

# EDGEWOOD COURT APARTMENTS

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Housing Urban Enterprise Zone

OFFICE OF HOUSING & COMMUNITY DEVELOPMENT

November 14, 2017

Community Development and Human Services Committee – Public Hearing



Department of

**CITY PLANNING**

# Agenda – Edgewood Court Apartments UEZ

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UEZ Eligibility

Proposed Project

Proposed Financials



# UEZ ELIGIBILITY

# Urban Enterprise Zone (UEZ)

- The City of Atlanta’s Urban Enterprise Zone (UEZ) Program was authorized for creation by the Georgia General Assembly in 1983.
- Allows City to designate sites or areas that meet certain locational criteria with eligible redevelopment projects.
- Abates City taxes on a sliding scale over a ten- year period, if certain conditions are met.

Housing  
Commercial  
Mixed Use  
Industrial

| TAX ABATEMENT SCHEDULE     |                                       |
|----------------------------|---------------------------------------|
| Year(s) of UEZ Designation | Maximum Percentage of Tax Abatements* |
| Years 1-5                  | 100%                                  |
| Years 6&7                  | 80%                                   |
| Years 8                    | 60%                                   |
| Years 9                    | 40%                                   |
| Years 10                   | 20%                                   |
| Year 11 (after UEZ ends)   | 0%                                    |



# Purpose of UEZ

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To encourage private investment in areas or sites which otherwise would unlikely be developed due to the existence of certain characteristics of social or economic depression.

For the purpose of developing housing units, creating jobs and trade, providing services, and by other economic activities.



# UEZ Eligibility – Site Analysis

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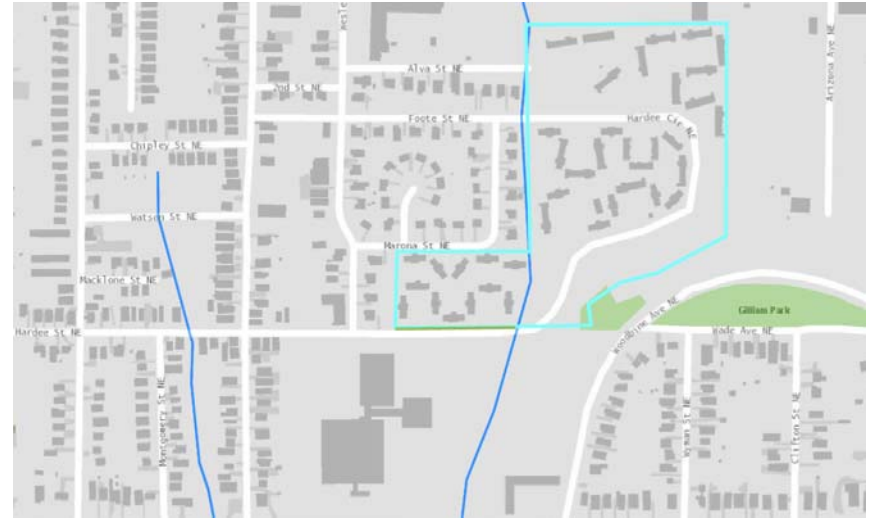
A property must meet three out of five locational criteria:

1. Pervasive Poverty – Poverty Rate >20%
2. Unemployment – Unemployment Rate > 10%  
of Statewide Average
3. General Distress – Crime Rate 20% higher than  
Citywide Average
4. Underdeveloped - Rate of development in NPU  
20% lower than Citywide Average
5. General Blight – Adopted Redevelopment Plan

**PROPOSED PROJECT**

# Proposed Project – Overview

- 1572 Hardee Street NE
- 204 unit apartment complex built in 1950s, last renovated in the 1980s
- Developer plans complete renovation of affordable units focusing on energy conservation
- Other improvements will include:
  - fitness center
  - computer lab
  - new sidewalks
  - exterior gather places
  - community gardens





# Proposed Project – Existing Condition Exteriors



# Proposed Project – Existing Condition Interiors



# Proposed Project – Developer



Jonathan Rose  
Companies

- Capital Preservation
- Affordable Housing Preservation  
By mid-2017, own over 15,000 residential units, approximately 88 percent of them affordable.
- Environmental & Social Program

Local Partner - Columbia Residential  
Property Management



Preservation of a 221-unit affordable, transit-oriented senior property (Newark, New Jersey)



New construction of affordable family apartments ranging from 712 - 1,059 sq.ft. (Denver, CO)





# Proposed Project - Project Specifications

| Project Type                           |   | Affordable Housing Redevelopment |            |            |  |
|--|---|----------------------------------|------------|------------|--|
| Site Size                              | 20.74 Acres   |                                  |            |            |  |
| Existing Square Feet                   | 174,704   |                                  |            |            |  |
| New Construction Sq. Ft.               | 16,674  |                                  |            |            |  |
| Total Project Sq. Ft.                  | 196,468   |                                  |            |            |  |
| Number of Buildings                    | 43 Buildings  |                                  |            |            |  |
| Construction Phase                     | Completed by end of 2018                                      |                                  |            |            |  |
| Units Upon Completion                  | 222   |                                  |            |            |  |
| Unit Breakdown                         | 1-Bedrooms  | 2-Bedrooms                       | 3-Bedrooms | 4-Bedrooms |  |
| Number of Units                        | 36  | 70                               | 84         | 32         |  |
| Sq. Ft.                                | 613   | 704                              | 966        | 1219       |  |
| Rental Rate                            | \$1,075   | \$1,200                          | \$1,375    | \$1,525    |  |
| *Comments                              | Tenant portion limited to 30% of income                       |                                  |            |            |  |
| <b>Project Overview: Affordability</b> |   |                                  |            |            |  |
| Pre-Construction                       | 100% Project Based Section 8 rental subsidy (Total 204 Units) |                                  |            |            |  |
| Post Construction                      | 60% AMI threshold, including 204-units with Section 8 subsidy |                                  |            |            |  |



# Proposed Project – Project Renderings



LEASING OFFICE  
WITH NEW UNITS FLANKING EACH SIDE

# Proposed Project - Relocation Plan

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Custom Relocation Specialists will implement relocation plan

1. Relocation will adhere to HUD and DCA requirements.
2. It is not anticipated that anyone would be displaced.
3. Certain residents will be temporarily relocated during construction into other units within the project or offsite if necessary.
4. Each of the four phases of construction will last approximately ninety (90) days.



# UEZ Eligibility – Site Analysis

| REQUIRED CRITERION  | UNIT(S) OF MEASURE                                   | U.E.Z. FINDING(S) AND CONCLUSIONS*   |
|---|--|--|
| 1. Evidence of Pervasive Poverty: $\geq 20\%$ for the Census Block Group**  | Census Tract: 206<br>Census Block Group: 2           | Poverty Rate is 33.5%<br><b>Meets this criterion.</b>  |
| 2. Unemployment***:<br>a. At least 10% higher than the Statewide Average (5.3% in 2016)   | a. Percentage for the Census Tract (7.1% in 2016)    | a. Census Tract was at least 10% higher than Statewide average<br><b>Meets this criterion.</b>   |
| 3. General Distress:<br>a. High Crime (Police Beat crime rate $\geq 20\%$ higher than Citywide average of crimes per square mile (215 in 2016))                           | a. Police Beat Crime: 387 per square mile in 2016    | a. Police beat meets the high crime requirement.<br><b>Meets this criterion.</b>   |
| 4. Underdevelopment: Past 5 years NPU has 20% fewer residential building permits per square mile than the Citywide average. (2011-2016 was 42.51 citywide)                | NPU: "O." had 87.5 building permits per square mile. | The development rate of NPU "O" is 106% higher than the Citywide NPU average for residential development activity.<br><b>Does not meet this criterion.</b> |
| 5. General Blight: Property is located within the boundaries of an identified urban redevelopment area for which an urban redevelopment plan has been officially adopted. | Reference in adopted redevelopment plan.             | Property is referenced in the Edgewood Redevelopment Plan Adopted 07/20/2009, Ordinance No. 0901118.<br><b>Meets this criterion</b>                        |

**RESULT OF THE ANALYSIS: THE PROPERTY IS ELIGIBLE FOR U.E.Z. DESIGNATION.**



# PROPOSED FINANCIALS



# Proposed Financials - Development Costs (Estimates)

| Sources of Project Funds            |                      |                     |
|-------------------------------------|----------------------|---------------------|
| Source                              | % of Total Financing | Amount              |
| Fannie Mae                          | 49%                  | \$24,000,000        |
| U.S. Bank Equity Bridge Loan        | 17%                  | \$8,464,416         |
| State LIHTC Equity                  | 13%                  | \$6,660,083         |
| Federal Tax Credits (via U.S. Bank) | 21%                  | \$10,198,501        |
| Deferred Developer Fee              | 0.1%                 | \$32,667            |
| <b>Total</b>                        | <b>100%</b>          | <b>\$49,355,667</b> |

| Project Cost Breakdown   |                     |                 |                  |
|--------------------------|---------------------|-----------------|------------------|
| Type / Description       | Cost                | % of Total Cost | Cost per Unit    |
| Acquisition              | \$24,000,000        | 49%             | \$108,108        |
| Total Hard Costs         | \$16,771,179        | 34%             | \$75,546         |
| Construction Contingency | \$1,636,968         | 3%              | \$7,374          |
| Soft Costs               | \$1,309,600         | 3%              | \$5,899          |
| Financing                | \$1,189,458         | 2%              | \$5,358          |
| Interim                  | \$166,643           | 0.3%            | \$751            |
| Syndication              | \$0                 | 0%              | \$0              |
| Reserves                 | \$1,716,485         | 3%              | \$7,732          |
| Developer Fee            | \$2,500,000         | 5%              | \$11,261         |
| <b>Total</b>             | <b>\$49,290,333</b> | <b>100%</b>     | <b>\$222,029</b> |



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