THIS IS

NEWTOWN MACON

Georgia Municipal Association

June 26, 2017

powered by newtown

Mission

NewTown Macon's mission is to invest, attract and leverage self-sustaining transformation.

Place | Residents | Jobs

Downtown Revitalization

SENSE OF PLACE

OCMULGEE HERITAGE TRAIL

powered by newtown

Trail Expansion

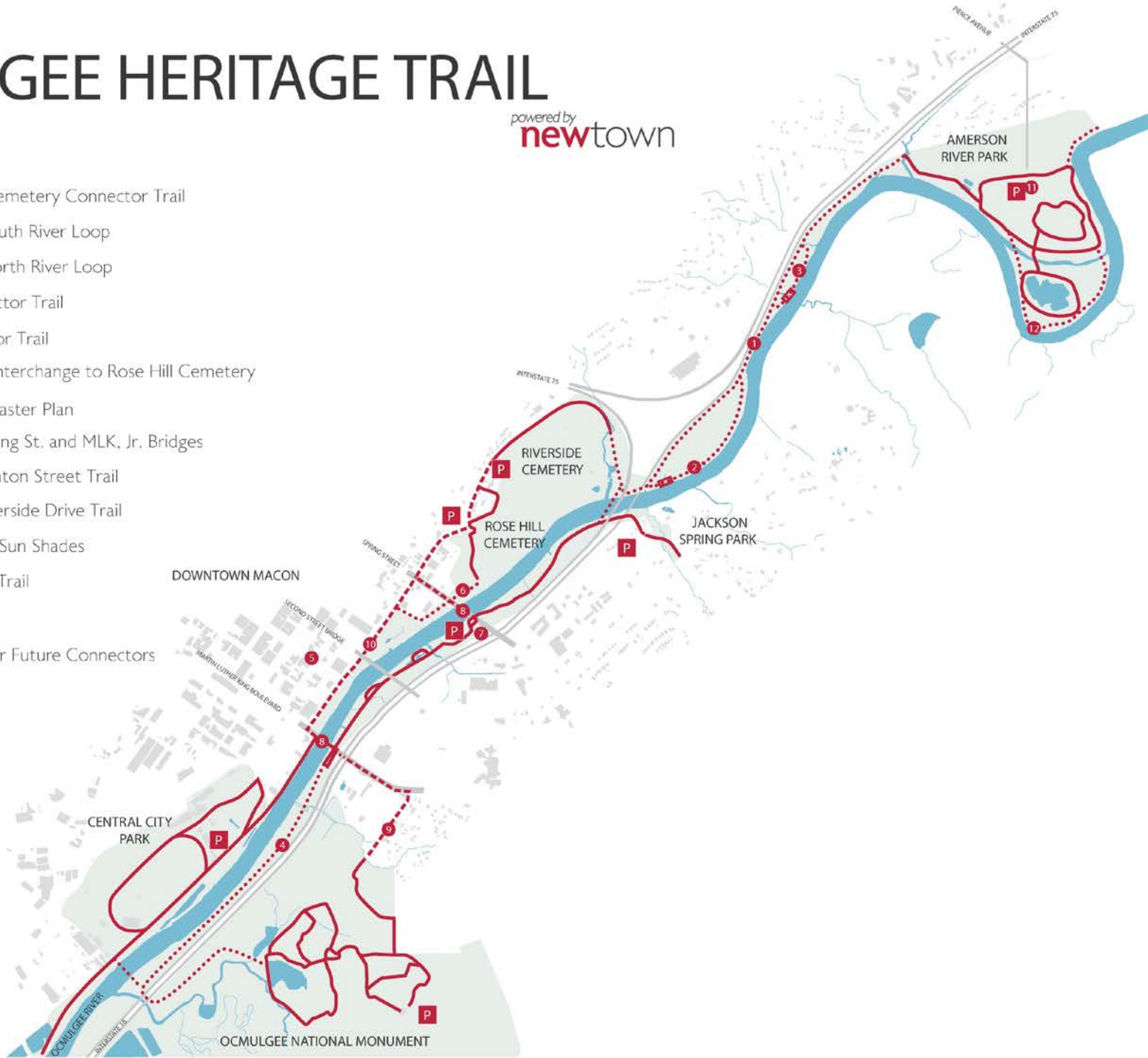
1. Amerson- Riverside Cemetery Connector Trail
2. Amerson-Riverside South River Loop
3. Amerson-Riverside North River Loop
4. Walnut Creek Connector Trail
5. Third Street Connector Trail
6. Spring Street Bridge Interchange to Rose Hill Cemetery
7. Implement Signage Master Plan
8. Improvements to Spring St. and MLK, Jr. Bridges
9. Improvements to Clinton Street Trail
10. Improvements to Riverside Drive Trail
11. Amerson Playground Sun Shades
12. Amerson Pond Loop Trail

Completed Trail

Under Construction or Future Connectors

Sidewalk Trail

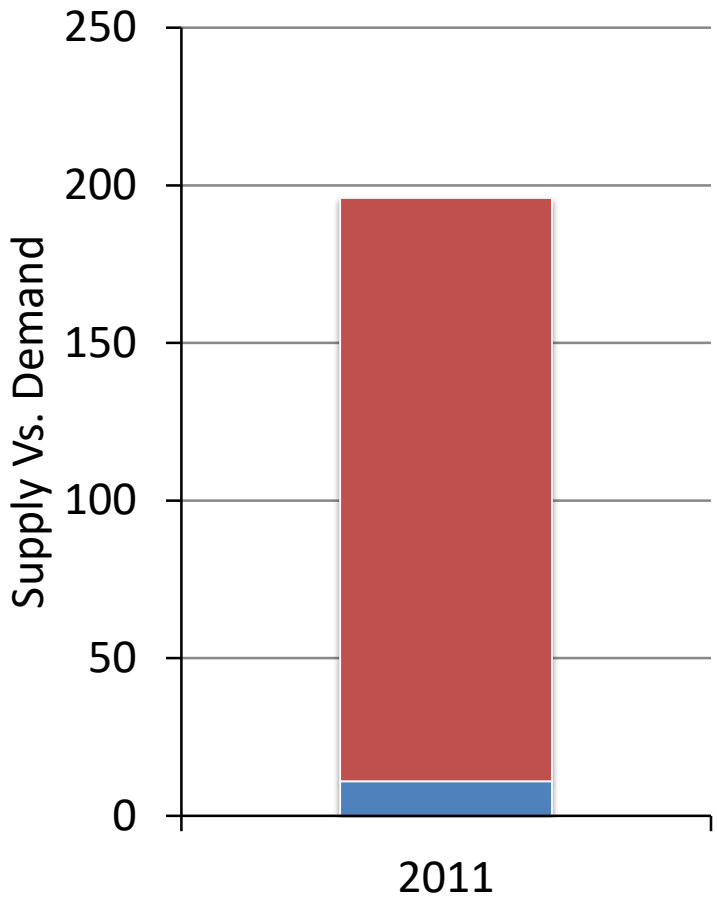
P Parking



Downtown Revitalization

INCREASING RESIDENTS

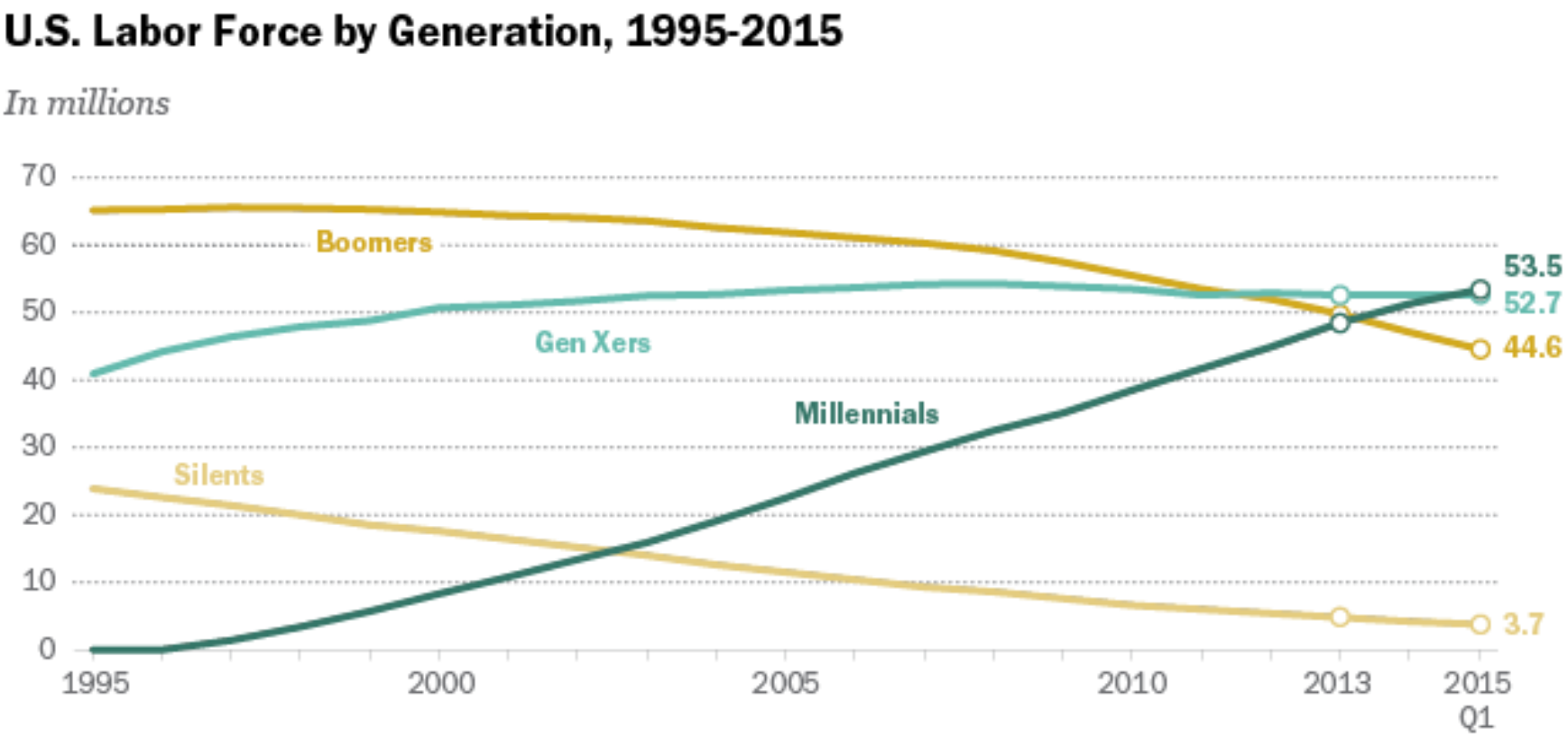
NewTown's Idea



Use market demand to revitalize downtown by developing spaces for new high-demand uses

Demand Supply

Millennials

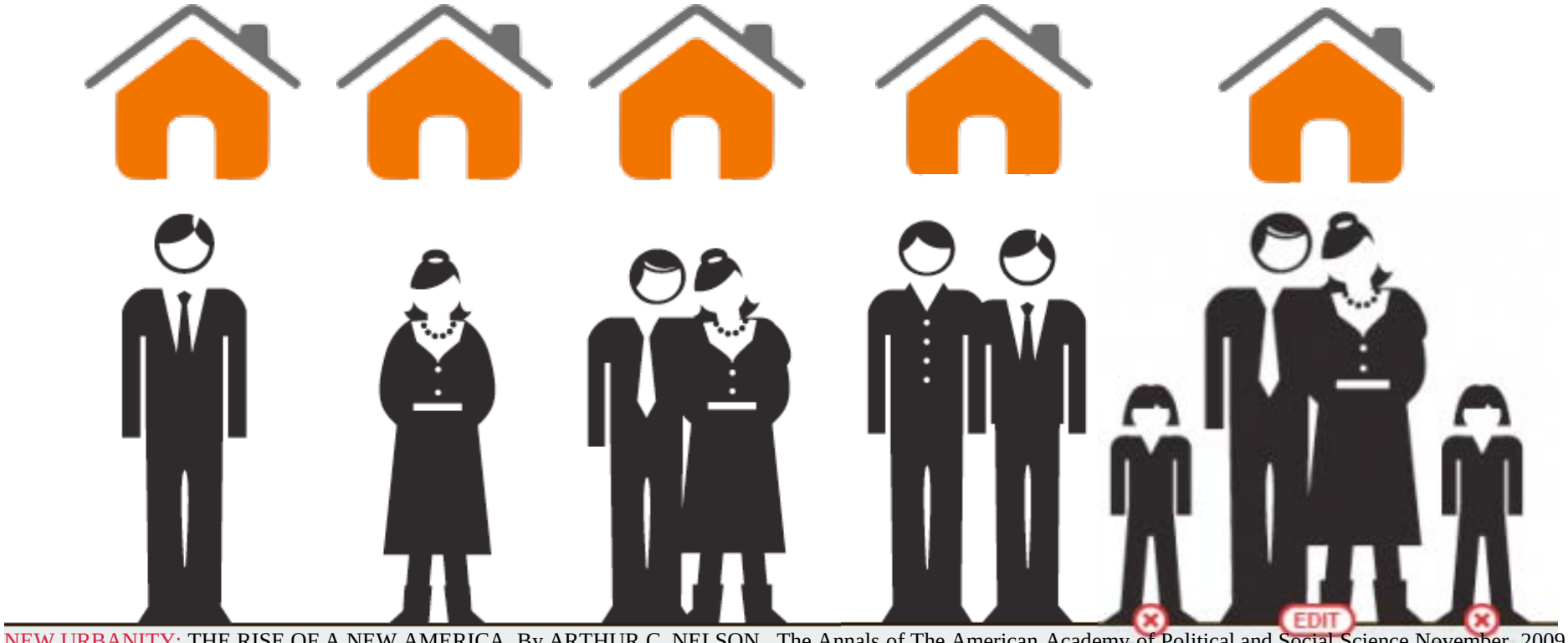


Note: Annual averages plotted 1995-2014. For 2015 the first quarter average of 2015 is shown. Due to data limitations, Silent generation is overestimated from 2008-2015.
Source: Pew Research Center tabulations of monthly 1995-2015 Current Population Surveys, Integrated Public Use Microdata Series (IPUMS)

PEW RESEARCH CENTER

Demographics

- Between 2010 and 2030 4 of 5 new households will be for households without children



NEW URBANITY: THE RISE OF A NEW AMERICA, By ARTHUR C. NELSON, The Annals of The American Academy of Political and Social Science November, 2009 626 Annals 192

YUENGLING

NewsCentral

743-3378
FREE
LANCE
RUCKUS
TODAY!
HERE!
NOW!

Millennials

- “In the last U.S. census, almost two-thirds (64%) of college-educated 25- to 34-year-olds said they looked for a job after they chose the city where they wanted to live.”

Increasing Residents

- New Loft Finder database launched at newtownmacon.com
- Over 95% occupancy
- NewTown loans money to develop real estate
- Rates for new units up to $1.50/sf/mo average
- For sale units double the average value of Macon-Bibb at $140+/sf
- Challenge remains building enough supply to meet demand

Worth $8.5 million

Potential

+ $110 Million

Each square foot of rehabilitated space increases value by $130

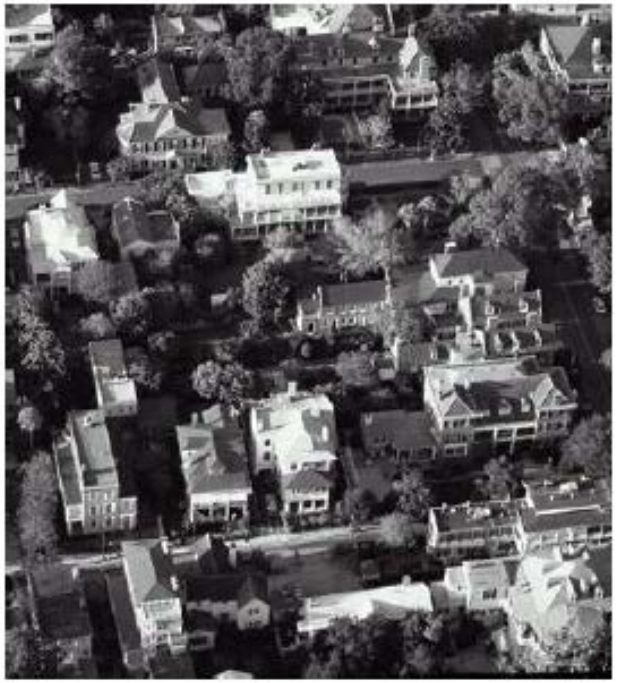
Potential to add $110,000,000 in additional taxable value to Mobb tax rolls

Demand		Average Size		Potential
1,000	x	1,700	=	1.7 Million
Units		SF		SF

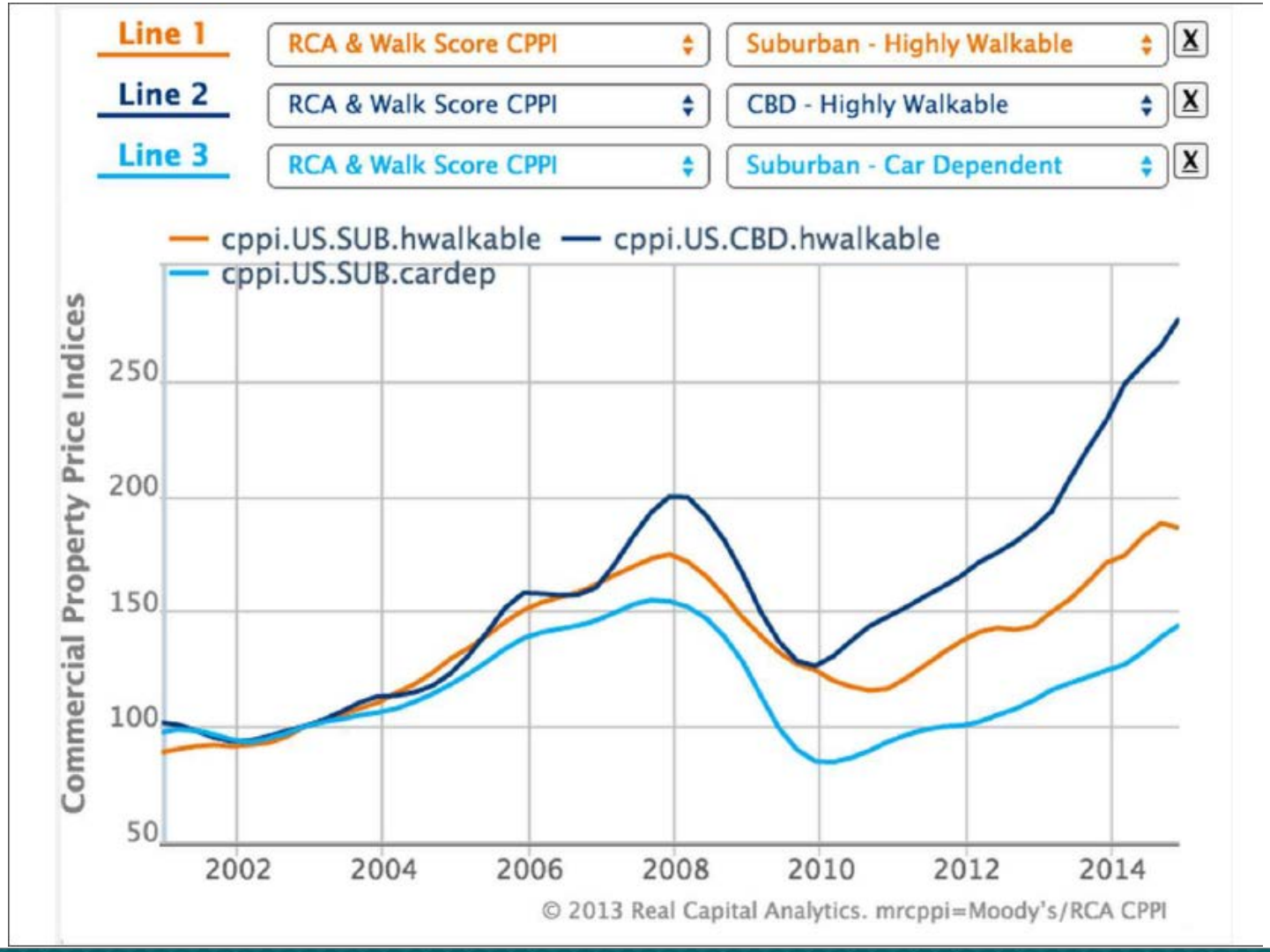
$16,000,000	x	$130	=	$110 Million
New Annual Property Tax Revenue				

OUR MODEL – COSTS VARY BY DENSITY

Expenditures for infrastructure and services are more efficient in denser, better connected areas.



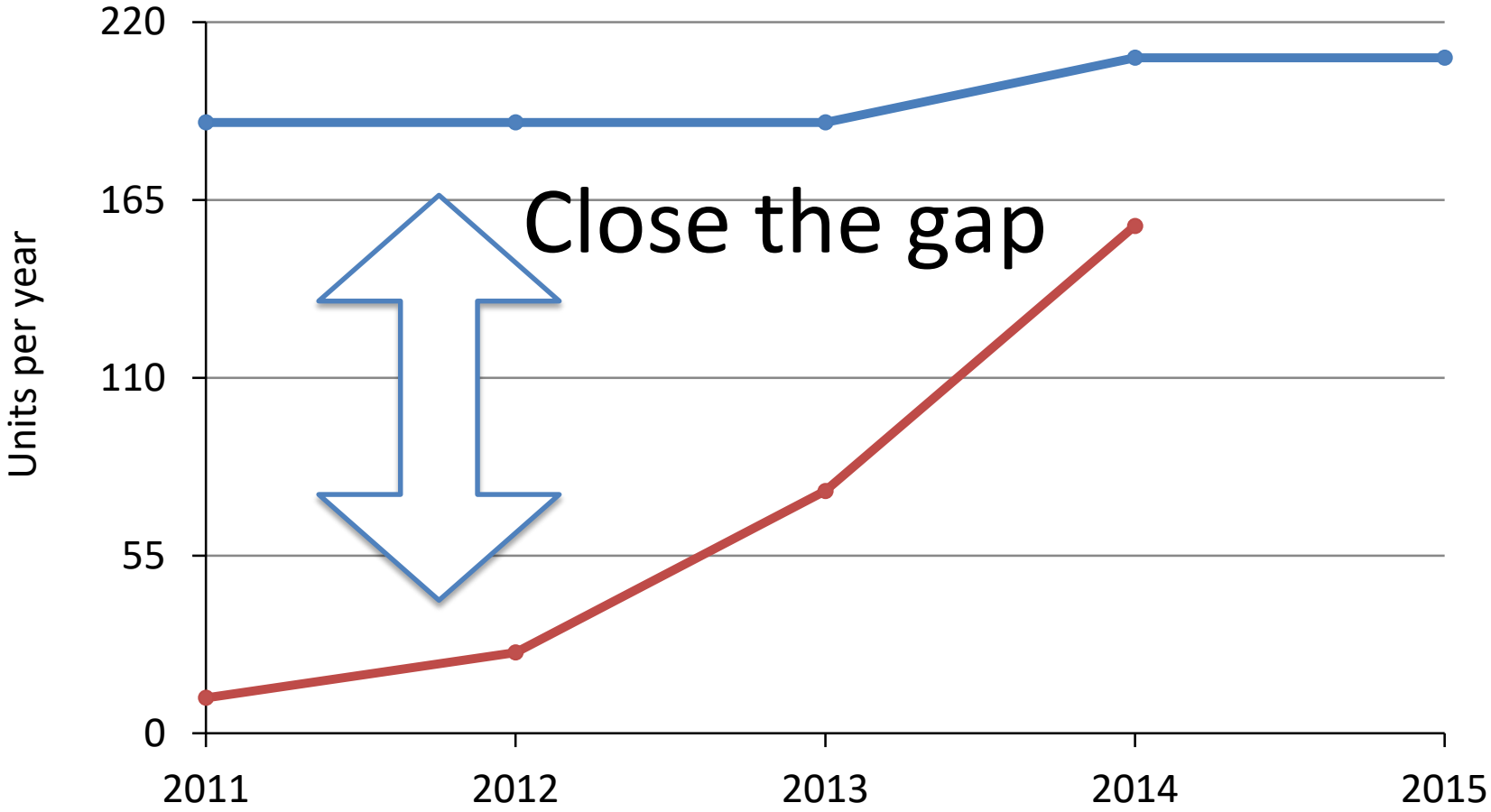
Value & Appreciation



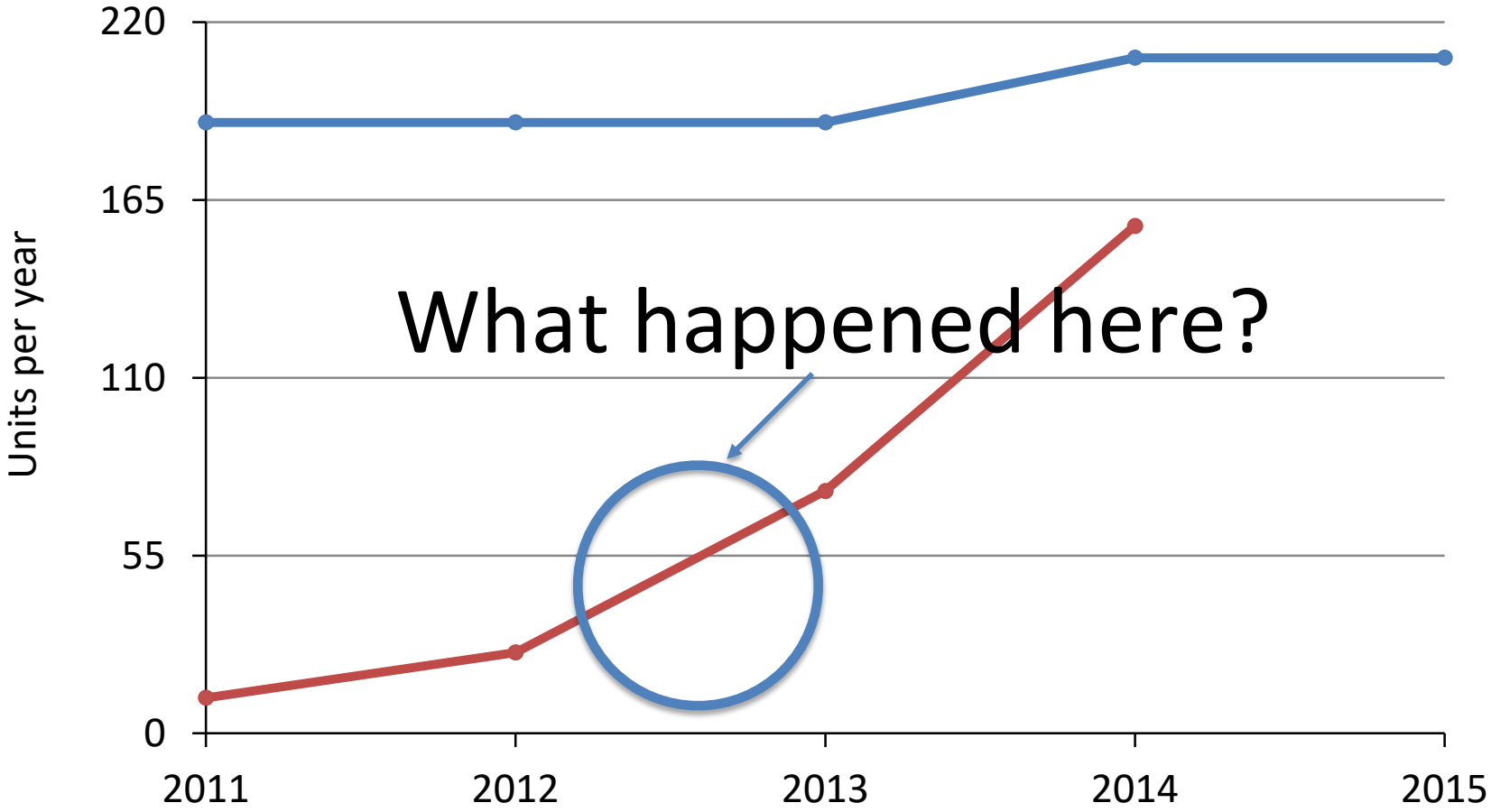
Unique Benefits Downtown

- Millennials and retiring Baby Boomers want to be downtown, driving large demand for lofts
- Largest portion of workforce is picking a place to live, *then* finding jobs, making downtown an economic imperative
- Increases in property tax value are exponentially more than outside downtown
- NewTown raises private funds to run program

Loft Demand vs. Supply



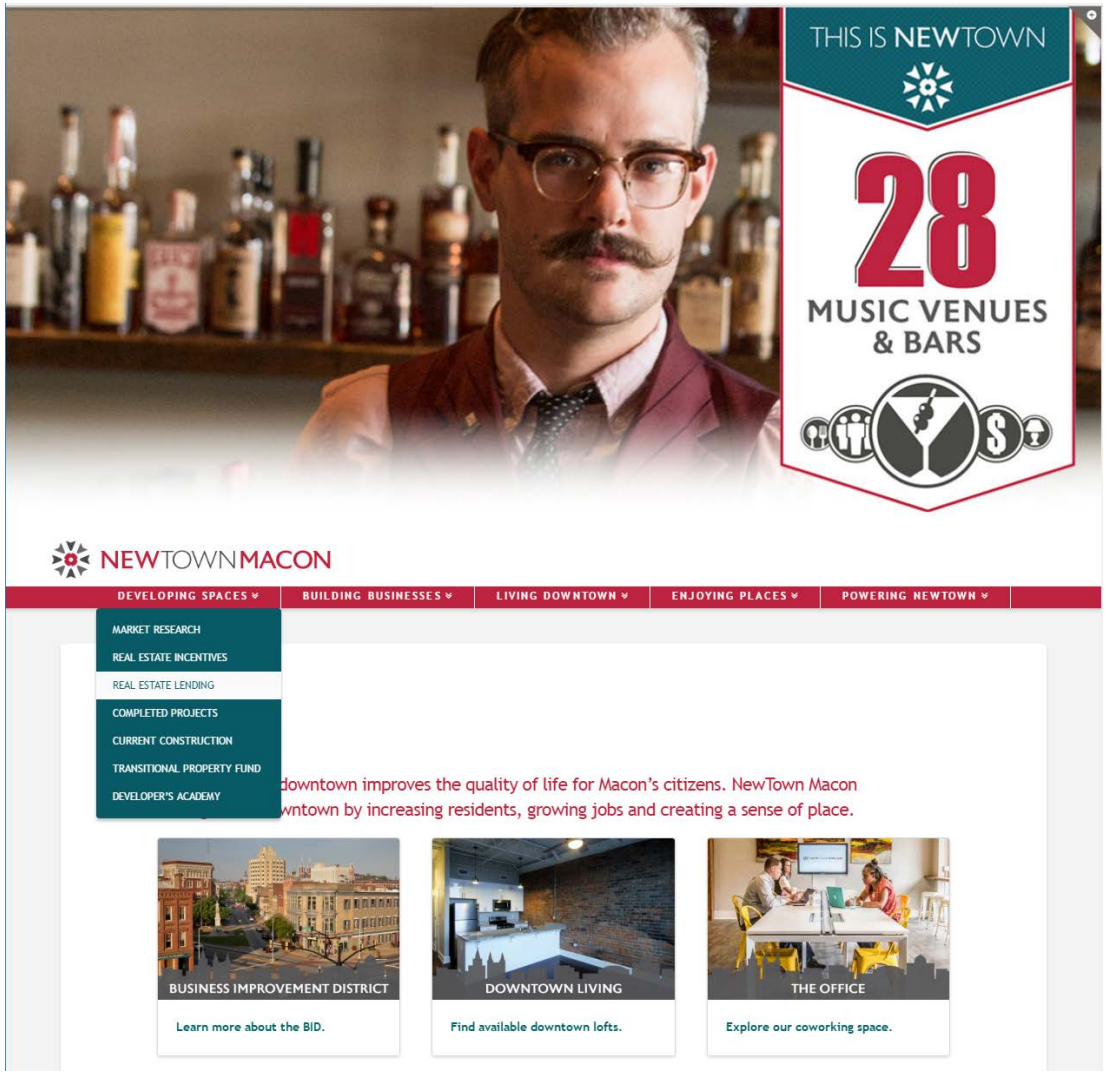
Loft Demand vs. Supply



Real Estate Loan Fund

- State Bank purchased $6.4 million in bonds from NewTown backed by Macon-Bibb County
- Bonds are re-loaned to loft developers as “gap financing”
- Mandated structure is minimum 10% developer’s equity, 40% loan from NewTown, 50% loan from traditional lender
- Disadvantaged developers can borrow 100%
- Notice must be given to county for variations

Open Application



newtownmacon.com/loans

Application Process

- Guidelines are posted on our website
- Applications are accepted year-round, either print and mail or apply online
- Applications are received by staff and prepared for loan review committee
- Loan Review Committee recommends term sheets to the Board of Directors
- Board of Directors makes loan commitments
- Loans are closed after Board approval

Loan Review Committee

- Certified Public Accountant (CPA)
- Banker
- Attorney
- Architect
- Real Estate Developer

Typical Terms

- Every real estate deal is unique, especially rehabilitation projects
- Bond fund allows flexibility in terms to maximize security of each deal
- Typically 6.55% interest only first year, and then amortized over 15 years at the same rate
- Typically second mortgage with minimum 90% loan to value and 1.1 debt coverage ratio
- Personal guaranties often required

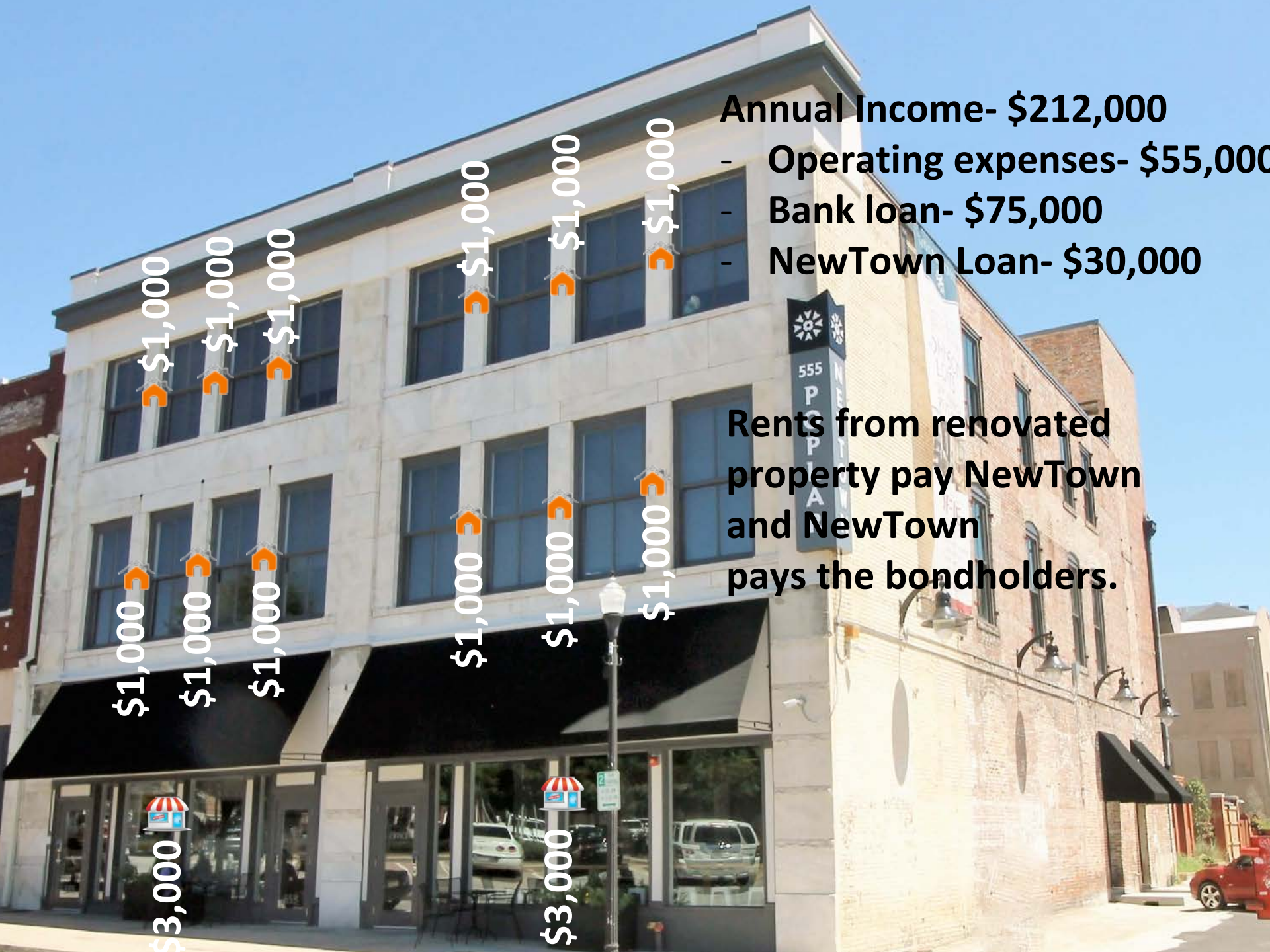
Repayments

1. Cash flow from rents

2. Foreclose and resell real estate

3. Liquidate personal or business assets

4. Personal cash flow from other sources



Annual Income- $212,000

- **Operating expenses- $55,000**
- **Bank loan- $75,000**
- **NewTown Loan- $30,000**

Rents from renovated property pay NewTown and NewTown pays the bondholders.

Resale of Real Estate

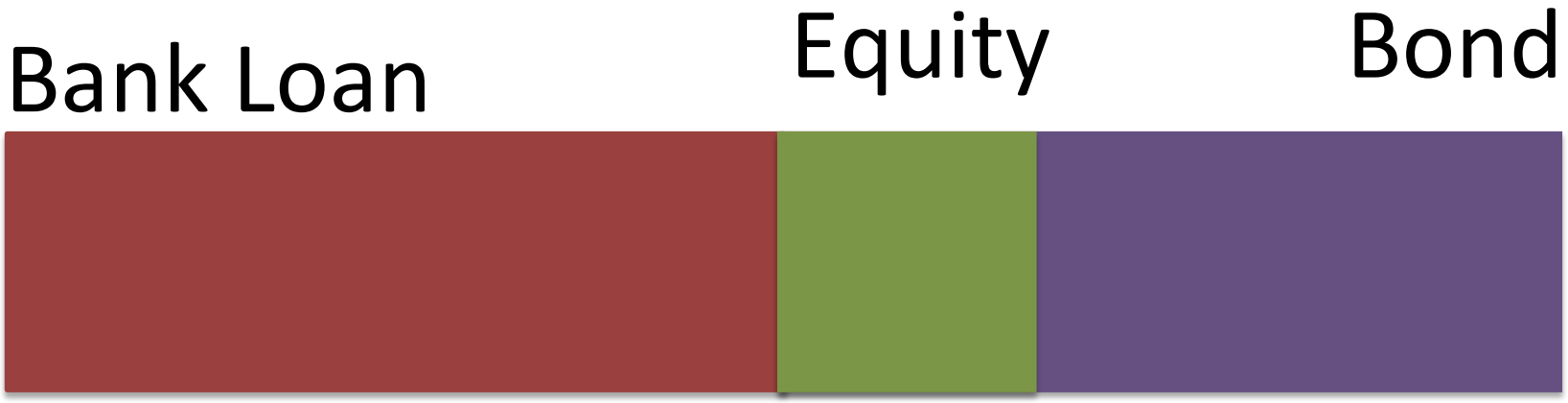
Lender

1. NewTown Forecloses on Real Estate
2. NewTown Sells Real Estate to new Investor
3. NewTown Pays off Bondholders with income from sale of building

Developer

Guaranties

Real Estate Loan Fund



50% *10%* *40%*

Project costs

Loans that adhere to these percentages do not require county commission approval

Expectation

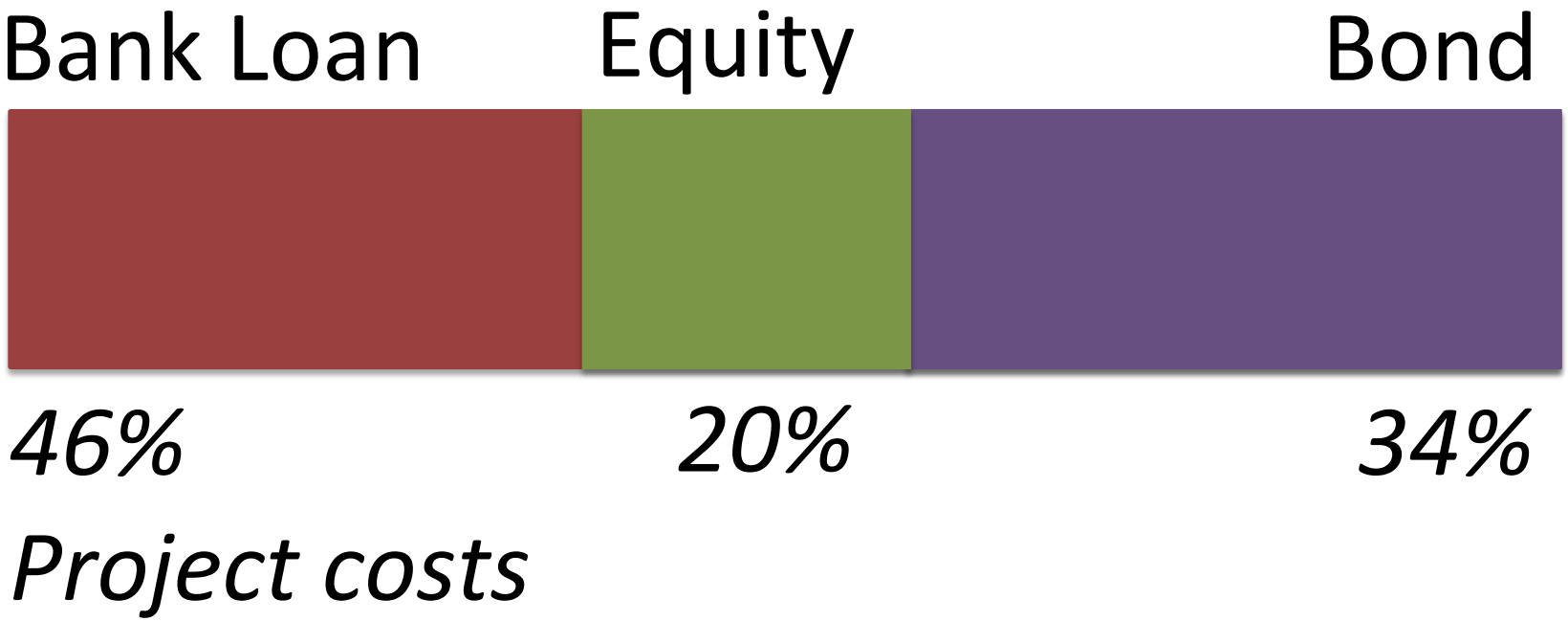
Loans Made

$5.9 million

Total Project Value

$14.75 million

Actual Averages



Loans & Value

Loans Made $6.1 million

Total Project Value $32.5 million

Loan Security

Total Loan Amounts	***$4,114,147***
Net Equity in Buildings	***$7,485,197***
Guaranties	***$59,839,426***
NewTown's Net Assets	***$10,866,592***

55%

Loan to Value Ratio

Economic Development

Previous Value	***$3,094,468***
Current Value	***$36,559,787***
Increased Value	***$33,465,319***

$358,180

Increased Property Tax Revenue

Portfolio Summary

- All loans are current, repaying on terms
- NewTown is current on all obligations to bondholders
- All loan are priced above the cost of the bonds
- Projects rent and re-rent quickly
- Projects under construction are on budget
- Loans are being repaid to match the terms of repayment on the bond funds

Downtown Revitalization

GROWING JOBS

Loft Resident Spending

Annual expenditures downtown of a couple paying monthly rent of...			
	Up to $400	$400-$800	$800-$1200
Food at home	$1,607	$2,307	$3,758
Food away from home	$562	$899	$1,560
Alcoholic beverages	$121	$233	$346
Housekeeping supplies	$215	$282	$437
Furniture	$81	$138	$259
Small appliances, miscellaneous housewares	$23	$35	$58
Miscellaneous household equipment	$228	$262	$470
Men and boys apparel	$81	$121	$173
Women and girls apparel	$144	$187	$336
Footwear	$81	$121	$230
Other apparel products and services	$46	$69	$115
Gasoline and motor oil	$937	$1,498	$2,458
Vehicle Maintenance and repairs	$294	$467	$734
Vehicle insurance	$288	$497	$972
Health care	$1,325	$1,728	$2,808
Fees and admissions	$67	$101	$216
Audio and visual equipment and services	$276	$397	$634
Pets, toys, hobbies, and playground equipment	$202	$367	$396
Other entertainment supplies, equipment, and services	$35	$69	$144
Personal care products and services	$225	$311	$518
Reading	$23	$35	$58
Education	$134	$323	$470
Tobacco products and smoking supplies	$190	$285	$389
Miscellaneous	$336	$302	$538
Cash contributions	$346	$446	$696
Total Expenditures	**$7,867**	**$11,480**	**$18,773**

Residents of each new loft spend an average of $15,000 on retail storefront services

Godsey Initiatives Fund

- NewTown used Real Estate Loan Fund to finance owner-occupied businesses
- Godsey Fund is an alternative for businesses that don’t own real estate to obtain financing
- Allows NewTown to finance working capital, tenant improvement, inventory (nearly anything)
- Can be structured as equity investment, amortized loan, line of credit or combination
- Cost is usually around 10% interest, 5 year terms

Loan Review Committee

- State SCORE Chair
- Dean of Stetson School of Business and Economics at Mercer University
- Attorney
- Restaurant Entrepreneur
- SBA Lender

KING

TETRIS
STREET FIGHTER
TETRIS

Revitalized Space

321,874 sf
of vacant
space

=

95%

Occupied

202 loft apartments
& 49 commercial

1896
1896
CARIOCA INETTE
LIQUOR

1890
1890
1890

CAPITOL
THEATRE

CAPITOL
COX
PIE HOLE
AND TAP HOUSE

Happ
COMPANY
FICKLING
WALKER

741-93

Palmer
TIRE CO.

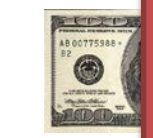
518
522

MACON VOLUNTEERS
macon
arts
alliance
The Gallery
MACON

NEWTOWNMACON

Josh Rogers
josh@newtownmacon.com

Future of the Loan Fund



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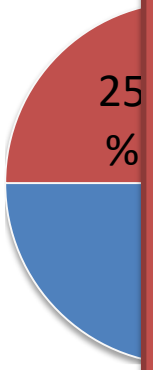

25
%

70%

wn

Demand= 1,100 additional units over five years

75% Bond funded = 825 units

$25 million

In Additional Lending Potential

Board of Directors

William D. Underwood
Chair of the Board of Directors
Juanita T. Jordan
Vice Chair
Dan Forrester
Treasurer
Tony Rojas
Secretary
Blake Lisenby
Of Counsel
Chris R. Sheridan
Chair of the Ocmulgee Heritage Trail
Dan Speight
Campaign Chair
Thomas Wicker
Past Chair

Jean Bragg
Connie Broun
Daryl Brown
Jim Daws
Mike Dyer
Don Faulk
Carl Garofalo
Bob Hatcher
Corrie Holton
Bill Kilburg
David Lanier
Jim Manley
Emily Myers
Bryan Nichols
June Parker
Frank Patterson
Rhonda Perry

Robert Reichert
Larry Schlesinger
Scott Seigel
Brother Stewart
Joey Stuckey
David Thompson
Johnny Walker, III
Martin Wilson
Michael Wright