



HOUSEATL & ULI ATLANTA

CASE STUDY

Capitol View Apartments

The Evolution of a Deal

1191 Metropolitan Parkway SW • Atlanta, GA 30310



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 Affordable Housing Redevelopment / Preservation
Site Size	6.99 acres
Land Uses	Rental Housing
Owners/Developers	Columbia Residential
Architect	Pimsler Hoss Architects
General Contractor	Block Companies
Website	www.columbiares.com/apartments-in-atlanta/capitol-view/
Study Researchers	Georgia Tech, Masters in Real Estate Development students Kynthia Gaines Ian Karra Cole Miller Carson Starnes
Interviewees	Jim Grauley, President and COO, Columbia Residential Terri Lee, Chief Operating Officer/Chief Housing Officer, Atlanta Housing Shelita Compton, Project Coordinator, Columbia Residential Kris Bryant, Project Manager, Columbia Residential Jennifer Owens, Vice President of Resident Services, Columbia Residential

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.

Introduction

Columbia at Capitol View is a renovation of the 1948 Art Deco style Capitol View Apartments, an existing multifamily apartment property comprising 120 one- and two-bedroom units at the intersection of University Avenue and Metropolitan Avenue. Located in southwest Atlanta's Adair Park neighborhood, the Capitol View Apartments were built in 1947-48 as the multifamily residential development in Adair Park and World War II veterans and their families leased the units at market rates. The property had not seen any significant renovation in more than 35 years, had fallen into disrepair, and was not up to current housing standards. In recent years, the units were leased at unrestricted rates affordable to low-income residents, making it one of the area's most significant and at-risk naturally occurring affordable housing communities. Recently, Adair Park has begun to gentrify and displacement, driven by new development and increased housing costs, has become an issue for current residents. The property also fronts the popular Westside Trail of the Atlanta Beltline, a planned 22-mile loop of multi-purpose trail around the City of Atlanta, which has served as a catalyst for renewed interest in urban development. Developer Columbia Residential is undertaking a comprehensive renovation of the Capitol View Apartments and setting it aside for permanent affordability, thereby protecting residents from displacement and supporting the continued affordability of Adair Park. More specifically, the developer has structured the redevelopment to preserve affordability to residents earning between 40 and 70 percent area median income (AMI) and is collaborating with several public and private entities to deliver this affordable historic restoration project.



Rendering of the redeveloped Capitol View Apartments. Source: Columbia Residential.

About the Developer

Founded in 1991, Columbia Residential is an integrated real estate development and management company providing master planning, development, project management, construction management, and property management services. With a focus on multifamily and senior rental housing across the Southeast, and often using the Low-Income Housing Tax Credit (LIHTC) program, Columbia Residential uses its comprehensive resources to assist neighborhoods, public housing agencies, city governments, non-profit community development corporations, housing finance agencies, and financial institutions in achieving their goals of providing well-structured and high-quality affordable housing communities. The firm's principals bring a combined 80 years of development and management experience in residential and master-planned development throughout the U.S., and the firm is regarded as a leader in the development and management of quality mixed-income and affordable senior housing in Georgia, Florida, Louisiana, and Texas.

1. In partnership with public housing authorities, Columbia has developed a number of award-winning, large-scale, sustainable, mixed-income, and intergenerational communities.
2. As a workforce and senior housing developer, Columbia has a current portfolio of over 8,000 units of high quality, multifamily, tax credit and mixed financed units, of which 2,525 are reserved for seniors only.
3. Columbia has developed more than \$800 million of mixed-income residential multifamily and senior housing through its history.
4. In Atlanta, Columbia operates more than 5,000 affordable and mixed-income homes in dozens of communities, serving families, seniors, and persons with special needs via a wide variety of affordable housing programs.

Neighborhood and Site History

Adair Park was established by George W. Adair in 1892. The neighborhood experienced significant growth in the 1930's and 1940's, when it transformed into a middle-class residential neighborhood largely consisting of craftsman-style single family bungalows. In 2001, Adair Park was added to the National Register of Historic Places, making the Capitol View Apartments property a historic building site.

Historically, Adair Park has been home to a mix of ethnicities and income levels. In 2015, a post-recession development boom began, driven in large part by the construction of the Atlanta Beltline. This rapid acceleration of development has transformed the neighborhood into a highly desirable area, bringing with it the negative side effects of increased housing costs and residential displacement.



Capitol View Apartments in the 1960s.
Source: Columbia Residential.

Property Acquisition

The Capitol View Apartments were identified as at-risk for gentrification by Enterprise Community Partners and Annie E. Casey Foundation (AECF), both of which were actively working in the adjoining Pittsburgh community. Enterprise, with AECF's support, identified and mapped all the subsidized and unsubsidized affordable housing in Neighborhood Planning Unit V to assess potential risk of loss. Given Capitol View's location on the BeltLine, and physical condition, it was identified as a priority for preservation. Previous attempts by Columbia Residential to reach an agreement with owner Robert Leathers, who had purchased the property from the Twelfth Street Realty Corp in 1996, had not proved fruitful.

While initial purchase offers were not accepted, Columbia Residential's sister company Columbia Ventures learned of and helped facilitate contact with a firm that had a contract on the property with the intent of a wholesale resale. Recognizing the benefits of preserving affordable housing in this strategic location, Columbia Residential stepped into the purchase agreement and faced a short 60-day window in which to secure acquisition financing. Through its long-term relationships with Enterprise Community Partners, the Annie E. Casey Foundation, Invest Atlanta, and the Georgia Department of Community Affairs, Columbia Residential was able to secure the necessary financing within the 60-day limit and close on the property in late August of 2018.



Financing

Acquisition Financing

Due to the significant number of applications, approvals, and funding cycles required to finance a major renovation and preservation of affordable housing, the 60-day closing timeline appeared unachievable, yet this development presented a unique opportunity to advance the Atlanta Beltline affordable housing goals and Mayor Bottoms' affordable workforce housing initiative. In response, the developer activated national non-profit partners who could provide flexible bridge financing and loan guarantees.

While most multifamily acquisitions rely on an income approach to identify fair market value, the entity selling the Capitol View Apartments did not have the required operating records to establish value in this manner. Alternatively, the lending partners agreed to the appraiser's sales approach, which establishes fair market value via comparison with surrounding properties.

Concurrent with the appraisal process, Columbia Residential worked to secure acquisition funding. While the complexity of the deal and the compressed timeline might have concerned governmental and philanthropic

partners, the importance of acquiring and rehabilitating the apartments to meet the City's anti-gentrification and affordable housing objectives outweighed any concerns.

One key stakeholder in the property closing was Invest Atlanta, providing \$1.5 million in low-interest financing via the Housing Opportunity Bond. According to Jim Grauley, President and Chief Operating Officer for Columbia Residential, "Alan [Ferguson]...said this is important for the City and to the Mayor; and we're going to do it; and we are going to help make this happen."

Enterprise Community Investment was also an important financing stakeholder, introducing a new loan product allowing Columbia Residential to borrow funds at a 90 percent loan-to-value ratio. The \$5.1 million loan was also guaranteed by the Annie E. Casey Foundation, which provided additional backing to the Columbia Residential loan guarantee. The foundation also provided a grant to Columbia Residential to cover some of its pre-development costs. Additionally, the Department of Community Affairs provided a \$1.5 million loan from the Georgia Housing and Finance Authority and provided funding for the project's development.

Columbia Residential's ability to manage and close complex deals and its long-standing relationships with the City of Atlanta, Invest Atlanta, the Department of Community Affairs, Annie E. Casey Foundation, and Enterprise Community Investment, provided the right financing at the right time to allow the acquisition to close on August 30, 2018, for approximately \$7.2 million. Including costs for interim reserves, interest, and immediate repairs, the acquisition financing totaled \$8.075 million.

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
Total Acquisition Financing	\$8,075,227.00

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
Total Acquisition Uses of Funds	\$8,075,227.00

Redevelopment and Permanent Financing

Following the acquisition, Columbia Residential turned its attention to financing the rehabilitation, finally closing on construction financing in January 2020. The total development budget of the Capitol View Apartments renovation, including acquisition reimbursement and rehabilitation costs, totaled \$27 million, requiring funding from nine distinct sources, including \$14 million in bond-backed financing, low-interest bridge financing, low-income housing tax credits, historic tax credits, and community grants.

As noted previously, neighborhoods along the Atlanta Beltline are gentrifying and Columbia Residential faced a challenge to improve the property and still maintain affordable rents for all 120 units as promised by the developer and stakeholders at acquisition. A wide range of tools available through state, local, and federal resources, each requiring distinct applications and underwriting, were used to finance the \$27 million project and included:

- **\$14 mm Bonds:** In October 2019, Invest Atlanta issued a \$14 million bond toward the Capitol View Apartment rehabilitation. Bonds were used for construction financing and paid down to a permanent first mortgage of \$3.6 million with 35-year amortization.
- **2nd Mortgage Financing (construction and permanent):** The Department of Community Affairs issued a low-interest HOME loan, providing \$4 million towards development costs.
- **3rd Mortgage:** The Urban Residential Finance Authority provided gap funding via a \$1.5 million third mortgage backed by Housing Opportunity Bonds.
- **\$12.3 mm Equity Investment in Federal and State Low-Income Housing Tax Credits syndicated by Enterprise Community Investments:** Columbia Residential pursued 4 percent rehabilitation Low-Income Housing Tax Credits using income averaging to offer wider and deeper affordability. AMI limits varied for the project, as both one- and two-bedroom units were designated for incomes between 40 and 70 percent of AMI. The project received approximately \$7.6 million in federal tax credits and another approximately \$4.7 million in state credits.
- **\$3.16 mm Equity in Historic Tax Credits (HTC) through Enterprise Community Partners (additional investment):** Because the Capitol View Apartments qualified as a “historic structure,” the developer submitted an application for and received Historic Tax Credits in 2019, accessing both federal and state programs for this critical equity.
- **\$960,000 Soft Loan/Grant from Partners for HOME, City of Atlanta:** Capitol View will offer permanent supportive housing for the homeless and displaced in 20 percent of the units on the redeveloped property, and 24 of the 120 units will be assigned for the Partners for Home program. Income for residents in these units will be at or below 30 percent of AMI and continuum of care services and rental assistance will also be provided as part of the Partners for Home model.

The project will undergo substantial renovation, while adhering to historic renovation design standards and requirements under the HTC programs. The buildings will be fully renovated and updated, with new roofs, windows, insulation, and all new mechanical, electrical, and plumbing systems. The character of the units and buildings will be maintained even as each is fully updated and modernized to today's standards of energy efficiency and sustainability.

Funding Component	Source	Amount
First Mortgage (bonds back perm loan)	Bank of America	\$3,600,000
2 nd Mortgage Financing	Georgia DCA HOME	\$4,000,000
3 rd Mortgage Financing	Invest Atlanta HOF	\$1,500,000
4 th Mortgage Financing	Partners for HOME	\$960,000
Federal LIHTC Equity	Enterprise Community	\$7,644,185
State LIHTC Equity	Enterprise Community	\$4,664,913
Federal HTC Equity	Enterprise Community	\$2,873,836
State (GA) HTC Equity	Enterprise Community	\$282,000
Developer Contribution	Columbia Residential	\$1,484,127
Total Permanent Financing		\$27,009,061

Rehabilitation efforts will significantly increase the project's value. New rental rates will be subject to the LIHTC deed restrictions and pledged rental levels will remain in place for 30 years or more. While pre-renovation units garnered between \$425 and \$525 a month, post-construction rental income may demand between \$772 to \$855 for a one-bedroom unit and \$863 to \$1,179 for a two-bedroom unit. These rents are still well below prevailing market rents in the area, particularly for apartments in a neighborhood directly fronting the Beltline. Deeply affordable units will be supported by project-based vouchers, for which residents' rent and utility payments are limited to 30 percent of their income. Long-term rental assistance contracts and vouchers for low-income (current) residents will minimize risk of future displacement. As a result of careful work with each resident, a majority of the prior residents will remain on site after the full renovation of the property.

Project Budget	Amount
Property Acquisition Costs	\$7,288,961
Interim Acquisition/Carrying Costs	\$538,099
Renovation/New Construction Costs	\$12,478,000
Construction Financing	\$948,360
Professional Services	\$855,050
Permanent Financing Costs	\$145,600
Tax Credit & Equity Costs	\$302,249
Start Up and Reserves	\$1,050,267
Relocation and Resident Costs	\$477,475
Developer Overhead & Fee	\$2,925,000
Total Project Budget	\$27,009,061

Partnerships

With nearly 30 years of experience working in Atlanta's affordable housing industry, Columbia Residential has developed strong working relationships with many of Atlanta's most notable civic, non-profit, philanthropic, and financial institutions. Many of these partners were willing and able to assist when the unconventional closing timeline and financing complexity of the development required swift and flexible collaboration.

Acquisition Partners

As mentioned previously, the acquisition partners were instrumental in helping Columbia Residential secure the property. Enterprise Community Loan Fund, a subsidiary of Enterprise Community Partners, provided a bridge loan to meet the expedited purchase timeline. The Annie E. Casey Foundation's Atlanta Civic Site operations focus on improving childhood development outcomes in Neighborhood Planning Unit V, which includes Adair Park among others. Given this geographic focus, AECF was able to provide a pre-development grant for the Capitol View Apartments renovation. This contribution builds on previous housing investments AECF has made at the Pittsburgh Yards redevelopment, another collaboration between this developer and AECF on University Avenue.

"The preservation of Capitol View [Apartments] represents what can be accomplished when local public-private partnerships and philanthropic organizations collaborate around their goals of preserving and sustaining affordable housing in revitalizing communities," said Natallie Keiser, a Senior Associate at the AECF's Atlanta Civic Site. "As progress on the Beltline continues, it's more important than ever to intentionally create and preserve quality, affordable housing options for existing residents."

Resident Support Partners

In addition to a full-time community manager and a resident services coordinator staffed by Columbia Residential Property Management, a number of other community partners will support Capitol View residents:

- Atlanta Housing's HOMEFLEX program will provide rental assistance for 40 low-income households who were residents at the time of acquisition. HomeFlex rental assistance allows residents to pay 30 percent of their income toward rent, making up the difference to the contract rent.
- Long-term rental assistance contracts are provided by Atlanta Housing for the 24 permanent supportive housing units in the Partners for HOME program.
- Similarly, Atlanta Housing's HAVEN program will subsidize 20 percent of units set aside for very low-income residents in the permanent supportive housing program.



At the Capitol View Apartments groundbreaking, Mayor Keisha Lance Bottoms and Chief Housing Officer Terri Lee announced \$60 million funding toward the city's \$1 billion goal of affordable housing funds. Source: The Atlanta Voice.

- Resident Services for the permanent supportive housing units will be provided through Fulton County and its River Edge partnership.
- Additional resident services and coordination with local resources and programming will be provided through Columbia Residential's Resident Services division, connecting residents and their needs with local partners and programs.

Project Timeline

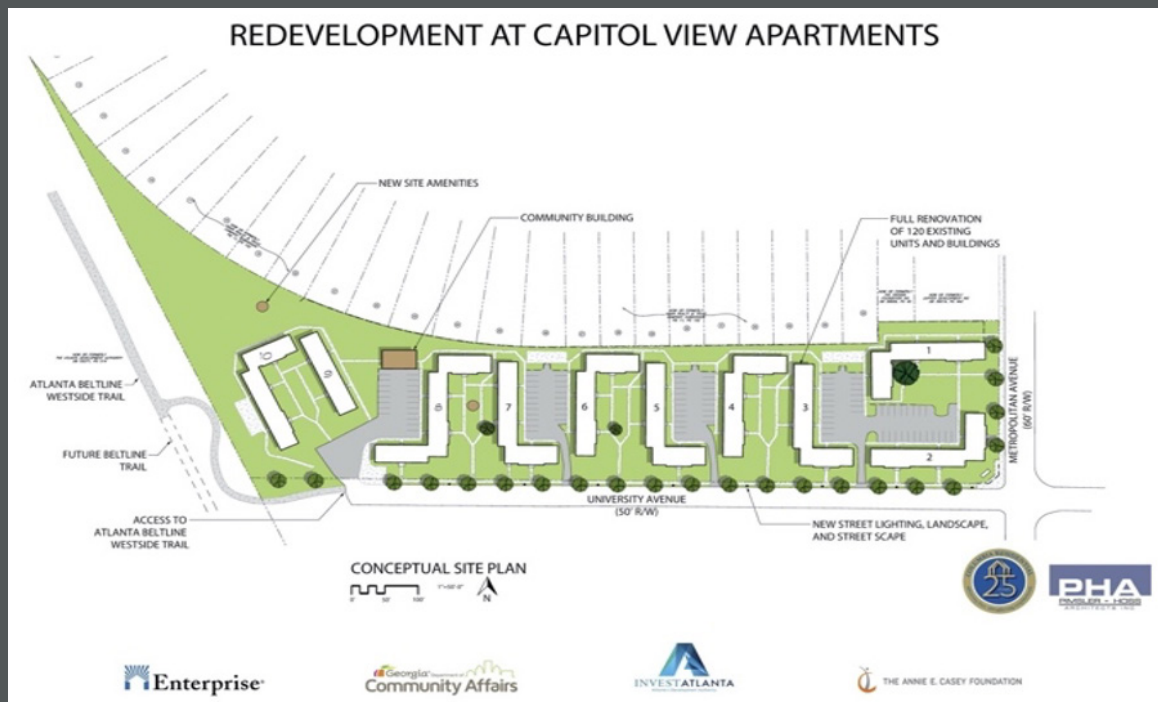
The expedited acquisition and related uncertainty throughout the closing process affected the project timeline, most notably by delaying any design, permitting, or construction activities until after closing. Columbia Residential initially closed on the property on August 30, 2018. The property was operated and managed through the interim predevelopment period. Renovation financing closed and construction started in February 2020. With a commitment to keeping the current residents on the property throughout the anticipated 16 months of construction, careful repairs and relocation on site occurred in order to free buildings for substantial renovations. Shortly after construction began, the COVID-19 pandemic impacted the project with construction and supply chain delays, which resulted in the following revised schedule:

- **Phase 1 Completion, December 2020.** This phase includes the complete renovation of 48 units, construction of a new leasing center and resident amenity building, addition of project amenities, and site work, including repaving the main parking lot. Residents began moving into newly renovated units and the new combined leasing and amenity building opened in October of 2020.
- **Phase 2 Projected Completion, March 2021.** Restoration of three residential buildings.
- **Phase 3 Projected Completion, August 2021.** Restoration of the final three residential buildings and finishing touches on site work.



Design and Construction

The three-phased redevelopment of Capitol View consisted of site work improvements, construction of a new single-story leasing center, and the restoration of ten historic apartment buildings. In accordance with the federal HTCs, the renovation of existing buildings and landscapes conforms to the Secretary



Redevelopment site plan. Source: Columbia Residential.

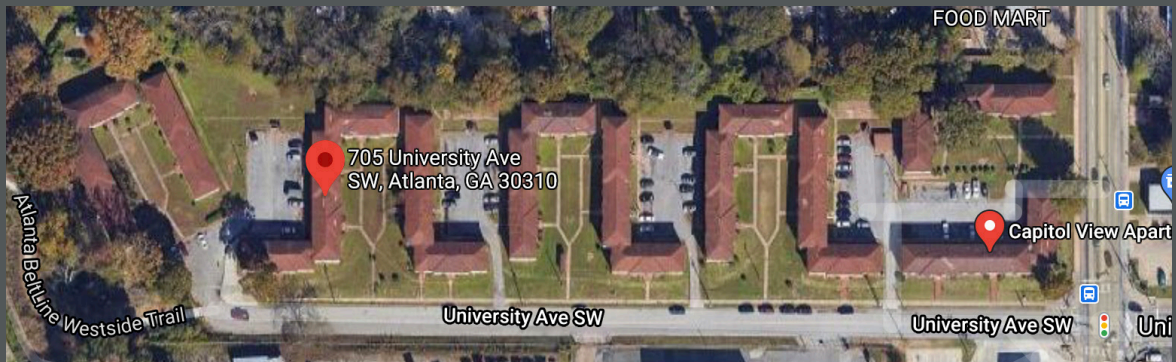
of the Interior Standards for Historic Preservation. Consistent with Columbia Residential's commitment to sustainability and healthy housing, the development is adhering to the requirements of the Enterprise Green Communities certification, an initiative of Enterprise Community Partners to promote green building practices in the development of affordable housing.

Site Work, Beltline TAD, and Amenities

The site work improvements included repaving the four existing parking lots, landscaping five existing courtyards, planting trees along University Avenue, and creating a fenced community garden.

While the property is in an Atlanta Beltline overlay, it is located outside of the Beltline Tax Allocation District (TAD), meaning it does not qualify for financial benefits associated with the Beltline TAD program. The Atlanta Beltline has granted Columbia an exception to setback requirements, however, which may allow the developer to build closer to the Beltline in the future and thus access the Beltline TAD program benefits.

With the redevelopment of the property, the developer will provide additional amenities to the Capitol View residents. Designed by Pimsler Hoss Architects, the leasing center will be a newly constructed building on the property and will be aesthetically consistent with the historic buildings. Columbia is also adding several new shared amenities to the property, including a business center, community area, fitness center, playground, and postage room.



Aerial view of Capitol View Apartments existing site plan. Source: Google Maps.

Historic Rehabilitation and Energy Efficiency

The restoration of the Capitol View Apartments is a comprehensive process designed to bring all ten existing buildings up to modern standards while satisfying code compliance, maximizing energy efficiency, and adhering to the strict historic restoration requirements of the HTC.

Across the property, all windows, roofs, mechanical systems, and appliances will be replaced. Repairs will also be made property-wide to flooring, walls, ceilings, cabinets, vanities, and tile.

In order to fulfill the requirements of the Enterprise Green Communities certification, all new appliances will be Energy Star® rated, all new water fixtures will be WaterSense® certified, and overall building performance (including air infiltration and insulation) will be increased to either ANSI RESNET 301-2014 or ASHRAE 90.1-2013 standards.

In order to continue to qualify for the development's historic tax credits, all renovations and improvements to the buildings and immediate surroundings must comply with the Secretary of the Interior Standards for Historic Preservation. As such, the exterior of the buildings cannot be significantly altered and only those interior alterations required for health and safety code compliance are allowed. All restorations, including exterior railings, bathroom fixtures, and finishes must be made to resemble the original finishes and fixtures as closely as possible. Columbia met this design challenge by carefully sourcing matching bathroom fixtures and repurposing existing bathroom wall tile. The requirements also affect the exterior landscaping, limiting plantings in this case around the foundations of the buildings and thus providing a greater view of the buildings' groundlines.



Before and after bathroom photos during renovation at Capitol View Apartments. Source: Columbia Residential.



Before and after kitchen photos during renovation at Capitol View Apartments. Source: Columbia Residential.



New leasing and amenity building. Source: Columbia Residential.



New fitness center in leasing building. Source: Columbia Residential.



Buildings and courtyard nearing completion. Source: Columbia Residential.



One of the residential buildings nearing completion. Source: Columbia Residential.



Phase I area renovations. Source: Columbia Residential.



Renovated unit interior, kitchen and living room.
Source: Columbia Residential.



Renovated unit interior, kitchen and living room.
Source: Columbia Residential.



Renovated unit interior, kitchen and dining area.
Source: Columbia Residential.

Challenges

Due to the abbreviated acquisition period and the fact that 64 units were occupied at the start of construction, Columbia had interesting construction challenges to overcome. The developer had to minimize the time from closing to construction and interfere as little as possible with the daily lives of the current residents. The solution was found in a phased approach to the project rehabilitation.

Construction Phasing

During a more typical acquisition scenario, a developer may begin design, permitting, and construction planning prior to closing on the property. As this scenario was far from typical, Columbia was only able to

initiate design work following closing. By segmenting the work into three rolling phases, the team was able to begin design and permitting work on Phase 1 and start construction in February 2020. When the Phase 1 plans were complete and submitted for permitting, the design team turned to Phase 2. This rolling schedule allowed construction to move into Phase 2 and Phase 3 without waiting for design and permitting at the start of each phase. Phasing also had to work to keep all existing residents on site while also completely gutting and renovating buildings under construction. Careful relocation and construction staging for safety was required.

Care of Current Residents during Construction

With current residents occupying 64 of the existing 120 units in the complex, Columbia honored its pledge to maintain residential security during the renovation, allowing all current residents to remain in the complex during construction. During Phase 1, existing residents in the first four buildings were relocated to the other six buildings during renovation of the first 48 units. At the completion of Phase 1, residents in the three Phase 2 buildings moved into permanent units in the newly renovated buildings. All remaining residents will be permanently relocated to the newly renovated buildings at the start of Phase 3. This process minimizes the number of times the occupants must move during the renovation and allows residents to remain on the property throughout the redevelopment process.

In addition to the careful balance of construction management around existing residents, two other factors have been instrumental in the successful non-displacement typical of a major renovation. First, Columbia's Property Management and Resident Services team worked carefully with each resident, helping them qualify for the new tax credit and rental subsidy requirements and helping them manage temporary and then permanent moves to fully-renovated units. Without this care and expertise, families would have been hard-pressed to successfully navigate the various program requirements and remain on site through major construction. All costs related to moves, relocation, and qualification for new units were covered by the project budget. Second, as many residents earned such low income that they could not qualify for the below-market tax credit units, the Resident Services team pursued rental subsidy vouchers from Atlanta Housing, which would allow existing very low-income residents to remain at the property and pay only 30 percent of their income for rent and utilities. Atlanta Housing provided a long-term contract for 40 such additional vouchers, which allowed original residents to remain on site. The sum of these factors resulted in excellent example of non-displacement during a major redevelopment.

Tax Credit Requirements

The conversion of these naturally occurring affordable housing units to subsidized affordable housing units introduces new compliance measures into the tenant and developer relationship, including tenant income certification. Unlike a traditional preservation transaction in which an existing subsidized project is recapitalized with new tax credits, Capitol View will receive tax credits for the first time and rents will depend on tenant incomes rather than the previous market prices. Upon acquisition, tenants continued to pay their below-market rents and will transition to new restricted tax credit rents upon relocation into permanent, renovated units.

COVID-19

COVID-19 has impacted construction progress, due to supply chain issues, delays for COVID-protocols and safety considerations, and impacts on the contractor workforce. City inspectors and other service providers also experienced workforce impacts and were subsequently delayed in providing services. The project has experienced several months of delays in the first phase of construction, yet, as construction was deemed an essential business, the rehabilitation of Capitol View continues through the pandemic.

Conclusion

As of this writing, Capitol View remains under construction. With an anticipated completion date of August 2021, its deliverables are clear:

- Bring a total of 120 affordable, fully renovated housing units to the historic Adair Park community of southwest Atlanta, responding to and supporting Mayor Bottoms' affordable workforce housing initiative.
- Include 24 supportive housing units and wraparound services to accommodate very low-income residents.
- Mitigate resident displacement through a phased construction approach and bring the Columbia Residential Resident Services group to the complex in order to further support residents.
- Rehabilitate one of Atlanta's historic building sites, providing modern amenities while maintaining its historic tax credit designation.
- Strengthen collaboration across public, private, and non-profit partners to model quality preservation of affordable housing units.

Project Snapshot

Development Timeline

Site Purchased	August 2018
Construction Financing Closing	February 2020
Construction started	February 2020
Estimated Completion Date	August 2120

Unit Type	Number of Units	Income Set-Aside (% Area Median Income)
1 bedroom	6	40%
1 bedroom	6	50%
1 bedroom	19	60%
1 bedroom	9	70%
2 bedroom	6	40%
2 bedroom	6	50%
2 bedroom	47	60%
2 bedroom	21	70%
Total Units	120	59.5% Average AMI

Construction Financing Sources

Debt Capital Sources

Tax-Exempt Bonds	Urban Residential Finance Authority	\$14,000,000
HOME Loan	Department of Community Affairs	\$4,000,000
Housing Opportunity Bonds	Invest Atlanta	\$1,500,000
Partners for Home		\$960,000

Other Capital Sources

4% Federal Tax Credit Equity	\$1,998,757
4% State Tax Credit Equity	\$658,808
Historic Tax Credit Equity	\$688,240
Total Financing Sources	\$23,805,804

Permanent Financing Sources

Debt Capital Sources

1st Mortgage	Bank of America	\$3,600,000
2nd Mortgage HOME Loan	GA Department of Community Affairs	\$4,000,000
Housing Opportunity Bonds	Invest Atlanta	\$1,500,000
Partners for Home	City of Atlanta	\$960,000

Other Capital Sources

4% Federal Tax Credit Equity	Enterprise Community	\$7,644,185
4% State Tax Credit Equity	Enterprise Community	\$4,664,913
Historic Tax Credit Equity	Enterprise Community	\$3,155,836
Deferred Developer Fee	Columbia Residential	\$1,484,127

Total Financing Sources		\$27,009,061
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