

BASIC TRANSACTION OVERVIEW

(as of January 18, 2019)

Madison Reynoldstown (f/k/a Lofts at Reynoldstown Crossing – Phase II, 890 Memorial Drive) – Transaction Structure and *Revised Deal Structure* Summary

1. Overview: The development site at 890 Memorial Drive, located adjacent to the Atlanta BeltLine Eastside Trail Extension, contemplated a two-phase re-development of the site. Phase I, completed in 2012, was the 29-unit affordable home ownership component of the redevelopment.

Phase I – Ownership. Phase I was completed in 2012, consisting of 29 condominium units (28 affordable homeownership units, including three land trust units, and one market rate unit), common pool and amenity space, commercial space (currently occupied by APD PATH Force), and 45 parking spaces.

Madison Reynoldstown (Phase II – Rental). Madison Reynoldstown (f/k/a 890 Memorial Drive – Phase II) is the 116-unit rental component of the redevelopment (see Exhibit “A”). ABI issued an RFP in May 2017. The RFP contemplated a primarily residential project, with a minimum of 40% of the units affordable to families or seniors making 60% of AMI (i.e., \$40,440 for a family of 3). ABI’s Board of Directors approved a provisional selection of the Rea Ventures Group, LLC development team (REA) on August 15, 2017. REA has structured the transaction for long-term financial and operational viability.

The developer will construct two buildings above parking consisting of 116 units, with 168 parking spaces. (see Exhibit “B”). Atlanta Housing has now joined the development team and will provide HomeFlex vouchers and loans for the development. The developer will make application to the Georgia Department of Community Affairs (“DCA”), the entity that will issue the proposed 4% tax credits. In order to enhance the financial viability of the project and provide more affordability to a thriving area, the development team now proposes to: (1) have a mix of affordable only incomes using the new federal tax bill’s income averaging methodology, and (2) forgo any market rate units in this phase of the development. The reasons for this modified approach include:

- **Delivers much needed affordable units to the Atlanta Beltline in the high opportunity and extremely desirable Memorial Drive corridor.**
- There are more than 1,500+ high-end 100% market rate units on-line, under construction, or planned in the immediate Memorial Drive market area. It would be advantageous *not* to compete for these market rate tenants as it minimizes market risk and slower absorption rates for Madison Reynoldstown.
- The proposed revised affordability structure still accomplishes a mixed-income resident base with income averaging, as the required 40%, 60% and 80% AMI income levels ensures a diverse workforce occupancy (see chart on right).

Under the income average methodology, developments can

Income Averaging Level	Units
40% Area Median Income ("AMI") • 3-person family ≤ \$26,950 annual income • 4-person family ≤ \$29,900 annual income	39
60% Area Median Income ("AMI") • 3-person family ≤ \$40,400 annual income • 4-person family ≤ \$44,500 annual income	39
80% Area Median Income ("AMI") • 3-person family ≤ \$53,900 annual income • 4-person family ≤ \$59,850 annual income	38
Total	116

have a mix of affordable incomes if the overall average of incomes of residents equals 60% (or less) of the Area Medium Income (“AMI”). In Madison Reynoldstown, the proposed range of incomes are indicated above.

2. Transaction Summary – Key Points

Financing for long-term affordability of the project has been extremely challenging, especially with rising construction costs; however, the REA/AH team has now identified appropriate funding and is ready to move forward. The transaction structure includes the following components:

- Co-Development. REA and AH will co-develop Madison Reynoldstown – 116 affordable mixed-income rental units, parking for 168 cars, amenities, and small commercial spaces. The redevelopment will consist of two buildings with underground parking as follows
- Land Sale. ABI will sell a portion of the land directly to REA’s development team partner, AH, pursuant to a Purchase and Sale Agreement. AH is part owner and has a mission and track record of promoting long-term affordability. Selling the portion of land to AH has the following benefits:
 - 50 years of affordability is more assured by AH’s ownership of the property under a HUD Declaration of Trust.
 - AH will place HomeFlex units in the development for a significant period (i.e., 25 years) with an option to renew following expiration of initial period. This HomeFlex resource will ensure long-term affordability for families utilizing this resource.
- Public-Public-Private Partnership. Important first transaction between ABI, AH, a private developer, and a new funder to the Atlanta market, Enterprise Community Loan Fund.
- Financing Structure. Financing structure primarily include 4% LIHTC, equity, Bank of America funding, AH construction and permanent loan, Enterprise Community Partners Loan and Atlanta BeltLine Affordable Housing Trust Fund Grant.

3. Closing/Construction Summary – Key Points

The parties are moving quickly toward a closing in the Summer 2019. Construction will start approximately 30 days after closing and the parties project leasing to begin approximately 18 months after the start of construction.

EXHIBIT “A”

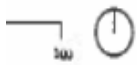
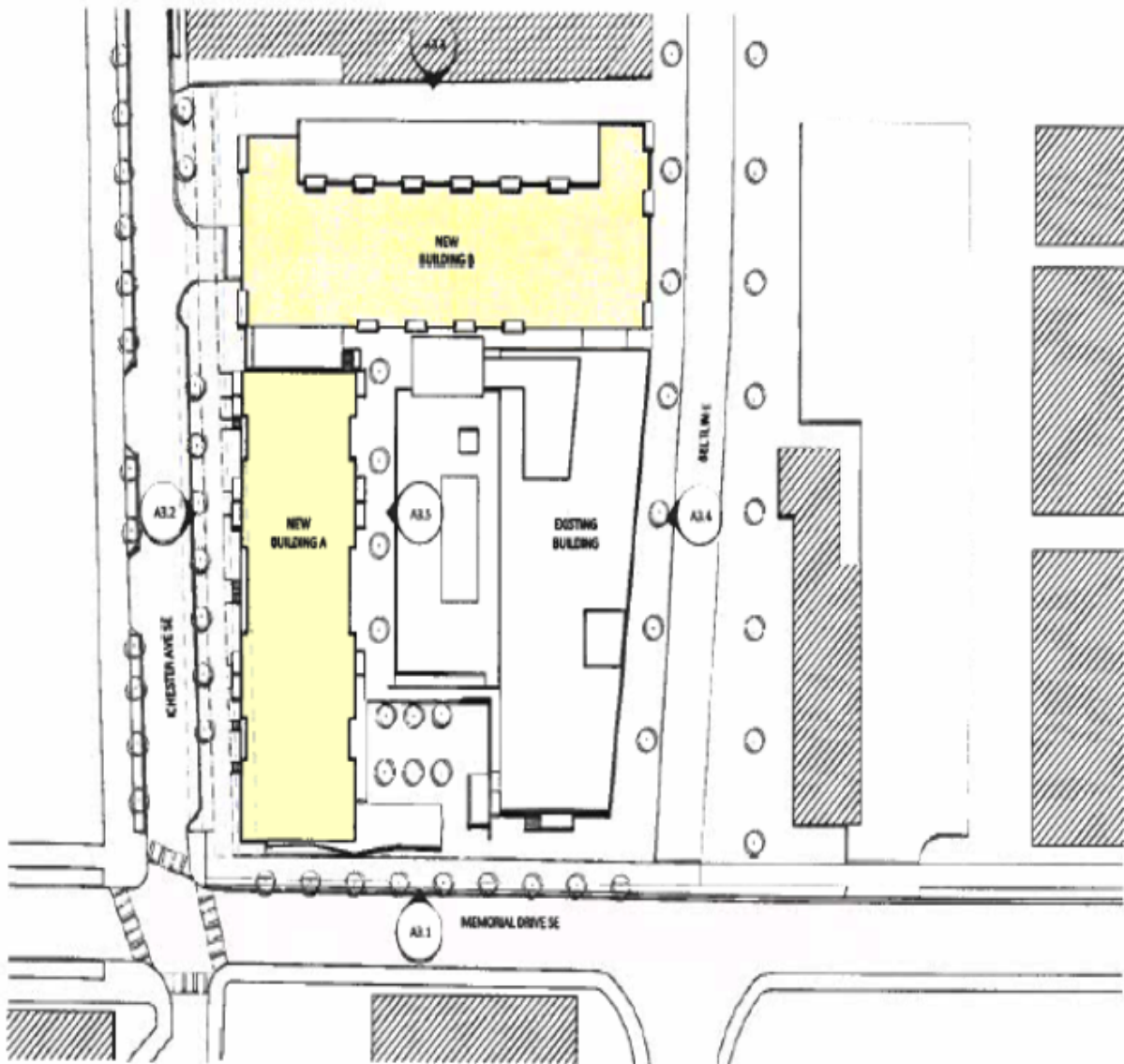


A4.1 Exterior Rendering

PRAXIS3
architects + interdisciplinary design

890 Memorial Drive
July 7, 2017

EXHIBIT “B”



890 Memorial Drive
July 7, 2017