

Westside **Wake-Up**



The case for equitable transit-oriented development in Vine City

**A Report by Tapestry Development Group,
a Community Housing Development Organization (CHDO)
Funded in part by a grant from Enterprise Community Partners**



Introduction

In June 2013 Enterprise Community Partners awarded Tapestry Development Group a grant to explore possibilities for implementing equitable Transit-Oriented Development (TOD) in Atlanta. The Westside TOD initiative is part of a broad and expanding recognition that development policy and city building practices are undergoing profound change—driven by technology, demographic shifts, resource constraints, and global pressures. The Enterprise Community Partners award reinforces Atlanta’s image as the South’s most prominent and progressive metro, and acknowledges the city’s historic role as a leader in introducing economic and social innovations to the South.

This report is grounded in market-based analysis as well as best practices in urban planning and community development. Its working concept of equitable TOD derives from a definition set forth in the Bleakly Advisory Group’s “Equitable TOD Market & Financial Feasibility Analysis”:

“Equitable Transit-Oriented Development (TOD) combines place-based and people-based approaches to develop solutions that address the full range of needs of existing and future community residents living near transit. Equitable TOD achieves:

- *Greater economic opportunity by creating easier access for low- and moderate- income households.*
- *Increases in property values without displacing the residents who would most benefit from the increase.*
- *A balance between return on investment for private investors and equity goals.*

- *Reduction in overall housing and transportation costs—which combined can account for 60%+ of the disposable income of Atlanta’s affordable households.”*

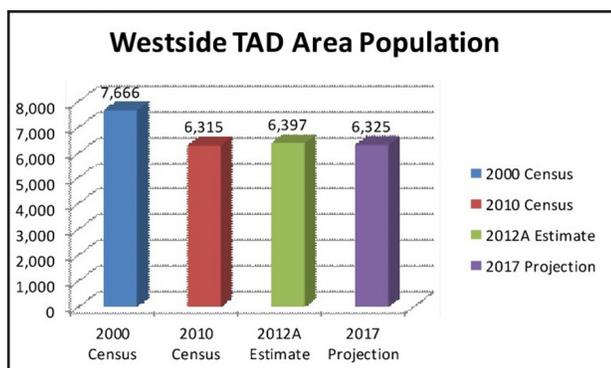
Transit-Oriented Development, in both policy and practice, is a response to 21st century challenges of economic growth and continued prosperity. From the increasing cost of energy, to looming threats of climate change, to the competitive imperative of efficient workforce mobility, TOD offers a focused, comprehensive, and nuanced set of solutions. Equitable TOD attempts to address existing poverty, inequality, and market imbalances while encouraging economic development opportunities arising from innovative city building strategies. But like most planning models and theoretical paradigms, actually demonstrating how equitable TOD can solve real-world problems is the test of its viability. This report is intended to begin that process for the Vine City neighborhood of Atlanta. It seeks to achieve three objectives:

- *Provide context, analysis, and work strategies to transform a particular community (Vine City) in accordance with major TOD principles.*
- *Devise a TOD affordable housing strategy specific to Vine City that incorporates for sale products as well as multi-family rentals in a manner that catalyzes private sector investment. The strategy must address significant market factors (SWOT analysis: strengths, weaknesses, opportunities, threats), while also acknowledging and incorporating community feedback.*
- *Develop a feasibility analysis grounded in financial pro formas for three (3) potential development sites located within a half-mile radius of the Vine City and/or Ashby MARTA stations.*

Like many other disinvested but transitioning urban neighborhoods, Vine City has been “studied to death.” This report takes a distinctly different approach. It seeks to close the gap between planning and doing. Its structure consists of three main parts: a descriptive profile of the target neighborhood; a contextual discussion of equitable TOD and its applicability to Vine City; and finally, a presentation of specific development strategies. The report also introduces three proposed TOD project areas within the Vine City neighborhood. Each project area includes a catalytic core project — appropriate to the chosen site and its immediate surroundings. All are supported by a set of recommendations intended to maximize the impact of investment on surrounding properties—enlarging the impact of the catalytic infusion by consciously fostering beneficial ripple effects.

thriving TOD development. Attracting market rate housing development would lead to more disposable income in the area that is necessary to attract needed, higher quality retail and services. However, that development will inevitably lead to higher land values, higher rents, higher taxes, and increased economic pressure on the current predominantly low wealth, African-American population.

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Source: Westside TAD SIP/Invest Atlanta

Vine City’s path to housing viability rests upon the imperative of reintegrating the community with the adjoining city core through improved connections to Downtown, and reinvigorating its under populated landscape with dense, well-designed, mixed-income development. Its two existing MARTA stations, the Atlanta BeltLine, strong commercial corridors along Northside Drive and MLK, Jr. Drive, as well as plans for trails and pedestrian improvements, give Vine City the “bones” to support

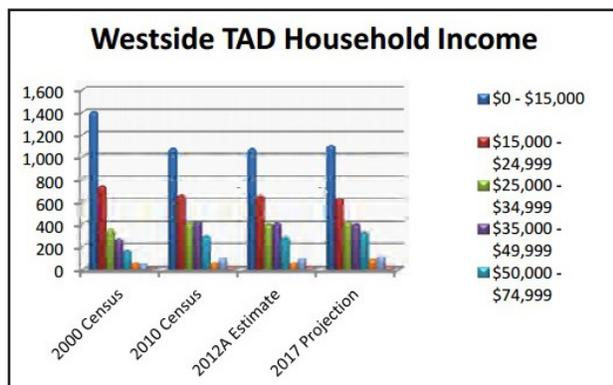
This dynamic is justifiably viewed as a threat by current community residents. There is fear of displacement and of stark changes to the community’s historic character. The equity factor looms large. A well thought out, responsive, and adequately financed TOD strategy built on a strong affordable housing component can address concerns about “gentrification” while creating market comparables that support spin-off private development. That is the objective of this report. The key to understanding Vine City as a neighborhood at the “tipping point” of revitalization is to comprehend the need for large-scale, mixed-income developments that create affordability at the front end of the revitalization process while incorporating practices that promote diversity and equity. The strategy must champion inclusion even as it establishes fresh market metrics that support further investment.

This report benefits from and makes an earnest attempt to incorporate the findings of several stellar research projects, particularly the 2013 “Westside Connectivity Studio” conducted by Professor Michael Dobbins and graduate students of the Georgia Institute of Technology School of City and Regional Planning. The studio’s area of focus, Downtown Atlanta’s “Westside,” is the historically African-American Vine City and English Avenue neighborhoods. Its analysis identifies geographic isolation, physical barriers, and sundered connections between these communities, flourishing Midtown, and the Downtown core as prime contributors to the persistence of poverty and disinvestment. The “Westside TAD Neighborhoods Strategic Implementation Plan,” an exhaustive analysis of neighborhood demographics and land use, and the “Proctor Creek North Avenue Watershed Basin,” (PNA study) an important environmental assessment, provided additional background. The Bleakly Advisory Group’s comparative analysis of development potential around MARTA rail transit stations provided a detailed market framework and spatial criteria for designating TOD impact areas. The themes of these research efforts—connectivity, land use, existing market conditions, and environmental impacts—are keys to equitable TOD success because they are essential to achieving goals of the TOD paradigm: efficient, wealth creating, long-term, sustainable growth.

Why Vine City?

A sense of prevailing conditions in Vine City can be gleaned from data gathered for the “Westside TAD Neighborhoods Strategic Implementation Plan” produced by Invest Atlanta, the City of Atlanta’s economic development agency. The Westside TAD boundary includes both Vine City and English Avenue, so it is not exclusive to Vine City, but the aggregated statistics present a striking profile of the entire Westside area. In 2012 the population of the Westside TAD Neighborhoods was estimated to be 6,937, 89% of whom were African-American and thirty-six percent (36%) of them earned \$15,000 or less per year. From 2000 to 2012 employment in the area decreased by 6% leaving 15% of residents without jobs. In 2010 fifty-eight percent (58%) of housing units were occupied and 42% were vacant. Of the occupied housing units, 433 were owner occupied, with only 145 of those estimated to be owned free and clear of a mortgage. Among residents aged 25 years and older, 35% graduated from high school, while 22% had some college credit, but no completed degree. By almost any measure the area is distressed. (Please see the detailed typology and land use maps appended at the end of this report pp. 22-25.)

Yet many factors combine to make Vine City the ideal choice for catalytic TOD projects based on equitable principles. The most important factor is emerging market preference. Atlanta, like other metropolitan areas, is experiencing a marked increase in demand for walkable neighborhoods with easy access to transit and public amenities. Atlanta already has some examples of such neighborhoods—Atlantic Station, Perimeter, and Buckhead—but they are high-rent districts with limited opportu-



Source: Westside TAD SIP/Invest Atlanta

nity to achieve meaningful income diversity. An analysis of Atlanta neighborhoods by Christopher Leinberger, “The WalkUP Wake-Up Call: Atlanta,” ranked rail served neighborhoods by their current equity coefficients. That study found transit accessible neighborhoods most advanced in terms of development were also the least diverse in population characteristics. Those with the greatest diversity and highest potential for future equitable development, have attracted the least investment interest. The Vine City area—Atlanta University, Castleberry, and Centennial Olympic Park—ranked high among transit-oriented sites with the greatest equity potential but correspondingly weak investment activity. In this context Vine City stands out for its potential as an affordable alternative to the high-cost Midtown and Midtown West areas along its eastern border. In-depth research and studios conducted by the Georgia Tech School of City and Regional Planning make clear that Vine City’s sundered connections to Downtown and other activity centers are a determining factor in its underdevelopment. Three studies, “Northside Drive as a Multimodal Development Corridor,” “Connectivity and Atlanta’s Core,” and the recently completed “West End Hub Framework Plan,” lay out a compelling scenario for transit-oriented investments in the area. The Connectivity Studio provides a key framework for this report (see the appended connectivity schematic, p.25). Describing a boundary that begins at the Georgia Tech campus on the north, then arcing through Midtown West toward the Vine City and Ashby MARTA stations, and on to the Atlanta University Center and West End commercial node, the studies present a convincing argument that this is the area that should be ground zero for intensive, equity-based, TOD.



Despite Vine City’s evident poverty and physical disorder, these rigorous and well-crafted studies document the neighborhood’s central importance to any scheme for reviving Downtown’s historic Westside. The new \$1.2 billion Falcons football stadium will have a concussive impact on the area, influencing investment interest far beyond the immediate stadium site. The neighborhood is served by two MARTA transit stations and will eventually benefit from the BeltLine now under construction, as well as a separate multi-use trail connecting the BeltLine to Centennial Park being developed by the PATH Foundation. Running east to west starting at Washington Park, it is the central feature of a planned pedestrian greenway connecting the BeltLine, Vine City, and other Westside neighborhoods to Downtown’s Centennial Olympic Park. Northside Drive and MLK, Jr. Drive have enormous capacity for carrying dense, mixed-use development along their corridors. Significant green infrastructure projects being planned in the Proctor Creek basin are setting the stage for cleaning and restoring that urban waterway, opening new possibilities for parks, green space, and recreational water features—what has been described as an “emerald corridor” of development stretching from Downtown westward toward the Chattahoochee River.

All this potential is based on a single, vital attribute. Within the very shadow of Downtown Atlanta’s skyscrapers, Vine City boasts an astonishing inventory of vacant and underutilized urban land. Vine City’s past isolation and neglect have in many ways resulted in an ideal physical landscape for accommodating 21st century sustainable development, especially equitable TOD. However, the most important physical attribute—available land—exists, from a market perspective, in virtual isolation. This isolated context devalues the asset, rendering it insufficient to attract on-going investment and

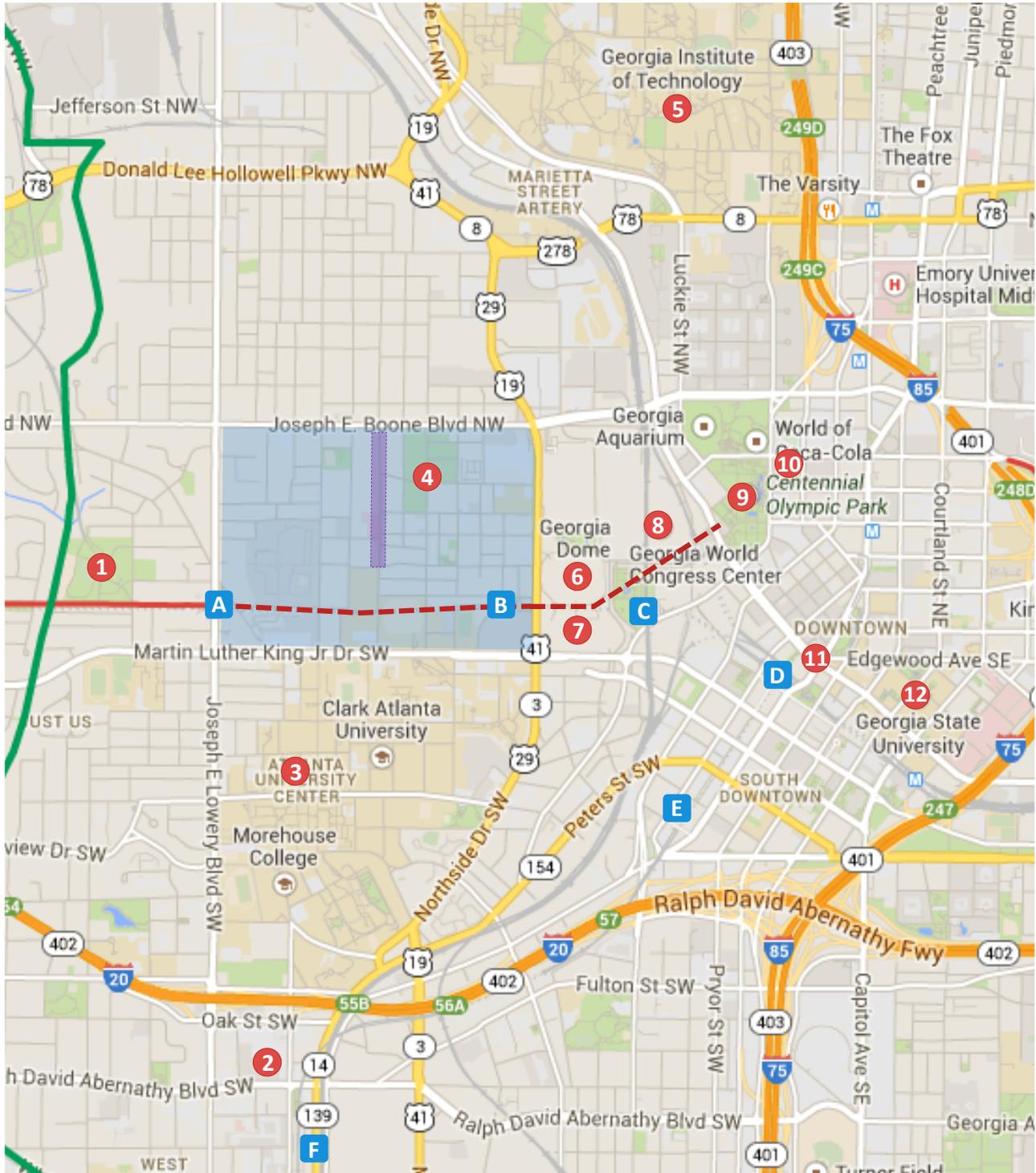
development. Vine City is also an aggrieved community. Its long and battered memory recalls many past promises of revitalization and uplift that have come to naught. Resulting disappointment and suspicion have created a highly sensitized human element, complicating any strategy to introduce transformative ideas—including equitable TOD—into the resident population. But there is ample evidence that flexibility, goodwill, political skill, and a genuine desire for inclusive change can combine to move the dial forward on transit-linked affordable housing initiatives.



LEGEND

- | | |
|--|---|
| 1 Washington Park | A Ashby MARTA Station |
| 2 West End Mall | B Vine City MARTA Station |
| 3 Atlanta University Center | C Dome/GWCC/CNN MARTA Station |
| 4 Mim’s Park | D Five Points MARTA Station |
| 5 Georgia Institute of Technology | E Garnett MARTA Station |
| 6 Georgia Dome (current) | F West End MARTA Station |
| 7 New Falcons Stadium |  Atlanta Beltline |
| 8 Georgia World Congress Center |  PATH Trails |
| 9 Centennial Olympic Park |  Approximate Future PATH Trail |
| 10 National Center for Civil & Human Rights |  Sunset Avenue Historic District |
| 11 Central Business District (Five Points) |  Vine City Neighborhood |
| 12 Georgia State University | |

Vine City In Context



Sources: Google Maps, Tapestry Development Group

Early Momentum

Gaining widespread local support for policies and strategies linked to equitable TOD will require a commitment to extensive engagement, outreach, and education, as well as significant investments in community capacity.

This applies with particular urgency to issues of human resource development and economic opportunities such as jobs, training, and workforce policies. While the actual employment numbers produced by leading edge affordable housing projects will likely be modest, those projects could help establish precedents and solidify networks being forged to support local hiring and training. They could expand upon infrastructure now being put into place by the Arthur Blank Family Foundation in connection with construction of the new Falcons football stadium. The recent opening of the “Westside Works” jobs center is the first installment of a planned \$15 million community investment that will be matched by an additional \$15 million commitment from Invest Atlanta, the City of Atlanta’s economic development agency.

Resident involvement and civic activity, while always evident in Vine City, have become increasingly directed toward economic, environmental, and educational issues identified with sustainable growth, the wheelhouse of TOD strategy. Clean-ups sponsored by neighborhood organizations, including the clearing of undergrowth from vacant lots and removal of debris from Proctor Creek, are regular occurrences. Community forums and planning charrettes such as those linked to the connectivity studios, PNA study, and Westside TAD analysis have drawn highly engaged community audiences. Innovative initiatives such as work toward development of an urban

ecology education center at Proctor Creek and initial work on developing new parkland at Lindsey Street also illustrate this momentum. A well-targeted affordable housing initiative could build on this local energy, creating new bricks-and-mortar infrastructure that give scale and visibility to the wave of revitalization that is on the horizon.

The Challenge

From a housing development standpoint, Vine City presents several major barriers. First, it has a significant proportion of impoverished residents.

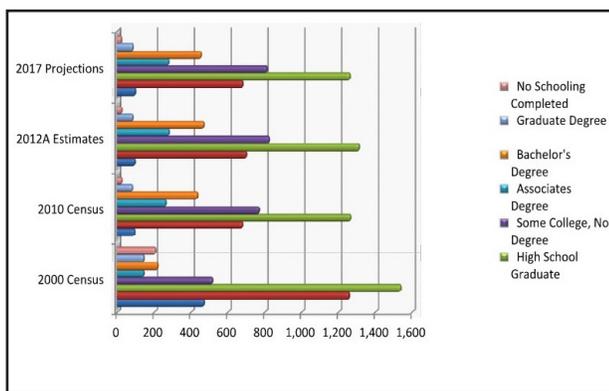


The current population, with its high percentage of low-wealth households, is not a strong foundation for new housing investment, particularly in today’s risk averse financial environment. Second, it is a severely depopulated neighborhood. The area’s peak population occurred half a century ago

in the 1960's. Decades of outmigration have frayed the economic and social fabric. This helps account for the enormous inventory of vacant houses and underutilized land. It also explains high rates of crime and physical neglect. Declining local schools stymie the return of households with children and must be addressed if long-term growth is to be achieved. Depopulation and social stress point to a need for massive investments in civic infrastructure—the creation of well-functioning neighborhood institutions and organizational capacity, grass-roots superstructure that encourages and supports economic investment.

landscape unable to recapture the vitality of its better days without outside assistance.

A sense of prevailing conditions in Vine City can be gleaned from data gathered for the “Westside TAD Neighborhoods Strategic Implementation Plan” produced by Invest Atlanta, the City of Atlanta’s economic development agency. By almost any measure the area is distressed.



Source: Westside TAD SIP/Invest Atlanta

A third obstacle is Vine City’s extensive record of environmental degradation. The neighborhood lies on the western slope of Peachtree Ridge, and provides drainage for runoff generated by Downtown’s nearly uninterrupted layer of concrete and asphalt. It is served by an inadequate and antiquated combined sewer system that is overwhelmed by Downtown’s surging runoff during heavy rain events. The result is periodic heavy flooding, contamination, and property loss. The neighborhood’s history as a site for industrial era manufacturing has yielded hot spots of point source pollution from embedded metals and toxins. The loss of these industries over the years has contributed to unemployment and outmigration, leaving in its wake a damaged

Equitable TOD provides an organizing principle for addressing and rectifying the deficiencies of Vine City as a housing market. The most compelling feature of TOD is its alignment with the future trends in housing demand and sustainable city-building practices. Market preferences have shifted, and in major ways. Consumers are demonstrating a clear preference for more urban, walkable communities, and a particular affinity for choice in mobility options, including transit. Millennials, the cohort for whom this preference is increasingly characteristic, is a huge generation—bigger than the baby boomers. They represent a substantial source of demand for decades to come.

As indicated by Bleakly Advisory Group research, it is common for resource stretched Atlanta households to spend in excess of 60% of their income for combined housing and transportation costs. This is well above the 45% threshold considered to be affordable. Many younger adults, facing limited employment options, an increasing number of part-time jobs, and heavy debt from student loans, are making game changing lifestyle choices.

Millennials especially are imprinting new and disruptive patterns of consumer behavior, showing a greater preference for online shopping, renting versus buying, a reduced interest in automobile ownership, and other megatrend type shifts. Described by *The Atlantic* as “The Cheapest Generation,” this big cohort is skewing future demand toward the younger end of the age spectrum even as it disrupts established patterns of housing preference. The trend is intensified by the large population of empty nest baby boomers who are also attracted to urban lifestyle options as they drive less and seek to downsize living quarters. Development planning for Vine City has to take into account these market shifts, targeting a younger overall market, while seeking to retain diversity and serve a broad range of incomes within an evolving and highly segmented shift in demand.

Within the very shadow of Downtown Atlanta’s skyscrapers, Vine City boasts an astonishing inventory of vacant and underutilized urban land. Acquiring, controlling, and improving the use of land have to be major objectives of equitable TOD efforts in and around Vine City.

Vine City residents’ calls for “jobs and affordable housing,” (as documented by community engagement conducted by the studies cited above) actually echo the observation of developers and investors that the neighborhood’s market metrics are inadequate to support housing investment. The two groups, ostensibly in conflict, are not so far apart. They are talking about the same reality from different

perspectives. The racial aspect of Vine City’s history and current troubles is real and undeniable. But beyond the racial characteristics of the population, the fact is that poverty, depopulation, and environmental degradation impose a high risk on the creation of new housing opportunity, denying residents all the benefits—such as economic development and jobs—that would be spawned by such development.

The Catalyst: Viable Market Metrics

Equitable TOD has the capacity to establish market metrics that support long-term, sustainable development in Vine City by accommodating a range of incomes that reflect the city’s economic structure and workforce diversity. The total expense of housing combines the cost of shelter with the cost of transportation, since paying for shelter requires access to mobility needed to reach a job to earn an income. Broken out by income quintile, 40% of the City of Atlanta’s residents earn less than 50% of the region’s Area Median Income (AMI). The majority of these are hard working households, comprised of people who labor in Atlanta’s economically vital service industries: tourism, hospitality, restaurants, retail, government, and similar occupations. So the need for affordable housing is high. Unfortunately, affordable housing has traditionally been saddled with a stigma that suggests social dependency. However, recession, global competition, rising energy costs, declining incomes, and increasing inequality are starting to change that conversation. Housing affordability is now a mainstream issue affecting a very broad range of Americans including working families and individuals, the young, and the aged.

Building equitable TOD projects in Vine City provides an opportunity for critically important, moderately paid workers to live closer to the big job centers in the city core, or gain efficient connections to other regional job centers through transit access. It establishes a new template for urban development as Atlanta continues to shed its reputation as “the poster child of sprawl.” And it can open the convenience and security of walkable neighborhoods to a more representative cross section of Atlanta’s citizens. But current rents and economic returns in Vine City are well below market norms and are not sufficient to support purely private development. Creating stable market comps through partially subsidized, mixed-income developments enabled by public/private partnerships with key support from philanthropy can define Atlanta’s equitable TOD model. A collaborative public/private/philanthropic partnership is the key to achieving housing market vitality in Vine City that can serve as an example of catalytic, equitable TOD development for the City of Atlanta and its surrounding region.

The economics of urban development require that subsidized housing ventures—the very core of the equitable TOD concept—be developed at scale. The spin-off benefit of density spawned by equitable TOD is increased transit ridership and a concentration of local purchasing power at levels adequate to support job creating, neighborhood-serving commerce such as restaurants, retail, and professional services that are now largely absent from the area. Provoking a virtuous cycle of population growth and spending power is the key to catalytic strategy, and by necessity large-scale, mixed-income TOD in Vine City will require three core initiatives:

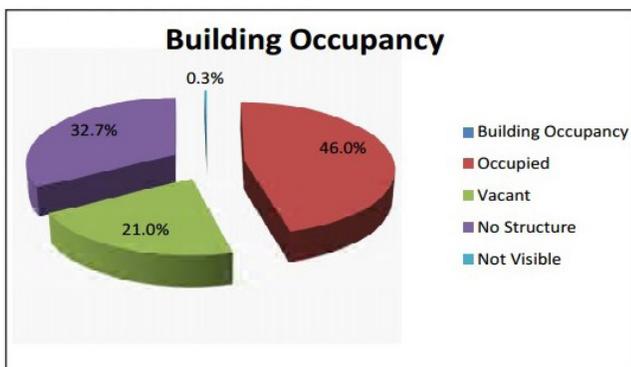
- *Aggressive parcel acquisition, aggregation, and land banking.*
- *New sources of funding strategically targeted to produce measurable impacts and outcomes.*
- *Strong community engagement and local institution building.*

Land Banking For Development At Scale

One of the greatest obstacles to urban development of any kind is the high cost of land. Land banking is an effective technique for acquiring and assembling parcels to enable affordable development at scale, but it is also vital that the price of that land be greatly reduced as a component of project cost. Land buy-downs, donations, and similar measures are the most effective way to achieve deep, permanent affordability. Acquiring, controlling, and improving the use of land have to be major objectives of equitable TOD efforts in and around Vine City. The application of TOD principles to Vine City has priorities unique to that community and the City of Atlanta including:

- *Promoting integration and connectivity between Westside communities and the Downtown core, and beyond to the city and region at large.*
- *Promoting equitable mixed-income housing opportunity.*
- *Promoting equitable (affordable, multi-option) access to employment.*
- *Promoting equitable (convenient, accessible) development of retail and commercial services.*
- *Promoting sustainable practices that conserve resources, save money, and reduce environmental impacts.*

Vine City has the macro characteristics to achieve all these objectives, but its existing pattern of land division presents a barrier to growth. Like many older neighborhoods adjacent to Downtown, Vine City consists mainly of single-family residences built on small lots. Many of the lots are tiny—drawn to accommodate the undersized bungalows and shotgun houses of a bygone era. Building at modern scale, particularly at densities that make possible affordable options, requires a well-planned strategy of acquisition and land assembly to create parcels with larger footprints. This is particularly important when considering development deeper inside the Vine City community, where land may be more affordable because it is somewhat more distant from commercial corridors and transit hubs. To achieve the maximum impact and benefit from equitable TOD, a strategy of targeted acquisitions has to be developed and implemented, based on careful selection of project sites.



Source: Westside TAD SIP/Invest Atlanta

Fortunately, the Atlanta region has a well-established and well-regarded land bank. In fact, The Atlanta Fulton County Land Bank Authority (LBA) is one of the better functioning land banks in the country. The LBA can play a critical role in facilitating the acquisition of tax delinquent, abandoned, and neglected properties. It can employ judicial foreclosure, hold delinquent properties at little or no carrying cost, discharge back taxes, clear title, then assemble and return the land to market for TOD-style development.

But the LBA struggles with issues that also afflict other urban land banks: a crippling lack of resources and other constraints that subvert its potential as a catalytic force. While land banks serving other large cities have up to 30,000 properties in their pipelines, the LBA has fewer than 120. While other land banks can receive over 100 properties per month for processing, Atlanta's receives only about 60 per year. The LBA only has operating funds through the end of 2014, is chronically short of capital to acquire parcels, and is hampered by a small staff of three persons—too few to efficiently discharge the complex duties of its mission.

These handicaps contribute to the startling fact that despite the neighborhood's extremely high proportion of abandoned and derelict property, *the LBA does not control one single parcel of land in Vine City.* The LBA's programmatic woes can be solved with increases in two streams of funding: programmatic resources for staffing and operations and capital to fuel acquisitions. In the mid-2000s its participating jurisdictions moved away from tax foreclosures to tax sales as an expedient way to raise revenues to close budget shortfalls. The sale of tax liens for cash to investors, however, leaves ownership and occupancy at status quo—perpetuating adverse conditions. The jurisdiction raises money through tax sales, but nothing about the delinquent property changes. Foreclosure, on the other hand, forces a change of ownership, putting the property in play on the market, opening the possibility of a higher and better use, and a likelihood of future tax performance. Nationally, most jurisdictions do not sell tax liens. A return to tax foreclosures would greatly strengthen the LBA's ability to acquire properties at scale—an absolute necessity in Vine City.

The greatest need of the LBA is a reliable and consistent source of funding. Its current dependence on CDBG funding from the City of Atlanta, general appropriations from the county, and miscellaneous smaller contributions from private sources have not been sufficient to support operations at the needed level. Without a doubt the most flexible source of capital to fund LBA activity in Vine City is local government and philanthropy. **If local government and foundations were to take the lead in providing resources for operational support and for large-scale neighborhood transformation through supporting LBA land acquisition, the progress of equitable TOD in Vine City and Atlanta would be greatly accelerated.** Considering the scale of operations among land banks in comparable metros, and the need to provide a significant pool for demolition expenses, an LBA acquisition budget of between \$8 and \$10 million dollars would represent a reasonable investment in the catalytic transformation of the Westside. **The acquisition and demolition activities could be concentrated within a specially demarcated “TOD activity zone,” allowing the transformative impact of this investment to be pinpointed, tracked, and measured over time.**

Housing Resource Innovation

When housing industry professionals think of financing for affordable products, their minds usually turn to low income housing tax credits (LIHTCs). The pool of LIHTCs in Georgia is approximately \$22 million annually—for the entire state. In the current climate of government austerity, cutbacks, and downsizing, traditional sources of subsidy for

affordable housing programs are under tremendous pressure. Many jurisdictions, having determined that housing affordability and workforce mobility are essential to regional competitiveness, are exploring innovative sources of locally generated affordable housing support. LIHTCs remain a valued source of support for housing affordability, but they are not enough. The sudden shift in market preference to walkable, transit-oriented products, combined with the barbell pattern of income inequality that has taken hold across the country, are a clarion call for innovative new funding strategies. The following are some ideas that can help establish equitable TOD development in Vine City and at other catalytic sites throughout Atlanta:

Leaders in the Metro Atlanta region must concentrate and align public, private, and philanthropic resources to forge a coherent equitable TOD strategy.

A Strategic TOD Focus— The revitalization of Vine City has been subject to many false starts. A great deal of time—and money—has been expended with little to show for the effort. A primary failing has been the tendency to spread resources across numerous isolated projects without a coherent, integrating, development strategy. Equitable TOD as an organizing principle allows for concentrating and layering infrastructure improvements, financial resources, and regulatory support on projects built at scale in targeted areas. The goal is to leverage underutilized assets, thereby driving catalytic growth.

An integrated, strategic, market-based approach such as equitable TOD is the better way to achieve financial returns demanded by investors, economic and social returns expected by the community, and quality of life returns that benefit the city as a whole. This is the “total return” calculus of equitable TOD.

Breakthrough Incentives—A thorough assessment of development incentives is in order when contemplating revitalization of an area like Vine City, which has languished for decades despite round after round of economic development efforts.

It is common for resource stretched Atlanta households to spend in excess of 60% of their income for combined housing and transportation costs, well above the 45% affordability threshold.

Financing—LIHTCs are by far the most significant source of equity for housing developments that incorporate low and moderately priced units. The decline in their availability at a time when falling wages and inequality are driving demand for affordable shelter to new heights is unsettling. Local or regional development funds can help fill “gaps” between available equity and the risk tolerance of banks and conventional financing sources. Possible gap financing sources could include bond proceeds from a proposed municipal bond offering and returned Tax Credit Assistance Program (“TCAP”) funds controlled by the State of Georgia. These “layered” funds can be a mix of private, public, and philanthropic capital, structured to meet the risk appetites and differentiated returns sought by a

diverse group of participating investors. Mayor Reed has recently announced the formation of a “Westside Futures Fund” to catalyze investment in the Vine City area. The creation of such a fund will do much to address unique and often unforeseeable challenges of financing projects that are catalytic in nature.

Institution Building and Community Engagement

Collaboration—Anchor institutions such as the three major Downtown universities (Georgia Tech, Atlanta University Center, Georgia State) and other major job centers (such as government complexes and medical facilities) employ thousands of rank and file workers who could benefit from affordable residences with access to efficient, low-cost commutes. Strong, coordinated support by these major institutional players for policies set forth in this report can quickly elevate the prospects for equitable TOD in Vine City and other catalytic TOD projects throughout the region.

Community Engagement &

Advocacy—In a long neglected and highly sensitized neighborhood like Vine City, community engagement has to be viewed as a resource. The path to paradigm-changing city building practices—such as the bold innovations required to accelerate equitable TOD—can be smoothed considerably with community buy-in. Informed and motivated communities can become effective advocates for land use modifications and zoning exceptions that enable equitable TOD projects to go forward while the legislative process takes its course. Engaging and supporting grassroots leadership

organizations can accelerate transformation in neighborhoods like Vine City by speeding implementation of innovative development strategies, including equitable TOD.

Affordable Housing: Proposed Projects

As described above, an equitable housing strategy in Vine City must strike a balance between new development and preservation, repopulation and minimizing displacement.

This can be achieved with a mixed-income approach built around relatively dense new construction but which also takes into account local conditions, including the varied mix of housing types currently in the neighborhood's inventory. The strategy should primarily feature new multi-family rental construction as well as single-family homes to be offered for sale. However, over 80% of current residents are renters of investment properties, including single family homes, duplexes, and small multi-family units that are often in disrepair.

Existing housing inventory—much of it substandard—along with previously described environmental conditions constitutes the current operating environment for housing developers in Vine City. An extensive housing rehabilitation effort is needed. Before development of housing at scale can reasonably get underway, safety and security issues, remediation of soil contamination and persistent flooding all have to be addressed. And a demolition program to remove numerous derelict structures must be initiated. These existing conditions are obstacles to new investment and impede value creation in the housing sector. It should be emphasized that public subsidies and private philanthropy have

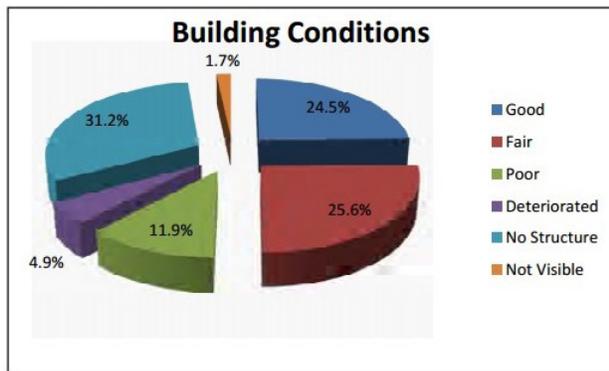
to be coordinated and specifically focused on removing these barriers. That is how Vine City will achieve its “tipping point.”

The key to a sound single-family strategy is the acquisition and banking of land for future single-family development, a repair program and property tax “circuit breakers” for long-time or elderly owner-occupants, and incentives for owners of existing rentals to repair and improve their properties. An effective multi-family strategy will require assembling parcels at scale to accommodate higher density multi-family construction. Land banking is critical. Crafted and executed in a coordinated fashion, such a comprehensive strategy can have a dramatic impact on Vine City over the next five years, triggering further investment.

Field research by Tapestry Development Group staff has identified several sites as potentially feasible for near-term multi-family construction in Vine City. Pro formas have been created for each project and are appended to this report. Two of the sites are within one-half mile of the Vine City MARTA station. The other is within one-half mile of the Ashby MARTA station. The two Vine City sites would require consolidating and rezoning several lots into a larger parcel for the construction of approximately 80 new rental units. Site #1 near the Vine City station assumes 100% of the units will be targeted for low and moderate-income households earning 50% and 60% or less of the Metro Atlanta Area Median Income. (It is important to note that these incomes, a criterion for essential equity funding, are at levels that are up to 168% of the existing median income of \$22,877 for a family of four within the four census tracts in Vine City.) Vine City site #2 assumes 80% of the units will be targeted for those earning 50% and 60% or less of the AMI.

The other 20% of those units are targeted for higher income households paying a market rate rent—a mixed-income property. The third site, near the Ashby MARTA station, is an existing substandard apartment property that is in need of demolition and new construction. The pro forma for this site assumes the construction of 200 units, with 80% of the units targeted for those earning 50% and 60% or less of the AMI and 20% of the units as market rate.

Considerable equity is required to reach the low rents being projected for these projects—the feature that makes them truly affordable. Currently the most likely source of such financing is the state administered low-income housing tax credit program (LIHTC). For the first two sites, so-called “9% competitive LIHTCs” is assumed. The third site assumes “4% non-competitive LIHTCs” using tax-exempt bonds as a debt financing source.



Source: Westside TAD SIP/Invest Atlanta

Assuming current LIHTC equity pricing and rental prices based on industry standards, the first scenario—with a \$13 million development budget (100% low income units)—is financially feasible solely with 9% LIHTC equity, with no additional subsidy necessary. The second scenario (80% low income units and 20% market rate units)—with a \$13.1 million development budget—requires approximately

\$1 million in subsidized loans or grants and \$400,000 in deferred developer fees in addition to the 9% LIHTC equity. Likely sources for this additional subsidy include City of Atlanta HOME funds, Federal Home Loan Bank of Atlanta Affordable Housing Program funds, and Housing Opportunity Funds from Invest Atlanta (were this program to be reinstated). Based on current funding priorities, the two Vine City sites would likely fare well in the annual state-wide competition for scarce 9% LIHTC resources.



The Ashby MARTA station site, with a total development budget of approximately \$28 million, includes demolition costs as well as new construction. It would require a significant amount of loan subsidy or outright grants due to the decreased equity resulting from the 4% LIHTC program. This scenario needs approximately \$12.3 million in subsidy in addition to the 4% LIHTCs and tax-exempt bonds, which likely renders the project infeasible. Therefore, under present conditions, the best option for developing new construction, mixed-income multi-family property at the Ashby MARTA station site is to utilize the 9% LIHTC program in phases.

Several other existing multi-family properties in the Vine City and Ashby transit station areas were evaluated, but none appeared to

be viable for redevelopment either because the owners are not interested in selling or the properties are functionally obsolete, requiring demolition prior to any new construction.

Summary

Atlanta's embrace of transit-oriented development is already strong. The commitment is evident in a number of TOD-type developments that are established, underway, planned, or being advocated. Many more opportunities to wed development projects with transit options and sustainable principles exist across the city and the region. Vine City presents an excellent opportunity to further elevate the sustainability features of TOD by adding social responsibility to the mix. That is the importance of championing equity.

Gaining widespread local support for strategies linked to equitable TOD will require a commitment to extensive engagement, outreach, and education, as well as significant investments in community capacity.

Atlanta can do better than build run-of-the-mill TOD; it can build equitable TOD. But the window of opportunity is narrow. Ground has been broken on the \$1.2 billion new Falcons stadium. Efforts are underway to improve drainage and ameliorate environmental damage in the Proctor Creek basin. Development pressure generated by booming areas like Midtown West and Centennial Olympic Park emphatically punctuate the call for improved east/west connectivity between Vine City

and Downtown. Anticipated improvements to Northside Drive and Martin Luther King Jr. Drive will likely accelerate that momentum.

Vine City, despite outward appearances, is perfectly located for sustainable, 21st century growth. It has both the land and transit infrastructure to support expansive mixed-income housing development. Affordable housing that targets the emerging cohort of urban Millennials while also serving local residents and the large population of rank and file workers employed by downtown institutions, could provide the metrics needed to support unfettered, market-driven future growth.

Today there are abundant opportunities to build affordable inventory within a one-half mile radius of both Vine City MARTA stations and the BeltLine transit route. That will not last. In summary, there are five key understandings and actions that will make this unprecedented opportunity come to fruition:

1. For reasons economic and historic, the Westside must be reconnected to Atlanta's increasingly vibrant core. Waves of people moving into the City need decent and affordable places to live that are walkable and accessible to transit, and the Westside offers such an opportunity. Such a reconnection offers business opportunities and enhanced community cohesiveness. This connection will take tangible form in the way of transportation and environmental improvements and more intangible form in the way of building relationships between the large institutional neighbors and community organizations. However, connection will be fostered most substantively by the development of housing, particularly affordable housing which is oriented to the rich transit infrastructure already present and planned for Vine City.

2. The essential element to equitable TOD in Vine City is affordable housing in close proximity to the Vine City and Ashby MARTA stations. Three separate strategies for inducing affordable/workforce housing and market-rate housing are considered most viable. First, renovation of existing owner-occupied housing will help anchor these “pillars of the community” while improving the overall appearance of the community. Second, **an invigorated and adequately funded Land Bank Authority—funded with both operational support and capital for acquisitions—is the key mechanism to assemble vacant and/or dilapidated properties into developable lots at sufficient scale. If land can be consolidated in a properly sized, legally demarcated “activity zone,” private developers might be incentivized to construct and sell single family homes, townhouses, and apartments.** In such a manner, newcomers will contribute to the revitalization of Vine City by means of their community participation and disposable income. Finally, multifamily rental housing financed with a mix of public and private sources will play an important role in providing workforce housing near transit.

3. Leaders in the Metro Atlanta region must concentrate and align public, private, and philanthropic resources to forge a coherent equitable TOD strategy, zeroing in on targeted markets like Vine City to spawn virtuous cycles of self-sustaining private investment. Aligning, concentrating, and layering resources is the key to maximizing outcomes, to creating a suite of “total returns” that can make equitable TOD a high impact development strategy:

- *Financial returns for investors.*
- *Economic/social returns for the community (affordable housing, affordable mobility, jobs).*

- *Quality of life returns for the city (revived tax base, improved services, reduced inequality, safety).*

- *Status returns for the region (growth, leadership, innovation).*



4. Undergirding the sustainability of Vine City’s revitalization will be private sector employment. The Arthur M. Blank Family Foundation’s initial job training and placement initiative, Westside Works, acknowledges this fundamental truth, and **this good start must be built upon by forging bonds with and seeking employment opportunities from the four large “anchor institutions” in close proximity: Georgia Tech, the Atlanta University Center, the Georgia World Congress Center and new Falcons stadium.**

5. An authoritative “driver” must be identified to navigate a welter of siloed, misaligned claims and goals that are in contention across the area. The driver should incorporate, balance, and resolve conflicts among these contending interests. Creating a coherent equitable TOD strategy that incorporates the best ideas of all interested parties into a workable set of development action steps is critical. In a healthy and fully functioning community, tangible assets and improvements—typically commercial or residential facilities—are delivered individually by the private real estate developers.

However, the more omnibus program as described in this report is necessary in places like Vine City. This holistic approach depends on the coordination and alignment with multiple stakeholders including, but not limited to, government agencies, private businesses, community development corporations (CDCs), and community organizations. A highly skilled, well respected entity must perform this “driver” role. This driver must possess attributes of a real estate developer, yet it must also ensure that the strategic concentration of public and private resources goes beyond rhetoric and planning only.



Mayor Kasim Reed has called for the creation of a “Westside Futures Fund,” which perhaps could evolve into such an entity. A driver is the final essential piece to Vine City’s revitalization strategy, centered upon equitable TOD, that will work over time, if patience, persistence, and a commitment to the vision of creating a healthy and sustainable Vine City community can be marshaled and deployed.

Atlanta is continuing to work toward recovery from the Great Recession and its aftermath, but the city finds itself at a crossroads. A continuing shift in market preference has created burgeoning opportunities for redevelopment of neighborhoods in and around the city core. However, this shift of investment focus is taking place within a complicated context. Sub-par economic growth, persistently high unemployment and underemployment, deteriorating job quality, declining economic mobility, and growing inequality are elements of that context. **There are forces driving higher demand for affordable housing, not just to serve the very poor, but to provide shelter for working families and moderately paid employees of key urban institutions.** The new context also features heightened awareness of climate change and the imperative of tackling issues related to environmental sustainability. Atlanta is in need of a development platform that addresses all of these issues in a seamless, organic way. Equitable TOD—particularly as it applies to Vine City—provides that platform.

PROJECT PRO FORMA SUMMARY

Project Name: Vine City Equitable Transit Oriented Development
Scenario: 9% LIHTCs: 100% Low Income
Revision Date: 9.1.14

Rents & Unit Mix

	No. of Bedrooms	No. of Units	Future Rents by Income Restriction					
			No. 50% Units		No. 60% Units		No. Mrkt Rate Units	Mrkt Rate Rent
			50% Rents	60% Rents	60% Rents			
	1	28	6	\$ 525	22	\$ 600	0	\$ -
	2	40	8	\$ 625	32	\$ 700	0	\$ -
	3	12	2	\$ 775	10	\$ 850	0	\$ -
TOTALS:		80	16		64		0	
ANNUAL PGI:								\$ 645,600

Development Budget

Acquisition & related costs	\$ 885,000
Pre-development & soft costs	\$ 503,100
Development Fee & Reserves	\$ 1,911,875
Marketing & Leasing	\$ 165,000
Construction Costs	\$ 8,699,170
Finance Insurance & Legal	\$ 894,341
TOTAL DEVELOPMENT BUDGET	\$ 13,058,485

Annual Operating Budget

Administrative	\$ 63,166
Maintenance	\$ 42,000
Payroll	\$ 150,000
Utilities	\$ 40,000
Fixed Expenses	\$ 110,000
Replacement Reserve	\$ 20,000
TOTAL ANNUAL OPERATING BUDGET	\$ 425,166
ANNUAL OPERATING BUDGET PER UNIT	\$ 5,315

Sources of Development Financing

	Int Rate	Term (Years)	Amo (Years)
LIHTC Equity (Federal)	\$ 9,000,000		
LIHTC Equity (State)	\$ 4,000,000		
Deferred Developer Fee	\$ 58,485	0.00%	15 cash flow
TOTAL DEVELOPMENT SOURCES	\$ 13,058,485		

Cash Flow Summary

YEAR	1	2	3	4	5	6	7	8	9	10
Op Exp Ratio: EGI/OE	1.44	1.43	1.41	1.40	1.39	1.37	1.36	1.35	1.33	1.32
Total Cash Flow	\$ 188,154	\$ 187,665	\$ 187,040	\$ 186,270	\$ 185,349	\$ 184,271	\$ 183,027	\$ 181,611	\$ 180,015	\$ 178,229

PROJECT PRO FORMA SUMMARY

Project Name: *Vine City Equitable Transit Oriented Development*
 Scenario: *9% LIHTCs: 80% Low Income + 20% Market Rate*
 Revision Date: *9.1.14*

Rents & Unit Mix

	No. of Bedrooms	No. of Units	Future Rents by Income Restriction				No. Mrkt Rate Units	Mrkt Rate Rent
			No. 50% Units	50% Rents	No. 60% Units	60% Rents		
	1	28	6	\$ 525	16	\$ 600	6	\$ 615
	2	40	8	\$ 625	24	\$ 700	8	\$ 715
	3	12	2	\$ 775	8	\$ 850	2	\$ 875
TOTALS:		80	16		48		16	
ANNUAL PGI:							\$ 648,720	

Development Budget

Acquisition & related costs	\$ 885,000
Pre-development & soft costs	\$ 503,100
Development Fee & Reserves	\$ 1,934,035
Marketing & Leasing	\$ 165,000
Construction Costs	\$ 8,699,170
Finance Insurance & Legal	\$ 928,095
TOTAL DEVELOPMENT BUDGET	\$ 13,114,400

Annual Operating Budget

Administrative	\$ 63,166
Maintenance	\$ 42,000
Payroll	\$ 150,000
Utilities	\$ 40,000
Fixed Expenses	\$ 110,000
Replacement Reserve	\$ 20,000
TOTAL ANNUAL OPERATING BUDGET	\$ 425,166
ANNUAL OPERATING BUDGET PER UNIT	\$ 5,315

Sources of Development Financing

	Int Rate	Term (Years)	Amo (Years)
LIHTC Equity (Federal)			\$ 8,085,857
LIHTC Equity (State)			\$ 3,593,714
City of Atlanta HOME Loan	3.00%	15	15
FHLBA AHP	1.00%	15	cash flow
Deferred Developer Fee	0.00%	15	cash flow
TOTAL DEVELOPMENT SOURCES			\$ 13,114,400

Cash Flow Summary

YEAR	1	2	3	4	5	6	7	8	9	10
Total Debt Service	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321	\$ 44,321
DCR	4.31	4.30	4.29	4.27	4.25	4.23	4.20	4.17	4.14	4.10
Total Cash Flow	\$ 146,797	\$ 146,367	\$ 145,802	\$ 145,094	\$ 144,236	\$ 143,222	\$ 142,044	\$ 140,695	\$ 139,166	\$ 137,450

PROJECT PRO FORMA SUMMARY

Project Name: *Vine City Equitable Transit Oriented Development*
 Scenario: *4% LIHTCs & Tax-Exempt Bonds*
 Revision Date: *9.1.14*

Rents & Unit Mix

No. of Bedrooms	No. of Units	Future Rents by Income Restriction					
		50% Units	50% Rents	60% Units	60% Rents	Market Units	Market Rents
1	70	14	\$ 525	42	\$ 600	14	\$ 615
2	100	20	\$ 625	60	\$ 700	20	\$ 715
3	30	6	\$ 775	18	\$ 850	6	\$ 865
TOTALS:		40		120		40	
ANNUAL PGI:						\$ 1,621,200	

Development Budget

Acquisition & related costs	\$ 2,045,000
Pre-development & soft costs	\$ 610,000
Development Fee & Reserves	\$ 2,957,822
Marketing & Leasing	\$ 135,000
Construction Costs	\$ 20,624,650
Finance Insurance & Legal	\$ 1,645,484
TOTAL DEVELOPMENT BUDGET	\$ 28,017,956

Annual Operating Budget

Administrative	\$ 195,000
Maintenance	\$ 250,000
Payroll	\$ 260,000
Utilities	\$ 170,000
Fixed Expenses	\$ 125,000
Replacement Reserve	\$ 50,000
TOTAL ANNUAL OPERATING BUDGET	\$ 1,050,000
ANNUAL OPERATING BUDGET PER UNIT	\$ 5,250

Sources of Development Financing

	Int Rate	Term (Years)	Amo (Years)
LIHTC Equity (Federal)	\$ 7,081,146		
LIHTC Equity (State)	\$ 3,147,176		
FHA 221(d)4 Loan	\$ 5,000,000	6.25%	40 40
City HOME Funds	\$ 750,000	1.00%	40 cash flow
Deferred Dev Fee	\$ 500,000	0.00%	15 cash flow
AHP Grant	\$ 500,000	1.00%	40 cash flow
GAP	\$ 11,039,634		
TOTAL DEVELOPMENT SOURCES	\$ 28,017,956		

Cash Flow Summary

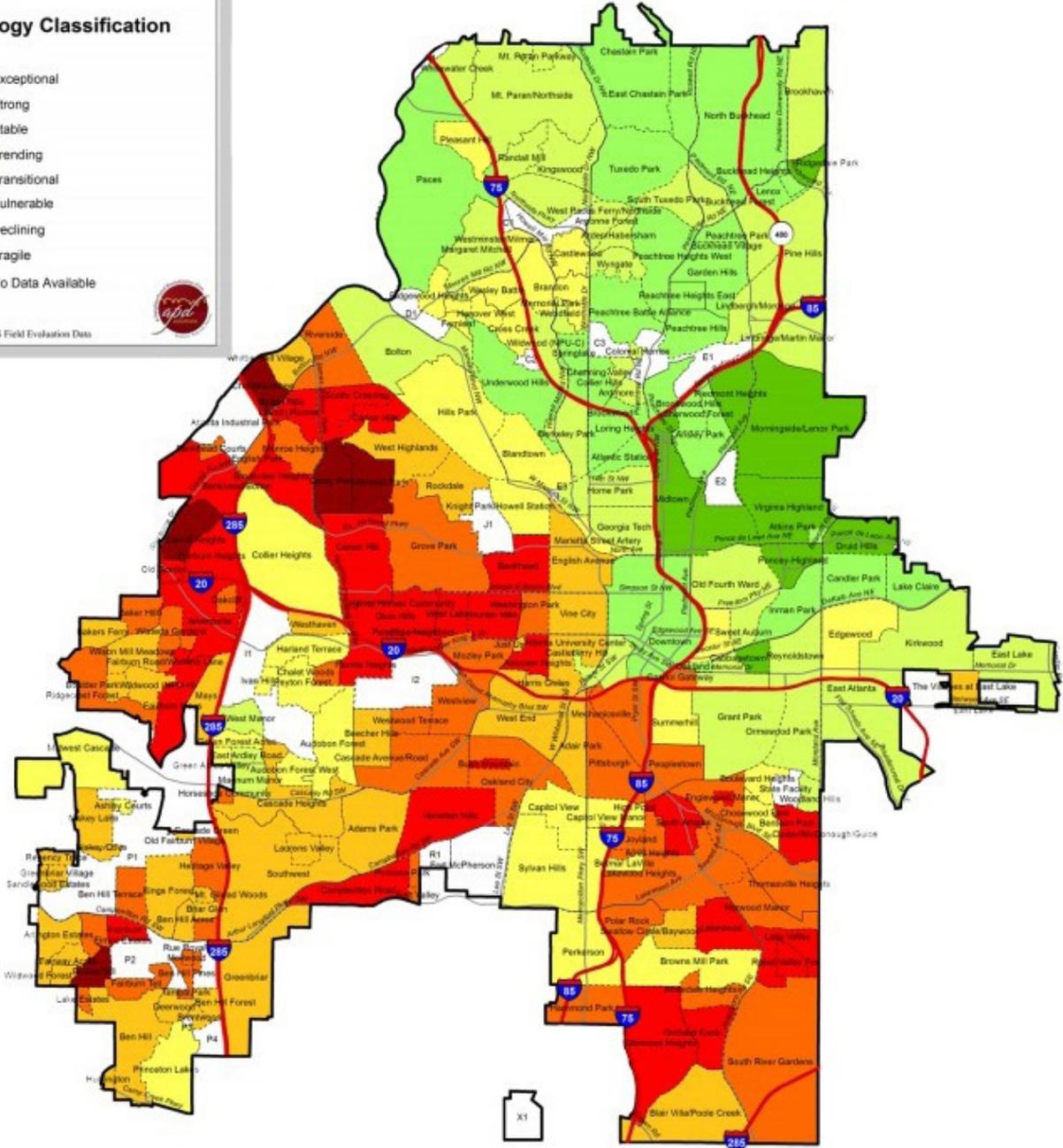
YEAR	1	2	3	4	5	6	7	8	9	10
Total Debt Service	\$ 458,257	\$ 456,847	\$ 455,092	\$ 452,974	\$ 450,478	\$ 447,586	\$ 444,278	\$ 440,536	\$ 436,341	\$ 431,672
First Mortgage DCR	1.37	1.36	1.36	1.35	1.35	1.34	1.33	1.32	1.31	1.30
Total Cash Flow	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501	\$ 9,786

NEIGHBORHOOD TYPOLOGY HEAT MAP

Legend Typology Classification

- Exceptional
- Strong
- Stable
- Trending
- Transitional
- Vulnerable
- Declining
- Fragile
- No Data Available

Source: APDS Field Evaluation Data

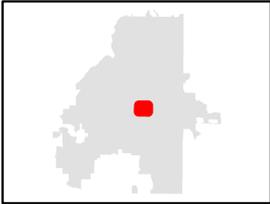


*Residential properties that were surveyed in these areas not identified by a neighborhood name were too few in numeric proportion to be represented by a typology, however these properties were included within the overall city-wide statistical measurement of existing conditions.

Neighborhood Profile: Vine City

Investment Area Typology: **Transitional**

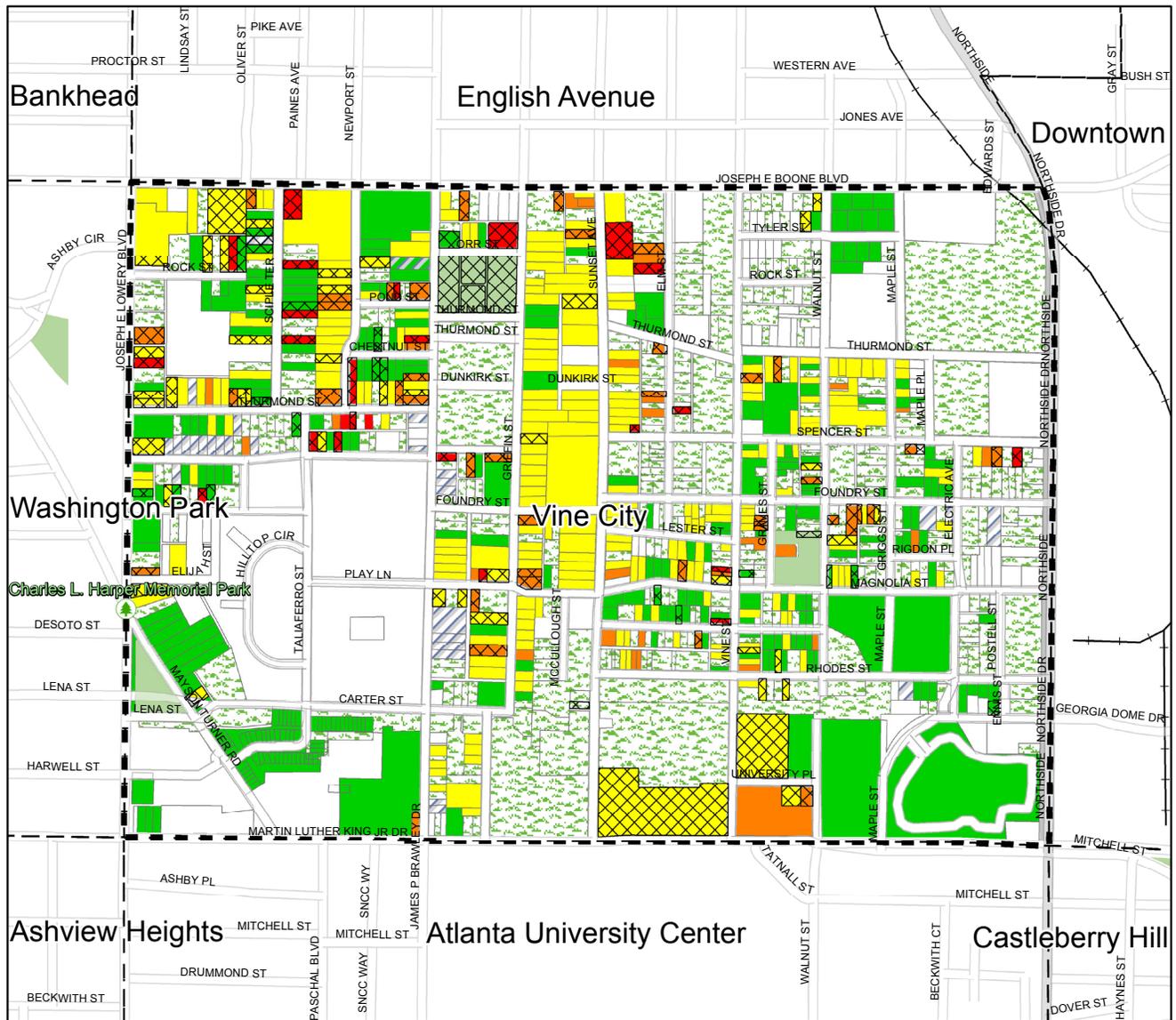
Total Single Family Parcels	Total Multi-Family Parcels	Total Commercial/Industrial/Public Parcels	Vacant Lots	Unsurveyable Parcels	Total Parcels
699	19	275	272	50	1315



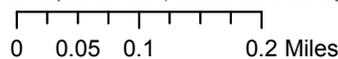
Inset Map

Legend

Structure Condition		Green Space	
 Good	# of Structures: 387	 Green Space	
 Fair	# of Structures: 244	 Vacant Structures	# of Structures: 114
 Poor	# of Structures: 63	 No Structure	# of Vacant Lots: 272
 Deteriorated	# of Structures: 21	 Not Visible	# of Structures: 3
		 No Data Available	# of Structures: 50

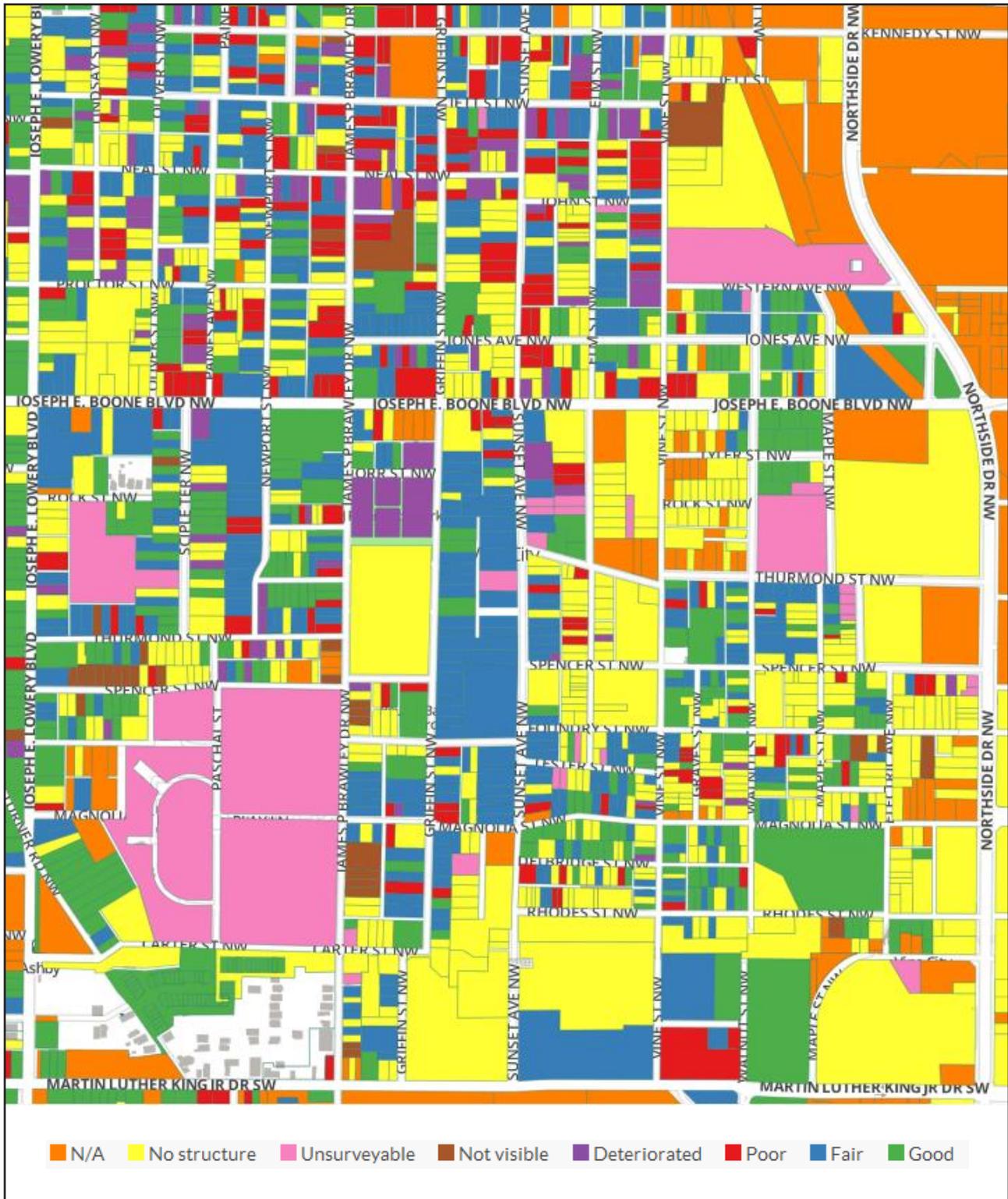


Neighborhood parcel counts may differ from visual representations within an error margin of +/- 5% of the city-wide total



Source: SCI Report by APD Solutions for the City of Atlanta Department of Planning and Development, Office of Housing.

Westside Building Conditions Map



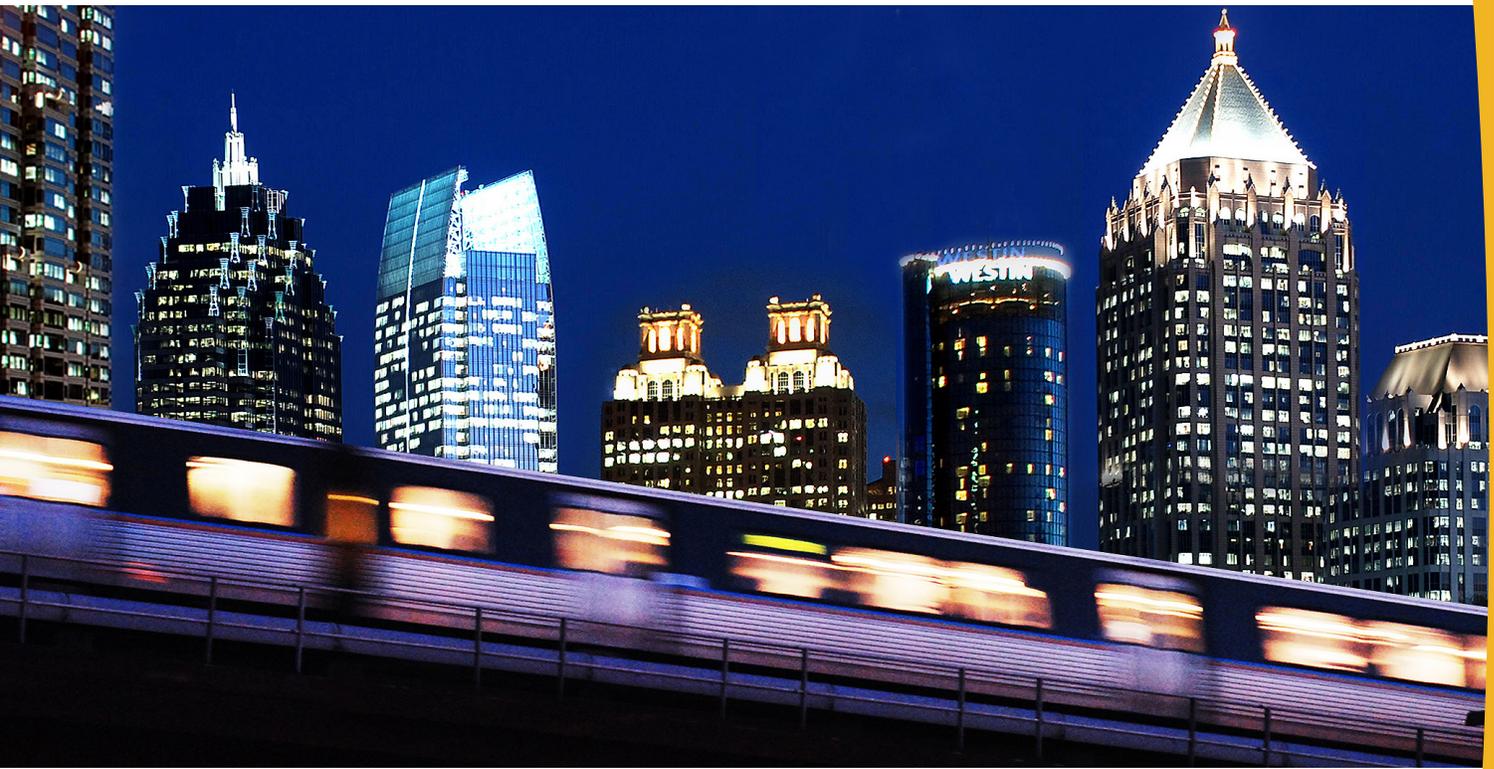
Source: www.whydontweownthis.com



Tapestry Development Group is a non-profit organization that fosters the development and preservation of rental housing which is affordable for low- and moderate-income households. It serves as a developer or as a consultant to other organizations, providing feasibility analyses as well as full development coordination services. The Tapestry team is especially adept at using multi-layered financing from the public and private sectors, including Low Income Housing Tax Credits, HOME loans, and FHA financing, three of the most widely-used funding vehicles for this work. With decades of combined experience in the real estate industry, its staff uses diverse experience, comprehensive expertise, and proven business acumen for a social purpose. Tapestry creates housing developments with the intent of not only positively impacting the built environment, but people's lives as well. With a commitment to thoughtful community planning and design, Tapestry weaves its housing into the fabric of communities to promote diversity, equity, and sustainability.
www.tapestrydevelopment.org

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The case for equitable transit-oriented development in Vine City

Tapestry Development Group Contributing Staff:

Richelle Patton

Jon Toppen

Katie Crippen

Harold Barnette, Writer

Bruce Gunter, Project Consultant

Robert Matta, Graphic Design

Produced by Barnette Snead & Associates, LLC