

JACK KEMP WORKFORCE HOUSING MODELS OF EXCELLENCE AWARDS

2013 FINALIST

DEVELOPER

Atlanta BeltLine, Inc.

DEVELOPMENT TEAM

- Construction financing: Invest Atlanta
- Mortgage financing: Bank of America and 5/3 Bank were preferred lenders
- Development expertise: Urban Realty Partners and Integral Building Group
- Contractor: SouthCore Construction, Inc.
- Marketing: The Marketing Directors, LLC
- HOA management: Resources for Residents and Communities (RRC)
- Community Land Trust (CLT): Atlanta Land Trust Collaborative
- Architect: Rutledge Alcock Architects
- Owner: Chester Avenue Lofts, LLC

MIXTURE OF HOUSING TYPES

Workforce units: 28
Market rate units: 1

AFFORDABILITY

2BR Workforce Units: \$150,000

DEVELOPMENT COSTS

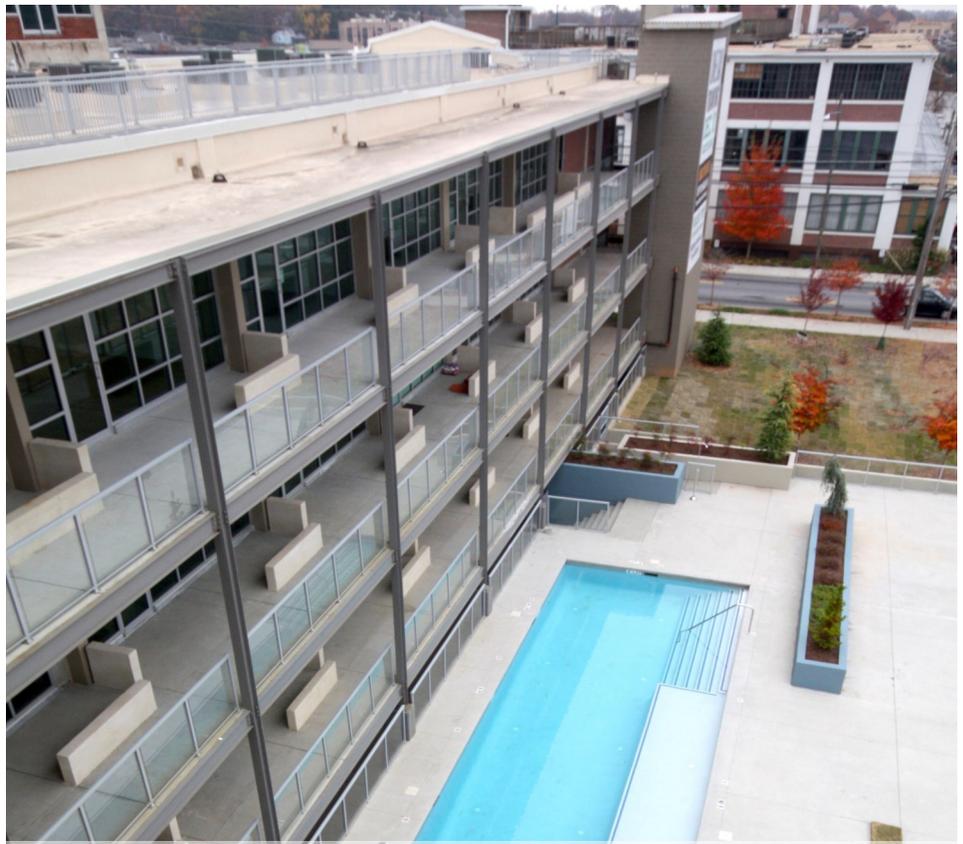
\$5.1 Million

DEVELOPMENT TIMELINE

Site Acquired: September 2011
Construction Started: October 2011
Date Sales Opened: December 2011
Completed: March 2012

WEBSITE

beltline.org/programs/affordable-housing



Lofts at Reynoldstown Crossing Atlanta, Georgia

The Lofts at Reynoldstown Crossing (Lofts) is an adaptive reuse development of 29 condominiums located on a 1.8-acre site in Reynoldstown, a historically African American neighborhood on Atlanta's east side. Housed in a former motorcycle parts factory, the redevelopment was originally designed for luxury condominiums until a series of setbacks halted construction. Atlanta Beltline, Inc. (ABI), acquired the property in 2011 and over the course of nine months redeveloped the existing structure, where 28 of the units are reserved for workforce households, and one unit is a market-rate penthouse.

The Lofts site is adjacent to a planned expansion of the Atlanta BeltLine, a wide-ranging revitalization effort that aims to develop a network of greenways, multi-use trails and transit by re-using 22-miles of historic railroad corridors circling downtown Atlanta. ABI is managing the planning, design and implementation of the project with public and private-sector partners. Once completed, the Atlanta BeltLine will connect the Lofts to 45 other neighborhoods in the city with transit and trails.

Although ABI's mission is the design and construction of the Atlanta BeltLine, one of the program's key goals is to ensure that affordable opportunities remain available as the project is built and nearby land values rise. The target is to create 5,600 units of affordable housing within the vicinity of the Atlanta BeltLine over a 25-year period.

A key tool for this initiative is the BeltLine Affordable Housing Trust Fund (BAHTF) that uses funding from local tax increments to promote a mix of affordable rental and owner-occupied housing units within the BeltLine neighborhoods. To date, \$8.8 million has been capitalized in this fund, administered by Invest Atlanta, the city's development authority. These funds can be combined with other affordable housing programs and city incentives and leveraged with private dollars for the production of affordable housing.

Reynoldstown is a neighborhood that enjoyed revitalization starting in the late 1990's through 2009. However, the "Great Recession" took a toll with foreclosures, mortgage fraud and stalled redevelopment that left some of the neighborhood's housing stock vacant and in limbo. The combined challenges of purchasing foreclosed properties and strict mortgage lending standards have created obstacles to homeownership for workforce households.

The Lofts at Reynoldstown Crossing was originally planned as Triumph Lofts—a failed high-end condominium redevelopment that went into receivership after a series of setbacks. As a result, the units sat vacant for four years with no apparent solution in sight. ABI purchased the property out of receivership for \$3.7 million at an 85 percent level of completion. This low basis, as well as the short time needed for construction, allowed ABI to offer the homes at prices affordable to the workforce.

The total development cost was \$170,000 per unit. The BAHTF wrote down the total development cost per unit by \$22,000. Additionally, the BAHTF provided \$64,000 of silent second mortgage financing. Of the 28 workforce homes, 25 were sold on average for \$150,000. Therefore, first mortgages on the affordable workforce units averaged \$84,000. The resulting monthly payments, including taxes and HOA fees, are less than \$1,000 a month. The finished product at the Lofts provides homeownership opportunities to workforce households with a median income of \$54,000 (about 79 percent of AMI).

Twenty-five affordable and workforce homes utilize a mix of subsidy recapture, equity capture, and first right of refusal to retain affordability. With equity recapture, the silent second mortgage must be repaid to the BAHTF if the home is sold within the first 15 years. With equity sharing, a sliding percentage of gain upon resale must be repaid to the BAHTF if the home is resold within the first five years.

A partnership with the Atlanta Land Trust Collaborative allowed three community land trust units to be sold with a \$100,000 silent second mortgage to two City of Atlanta police officers and one public school teacher. Community land trusts permanently preserve affordability for low- and middle-income families in which the homeowner purchases the structure, while the land trust owns the underlying land. These three units were a pilot program to introduce community land trust homeownership into the Atlanta market.

“The BeltLine Affordable Housing Trust Fund provides down payment assistance for homeowners, incentives for a developer to build, and funds for property acquisition for future affordable housing. We've committed funding to over 250 units since 2009, all around the Atlanta BeltLine. Affordable housing investment is a way to ensure that people of all incomes can continue to live near the Atlanta BeltLine. We want to create place where people can afford to live and where they want to live.”

James Alexander
Housing Policy and Development Manager
Atlanta BeltLine, Inc.

The Lofts offered Atlanta's first ever drawing for affordable and workforce housing, a strategy that generated a high level of interest in the development. More than 2,400 people registered for the event, more than 600 visited, and more than 42 buyers were pre-qualified to participate. Held in December 2011, the one-day drawing concluded with all 28 homes being placed under contract within a few hours.

By developing the Lofts in a property that would have likely remained vacant for many years to come, ABL is an example of how entrepreneurial public entities can create economic development where the private market may be slow or unable to act.

The Lofts also serves as a model for how affordable and workforce housing can be an integral component of larger infrastructure projects. The Atlanta BeltLine is the only transit-focused tax increment finance project in the country that dedicates funds for housing affordability. These dollars ensure that affordable housing

