UCDC’s Spelman Gateway
THE TEAM

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OUTLINE OF DISCUSSION

- Site Overview
- Recent Development around Site
- Process
- Goals
- Market Trends
- Site Specific Information
- Previous Plans
- Recommendations
- Case Studies
- Deal Structure
- Financial Models
- Challenges
- Next Steps
- Questions
• Acres: 4.84 Acres
• Land Use: Vacant
• Zoning: SPI-21 Historic West End/Adair Park
• Fee Owner: Spelman College
RECENT DEVELOPMENT AROUND SITE

- Morehouse School of Medicine Mixed Use Development
- Spelman Arts Center
- Performing Arts Center
- Park Street Church
- Spelman Arts Center
- Morehouse School of Medicine Mixed Use Development
- Park Street Church
- Spelman Arts Center
• Meeting with Rita Gibson, Interim Executive Director, University Community Development Corporation

• Meeting with Arthur Frazier, Director, Facilities Management and Services, Spelman

• Community meetings of the AUC Master Plan

• Meeting with Todd Greene, Executive Director, Atlanta University Center Consortium, Inc.

• Previous Plan Review

• Due Diligence on Site

• Market Understanding
GOALS

Spelman and UCDC
- Reactivate site for intermediate land uses and to address below needs
- Longer term proposals
- Expand footprint of Spelman Campus
- Parking garage to alleviate parking constraints
- Upperclassman student housing
- Faculty housing
- Retail space

Atlanta University Center/AUCC
- Physical space for student interaction
- Focus on connectivity of Spelman, Morehouse and Clark Atlanta campuses
- Develop more walkable area
- Collaborative workspace for students
- Area for adult programs
- Classroom area
- Common space for student engagement
- Community meeting space
- An “iconic” space for the community
- Income-producing space
MARKET TRENDS

• Support:
  • Multi-family
  • Office
  • Retail/ Restaurant

• Trends:
  • West Atlanta multi-family market is experiencing higher levels of vacancies over the past few years.
  • More than 10% of the inventory is under renovation.
  • Due to the volume of dated and affordable inventory, rental rates are continuing to increase.
  • The Westside submarket is one of the few Atlanta submarkets to witness negative absorption over 2017-2018.
  • Current inventory is some of the oldest in Atlanta with the average build date of 1970.
  • The Beltline’s Westside trail is starting to attract businesses.
SITE SPECIFIC INFORMATION

• Site
• Access
• Due Diligence Overview
• Zoning
• Utilities
Address: 0 Park Street
Parcel ID: 14 010800030629
Acreage: 4.8419 acres
Vacant/Raw Land
Fee Owner: Spelman College
SPI-21 Historic West End/Adair Park Special Public Interest District; Site is in subarea 8 (Institutional/AUC)

- SAP Required
- What uses are permitted?
- What uses are NOT permitted?
- Other restrictions and limitations
G: Gas Line (Green)
S: Sanitary Sewer Line (Red)
UT: U/G Telephone (Yellow)
W: Waterline (Blue)
Storm Sewer (Purple)
Overhead Utility (Orange)
LEE STREET UTILITIES

G: Gas Line (Green)
S: Sanitary Sewer Line (Red)
UP: U/G Power (Purple)
UT: U/G Telephone (Yellow)
W: Waterline (Blue)
Overhead Utility (Orange)
Previous Plans
Previous Plans
CONCEPT 1: THE YARD

PROGRAM:
- **Surface parking** lot: 165-220 spaces
- **Sculpture garden with trails**
- **Amphitheater** holds 500 people
- Gravel area for **food trucks**
- Seating area with **playground** next to food trucks
- **Community garden**
CONCEPT 2: SITE BUILD OUT

PROGRAM:

- 240,000 sf **student housing** (200 upper classman apartments)
- 24,000 sf **commercial** on ground floor
- 13,200 sf community building (meeting rooms, etc.)
- Parking needs for 3 program items listed above: 330 spaces
- **Parking deck** (2 stories) = 440 spaces (surplus of 110 for art center or other campus uses)
- 30,000 sf of **garden and trails** between buildings and parking deck.
Case Studies

Grambling
Tech Square
John Hopkins
Howard University
Case Studies

Howard University, Washington D.C.
2.2 Acres
Private developer ground lease to plan, finance, build, and operate a first-class mixed-used development
To include
• Residential
• Retail space (inclusive of a grocery store)
• Multi-story parking garage

John Hopkins East Baltimore Development
88 Acres
Private development; JH School; City Park
To include
• Lab and Office
• Residential
• School
• Retail space
• 5 acre park
• Hotel
Deal Structure

Phase I
Activated park, parking lot - Spelman is developer
Financing TBD
Potential for other AUC schools to share in cost

Phase II
Student Housing, Retail – 3rd Party developer
Equity/debt
Spelman puts in land
Developer owns improvements
Small split to Spelman
Parking Deck – Spelman is developer
100% bond financing – 25yr; 3%
Tax Exempt Bonds
Hires fee developer (RFP)
Community building
Development strategy TBD
Phase I –
Activated park + parking lot - Spelman is developer

Sculpture garden = $550k
Trails = $10k
Amphitheater = $1.75mm
Gravel food truck lot = $9,200
Playground = $50k
Community garden = $112k
Parking lot = $3.3mm

Contingency = $620,300
Design fees = $384,090

TOTAL DEV. COST = $6,785,590
Phase II
Parking Deck – Spelman is developer
*not looking for any net cash flow

- 440 parking spaces
- Land = $0
- $/parking space = $25,000
- TDC = $11,000,000

- 100% bond financing; 3%; 25yr
- Existing funds allocated for operations = $4.5mm
- Avg parking rent = $3/sp/day
- Monthly revenue = $40,150

- Monthly OpEx = $X

- Monthly debt service = $52,163
- Annual funding gap = $144,156 + $X

- Current funds available are enough to pay off bonds with $900k left over for X years of OpEx
- Need to assess additional funding needed for annual operating expenses
- To determine how allocation of spaces to housing will be addressed – revenue share etc.

Conclusion = Project needs further analysis
Phase II
Student Housing, Retail – 3rd Party developer

- Unit count = 200
- Avg unit = 918 sf
- Retail sf = 24,000
- 300 parking spaces
- Land = $0
- Hard costs = $152k/unit
- Soft costs = 25%
- Retail TI = $30/sf
- Debt = 65% LTC; 5%

- Avg apt rent = $1.53/sf
- Avg retail NNN rent = $20/sf
- Avg parking rent = $150/sp/mo
- Stabilized NOI = $2.92mm
- Pre-tax profit margin = 28%

*does not take into account interim cash flows or TVM

Equity multiple = 2.16

Conclusion = Project is marketable
CHALLENGES
• Stakeholder Consensus
• Coordination with AUC Schools
• Rising Construction Costs
• Phase I - Nonrevenue Generating
• Phase II – Relationship between Spelman and the developer
• Building a parking lot without development
• Due Diligence Unknowns
• Market Speculation
• Stakeholder Consensus
• Due Diligence
QUESTIONS?