



CITY OF ATLANTA
DEPARTMENT OF FINANCE
HOUSING FINANCE DRAW-DOWN BONDS
DECEMBER, 2020

ROOSEVELT COUNCIL, JR., CFO

DRAW DOWN BONDS ARE A COST EFFICIENT WAY TO ENABLE THE AFFORDABLE HOUSING PROGRAM



Annual Cost			
Drawn Amount	\$0	\$25,000,000	\$50,000,000
Undrawn Fee	\$175,000	\$87,500	\$0
Interest Cost	\$0	\$262,500	\$525,000
Total*	\$175,000	\$350,000	\$525,000

**The undrawn fee is .35% of the unused portion of the bond's notional amount, which is broken into monthly payments. The interest costs are calculated by 1 month LIBOR + 80 bps, currently 1.05%.*

➤ A \$50M, 20 year term bond would cost approximately \$3.3M/year

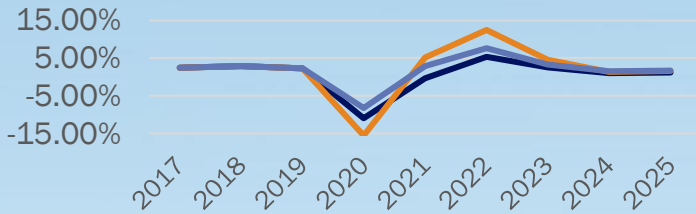
- ✓ The commitment to affordable housing remains \$100M with the same programmatic allocations as approved in early 2020.
- ✓ Phase one will be enabled by Draw-Down Revenue Bonds in the amount of \$50MM with a maturity term of 2 years backed by General Fund Revenues.
- ✓ The impact to the FY21 budget would \$87.5K (Jan-Jun 2020) plus closing costs, which we have identified funding to cover. FY22 budget will include estimated borrowing cost
- ✓ When the timing is right, \$100,000,000 in Housing Opportunity Term Bonds will be issued to pay off the outstanding balance of the Draw-Down Bonds and fund the remainder of the affordable housing plan.



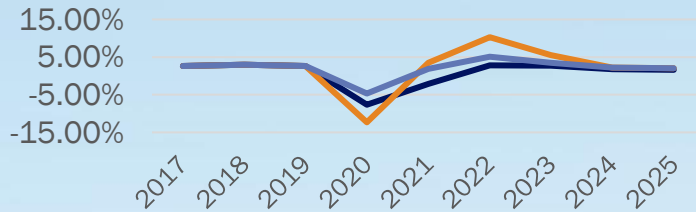
OVERVIEW OF MACROECONOMIC SCENARIOS – APRIL'20

We applied the following assumptions to develop three scenarios for post-COVID downturns following the previous ten year's historic growth

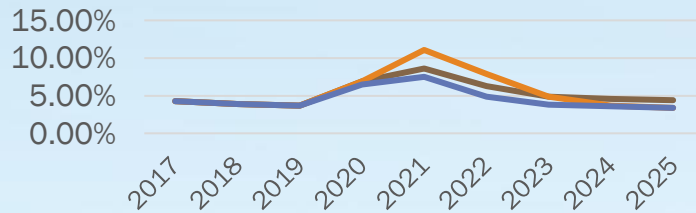
GDP YoY % Change



Consumer Spending YoY % Change



Unemployment Rate



	HIGH	MEDIUM	LOW
	LONG HARD TREK TO RECOVERY	FINANCIAL CRISIS & DEEP RECESSION	THE COVID-19 RECESSION

2021 GDP YoY% Change	0%	5%	3%
2021 Consumer Spending YoY% Change	-2%	4%	2%
2021 Unemployment Rate	9%	11%	8%

Across scenarios, the General Fund is impacted in the long term by several overarching economic trends including, but not limited to GDP, consumer spending, unemployment, and new housing starts.

Note: Economic indicators are shown as a calendar year, not fiscal year
Full model assumptions located in Appendix

Source: Deloitte U.S. Economic Forecast



US MACROECONOMIC INDICATORS POST - COVID VACCINE NEWS

I. GDP Growth– Goldman Sachs suggests a V-shape recovery

Goldman Sachs' report predicts the global economy to rebound quickly after the second wave of COVID-19 cases. In US, the expected fiscal package, potentially enacted in January 2021, should have a small positive fiscal impulse to US growth in coming quarters. Goldman Sachs' report suggests a V-shaped recovery and predict a 5.3% GDP growth in 2021 and 3.8% in 2022. Also, as per the Federal Reserve's September 2020 projections², the 2021 GDP growth of 4% in 2021 (median of 3.6% and 4.7%) and 3% in (median of 2.5% and 3.3%).

II. Consumer Spending Growth– Deloitte's new estimates predict a faster recovery of consumer spending than previously estimated

As per the report in Reuters³, consumer spending increased 1.4% in September (more than expected) after gaining 1% in August. Latest Deloitte (Nov'20) forecast estimates that consumer spending YoY% change in 2020 is expected to be only -3.8%, which is much higher than the earlier estimated range of -5% to -12%. Similarly, Deloitte's latest baseline scenario forecast for 2021 is at 3.4% (Deloitte, Nov'20) which is higher than previously estimated.

III. Unemployment Rate – Deloitte estimates a lower unemployment rate for 2021 than previously estimated

As per the Bureau of Labor Statistics⁴, in October 2020, the unemployment rate in US was estimated at 6.9%, and in the State of Georgia was estimated to be much lower at 4.5%. As per the latest Deloitte (Nov'20) unemployment forecasts, the range of unemployment for 2021 is estimated to be 6.6% which is much lower than the previously estimated range of 8%-11%. Also, as per the Federal Reserve, the unemployment rate for 2021 is estimated at 5.5% (median of 5% and 6.2%).

Notes:

¹ <https://www.goldmansachs.com/insights/pages/gs-research/macro-outlook-2021/report.pdf>

² <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20200916.htm>

³ <https://www.reuters.com/article/usa-economy/u-s-consumer-spending-beats-forecasts-worries-over-decreasing-government-money-idUSKBN27F2GT>

⁴ <https://www.bls.gov/news.release/laus.nr0.htm>

2021 HOUSING OPPORTUNITY BOND PROGRAM



Program Categories	Category Components	Funding
Multifamily Loans	Multifamily Developer Loans	\$ 15,000,000
	Small Multifamily Developer Loans	\$ 8,000,000
	Permanent Supportive Housing Loans	\$ 10,000,000
Single Family Loans	Owner Occupied Housing Rehabilitation	\$ 22,000,000
	Down Payment Assistance	\$ 4,250,000
	Single Family Development (Developer Loans)	\$ 4,000,000
Land and Property Assemblage	Direct Acquisition	\$ 8,000,000
	Land Assemblage Financing Fund	\$ 7,000,000
Non Profit Affordable Housing Development Set- Aside	Funds set aside for eligible nonprofit developers for multifamily and single family affordable housing development.	\$ 15,000,000
Program Administration	Administrative cost for Invest Atlanta to implement the program.	\$ 5,500,000
Cost of Issuance Estimate	Legal and financial expenses associated with the bond transaction.	\$ 1,250,000
		11
		\$ 100,000,000