-term intention is to staff the organization through permanent, non-contract hires.
- Executive leadership would not have equity in the projects but would be paid partially based on how fast projects are constructed and leased up.
- Additionally, AUDC support staff will be temporarily augmented by City staff.



CASE STUDY: ROWEN FOUNDATION

Gwinnett County contracted with a private consulting firm, HR&A, to initially staff the Rowen Foundation to acquire and lead redevelopment of the 2000+ acre project area.