

# GUIDE TO THE CITY OF ATLANTA'S URBAN ENTERPRISE ZONE PROGRAM

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## Introduction

The City of Atlanta's Urban Enterprise Zone (UEZ) Program was authorized for creation by the Georgia General Assembly in 1983. Initially, the UEZ Program provided for industrial and commercial enterprise zones. The Act was amended in 1986 to provide for housing enterprise zones, and in 1994 to provide for mixed-use enterprise zones. Other amendments followed, including the 1997 Employment Enterprise Zone Act, which created opportunities for Statewide enterprise zone designation, and the 1998 Atlanta Urban Enterprise Zone Act Amendment, which modified the existing State "Atlanta Urban Enterprise Zone" legislation to absorb changes within the local ordinance and to integrate elements that were derived from the 1997 Enterprise Zone Employment Act. In 2006, the Act was amended to add the "automatic eligibility method" for properties located in the City of Atlanta Economic Development Plan Economic Priority Areas. In addition, a fifth locational criterion, general blight, was added under the "site specific eligibility method".

The purpose of the UEZ Program is to encourage private development and redevelopment in areas of the City or on sites which otherwise would unlikely be developed due to the existence of certain characteristics of the area or site. An "urban enterprise zone" (UEZ) is a designated district that is located within an economically-depressed area of the City where property owners receive tax abatements over a ten- year period, if certain conditions are met. Each UEZ is created as a result of the approval of an application that has been submitted to, reviewed and approved by the City of Atlanta for a specific real estate development project.

There are five types of UEZs:

1. Housing enterprise zones (HEZs),
2. Commercial enterprise zones (CEZs),
3. Mixed-use residential/commercial enterprise zone (MUR/CEZs),
4. Industrial enterprise zones (IEZs), and
5. Mixed-use commercial /industrial enterprise zones (MUR/CIzs).

Once a UEZ is designated according to one of these types, it cannot be changed. For MUR/CEZs and MUC/IEZs, the developer must construct all of the required land uses within the development project.

Applicants interested in obtaining UEZ designation for a particular property must have a specific development proposal for that property, and must submit a detailed UEZ application to the City's Office of Planning to request that a UEZ be created for that property. The UEZ program requires that each UEZ be designated on the basis of a specific development proposal, thus it does not allow the designation of a UEZ for purely speculative real estate purposes. The City Council and Mayor must officially approve the designation of a UEZ for a particular property through the UEZ application and approval process.

### **Tax Abatements**

UEZ designation of a parcel(s) results in tax abatement for City of Atlanta taxes as well as Atlanta Public School taxes. The UEZ is created to exist for a period of ten years, after which it is abolished. Fulton County taxes can be abated through a separate application and approval by the Fulton County Board of Commissioners. UEZ applicants are required to submit a separate application to the Fulton County to meet their application requirements.

UEZ property tax abatements are handled by the Fulton County Board of Tax Assessors. Any questions should be directed to them at (404) 612-6440. Questions concerning property tax bills should be directed to the Fulton County Tax Commissioner's Office at 404-730-6100.

DeKalb County has an Enterprise Zone program and does not participate in the City of Atlanta's Urban Enterprise Zone (UEZ) Program. For properties that are located in DeKalb County portion of the City of Atlanta, the property owner would receive tax abatements for the City of Atlanta taxes only, and would continue to pay full taxes to DeKalb County. For more information about the DeKalb County Enterprise Zone program, contact the DeKalb County Office of Economic Development at 404-687-2730

In most cases, applicant will want their tax abatements to begin within the first two years of UEZ approval in order to allow time for construction to begin. As such, January 1 of the particular year would become the "effective date" of the UEZ creation, and represents the beginning of year 1 of the life of the UEZ. For housing enterprise zones, the property owner would be entitled to begin receiving tax abatements for Year 1 if construction on the required 30 percent or more of the housing units has been completed by the end of that year.

Applicants may request that the UEZ and tax abatements begin in the same year as the application is filed in if the construction or rehabilitation work for their project must begin before the UEZ is designated. In this situation, the UEZ must be approved in the same year and the tax abatements must begin in the same year as the application was filed. Therefore, the applicant/property owner must make sure that all construction or renovation work is also completed in the same year in order to receive the full benefit of the first year of tax abatements. The fact that the construction or rehabilitation work begins before the UEZ is

designated is not a guarantee that the City of Atlanta will approve a UEZ designation for the property.

Owners of UEZ properties may receive abatements of ad valorem taxes on new development, rehabilitation, and certain inventories over the life of the UEZ, provided that certain conditions are met. Tax abatements are allowed on the assessed value of the improvements (new development or renovations) only. The property owner must continue to pay taxes on vacant land and improvements or structures that existed prior to the approval of an UEZ.

The only time a property owners may receive 100 percent tax abatements within the first five years of enterprise zone designation is when:

1. For housing enterprise zones and mixed-use residential/commercial enterprise zones - the value of the improvement exceed the value of the land by a factor of eight times or more;
2. For non-residential zones - the value of improvements must exceed the value of the land by a factor of three times or more.

After the first year of UEZ designation, tax abatements occur via a sliding scale of reduced percentages, as follows:

**TABLE 1  
TAX ABATEMENT SCHEDULE**

<b>TABLE 1 TAX ABATEMENT SCHEDULE</b>	
<b>Year(s) of UEZ Designation</b>	<b>Maximum Percentage of Tax Abatements *</b>
Years 1-5	100%
Years 6 &7	80%
Years 8	60%
Years 9	40%
Years 10	20%
Year 11 (after UEZ ends)	0%
* The only times when property owners may receive 100 percent tax abatements within the first five years of enterprise zone designation are when 1) for housing enterprise zones and mixed-use residential/commercial enterprise zones, the value of the improvement exceed the value of the land by a factor of eight times or more or 2) for non-residential zones, the value of improvements must exceed the value of the land by a factor of three times or more.	

**Determining UEZ Eligibility for a Particular Property**

The eligibility analysis must be completed before the submission of an UEZ application. The two methods for determining eligibility are the Automatic Eligibility method and the Site Specific eligibility method. A property is eligible for UEZ designation if the Office of Planning determines that:

1. The property is not located within an existing Tax Allocation District (TAD) (see map for location of Tax Allocation Districts). A property located in an existing Tax Allocation District is disqualified from consideration.
2. Under the Automatic Eligibility method, the parcel must be located in one of the Economic Development Priority Areas, as adopted in the New Century Economic Development Plan (see map for location of Economic Development Priority Areas):
  - a. Donald Lee Hollowell Parkway
  - b. Simpson Road (now Joseph E Boone)
  - c. Campbellton Road
  - d. Memorial Drive
  - e. Jonesboro Road and
  - f. Stadium Neighborhoods
3. Under the Site Specific method, a property must meet three out of five locational criteria detailed below.
  - a. **Evidence of Pervasive Poverty:** Must be  $\geq 20$  percent, as is measured by the census block group in which the subject property is located.
  - b. **Unemployment:**
    - i. The nominated area must have an average rate of unemployment rate at least 10 percent (a percent of a percent) higher than the average rate of unemployment for the State for the preceding calendar year according to data published by the Georgia Department of Labor; OR
    - ii. Must have evidence of adverse economic conditions brought about by significant job dislocation within the nominated area such as the closing of a manufacturing plant or federal facility.
  - c. **General Distress:**
    - i. Must have a high crime rate. The crime rate for the police beat must be  $\geq 20$  percent higher than the Citywide average of crimes per square mile as is measured by City of Atlanta Police crime statistics; OR
    - ii. Must demonstrate the presence of adverse conditions within the nominated area such as existing abandoned and/or dilapidated structures, deteriorated infrastructure, as is measured by documentation (such as photographs) to be provided by applicant and substantial population decline.
  - d. **Underdeveloped:** The Neighborhood Planning Unit (NPU) in which the property is located must have  $\leq 20$  percent less than the Citywide NPU average for development activity for the past five years, as is measured by City building permit data (such as land disturbance permits and building permits) or by business license fees. This is based on whether the proposed development project would be for residential or non-residential uses. For mixed-use residential/commercial enterprise zones, this criterion may be satisfied by using either the residential or non-residential building permit data.
  - e. **General Blight:** The property is located within the boundaries of an identified urban redevelopment area for which an urban redevelopment plan has been officially adopted.

## **Readiness of Properties for UEZ Consideration**

Before a prospective applicant may file a UEZ application, the specific property to be included in the UEZ and the specific development project must not only be “eligible” for UEZ designation, which the Office of Planning determines through its eligibility analysis, but it must also meet the tests of “property readiness; and “development readiness.” The Urban Enterprise Zone Program is intended only for those properties and those development projects that are “ready to go” as is discussed below.

### **Property Readiness**

The subject property must be a separate, legal parcel with its own address and Tax Parcel Code (P.C.N.). If the property is not already a separate, legal parcel by itself, but rather it is a portion of a larger parcel of land (perhaps as a part of an overall master plan), the parcel must be subdivided or replatted before it can be designated as an Urban Enterprise Zone. Subdivision and replatting applications are made to the Office of Planning. The subdivision or replatting applications may occur at the same times as the UEZ application process is occurring, but must be completed before the UEZ designation is approved.

### **Development Readiness**

Each applicant must be ready to build a specific development project. The property survey or site plan can't indicate additional land that is not to be included within the proposed Urban Enterprise Zone. In addition, the property survey and site plan, can't indicate an area for 'Future Development', such as for Phase II of the same development. Phase II would be the subject of another UEZ application in the future. The survey and the site plan boundaries must match exactly and the legal description(s) and must not reference additional land.

### **Policy Regarding Project Readiness:**

All applications/developers must be certain about the proposed development. The applicant must be certain about the type and number of housing units to be constructed. If retail uses are to be included in the project, they must be built within four years. If there is uncertainty regarding market conditions for certain a type of uses, they shouldn't be included in the project. Due to time constraints, the Office of Planning may not allow the submittal of a revised application later in the review process.

### **Policy Regarding the Initiation of Constructions/Rehabilitation Work:**

If the applicant wants to begin construction work for the proposed development project (i.e., either new construction or rehabilitation for existing structures before the urban enterprise zone has been officially approved) this may be allowed only if the construction/rehabilitation work begins in the same year as the first year for which the tax abatements begin. That is, for example, if the construction/rehabilitation work

begins in 2013, then the tax abatements must also begin in 2013, such that 2013 is the first year of the ten years of tax abatements. This means that the “effective” (beginning) date of the approved urban enterprise zone would be retroactive to January 1, 2013. Otherwise, if the construction/rehabilitation work begins after the UEZ is approved, the effective date would be January 1, 2014 and the tax abatements would begin in 2014. Since property tax bills are prepared by Fulton county in July of each year, it would be beneficial for the property owner to complete all of the construction/rehabilitation work for the project by June of 2013 so that the increases value of the property can be reflected in the tax bill for 2013, thereby allowing the property owner to receive the maximum benefit of the first year of tax abatements.

### **Delinquent Water Bills and Property Taxes**

No Enterprise Zone shall be approved is the applicant owes the City for undisputed water bills which are more than 90 days delinquent or the applicant owns real property, not located within the proposed enterprise zone which city-imposed liens are outstanding and unsatisfied.

### **UEZ Pre- application Requirements**

The Office of Planning requires that all applicants for Urban Enterprise Zone (UEZ) designation satisfactorily meet certain pre-application requirements before submitting a UEZ application. These requirements are listed below.

1. UEZ Eligibility Analysis - Submit the following:
  - a. A “UEZ Eligibility Analysis” letter of request;
  - b. A signed and notarized “Authorization of Property Owner” form;
  - c. The address and tax parcel code (PCN) of each parcel subject of the UEZ; and
  - d. An 8 ½ x 11 copy of the portion of the City Cadastral/lot boundary map which shows the outline of the subject parcel(s) in black line. A copy of the cadastral map is available at the Office of Planning and online at <http://gis.atlantaga.gov/gishome/>
2. UEZ Eligible Determination
  - a. If the Office of Planning determines that the subject property is eligible, then the property owner/applicant can proceed with the application process.
  - b. If the Office of Planning issues a determination that the property “could be eligible, the applicant will be asked to submit additional documentation to determine UEZ eligibility.
  - c. The Eligibility letter must be included in the application.
3. UEZ Regulations  
All UEZ regulations shall demonstrate compliance in accordance with Sections of the 146-51 to 145-53 of the Atlanta Code.

## **UEZ Regulations**

UEZ applications must demonstrate the satisfactory compliance with the UEZ regulations that are listed below.

1. **CDP and Zoning Compliance-** The proposed development project must comply with Sections 146-152(1) a & b of the Atlanta City Code. This requires that proposed enterprise zones be consistent with the currently-adopted Comprehensive Development Plan (CDP) prior to the creation of the enterprise zone. It also requires that the proposed land use within the proposed enterprise zone be in compliance with City's zoning ordinance prior to the creation of the enterprise zone.

Each property must have the appropriate zoning before the proposed UEZ can be approved. Therefore, any necessary land use or zoning changes must be completed before UEZ designation can be approved for the subject property. Any required land use or zoning changes may be undertaken simultaneously during the UEZ review period. The designation of a UEZ for a particular property does not change the land use designation, zoning classification, or ownership of the property. If the development project that a UEZ applicant is proposing differs from what was previously approved in a zoning case, the applicant must either obtain administrative approval from the Office of Planning or obtain City Council approval by submitting a site plan amendment zoning application, which goes to the Zoning Review Board in the same manner as a rezoning.

2. **Minimum Household Displacement Compliance-** The proposed development project must comply with Section 146-52(1) e of the Atlanta City Code, which states that all urban enterprise zones shall result in minimal displacement of occupants. All relocation costs associated with displacement shall be borne by the applicant.
3. **Affordability Provisions Compliance-** Any proposed Housing and mixed-use residential/commercial enterprise zones must comply with the "housing affordability requirements", which are defined in the city code Sections 146-52(2)a.1, 146-52(2)a.2 and 146-52(2) a.3 (per approved Ordinance #03-O-1695) below. In addition, the project must comply with the attached "Housing Affordability Table for 2013", regarding allowable family income limits, rental rates and housing sales prices.
  - a. **City code Section 146-52(2)a.1** Twenty percent of the total units to be provided shall reflect the same ratio of housing type and bedroom composition that is proposed throughout the zone, and shall be within the ability to pay of those households whose annual income does not exceed 60 percent of the median family income for the Atlanta metropolitan statistical area as most recently published by the United States Department of Housing and Urban Development (HUD), and as adjusted for household size in accordance with HUD procedures.
  - b. **City Code Section 146-52(2) a.2** Twenty percent of the units for sale shall reflect the same ratio of housing type and bedroom composition that is proposed

throughout the zone, and shall bear purchase prices which do not exceed two and one-fifth times the median family income for the Atlanta metropolitan statistical area as most recently published by the United States Department of Housing and Urban Development.

- c. City Code Section 146-52(2)a.3 Twenty percent of the units for rent, if any, shall reflect the same ratio of housing type and bedroom composition that is proposed throughout the zone, and shall bear monthly rents which do not exceed 30 percent of the low-income level defined in section 146-52(2)a.1 or, in the case of rental housing units that are being financed through federal low-income housing tax credits, said units shall bear monthly rents which do not exceed the maximum rents prescribed in Section 42, Internal Revenue Service Code, based upon the low-income level defined in section 146-52(2)a.1.
  - d. City Code Section 146-152 (2)a.4 Five percent of all vacant units shall be available to Atlanta Police Officers and their families, regardless of their household incomes, at purchase process which do not exceed affordable levels as defined in section 146-152 (2)a.2 or at monthly rates which do not exceed the affordable level as defined in section 146-52 (2)a.3.
  - e. These requirement means that the UEZ application must identify the total number of affordable housing units to be designated, as well as the number of each type of housing unit, according to its number of bedrooms, to be designated as being “affordable”. In addition, the monthly apartment rental rates and housing sales prices must not exceed the maximums that are listed by family size on the “Housing Affordable Table for 2013”.
4. Timing of Residential Unit Construction Compliance- The proposed development project must comply with Section 146-52(2)e of the Atlanta City code, which requires that construction of 30 percent or more of the housing units to be developed be completed during the first year of the urban enterprise zone designation. Each applicant must demonstrate this by providing verification from two or more lending institutions.
  5. Financial Need Compliance- The proposed development project must comply with Section 146-52(1)g1, which states that “...the proposed development without tax abatement would generate, on a cumulative basis over the first five years, either (a) negative cash flow, or (b) a fixed-rate debt service coverage ratio of less than 1.2.” This means that in the UEZ application, the applicant must demonstrate the economic necessity of UEZ designation for the proposed development project. This is done by submitting financial documentation showing that 1) the proposed development would have a debt coverage ratio of less than 1.20 for the first five years with tax abatements; and 2) that the project could not be constructed without receiving tax abatements through the UEZ program.



## **UEZ Application Process**

**UEZ Eligibility Analysis Determination:** Potential UEZ applicants must receive a “UEZ Eligibility Analysis” letter which certifies that the subject property that is being considered for UEZ designation is eligible.

**Application Process:** After UEZ eligibility has been certified by the Office of Planning, an application may be submitted for that property.

All UEZ applicants must submit the UEZ applications to the Office of Planning. All UEZ application must be prepared according to the format that is specified within each application document, and must include all requested documents including but not limited to:

1. A signed and notarized “Authorization by Property Owner” form
2. A survey of the property
3. A detailed site plan of proposed development. The Site plan should be prepared according to the Office of Planning “Site Plan Requirements”.
4. A construction schedule
5. Financial cash-flow statement
6. Evidence of potential project financing

For those applicants who need to begin the construction or rehabilitation work on their UEZ projects immediately (in the same year), they must request that their UEZ begin (become effective) in the same year, so that they can begin receiving tax abatements in the same year, as discussed above.

Each enterprise zone application shall be referred to the Neighborhood Planning Unit in which the proposed zone is located. The Neighborhood Planning Unit shall have the opportunity to comment on whether or not the proposed zone should be created.

City Council Community Development/Human Resources Committee will hold a public hearing prior to considering the adoption of an Urban Enterprise Zone by the City Council Community Development/Human Resources Committee. Quarterly public hearings are held the second Monday in March, June, September and the fourth Monday in November. An application needs to be submitted two months prior to a public hearing to be on the agenda. Contact the Office of Planning for application deadlines. After the public hearing, the Ordinance to adopt the Urban Enterprise Zone will be considered by the CD/HR committee, City Council and signed the Mayor.

## **Annual Reporting Requirements**

After the creation of an Urban Enterprise Zone, the applicant or successor property owner shall submit annual reports to the Office of planning regarding:

1. The current value of tax exemptions for each year of the abatement period.

2. The current market value of all improvements in the zone as compared to that value upon the effective date of the creation of the zone.
3. For housing enterprise zones and mixed use zones for commercial and residential purposes the current number of housing units, types of housing units and sales price ranges and rental rate ranges in each zone as compared to the number, type of housing units and sales price ranges and rental rate ranges in each zone as compared to the number, types of housing and sales prices and rental rate ranges upon the effective date of the creation of the zone.
4. For commercial, industrial and mixed-use commercial and industrial enterprise zones, the current type and amount of developed square footage; the names of all businesses located within each zone; the current number of jobs and the number created since relocating into or expanding within the zone; and the number of low-income residents of the city and county occupying the current total number of jobs.

These data shall be transmitted to the commissioner of planning, development and neighborhood conservation by September 30 annually.

For housing development zones, the Commissioner of Planning, or the commissioner's designee shall annually recertify the original certificate of occupancy issued for each housing enterprise zone to ensure continued use of the property for residential purposes and compliance with affordability requirements and shall submit a report of the commissioner's findings to the city council by September 30 of each calendar year.

Failure of an applicant or successor property owner(s) to comply with the requirements of this division may result in a temporary suspension of the ad valorem tax abatement on the property or properties owned by the applicant or successor property owner. After notice, hearing and establishing a finding of fact of failure to comply, the council shall have the authority, by ordinance, to impose such sanctions against the applicant or successor property owner for each year of noncompliance. The suspension shall remain in effect until the noncompliance is remedied to the city's satisfaction and the applicant or successor property owner is reinstated in the zone by ordinance of the council and declared eligible to receive the remaining years benefits for the enterprise zone in which the property is situated.

## **Construction**

Once approved, the UEZ shall be developed in accordance with the submitted application and approved ordinance. If the project is for a mixed-use development, all uses must be built in a timely manner.

## **Contact Information**

Copies of the UEZ applications are available at the Office of Planning and online at <http://www.atlantaga.gov/index.aspx?page=326>. Please contact the Office of Planning at 404-330-6145 for any further information about the UEZ application process.

### **Official address for the City of Atlanta Urban Enterprise Zone Program:**

City of Atlanta Office of Planning  
55 Trinity Ave, SW, Suite 3350  
Atlanta, Georgia 30335-0310  
Phone: 404-330-6145

**TABLE 1**  
**HOUSING AFFORDABILITY TABLE FOR 2013**

**MAXIMUM ALLOWABLE 2013 INCOME AND HOUSING PRICES  
FOR HOUSING AND MIXED-USE RESIDENTIAL/COMMERCIAL ENTERPRISE ZONES IN THE CITY OF  
ATLANTA**

<b>Family Size</b>	<b>Maximum Allowable Percentage Of Base Median Family Income*</b>	<b>Maximum Allowable Annual Income **</b>	<b>Maximum Allowable Annual Housing Expense***</b>	<b>Maximum Allowable Monthly Rent****</b>	<b>Maximum Sales Price *****</b>
One Person	70	\$27,846	\$8,354	\$696	\$145,860
Two Persons	80	\$31,824	\$9,547	\$796	\$145,860
Three Persons	90	\$35,802	\$10,741	\$895	\$145,860
Four Persons	100	\$39,780	\$11,934	\$995	\$145,860
Five Persons	108	\$42,962	\$12,889	\$1,074	\$145,860
Six Persons	116	\$46,145	\$13,844	\$1,154	\$145,860
Seven Persons	124	\$49,327	\$14,798	\$1,233	\$145,860
Eight Persons	132	\$52,510	\$15,753	\$1,313	\$145,860

**KEY**

\*Data were calculated using the HUD Median Family Income Base for the Atlanta Metropolitan Statistical Area (MSA) for Fiscal Year 2013 (as of December 11, 2012) for a Family Size of Four Persons, which was \$66,300. Using this figure, data have been adjusted according to family size, such that family income cannot exceed 60 percent of the Median Family Income Base.

\*\*Family Size times Maximum Allowed Base Income (Median Atlanta MSA Family Income of \$66,300 times the Housing Affordability Maximum Allowed Percentage of 60 percent, which equals \$39,780).

\*\*\*Maximum Allowable Annual Income times 30 percent, which allows for the remaining 70 percent of the total annual income to be used for Living Expenses.

\*\*\*\*Maximum Allowable Annual Housing Expense divided by 12.

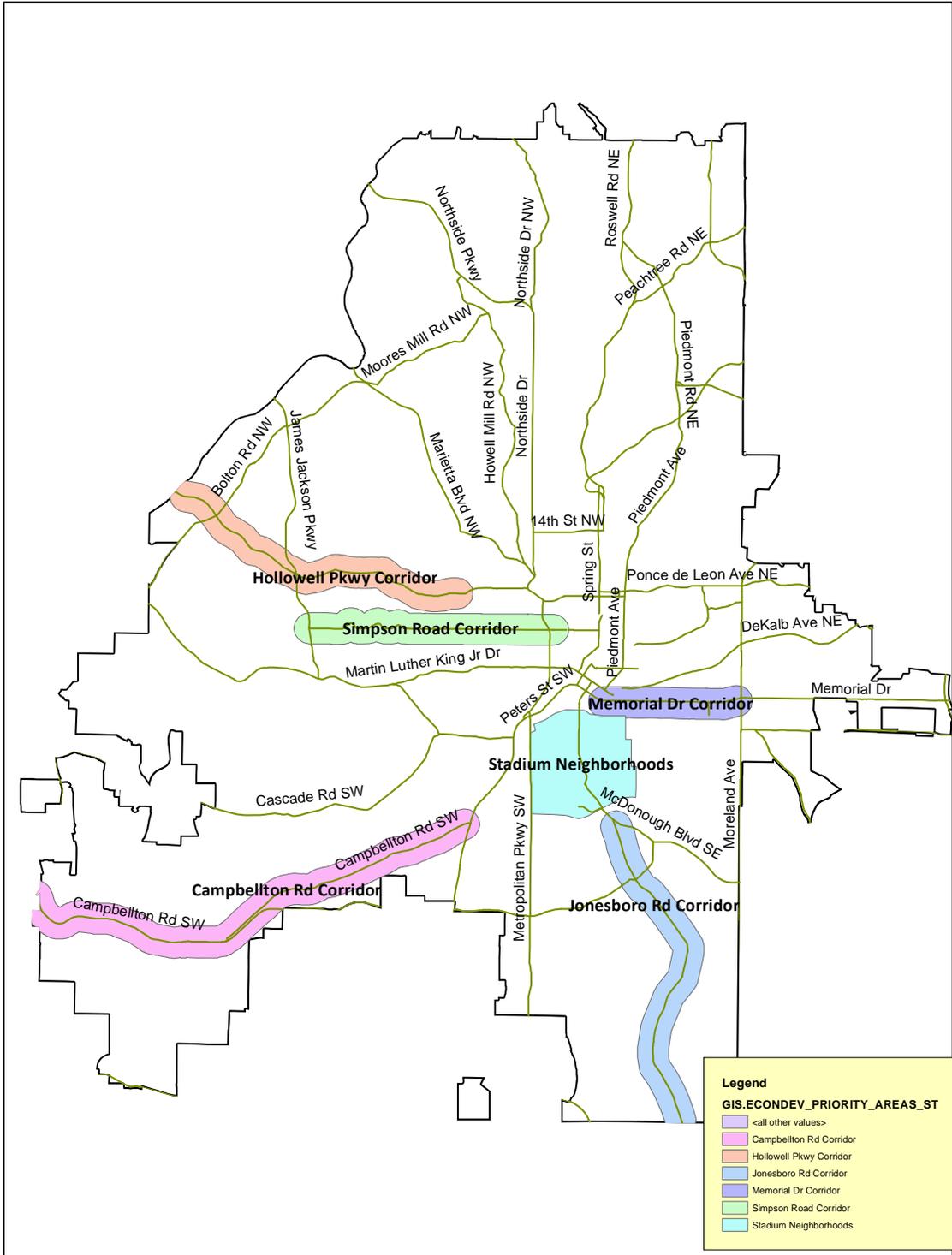
\*\*\*\*\*The Maximum Sales Price shall not exceed 2.2 times the median family income.

**NOTES**

1. The urban enterprise zone regulations determine the maximum allowable monthly rental range.
2. For rental properties, Georgia State Law allows a maximum of two persons sleeping in each bedroom.

**Source:** Invest Atlanta calculations, based on U.S. HUD Fiscal Year 2013 Median Family Income figure of \$66,300 for the Atlanta Metropolitan Statistical Area.

# City of Atlanta Economic Development Priority Areas



# City of Atlanta Tax Allocation Districts

