

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

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."

UEZ Program exists to incentivize private development and redevelopment on specific property tax parcels within economically depressed areas of the City that would otherwise unlikely be developed. An "urban enterprise zone" (UEZ) refers to one or more adjoining lots for which property owners receive tax abatements over a ten-year period, if certain conditions are met. Applicants interested in obtaining UEZ designation for a particular site must have a specific property development proposal. A site may not receive UEZ designation on the basis of purely speculative real estate purposes. The Department of City Planning (DCP) reviews a development project's UEZ application; the City Council and Mayor officially approve the UEZ designation.

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 a certain, it cannot be changed.*

Taxes Eligible for Abatement

UEZ designation of one or more adjoining parcels results in the abatement of the lot(s)' City of Atlanta and Atlanta Public School taxes for a period of ten years, after which the UEZ is abolished.

The Fulton County Board of Tax Assessors processes the City of Atlanta's UEZ property tax abatements. Additionally, the Fulton County Board of Commissioners abates Fulton County taxes through a separate application and approval process. Questions concerning property tax bills should be directed to the Fulton County Tax Commissioner's Office.

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



Timing Tax Abatements

In most cases, the applicant will want tax abatements to begin within the first two years of UEZ approval 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.

Percentage of Taxes Abated

Owners of UEZ-designated properties may receive abatements of ad valorem taxes on new development, rehabilitation, and certain inventories over the ten-year designation period, provided that certain conditions are met. Taxes will only be abated on the assessed value of the improvements (new development or renovations). The property owner must continue to pay taxes on vacant land and structures or improvements that existed prior to the lot's approval as a UEZ.

**TABLE 1
TAX ABATEMENT SCHEDULE**

TABLE 1 TAX ABATEMENT SCHEDULE	
Year(s) of UEZ Designation	Maximum Percentage of Tax Abatements
Years 1-5	100%
Years 6 &7	80%
Years 8	60%
Years 9	40%
Years 10	20%
Year 11 (after UEZ ends)	0%

On rehabilitation projects, a property owner may only receive 100 percent tax abatements within the first five years of designation under the following circumstances:

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

If the rehabilitation does not exceed the required threshold of value improvement, the abatement will include the land value and the value of improvements minus the value of the current existing building(s).



Application Process

I. Pre-Application Process

If DCP determines that the subject property is eligible, DCP will issue a “UEZ Eligibility Analysis” letter certifying that the subject property that is being considered for UEZ designation is eligible. Once DCP issues the potential applicant a letter confirming the preliminary eligibility of the parcel(s), the property owner/applicant can proceed with the application process. In the case that DCP is unable to determine whether the property is eligible, the applicant will be asked to submit additional documentation.

Pre-Application Documents

1. A letter requesting DCP’s UEZ Eligibility Analysis
2. A signed and notarized “Authorization of Property Owner” form, available as a component of the UEZ Application found online;
3. The address and tax parcel code (PCN) of each parcel subject of the UEZ; and
4. 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 DCP and online at <http://gis.atlantaga.gov/gishome/>

Eligibility Analysis

Applicants must first demonstrate that the proposed site meets both Site and Property Standards to be eligible to be considered for UEZ designation:

- Site Standards (using the Automatic Eligibility or Site-Specific Eligibility Method); and
- Property Standards (Property Readiness and Development Readiness).

Site Standards

A. Automatic Eligibility Method

To qualify, the parcel(s):

- 1) Must not be located within an existing Tax Allocation District (TAD) (see map); and
- 2) Must be located in one of the following Economic Development Priority Areas, as adopted in the New Century Economic Development Plan (see map):
 - a) Donald Lee Hollowell Parkway
 - b) Simpson Road (now Joseph E. Boone Boulevard)
 - c) Campbellton Road
 - d) Memorial Drive
 - e) Jonesboro Road and
 - f) Stadium Neighborhoods

OR



B. Site-Specific Eligibility Method

To qualify, the parcel(s) must meet three out of five site-specific criteria detailed below.

1. Evidence of Pervasive Poverty

- For the census tract in which the property is located, the percent of residents living below the poverty line must meet or exceed 20 percent.
- For Documentation: FFIEC Census Report (<http://www.ffiec.gov/census/>) – see Income

2. Unemployment:

- (1) 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.

Documentation Instructions

- Identify area unemployment rate
 - Navigate to the U.S. Census Bureau's American Fact Finder at <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>
 - Enter the proposed property's zip code at "Community Facts" and click GO.
 - Select the "Income" tab on the left (seventh from the top) and click "Employment Status (Age, Race, Sex, Poverty, Disability, Education, ...)." Ensure that the table displayed is for the most recent year available.
 - Identify on the table the estimated unemployment rate for the population 16 years and over.
- Identify statewide unemployment rate
 - Navigate to the Georgia's Department of Labor website. Visit <https://dol.georgia.gov/documents/unemployment-rate-statewide-seasonally-adjusted>.
 - Identify the most recent Georgia Unemployment Rate (seasonally adjusted for the last 13 months) on the provided bar chart.
- Compare area and statewide unemployment rates. The identified area unemployment rate must be at least 10 percent higher than the average State unemployment rate.

OR

- (2) 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.

3. General Distress

- (1) 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.

Documentation Instructions:

- Identify the police beat in which the proposed property is located.
 - Navigate to the Atlanta Police Department at <http://www.atlantapd.org/home>.
 - Click "Find My Zone" on the homepage.
 - Enter the address of the proposed UEZ.



- Use the GIS map to see the police beat in which the proposed UEZ is located.
- Submit Open Records Request
 - Navigate to the Open Records Request page at <http://www.atlantapd.org/services/open-records-unit>.
 - Submit a request that the Atlanta Police Department identify, for the previous year, both the total crime rate for the police beat in which the proposed UEZ is located and the Citywide average of total crimes per square mile.

OR

- (2) 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.

Documentation Instructions:

- Abandoned and/or dilapidated structures
 - Provide photographs of at least five distinct structures within the proposed UEZ.
 - Include any existing planning studies or assessments of the area.
- Population Decline
 - Navigate to Neighborhood Nexus and select "Metro Atlanta Census Tracts" at <https://neighborhoodnexus.org/maps-and-data/maps/main-census-tract-map/>.
 - Ensure that the map displays "Population change per square mile, 2000-2010."
 - Magnify the map to identify the tract containing the proposed UEZ.
 - This criterion is satisfied if the displayed population change has resulted in a loss of at least 88.7 people (displayed as bright yellow on the map).

4) Underdeveloped

The Neighborhood Planning Unit (NPU) in which the property is located must have ≤ 20 percent less than the Citywide NPU average for development activity for the past five years.

Documentation Instructions

- If residential (only), report change in residential building permits
- If mixed-use or commercial, report change in either non-residential building permits or business license fees.

5) 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.

Documentation Instructions

- Demonstrate that the proposed UEZ is within the Urban Redevelopment Area as indicated at <https://www.atlantaga.gov/home/showdocument?id=40525>.



Property Standards

The UEZ Program is intended only for “shovel-ready” development projects. All submitted applications must meet both property and development readiness standards as detailed 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 DCP. 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.
- The property and applicant must both be clear of liens. No UEZ shall be approved if the applicant:
 - Owes the City for undisputed water bills which are more than 90 days delinquent.
 - Owns real property not located within the proposed UEZ for which city-imposed liens are outstanding and unsatisfied.

Development Readiness

Each applicant must be ready to build a specific development project.

- The survey and the site plan boundaries must match exactly and the legal description(s) and must not reference additional land beyond the proposed UEZ boundaries.
- The applicant must be certain about the type and number of housing units to be constructed.
- The property survey and site plan cannot indicate an area for future development or another phase of the proposed development. Any additional phases would be the subject of another UEZ application in the future.
- If retail uses are to be included in the project, they must be built within four years.

Due to time constraints, DCP may not allow the submittal of a revised application later in the review process.

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

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 DCP 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.

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.

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.

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.

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.

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.

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.



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.

Compliance

Annual Reporting Requirements

After the creation of an Urban Enterprise Zone, the applicant or successor property owner shall submit annual reports to DCP 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 City Planning 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.



