

# AFFORDABLE ATLANTA

DEFINING THE NEED, STRATEGY, AND COLLECTIVE ACTION FOR  
AFFORDABLE HOUSING IN THE ATLANTA REGION



Presented By:



Presented For:



ULI Atlanta: LCC Working Group on Affordable Housing

1/16/18

# ULI LIVABLE COMMUNITIES COUNCIL: QUESTIONS THAT GUIDED THIS RESEARCH

- What is meant by “affordable housing?”
- How is the idea and practice of affordable housing different for:
  - Low income households and the homeless
  - Workforce households who want housing near their work
  - Middle/modest income households who are rent burdened
  - Young households who are struggling for homeownership
  - Elderly households with limited incomes
- How is the idea and practice of affordable housing different for different parts of our highly diverse region?
- How can we marry spatial issues with affordable housing with demographics?
- What are the capital sources in our region and state for affordable housing?
- What national examples provide potential solutions to Atlanta’s affordable issues?
- How can we define an approach to affordable housing that can be understood and serve as a call to action for our region?

# WORKING GROUP ON AFFORDABILITY: DEFINING THE PROCESS

01

Define Affordability

02

Characterize the  
Issues with  
Affordability in  
Atlanta

03

Map Needs to  
Strategies

04

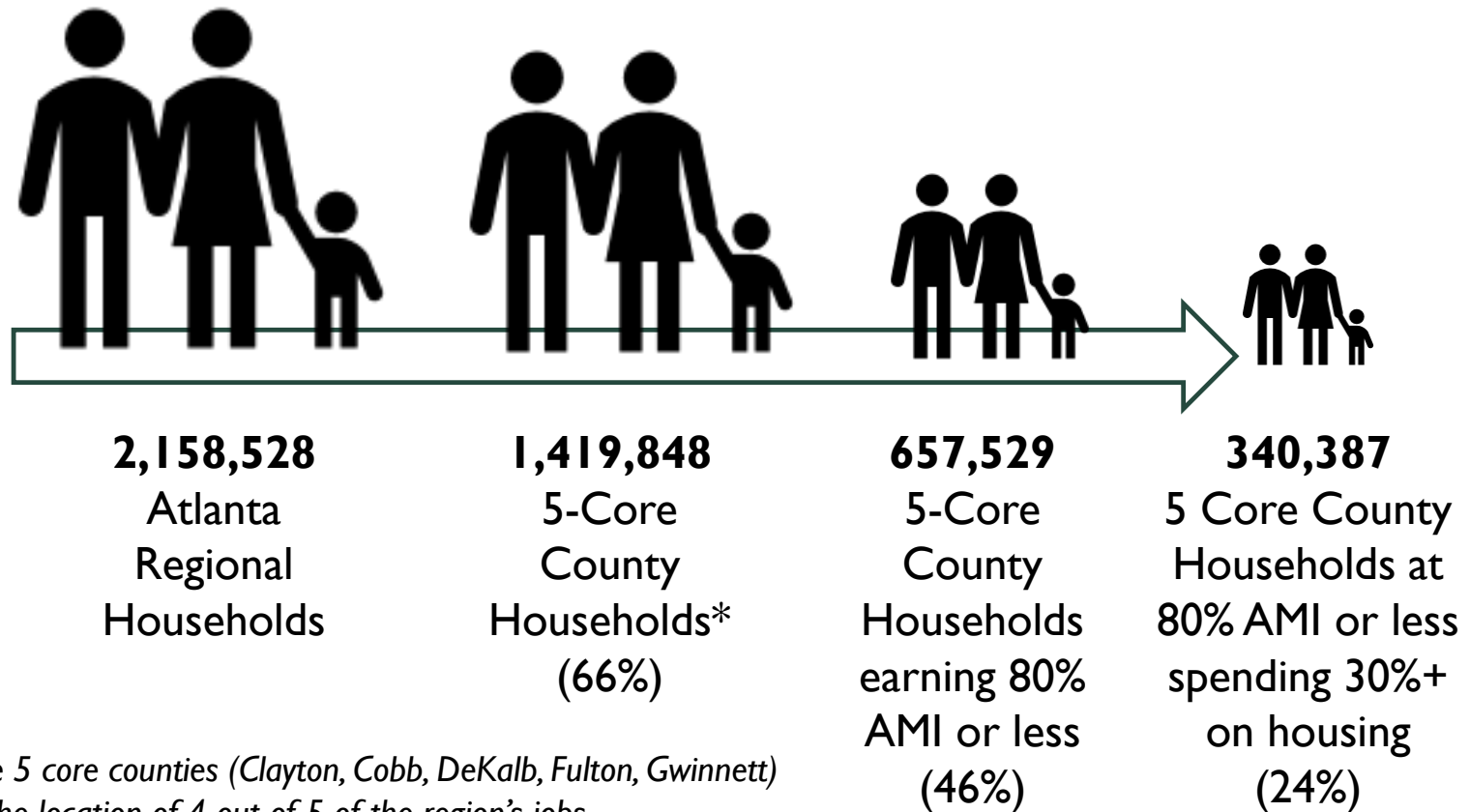
Build Consensus  
Around Strategies

05

Organize &  
Implement?

Four tasks were initially outlined for the Working Group on Affordability to tackle, with a possible fifth task based on the results of the first four and the will of the LCC and representative partners going forward. This report is intended to define the dimensions of the problem and frame consensus around strategies.

# DEFINING AFFORDABLE HOUSING NEED IN THE ATLANTA REGION



# AFFORDABLE HOUSING NEED IN ATLANTA: BY THE NUMBERS

## How many households in Atlanta have a housing need\*?

- **2.2 million** Households in the Atlanta region
- **1.4 million** Households in the five core counties – Clayton, Cobb, DeKalb, Fulton, and Gwinnett
- **1.9 million** Jobs in the five core counties – 77% of all jobs in the Atlanta region
- **52%** The percentage of workers in the five core counties earning \$40,000 or less
- **62% of income** The amount moderate income households spend on housing and transportation combined. Atlanta is in the top five of highest metros nationwide, due to long commutes to jobs
- **340,400** Households in the five core counties earning less than \$56,000 and spending more than 30% of their income on housing – this is the Atlanta region's existing affordable housing need.
- **+49,300** The additional households with a housing need moving to the five core counties over next 10 years

\* Housing need is defined as households earning 80% or less of the median income (<\$56,000) who spend more their 30% of their income on housing.

# AFFORDABLE HOUSING NEED IN ATLANTA: BY THE NUMBERS

## Among households with a housing need, incomes vary widely

- **39%** The percent of these households with a need earning less than \$20,000
- **38%** The percent of these households with a need earning \$20,000 to \$34,000
- **23%** The percent of these household with a need earning \$35,000-\$56,000

## Income growth lags rent and sales price increases, too little new supply being created

- **1%** The average annual growth in median incomes in Atlanta 2010-2015
- **3.7%** The average annual growth in new home prices
- **9.5%** The average annual increase in newer apartment rents (built 2012+)
- **4.5%** The average annual increase in older apartment rents (built pre- 2012)
- **20%** The percent of new homes sold for less than \$200,000 (affordable to households at 80% of AMI or less)
- **10%** The percent of newly built apartments renting for less than \$1,000 per month (affordable to households earning less than \$45,000)

# AFFORDABLE HOUSING NEED IN ATLANTA: BY THE NUMBERS

## What is the maximum rent/sales price an affordable household can pay to avoid a cost burden?

- Renter households at 60% to 80% of AMI can afford rents in the \$740 to \$1,035 per month range.
- Owner households at the 60% to 80% or AMI can afford a home purchase of no more than \$123,000 to \$170,000 range.

## If there is demand, why isn't the market building more affordable housing?

- **\$1,300** The current construction cost of \$153,500 per unit for a low-rise apartment requires minimum rents at this level for a one-bedroom unit to be financially feasible.
- **\$1,645** The current construction cost of \$199,250 per unit for mid-rise apartments with a deck requires minimum rents at this level for a one-bedroom unit to be financially feasible.
- **\$740-\$1,035** The maximum rent that a household at 60% and 80% of AMI can afford for rent at 30% of their income.

# AFFORDABLE HOUSING NEED IN ATLANTA: BY THE NUMBERS

## What is a reasonable goal for addressing the nearly 400,000 households with a housing need in the five core counties?

- 10,000 units per year for 10 years = 100,000 affordable units
  - How do we get there?
    - 60% rental (6,000) and 40% owner (4,000)
    - Of the 60% rental: 70% new construction (4,200), 30% rehabbed/sustained (1,800)
    - Of the 40% owner: 50% new construction (2,000), 50% rehabbed/reclaimed (2,000)
- Cumulative goal in 10 years
  - Rental: 42,000 new units, 18,000 rehabbed/sustained units
  - Owner: 20,000 new units, 20,000 rehabbed/reclaimed



# THE CHALLENGE OF HOUSING AFFORDABILITY IN THE ATLANTA REGION

Housing affordability in the Atlanta region has become a challenge due to five factors:

1. Atlanta continues to have a large number of working households with moderate incomes that are spending high percentages of their income on housing.
2. The cost of housing, especially near employment centers, is rising more rapidly than household incomes.
3. Since the Great Recession ended, housing production is down and is concentrated at the upper end of the market.
4. Lack of transit access to job centers means long, expensive commutes, which drive up transportation costs for moderate income working households and increases congestion and commute times for everyone.
5. A combination of high land prices and restrictive zoning, land use, and development policies are limiting the ability to create new affordable units.

As a result of these factors, **Atlanta's competitive edge as an affordable city for attracting future jobs and economic growth is at risk.**

This report looks at the issue of housing affordability in the Atlanta region through three lenses: The Atlanta region, the Core Counties (Clayton, Cobb, DeKalb, Fulton and Gwinnett), and the city of Atlanta.

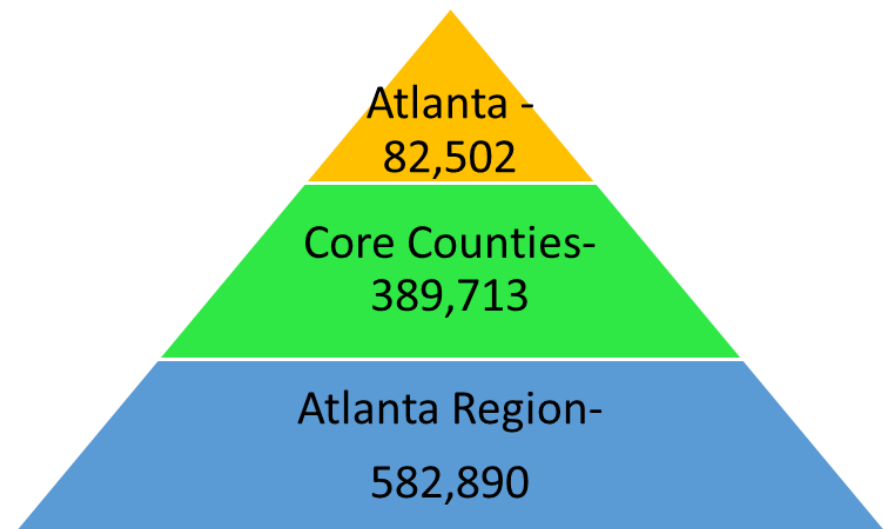
The sections that follow examine each of these factors and how they define housing affordability in Atlanta.

# THE GROWING DEMAND FOR AFFORDABLE HOUSING IN THE ATLANTA REGION

Affordable households with a housing need are those who earn less than 80% of AMI and spend more than 30% of their income on housing.

- In our region there are 512,000 of these households today, and an additional 70,800 will be added by 2027.
- In the core counties there 340,000 affordable households with an additional 49,000 added by 2027.
- In the City of Atlanta there are 72,800 affordable households with a housing need with an additional 9,700 added by 2027.
- The City of Atlanta has the highest concentration of affordable households in need in our region at 42%.

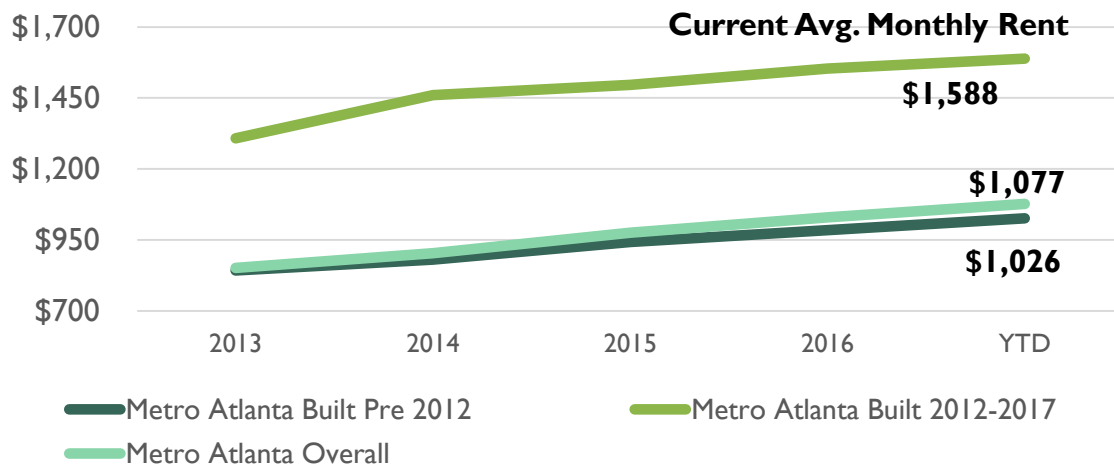
AFFORDABLE HOUSING DEMAND 2017-2027			
	Existing Affordable Demand	2017-2027 Affordable Demand	Total Affordable Demand
Atlanta MSA	512,058	70,832	582,890
Core Counties	340,387	49,326	389,713
City of Atlanta	72,799	9,703	82,502



# RENTS ARE ALSO INCREASING IN THE ATLANTA REGION

- Rents in new inventory have been rising at 9.5% annually since 2012. Rents in older inventory have been rising at 4.9% annually since 2012.
- Rents for units built prior to 2012 are priced over 50% lower than those built within the past five years.
- HUD maximum 1-bedroom rents for households between 60% to 80% of AMI are \$784-\$1,045 per month.\* **Since 2013, all of the new inventory has been priced above the maximum rents allowed for households at 80% of AMI. And, the median rent for the entire regional rental housing inventory is above the maximum affordable rent at 60% of AMI.**
- Rent growth has been significant while incomes are growing less than 1% annually.**
- One key to regional affordability: preserve more affordable rents at older units, even as new units enter the market and monthly rents escalate.

## Average Monthly Rent by Year Built, Atlanta Metro Region



## CHANGE IN EFFECTIVE RENTS IN ATLANTA REGION 2012-2017

Year	Effective Rents			Effective Rents		
	Built Pre 2012	% Change		Built Since 2012	% Change	
2012	\$ 806			\$ 1,008		
2013	\$ 842	4.5%		\$ 1,308	29.8%	
2014	\$ 881	4.6%		\$ 1,460	11.6%	
2015	\$ 943	7.0%		\$ 1,496	2.5%	
2016	\$ 984	4.3%		\$ 1,554	3.9%	
2017*	\$ 1,026	4.3%		\$ 1,588	2.2%	
CAAGR 2012-2017			4.9%	9.5%		

\* Through September

Source: CoStar



Atlanta  
households  
face among the  
highest  
combined  
housing and  
transportation  
costs in the  
nation

1. Almost 50% of jobs in Atlanta MSA pay salaries that can't afford the new housing options.

2. There is a lack of affordable production compared with the past.

3. Atlanta MSA has among the highest combined housing/transportation costs for affordable households in the nation.

4. High transportation costs result from long commutes, which also increases congestion in core areas.

5. Atlanta's affordable inventory is isolated from job centers and transit as a way to get to jobs.

6. Much of the existing affordable inventory is reaching the end of its useful life.

7. Demand for walkable mixed-use locations is substantial and growing, but many affordable households can't afford to live there.

8. Atlanta's competitive edge for economic development – moderate housing/living costs – now jeopardized by the affordability issue.

## DEFINING THE HOUSING AFFORDABILITY ISSUE IN ATLANTA REGION

# WHAT SHOULD BE OUR AFFORDABLE HOUSING GOAL?

The Working Group on Affordability defined the following goals for housing affordability in Atlanta:



Focus on the Core Counties, where the needs are greatest, costs the highest and most of our regional jobs are located.



Total affordable housing need in core counties is 340,400 units now, and 4,900 additional units annually through 2028.

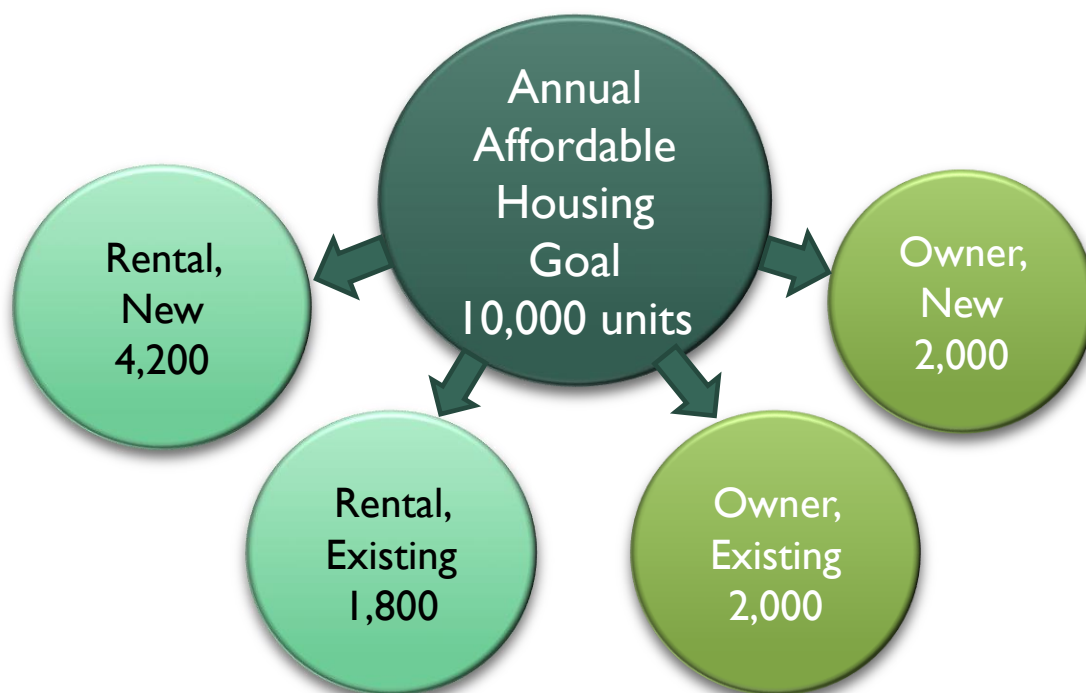


**Goal:**

Create 10,000 affordable units per year in the five core counties—new and sustained, rental and owner.

**100,000 units by 2028**

# AN AFFORDABLE HOUSING GOAL FOR THE CORE COUNTIES OF THE ATLANTA REGION: STRAW MAN



The affordable housing goal for the five core counties is designed to address needs for **existing** affordable households, as well as the **growth** in households with a need.

It also considers housing need for **owners** and **renters**. It accomplishes the goal of 10,000 units per year through both **new construction** and **preservation** and **rehabilitation** of existing affordable units.

# THE COST TO PROVIDE AN AFFORDABLE UNIT FOR VARIOUS STRATEGIES



## First-time Affordable Homebuyer Down Payment

- For \$200,000 new or existing home, affordable at 80% AMI
- \$20,000 per unit



## Single Family Rehab Loan

- For \$150,000 home affordable at 80% AMI
- \$15,000 to \$30,000



## Existing Rental Rehab Loan

- For units affordable to households earning up to 60% AMI
- \$30,000 to \$40,000 per unit



## New Low-rise/Garden Apartment Unit Affordable Subsidy

- To reduce cost of affordable unit from \$153,500 to \$125,000
- \$28,000 to \$32,000



## Midrise Rental Apartment with Wrapped Deck Affordable Unit Subsidy

- To reduce the cost of an affordable unit from \$199,500 to \$125,000
- \$70,000 to \$80,000 per unit



# WHAT MIGHT A REGIONAL AFFORDABLE STRATEGY COST?

Estimated Annual Cost of Affordable Housing Strategy				
Affordable Unit Type	Strategy	Unit Goal	Per Unit Subsidy	Annual Cost
New Rental	Affordable Unit Subsidy	2,100	\$ 56,000	\$ 117,600,000
	Regulatory Reform	2,100	\$ 250	\$ 525,000
Existing Rental	Affordable Unit Subsidy	1,800	\$ 40,000	\$ 72,000,000
New Owner	Downpayment Assistance	1,000	\$ 20,000	\$ 20,000,000
	Regulatory Reform	1,000	\$ 250	\$ 250,000
Existing Owner	Affordable Unit Subsidy	1,000	\$ 25,000	\$ 25,000,000
	Downpayment Assistance	1,000	\$ 20,000	\$ 20,000,000
Totals		10,000		\$ 235,375,000

**How could the Atlanta region achieve a goal of 10,000 affordable units per year, both new and preserved?**

As noted earlier, the affordable units would need to be a combination of rental and owner, and new and preserved units. Using the average cost of subsidy for each type of unit as a benchmark, an estimate of the cost of achieving the 10,000 unit goal can be made.

As shown in the table above, the deepest subsidy will likely need to be for new construction of rental units, at a core county average of \$56,000 per unit, followed closely by subsidies for rehabbing existing owner units--\$25,000. Down payment assistance for first-time affordable homebuyers could be as high as \$20,000 per unit and renovation costs for existing rental units were estimated at \$40,000. The most cost effective strategy is to lower the cost and availability of affordable units through regulatory reform, which we have estimated at \$250 per unit to pay for legal drafting of model codes and regulations for communities and detailed work with local governments to implement changes which support more affordable housing production.

**Based on an initial suggested mix of strategies and unit allocations, an affordable housing program could cost \$235 million to implement in its first year, or \$2.3 billion over ten years.**

Changes to the mixed of strategies, unit goals by affordable unit type, and subsidy level required per unit significantly alter these estimates of future program cost.

# WHAT FUNDING RESOURCES EXIST FOR AFFORDABLE HOUSING IN OUR REGION?

The challenge is that while we have many affordable housing programs operating in our region, collectively they lack the financial resources to meaningfully address the scope of the program we are considering.

## Subsidize Unit Production

- This approach is costly since it funds the gap between market and affordable unit costs but has most direct impact on new unit production.
- **Funding:** Many potential sources including: TADs, BeltLine Trust Fund, Atlanta Housing Opportunity Bond, LIHTCs, Title Bonds/Tax Abatements

## Subsidize Unit Rehab

- This approach stabilizes and preserves existing affordable inventory but typically attracts little public support and funding.
- **Funding:** Many potential sources: TADs, LIHTC, Atlanta Housing Opportunity Bond, Urban Enterprise Zones

## Provide Affordable Renter Support

- Typically these programs are available only from local housing authorities, through their federal funding.
- **Funding:** Housing Authority Place Based Rental Assistance (PBRA), Choice (Section 8) housing vouchers

## Provide Affordable Owner Support

- Down payment assistance to first time affordable households
- **Funding:** Limited at Georgia DCA program, limited local sources with funding such as City of Atlanta, ANDP, etc.

## Regulatory Changes for Affordable Production

- Lower the cost of development of affordable units through zoning, land use, development regulation changes
- **Funding:** low level of funding required for consulting with local and use and regulatory officials, model codes, draft ordinances and policies

# IDENTIFYING POTENTIAL NEW REGIONAL SOURCES OF FUNDING FOR AFFORDABLE HOUSING

In addition to the existing resources, potential strategies for generating additional financial support that could be considered for the five core counties could include:

- **Tax Exempt General Obligation Bond**—approved by voters for the purpose of creating affordable housing in the five core counties of the region.
- **Create a Renewable Down Payment Assistance Program**—Where funds are recycled at the time a unit which received assistance is re-sold by the homeowner, providing a revolving source of funding for down payment assistance.
- **Refresh and Expand the City of Atlanta's Urban Enterprise Zone Program to the Five Core Counties**—Atlanta's UEZ legislation allows for a 10-year property tax break for affordable housing. Expand the program to new and rehabbed rental housing and extend it into the core counties.
- **Increase the Real Estate Transfer Tax by 1/10<sup>th</sup> of a Cent for Affordable Housing**—the Georgia Real Estate Transfer Tax is currently set at 10 cents per \$100 of value on all real estate transactions. Increase the tax to 20 cents per \$100 value on all real estate transactions in the five counties and dedicate the additional revenue to affordable housing.
- **Create Housing Affordability TADs in all LCI Areas**—create Tax Allocation Districts in all of ARC's LCI areas with the proceeds from the TAD used to support the creation of affordable housing in the LCI, through direct financial support to affordable projects.
- **Target the use of Bonds for Title Programs by local development authorities to create affordable housing**—require that any housing created using this approach include a significant affordable housing component.
- **Create a Regional Affordable Housing Fund**—capitalize a regional fund to assist cities and counties in creating affordable housing through public private partnerships, use of the funding from the real estate transfer tax. Seek support from the philanthropic and real estate communities as well, as local governments, to fund the operation of this new entity.

# THE BUILDING BLOCKS OF AN ATLANTA AFFORDABLE HOUSING STRATEGY

Five key building blocks of Atlanta's affordable housing strategy:



These five key strategies are related to a range of specific tactics for implementation within the City of Atlanta and the balance of the five core counties, and for rental and owner housing as detailed in the following tables.

# KEY PLAYERS IN AFFORDABILITY: CITY OF ATLANTA

## Government

- Mayor/City Council
- Atlanta Office of Housing
- Invest Atlanta
- Atlanta Housing Authority
- Fulton County Housing
- Fulton County Development Authority
- Atlanta Housing Trust Fund
- Atlanta Fulton Land Bank Authority
- Atlanta BeltLine, Inc.
- Georgia DCA

## Non-Governmental Organizations (NGO's)

- ANDP
- Enterprise Community Partners
- Federal Home Loan Bank
- Habitat for Humanity
- Local CDC's
- Transformation Alliance
- Westside Futures Fund
- CAP/Midtown/Buckhead CID

## Private Sector

- For Profit Developers
- LIHTC and Historic Tax Credit Developers
- Non-Profit Developers
- Regional Banks

Atlanta has a broad range of organizations and entities engaged in various aspects of affordable housing. However, they operate in a largely uncoordinated fashion and lack a consensus plan of action.

## BUILDING BLOCKS OF AN AFFORDABLE STRATEGY: ATLANTA - RENTER

Strategy	Tactics			
<b>Increase affordable housing production</b>	Lessen development costs through cost conscious design solutions and reform of regulatory and land use policies	Engage public employee pension funds to invest in affordable housing for its membership	Provide public land for rental housing to lower costs, use land bank authority for land assembly	Limit bond for title financing for residential projects to affordable housing
<b>Maintain affordable inventory</b>	Offer ten year tax abatement on rehabbed units which agree to maintain affordability	Offer low cost rehab financing for maintaining affordable rents in existing units	Provide a density bonus for redevelopment of low density affordable projects which maintain affordability	Reinvigorate the Urban Enterprise Zone program in the city, secure Fulton County's participation.
<b>Lessen housing/ transportation costs</b>	Locate affordable rental units near employment centers	Locate affordable rental units in walkable zones near transit	Provide discounted MARTA passes for one year to new affordable renters within ½ mile of stations.	Using SPI Overlay mechanism permit mixed use housing in commercial corridors
<b>Expand capital resources</b>	Provide matching subsidies for 4% LIHTC financing to equal benefits of 9% credits for affordable rental units	Target TAD funds for housing affordability	Create development capital program for small developers creating or rehabbing affordable units	Use Urban Enterprise Zone (UEZ) program to provide tax abatements to new rental affordable projects
<b>Leadership on affordability</b>	Centralize affordable housing initiatives under high level administrator	Under affordable administrator coordinate actions of Planning, Invest Atlanta, AHA on affordability	Create a housing trust fund to administer in lieu payments, seek industry, foundation and philanthropic funding support	Develop in-house capabilities to monitor compliance with affordable policies in a effective and efficient manner

## BUILDING BLOCKS OF AN AFFORDABLE STRATEGY: ATLANTA - OWNER

Strategy	Tactics			
<b>Increase affordable housing production</b>	Lessen development costs through cost conscious design solutions	Reform regulatory and land use policies to lower development costs	Provide public land for ownership housing to lower costs, use land bank authority	Allow smaller lot sizes, and encourage duplex-fourplex designs, accessory units
<b>Maintain affordable inventory</b>	Offer ten year homesteader tax abatement on vacant/rehabbed units to first-time affordable home-buyers	Offer low cost rehab assistance to homeowners to rehab affordable units if they maintain ownership for five years	Increase the homestead exemption for resident seniors to mitigate gentrification effects	
<b>Lessen housing/ transportation costs</b>	Locate affordable condominium units/ rental conversions near employment centers	Locate affordable condominium, townhouse units in walkable zones near transit	Provide discounted MARTA passes for one year to new affordable homeowners within ½ mile of stations.	
<b>Expand capital resources</b>	Accelerate the use of down payment assistance for first time affordable home-buyers	Create TAD redevelopment fund for affordable homeowners in eligible areas	Create development capital program for small developers creating or rehabbing affordable units	Use Urban Enterprise Zone (UEZ) program to provide tax abatements to purchasers of affordable owner housing
<b>Leadership on affordability</b>	Centralize affordable housing initiatives under high level administrator	Under affordable administrator coordinate actions of Planning, Invest Atlanta, AHA on affordability	Create a housing trust fund to administer in lieu payments, seek industry, foundation and philanthropic funding support	Develop in-house capabilities to monitor compliance with affordable policies in a effective and efficient manner

# KEY PLAYERS IN AFFORDABILITY IN THE FIVE CORE COUNTIES (EXCLUDING ATLANTA)

## Government

- Atlanta Regional Commission
- Mayors/City Councils
- County Commissions
- Community Development Departments/Planning
- Local Housing Authorities
- Development Authorities
- Land Bank Authorities
- Georgia DCA

## Non-Governmental Organizations (NGO's)

- ANDP
- Enterprise Community Partners
- Federal Home Loan Bank
- Habitat for Humanity
- Local CDC's
- Transformation Alliance
- Community Improvement Districts

## Private Sector

- For Profit Developers
- LIHTC and Historic Tax Credit Developers
- Non-Profit Developers
- Regional Banks

In the five core counties there is less infrastructure in place to create affordable housing and there is also a lack of a consensus about a regional approach to address in the issue of housing affordability.



## BUILDING BLOCKS OF AN AFFORDABLE STRATEGY: CORE COUNTIES - RENTER

Strategy	Tactics			
<b>Increase affordable housing production</b>	Lessen development costs through cost conscious design solutions	Reform regulatory and land use policies to lower development costs and permit new multifamily development at/near job and commercial centers	Provide surplus public land as sites for rental housing at no or lower than market cost	Provide tax abatement through bond for title mechanism with interim public ownership by regional housing trust fund.
<b>Maintain affordable inventory</b>	Offer ten year tax abatement on rehabbed affordable units which maintain affordable rents	Expand Gwinnett's Crime Free Multi-housing program to Core Counties	Use code enforcement policies to maintain quality of existing affordable inventory	Allow redevelopment of existing low density apartments at increased density with affordable units included in rebuild.
<b>Lessen housing/ transportation costs</b>	Locate affordable rental units near employment centers	Locate affordable rental units in walkable zones near transit/town centers	Expand commuter bus transit on commercial corridors with substantial rental housing concentrations to job centers	Identify existing inventory of subsidized affordable units and when they will lose their subsidy. Work with owners to keep in affordable inventory
<b>Expand capital resources</b>	Require housing affordability in all incentive programs for residential development	Create TAD's in all LCI and Town Centers and use as an incentive for affordable, mixed use housing.	Encourage cities and counties to commit 10% of their future housing permits for multifamily development	Expand the Urban Enterprise Zone (UEZ) program into core counties to subsidize affordable units
<b>Leadership on affordability</b>	Empower a regional organization to coordinate affordable efforts in the five counties	Under affordable administrator coordinate actions of cities and counties, share resources and adopt best practices	Create a regional housing trust fund to foster affordable housing seek industry and philanthropic support	Develop in-house capabilities to monitor compliance with affordable policies in a effective and efficient way

## BUILDING BLOCKS OF AN AFFORDABLE STRATEGY: CORE COUNTIES - OWNER

Strategy	Tactics			
<b>Increase affordable housing production</b>	Lessen development costs through cost conscious design solutions	Reform regulatory and land use policies to lower development costs	Provide public land for ownership housing to lower costs, use land bank authority	Allow accessory units, smaller lot sizes, and smaller minimum unit sizes to diversify housing types
<b>Maintain affordable inventory</b>	Offer ten year homesteader tax abatement on vacant/rehabbed units to first-time affordable home-buyers	Increase the homestead exemption for resident seniors to mitigate gentrification	Create rent to own programs to transition affordable households from renters to owners over time	
<b>Lessen housing/ transportation costs</b>	Locate affordable condominium units/ rental conversions near employment centers	Locate affordable condominium, townhouse units in walkable zones near transit/town centers	Expand commuter bus transit to job centers on commercial corridors with substantial residential concentrations.	Waive impact and development fees for affordable housing developments.
<b>Expand capital resources</b>	Create a regional down payment assistance program for first time affordable home-buyers	Create TAD redevelopment fund for loans to affordable homeowners in eligible areas	Encourage cities and counties to commit 10% of their future housing permits for affordable owner development	Expand the Urban Enterprise Zone (UEZ) program to purchasers of affordable housing.
<b>Leadership on affordability</b>	Empower a regional organization to coordinate affordable efforts in the five counties	Under affordable administrator coordinate actions of cities and counties, share resources and adopt best practices	Create a regional housing trust fund to foster affordable housing seek industry and philanthropic support	Develop in-house capabilities to monitor compliance with affordable policies in a effective and efficient way