

SUPPLEMENT TO THE 2030 STRATEGIC IMPLEMENTATION PLAN



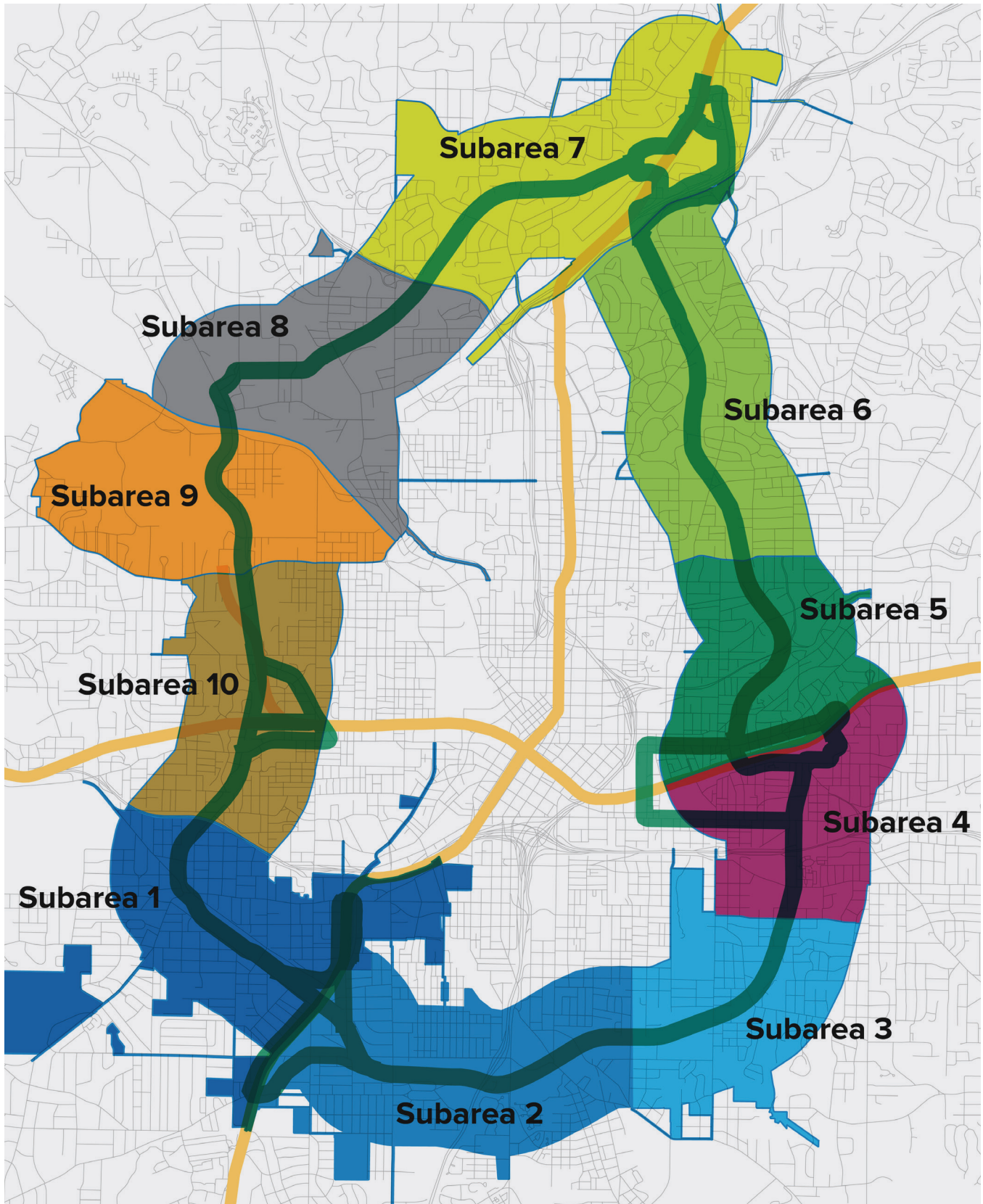
**Atlanta
BeltLine®**

INTEGRATED ACTION PLAN FOR
**ECONOMIC DEVELOPMENT,
HOUSING & REAL ESTATE**

DECEMBER 2015

Plan Consultants: Noell Consulting Group,
Columbia Ventures, Mass Economics

EXECUTIVE SUMMARY



INTRODUCTION

The Atlanta BeltLine is working. Residents, businesses, and visitors near Atlanta BeltLine infrastructure see the evidence of it daily. New businesses and restaurants are opening and thriving. Homes for new residents and families are being built and renovated. Neighborhoods are becoming more walkable and connected. The Atlanta BeltLine has become one of the most transformational urban places in the City of Atlanta and a model of urban revitalization for the United States.

Statistics support the concept of the Atlanta BeltLine as an attractive venue for private reinvestment. For every one dollar in public spending, six dollars in private development value have been invested since 2006. Near the Eastside Trail and Historic Fourth Ward Park, over 2,000 multifamily residential units have been developed since 2006. Additionally, in many neighborhoods where Atlanta BeltLine infrastructure is to be delivered in the short term, such as Reynoldstown, Adair Park, West End, and Westview, home values and prospective reinvestment have begun to take place.

Beyond early, tangible success and progress, much more is required to fully reach the original, ambitious economic development and housing goals for the project. The goals, detailed in the “Goals” section of this Executive Summary, include affordable workforce housing and new jobs for the enhancement of economic opportunity and a mix of incomes along the Atlanta BeltLine.

The IAP details the plans and prospects of building upon early success to achieve Atlanta BeltLine Redevelopment Plan goals. This document represents the Executive Summary of a more detailed IAP report.

WHAT IS THE INTEGRATED ACTION PLAN?

Atlanta BeltLine, Inc. (“ABI”) completed this Integrated Action Plan (“IAP”) to determine how to achieve the 2005 Redevelopment Plan’s ambitious economic development and housing outcomes, which are listed in the “Goals” section of the Executive Summary; taking into account past performance and existing conditions.

The Strategic Implementation Plan (“SIP”), approved by the ABI board of directors in December 2013, focused on the implementation of transit, parks, trails, and streetscape infrastructure. The IAP document complements the SIP by creating an implementation plan for economic development and housing outcomes.

The approach of the IAP is practical and action-oriented. It concentrates on fiscal years 2016 to 2020, while also establishing a longer term general framework for the

remaining 10 years of the SIP. Additionally, real estate acquisition is emphasized in this effort as a critical tool to achieve these goals and more effectively manage development outcomes.

GOALS

The 2005 Redevelopment Plan for the Atlanta BeltLine outlines goals for economic development and affordable housing to be accomplished before 2030. The goals, as ABI defines them, are to be achieved within the roughly 15,000 acre Atlanta BeltLine Planning Area (representing approximately ½ mile on either side of the historic rail corridor). The core elements of these goals are the following:

- 30,000 new permanent jobs;
- 48,000 one-year construction jobs; and
- 28,000 new housing units; with 5,600 affordable workforce units.

Achieving the goals above does not solve the entirety of the historic challenges related to housing affordability and unemployment facing many of the Atlanta BeltLine neighborhoods. The entirety of the challenge is of a scale and depth that extends across the city that no strategy launched by a single organization alone can solve. However, achieving the goals set out in the IAP in partnership with complementary and supporting partners will have a necessary, significant, and beneficial impact at a scale unrivaled by efforts undertaken to date by peer transportation and greenspace projects across the country.

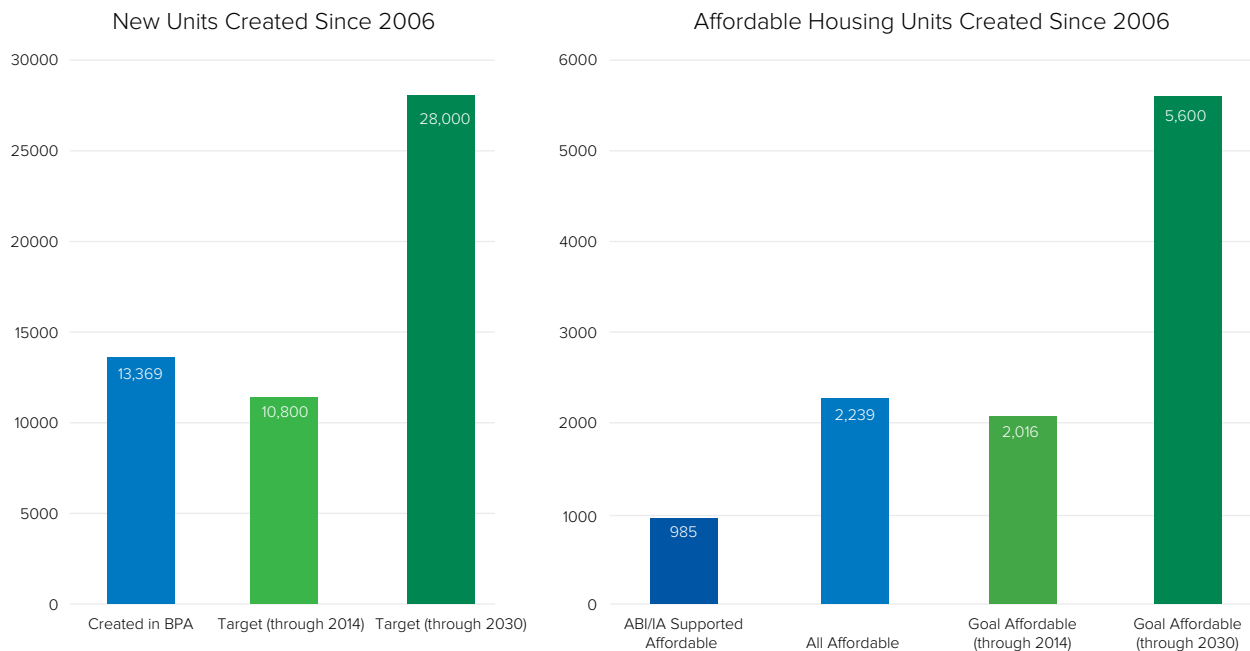
Additional definitions and details regarding goals can be found in the body of the report and the appendix.

PROGRESS TO DATE

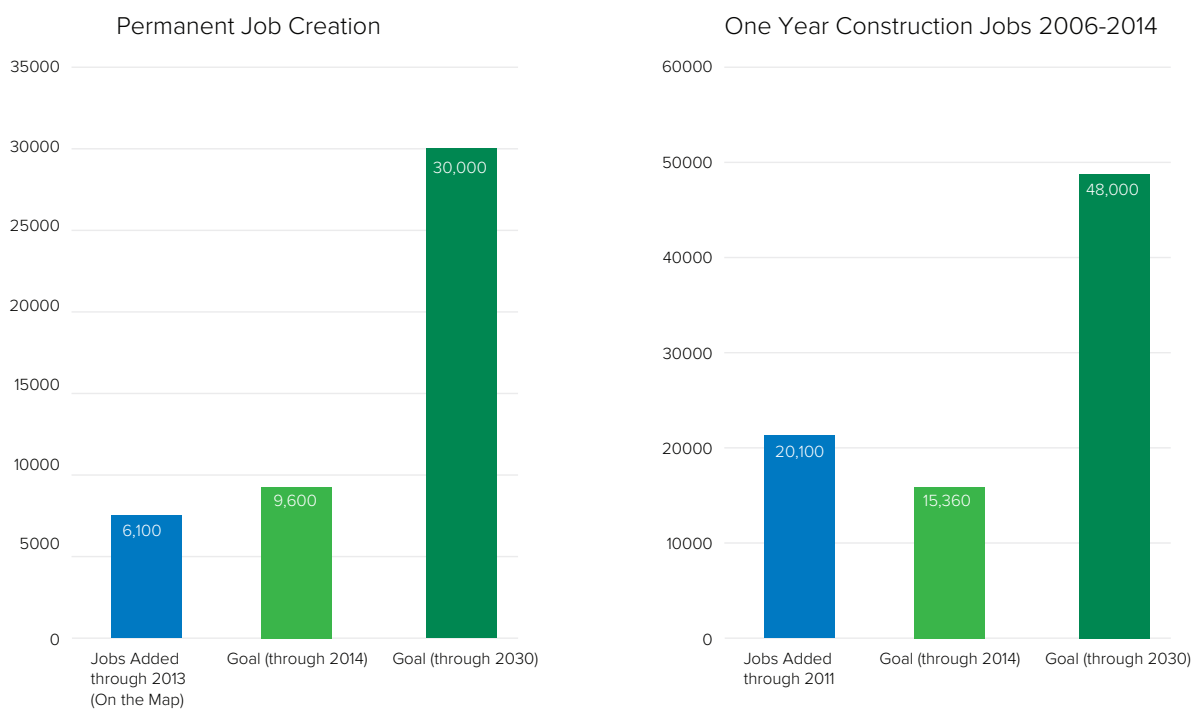
The Atlanta BeltLine has made significant progress in economic development and affordable housing. An estimated 6,100 new permanent jobs were created from 2006 to 2013 and over 20,000 one-year construction jobs have been created in the Atlanta BeltLine Planning Area since 2006. Over 13,000 new housing units and 2,200 affordable workforce housing units have been built or preserved since 2006; 985 of these affordable workforce housing units were supported by Atlanta BeltLine, Inc. and our partner Invest Atlanta. While the Atlanta BeltLine is ahead of goals for construction jobs and new housing units, it remains below goals for permanent job creation and affordable workforce housing supported by ABI and Invest Atlanta. Progress to date, therefore, suggests that without enhanced and/or new tools and strategies, achieving the permanent jobs and affordable workforce housing goals remains uncertain.



HOUSING SCORECARD



JOB CREATION SCORECARD



Progress is demonstrated in tangible projects which were directly supported by ABI and/or Invest Atlanta incentives, involvement, and development. Sample projects include Ponce City Market, Lofts at Reynoldstown Crossing, Stanton Oaks in Peoplestown, Krog Street Market, AMLI Ponce Park, Reynoldstown Senior, Sky Lofts, and over 100 units purchased with downpayment assistance in complexes around the Atlanta BeltLine.

CHALLENGES

The Atlanta BeltLine is in a different economic and funding context from when it was launched in 2005. The recession halted development for three years and reset expectations for the Tax Allocation District (“TAD”). The original funding model for economic development and affordable housing incentives, which anticipated over \$340M in incentives over 25 years via bond proceeds, based upon a projection of \$1.7 billion in tax allocation bond revenue has been proven unviable. Ten years into the project (40% of the way through), only \$13M (4% of the originally budgeted amount) of TAD proceeds were available for affordable workforce housing and economic development via the original funding model.

Additionally, ABI does not have consistent access to two key tools to create affordable workforce housing and jobs at scale: land and new zoning requirements as demonstrated by development activity around Historic Fourth Ward Park. ABI,

Invest Atlanta, and the City of Atlanta incorporated over 100 units of workforce housing units as a result of City of Atlanta land ownership and affordable zoning covenants. Without land ownership or zoning requirements, incentives were largely ineffective in compelling developers to include affordable workforce housing in the remaining four out of six major multifamily developments surrounding the park.

On the job attraction side, companies evaluating different cities expect suitable land as a part of a competitive incentive package. Increasing the ABI owned or controlled inventory of land can enhance job creation in targeted geographies along the Atlanta BeltLine.

KEY STRATEGIC RECOMMENDATIONS

Foundational Recommendations

Given the challenges referenced above, ABI’s foundational strategic approach in fiscal year 2016 to 2020 will be to raise financial resources and control land to advance programmatic goals. This strategy acknowledges that the pre-existing funding model is not sufficient to achieve goals. It also acknowledges that controlling land early in the development process, while it entails more risk, is more effective and targeted than providing incentive gap financing at the back end of the development process. The chart below outlines the foundational strategic recommendations.

Foundational Category	Key Strategic Recommendations					
Maximize and Pursue New Sources of Funding	Generate land sales revenue	Correct under assessments	Monetize corridor assets	Increase financial institution and business investment	Work with ABLP to access foundations and other philanthropy	Establish a Community Improvement District and/or a Special Services District
Build Financial Sources and Tools for Land Acquisition	Create a strategic land acquisition fund for ABI	Seek inter-governmental land transfers	Utilize existing acquisition funds	Establish flexible lines of credit	Pursue options to affordably control land	
Control Land Development Outcomes	Control land adjacent to major infrastructure or areas of affordable housing need	Engage in horizontal master development				



Short Term Strategies

While a funding model is being rebuilt in the foundational strategies above, there are some low cost items that can be advanced early in the next five-year period. These include the following:

- Engage in horizontal development or predevelopment on existing inventory, including 670 Dekalb, the State Farmers Market site, and the second phase of Lofts at Reynoldstown Crossing.
- Strengthen partnerships and influence policy, including supporting an ongoing mandatory inclusionary zoning initiative led by Invest Atlanta.
- Lead industry sectors, including manufacturing, neighborhood health, and business support services.
- Optimize Atlanta BeltLine land uses, including working with business owners to modernize and reduce the footprint of existing light industrial space or working with businesses to find a different, suitable location along the Atlanta BeltLine.
- Support the Federal Home Loan Bank of Atlanta partnership, including downpayment assistance and owner occupied rehabilitation programs.
- Utilize tax reduction incentives for catalytic projects or substantial workforce housing developments.
- Capture existing affordable workforce housing resources, including the Low Income Housing Tax Credit and other existing resources
- Engage in information and relationship management, including planning leadership and coordination in key redevelopment nodes such as Memorial Drive, Boulevard Crossing, and Murphy Crossing.
- Pursue opportunities for small business lending in targeted areas

Because ABI is operating in a resource constrained environment, some strategies outlined in the Executive Summary will be more viable once ABI has developed additional revenue streams or funding sources. These longer term strategies, such as establishing and deploying development incentives, may be in a subsequent five year period and are detailed in the body of the report.

KEY PROJECTS

Project priorities, a subset of the strategies outlined above, emerged for the upcoming five-year period. These project priorities are more specific, geographically focused, ABI driven, and/or include a quantifiable target. Therefore, policy items that are driven by external parties are not considered projects in this report. The first two projects focus on fundraising and are necessary to implement the remainder of the projects below:

- Develop new and maximize existing sources of revenue;
- Establish and capitalize an acquisition fund;
- Advance the State Farmers Market site;
- Drive the completion of Lofts at Reynoldstown Crossing Phase II buildout;
- Lead planning efforts in the Boulevard Crossing node with surrounding property owners;
- Activate new commercial activity at the beginning, middle, and end of the Westside Trail to enhance the user's experience;
- Implement and scale the Federal Home Loan Bank Structured Partnership, offering owner occupied rehabilitation and downpayment assistance; and
- Directly support the creation of three major projects with affordable workforce housing.

BUDGET FRAMEWORK

Three budget scenarios are examined in the report. Given that “Existing Revenues” cannot effectively approach the goals, and “Aspirational Revenues” are unlikely to materialize, the plan focuses on a “Stretch Revenue” scenario. This scenario is a midrange more achievable scenario, assuming no material changes in the economy and/or TAD and increased organizational focus on fundraising. It includes:

- Approximately \$1.5 million annually raised by ABI – especially by the Economic Development, Housing and Real Estate Departments – to supplement implementation of this Integrated Action Plan and
- An increased share of TAD increment to stimulate rapid launch of this IAP in fiscal year 2017

Avenues to an additional \$1.5M in revenue, which are described in more detail in the report, are the following: generating land sales revenue, monetizing corridor assets, correcting under assessments of properties, increasing financial institution and business investment, and working with the Atlanta BeltLine Partnership to establish a



Community Improvement District and/or Special Services District and to access private corporate, foundation and other philanthropic funding support.

Under this “Stretch Revenue” scenario, significant progress can be made towards the IAP goals. ABI can seed an acquisition fund in fiscal year 2017, conduct predevelopment and site work at the State Farmer’s Market, Lofts at Reynoldstown Crossing, or other sites, and provide limited, targeted incentives for economic development and affordable housing. This is in addition to expanding existing affordable housing activities programmed in fiscal year 2016 for investment in downpayment assistance and owner occupied home rehabilitation. These resources coupled with an improved policy environment can substantially advance both affordable workforce housing and economic development goals.

ACHIEVING THE REDEVELOPMENT PLAN GOALS

Overall Housing Production

The Redevelopment Plan goal is to create 28,000 new housing units. Given that over 13,000 units were created to date, approximately 1,300 units per year need to be created to remain ahead of schedule. Based on historic production and market projections, this result is probable.

Affordable Workforce Housing

A Redevelopment Plan goal is to create 5,600 affordable workforce housing units. Given that 985 units have been created through 2014, approximately 288 units per year or 1,440 units over five years need to be created to achieve the 5,600 unit goal by 2030. This represents two to four affordable deals annually along with robust downpayment assistance and owner-occupied rehabilitation programs. Achieving this goal will require more robust policy mechanisms and sources of funding than currently exist in the Atlanta affordable housing landscape.

The “Stretch Revenue” expectations in combination with a new mandatory inclusionary zoning policy would substantially improve the ability to reach affordable workforce housing production goals (86% of the desired goal). This assumes new sources of funding and programmatic activities in the “Stretch Revenue” scenario come to fruition.

Permanent Jobs

The Atlanta BeltLine must create 30,000 permanent jobs by 2030. Given that 6,100 new permanent jobs were created from 2006 to 2013, an average of 1,370 jobs needs to be created annually to remain on target. Two factors contribute to ABI’s ability to meet this job creation goal: the rate of overall future job growth in the City and the Atlanta

BeltLine’s ability to “capture” a percentage of these new jobs, either by creating jobs or by attracting jobs to the BeltLine Planning Area. In addition, as the capture rate of new jobs for the city and county increases, there is a need to increase available commercial and light industrial options that are ready for use and appropriately zoned.

In the post-recession period 2010-2013, overall job growth in the city has been very strong by historical standards, as has the Atlanta BeltLine planning area capture rate. In order to reach the 30,000 new jobs target, Atlanta BeltLine strategies should be focused on contributing to strong overall City growth while enhancing the attractiveness of the Atlanta BeltLine as a location for new job growth in Atlanta. By adopting a two-pronged strategy that emphasizes working with partners to support strong overall City of Atlanta job growth while also working to increase the capture rate of the Atlanta BeltLine Planning Area, ABI strategies have the potential to eliminate intra-city, zero-sum competition to capture small numbers of new jobs and instead foster an environment of growth that enhances the vitality of all of the city’s key jobs corridors.

CONCLUSION

The IAP outlines an aggressive approach to the Redevelopment Plan goals. Implementation will require significant scale and focus within ABI and from an ever expanding list of external partners. It will also require new and increased funding sources from the Atlanta community and beyond. This will support increased capacity for land acquisition, promoting affordable workforce housing, and job creation in targeted sectors and BeltLine locations. ABI is confident that investing in these initiatives in a coordinated and comprehensive manner will help create an economically stronger and more impactful Atlanta BeltLine community, City and region.





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BACKGROUND & CONTEXT

1. BACKGROUND & CONTEXT



This Integrated Action Plan (“IAP”) was completed to address requirements of the Strategic Implementation Plan and provide specific work plan direction for how to achieve the Atlanta BeltLine’s ambitious economic development and housing goals laid out in the BeltLine Redevelopment Plan. These goals include the following:

- 30,000 new permanent jobs;
- 48,000 one-year construction jobs;
- 28,000 new housing units with 5,600 units as affordable workforce housing.

The IAP is designed to be practical and implementable. It provides a general framework for the remaining 15 years of the Atlanta BeltLine TAD life and focuses on fiscal years 2016 through 2020, presenting a plan and recommendations that are dictated by current and anticipated resources. Additionally, this IAP emphasizes, land acquisition as a critical action necessary to achieve these goals and more effectively control development outcomes.

Housing affordability and joblessness are challenges across the city and particularly in many of the Atlanta BeltLine neighborhoods. The entirety of the challenge is of a scale and depth that no implementable strategy launched by a single organization can solve. However, achieving the goals outlined within this Integrated Action Plan, in partnership with many other complementary and likeminded partners, would have a necessary, significant, and beneficial impact on affordability, economic mobility and quality of life for all.

WHY COMPLETE THIS PLAN?

Atlanta BeltLine, Inc. (“ABI”) was compelled to complete this plan with a focus on economic development and housing for several reasons:

- ABI must approach ambitious goals codified in the 2005 Redevelopment Plan and the 2005 City of Atlanta Tax Allocation District (“TAD”) Authorizing Ordinance.
- ABI should articulate and advance how it will achieve these important goals, as the goals promote a more equitable and inclusive Atlanta BeltLine.
- The IAP fills a gap identified in the Strategic

Implementation Plan (“SIP”). The SIP, which is the key reference document for the implementation of the Atlanta BeltLine, provides details about the implementation of infrastructure elements including transit, parks, trails, and streetscapes. However, it lacks specificity about economic development and housing goals, and calls for these action plans to be developed.

- The IAP should enhance the transit component of the Atlanta BeltLine. The largest anticipated external source of funding for transit is the Federal Transit Administration’s Capital Investment Grants Program, which provides scoring emphasis to proposed transit projects that achieve robust economic development and affordable housing plans, policies, and results.
- ABI should accelerate growth of the TAD increment, which supports the entire Atlanta BeltLine program of projects.
- ABI should define an updated approach and role for ABI that understands the lessons learned from the first nine years of Atlanta BeltLine implementation.

REVIEW OF KEY EXISTING ATLANTA BELTLINE PLANS

Atlanta Beltline Redevelopment Plan (2005)

The key goals outlined in the Redevelopment Plan and adopted by the City Council and the State of Georgia include the following:

- The creation of 28,000 units of housing;
- 5,600 (20%) of these housing units would be set aside as affordable;
- The creation of 30,000 permanent jobs;
- The creation of 48,000 one-year construction jobs, and

A requirement that TAD funded projects pay prevailing wages, support the City of Atlanta First Source hiring system to target residents of low-income Atlanta BeltLine neighborhoods, and utilize pre-apprenticeship and apprenticeship programs where available.

Strategic Implementation Plan (2013)

The Strategic Implementation Plan defines three “implementation periods” from 2014 to 2030 to guide the



construction of Atlanta BeltLine trail, parks, and transit components. Projects identified in the SIP during period 1 (2014-2018) include the following:

- Completing the Westside Trail's southern half and beginning construction of the Southeast Trail;
- Constructing Boulevard Crossing, Enota and Murphy Crossing parks;
- Initiating the first phase of Westside Reservoir Park including the passive-use park space; and
- Constructing streetcar/light rail transit on the east and west sides of the Atlanta BeltLine corridor.

OVERVIEW OF EXISTING ABI PLANS AND APPROACH

The original vision of the Atlanta BeltLine that is outlined in the Redevelopment Plan and carried through in the Strategic Implementation Plan (summarized above) is based on several core assumptions.

- The Atlanta BeltLine would be funded primarily through property tax appreciation and development activity within the BeltLine TAD.
- Invest Atlanta would issue TAD bonds every three to five years.
- TAD bonds or increment would support funding a Beltline Affordable Housing Trust Fund ("BAHTF") with \$240 million (over \$40,000 per unit), and funding the Economic Incentive Fund with \$100 million (over \$3,000 per job).
- BAHTF and the Economic Development Incentive Fund would function as "last-in gap financing" or the last missing piece of the capital stack, which would be sufficient to compel developers to incorporate ABI's programmatic goals.

Unexpected changes in the economy have shown these assumptions to be no longer correct and sufficient. The most significant incorrect assumptions are regarding expected revenues. Despite the significant drop in expected revenues, the programmatic goals remain the same. The Strategic Recommendations section speaks to a new approach that breaks away from previous assumptions and operating models to approach the ambitious goals of the Atlanta BeltLine.

REVIEW OF EXISTING RELEVANT PLANS BY PARTNERS

Invest Atlanta ("IA") Housing Strategy (2015)

Invest Atlanta published its Housing Strategy for the City of Atlanta in February 2015. This document sets goals for the City's population and housing market through 2020. It also recommends several key initiatives to help the City meet these goals:

- New issuance of \$40 million of Housing Opportunity Bonds, funded by new dedicated sources of revenue;
- More housing dollars awarded through Tax Allocation Districts;
- Greater City capacity to acquire and rehabilitate vacant, blighted properties;
- Tax incentives for affordable workforce housing development;
- New zoning incentives and requirements based on proven models from other cities.

Economic Development Strategy (2014)

In December 2014, Invest Atlanta published "Without Limits: A Three Pillar Strategy for a Resurgent Economy," outlining an economic development strategy for the City. This document outlines three pillars for growing the city's economy:

- Solidify fundamentals;
- Foster innovation and entrepreneurship;
- Attract, retain, and grow investment.

As detailed further in this documents, the economic development strategies in this IAP are designed to align with these pillars and to complement the overall strategy that Invest Atlanta has established.

Strategic Community Investment Study (2014)

The City of Atlanta released "Creating Linkages and Eliminating Barriers: The Strategic Community Investment (SCI) Study" in October 2013. Among other elements, this document analyzed residential properties throughout the City of Atlanta and developed a "windshield" survey of field data to categorize neighborhood conditions within the city of Atlanta. These conditions were then compiled to identify neighborhood typologies.

This IAP references and relies upon the neighborhood conditions and typologies identified within the SCI report. The neighborhood typologies within the SCI report are, in declining order, below:

- Exceptional
- Strong
- Stable
- Trending
- Transitional
- Vulnerable
- Declining
- Fragile





Photo Caption: Christopher T. Martin

EXISTING CONDITIONS & ANALYSIS

2. EXISTING CONDITIONS & ANALYSIS



SUMMARY

The Atlanta BeltLine has made substantial progress towards the goals outlined in the Redevelopment Plan and the SIP. This is despite the fact that the recession of 2008-2009 and extended recovery period significantly decreased revenues for implementation and hampered progress. An existing conditions analysis produced several findings that were useful in developing an actionable implementation plan. Key findings are summarized in the table below:

Key Findings	Notes
Substantial progress has been made despite funding challenges.	Market rate housing development and construction jobs have exceeded goals. Affordable workforce housing produced by ABI and IA and permanent jobs have been substantial but have lagged behind original goals.
TAD revenues have not met original expectations in large part due to the recession.	TAD assessed values currently represent 60% of what was anticipated in the 2005 Redevelopment Plan. New dedicated funding sources will be needed to advance programmatic goals.
Atlanta BeltLine existing conditions vary greatly by geographic area.	Conditions are generally improved in the northern and eastern areas of the Atlanta BeltLine.
For ABI to achieve its 30,000 permanent jobs goal, Atlanta will need to have strong job growth and the Atlanta BeltLine will need to capture a significant share of these jobs.	The Atlanta BeltLine will need to grow the pie and receive a larger share of City of Atlanta job growth.
Key economic cluster opportunities exist in health services, manufacturing, blue and white collar support services, and innovation and commercialization sectors.	These are primarily complementary target industry priorities with Invest Atlanta.
Real estate inventory to attract new jobs has to be increased.	In order to support an increased capture rate, existing and innovative product inventory should be made available.
Land is being used inefficiently.	There are several opportunities to increase spatial density. An example is to improve efficiency by assisting large property owners in achieving efficient land use and exploring opportunities to leverage surplus property for additional job creation.

Planning and infrastructure development efforts have been key in shaping and accelerating development.	Key examples include the Atlanta BeltLine Master Plan, Historic Fourth Ward Park, and the Eastside Trail, which were instrumental to the success of the area.
Some development has occurred in almost all subareas, although over 75% has been in Subareas 5, 7, and 8.	Primarily subsidized, HOPE VI development has occurred in the southern and western Subareas.
Some neighborhoods have not recovered from the recession in terms of vacancies and value.	Neighborhood stabilization is key in some areas.
Affordable workforce housing is needed more in some areas than in others.	More affordable workforce housing is needed in areas with access to quality schools, services, and transportation options.
Over 1,000 affordable workforce units could lose their affordability restrictions over the next 15 years.	Some owners will choose not to renew affordable subsidies and restrictions depending on the market area and the objective of the land owner.
A passive incentive approach has been insufficient to compel programmatic objectives on key redevelopment parcels.	The incentive “carrot” alone without land ownership and/or policy to compel programmatic objectives is insufficient.

TOP-LINE GOAL MEASUREMENT

Despite significant progress, measured against the goals and benchmarks established in the Redevelopment Plan, the Atlanta BeltLine has a mixed performance scorecard. The Atlanta BeltLine is:

- Behind benchmarks for TAD growth;
- Slightly ahead of benchmark goals for overall housing development;
- Behind benchmark goals for affordable workforce housing development;
- Ahead of benchmark goals for construction jobs;
- Behind benchmark goals for permanent employment;

Affordable workforce housing production by virtue of direct or indirect ABI and Invest Atlanta intervention has not kept pace with goals, primarily as a result of insufficient BeltLine Affordable Housing Trust Fund resources triggered by the recession. For example, the Atlanta BeltLine Redevelopment Plan projected that a total of \$74M would be placed into the Affordable Housing Trust Fund by 2015. Only \$8.8M has been capitalized to date due to TAD performance.

External agencies, such as the Atlanta Housing Authority (“AHA”) and the Georgia Department of Community Affairs (“DCA”), have helped to supplement ABI and Invest Atlanta to

support affordable housing production. Key examples include Mechanicsville and the latter phases of the Villages of Carver HOPE VI developments. Between ABI, IA, AHA, and DCA’s efforts, the number of new units along the Atlanta BeltLine has kept pace with goals.

TAD LEVELS AND FINANCIAL RESOURCES

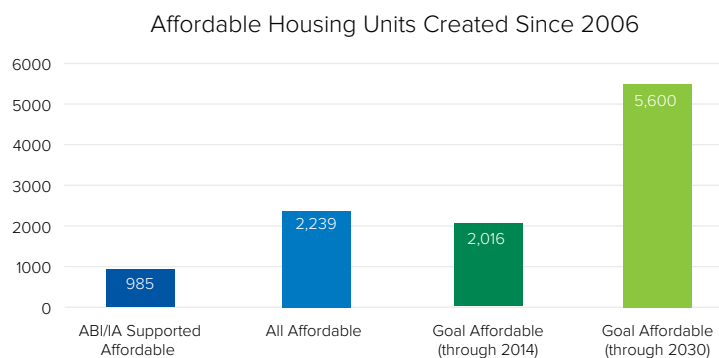
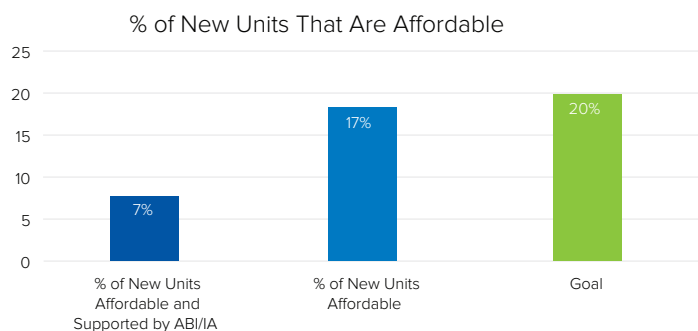
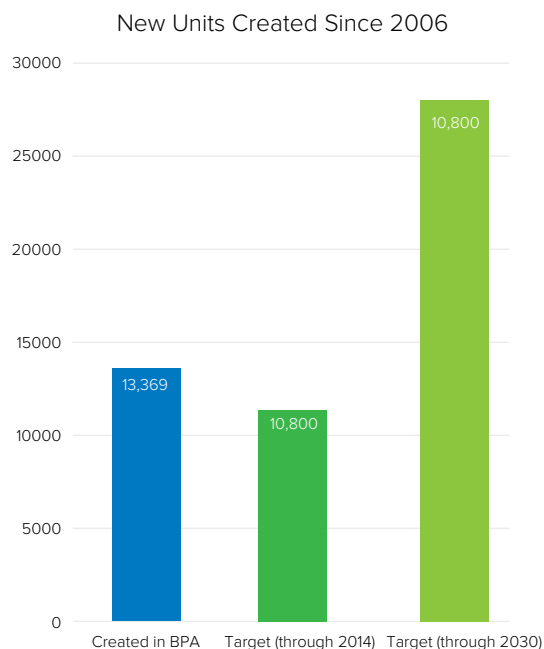
Redevelopment Plan TAD Estimates

The Redevelopment Plan anticipated that the Atlanta BeltLine TAD would issue bonds sizeable enough to support funding the BAHTF with \$240 million, and funding the Economic Incentive Fund with \$100 million over 30 years. These funding estimates were made at the peak of the market and assumed that the assessed value of property within the BeltLine TAD would increase in value from \$0.5 billion in 2004 to \$8.35 billion in 2030. Additionally, the Redevelopment Plan did not anticipate recessions, as demonstrated in the “TAD Values” charts, on page 22.

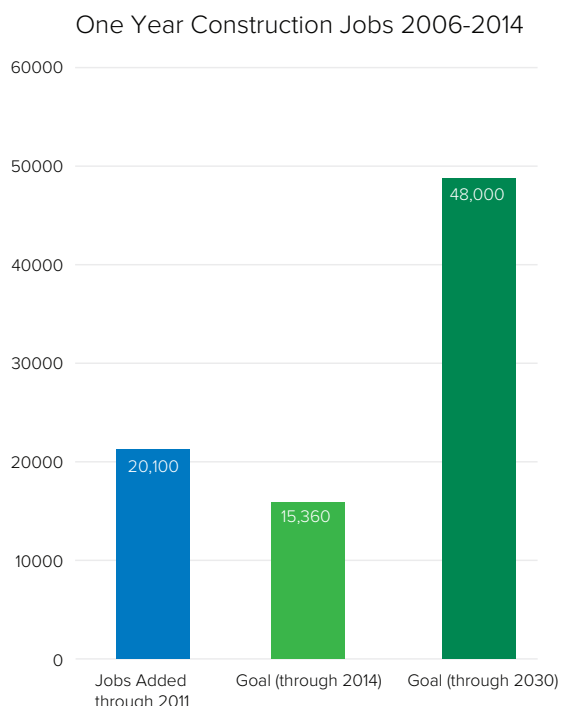
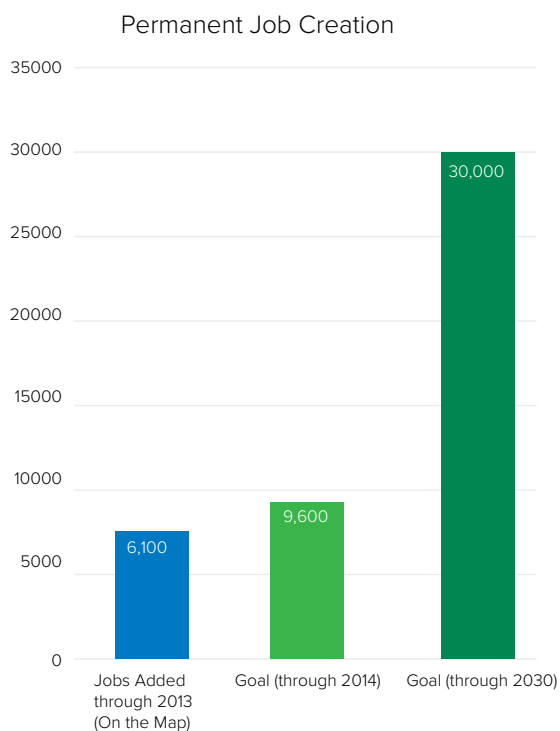
In order to reach this tax digest goal, property values within the Atlanta BeltLine TAD were expected to increase an average of 6.1% per year for 25 years. These projections also assumed \$6 billion, or \$240 million per year, in new development activity within the BeltLine TAD, which would lead to a total additional market value of \$18.1 billion. To provide a sense of scale, one multi-family development surrounding Historic Fourth Ward Park represents approximately



HOUSING SCORECARD



JOB CREATION SCORECARD



\$60 million in development. Including this new development activity, the TAD assessed tax digest was projected to increase in value by 12.1% per year for 30 years. This projected level of activity was expected to translate into \$1.7 billion in TAD bond proceeds to support Atlanta BeltLine construction, and affordable workforce housing and economic development incentives. Actual performance has not kept pace with these projections, primarily as a result of the recession, as demonstrated in the “TAD Values” charts, on page 22.

SIP Funding Estimates

The Strategic Implementation Plan was written in the waning years following the 2008-2009 recession, and in many ways reflects the economic impact of the recession as much as the Redevelopment Plan reflects the optimism of the preceding times. The SIP identified numerous funding sources for BeltLine investments, but also notably identified an \$891 million funding gap. The SIP relied upon an updated TAD forecast, which estimated development potential within the BeltLine TAD at \$3.69 billion from 2011 to 2030 or \$194 million per year or 80% of the development value estimate in 2005. Both of these estimates of private development activity are considerably less than the \$240 million per year of new development estimated in 2005.

TAD Performance through 2014

The first three years of the TAD, which occurred before the recession, saw very large increases in the property tax digest, putting it ahead of projections. The total assessed value with the TAD more than doubled from 2005 to 2008, rising from \$543 million to \$1.12 billion.

The Atlanta BeltLine took advantage of this increase by issuing a bond in 2008. The bond financed, among other things, the purchase of the Atlanta BeltLine Eastside Trail right-of-way and \$8.8 million for the Atlanta BeltLine Affordable Housing Trust Fund.

The TAD digest has stagnated at approximately \$1.1 billion since 2009. This represents five lost years of revenue growth exceeding \$800 million in assessed value. The 2014 digest remains 1.1% above 2008 levels but 25% below projections. In order to catch up to the projections in the Redevelopment Plan, the TAD would need an annual average increase in value of 13.3% over the next 16 years. This represents more than 1.5 times the rate it has increased since 2005.

Current Financing Constraints

TAD revenues are below expectations and must serve the demands of existing commitments and a substantial Atlanta BeltLine program. Currently, more than half of annual Atlanta BeltLine TAD revenues go to debt service and other

commitments. After supporting ongoing projects, planning and design work for future phases of park, trail, and transit, as well as other core operations, the Atlanta BeltLine has limited additional revenues to support infrastructure projects or incentives for economic development and affordable workforce housing. Of the \$21 million anticipated TAD revenues in fiscal year 2016, approximately \$4.8 million is dedicated to project costs for the entire Atlanta BeltLine program. By way of comparison, according to the SIP, over \$650 million is needed annually in the first five year period for the Atlanta BeltLine program.

TAD funds currently represent the only permanent source of flexible funding within the control of Invest Atlanta and Atlanta BeltLine, Inc. While the SIP identified \$1.6 billion in potential federal, state, and local funds for Atlanta BeltLine implementation, the majority of the funds identified are not within ABI's control. Federal and State funds are often allocated competitively for specific projects and often require local matching funds. Developing a strong TAD base and maximizing the limited TAD funds that are available will be crucial for leveraging external funds necessary for successful implementation.

REAL ESTATE DEVELOPMENT ACTIVITY

There have been over 13,000 total housing units and 1.8 million square feet of commercial space produced in the Atlanta BeltLine Planning area since 2005. Of these total housing units, 10,917 have been rental units. Rental units, representing 83% of the total, have outnumbered for-sale units even during the condominium boom of 2005-2009.

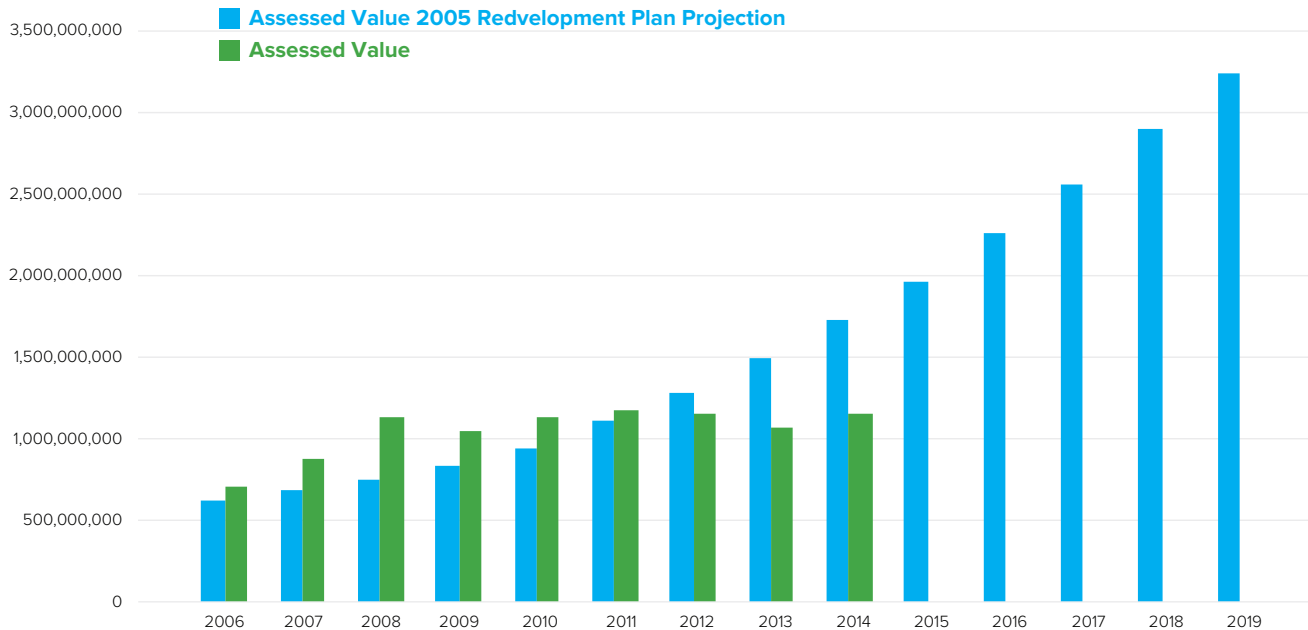
Approximately half of the value of the commercial projects is in mixed-use development with a residential component. Retail space represents the majority of non-residential space produced along the Atlanta BeltLine.

Most development is occurring in Subareas 5, 7, and 8, while some development activity is occurring in almost all subareas. Subareas 3, 4, and 6 represent emerging development areas that can be accelerated with the appropriate public and private interventions. Development activity fell dramatically between 2009 and 2012 due to the recession. However, significant activity resumed in 2013, with commercial activity in Subarea 5 exceeding pre-recession levels. Based on activity to date, it appears that development is occurring in areas with combinations of following characteristics:

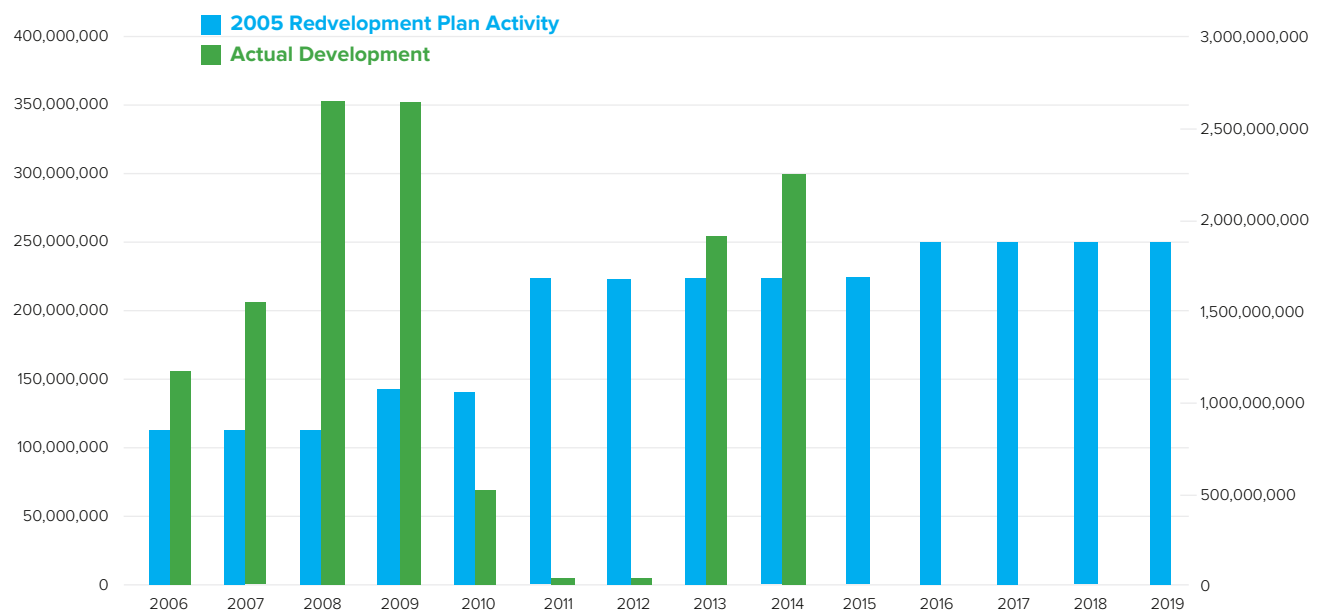
- strong markets;
- areas adjacent to strong markets;
- areas with substantial Atlanta BeltLine infrastructure investment;



TAD VALUES



TAD VALUES



- areas with land availability and willing sellers;
- density supportive neighborhoods;
- areas with sufficient neighborhood amenities and infrastructure.

The Appendix analyzes development activity in more detail and groups subareas into “actively developing,” “emerging,” “transitional,” and “declining” categories. This appendix also includes lessons from the Eastside Trail in the combination of factors that can drive development in other parts of the BeltLine.

AFFORDABLE WORKFORCE HOUSING PRODUCTION

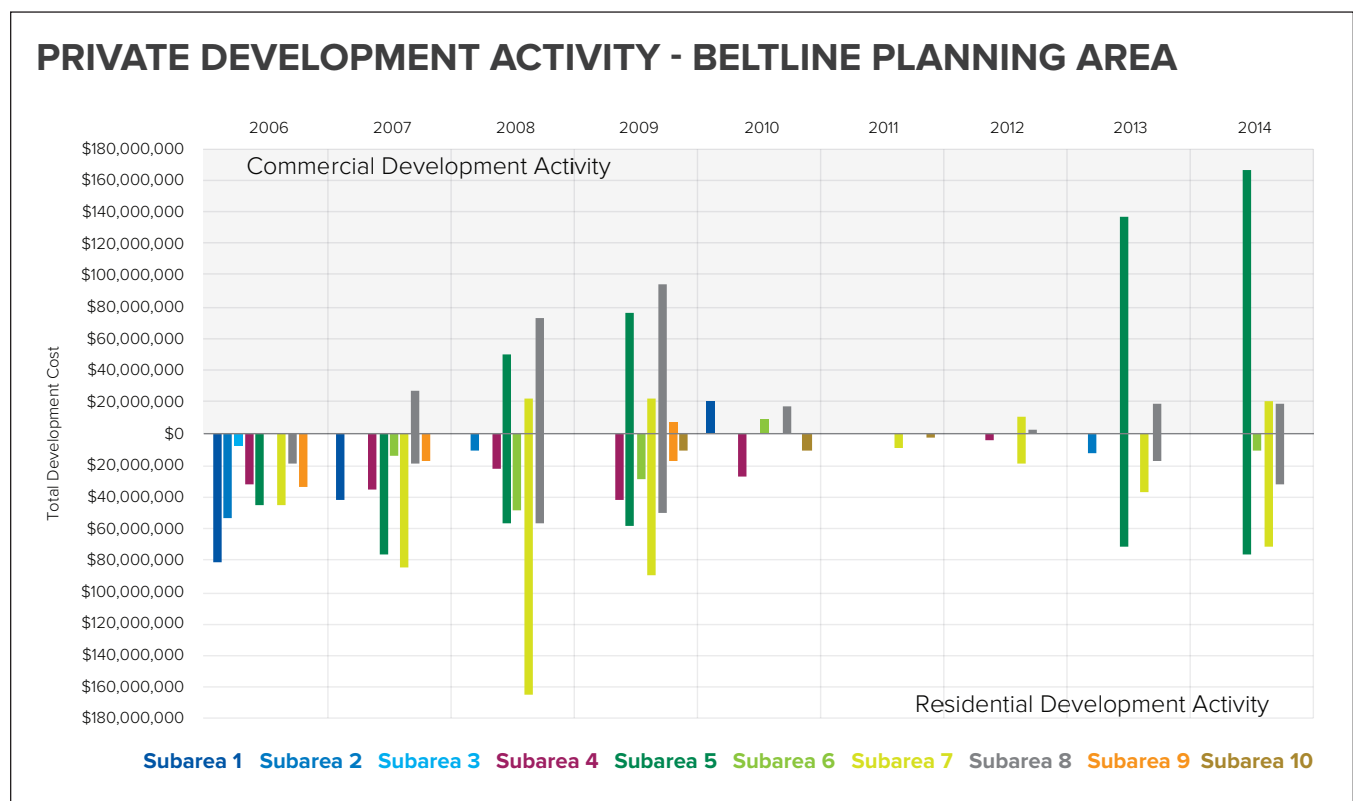
Affordable Workforce Housing Development to Date

Atlanta BeltLine, Inc. and Invest Atlanta have supported 985 affordable housing units between the beginning of 2006 and the end of 2014 in the Atlanta BeltLine Planning Area. This represents over 100 affordable units annually and seven percent of all new units produced around the Atlanta BeltLine.

These units were produced in the following ways:

- BAHTF development incentives: 165 units
- BAHTF downpayment assistance: 58 units
- BAHTF acquisition and development: 28 units
- Other IA development incentives: 295 units
- Other IA downpayment assistance: 370 units
- Zoning and Entitlements: 61 units
- Columbia Mechanicsville (McDaniel Glen revitalization): 606 units
- Villages at Carver (Carver Homes revitalization): 244 units
- Columbia Grove (Perry Homes revitalization): 106 units
- Ashley Collegetown (Harris Homes revitalization): 107 units

External agencies, such as the Atlanta Housing Authority (“AHA”) and the Georgia Department of Community Affairs (“DCA”), have helped to supplement ABI and Invest Atlanta supported affordable housing production. Key examples include Mechanicsville and the latter phases of the Villages of Carver HOPE VI developments. Between ABI, IA, AHA, and DCA’s efforts, 2,239 units have been produced since the end of 2005. 1,063 (47%) of these units are the result of large-scale HOPE VI redevelopments.



EXISTING CONDITIONS & ANALYSIS

Above: Affordable Housing units produced since 2006



Another 486 units were traditional LIHTC developments within the BPA that were awarded credits through the DCA.

- Columbia Senior Residences at Edgewood: 135 units
- Heritage Station: 163 units

Affordable Housing Need

The affordable workforce housing heat map below indicates where there is more affordable workforce housing need relative to other areas. It is derived first by mapping where affordable workforce units currently exist within the BPA and then weighting those voids by proximity to transit, schools, parks and services to identify areas of greatest “heat” or need. This methodology also has correlation to DCA’s criteria for awarding LIHTCs to sites with neighborhood amenities such as grocery stores, high quality schools, and park access. While there are pockets of need through the south and southwest, the major areas of need are in Subareas 6 and 7. While there is need for quality affordable workforce housing everywhere, the “Occupied Rental Housing Units” and “Home Sales by Subarea” charts on page 27 indicate that this need is greater in some areas than in others.

The majority of affordable workforce housing has occurred in areas where land is affordable and where public agencies have controlled land. There has been very limited affordable workforce housing development in areas experiencing high levels of private, market rate development. As a result, there

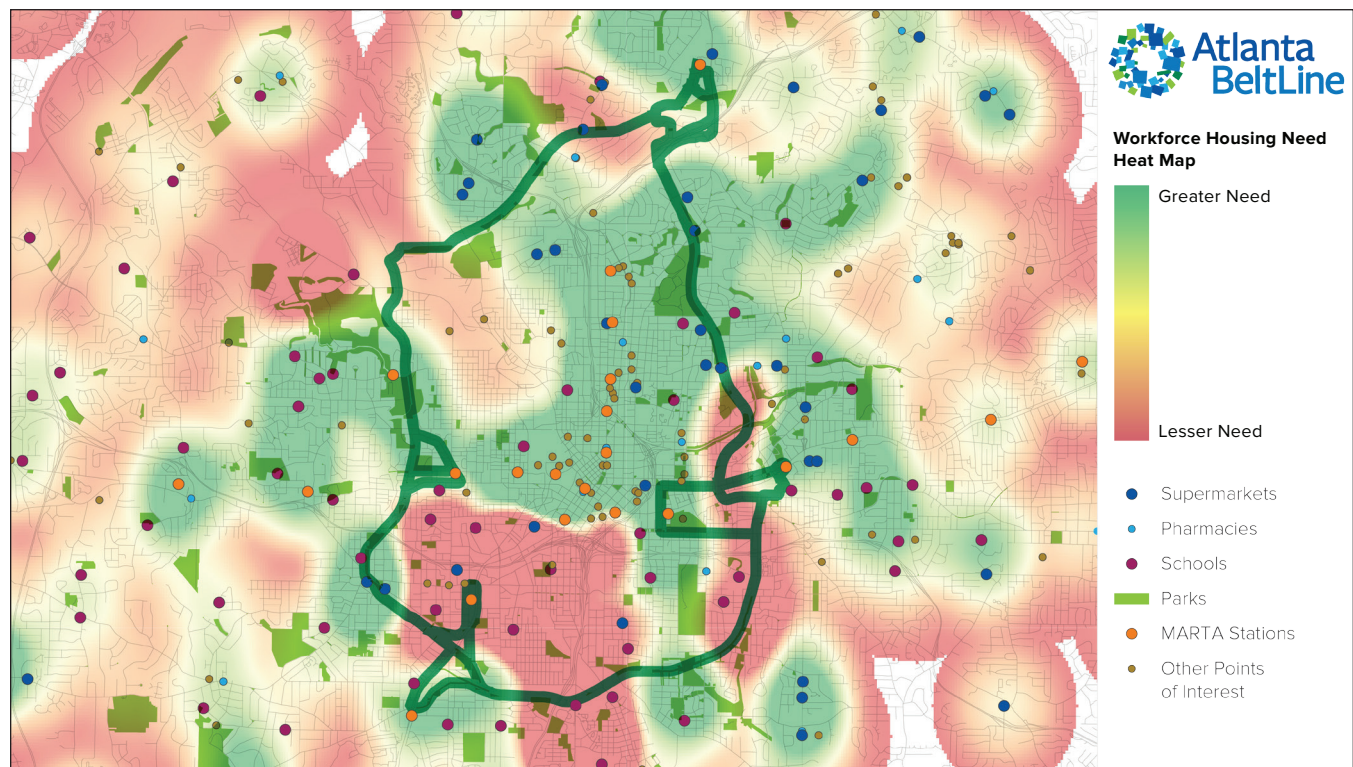
is a high level of need for affordable workforce housing in amenity-rich areas within the BeltLine Planning Area.

Traditional affordable workforce housing can occur where there is a convergence of low land costs and subsidies that are sufficient to make the deal work. Typically, these subsidies are in the form of the 9% LIHTC, which is the largest producer of affordable housing in the United States. High-need areas typically have high land costs, which increases the amount of gap financing needed to make affordable workforce housing deals viable. Many affordable workforce housing producers focus their efforts and resources in lower cost areas, rather than compete with market rate developers who can bid up land prices based on expected market rate revenues.

Cost of Affordable Housing Production

The cost per unit of affordable workforce housing in desirable areas is substantial. For a rental development, a rent reduction of \$400 below market rate affects the resale value of the unit by \$80,000 per unit (assuming a 6% capitalization rate). Public or ABI ownership of land does not make this gap disappear, it simply compels the prospective developer to creatively seek solutions and subsidy programs with the owner.

The chart below describes two multifamily rental tax credit scenarios in moderate and high cost areas. While 9% LIHTC deals will typically have most affordable unit costs covered,



4% LIHTC deals typically require significant additional subsidy. There is a very limited supply of 9% allocations in the City of Atlanta (typically two per year). However, 4% deals typically have unlimited supply.

Importance of Land Ownership and Partnership

Interviews and experience have shown that developing affordable workforce housing does not align well with the investment and building standards of the conventional multi-family development industry. Affordable workforce housing typically has several layers of complex public and private investment in order to make deals feasible. The availability of these public resources is scarce and uncertain and often requires long lead times that may not align with optimal market timing. Conventional for-profit developers, therefore, will

not voluntarily include affordable workforce housing, even if subsidies exist in the market to make it close to return neutral.

A local, flexible, reliable funding source that does not rely on state or federal subsidies would be helpful in aligning for-profit development with affordable workforce housing. However, the scale of this funding source does not appear to be a realistic proposition in the near term; the gap subsidy needed for one unit in the Old Fourth Ward is over \$80,000. Developers have also reported that tax reduction incentives are flexible and align well with conventional models.

Therefore, without land ownership or inclusionary zoning, sufficient ABI leverage does not exist to compel for-profit developers to include affordable housing in their projects.

DEAL STRUCTURE OF AFFORDABLE HOUSING DEVELOPMENT

	Moderate Land Cost		High Land Cost	
Location:	SA 7		SA 4	
# Units:	100		100	
% Affordable:	100%		20%	
Land Basis / Unit:	\$25,000		\$35,000	
Subsidy Used:	9% LIHTC		4% LIHTC / Tax Exempt Bonds	
	Sources and Uses		Sources and Uses	
Uses	Total	Per Unit	Total	Per Unit
Land	\$2,500,000	\$25,000	\$3,500,000	\$35,000
Hard Costs	\$13,500,000	\$135,000	\$13,500,000	\$135,000
Soft Costs	\$3,375,000	\$33,750	\$3,375,000	\$33,750
Total*	\$19,375,000	\$193,750	\$20,375,000	\$203,750
Sources				
Tax Credit Equity**	\$15,925,613	\$159,256	\$1,365,053	\$13,651
Private Debt/Tax Exempt Bond***	\$3,449,388	\$34,494	\$14,415,009	\$144,150
Gap****	\$-	\$-	\$4,594,939	\$45,949
Total	\$19,375,000	\$193,750	\$20,375,000	\$203,750

* TDC is market based for stick built w/ structured parking and assumes DCA cost limit waiver is granted for high land costs

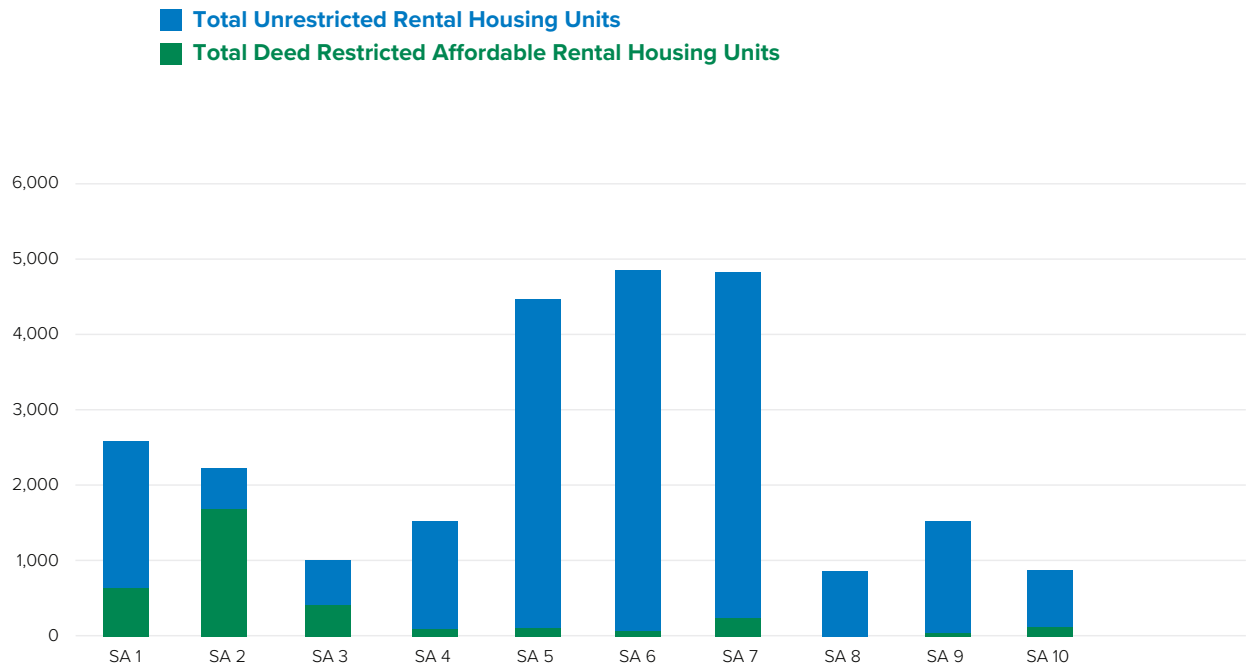
** Equity based on current Tax Credit Percentages for 9% and 4% credits and a combined Federal and GA State Tax Credit Pricing of \$1.40

*** Private Debt assumes 30 year amort. And a 5.5% rate with a 1.25 DCR; Tax Exempt Bond Assumes 35 year amort. and a 4.5% rate with a 1.20 DCR. NOI is derived from using the max tax credit rents less DCA utility allowances assuming 50% 1BR units and 50% 2BR units w/ Market Rents assumed to be an average of \$2,000/mo and expense ratio of 50% and vacancy of 5%

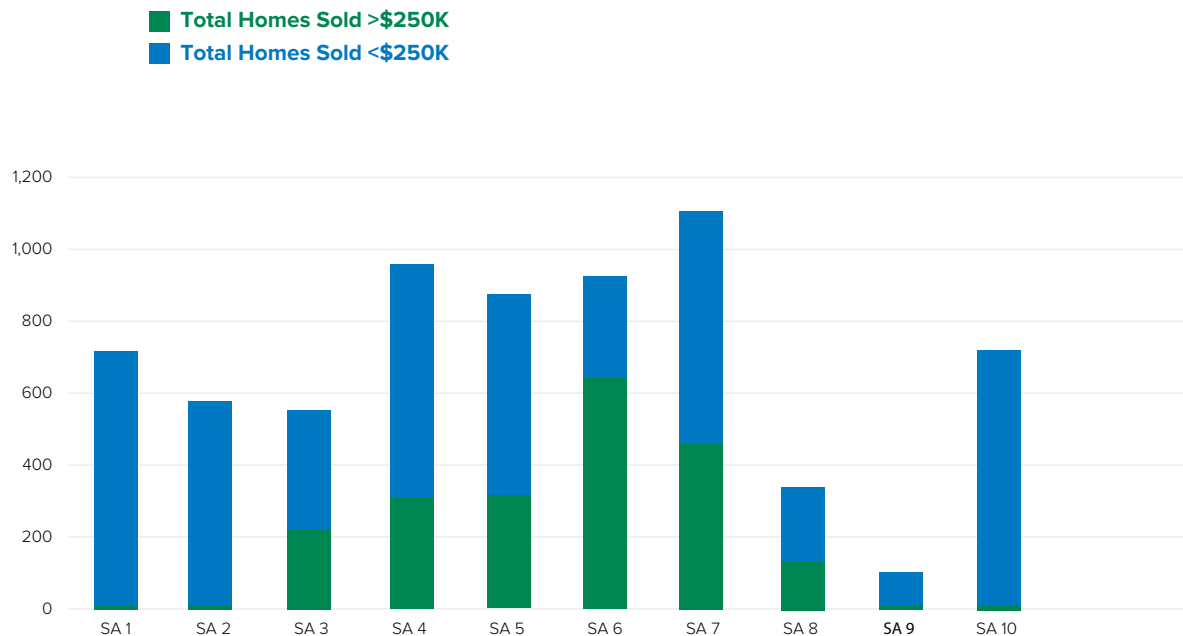
**** Gap could be filled with a combination of Deferred Development Fee, City of Atlanta HOME Loan, DCA Home Loan, FHLBA Grant/Loan, BAHTF Loan



OCCUPIED RENTAL HOUSING UNITS BY SUBAREA



HOME SALES BY SUBAREA MAY 2013 - MAY 2015



This challenge highlights the importance of land ownership, policy, and partnership with both market-rate and particularly mission-driven developers.

These challenges, which are present not just in the Atlanta BeltLine Planning Area, but in the city of Atlanta at-large and throughout much of the United States, are what lead to the existence of an affordable housing “need” in the most stable and desirable areas. Therefore, the Atlanta BeltLine proposes several new models to create affordable workforce housing units in these areas, spelled out in the Strategic Recommendations section of this plan.

At Risk Housing

As a parallel strategy to new, affordable housing construction, ABI should take an active role in the preservation of existing deed restricted affordable housing developments. In most cases this will be far less expensive on a per unit basis than creation of new units. In some cases land costs have increased dramatically since a project was first developed, rendering the creation of new units in a specific subarea extremely difficult and costly. Without this intervention, some developments will lose their deed restricted affordable units. Examples of previously subsidized developments with units that are no longer deed restricted include Telephone

Factory Lofts in the Old Fourth Ward and Amberwood Village Apartments in Reynoldstown. Boynton Village Apartments and Trestletree Village Apartments are two affordable housing developments that have been preserved by ABI or Invest Atlanta since 2006.

While many affordable developments have subsidies that are expiring, ABI priority should be placed on “at risk” units that will expire soon, are under for-profit ownership, and are inside the TAD. The Atlanta Housing Authority, Invest Atlanta, and mission-driven non-profits are examples of owners that have expiring units within the BPA, but are not considered at risk of converting to market rate. Below is a table of “at-risk” affordable workforce housing owned by for-profit entities that could expire before 2035.

Economic Development and Job Creation

The Redevelopment Plan goal is to create 30,000 permanent jobs by 2030. Two factors contribute to Atlanta BeltLine, Inc.’s ability to meet this job creation goal: the rate of overall future job growth in the City and the Atlanta BeltLine’s ability to “capture” a percentage of these new jobs, either by creating jobs or by attracting jobs to the BeltLine Planning Area. Ideally, the rate of future job growth in the City would be determined by looking at recent and forecasted trends.

Development	Expiration Year	Units	In Tad
For Years 2016-2020			
Columbia High Point	2017	94	Yes
Columbia at Peoplestown	2018	69	No
Crogman School Lofts	2018	15	No
Auburn Glenn Apartments	2019	271	No
Columbia Senior Residences at Edgewood	2020	135	No
Westview Lofts	2020	21	No
Ashley West End	2020	100	Yes
	Subtotal	705	
For Years 2021-2035			
Heritage Station Apartments	2021	163	Yes
Grant park / Gladstone Apartments	2025	291	Yes
Columbia Plaza Apartments	2026	94	No
Oglethorpe Place	2028	29	Yes
Capitol Vanira	2031	60	No
The Darlington	2034	214	No
	Subtotal	851	
	TOTAL	1,556	
Source: Columbia Ventures, National Preservation Database			



Affordable Workforce Housing Lessons from the Historic Fourth Ward Park Redevelopment Area

Over 1,600 units have been developed surrounding Historic Fourth Ward Park. One hundred thirteen (6.7%) units are workforce housing units reserved for families earning under 80% of Area Median Income. All of these below market rate units were created as a result of land ownership by the City of Atlanta or affordability covenants running with the land.

In other developments without covenants or City land ownership, incentives up to \$40,000 per unit were offered from the Trust Fund. These resources were not accepted by the developer for the following reasons:

- The cost to make the affordable housing return neutral for the developer was \$80,000 or more per unit, which was twice what was available and responsible to provide as incentives;
- The developers owning the property were primarily profit-motivated;
- The developers were not accustomed to layering additional sources of subsidy to make the affordable housing return neutral;
- The developers were not required to include affordable housing as a result of public land ownership or policy; and
- The lease-up, management, and operations of an affordable component is currently a niche industry, and appropriate knowledge of compliance requirements and marketing to low-income tenants is necessary.



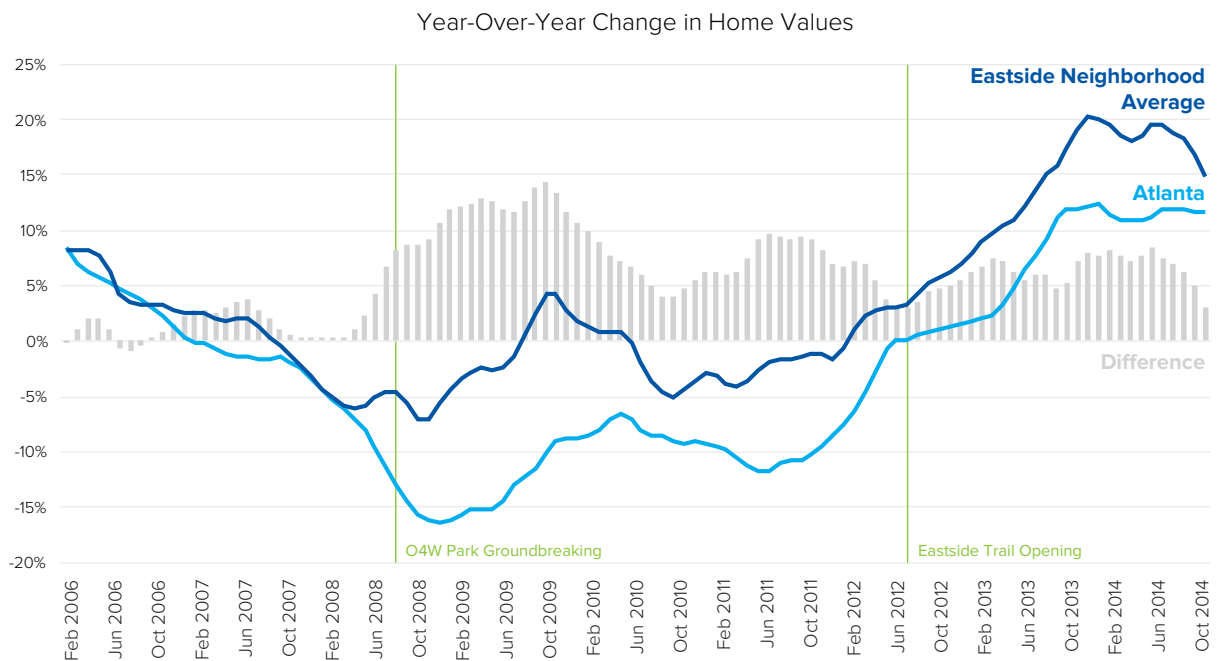
However, while there are strong data on job growth trends in the City, employment forecasts for the City are not readily available. In these circumstances, employment forecasts for Fulton County offer a way to assess the feasibility of the Atlanta BeltLine reaching its 30,000 jobs creation goal. Strong recent job growth in the City and strong projected growth across the County would indicate a higher likelihood of meeting job creation targets. Unfortunately, the picture for both City and County job creation is mixed, with high job-capture rates required at both City and County rates.

The project team identified two job creation scenarios using City and County projections. The City of Atlanta experienced strong job creation over the past decade, with private sector employment growing at over 2.5 times the national average with a 1.6% growth rate. However, according to Mass

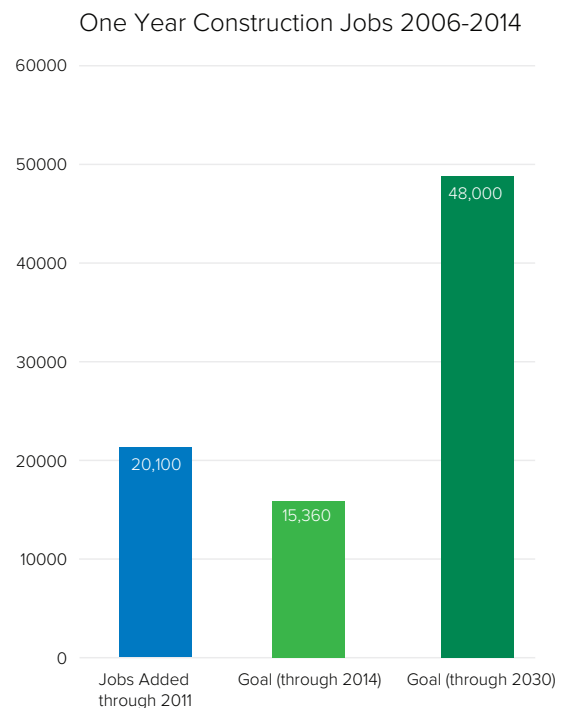
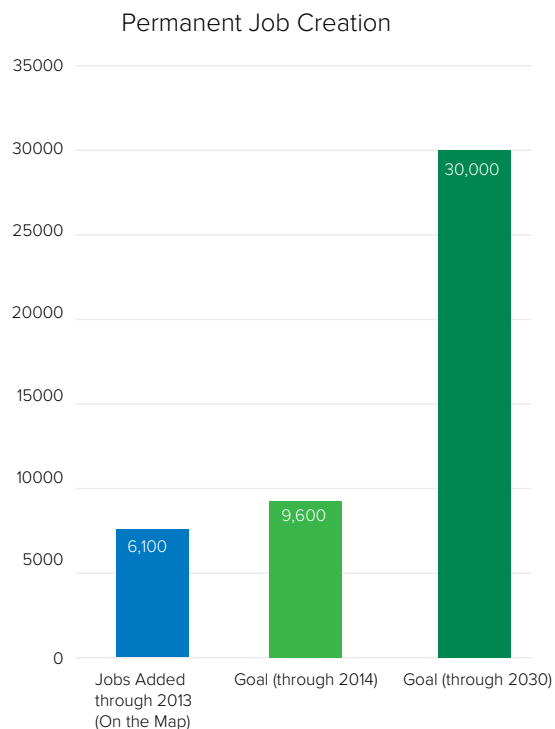
Economics, the baseline annualized projected employment growth rate for Fulton County (and the U.S.) is only about 0.6% between now and 2030, largely because of very slow projected annual growth (0.3%) in the 2020-2030 period. If the City of Atlanta added jobs at the 0.6% annualized rate, the Atlanta BeltLine would need to capture an astonishing 53% of new city jobs to meet the 30,000 new jobs goal by 2030. This capture rate seems unrealistic and, from the perspective of the City, creates potential competition with other geographic entities within Atlanta, such as Peachtree Corridor, that also have ambitious job growth targets for the next decades. Notably, even if the City of Atlanta were to sustain its recent 1.6% annualized job growth rate for the next fifteen years, the Atlanta BeltLine Planning Area capture rate would still need to increase from its historic rate of 16% to 20% of all new city jobs.



EASTSIDE DEVELOPMENT & CHANGE IN HOME VALUES



JOB CREATION SCORECARD



These high-level scenarios suggest that in order to reach the 30,000 new jobs target, Atlanta BeltLine strategies should be focused on contributing to strong overall City growth even while enhancing the attractiveness of the Atlanta BeltLine as a location for new job growth in Atlanta. By adopting a two-pronged strategy that emphasizes working with partners to support strong overall City of Atlanta job growth while also working to increase the capture rate of the BPA, ABI strategies have the potential to eliminate intra-city, zero-sum competition to capture small numbers of new jobs and instead foster an environment of growth that enhances the vitality of all of the city's key jobs corridors. Without implementing these collaborative strategies, the Atlanta BeltLine is unlikely to meet its job creation targets.

The BPA is currently below Atlanta BeltLine goals for permanent job creation. As measured by net jobs created, the BPA added an estimated 6,100 jobs since inception in 2006 through the end of 2013. This figure lags the 10,800 jobs (if measured ratably) required to meet the overall 30,000 job goal.

Construction jobs are ahead of the target – an estimated 22,100 one-year construction jobs have been created within the BPA through 2014. This exceeds the 17,280 jobs needed to stay on pace to create 48,000 construction jobs through 2030.

Job creation within the BPA has been significantly impaired by the recession, which exacerbated negative trends that existed in many subareas prior to ABI's existence. From 2006 to 2009, the Atlanta BeltLine lost 6.5% of its private employment base while the City increased its employment base by 1.2%. From 2009 to 2013, the BPA's private employment base only grew by 8% while the City's grew by 15%. However, growth dynamics are fundamentally different in the BPA than in the rest of the city, where both new and existing firms have been contributing to employment growth. In the BPA, employment at new firms is offsetting declines in employment at other firms. Absent this new business investment, some of which can be attributed to the Atlanta BeltLine, the BPA could be experiencing net job loss despite the strength of the City's economy. The Appendix describes the recommended methodologies and sources for counting job creation.

Regional Context

Job growth in the Atlanta BeltLine should be considered within a municipal and regional context. The Atlanta BeltLine is part of larger city and regional economies. The vast majority of this region lies outside the BPA. The Atlanta commercial real estate market is only beginning to recover, and new commercial space is being planned and developed along the Atlanta BeltLine in multiple subareas. The regional economy's hyper-growth in the 1990s has not yet been replicated in this century. From 1990 to 2000, the Atlanta MSA's economy grew by 47%. Growth rates then slowed significantly to 16%

from 2000-2012 and to a projected 19% from 2012-2030. The U.S. economy is urbanizing, with the economies of major U.S. cities projected to grow faster than the national rate. As of this writing, Atlanta's city and regional economies have shown strong recovery. From 2003 to 2013 (from the end of the 2001 recession and subsequent recovery through the most recent data available), the City of Atlanta has performed well compared to peer cities. Atlanta has grown its private sector job base by 14% during that period, outpacing all but one city in the ten-city sample, including strong urban economies such as Minneapolis and Boston. The city also added 7% to its private sector job base between 2013 and 2014. Longer term growth trends are less positive due to job loss in the early 2000s as well as the impact of the Great Recession. Overall, private job growth in the City of Atlanta was only slightly positive from 2000 to 2014.

Inequality and Mobility

Creating inclusive economic growth along the Atlanta BeltLine will be a challenge. A recent Brookings Institution study found that Atlanta's income inequality is the highest in the United States. Inequality and mobility offer two means of measuring economic inclusion. Inequality measures the wage variation across a population, while mobility measures the odds of individuals moving to different income levels from the ones into which they were born. While profound social and political reasons exist for addressing this issue, high inequality and a lack of social mobility also stagnates economic growth. Cities with high income inequality may suffer from narrowing tax bases, a lack of middle-class neighborhoods, a shortage of skilled labor, and high social costs. Atlanta's extreme inequality and lack of economic mobility pose a threat to the City's economic growth.

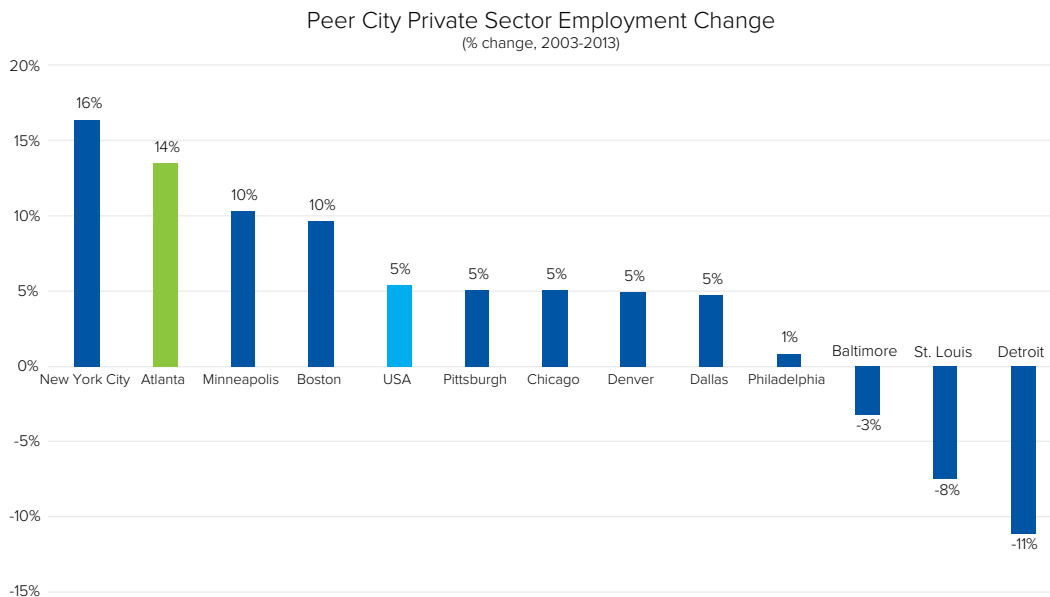
Workforce Analysis

Atlanta and the Atlanta BeltLine face two primary workforce challenges. The first is generating accessible job opportunities and preparing Atlanta residents for in-demand, middle-skill careers. The second is attracting and retaining young and educated workers.

The BPA is composed of subareas with significantly different economic conditions and resident workforce skills. Employment is highly concentrated in the north and northeast subareas. These areas feature an educated workforce, strong entrepreneurial activity, and higher incomes. These subareas have strong growth rates in high-paying industry sectors, such as professional services and health care sectors. The west, south/southwest, and southeast subareas are characterized by higher levels of unemployment among residents, and for employed residents, over-representation in low-wage industries such as food service and retail trade.



RECENT GROWTH AND PROJECTED GROWTH OF PEER CITIES



The City of Atlanta also has a significant labor force skills gap. The currently unemployed 25 to 64 year-old population in the City of Atlanta is insufficient to fill projected new jobs requiring more than a high school diploma. Unemployment rates are almost twice as high for working-age residents without a high school diploma in the City compared to the rest of the region. In the City, less than 40% of the working-age population without a high school degree is employed and almost half of the non-working residents are not looking for employment. Workers with a high school degree or less make up approximately 30% of the City's population – but almost half of Atlanta's unemployed population.

As of 2013, 22% of residents aged 16 years or older in Atlanta live in poverty (compared to 14% of the U.S. population aged 16 years or older nationally), and 27% of these residents are working poor. Between 2007 and 2009, the number of residents in poverty increased by over 46% – since 2009 however, this value has decreased by over 14%.

Residents who live and work in the Atlanta BeltLine are disproportionately employed in low and middle wage jobs paying under \$40,000 annually. The places of work for the lowest-paid residents of the Atlanta BeltLine are concentrated within the Atlanta BeltLine and outside of the region – suggesting these residents are either forced to find work close to their place of residence or are forced to commute long distances to find low paying employment.

High, sustained growth will also require the City and region to reverse recent trends and attract young, educated workers. Between 2000 and 2012, Metro Atlanta's overall population increased by 30 percent – but the number of young, educated residents grew by only three percent. Of the 51 U.S. metros with a population of one million or more, only Detroit and Cleveland fared worse than Atlanta in attracting this demographic. Young and educated residents are an important sub-group for the Atlanta BeltLine to attract and retain. Fortunately, 25 to 34 year-olds with a Bachelor's degree or higher are highly concentrated in the Atlanta BeltLine and have become more concentrated over the last decade in specific subareas.

A growing set of capable partners in workforce development is emerging along the Atlanta BeltLine. Given external expertise and capacity, ABI should seek to participate in a supporting capacity within workforce partnerships.

INDUSTRY SECTOR ANALYSIS

Employment growth concentrated in actively developing areas

Employment growth in the BPA has been concentrated in Subareas 7 and 8 (in the north). While certain census block groups in other subareas have added employment, only these subareas have experienced net positive employment growth across the entire geography through 2013. This growth is focused on several nodes:



- Peachtree Street, focused around Piedmont Hospital;
- Around the Lindbergh MARTA station;
- At I-75 between Northside Dr. and Deering Rd NW;
- West Midtown

The northern and eastern subareas have also seen an increase in professional, scientific, and technical services jobs of over 80% between 2002 and 2013. When released, post-2013 data will reflect the increase in office employment from the Ponce City Market development, the initial phases of which opened in 2014 and will continue to come on line through 2015 and into 2016.

Real estate space within these subareas is typically very different than what is available within Atlanta's traditional job cores, which is dominated by traditional office formats. This unique product has helped the areas listed above attract more entrepreneurial activity. As a result, northern and eastern subareas have shown much higher rates of firm creation than other subareas. Examples of this kind of space, in addition to Ponce City Market, include the following:

- 650 Hamilton Creative Office Space;
- StudioPlex;
- Mailing Avenue Stageworks.

Pockets of growth in emerging and transitional areas

Despite overall negative job trends since 2006, Subareas 3 and 4 in the southeast have seen a number of commercial projects announced recently. Both subareas have small pockets of loft-office space and are attracting non-traditional firms, such as film-industry related employment along Mailing Avenue and the Eventide Brewery on Grant Street.

Industry gaps and opportunities

In addition to supporting Invest Atlanta's cluster priorities, there are sector opportunities for job growth in and around the Atlanta BeltLine, including manufacturing, business support services, and potentially health services (as health delivery models move towards community health centers and other local delivery approaches). These opportunities should be fostered to complement growth in professional services and retail. Together, these clusters can expand employment in the BPA and provide opportunity for a broad range of workers while helping to improve local conditions.

Urban Manufacturing

The Atlanta BeltLine is a natural voice for manufacturing in the city: 11% of Atlanta's manufacturing activity is within the planning area and 58% is within a one-mile

buffer of the Atlanta BeltLine Planning Area. Contemporary urban manufacturing sites are increasingly innovation-oriented – home to advanced manufacturing and state-of-the-art technology and engineering capabilities rather than smokestacks and assembly lines. There is a severe mismatch between Atlanta's aging industrial facilities and contemporary requirements. Revitalizing and modernizing manufacturing in Atlanta presents a leadership opportunity for the Atlanta BeltLine.

Manufacturing as an industry has some of the best "wage to education level" indicators of any industry, and some scholars have noted important links between it and success in innovation and commercialization activities. The attraction of urban manufacturing opportunities is also imperative as a vehicle for providing solid blue collar careers for the low-skilled, under-employed, and unemployed populations.

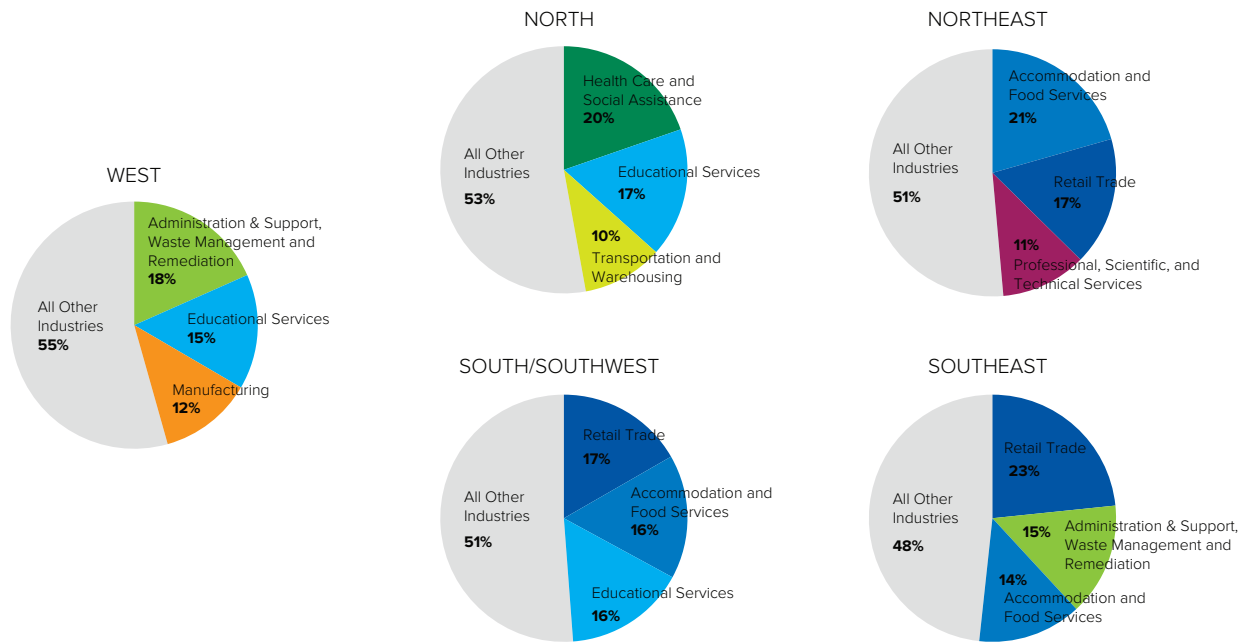
However, ABI should work to maintain the Atlanta Beltline's existing manufacturing base. Absent a strategy to preserve manufacturing businesses, market pressures in the higher land price areas will lead to manufacturing job losses, and many subareas have already lost significant amounts of manufacturing employment. Staving off further decline is critical not only to the Atlanta BeltLine but to the City of Atlanta, which has a weak manufacturing base relative to most U.S. cities.

Industrial land is available for modern manufacturing use. In 2010, the vacancy rate of the city's overall industrial land was 23%. The vacancy rate in the southern part of city is over 40%. Notable examples of industrial vacancy are LaFarge, Atlanta Dairy, Warehouse Row, and Exide Battery properties. When compared with market averages, the Atlanta region's industrial prices per square foot are very low. At \$4.21 per square foot, Atlanta's high tech spaces are the cheapest of any market sampled.

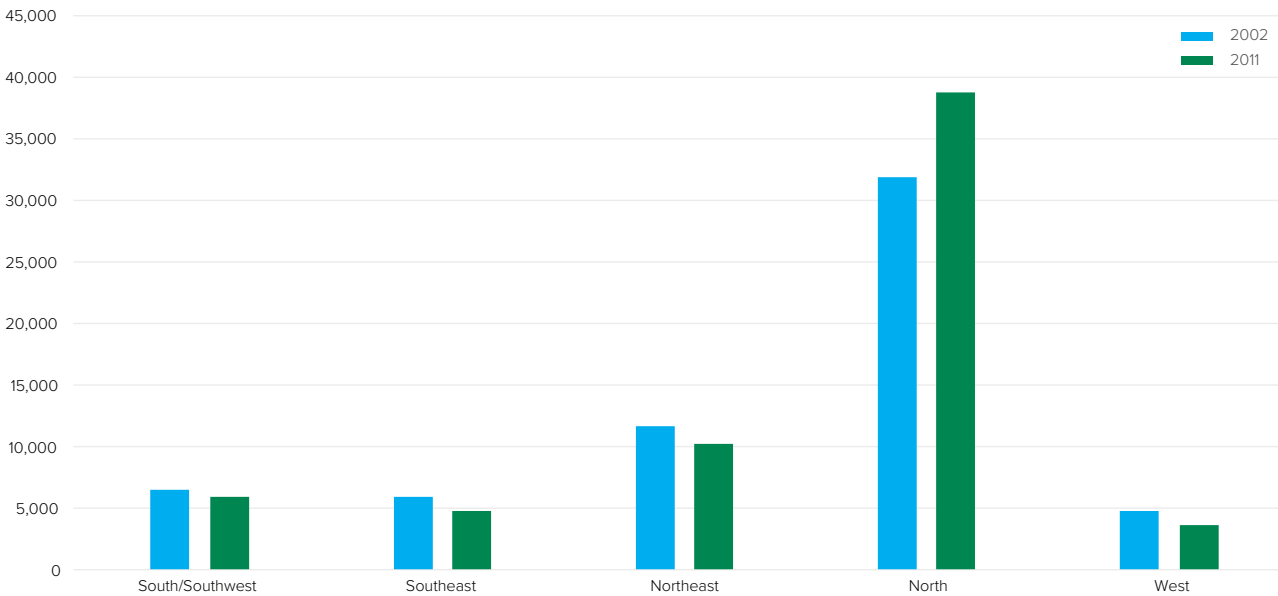
Many opportunities exist for growth in manufacturing along the Atlanta Beltline. The Georgia Tech Plan for Industrial Land and Sustainable Industry in Atlanta identified food manufacturing, green building and construction industries, and life sciences manufacturing (including pharmaceutical and medical device manufacturing) as key areas of opportunities for the City. These three recommended opportunities would fit Atlanta BeltLine manufacturing space and goals well. The life sciences sector is aligned with Invest Atlanta's cluster priorities and can be connected to potential university and hospital commercialization partnerships. Green building and construction manufacturing matches existing Atlanta BeltLine workforce development programs and contributes to sustainable development along the Atlanta

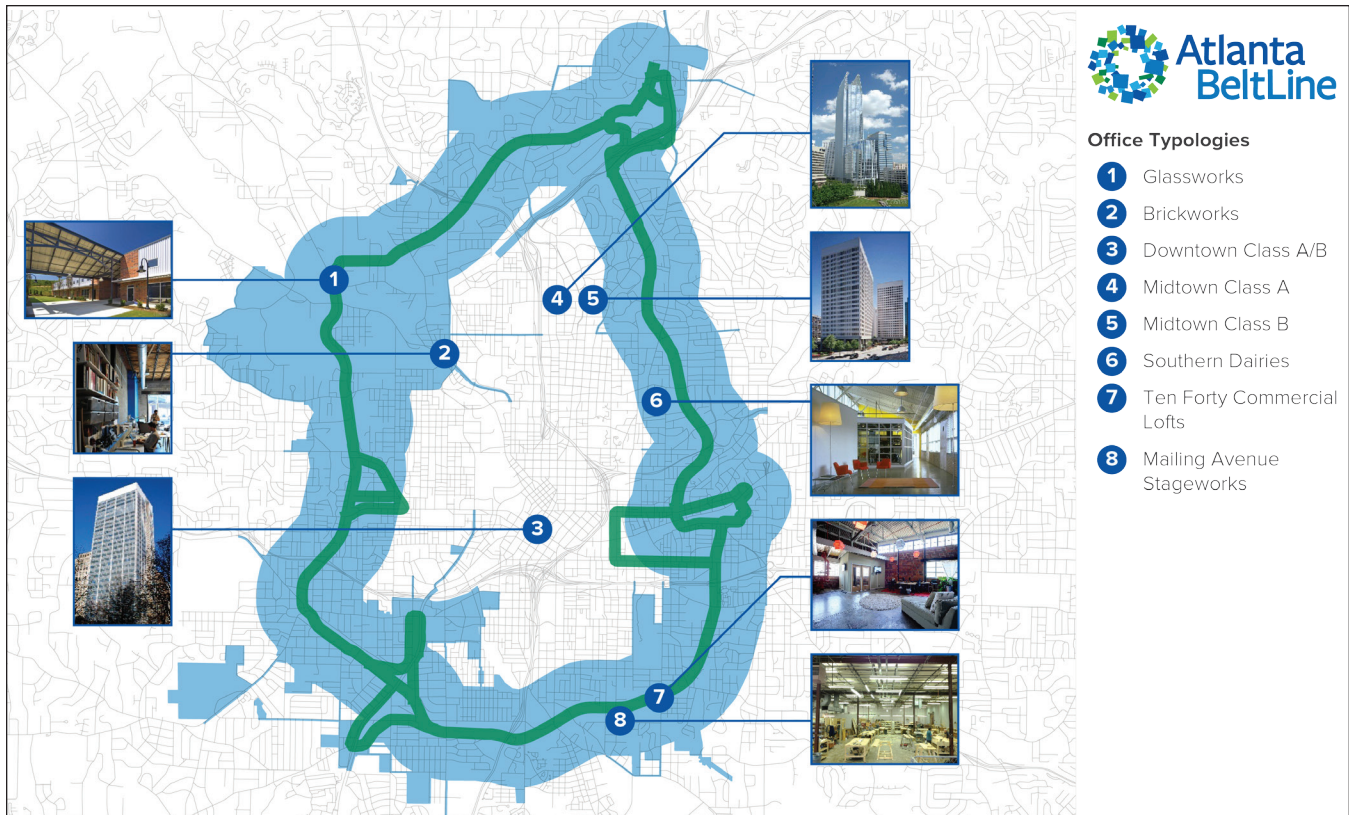


MAJOR EMPLOYMENT AREAS BY GEOGRAPHY



EMPLOYMENT BY SUBAREA





BeltLine. Food manufacturing to serve the City's strong culinary scene represents another growing opportunity in Atlanta. The Atlanta BeltLine's industrial spaces can also be repurposed to support the small-scale, artisanal manufacturing that is returning to American cities. Many of these small-scale models involve co-locating manufacturing tenants in shared spaces with access to shared equipment and resources.

Health Services

Atlanta's health services cluster is underdeveloped. The component industries of the health services cluster have the highest projected employment growth rates of any industry – and Atlanta currently has 8,600 fewer jobs in these health care services than expected for a U.S. city of its size. At the same time, the City's and nation's aging population and demand for preventative care indicate a growing need for these health services and for localized delivery systems.

The west and south/southwest areas of the Atlanta BeltLine include populations with high mortality and morbidity rates, with a disproportionately high percentage of the population disabled and uninsured. Also, as the result of areas being designated food deserts or areas of inadequate healthy food options, opportunities to attract a greater presence from this industry sector are present. Much of Southwest Atlanta is classified as a "Low Income Medically Underserved Population" by the Health Resources and Services Administration.

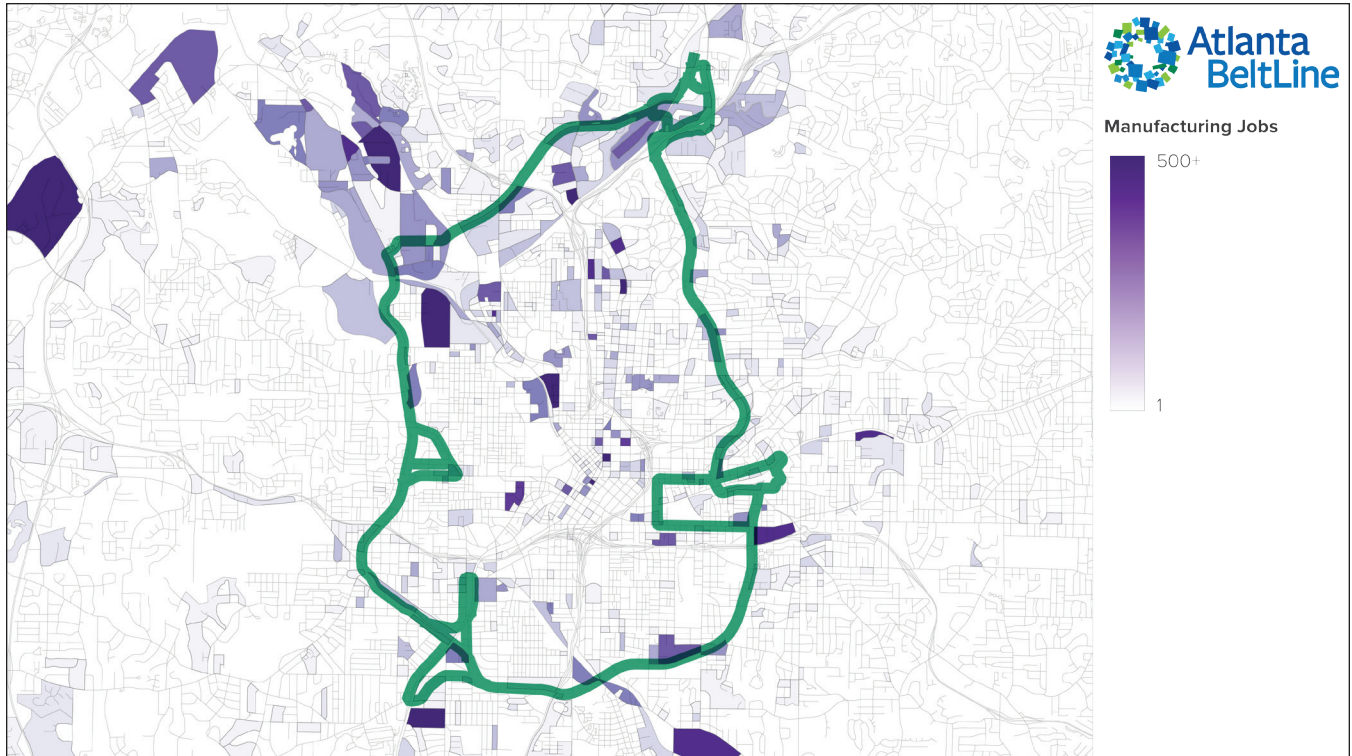
Marrying the need for health care provision and quality jobs in low-income neighborhoods can strengthen these areas socially and economically. A focus on health services also creates partnership opportunities with anchor hospitals, the Center for Disease Control, and other health organizations in the city.

White and Blue Collar Business-to-Business Services

The business-to-business services clusters (B2B) are comprised of businesses that support other local firms. An economic development focus on B2B provides accessible, middle-wage careers, and supports land development. A thriving local B2B cluster also underlies the success of exported clusters which contributes to overall economic growth. Many B2B activities also require relatively little start-up capital, which has historically created entrepreneurship opportunities for minority and women-owned business enterprises. Both white and blue collar B2B firms have relatively flexible space needs and can be sited or co-sited on under-utilized, Class C, repurposed, or vacant space.

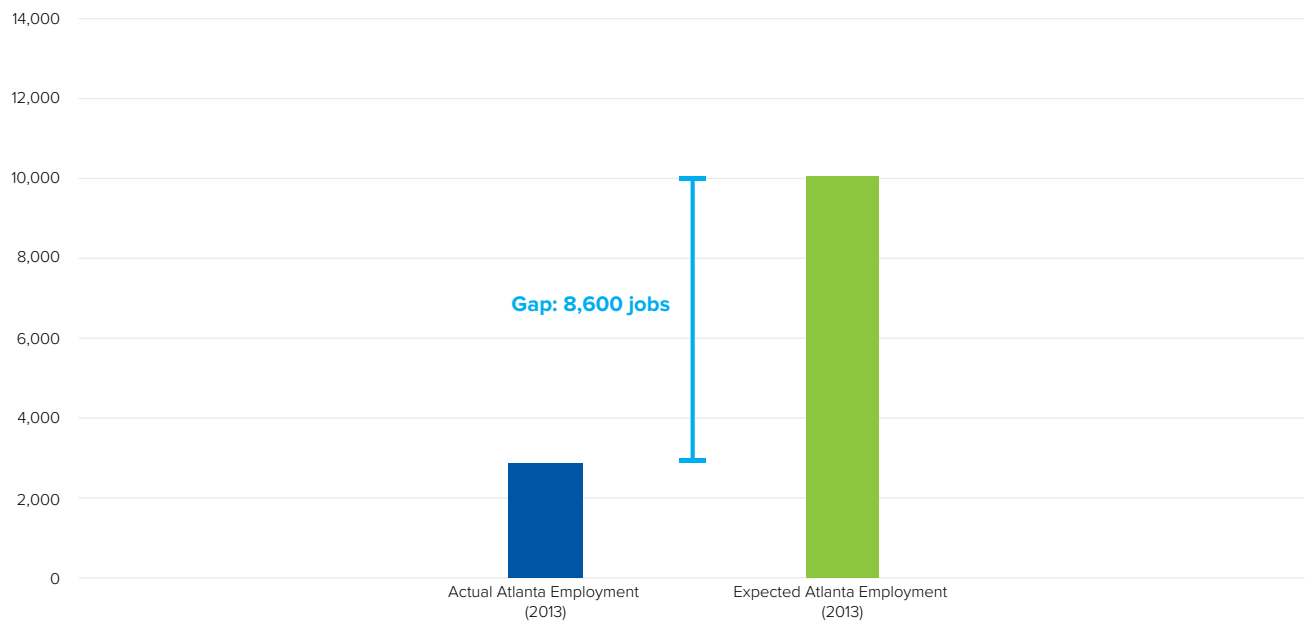
The blue collar B2B cluster includes activities such as warehousing and storage, repair and servicing, facilities management, and local transportation and logistics. Blue collar B2B jobs are highly accessible with low educational barriers to entry and have an average U.S. wage of approximately \$41,800. In Atlanta, the B2B sub-clusters





HEALTH SERVICES EMPLOYMENT

Neighborhood Health Services Employment



transportation and warehousing, administrative and support, and waste management and remediation services have some of the highest minority-owned business percentages in the City, with at least two-thirds of businesses minority-owned. The white collar B2B cluster includes activities such as payroll and billing services, document and recordkeeping services, and call centers. The projected national employment growth in this cluster (20%) is two times higher than the national economy's average (10%). Like blue collar B2B, the White Collar B2B cluster offers inclusive job opportunities and entrepreneurship opportunities.

Innovation and Commercialization

Meeting the Atlanta BeltLine's job creation goal will require increased innovation and commercialization activity to generate new technologies, jobs, and firms. This is particularly important to create opportunities for a diverse workforce, changing economy, and the attraction and retention of millennials and entrepreneurs. Currently, the City of Atlanta lacks real estate designed for innovative uses that complements the City's existing office spaces and innovation activities. Examples of this innovative type of real estate are laboratories, maker space, accelerators and flex space.

An over-production of standard, "cookie cutter" office product in Atlanta has created very high vacancy rates and an undersupply of these cutting-edge spaces. ABI can work with partners to create unique, in-demand real estate that supports existing corridors and districts, such as the Peachtree Corridor and Midtown.

Land Use and Economic Growth

Rationalizing and developing land along the Atlanta BeltLine offers another critical strategy for meeting the Atlanta BeltLine's job creation goal. The average employment density across the Atlanta BeltLine will have to increase by over 45% from the last official estimate in 2011 in order to reach the Atlanta BeltLine's job creation target. Meeting employment goals should be facilitated by increasing the density of activity in strong demand areas while encouraging the location and relocation of more land-intensive activities to currently underutilized areas. Market pressures are already pushing land-intensive activities, such as manufacturing, from some areas along the Atlanta BeltLine, such as the manufacturing areas in the northeast.

To the extent possible, ABI should encourage relocation of land-intensive activities to other areas along the Atlanta BeltLine rather than face the absolute loss of these businesses from the City. In addition, ABI should work with businesses interested in staying in place, using their land more efficiently, and selling additional land for redevelopment. Density and

place-making around density are key for attracting population and job growth and creating the amenities and mixed-use neighborhoods that have accelerated the re-urbanization of other U.S. cities. Fortunately, the Atlanta BeltLine is an emerging hub for live-work activity in Atlanta and has the potential to increase the percentage of Atlanta residents living and working in the City rather than commuting between the City and sometimes distant suburbs. A continued, deliberate focus on density, mixed-use environments, and in-demand real estate products will accelerate the live-work trend that is emerging along the Atlanta BeltLine.

Economic Lessons Learned

For the Atlanta BeltLine to achieve its 30,000 jobs goal, the City of Atlanta will need to have strong job growth and the Atlanta BeltLine will need to capture a significant share of these jobs. As such, ABI should pursue strategies that expand the City's economic base, promote the Atlanta BeltLine itself as an attractive place for business investment, and at the same time, expand economic opportunity to populations within the Atlanta BeltLine that have yet to participate in the recent recovery. These trends indicate that ABI should do more than attempt to attract employers to locations on the Atlanta BeltLine – it needs to help change the overall economic context of the City and the region.

- ABI can collaborate with Invest Atlanta and other economic development entities to support and complement existing economic development strategies.
- ABI can advance the optimization of land use in order to increase employment density across the Atlanta BeltLine.
- ABI can create employment opportunities and support training programs for low-and moderate-income residents to address the city's high inequality and lack of mobility. ABI can provide distinct opportunities for middle-wage employment for workers without high levels of formal education because of the diversity of land uses and contexts that exist along the Atlanta BeltLine.
- ABI can encourage unique, place-based real estate products that support entrepreneurial and innovative businesses and complement existing office cores in Downtown, Midtown, and Buckhead.





Photo Credit: Christopher T. Martin

STRATEGIC RECOMMENDATIONS

3. STRATEGIC RECOMMENDATIONS



SUMMARY

Existing conditions detailed in the previous section shape the actionable strategic recommendations in this section of the report. The chart below summarizes the 11 strategic recommendations from this plan that could be implemented by ABI. Generally, these recommendations include controlling and positioning land to meet affordable housing and economic development goals, creating new and maximizing existing revenue sources, capturing and deploying incentives, advancing policy or zoning initiatives, and influencing private investment and development through coordination and partnership.

These recommendations are prioritized in the Prioritization Considerations and Budget Framework sections later in this report, given finite financial and human resources. Therefore, it is likely that a prioritized subset of the recommendations below will be implemented, while others will not due to financial and human resource constraints.

Strategy / Tactic	Priority (See page 54)
Maximize and Pursue New Sources of Funding	
• Monetize Corridor Assets	Foundational
• Generate Land Sales Revenues	Foundational
• Increase Financial Institution and Business Investment	Foundational
• Foundations and Other Philanthropy	Foundational
• Correct Underassessments	Foundational
• Establish a CID and SSD	Foundational
Build Financial Sources and Tools for Land Acquisition	
• Seek Intergovernmental Land Transfers	Foundational
• Create a Strategic Land Acquisition Fund for ABI	Foundational
• Utilize Existing Acquisition Funds	Foundational
• Establish a Flexible Line of Credit	Foundational
• Pursue Options to Purchase	Foundational
Control Land and Development Outcomes	
• Control Land Adjacent to Major Infrastructure or Areas of Affordable Housing Need	Foundational
• Horizontal Master Development	Foundational
Establish and Deploy Flexible Incentives	
• Atlanta BeltLine Affordable Housing Trust Fund	Longer Term
• Flexible Affordable Workforce Housing Incentive Fund	Longer Term
• Federal Home Loan Bank of Atlanta Structured Partnership	Short Term
• Tax Reductions	Short Term

Expand Affordable Housing Production beyond ABI-Sponsored Incentives	
<ul style="list-style-type: none"> • Support Citywide Efforts to Create a Dedicated Source for Affordable Housing Funding Sources 	Short Term
<ul style="list-style-type: none"> • Capture Existing External Affordable Workforce Housing Resources <ul style="list-style-type: none"> » Build a Pipeline of Sites and Developers for the 9% LIHTC » Connect Developers with AHA's Project Based Rental Assistance and Voucher Programs » Support Existing Downpayment Assistance Programs with ABI Marketing » Assist the Advancement of Key MARTA and AHA Sites along the Atlanta BeltLine 	Short Term
<ul style="list-style-type: none"> • Target and Preserve "At Risk" Affordable Workforce Housing 	Longer Term
<ul style="list-style-type: none"> • Support Inclusionary Zoning Policies 	Short Term
<ul style="list-style-type: none"> • Partner for Affordable Housing Enhancements 	Short Term
Optimize Land Uses	Short Term
Planning Leadership and Coordination in Development Nodes	Short Term
Lead or Support the Advancement of Key Industry Sectors	
<ul style="list-style-type: none"> • Lead Manufacturing Industry Cluster 	Short Term
<ul style="list-style-type: none"> • Coordinate Neighborhood Health Cluster Development 	Short Term
<ul style="list-style-type: none"> • Facilitate Blue Collar and White Collar Business Support Services Partnerships 	Short Term
<ul style="list-style-type: none"> • Support Innovation, Commercialization, and Connectivity 	Short Term
Support Inclusive Workforce Development Efforts	Short Term
Attract and Retain 25-34 Year Olds and Boomers along the Atlanta BeltLine	Short Term
Neighborhood Stabilization	
<ul style="list-style-type: none"> • Public Safety Enhancement and Blight Removal 	Longer Term
<ul style="list-style-type: none"> • Rely on External Partnerships to Implement Single Family Redevelopment 	Short Term
<ul style="list-style-type: none"> • Mitigate Involuntary Economic Displacement 	Short Term

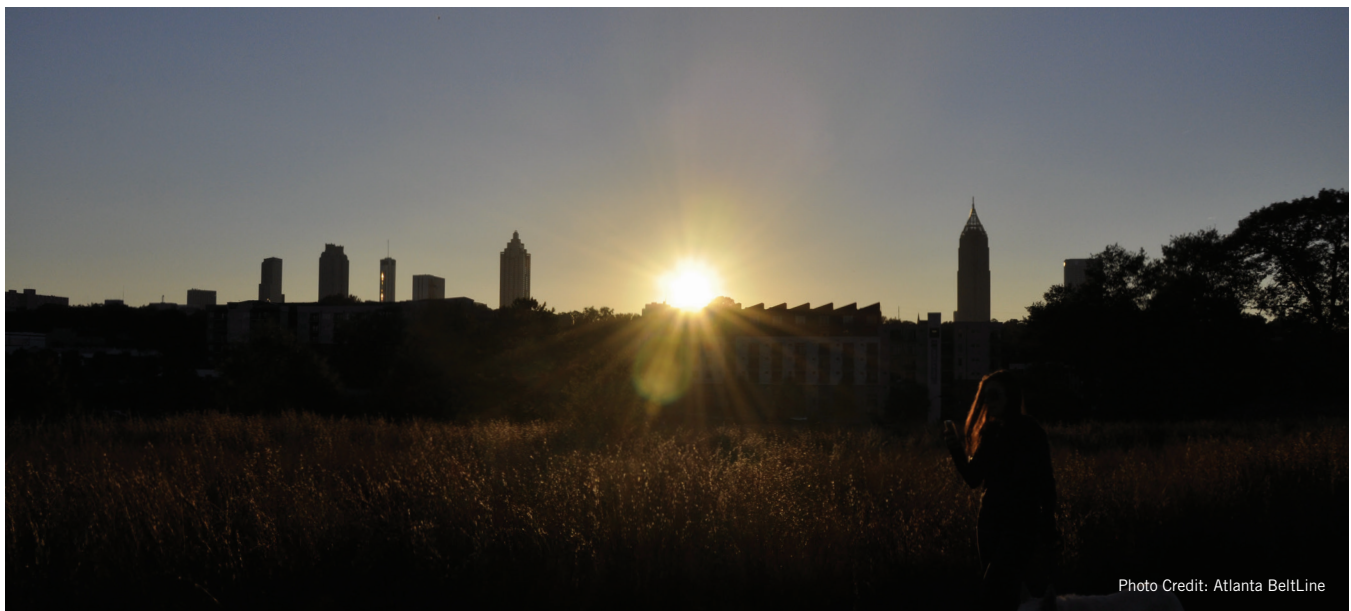


Photo Credit: Atlanta BeltLine



MAXIMIZE AND PURSUE NEW SOURCES OF FUNDING

The initial funding model for the Atlanta BeltLine is insufficient to make significant progress against the goals outlined in the Redevelopment Plan. ABI should develop new capital resources and better integrate with existing third party capital sources to adequately incentivize affordable workforce housing and economic development activities.

Monetize Corridor Asset

Atlanta BeltLine owned corridors represent unique assets in the City of Atlanta. They are virtually uninterrupted right of ways in growing Atlanta neighborhoods with significant visitation and popularity. Existing eight port duct banks underneath the trail can be leased to fiber or other utility companies. Lighting poles can be leased to cellular antenna companies. Other opportunities should be mined that do not overly commercialize or privatize the public space and degrade the user experience.

Generate Land Sales Revenue

Resales of lands owned or purchased by ABI can contribute to new sources of revenue. Examples are excess corridor not needed for trail or transit, and resales of parcels that were initially purchased at a low land cost.

Increase Financial Institution and Business Investment

Financial institutions and other businesses, often as a result of profit opportunities, corporate responsibility commitments, or Community Reinvestment Act (“CRA”) commitments, provide grants or loans for commercial/ business development, affordable housing, and reinvestment in underserved communities. Key areas of partnership may include participation in an acquisition fund, matching funding for downpayment assistance or other CRA related grants, or donations of real estate-owned assets. A strong example of this is the 2015 partnership with the Federal Home Loan Bank of Atlanta, which provided \$200,000 in matching downpayment assistance and owner occupied rehabilitation grants and access to their member financial institutions. ABI should work with ABLP in identifying and capitalizing on these funding opportunities.

Foundations and Other Philanthropy

Local and national foundations and philanthropy have an interest in efforts that create affordable housing and jobs – especially in ways that are connected to transit oriented development. ABI can work with ABLP to identify partners and raise funds for these program components. Acquisition fund financing, economic development incentive grants and affordable housing incentive grants are key needs which national foundations have funded in other jurisdictions

Correct Underassessments

ABI should coordinate with the Fulton County Tax Assessor to encourage the proper assessment of commercial property within the TAD, focusing particularly on large-scale multifamily properties that have not seen reassessments through the last three years. ABI has the ability to assist the Assessor in making timely and proper assessments because of its specific geographic focus and deep knowledge of local market conditions. Correcting underassessments such that it increases assessed values by .5% would provide \$250,000 or more in annual TAD revenue.

Establish a Atlanta BeltLine Community Improvement District (“CID”) and Special Services District (“SSD”)

ABI should work with the Atlanta BeltLine Partnership, the City of Atlanta, and local property owners to establish a CID and SSD to collect revenues from district business and multi-family property owners.

BUILD FINANCIAL SOURCES AND TOOLS FOR LAND ACQUISITION

Leveraging some of the new sources of funding above, ABI should build more financial sources and tools for land acquisition.

Intergovernmental Land Transfers

Between the City of Atlanta, Fulton County, and the State of Georgia, many governmental entities have title to land or buildings that are not being utilized to their maximum potential. These entities often have a different level of risk tolerance and a different strategic focus. They, therefore, may be unwilling to capitalize on the opportunities their land presents. ABI should work with the IA, the City of Atlanta, State of Georgia, and Fulton County to identify underutilized, publicly owned land, as it did with the Georgia State Farmers Market site. ABI, with its partners, should pursue intergovernmental transfers, which eliminate the need for public procurement.

There may also be opportunities when a governmental department's asset is not within the BPA but may be equally valuable. If ABI is working on a business relocation that may involve or require a three-way land swap, an asset outside the BPA may be used to help tie a transaction together that allows for a business to relocate within the BPA.

Strategic Land Acquisition Fund for ABI

ABI should create or participate in the creation of an acquisition fund for ABI to control key corridor assets and redevelopment parcels. The fund would be designed to provide ABI with a flexible, liquid capital source to support short term



(3-5 year) ABI land acquisition needs. ABI seed capital is key to launching the fund and maintaining adequate control and “skin in the game.” Three different types of investment tiers could be created:

- Grant funds for acquisition of corridor assets for core infrastructure, including corridor, parks, and trails;
- 0% return revolving loan fund for affordable housing or jobs sites to be developed by restricted fee or non-profit developers;
- Low return programmatic investment fund for for-profit opportunities surrounding the Atlanta BeltLine.

A blended fund built in the model of the Denver Regional TOD Fund could bundle ABI seed capital with philanthropic funds, governmental grants, and private capital. Governance should involve an investment committee which ultimately approves the proposed projects. External underwriters and fund managers also may be requested by investors to protect their investment.

Utilize Existing Acquisition Funds

A few acquisition funds currently exist in the Atlanta region for the purposes of public realm preservation and affordable housing development. Examples include The Conservation Fund, Enterprise Community Partners, Mercy Housing, and the Atlanta Neighborhood Development Partnership. Each fund has unique terms and eligible uses. ABI should seek to work with the entities above or other national community development financial institutions to determine whether there are acquisition opportunities that could fit under the rubric of existing programs. Please see the Appendix for a case study of the Denver Transit Oriented Development Transit Oriented Development Fund, which has elements that could be applied to the Atlanta BeltLine.

Flexible Line of Credit

ABI should pursue a dedicated revolving line of credit to be used for short-term land control (less than 12 months) and for bridge financing when a repayment source is clearly identified. This line of credit can help leverage small pools of funds for acquiring parcels in subareas with strong market conditions where the ability to be nimble is necessary to compete. Risk should be mitigated by the liquidity of the real asset or strong interest from development partners.

Options

ABI can use options to extend limited financial resources. Property can be controlled using purchase options, rights of first refusal, and other mechanisms that are short of placing the property under contract.

CONTROLLING LAND AND DEVELOPMENT OUTCOMES

ABI should be more active in controlling development outcomes for the specific purposes of meeting its affordable workforce housing and economic development goals and catalyzing market rate investment in underdeveloped Atlanta BeltLine areas. This strategy is not intended to compete with for-profit developers, but to encourage equitable development where it would otherwise not occur.

Control Land Adjacent to Major Infrastructure or Areas of Affordable Housing Need

ABI should build off its successes at the Lofts at Reynoldstown, its partnership with Southeast Capital Partners at the Masquerade site, its acquisition of the Georgia State Farmers' Market site on Murphy Ave, and its acquisition of 670 Dekalb Avenue to acquire or otherwise control land adjacent to major planned infrastructure investments. These acquisitions could facilitate the production of jobs and affordable workforce housing, help establish new product types in a subarea, and facilitate place-making to help catalyze economic development. This acquisition activity should be undertaken in advance of Atlanta BeltLine infrastructure construction activity so as to make acquisitions at a lower cost. Some of this acquisition can occur in conjunction with acquiring real estate for the Atlanta BeltLine's core right of way needs, but ABI should also focus on non-right of way land for use in economic development and affordable workforce housing strategies.

ABI should also control land in areas of affordable housing need to ensure residents have access to jobs, schools, and other services. These areas are typically in higher land price geographies and score well in Low Income Housing Tax Credit applications. Strategies to limit land prices include acquisition during economic downturns, acquisition of difficult sites that ABI is in the unique position to unlock, and acquisition of sites not owned by speculators. The size of the site could either be sufficient for development or the linchpin of a larger development assemblage.

Horizontal Master Development

Once controlling land, ABI should enter into partnerships to master plan, entitle, and prepare land for development, including infrastructure installation and site preparation. This strategy is most appropriate for sites that are too risky for traditional developers. These sites often have challenges including brownfields, affordable housing requirements, large scale infrastructure needs, and entitlement hurdles. ABI may be in a unique position to overcome these challenges in partnership with the private sector.



ABI should first focus on activities for which they already have experience and internal human resources capacity including storm water management, brownfields mitigation, and master planning, before ramping up activities into other areas of horizontal development. The Fulton County Land Bank Authority is a potential partner with unique powers to hold property as tax free for non-profit community developers.

ESTABLISH AND DEPLOY FLEXIBLE INCENTIVES

ABI should develop new incentive tools to influence and attract development projects and affordable housing. This includes flexible incentive funds and tax reduction programs, as described below. The flexible incentive programs can be powerful tools – especially in combination with land control strategies. However, it will be difficult to capitalize these incentive funds at scale over the next five years given known resources (see Budget section for more details).

Flexible Economic Development Incentive Fund

While the Redevelopment Plan anticipated that ABI would establish a \$100 million Economic Incentive Fund, TAD revenues have not been sufficient to capitalize it. Despite this setback, ABI still needs a flexible incentive fund to be maximally effective.

There are numerous potential uses of a flexible incentive fund, including incentives for business attraction or retention, land acquisition or reducing ABI owned land disposition prices, last-in gap financing, or companion funding to the New Markets Tax Credit (NMTC) program. NMTCs are a powerful and underutilized tool for providing gap financing to real estate developers and businesses undertaking capital projects in disinvested areas.

Additionally, as a shorter-term initiative, ABI should consider organizing a small business loan fund. This fund could help stabilize existing neighborhood commercial areas or infuse new commercial activity in strategic locations.

Atlanta BeltLine Affordable Housing Trust Fund

Fifteen percent of the net proceeds from each bond issue must be set aside for the Trust Fund. The first and only bond issue was in 2008, which capitalized an \$8.8 million Trust Fund. The Trust Fund has been fully committed, creating over 250 units at approximately \$35,000 per unit. Another bond issue in the next five years is possible. If a bond is issued, the policies and guidelines for the fund should be adjusted with the advisement of the BeltLine Affordable Housing Advisory Board. This IAP effort developed some informal suggestions for consideration when BAHAB, ABI, Invest Atlanta, and City Council begin the process of adjusting Trust Fund policies.

Flexible Affordable Workforce Housing Incentive Fund

While the Redevelopment Plan anticipated that ABI would establish a \$240 million BeltLine Affordable Housing Trust Fund over 25 years, nine years into the program, only \$8.8 million has been capitalized. Limited TAD revenues and the challenges and desirability of issuing bonds have significantly limited the Trust Fund.

A Flexible Affordable Workforce Housing Incentive Fund should be capitalized by tax increment and other sources of funding. Given limited TAD funding, the Atlanta BeltLine should look to other sources to supplement the fund such as the Department of Treasury Capital Magnet Fund, philanthropy and foundations, and other sources. There are several potential uses of a flexible incentive fund. Some effective options include land acquisition, writing down the price of ABI owned land, or gap financing. Given findings in the Existing Conditions section, a focus should be placed on land acquisition and writing down the price of ABI owned land.

Deploying these incentives for prospective 9% LIHTC developments is an efficient use of funds, given that the 9% LIHTC pays for over 50% of total development costs. Additionally it can increase the likelihood that projects will be successful in the competitive application process for the credits. In this instance the funds would come into the project as a low interest loan versus a grant given IRS regulations relative to tax credit basis, which can serve to ensure there is a built-in recycling mechanism of funds when a recapitalization occurs at the end of the initial 15-year compliance period. Deploying the funds in 4% LIHTC developments avoids the competitive process for the 9% credits, but it typically requires over \$2 million per deal or \$50,000 per unit.

Federal Home Loan Bank of Atlanta (“FHLBA”) Structured Partnership

The FHLBA provides matching downpayment assistance and owner occupied rehabilitation funding within a structured partnership. FHLBA member banks agree to participate, channel funds from the FHLB, and provide first mortgage financing for downpayment assistance. In 2015, ABI and FHLBA committed to over \$600,000 in forgivable loans. The owner-occupied rehabilitation component can be especially powerful to reduce displacement of elderly homeowners who might not otherwise be able to remain near the Atlanta BeltLine due to the cost of home repairs.

This partnership has opportunities to grow in scale and to bring in additional investment and implementation partners. ABI should work with the Atlanta BeltLine Partnership to determine if philanthropic investors would be willing to support owner-occupied rehabilitation and downpayment assistance within or alongside the FHLBA-structured



partnership. Additionally, third-party non-profit housing developers who already have a mission related to owner-occupied rehabilitation may be willing to participate in the partnership and contribute additional matching funds. Through additional philanthropic investment and partnerships, ABI should seek to at least double its contribution to the FHLBA Structured Partnership in 2016. This can include permitting a citywide approach by allowing third-party non-profits to access the structured partnership via ABI.

Tax Reduction Incentives

The BeltLine TAD exists fundamentally to serve as an infrastructure funding mechanism and not for the purpose of providing tax reduction incentives to developers. Property tax proceeds provide increment to ABI as a key source of funding for programmatic infrastructure construction. As a result, ABI is opposed, under normal circumstances, to supporting the diversion of any property taxes within the BeltLine TAD by the Fulton County Development Authority or Invest Atlanta for incentives to developers.

Atlanta BeltLine, Inc. will only consider support for property tax reduction incentives in extraordinary circumstances where the prospective project being proposed shows extraordinary investment value far in excess of what housing or economic development program goals of ABI would otherwise have achieved. Commercial projects in excess of \$100 million in development value and primarily affordable developments in excess of \$10 million in development value should be considered for support. Ultimately, tax reductions would need to be advanced with the support of Invest Atlanta and/or Fulton County, as ABI does not have the authority to issue lease purchase bonds (the common mechanism of providing tax reductions in the State of Georgia).

One previous example of a project over \$100 million in development value adjacent to the Atlanta BeltLine is Ponce City Market. The extraordinary scale and quality of this development has served as an anchor and catalyst for several developments surrounding the project.

Tax reductions can also be of benefit to larger LIHTC developments in higher land price areas (appraised values over \$10 million and greater than 50% of the units affordable). Developers of housing with significant affordable housing could capitalize these future tax savings in their initial capital stack. This additional funding could assist the scoring of 9% Low Income Housing Tax Credit applications.

EXPAND AFFORDABLE HOUSING PRODUCTION BEYOND ABI-SPONSORED INITIATIVES

The Redevelopment Plan projected a Trust Fund of \$240 million over 25 years, averaging approximately \$42,000 per

unit to build new affordable housing. The Trust Fund was to be capitalized in periodic bond issues every three to five years and provide gap financing to developers and downpayment assistance to homebuyers in the TAD.

Nine years into the program, less than \$13 million in incentives have been available. Limited TAD revenues and the challenges and desirability of issuing bonds have significantly limited incentives. Additionally, a gap financing approach without targeted land acquisition was not sufficient to expediently allocate incentive dollars in the early years of implementation. Therefore, ABI should focus beyond ABI-sponsored initiatives to create affordable workforce housing.

Support Citywide Efforts to Create Dedicated Affordable Housing Funding Sources

Invest Atlanta's Housing Strategy prioritizes recapitalizing the Housing Opportunity Bond. Debt service is needed to issue the bonds. Below are a few key sources that Invest Atlanta identified to service the debt for a \$40 million bond:

- Increase impact fees
- Document recording fees
- Real estate impact fees

ABI should support Invest Atlanta's efforts to recapitalize the Housing Opportunity Bond, which could support, in part, projects along the Atlanta BeltLine.

Capture Existing External Affordable Workforce Housing Resources

Build a Pipeline of Sites and Developers for the 9% LIHTC

ABI can be an active participant in preparing sites for affordable workforce housing product. ABI should build a pipeline of potential sites based on scoring competitiveness (a preliminary list has already been developed) and identify competent developers to submit tax credit applications independently or in a joint venture with ABI. Based on these activities, ABI should work with qualified developers to partner with and move key sites into production each year. It is this type of activity that can pair well with an acquisition fund providing site control and limited incentives to create a highly competitive tax credit development pipeline.

Connect Developers with AHA's PBRA and Housing Choice Voucher Programs

AHA's Project Based Rental Assistance program can provide enhanced rental revenue in exchange for meeting affordability requirements. This revenue stream often helps make mixed-income properties and 100% affordable properties economically feasible. ABI should seek a strategic partnership



with AHA for projects along the Atlanta BeltLine. While not currently an explicit part of the PBRA program, AHA should consider providing revenues up to 80% or more of Area Median Income for market rate transactions in high cost areas. This approach would be consistent in principle with AHA's efforts to deconcentrate poverty. A practical project approach could include allocation of PBRA to a predominately market rate development to help offset an affordability requirement on ABI owned land.

Support Existing Downpayment Assistance Programs with ABI Marketing

Invest Atlanta and the Atlanta Housing Authority currently run very successful downpayment assistance programs, producing approximately 40 units in the Atlanta BeltLine Planning Area annually. ABI should support Invest Atlanta's efforts via ABI marketing and brand. One example is providing better information about Invest Atlanta downpayment assistance, Atlanta BeltLine Partnership programs, and ABI community outreach.

Assist the Advancement of Key MARTA and AHA Strategic Sites along the Atlanta BeltLine

The Atlanta Housing Authority owns over 30 acres of land close to the Atlanta BeltLine, including over 25 acres at Englewood Manor in southeast Atlanta. The Atlanta BeltLine can support the Atlanta Housing Authority via planning support, advancement of trail and park construction, and partnership that makes HUD and DCA funding applications more attractive.

MARTA also is advancing key sites along the Atlanta BeltLine, with an early emphasis on Lindbergh and Oakland City Stations. The current State Qualified Allocation Plan ("QAP"), the guiding policy document for the competitive Low Income Housing Tax Credit, provides additional scoring points for 9% tax credit projects on transit agency owned land. MARTA is in the midst of trying to unlock these surface parking lots for redevelopment, and they have often partnered with local stakeholders to issue joint RFPs.

The QAP currently favors AHA and MARTA sponsored projects. Applications for competitive 9% LIHTC at these sites have a good chance of success, which can only be augmented by Atlanta BeltLine support.

TARGET AND PRESERVE "AT-RISK" AFFORDABLE WORKFORCE HOUSING

ABI should target deed restricted affordable housing at risk of exiting affordable workforce housing programs. ABI can partner with existing affordable workforce housing preservation funds such as the Housing Partnership Network to direct financial resources to these projects, and can also pair this strategy with a 4% or 9% LIHTC site facilitation strategy.

Often, options for sponsors can be limited for older affordable workforce housing communities. The developments tend to have high incidence of deferred maintenance, complicated and often over-leveraged debt structures and expensive relocation requirements. It is likely that these sponsors will welcome a conversation and seek to create a strategic partnership that helps them optimize their situation, which could include a recapitalization that extends affordability provisions.

SUPPORT INCLUSIONARY ZONING POLICIES

The other strategies recommended in this report can significantly increase the level of affordable workforce housing created within the BPA. However, achieving ambitious affordable workforce housing goals and goals related to affordable housing in higher land price areas will be nearly impossible without mandatory inclusionary zoning. This is not a challenge unique to the Atlanta BeltLine or the City of Atlanta. The basic economics of affordable workforce housing production have become extremely difficult in geographies with high land costs. This is evident in the lack of affordable workforce housing produced in middle or high-income neighborhoods anywhere in the City of Atlanta in the last several years. ABI should therefore be supportive of Invest Atlanta's Housing Strategy recommendation to enact an inclusionary zoning policy across all new housing projects within the City.

PARTNER FOR AFFORDABLE HOUSING ENHANCEMENTS

ABI's affordable housing mandate is to create 5,600 units of affordable workforce housing around the Atlanta BeltLine by 2030. This will be difficult to achieve, requiring among other initiatives, enhanced resources beyond what is currently available to ABI and a mandatory inclusionary zoning policy to be put in place (see the "Achieving Redevelopment Plan Goals" section for more details).

In addition to this core goal, ABI aspires to preserve and create affordable units with the deepest affordability practicable, sustainability, long-term affordability, and appropriate accommodations for the disabled. ABI understands significant additional outside capital and human resources must be brought to bear to pursue these additional aspirations. Achieving these aspirations will require an ever widening scope of partner organizations who can bring the additional capital and human resources needed to leverage ABI's available funding. ABI anticipates as part of this integrated action plan to proactively pursue, opportunistically react to and interactively integrate with such partners as an ongoing theme of our work.



Long-Term Affordability

One aspiration is long-term affordability. Longer term affordability can ensure that investments made now will remain affordable for future generations. The value of longer-term affordability is evidenced in today's market, with over 1,500 units rental expiring over the next 20 years and land values appreciating faster than inflation.

Longer term affordability has had some success in Atlanta on the multifamily rental side, including mixed-use development on AHA owned land, developments owned by stable mission-driven non-profits, and developments funded by substantial HUD or LIHTC resources such as Reynoldstown Senior or Stanton Oaks.

Longer term affordability on the owner occupied side has not had much success in the Atlanta market. However, development and downpayment assistance models where the unit remains affordable including community land trusts, deed restrictions, and co-ops have been used elsewhere throughout the country. The three permanently affordable units in the Lofts at Reynoldstown Crossing, which were created by Atlanta BeltLine, Inc. and are stewarded by the Atlanta Land Trust Collaborative, are one of the few examples in the region.

ABI sees opportunities for long-term affordability in both rental and owner-occupied project types. Incorporating longer term affordability is more feasible when ABI or other mission driven organizations contribute land, 9% LIHTC, or other commanding resources to the deal. In these cases, ABI should strongly promote longer term affordability and/or achieve some of the other important aspirations mentioned above (deeper affordability, sustainability, and housing for special needs populations). Affordability can be maintained through a ground lease, deed restriction, covenant, or other mechanisms protected by public or mission-driven organizations.

Taking advantage of these opportunities presupposes partnerships with stable, robust, and well-capitalized partners that can supplement the tools, human resources, advocacy, and capital of ABI to extend affordability achievements beyond ABI's core goals and resources. Such partners would need to create more fertile ground for longer-term affordability by making the following available:

- Consistent consumer marketing and demand for shared-equity units
- Partner contributions of land or substantial subsidy to deals
- Competitive financing partners who are comfortable with longer term affordability
- Readily available mortgage products for owner-occupied shared-equity housing
- A broader pool of developers who are versed in affordable housing generally and shared-equity housing specifically
- Available capital to purchase units that cannot be resold under the resale restrictions

ABI should support partners who have addressed the areas above by leveraging its relationships and brand to promote long-term affordability and involving these partners in appropriate development scenarios.

OPTIMIZE ATLANTA BELTLINE LAND USE

The Atlanta BeltLine features many legacy businesses that have occupied real estate for decades. These businesses are often in strong or transitional areas of the BPA and face increasing development pressure to relocate. ABI should serve as a relationship manager and facilitator to channel these trends in ways that optimize land use within the BPA while minimizing permanent loss of existing businesses. ABI should build relationships with these businesses and work with them to proactively address their business needs in a way that keeps these employers within the BPA.

In some cases this may mean working with business owners to modernize existing light industrial space to remain competitive; in other cases, to work with owners in a way that creates developable real estate for higher and better uses. This also may mean helping land-intensive businesses relocate from highly active areas to other locations along the Atlanta BeltLine. The IAP effort includes a list of potential industrial properties for optimization along the Atlanta BeltLine that should be targeted over the next five years.

PLANNING LEADERSHIP AND COORDINATION IN REDEVELOPMENT NODES

ABI should work with groups of property owners to influence larger-scale redevelopment visions that require multiple owners/parties working together. ABI can play more of a leadership role where significant land is controlled by ABI (e.g. Murphy Crossing, Boulevard Crossing). ABI should play more of a facilitator role in areas without significant land ownership (e.g. Memorial Drive).

Building from the other information and relationships built from other strategies, ABI should facilitate and coordinate entitlements, public realm investments, land swaps, joint ventures, and mutually beneficial developments. ABI, in some cases, should participate financially in site planning or market studies and work with planning grants/organizations to unlock federal funding. These efforts should be directed at specific nodes of real estate. Early term focus should be on Memorial Drive, Boulevard Crossing, and Murphy Crossing.



LEAD OR SUPPORT THE ADVANCEMENT OF KEY INDUSTRY SECTORS

As described in the Background and Context section, Invest Atlanta has identified key industry sectors to focus its economic development efforts. Many of these sectors leverage the City's strong institutional anchors and existing business cores, and much of the economic growth in the Atlanta BeltLine has occurred where the BPA intersects with these strengths, such as in West Midtown and along Peachtree Street. ABI should integrate its efforts in these geographies with Invest Atlanta's complementary industry targets, while also leading on additional industry clusters that match specific Atlanta BeltLine strengths and needs. These cluster strategies should complement and be partnered with the other recommendations for information management, land control, horizontal development, and access to capital. When these functions are combined and internally integrated, ABI should be able to meet the needs of businesses in these key industry sectors. Those needs are primarily qualified workforce, appropriate real estate options, and financial inducements. Those needs may also include a connection with the right site or a full turn-key site development and JV partnership.

Lead Manufacturing Industry Cluster

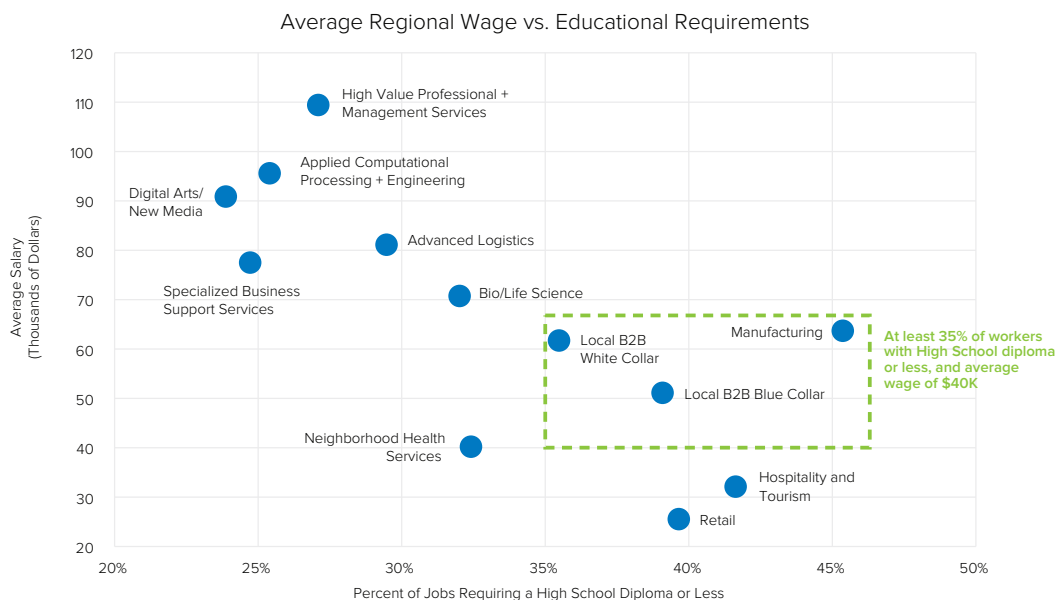
ABI should lead the City's efforts to attract, maintain, and grow its manufacturing businesses. ABI should support the City's efforts to create a mixed-use industrial zoning classification that could help establish an "Urban Maker"

district in Subareas 1, 2, and 3. ABI's information and relationship management activities should expressly target businesses and real estate developers in this sector. ABI should direct incentives and new and relocated businesses towards "industrial innovation zones" that would pilot leaner, greener, and more sustainable urban industrial models in these areas. These light industrial businesses typically need relatively larger tracts of affordable land, something these subareas have in abundance, while modern manufacturing and building designs can enable much higher densities and less obtrusive development types than traditional manufacturing.

Coordinate Neighborhood Health Cluster Development

ABI's working to coordinate the development of a neighborhood health cluster contains two components. First, the creation of a health district on under-utilized properties surrounding Piedmont Hospital that could cluster health services companies and related activities, including local B2B supply partners, food, and neighborhood clinics. Secondly, ABI can partner with existing hospitals and health organizations to create new models of health services in low-income areas. Health hubs are one emerging model of holistic, preventative care that utilize multi-service centers to target the social determinants of health by addressing social and economic conditions as well as physical health. ABI can work with partners to explore a health hub model or alternative, innovative practices for integrating health and overall community wellness efforts.

WAGE BY EDUCATION AND INDUSTRY SECTOR



ABI should assemble companies to form a health district as well as to identify and develop key locations for innovative health centers in Subareas 1, 2, 3, 9, and 10. The Atlanta BeltLine Partnership should expand its nationally recognized Workforce Partnership in Healthcare Training Program to help staff the health district and health centers and to ensure that growth in this sector is inclusive of lower-income BPA and city residents. ABI should also engage partners to conduct community health assessments and tailor potential health hub services to match local needs ranging from prenatal care and parenting classes to workforce development for outpatient homecare services for elderly.

Facilitate Blue Collar and White Collar Business Support Services Partnerships

ABI should facilitate Atlanta's blue collar and white collar business support service strategies. As a cluster leader, ABI can support the creation of strong local business support services with a combination of partnerships, networking and programming, capacity building, and facilitating real estate development.

As a first step, ABI can work with other interested stakeholders to convene anchors and large purchasers to discuss localizing procurement efforts. Strengthening this cluster would also require working with local providers and technical assistance intermediaries to design programs to increase supplier awareness and capacity. ABI can also lead a networking and matchmaking strategy by facilitating matchmaking events for suppliers and buyers and serving as a B2B network coordinator and information resource.

ABI may also have a role in connecting firms with specialized real estate product. Mixed-use commercial and light industrial zoning areas within the BPA are strong fits for business support service firms that have flexible real estate needs and can act as 3-5 year tenants of adaptive reuse light industrial space. These redeveloped spaces could contain multi-tenant flexible space for business support services and shared back office resources.

Support Innovation, Commercialization, and Connectivity

ABI can play multiple roles in supporting innovation and commercialization in the City of Atlanta, including supporting the creation of innovation-oriented spaces and collaborating with partners, investors, and innovators. The private market does not naturally create the buildings, spaces, and connective infrastructure needed for this sector to thrive.

To succeed, ABI's economic development strategies and land development strategies should be coordinated with partners. Currently, few entities exist in Atlanta to shape real estate product or align land use, real estate development, and

economic development. ABI has the opportunity to collaborate with Invest Atlanta, the Midtown Alliance, and other economic development entities to ensure that the Atlanta BeltLine incentivizes and facilitates land and real estate that meet market demand and economic goals. In practice, this would mean facilitating the development of land aligned with the cluster strategies in this report and within the real estate development community.

The Atlanta BeltLine can also have the unique impact of linking areas of the City that have been historically disconnected by building a shared community infrastructure that supports innovation and entrepreneurship. Creating these linkages would make currently under-invested areas of the Atlanta BeltLine more attractive and facilitate the connectivity that encourages the transfer of knowledge and ideas. The Atlanta BeltLine's infrastructure investments and commitment to accessibility and inclusion have the potential to bridge diverse areas of the City and to attract and grow jobs and businesses. The Atlanta BeltLine's physical connections between neighborhoods can be augmented with marketing, programming, and partnerships to create a shared Atlanta BeltLine identity and innovation ecosystem.

SUPPORT INCLUSIVE WORKFORCE DEVELOPMENT EFFORTS

ABI's primary activities should continue to focus on attracting permanent jobs for the trained workforce to occupy. In a supporting role, ABI should continue to advance workforce partnerships. ABI should pursue partnerships with organizations that support or conduct activities that grow skills in target industry sectors established by Invest Atlanta and strategic sectors identified as areas of focus for job attraction by ABI. While ABI should not establish workforce training programs, community partners and college and university anchors can be engaged to provide customized training and industry credentials to entry-level or incumbent workers. Additionally, ABI can assist in bringing employers to the table in workforce development efforts. An example of an existing community partnership is the workforce partnership in healthcare, which is sponsored by the Atlanta BeltLine Partnership and other stakeholders. This partnership trains and places nursing and health administration workers with the Grady Health System. A second example is the workforce partnership in construction through Westside Works. The partnership is already working to train residents from west and southwest Atlanta BeltLine zip codes.

ATTRACT AND RETAIN 25 TO 34 YEAR-OLDS AND BOOMERS ON THE ATLANTA BELTLINE

The Atlanta BeltLine is an emerging hub for 25 to 34 year-olds. Unlike the rest of the City, which has experienced net



loss of its 25 to 34 year-old population, the Atlanta BeltLine's 25 to 34 year-old population grew by 9.7% between 2000 and 2010. Over 20% of the population in the southeast, north, and northeast is comprised of 25 to 34 year-olds with a Bachelor's degree or higher, and over the past decade, their concentration has grown in almost all quadrants within the BPA, save the northeast.

Similarly, the Atlanta BeltLine runs along many established neighborhoods with many Baby Boomer households, such as Peachtree Battle and Morningside, who may want to remain close to their communities as they age out of the single family homes. These neighborhoods have populations over 55 years old that range between 20% (Morningside) and 44% (Peachtree Battle) of their total population. New housing development along the Atlanta BeltLine is also attracting suburban Baby Boomers who are giving city living another try. Units in a recent townhome development along the Atlanta BeltLine were predominantly sold to suburban Baby Boomers paying all cash. Neighborhoods along the Westside Trail have populations over 55 years old that range from 20% to 30% of the population, although these households have median income levels as low as \$20,000 to \$30,000.

ABI can continue and accelerate these positive trends by focusing on creating job opportunities, amenities, housing, and transportation targeting the 25-34 year-old demographic. ABI could partner with local colleges, universities, and large employers to create retention pipelines placing recent graduates in Atlanta jobs. ABI can also continue to implement priorities, policies, and incentives to increase amenities, density, and the mixed-use, transit-accessible environments attractive to 25 to 34 year-olds. In the future, ABI might also consider creating live-work housing and/or micro-housing units marketed towards recent graduates.

ABI can continue to capture Baby Boomer households by encouraging age-targeted housing products and educating established neighborhoods on the importance of higher density housing products that support a maintenance-free lifestyle. ABI should continue to emphasize affordable senior housing along the Westside Trail area to ensure that these lower-income households can afford to live in their neighborhood as prices increase. The Reynoldstown Senior Housing development is a model for this type of development.

NEIGHBORHOOD STABILIZATION

Conditions in portions of many subareas (1, 2, 9 and 10) point to neighborhood instability. There are high vacancy rates over 40% in some neighborhoods, relatively high levels of crime, and limited investment. In other subareas, rising

property values present the risk of involuntary economic displacement. The strategies below can contribute to stabilizing neighborhoods.

Public Safety Enhancement and Blight Removal

ABI should expand its partnership with the APD and the APD's Path Force to implement additional safety measures not just along the Atlanta BeltLine but throughout the BPA. ABI should support the placement of mini-precincts at key nodes and additional foot patrols through an Atlanta BeltLine CID/SSD, and foster communication with neighborhood groups. ABI should also work with the City of Atlanta to increase code enforcement and demolition of blighted properties.

Rely on External Partnerships to Implement Single Family Neighborhood Redevelopment

ABI should focus on projects with scale that are close to the Atlanta BeltLine. As a result, ABI should rely on external partners with the capital and capacity to implement single family redevelopment strategies, both for affordable housing and stabilization of vacant housing. These partners would include both non-profit developers and pioneering single family developers. ABI can provide unique market intelligence regarding sites, support public agencies to help clear title and obtain entitlements, and potentially the BeltLine brand to assist with fundraising.

Mitigate Involuntary Economic Displacement

ABI should partner with other organizations to mitigate involuntary economic displacement. For most of the strategies below, ABI is not positioned to be the lead partner. ABI should rely on the Atlanta BeltLine Partnership, in particular, to advance the items below related to education and awareness.



Strategy	Rental / Owner Occupied	ABI As Lead Partner
Preserve expiring subsidized affordable workforce housing.	Rental	Yes, with appropriate implementation partners
Expand affordable workforce housing stock.	Both	Yes, with appropriate implementation partners
Expand owner occupied rehabilitation.	Owner Occupied	No. ABI should contribute via the FHLBA partnership and encourage other partners to implement along the BeltLine.
Educate home owners about existing tax freezes for low-income seniors.	Owner Occupied	No
Educate homeowners about the true value of their homes to prevent “buy homes for cash” scams.	Owner Occupied	No
Partner with an academic institution to measure involuntary displacement.	Both	No





PRIORITIZATION CONSIDERATIONS

4. PRIORITIZATION CONSIDERATIONS



ABI should focus the implementation of these strategies based on available resources, the potential level of impact, and the urgency of opportunity or need. These strategies can be prioritized according to three broad categories:

1. Foundational – strategies that are the highest priority, with the most urgent need and the highest impact;
2. Early Action – strategies with lower costs that have the ability to begin soon;
3. Long Term – higher-cost strategies that require additional staffing, financial resources, or time to implement.

FOUNDATIONAL

The most urgent strategies for ABI are those related to reestablishing a viable funding model and pursuing land control. These items create a foundation upon which to build other strategies:

- Increase financial resources and access to capital for programmatic goals – ABI should prioritize the creation of new revenue sources detailed in the Strategic Recommendations section.
- Increase financial resources for land control – as ABI moves forward with infrastructure development, land values should continue to increase. ABI, therefore, should prioritize the funding of its land control activities, including participating in an acquisition fund, establishing a line of credit, and pursuing long term options as detailed in the Strategic Recommendations section.
- Pursue land control – as ABI increases the financial resources for land control, the organization should also focus its energies on pursuing key parcels that it can control adjacent to future infrastructure investment and in areas of affordable housing need.

SHORT TERM

The second most important strategies are those with lower costs and clearly definable outcomes. Given lower costs, ABI can begin implementation of these strategies in fiscal year 2016.

- Horizontal development on existing inventory – ABI should pursue horizontal development on sites it already owns adjacent to ongoing or planned infrastructure, such as Murphy Crossing or the second phase of Lofts at Reynoldstown Crossing.
- Supporting the Federal Home Loan Bank of Atlanta Partnership
- Supporting efforts from various strategies that influence policy and strengthen partnerships, such as mandatory inclusionary zoning.
- Capturing existing affordable workforce housing resources – This includes identifying competitive 9% LIHTC sites, assisting the advancement of MARTA and AHA sites along the Atlanta BeltLine, connecting developers with AHA PBRA and Housing Choice Voucher resources, and supporting existing Invest Atlanta downpayment assistance.
- Planning leadership and coordination in key redevelopment nodes around the Atlanta BeltLine.
- Advance Industry Sectors and Rationalize Atlanta BeltLine Land Use – ABI should advance its industry sector strategies, such as mixed-use industrial, neighborhood health, and B2B to help direct investment along the Atlanta BeltLine.
- Optimizing Atlanta BeltLine Uses
- Utilizing tax reduction incentives for catalytic projects or substantial affordable workforce housing developments as described in the Strategic Recommendations section.



LONG TERM

Because ABI is operating in a resources constrained environment, some strategies should be focused on later, once the BeltLine TAD has recovered and ABI has developed additional revenue streams or funding sources. Long term strategies could begin implementation after fiscal year 2018 or potentially in the next five year period depending on the scale of revenues raised for IAP activities.

- Establish and deploy flexible incentives – ABI will not be able to directly capitalize incentive programs until new revenue sources are identified or pre-conditions for a bond have improved.
- Horizontal development for newly acquired properties – ABI should not seek to push new properties into horizontal development until it has already developed properties it owns and until new property can be controlled.
- Quality of life/blight removal – these are strategies which, while important, are also the responsibility of the City of Atlanta. The Atlanta BeltLine should support these activities but should direct its resources towards its core affordable housing and economic development responsibilities.





FIVE YEAR PROJECT PRIORITIES

5. FIVE YEAR PROJECT PRIORITIES



As a subset of the strategies in the previous sections, project priorities emerged for the upcoming five-year period. These project priorities are based on funding needs, existing land ownership, areas of ABI control, and integration with near term Atlanta BeltLine trail, parks, and transit projects. These project priorities should be expanded with additional funding availability.

- Develop new and maximize existing sources of revenue;
- Establish and capitalize the acquisition fund;
- Advance the State Farmers' Market site;
 - » Planning;
 - » Assessing infrastructure needs;
 - » Installing key infrastructure;
 - » Disposing of parcels via an RFP process
- Drive the completion of Lofts at Reynoldstown Crossing Phase II buildout;
- Implement and scale the Federal Home Loan Bank Structured Partnership, offering owner occupied rehabilitation and downpayment assistance;
- Lead planning efforts in the Boulevard Crossing node with surrounding property owners;
- Activate new commercial activity at the beginning, middle, and end of the Westside Trail to enhance the user's experience;
- Directly support the creation of three major development projects with affordable workforce housing.





ROLES & RISK LEVELS

6. ROLES & RISK LEVELS



Photo Credit: Christopher T. Martin

ABI's role in the various strategies can be broken into several main categories, which largely revolve around what level of financial involvement ABI has with each strategy, as well as the level of leadership and risk involved with each strategy.

- Facilitator – provide information and connect parties
- Driver – push market activity with minimal investment
- Gap Finance Investor – direct financial investment in development
- Land Owner – control land and partner with vertical developers

FACILITATOR

These are strategies where ABI primarily serves as a connector and information manager, acting in a responsive manner to the relationships it has built. The Facilitator

role is primarily differentiated from the Driver role in that ABI is responding to business needs and opportunities that arise, rather than pushing for real estate and economic development solutions. This role includes strategies where ABI is working to direct third party resources within the BPA or to augment its own programs with third party funds.

An example of facilitation might include support of redevelopment efforts along Memorial Drive or connecting developers with development opportunities. The Facilitator role requires less senior human resource requirements in most cases but does require a significant amount of information management and detailed understanding of many third party programs. These strategies are also the least risky and would typically involve many smaller outcomes as individual small businesses relocate to the BPA or homeowners purchase houses, for example.

Resources Required	Lower ← → Higher			
ABI ROLE	FACILITATOR	DRIVER	GAP FINANCER	LAND OWNER
Impact on Goals	Series of small-scale successes with multiple projects. Increase activity level, less impactful on equitable development goals	Large-scale developments and initiatives are possible, although only when in line with 3rd party goals	Higher level of outcome control, should lead to more equitable development goals	Most impactful for creating equitable development (market rate activity in less active areas, affordable activity in high-cost areas)
Risk Profile	Low—resources are spread out over many projects and ABI's involvement is indirect, so individual projects carry minimal risk	Moderate—primarily opportunity risk as senior staff spend time cultivating relationships and partners	Moderate / High—direct capital at risk, and increased reputational risk	High—highest level of capital and reputational risk due to level of control

DRIVER

For some strategies, ABI would be pushing the market toward outcomes but with a limited level of direct capital investment or control from ABI. These strategies are more human resource intensive than the Facilitator strategies, requiring more investment in establishing and maintaining relationships to lead the long-term problem solving that is necessary for the strategies to be successful. Much of this time commitment is at a senior level, with considerable support from other staff.

An example is in the Boulevard Crossing node, where the Atlanta Beltline controls 21 acres that is a centerpiece of future development. ABI could drive redevelopment in this node by organizing property owners, leading a joint land planning effort, and organizing and participating in a joint development effort within the node. Another example includes assisting with entitlements when the development is consistent with the subarea master plans.

These Driver roles carry additional risks than the Facilitator role from a time, opportunity cost, and a reputational risk perspective. Building the types of relationships these strategies require is time consuming and often has a very low “hit rate,” especially in early years as these internal relationship management capabilities are established. Some City partners and Atlanta BeltLine stakeholders may be uncooperative, and a greater role in shaping development. There may also be cases where the Atlanta BeltLine can pay for site planning and market studies (or other due diligence that help to clarify an opportunity), which would increase the amount of financial resources these strategies would require.

GAP FINANCING INVESTOR

In some cases ABI should make direct investments in a project to control an outcome. Gap financing provides ABI with additional levels of control while limiting the levels of staffing and financial resources necessary to make an impact when compared to controlling a development project outright. Gap financing relies on the experience and expertise of third parties and leverages the financial resources of developers, bankers, and other investors.

Gap financing requires additional financial resources, and this level of involvement increases the risk level for ABI, both financially and in terms of public relations. These strategies should be implemented with extra care for these risks – development partners should meet criteria for creditworthiness but also for programmatic goals. Even if ABI is not controlling the development itself, the public may still hold it accountable for the activities of its partners.

LAND OWNER

The strategies with the highest level of investment from ABI are also the riskiest. These strategies also have the potential to have the greatest impact on ABI’s most challenging goals: the production of market rate housing units and new jobs within historically disinvested areas and the production of affordable workforce housing at scale or within higher income neighborhoods. These strategies are designed to increase the level of control that ABI has over real estate outcomes within the BPA.

These strategies can require significant capital funds, as well as senior level human resource capabilities. In many cases these strategies should leverage additional resources or create additional revenue streams for ABI. However, the primary emphasis when using these tools should be on mission-driven outcomes and the catalytic impacts.

These strategies carry the highest amount of risk relative to other roles. Land acquisition and master development activities are inherently controversial, both among community members and the private development community. Failed development projects are harmful to communities on their own, but a failed development project from a quasi-governmental institution like ABI attracts additional public scrutiny. Careful site selection and partnerships are absolutely crucial for these activities, as are low levels of financial leverage (private debt).





BUDGET FRAMEWORK

7. BUDGET FRAMEWORK



The IAP recommends the following revenue framework. This framework assists in planning for the future and establishing internal expectations for how the economic development and housing components should be supported to approach ambitious goals. The amounts provided on an annual basis may be above or below what this framework provides based on revenues and the needs of the overall Atlanta BeltLine redevelopment program. Two key elements of the framework are the following:

- From a forecasting perspective, costs should not exceed revenues by 20% in any given year. This allows some flexibility to raise additional funds to meet program needs while not creating unrealistic expectations.
- Twenty percent of TAD increment for departments (transit, program management, design, communications, housing, economic development, real estate, etc.) should be dedicated to the development program (economic development, housing, and real estate). This is derived from the expected percentage of TAD bond net proceeds that was budgeted for economic development and affordable housing incentives in the Redevelopment Plan.

Under this framework, three budget scenarios are examined in this report based on different revenue assumptions.

- Existing Revenue: assumes a status quo of revenue based on the approved fiscal year '16 budget.
- Stretch Revenue: assumes the Existing Revenue above plus new streams of revenue proposed in this report are raised.
- Aspirational Revenue: assumes the Stretch Revenue above plus immense philanthropic funding and investment.

EXISTING REVENUE

The budget for fiscal year 2016 shows approximately \$1.3 million in sources for economic development and housing related uses. This includes over \$800 thousand in TAD increment, \$200 thousand in FHLB contribution, and \$250 thousand of anticipated donations. These revenues

could pay for \$250 thousand in acquisition resources for options or acquisition line of credit interest, \$380 thousand for horizontal development planning, and market analysis primarily for Murphy Crossing and Boulevard Crossing, and approximately \$600 thousand for the Federal Home Loan Bank program.

Under this status quo scenario, existing uses and programs would continue, but the tools needed for a robust program to approach ambitious goals are not available. An acquisition fund could not be appropriately seeded until fiscal year 2019, flexible incentives would not be available, additional hiring could not occur, and the resources needed to sufficiently invest in infrastructure and site preparation at Murphy Crossing would be unavailable.

STRETCH REVENUE

This scenario assumes the Existing Revenue scenario above plus an increased share of TAD increment for the development program by fiscal year 2017. These assumptions are aggressive, but achievable with strong leadership and daily focus on building a strong revenue foundation for the program.

New streams of annual revenue include correcting underassessments (\$210K), monetizing corridor assets (\$250K), land sales revenue (\$300K), existing FHLB participation (\$200K), and other unidentified sources not exceeding 20% of costs in each fiscal year. The scenario assumes that these additional funds raised remain in the development program. The scenario also assumes that the development department is allocated 20% of TAD increment allocated to ABI departments (transit, program management, design, development, and communications and community engagement). This 20% is currently above the fiscal year 2016 allotment. The 20% framework comes from the percentage of TAD that was budgeted for economic development incentives and the Affordable Housing Trust Fund in the Redevelopment Plan.

Under this scenario, goals can be substantially achieved. However, it is unlikely that 100% of the ambitious permanent job and affordable workforce housing goals can be met under

this scenario. ABI can seed an acquisition fund in fiscal year 2017, provide \$40 thousand of predevelopment and site work per acre at Murphy Crossing, Lofts at Reynoldstown Crossing, or other sites over five years, provide over \$1.6 million annually in incentives for economic development and affordable housing beginning in fiscal year '18, and provide three additional full-time staff resources. This is in addition to the activities in the Existing Revenue scenario above (FHLB, options and/or line of credit, and limited horizontal development and planning resources).

ASPIRATIONAL REVENUE

This scenario assumes massive philanthropic support to achieve the Atlanta BeltLine's ambitious goals. This scenario would create \$20 million in economic development incentives commensurate with a five-year budget in the Redevelopment

Plan. It also includes \$27 million in affordable workforce housing incentives, representing the incentives necessary for two 9% LIHTC deals, three 4% LIHTC deals, and over 200 FHLB partnership units. This scenario includes additional seed capital for a revolving acquisition fund which would ensure appropriate land is available for affordable housing and jobs producing developments.

Philanthropic requests would essentially be for three components:

- Seed capital and grants for an acquisition fund, which is essentially a grant;
- Loans for an acquisition fund;
- Grants for the flexible incentive fund to ensure each deal with job creating or affordable housing elements is financially feasible.

Tad For All ABI Departments Assuming 10% Annual Growth						
		4,800,000	5,280,000	5,808,000	6,388,800	7,027,680
SOURCES	TOTAL	FY '16	FY '17	FY '18	FY '19	FY '20
TAD (assumes 20% of TAD for all departments)	5,764,396	863,500	1,056,00	1,161,600	1,277,760	1,405,536
Correcting underassessment Foundations and bank charity	840,000	-	210,000	210,000	210,000	210,000
Monetize corridor asset	1,000,000	200,000	200,000	200,000	200,000	200,000
Land sales revenue	1,200,000		300,000	300,000	300,000	300,000
Developer donations	250,000	250,000				
Unidentified	1,677,104		491,000	515,400	399,240	271,464
Subtotal	11,731,500	1,313,500	2,507,000	2,637,000	2,637,000	2,637,000
CID / SSD						
TOTAL	11,731,500	1,313,500	2,507,000	2,637,000	2,637,000	2,637,000
USES						
Pursue New Revenue Sources	15,000	15,000				
Seed a revolving acquisition fund	1,000,000		1,000,000			
Support existing DPA programs	3,127,500	625,500	625,500	625,500	625,500	625,500
Acquire land near infrastructure and areas of AH need	1,250,000	250,000	250,000	250,000	250,000	250,000
Land write down or flexible incentive funds - ED	2,100,000			700,000	700,000	700,000
Land write down or flexible incentive funds - AH	2,100,000			700,000	700,000	700,000
Horizontal development and planning	1,170,000	380,000	400,000	130,000	130,000	130,000
Enhance QOL (crime / blight reduction)	150,000	30,000	30,000	30,000	30,000	30,000
Added human resources	806,000		201,500	201,500	201,500	201,500
Other	13,000		13,000			
TOTAL	11,731,500	1,313,500	2,507,000	2,637,000	2,637,000	2,637,000





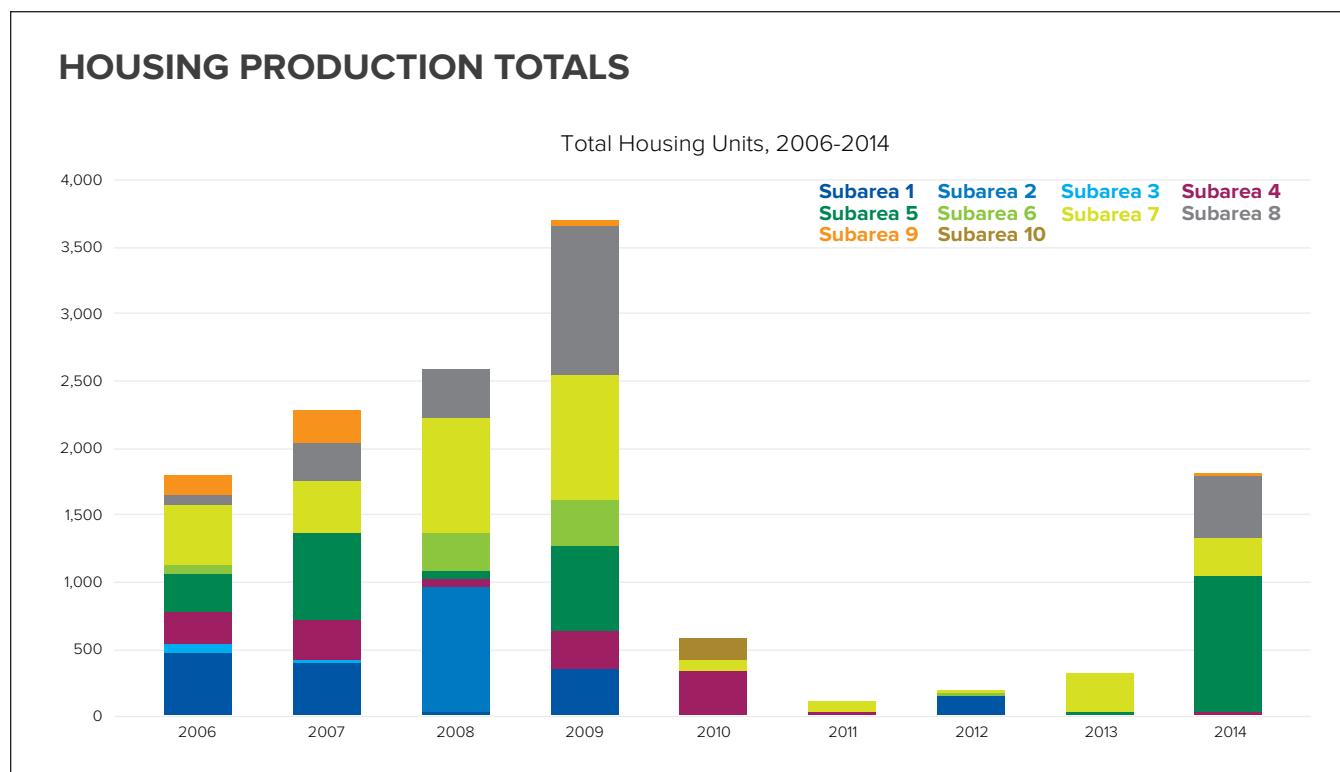
ACHIEVING THE REDEVELOPMENT PLAN GOALS

8. ACHIEVING THE REDEVELOPMENT PLAN GOALS



OVERALL HOUSING PRODUCTION

A Redevelopment Plan goal is to create 28,000 new housing units. Given that over 13,000 units have been created to date, approximately 1,300 units per year need to be created to remain ahead of schedule. Based on historic production and market projections, this result is probable.



Staying ahead of the curve requires that the average level of production be exceeded in the stronger portions of the real estate cycle. Almost no housing production occurred in 2010-2013 in the depth of the recession. It also requires that the locations for housing production be diversified more outside of Subareas 5, 7, and 8. Efforts should be made to accelerate “emerging areas,” such as Subareas 3, 4, and 6 before the next market correction. As of this writing, the emerging Subarea 4 near Memorial Drive and Reynoldstown already has 963 units within planned and proposed multifamily projects.



AFFORDABLE WORKFORCE HOUSING

A Redevelopment Plan goal is to create 5,600 affordable workforce housing units. Given that 985 units have been created to date, approximately 288 units per year or 1,440 units over five years need to be created to achieve the 5,600 unit goal by 2030. This represents two to four affordable deals annually along with robust down payment assistance and owner-occupied rehabilitation programs.

Achieving this goal is not possible without additional mechanisms such as mandatory inclusionary zoning or sources of funding that currently do not exist in the Atlanta affordable housing landscape.

Production with “Aspirational Revenue”

The original resources identified in the Redevelopment Plan would achieve the 5,600 unit goal. Alternatively, the sources of funding referenced in the “Aspirational Revenue” portion of this report would also suffice. This “Aspirational Revenue” includes over \$27 million in incentives or land price write-downs and approximately \$5 million in seed capital for an acquisition fund over the next five years. This level of funding does not appear achievable given TAD expectations and the current landscape of affordable housing philanthropy in Atlanta. This scenario assumes that an inclusionary zoning policy will not be in place.

Subarea 4 Residential Project Pipeline	Units
Moda Reynoldstown	65
841 Memorial	80
Atlanta Dairies	317
Alexan Glenwood	216
Station R (Elan Moreland)	285
TOTAL	963

Production with “Stretch Revenue” and Inclusionary Zoning

The “Stretch Revenue” expectations in combination with inclusionary zoning would almost be sufficient to achieve ambitious affordable housing production goals (86% of the desired goal). This assumes all of the new sources of funding in the “Stretch Revenue” scenario come to fruition, that existing affordable housing programs remain intact, that inclusionary zoning is implemented by the beginning of fiscal year 2017, and that ABI executes the real estate and housing strategies in the Strategic Recommendations section. The table on page 72 outlines the deal structures by which affordable workforce housing units can be delivered to achieve this level of production.

Production with “Existing Revenue”

Production with existing sources of revenue could support the creation of just over 500 affordable workforce housing units over the course of five years through the deal structures below. This production represents just over one-third of the goal. Delivery mechanisms in this scenario include the following:

- Project Based Rental Assistance;
- Partnership with MARTA and AHA deals;
- FHLB partnership production;
- Invest Atlanta DPA production;
- Entitlements;
- Single family developers.



ACHIEVING THE REDEVELOPMENT PLAN GOALS

	Limiting Factor	Program Contribution	Approx. ABI Contribution Needed	Number Of Deals	5-Year Affordable Unit Estimate ('16-'20)
9% Tax Credit ABI Sponsored	Extremely competitive; only two in CoA every year.	Over 50% of total development costs	\$850K+ per deal to ensure the deal is competitive and well executed	Two deals in next five year period given competition	160
9% Tax Credit AHA or MARTA Sponsored	Extremely competitive; only two in CoA every year	Over 50% of total development costs	Planning and advocacy support	2 deals in next five year period given competition	160
4% Tax Credit	Incentive funding; Approximately \$50K per affordable unit needed (\$2M+ per deal)	Over 25% of total development costs	\$50K per unit	None. Scale of gap funding for 4% credit deals is not available. Deals may be done in combination with IZ	0. Assumes some overlap with inclusionary zoning below
PBRA	AHA/HUD funding. Program is not guaranteed to be available every year.	Fills gap between what the tenant can pay 60% of AMI	\$0 per unit	1 per year	0. Assume overlap with inclusionary zoning below
Entitlements					0. Assume overlap with inclusionary zoning below
FHLB Rehab	ABI match funding	1/3 of 20% of purchase price	\$18,000; 2/3 of 20% of purchase price	20 per year	100
Invest Atlanta DPA	IA funding. Programs not guaranteed to be available year	Varies	Marketing	40 per year historically	200
Single Family Affordable Developers	Capacity and focus in the Atlanta BeltLine area		Market intelligence	4 per year	20
Inclusionary Zoning	Market rate development	Required affordable housing for new developments	\$0	Anticipate over 1,400 total units per year, starting in FY '17, given historic production	560
TOTAL					1,250
GOAL					1,440



IMPACT ON ECONOMIC DEVELOPMENT AND JOB CREATION

One-Year Construction Jobs

A Redevelopment Plan goal is to create 48,000 one-year construction jobs. Given that over 20,000 units have been created to date, one-year construction jobs are ahead of schedule. Therefore, based on historic production, achieving the goal is probable.

Permanent Jobs

The Atlanta BeltLine should create 30,000 permanent jobs by 2030. Two factors contribute to Atlanta BeltLine, Inc.'s ability to meet this job creation goal: the rate of overall future job growth in the City and the Atlanta BeltLine's ability to "capture" a percentage of these new jobs, either by creating jobs or by attracting jobs to the BeltLine Planning Area. Ideally, the rate of future job growth in the City would be determined by looking at recent and forecasted trends. However, while there are strong data on job growth trends in the City, employment forecasts for the City do not exist. In these circumstances, employment forecasts for Fulton County offer a way to assess the feasibility of the Atlanta BeltLine reaching its 30,000 jobs creation goal. Strong recent job growth in the City and strong projected growth across the County would indicate a higher likelihood of meeting job creation targets. Unfortunately, the picture for both City and County job creation is mixed, with high job-capture rates required at both City and County rates.

The project team identified two job creation scenarios using City and County projections. The City of Atlanta experienced strong job creation over the past decade, with private sector employment growing at over 2.5 times the national average with a 1.6% growth rate. However, from one respected source, the baseline annualized projected employment growth rate for Fulton County (and the U.S.) is only about 0.6% between now and 2030, largely because of very slow projected annual growth (0.3%) in the 2020-2030 period. If the City of Atlanta added jobs at the 0.6% annualized rate, the Atlanta BeltLine would need to capture an astonishing 53% of new city jobs to meet the 30,000 new jobs goal by 2030. This capture rate seems unrealistic and, from the perspective of the City, creates potential competition with other geographic entities within Atlanta, such as Peachtree Corridor, that also have ambitious job growth targets for the next decades. Notably, even if the City of Atlanta were to sustain its recent 1.6% annualized job growth rate for the next fifteen years, the Atlanta BeltLine Planning Area capture rate would still need to increase from its historic rate of 16% to 20% of all new city jobs.

These high-level scenarios suggest that in order to reach the 30,000 new jobs target, Atlanta BeltLine strategies should be focused on contributing to strong overall City growth even while enhancing the attractiveness of the Atlanta BeltLine as a location for new job growth in Atlanta. By adopting a two-pronged strategy that emphasizes working with partners to support strong overall City of Atlanta job growth while also working to increase the capture rate of the BPA, ABI strategies have the potential to eliminate intra-city, zero-sum competition to capture small numbers of new jobs and instead foster an environment of growth that enhances the vitality of all of the city's key jobs corridors.

Development Activity and Assessed Values

Overall development activity and housing production is ahead of SIP goals to date, but thus far the level of development has not been equitably spread throughout the BPA. Further, it has yet to translate into an increase in TAD property values sufficient to adequately support the Atlanta BeltLine's programmatic goals. The strategies outlined herein should therefore be measured in part against these general criteria:

- A "baseline" goal of meeting the SIP projections, increasing overall TAD tax digest from \$1.135 billion to \$4.5 billion by 2030, an average annual increase of 8.9% per year (including recessions).
- A "stretch" goal of exceeding the SIP projections by increasing the overall TAD tax digest to \$6.3 billion by 2030, an average annual increase of 11.2%. This goal is based on achieving annual tax digest value increases during active development years that is between the 8% growth rate from 2013 to 2014, and the 30% rates seen during 2005 to 2008, and factoring in downturns and recessions.
- Continue to stay on goal (or ahead of in preparation for recessions) on overall housing unit production.





ACKNOWLEDGEMENTS & SOURCES

ACKNOWLEDGEMENTS

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Advisory Boards

BeltLine Affordable Housing Advisory Board
 Tax Allocation District Advisory Board

Consultants

Noell Consulting Group
 Columbia Ventures
 Mass Economics

SOURCES

Generally speaking, all rental housing numbers come from REIS, for-sale numbers from SmartNumbers, and job numbers from Longitudinal Employer-Household Dynamics (LEHD), OntheMap, and Quarterly Workforce Indicators (QWI).

PAGE 5: “over 2,000 MF units” from REIS and Noell Consulting Group

PAGE 5: “6,100 jobs” “20,000” LEHD OntheMap, QWI and Mass Economics

PAGE 5: “13,000” “2,200” from REIS, SmartNumbers, Noell Consulting Group and Columbia Ventures

PAGES 6 & 20: From REIS, SmartNumbers, Noell Consulting Group and Columbia Ventures

PAGES 6 & 20: LEHD OntheMap

PAGES 6 & 20: Mass Economics based on ABI development tracker and ABI jobs per SF/unit metrics

PAGE 7: “Over 100 units purchased” ABI, Invest Atlanta

PAGE 9: “985” Columbia Ventures

PAGE 21: “1.8 million” Noell Consulting Group based on REIS, CoStar, LoopNet, and ABI development tracker

PAGE 22: Fulton County Tax Digest, Noell Consulting Group

PAGE 23: Reis, SmartNumbers for residential, commercial same as above

PAGE 25: Columbia Ventures for Heat Map

PAGE 26: Columbia Ventures

PAGE 27: Rental from Noell Consulting Group and Columbia Ventures based on data from REIS, for-sale from SmartNumbers

PAGES 28-29: All job figures from “Economic Development and Job Creation” from LEHD OntheMap and QWI

PAGES 31-32: US Census for all demos in Workforce Analysis section

PAGE 32: Chart from BLS

PAGE 34: LEHD OntheMap for both charts

PAGES 35-36: LEHD OntheMap, QWI

PAGE 70: SmartNumbers, REIS

PAGE 71: SmartNumbers, REIS, Noell Consulting Group







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