



HOUSEATL & ULI ATLANTA

CASE STUDY

Quest Commons West

891 Rock Street NW • Atlanta, GA 30314



About ULI (Urban Land Institute)

As the preeminent, multidisciplinary real estate forum, The Urban Land Institute (ULI) is a nonprofit education and research group supported by its diverse, expert membership base. Our mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI Atlanta

With over 1,400 members throughout the Atlanta District Council, ULI is one of the largest and most active ULI District Councils worldwide. ULI Atlanta's geography covers the entire state of Georgia, Alabama, and eastern Tennessee, and its members are dedicated to advancing the mission of ULI at the local level. ULI Atlanta brings together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs. We share knowledge through education, applied research, publishing, electronic media, technical assistance, programs and special initiatives that advance thought leadership around the responsible use of land and building thriving communities.

About HouseATL

HouseATL is a cross-sector group of civic leaders committed to building the political and community will for a comprehensive and coordinated housing affordability action plan in the City of Atlanta. HouseATL is an open taskforce – initiated through the convening power and resources of ULI Atlanta, The Arthur M. Blank Family Foundation, Central Atlanta Progress, Center for Civic Innovation, and Metro Atlanta Chamber of Commerce. These partners engaged more than 200 civic leaders to release 23 recommendations in September 2018 with an aspiration to invest \$1B in affordable housing over 8 – 10 years, producing and preserving 20,000 affordable units. Across all of HouseATL's 23 recommendations was the intention to work in more coordinated and collaborative ways – within sectors and across sectors.

The vision for HouseATL is for civic leadership in the City of Atlanta to have a shared, comprehensive set of policies and adequate funding to address housing affordability. One of the key barrier to achieve this vision is that affordable housing is a complicated subject matter, with a lack of knowledge and understanding. Case studies such as this have been developed to make it less complicated, to help real estate practitioners, policy makers, and other professionals better understand how affordable housing is developed and preserved. These case studies specifically highlight developments and models that warrant emulating.

HouseATL's recommendations were embraced by the City of Atlanta through the One Atlanta Housing Affordability Action Plan released in June 2019. HouseATL continues to advance the recommendations through four working groups – the Funders' Collective, Policy, Prioritizing Communities, and Education & Engagement.

In an effort to help regional leaders and real estate practitioners better understand how affordable housing development and preservation happens, these case studies were developed through a unique partnership with ULI Atlanta and GA Tech's Master's in Real Estate Development (MRED) program. The MRED graduate students acted as technical writers to research and develop these case studies. ULI Atlanta would like to provide a special thanks to ULI members Rick Porter and John Threadgill who lead the GA Tech MRED program and helped facilitate the partnership with the MRED graduate students as part of the program's coursework.

Quick Facts

Location	Atlanta, Georgia
Project Type	Multifamily Rental Housing
Site Size	1.1 acres
Land Uses	Rental Housing
Owners/Developers	Quest Commons at Historic Vine City, L.P. New Affordable Housing Partners, LLC. Quest Community Development Organization, Inc.
Architect	James, Harwick & Partners
General Contractor	Tower Construction, LLC
Websites	www.questcommunities.com
Study Researchers	Georgia Tech, Masters in Real Estate Development students Kaylan Pugh Raven Thompson Tyler Cooksey Jeff Brock

Other Participants (Key Players)

Mechanical, Electrical, and Plumbing Engineer	James, Harwick & Partners Architecture
Structural Engineer	Browder + LeGuizamon & Associates
Civil Engineer	Long Engineering
Environmental Engineer	EarthCraft
Contractor	Tower Construction
Property Manager	Quest CDO
Interviewees	Leonard Adams, Quest Communities Shawn Coste, Quest Communities Kris Bryant, Columbia Residential Terri Lee, City of Atlanta Bithia Ratnasamy, City of Atlantav

In the spirit of advancing HouseATL's recommendation to expand understanding of the affordable housing development process for real estate practitioners and public officials, HouseATL's Executive Committee identifies and selects projects in the metro Atlanta area that showcase an innovative and scalable approach to affordable housing development and preservation.

Quest Commons West featured in this case study is an excellent example of delivering impactful affordable housing to the Atlanta community. The Quest Communities team is committed to Atlanta's Westside and equitable housing and community development principles. The Quest Commons West project embodies its mission while maintaining affordability for households at or below 60% area median income (AMI). Additionally, the project will participate in Quest's Healthy Housing Initiative, including onsite health screenings, case management, and a community gardening program.

The Site

Quest Commons West is a 53-unit affordable multi-family residential development on an infill site in Vine City, an emerging neighborhood on Atlanta's west side.

The project is currently under construction and led by a partnership between Quest Communities (Quest), a community development corporation, and Columbia Residential (Columbia), an Atlanta developer, both of which have a mission of delivering affordable housing to Atlanta's residents.

Quick Facts:

- Quest was awarded Earth Craft Communities Certification (ECC) for this project through the Southface Energy Institute.
- The one- to three-bedroom unit mix in the four-story structure offers 47 units at 50% to 60% AMI.
- The project offers amenities such as a community room, laundry facility, fitness center, computer center, and a community garden.

The 1.1 acre Quest Commons West site is located at 891 Rock Street N.W. in the Vine City neighborhood.

The site was previously home to a 22-unit apartment complex and a dilapidated retail building, both of which were demolished to make way for new development.

Two MARTA stations, the Ashby Transit Station and the Vine City Transit Station, are located within a 10-minute walk of the site. Within 1.25 miles of the site, one may find the Georgia Aquarium, Mercedes Benz Stadium, and the CNN Center. The Georgia Tech campus is just three miles away.



Quest Commons West

Additionally, a host of other services, transportation options, and resources may be found close to the study site:

- Joseph E Lowery MARTA Bus Stop – 0.1 miles
- Atlanta Fire Station 16 – 0.4 miles
- Ashby MARTA Rail Station – 0.4 miles
- J F Kennedy Park – 0.5 miles
- Booker T. Washington High School – 0.7 miles
- Walmart Supercenter / Pharmacy – 0.8 miles.
- Atlanta Police Department Magnolia Street Precinct – 0.9 miles
- Washington Park Branch Library – 1.0 mile
- Bethune Elementary School – 1.1 miles
- The Mall West End – 1.8 miles
- Emory University Hospital Midtown – 2.1 miles
- Brown Middle School – 2.3 miles

About Quest Communities

“Nineteen years ago, Quest started with a single-family home to house individuals who were homeless or living with a disability,” Leonard Adams, President, and CEO of Quest Communities, said. “Today, here on Rock Street – a street that was hard-hit, very unsafe – we’ve been able to redevelop this entire city block. Now you can walk down this street, and people call it a diamond in the rough or an oasis in Vine City.”

From affordable and supportive housing projects to resident retention initiatives, Adams believes that Quest must invest in the neighborhood’s residents and constituents to successfully deliver housing developments. To achieve this, Quest offers numerous programs that serve the community, its youth, the reformed, and small businesses.

In addition to the new Quest Commons West, other Quest projects include:

- The Quest Nonprofit Center for Change – a 30,000-square-foot building that, when complete, will house Quest Communities business operations and offer a variety of services to the Westside
- The Residences at Holly Hills – 40 affordable housing units with an energy-efficient design for seniors
- Quest Village at Dalvigney – 12 one- and two-bedroom affordable housing units in English Avenue
- Quest Legacy Homes – seven affordable single-family homes on English Avenue



Quest Legacy Homes



Quest Enclave

- Quest Village at Rock Street – 28 new construction homes in Vine City, completing the revitalization of Rock Street
- Quest Residents Grove Park – 40 new construction homes geared towards residents aged 55 and older, with preference given to veterans
- Quest Enclave – Renovation of eight existing garden-style apartment homes
- Quest Veterans Village – 12 new construction garden-style homes for sale or rent to veterans



Quest Veterans Village

Development Background

Ten years ago, the subject site was home to the first Quest Communities project – a renovation of 22 apartments housed in two buildings. This first project launched Quest Communities as an affordable housing developer. It provided the foundation for the current development of Quest Commons West and a host of other projects in between.

The subject site is on Rock Road and near Joseph E. Boone Boulevard N.W. and Joseph E. Lowery Boulevard N.W. Quest Communities had a development plan in place for the initial site (the former apartment buildings). Still, they soon acquired the adjacent retail plaza site to realize its vision for Quest Commons West fully.

Approvals

Under the leadership of Mayor Keisha Lance Bottoms, the City of Atlanta has promised \$1 billion to create affordable housing within the City. As the Westside continues to gentrify, the demand for affordable housing grows and is a crucial topic around any new development.

At the Quest Commons West site, the developer addressed the increasing demand for affordable housing by reserving 47 of the new 53 units for residents earning 50% to 60% of the Area Median Income (AMI). The City of Atlanta recognized the importance of this approach and worked closely with the Quest Commons West developers to promptly approve building applications. No zoning changes were required.

While neighbors raised some concerns, specifically the addition of a four-story building close to their primarily single-family residences, the neighbors set concerns aside after evaluating the positive impact provided by the affordable housing initiative.

The Quest Commons West site falls under both the BeltLine Inclusionary Zoning Ordinance and the Westside Inclusionary Ordinance. Both ordinances' requirements were met via the 88.6% affordable housing component at or below 60% AMI at the site.

The project is classified as IBC-R2 Apartment/Non-transient Hotel/Convent/Fraternities. The construction classification is IBC-Type V-A Sprinklered Construction per NFPA13 requirements.

In August of 2018, the demolition of the existing 24-unit apartment buildings was approved by the City of Atlanta. In January of 2019, the construction building permit for the new 53-unit apartment building was issued.

Financing

2016 – Quest Communities began assembling resources to secure funding

2017 – Quest Communities requested the 9% low-income housing tax credit (LIHTC)

2018 – LIHTC were awarded; Quest requested an extension

2019 – Financial closing (May)

The financing required to develop Quest Commons West was complex, well-executed, and included:

- \$6.6 million construction financing variable rate loan from Bank of America Merrill Lynch;
- \$2 million fixed-rate loan from the Georgia Department of Community Affairs (DCA) Tax Credit Assistance Program (TCAP);
- \$2.8 million in permanent financing HOME funds, payable via the federal Department of Housing and Urban Development (HUD);
- \$1.5 million in funds via a construction and permanent financing grant from the Westside Future Fund; and
- \$12.2 million in equity from Enterprise Community Partners. This equity comes via a 9% low-income housing tax credit – \$781,000 in federal and state credits over ten years yielding \$12.2 million in equity covering over 72.12% of total development costs.

Regarding the multiple layers of financing, the team provided a word of advice. Though it may seem inclusive to have numerous lenders within the financial stack on a single development, it could and at times cause difficulties aligning closing and compliance requirements. Due to a 62% increase in hard costs, Quest Communities (managing partner and co-developer) and Columbia Residential (developer) together deferred over \$416,000 to cover miscellaneous costs from the site development phase.

By combining the expertise and resources of both Quest Communities and Columbia Residential, the team met the financing needs of this complicated LIHTC project. As the project is still under development, project costs are subject to change.



Design

Quick Facts:

- 48,750 square feet
- 53 rental apartments
- One-bedroom (700 sq ft), two-bedroom (950 sq ft), and three-bedroom (1,100 sq ft) unit configurations
- Monthly rents on 47 units (including one-, two-, and three-bedroom units) are at or below the 60% AMI
- Amenities include a community room, laundry facility, fitness center, computer center, and a community garden

Quest Commons West was designed as a single structure, an elevated cast-in-place concrete podium slab topped by three stories of wood-framed residential units. The exterior façade features a combination of masonry products, decorative railings, fiber-cement siding, large glass windows and doors, and awnings. Green spaces soften the perimeter, and an interior, elevated courtyard featuring a gazebo and community garden allows residents the opportunity to be comfortable outside. The residences also have additional access to the outdoors via a patio or balcony in each unit.

The project has a partially sub-grade parking garage located beneath the residential units.



Conceptual rendering of the residential building

Construction

Following the demolition of the site's existing structures and during the garage excavation, the project's general contractor, Tower Construction, encountered several site conditions that resulted in project delays. These unexpected and unforeseen conditions included unsuitable soils, old Atlanta railroad materials, and an underground spring. Addressing these matters and installing an extensive storm drainage system affected the project's critical path and tapped the construction budget contingency funds. In addition to these construction issues, a global COVID-19 pandemic also affected the team's ability to meet the project timeline due to the City and State's shelter-in-place mandates.

As of this writing, Quest Commons West is under construction with substantial completion set for late Spring 2021.



Construction in process

Sustainability

When considering various sustainability measures and performance standards to build into Quest Commons West, the developers chose to pursue the Southface and Greater Atlanta Home Builders Association's EarthCraft high-performance building design certification. EarthCraft standards address the challenging energy, water, and climate conditions of the Southeast U.S. and help ensure that communities can benefit from significant utility savings and improved indoor air quality.

Quest Commons West achieved its EarthCraft certification using the Home Energy Rating System, which typically drives energy savings rates 15% lower than the ENERGY STAR Version 3 target index.

Performance and Impact

The City of Atlanta is a national leader in its commitment to the pursuit and delivery of affordable housing options for its citizens. While the availability of affordable units diminished following the economic downturn of 2008, new affordable units are hitting the market today. Quest Commons West, featuring 53-units and an 88.6% affordable unit rate at or below 60% AMI, is just such a development, providing a catalyst and critical affordable housing options for Atlanta's west side. Where a 24-unit apartment complex once stood, Quest Commons now delivers twice the number of affordable units to the Vine City neighborhood.

A market study conducted by consulting firm Novogradac indicates that the Quest Commons West Primary Market Area (PMA) is projected to increase 1.1% annually from 2017 to 2019 and again in 2019 to 2021, a rate faster than that of the nation but below the MSA as a whole. On the other hand, there is also a projected significant population growth rate anticipated in the subject PMA and the broader MSA. The current population of the PMA is 148,890 and is expected to be 153,205 in 2019. This shows a 97% growth by the end of 2019, and Quest Communities is projected to have contributed in total over (200+ units) units of affordable housing for this growing population.

Marketing and Management

Quest Commons West will be marketed and managed by co-developer/owner Quest Communities and its subsidiary companies. Quest Communities has partnered with service provider Healing Community Center to provide a Healthy Housing Initiative plan for residents, including onsite health screenings, case management, and a community gardening program focused on education around healthy eating.

Conclusion

Quest Communities and Columbia Residential are delivering a development that will have a lasting impact on Atlanta's west side.

Under the leadership of Leonard Adams, Quest Communities continues its mission of developing socially equitable housing and providing needs-based community services to enhance the quality of life for underserved individuals and families in the communities they serve. "Socially equitable housing," used in place of "affordable housing," is subsidized by federal, state, and local governments, philanthropic organizations, corporations, nonprofits, land trusts, faith-based institutions, or a combination thereof to promote equity and decrease generational poverty.

Quest Commons West is a part of Quest's 'Quest West 2020' project, a \$30 million investment at Joseph E. Lowery and Joseph E. Boone boulevards, a historic intersection where the Washington Park, Bankhead, English Avenue, and Vine City neighborhoods come together.

Quest Community Complex I & II are located at this intersection and offer training and employment opportunities to Atlanta's Westside neighborhoods. The two complexes have also become the new home to Westside Works, a neighborhood program working to create employment opportunities and job training for Vine City residents, English Avenue, Castleberry Hill, and other contiguous neighborhoods.

In addition to Quest Commons West and the Community Complex buildings, there will soon be a 30,000 square foot Collective Impact Center, an office-retail space helping expand economic opportunities in the Westside.

As an organization, Quest Communities is fully invested in the communities it serves and is deeply committed to discovering the residents' and constituents' needs in the surrounding neighborhoods. The organization's investments are long-term, their partnerships are focused on impact, and collectively they are working to pursue socially equitable housing for more of Atlanta's population.



Volunteers and community members



Rendering of Commons West at completion



The finished medical facility

Project Snapshot

Development Timeline

Planning Started	2016
Site Purchased	March 2018
Construction Financing Arranged	May 2019
Construction Started	January 2020
Projected Project Completion	1st Quarter 2021

Gross Building Area (GBA)

Residential Units

Square Feet

1-Bedroom	13 units x 700 sf = 9,100 sf
2-Bedroom	29 units x 950 sf = 27,550 sf
3-Bedroom	11 units x 1,100 sf = 12,100 sf
Total	43 units = 48,750 sf
Parking	106 spaces

Land Use Plan

Buildings	Approx. 0.9 ac
Landscaping/Open Space	Approx. 0.2 ac

Residential Information

Unit Type	Number of Units	Average Sq. Ft.	Typical Rent
1-Bedroom (50% AMI)	3	700	\$516
2-Bedroom (50% AMI)	6	950	\$592
3-Bedroom (50% AMI)	2	1100	\$655
1-Bedroom (60% AMI)	8	700	\$642
2-Bedroom (60% AMI)	21	950	\$744
3-Bedroom (50% AMI)	7	1100	\$831
1-Bedroom (Market Rate)	2	700	\$800
2-Bedroom (Market Rate)	2	950	\$950
3-Bedroom (Market Rate)	2	1100	\$1100
Total	53	48,750	\$38,689 monthly total

Note: There is a \$163 utility allowance for 1-BR units, a \$234 utility allowance for 2-BR units, and a \$303 utility allowance for 3-BR units.

Development Cost Information

Construction Sources		Total
Construction Loan	Bank of America	\$6,690,000
Const./Perm Loan	DCA HOME	\$2,000,000
Const./Perm Loan	DCA HOME 2nd	\$800,000
Construction Loan	DCA TCAP	\$2,000,000
LIHTC Equity (9%)-Fed	Fed LIHTC inv	\$7,582,729
LIHTC Equity (9%)-GA	GA LIHTC inv	\$4,607,900
Other grant/loan	Westside Future Fund-Grant	\$1,500,000
Total Construction Sources		\$15,176,029

Uses	Total	Per Unit
Acquisition-land/Buildings	\$500,000	\$9,434
Relocation Costs	\$51,198	\$966
Construction Hard Costs	\$11,167,756	\$210,712
Construction Contingency	\$1,353,827	\$25,544
Financing, Equity, & DCA costs	\$701,295	\$13,232
Legal & Other Professional Fees	\$1,077,500	\$20,330
Predevelopment & Entitlement Costs	\$669,188	\$12,626
Start Up and Reserve Fees	\$836,719	\$15,787
Development Fee	\$1,345,000	\$25,377
Total Uses	\$17,702,483	\$334,009

Permanent Sources		Total	Per Unit
First Mortgage	DCA HOME	\$2,000,000	\$37,736
Second Mortgage	DCA HOME 2nd	\$800,000	\$15,094
Other Grant/loan	Westside Future Fund-Grant	\$1,500,000	\$28,302
LIHTC Equity (9%)-Fed	Fed LIHTC Inv.	\$7,582,729	\$143,070
LIHTC Equity (9%)-GA	GA LIHTC Inv.	\$4,607,900	\$86,942
Deferred Developer Fee	Developer	\$416,415	\$7,857
G.P. Advance	Developer	\$795,439	\$15,008
Total Permanent Sources		\$17,702,483	\$334,009

Total Project Costs

Site Acquisition	\$500,000
Hard Costs	\$11,167,756
Soft Costs	\$5,333,432
Carrying Charges and Finance Fees	\$701,295
TOTAL	\$17,702,483

NOTE: The project is still under construction at this writing. Final costs on all items are yet to be determined and will be reconciled upon projection completion.

Quest Commons West

	Construction & Pre-development	Permanent
Debt		
Bank of America	\$6,690,000	\$0
DCA 1st Const./Perm.	\$2,000,000	\$2,000,000
DCA 2nd Const./Perm.	\$800,000	\$800,000
DCA TCAP	\$2,000,000	\$0
Equity		
LIHTC Equity (9%)-Federal	\$1,359,738	\$7,582,729
LIHTC Equity (9%)-GA	\$826,291	\$4,607,900
Deferred Developer Fee	\$0	\$416,415
G.P. Advance		\$795,439
Grants		
Westside Future Fund	\$1,500,000	\$1,500,000
Total Quest Commons West	\$15,176,029	\$17,702,483

Other Resources & References

About Quest Communities <https://www.questcommunities.org/residential.html>

About Columbia Residential <https://www.columbiares.com/>

City of Atlanta website, "Accela" for access to permitting, QCR, zoning, etc. - https://aca-prod.accela.com/ATLANTA_GA/Default.aspx?culture=en-US.

Quest Communities Website - <https://www.questcommunities.org/>.

Columbia Residential Website - <https://www.columbiares.com/>.

ULI Case Study, "Paseo Verde", written by Allen Matkins, December 2015.

Market Valuation of: Quest Commons West, produced by Novogradac & Company LLP, report dated May 22, 2017.

A Market Conditions and Project Evaluation Summary of: Quest Commons West, produced by Novogradac & Company, LLP, report dated May 23, 2017. Assignment Code: COL606V.013.