



Atlanta Regional Commission

# Community Resources Committee

February 10, 2021



## MARTA TOD + Affordable Housing Capital Strategies

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Jacob Vallo

Sr Director TOD & Real Estate



Melissa Mitchell, muralist at  
Indian Creek MARTA station

## Agenda

- ✓ Intro to MARTA TOD
- ✓ Affordable Housing at MARTA
- ✓ Q&A

# What is Transit Oriented Development?

- ✓ Development which benefits transit and benefits from transit.
- ✓ At MARTA, TOD is development on MARTA owned land and air rights.

# TOD Strategic Goals

- ✓ To generate greater transit ridership
- ✓ To promote a sustainable, affordable, and growing future for the people of Metro Atlanta
- ✓ To generate a return on MARTA's transit investment through enhanced passenger revenue and ground leases

*MARTA Board Adopted TOD Guidelines, 2010*

# Lines and Dots → A Focus on the Dots





# Social Impact

## ✓ Affordable Housing

In 2010 the MARTA Board adopted an affordable housing policy that requires 20 percent of residential rental units at MARTA's TODs be affordable to those earning 60-80 percent of the Metro Atlanta Area Media Income (AMI) and for-sale units affordable to those earning 80-100 percent of the AMI.

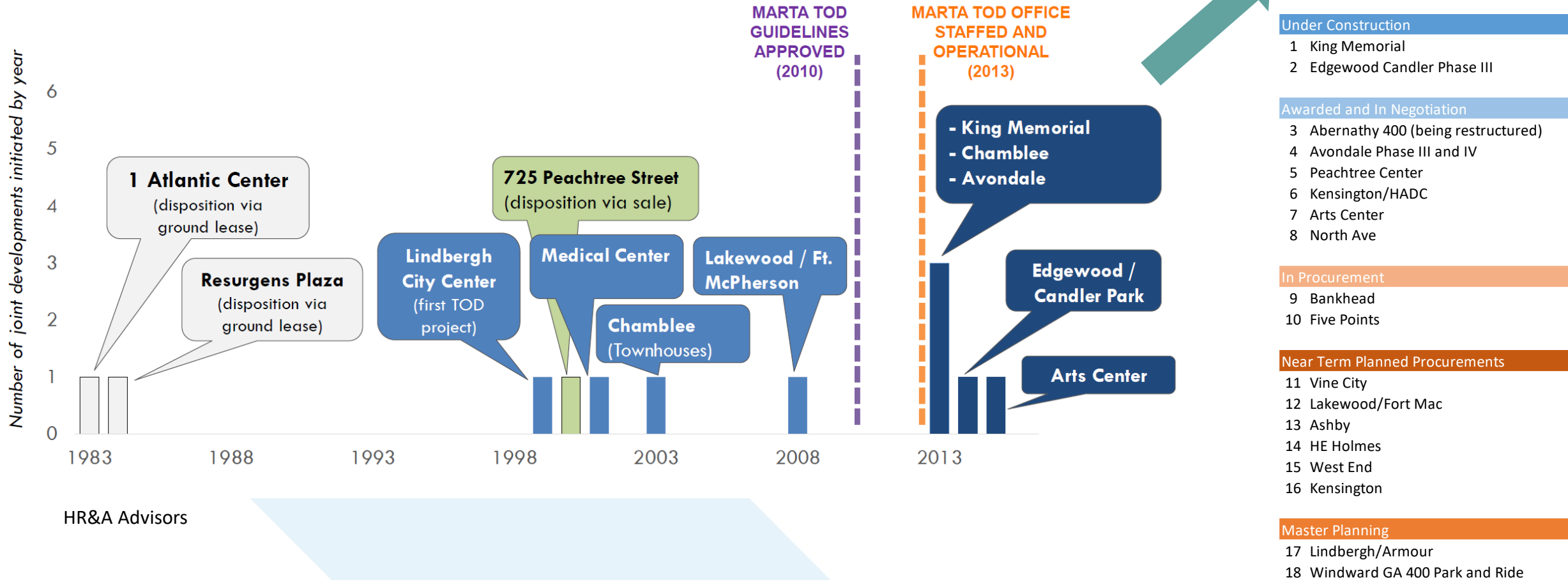
## ✓ Increase food access and wellness

## ✓ Entrepreneur opportunities

## ✓ TOD DBE



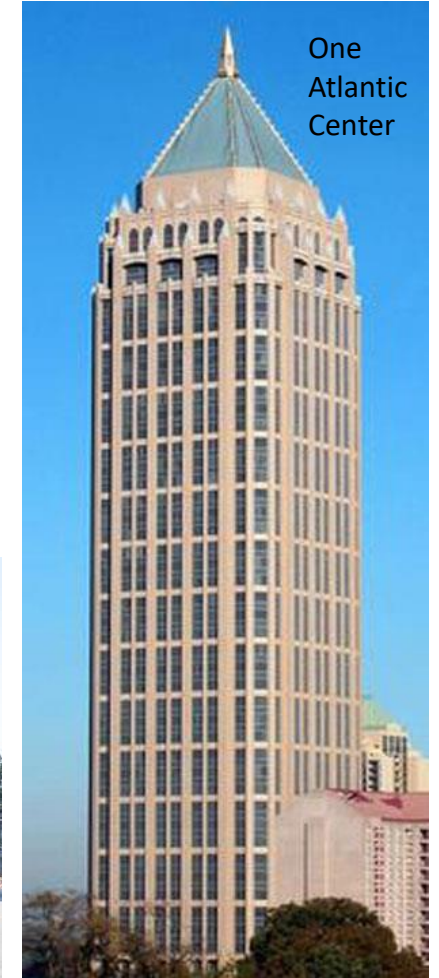
# Evolution of TOD at MARTA - Significant Growth Phase



# Earlier Projects

## Built

- 1 Lindbergh - Office
- 2 Lindbergh - Retail
- 3 Arts Center - One Atlantic Center
- 4 Chamblee - Trackside
- 5 Lenox - Resurgens Plaza
- 6 Lindbergh - Avana on Main
- 7 Edgewood Candler Phase I
- 8 Avondale
- 9 Emory - St Joseph's Hospital





# Affordable Housing at MARTA

# Affordable Housing Work Under Way

267 units completed/under construction + 1,463 units in negotiation, procurement and planning

## STATIONS ●

- Edgewood Candler
- Avondale
- King Memorial
- Kensington
- Arts Center
- North Avenue
- Five Points
- Bankhead
- Vine City
- Ashby
- HE Holmes
- West End
- Lakewood / Fort McPherson
- Abernathy 400



# Built

Edgewood-Candler Park



Phase I - 224 multifamily units with  
22 affordable units

Avondale Phase I



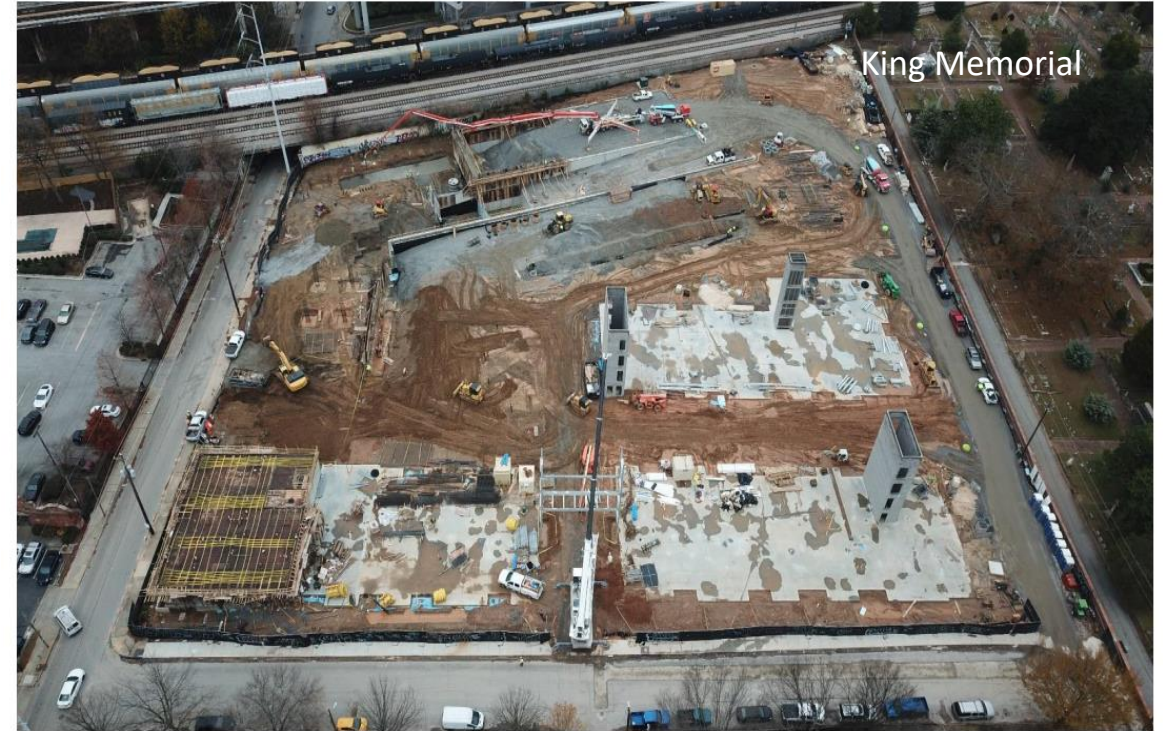
Phase I - 92 senior multifamily  
affordable units



# Under Construction



Phase II - 208 multifamily units  
with 53 affordable units



300 units with 100 affordable  
units and 10,000 SF of retail



# Under Contract for Sale

Avondale Phases III & IV  
100 senior affordable rental units



# Awarded + In-Negotiations on Definitive Agreements

**500+**

Affordable Units

- ✓ Abernathy 400
- ✓ Kensington/HADC
- ✓ North Avenue
- ✓ Arts Center

# Mixed-Income Housing RFPs

# 1,088

Potential Affordable Units

# 4

Station Transformations\*

FY21 – Bankhead\*  
and Five Points\*

FY22 – Ashby\*, H.E.  
Holmes, Lakewood-Ft  
McPherson, Vine  
City\*, West End and  
Kensington





# TOD Planning

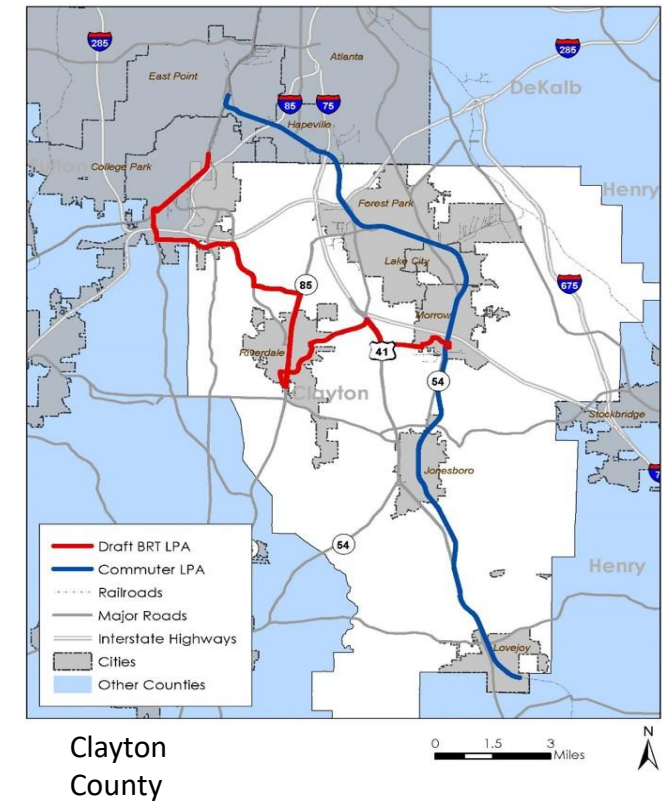
# 11

Projects

All Jurisdictions

Potential TOD and BRT

- ✓ Clayton County
- ✓ Clifton Corridor
- ✓ Kensington Master Plan
- ✓ Lindbergh-Armour Master Plan
- ✓ Streetcar East Extension
- ✓ South DeKalb Transit Center
- ✓ Campbellton Road Corridor
- ✓ South Fulton Parkway BRT
- ✓ Summerhill BRT
- ✓ Stonecrest Transit Hub
- ✓ GA400 BRT (Windward Parkway Station)





# Challenges

# Challenges – Cost, Capital and Impact

## ✓ Cost

- Construction Costs especially on High Rise
- Cost per unit of subsidy required for High Rise
- Station Transformation Costs / TOD Sitework

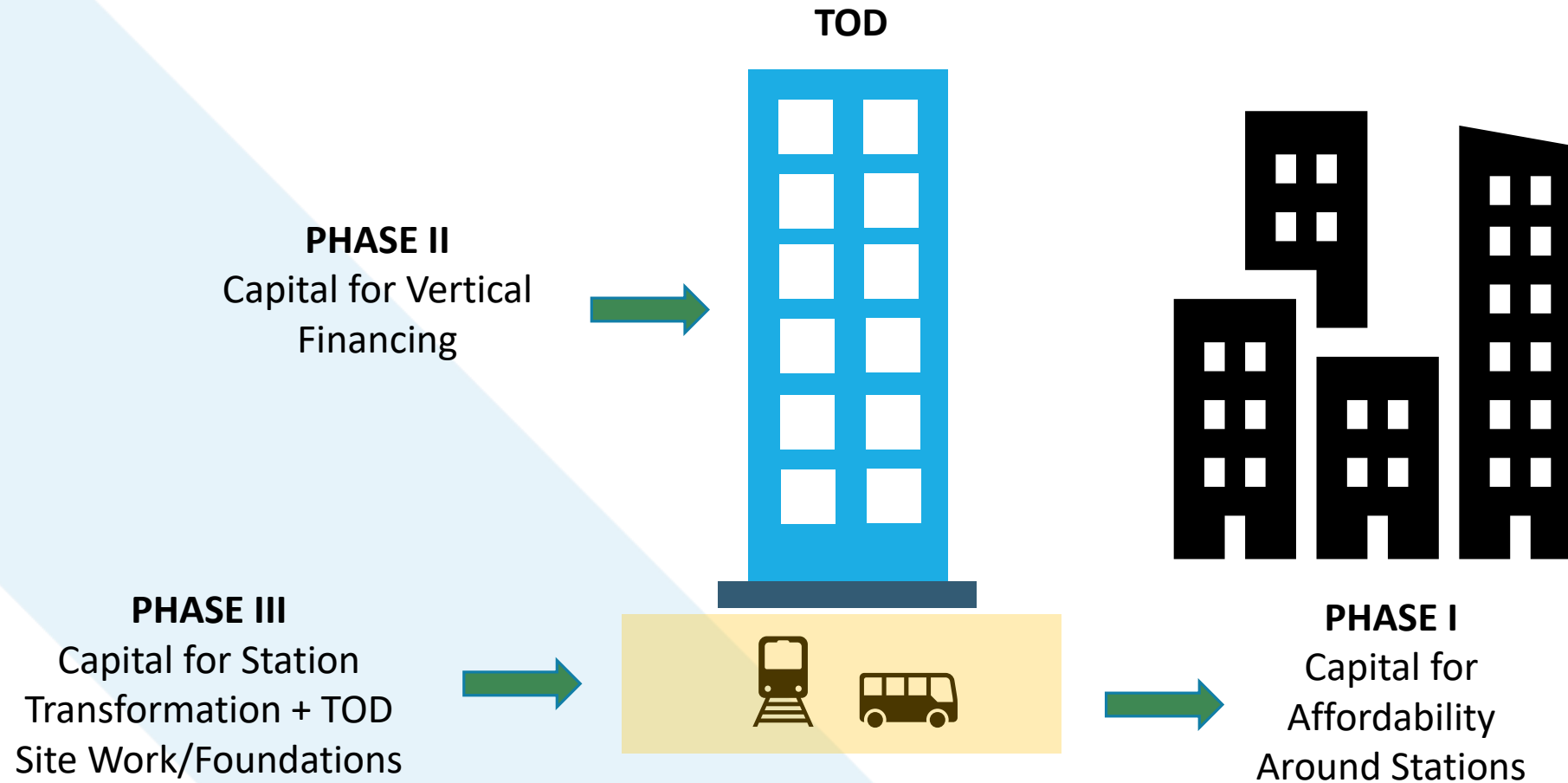
## ✓ Capital

- Private Capital for High Rise Construction

## ✓ Impact

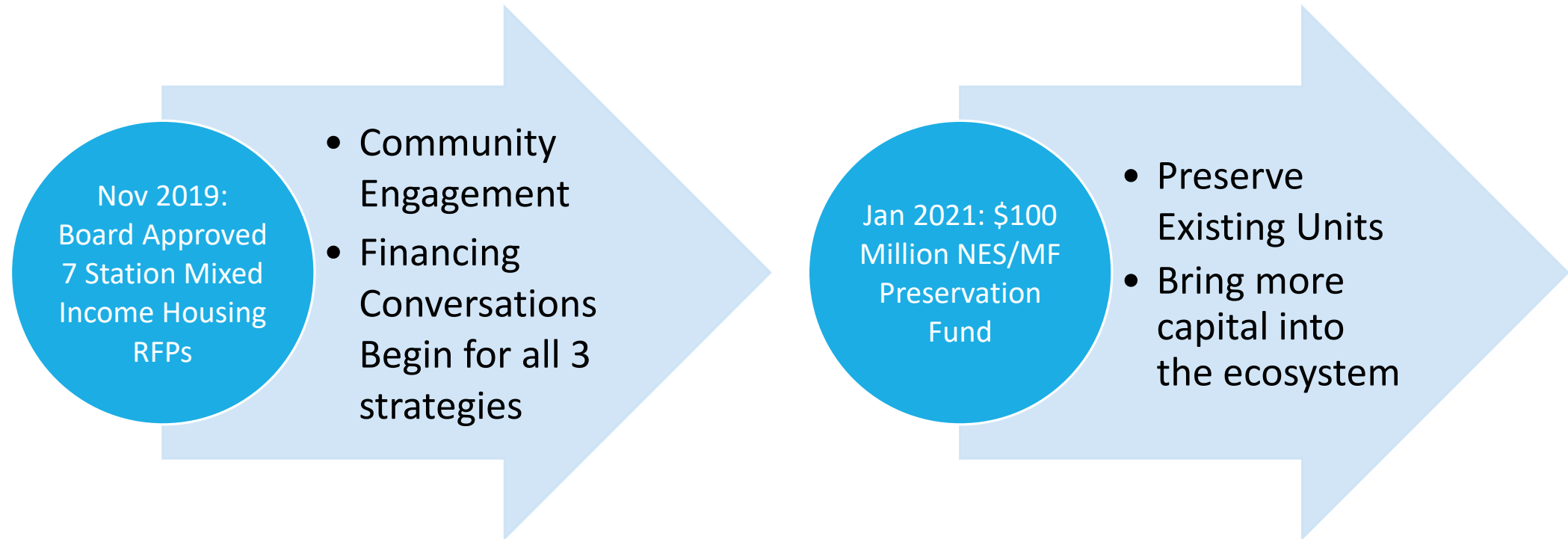
- On Surrounding Communities
- New Development is a Medium-Term Solution / Not Short Term

# Mitigation of Challenges → 3 Phase Private Capital Strategy



\*Assumes use of private capital but does exclude public financing including TIFIA and other Federal \$, local jurisdiction funding/subsidy or tax-exempt bonding.

# Journey Map – Phase I → Preservation





# \$100 Million Greater Atlanta TOD Affordable Housing Preservation Fund



Morgan Stanley

**Mission-Oriented Fund to minimize displacement of residents who live in multifamily properties within 1 mile of rail stations.**

- ✓ MARTA sourced and helped structure the Fund - No MARTA \$ invested
- ✓ NEF-MS track record is 6-year, \$1.4 billion track record of preserving 17,000 units. Atlanta is a new market for this program.
- ✓ Example: Affordable units are at the end of their compliance period and a non-profit mission-oriented firm wants to buy the property. The Fund provides a bridge loan to the non-profit.

## Greater Atlanta Transit Oriented Affordable Housing Initiative

### Morgan Stanley Community Development Finance Group

- Small, mission driven team of affordable housing and community development veterans
- Three main national investment areas: Affordable Housing, CDFIs, and small business
- Many of us having been doing this for more than 20 years each.
- Our team is set up to collaborate and work through on-the-ground partners, whether it be CDFIs, syndicators, etc.

### National Equity Fund

- NEF's mission is to create and deliver innovative, collaborative financial solutions to expand the creation and preservation of affordable housing
- We strive to be a diverse, equitable and inclusive place to work so that our team has the experience and knowledge to effectively support our partners and communities
- Nonprofit, subsidiary of The Local Initiatives Support Corporation ("LISC"), a US non-profit community development financial institution that supports community development initiatives in 35 cities and across 2,100 rural counties in 44 states. LISC was created in 1979 by executives from the Ford Foundation. One of LISC's larger offices is located in Atlanta.
- NEF investments total \$16.75 billion in 2,778 LIHTC developments, which created 187,237 affordable homes for low-income families and individuals.

## Greater Atlanta Transit Oriented Affordable Housing Initiative

### Partnership between Morgan Stanley and NEF

- Morgan Stanley and NEF started the preservation fund series 6 years ago, building on a decades long partnership in affordable housing
- The goal is to further the mission by complementing TOD's investments in new construction of affordable housing.
- The fund allows good Sponsors to access capital to acquire properties and preserve the long-term affordability. Many sponsors do not otherwise have access to this type of capital, which has historically put them at a disadvantage in acquiring properties where market-rate players could come in and potentially increase rents and cause displacement.
- The fund focuses on Sponsors who are going to provide a good experience for residents, offering services etc.
- To date, the fund has closed approximately 100 deals throughout the country, accounting for the preservation of more than 17,000 units, and \$1.4B of financing
- 0% delinquencies over life of fund (flexibility, COVID forbearance)
- Average closings of about \$460MM for each of past two years
- The Greater Atlanta Fund's objective is to maximize the benefit of equitable TOD by facilitating the preservation of affordable housing near transit through by providing acquisition bridge financing to non-profits and for-profit mission oriented developers for the purchase of:
  - Existing affordable housing projects that are considered at-risk of losing affordability requirements
  - Properties that currently do not have affordability restrictions but Sponsors plan to make them affordable at 80% AMI or below
  - The Fund can also finance buying out LPs and provide refinance opportunities

## Greater Atlanta Transit Oriented Affordable Housing Initiative

### How We Help

- Bridge product, offering a term up to 7 years, to a permanent capitalization through refinancing and potentially LIHTC syndication to repay the loan
- \$5 to \$50MM targeted loan sizes, with ability to go higher or lower if needed
- Non-recourse financing, but sponsorship matters, this is not marketed to everyone.
- Loan can include a capital expense budget for light to moderate rehab
- Highly customizable product – individually underwritten to deal
- Quick closing – great execution – 60 days or less, but typically around 45 days
- High LTV/LTC (97-98%)
- Interest rates ranging from 3.7% to approximately 5.4%, depending on LTV/LTC
- Interest only, with flexible repayment schedule
  - Required payment on 70% LTV portion of the loan with a 1.2 DCR
  - Remaining payments are soft and made via a cash flow sweep with a typical remaining interest accrual to be paid at loan repayment



# HouseATL/ULI Case Study

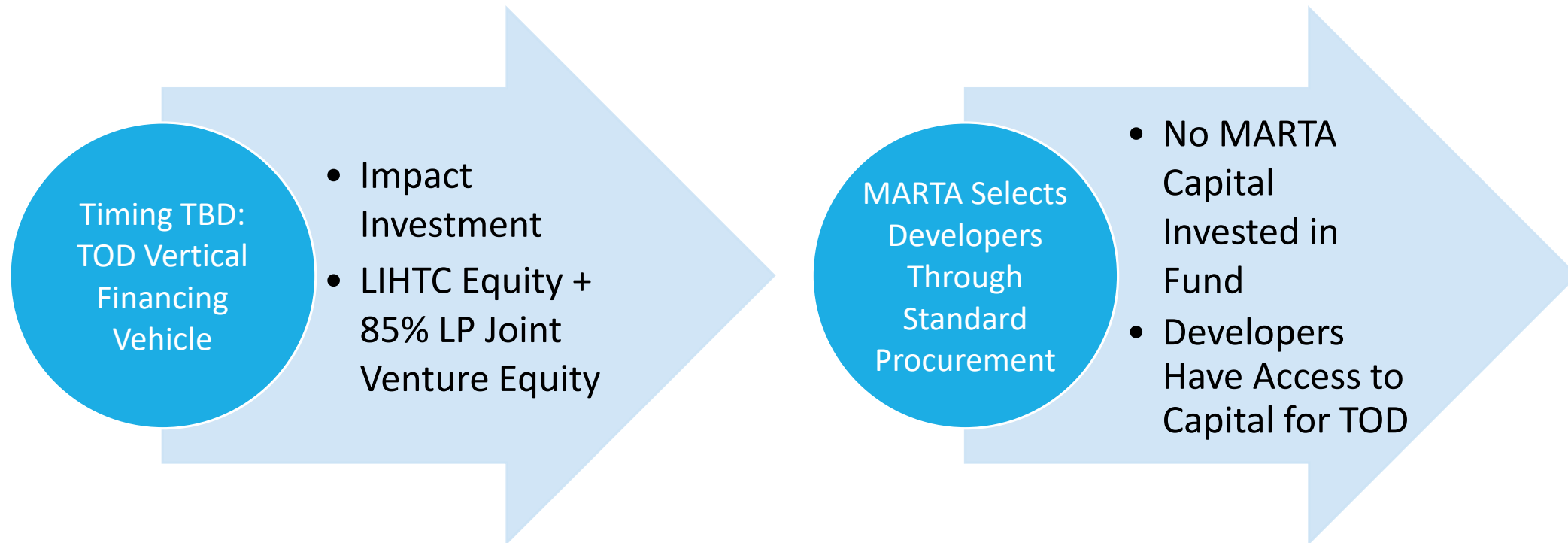
## Capital View – Preservation Example

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Funding Source	Amount
→ Enterprise Community Partners Acquisition Loan	\$5,075,227.00
Invest Atlanta Housing Opportunity Fund (HOF)	\$1,500,000.00
Georgia DCA TCAP Loan	\$1,500,000.00
<b>Total Acquisition Financing</b>	<b>\$8,075,227.00</b>
Use of Funds	Amount
Property Acquisition	\$7,200,000.00
Acquisition Costs & Prorations	\$97,761.85
Interest Reserves	\$455,131.15
Repairs and Operating Reserves	\$322,334.00
<b>Total Acquisition Uses of Funds</b>	<b>\$8,075,227.00</b>

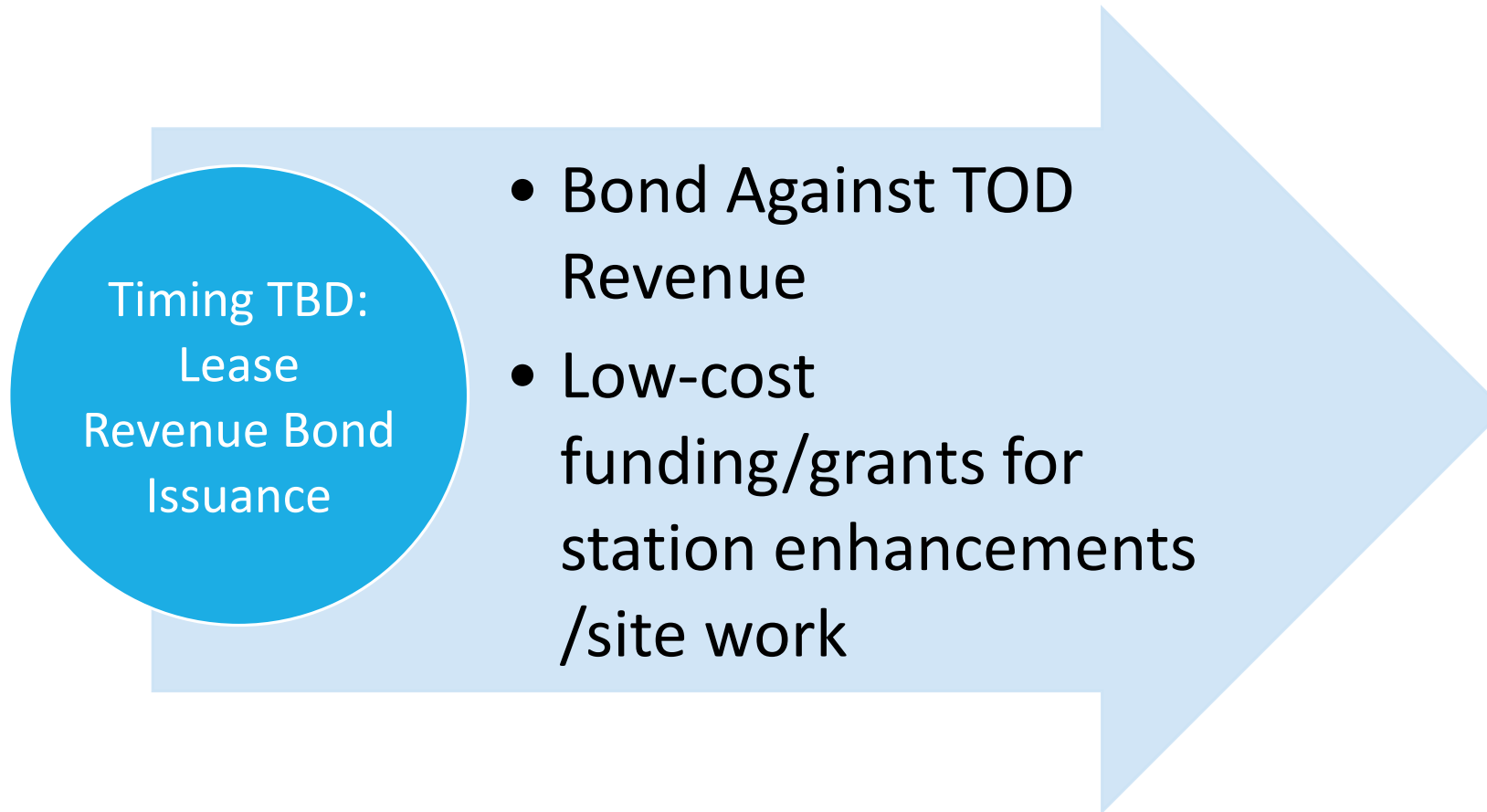
# Journey Map – Phase II → Vertical Financing

Exploring financing solutions to expand private capital available for TOD in the Metro Atlanta Region



# Journey Map – Phase III → Stations/TOD Costs

Exploring private financing solutions to advance TOD and Station Transformation





# Questions

