

# 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

This research and report was commissioned by ULI Atlanta to contribute to the on-going regional dialogue about the issue of affordability in the Atlanta region. The research presented in this report was conducted by Bleakly Advisory Group, Inc. and the Working Group on Affordable Housing of ULI Atlanta, chaired by Sharon Gay. The members of the Livable Communities Council (LCC), initiated the need for this research and participated in the shaping of the key concepts and ideas included in this report. Their input was both insightful and much appreciated.

The report is organized into four sections:

- Executive Summary
- Making the Case
- Setting a Goal for Affordability
- Strategies to Meet the Need

# Affordable Atlanta: Making the Case, Setting a Goal, and Defining Strategies to Meet the Need





# EXECUTIVE SUMMARY

# WORKING GROUP ON AFFORDABILITY: DEFINING THE PROCESS

01

Define Affordability

02

Characterize the  
Issues with  
Affordability in  
Atlanta

03

Map Needs to  
Strategies

04

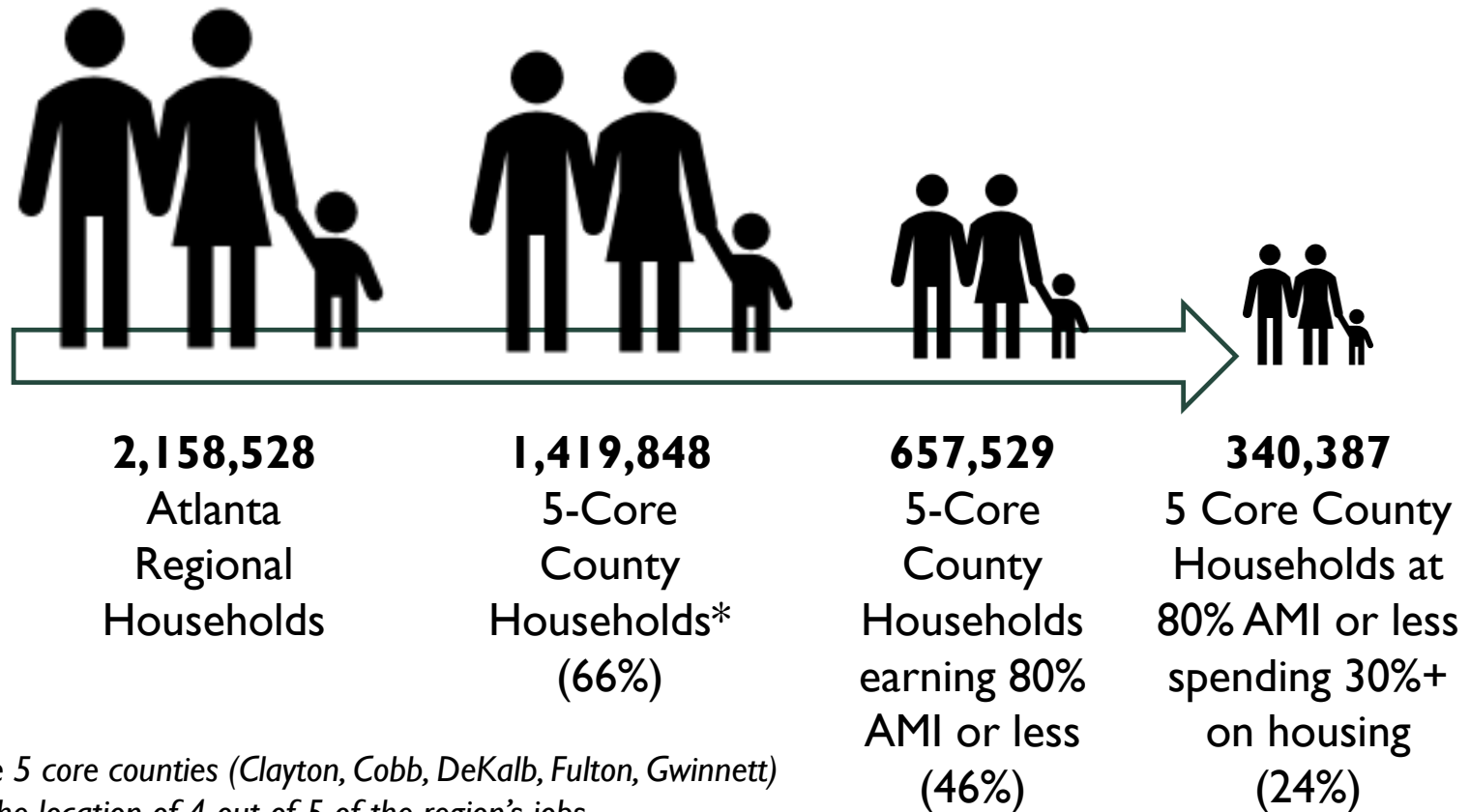
Build Consensus  
Around Strategies

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



# MAKING THE CASE FOR AFFORDABLE HOUSING

# THE CHALLENGE OF HOUSING AFFORDABILITY IN THE ATLANTA REGION

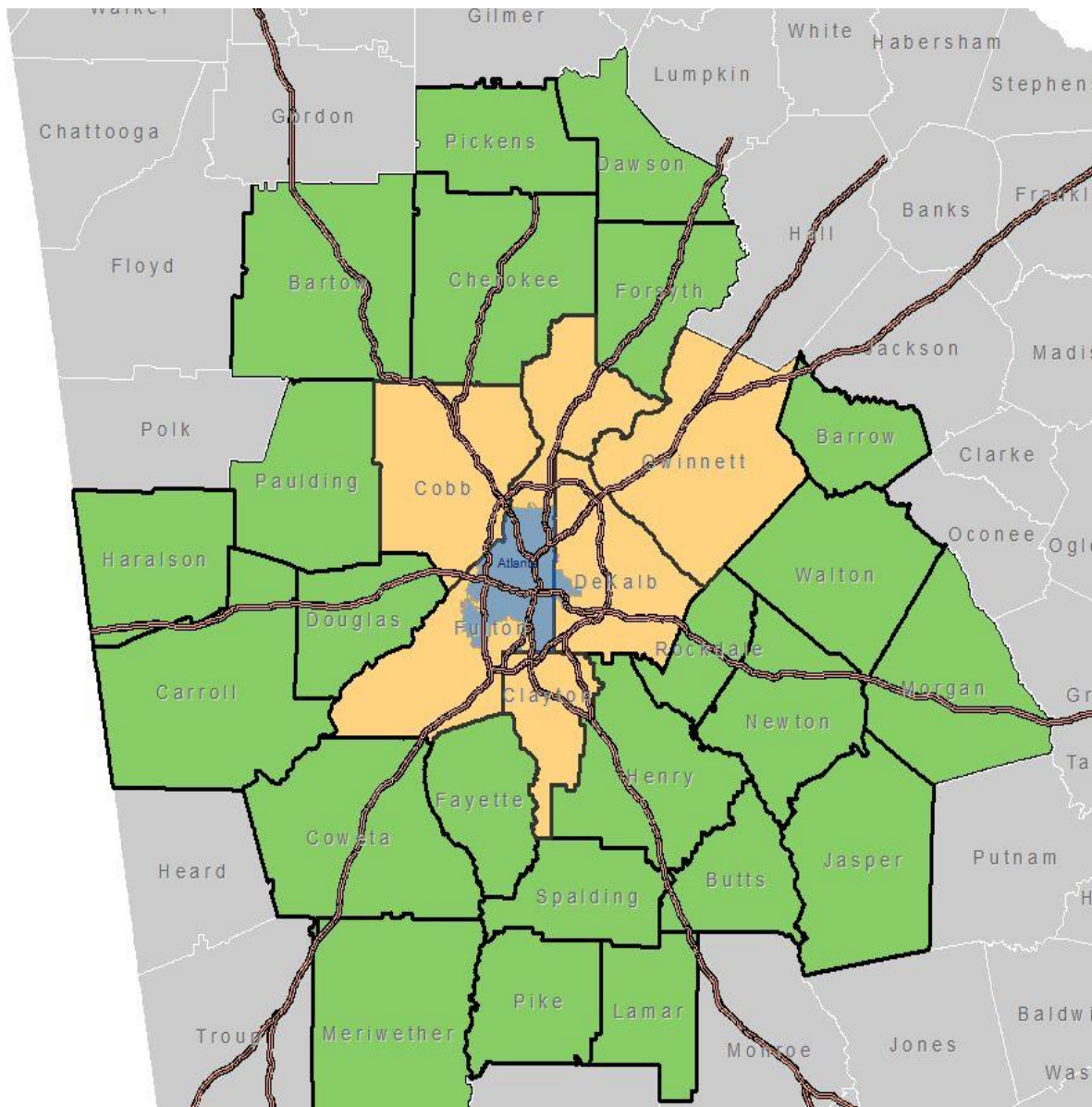
Housing affordability in the Atlanta region has become a challenge due to five factors:

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.



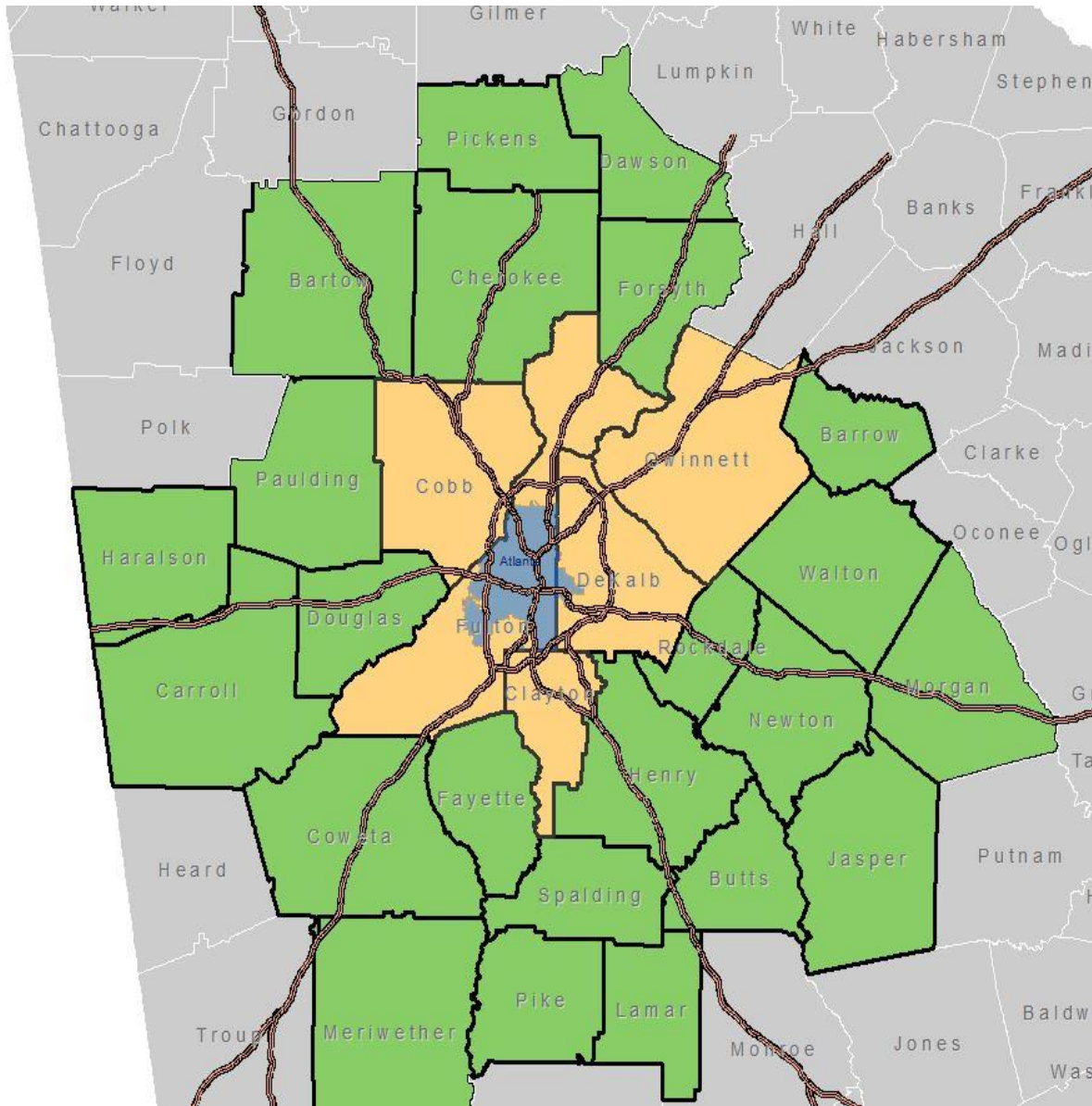
## AFFORDABILITY GEOGRAPHY

**REGION:**  
ATLANTA MSA/CBSA  
IN GREEN

**CORE COUNTIES:**  
COBB, CLAYTON,  
DEKALB, FULTON,  
GWINNETT  
IN ORANGE

**CITY OF ATLANTA:**  
IN BLUE

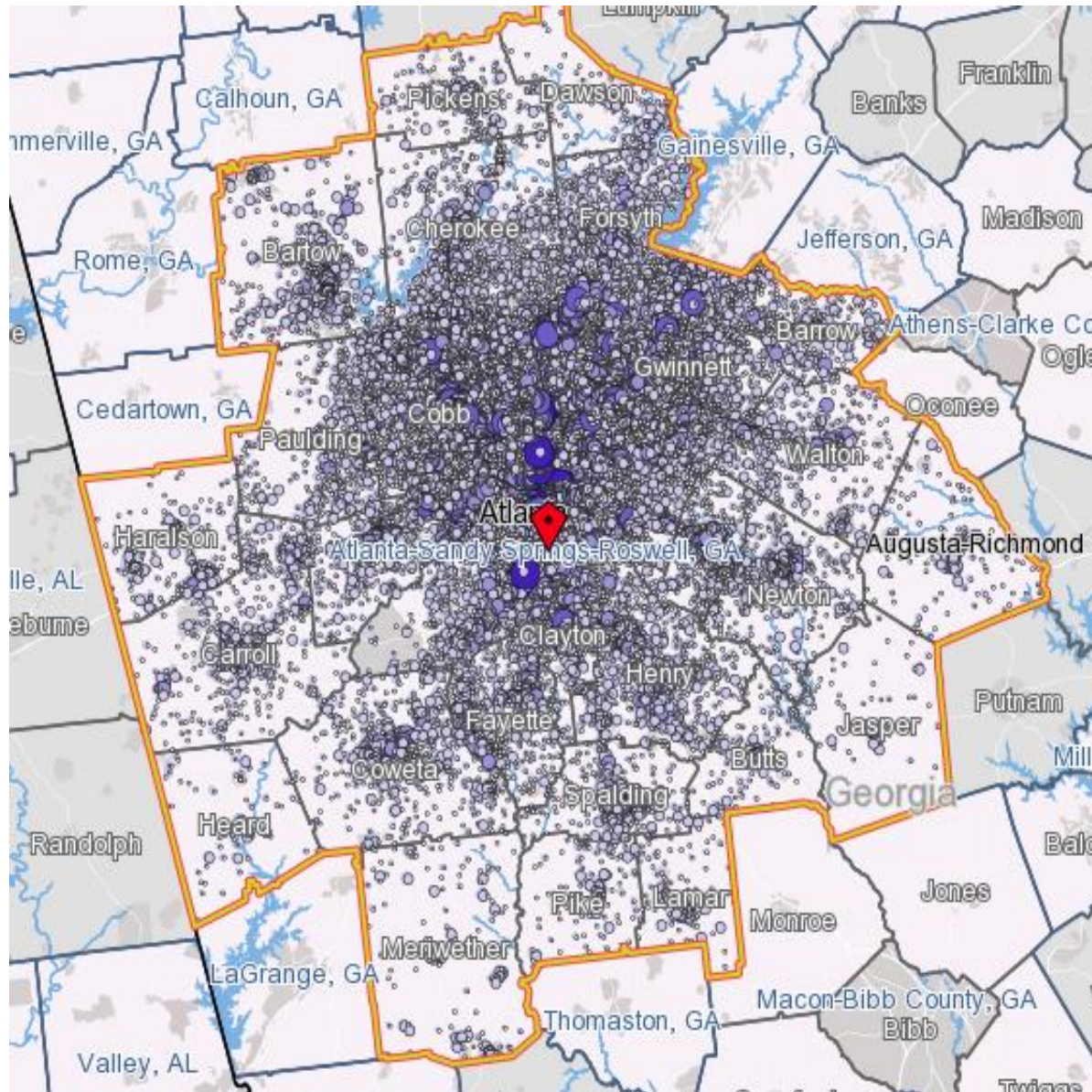




## WHERE THE JOBS ARE:

THE CORE COUNTIES ACCOUNT FOR 77% OF ATLANTA MSA JOBS – 1.9 MILLION OF 2.5 MILLION

CITY OF ATLANTA 17% OF MSA JOBS, 422,000



**EMPLOYMENT  
DENSITY IN THE  
ATLANTA  
REGION:**

**JOBS ARE  
CONCENTRATED  
IN THE CORE**





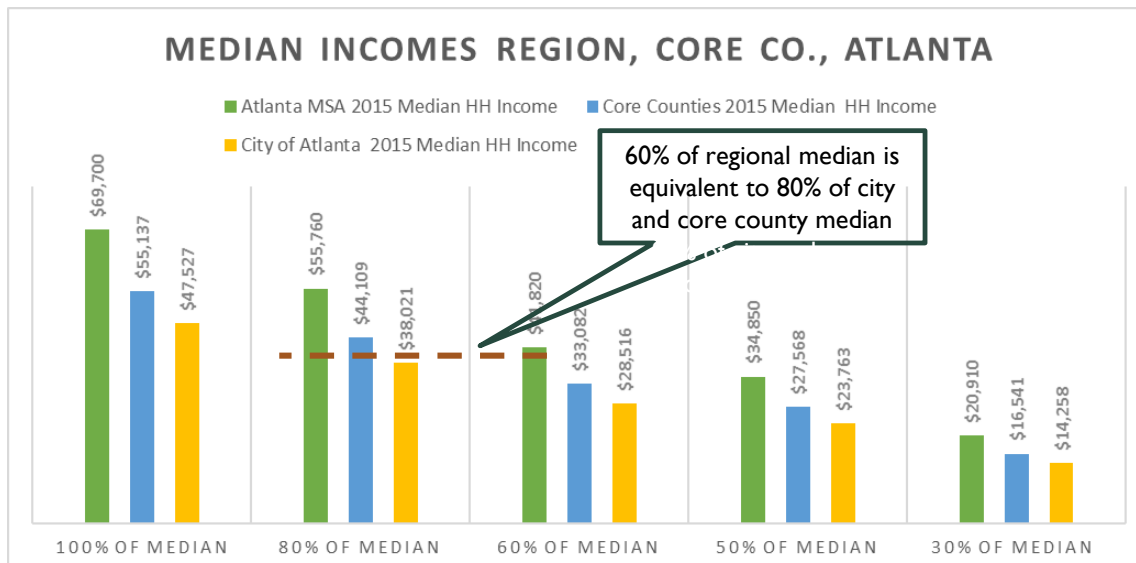
# DEFINING THE AFFORDABLE HOUSING NEED IN ATLANTA

# COMPARISON OF MEDIAN INCOMES: REGION, CORE COUNTIES, ATLANTA

- The median income for the Atlanta MSA is \$69,700 for a family of four, as defined by HUD, which frames housing policy. (The proportion of the median for the region is shown in green below.)
- The core county median in 2015 was \$55,137 – significantly lower than the region overall.
- The Atlanta city median in 2015 was \$47,527 – substantially lower than the region overall.
- Lower maximum incomes at key percentages results from using the city median as the basis for determining AMI.

**Key take-away:** region-wide, an income at 80% of median, or \$56,000, is roughly equal to the median for the core counties and significantly higher than the median for the city, meaning half of all households have incomes below this figure in the core counties and city.

(However, HUD calculates the median income for a four person household, while the core and city medians are calculated on the average household size the city median is calculated typical core or Atlanta household which is less.)



*Conclusion: Incomes vary widely across the three geographies. Because most affordable programs are based on HUD's higher regional AMI income limits, this should serve as the standard in any strategy. While recognizing that 60% of AMI as defined by HUD is a closer proxy for 80% AMI in the city and core counties.*



# THE DEMOGRAPHICS OF AFFORDABILITY IN ATLANTA— COST BURDENED HOUSEHOLDS

- A key concept in affordable housing is determining the number of cost burdened households in a region. This is the most widely-used standard in national research on affordable housing.
- A **cost-burdened household** is any household that is spending more than 30% of total income on housing costs.
  - The determination that a household should spend no more than 30% of its income on shelter is a long-standing federal housing metric. The assumption is that maximizing housing costs at that percentage leaves enough income to pay for the other essentials of living, transportation, food, clothing, etc.
- Severely **cost burdened** households have been described as those spending 50%+ on housing costs.

# THE DEMOGRAPHICS OF AFFORDABILITY IN THE **CORE COUNTIES** OF THE ATLANTA REGION

Affordable households are defined by their income relative to the Area Median Income (AMI) of the Atlanta region (\$69,700).

Of the 1.4 million households in the core counties of the region:

- 15% earn less than \$21,000
- 14% earn between \$21,000 and \$35,000
- 17% earn between \$35,000 and \$56,000
- 44% or 604,638 households in the core counties earn less than 80% of the median or roughly \$56,000.

**Core County Households by % of Area Median Income**



**Defining Affordable Households in the Core Counties\*, 2015**

Income Classification	Extremely	Very		Middle Income	Above Median	Total HH's
	Low Income	Low Income	Low Income			
Percent of Area Median Income	<30% AMI	31% - 50% AMI	51%-80% AMI	81%-100% AMI	100+ AMI	
Household Income Range	<\$20,910	\$20,911-\$34,850	\$34,851-\$55,760	\$55,761-\$69,700	\$69,701+	
Core County Households	219,700	199,633	238,196	144,045	618,274	1,419,848
Percent of Core County Households	15%	14%	17%	10%	44%	100%

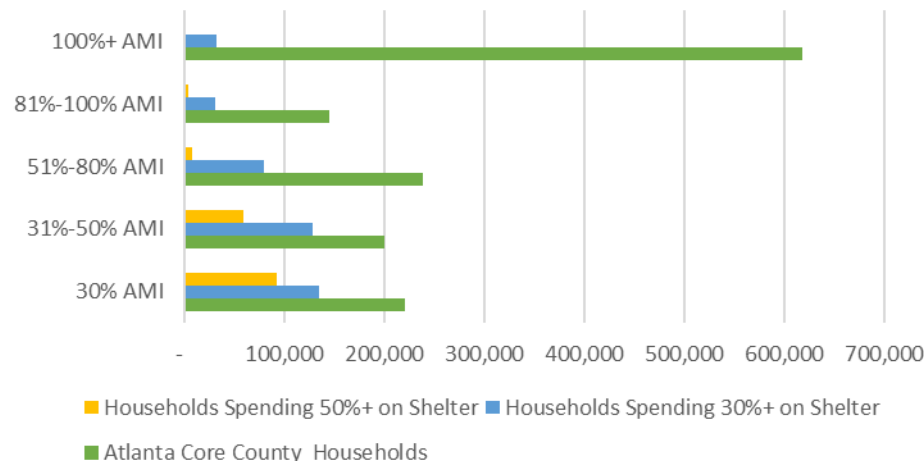
\*Core Counties--Clayton, Cobb, DeKalb, Fulton and Gwinnett

# THE DEMOGRAPHICS OF AFFORDABILITY IN ATLANTA: CORE COUNTIES COST BURDENED HOUSEHOLDS

In the five core counties:

- Of 1.4 million households, 401,550 spend more than 30% of their income on housing
- Among affordable households (at 80% of AMI and below), there are 340,387 households spending 30%+
  - 160,194 affordable households spend 50%+ on housing
  - **These are the affordable households with the greatest need.**

Cost Burdened Households in Core Counties



Classification of Core County Households by Income Groups and Spending 30%+ of Income on Shelter

Income Classification	Extremely Low Income	Very Low Income	Low Income	Middle Income	Above Median	Total HH's
Percent of Area Median Income	<30% AMI	31% - 50% AMI	51%-80% AMI	81%-100% AMI	100+ AMI	
Household Income Range	<\$20,910	\$20,911-\$34,850	\$34,851-\$55,760	\$55,761-\$69,700	\$69,701+	
Core County Households	219,700	199,633	238,196	144,045	618,274	1,419,848
% HH's Spending 30%+ on Shelter	61%	64%	33%	21%	5%	26%
Households Spending 30%+ on Shelter	134,017	127,765	78,605	30,249	30,914	401,550
% of HH's Spending 50%+ on Shelter	0.42	0.29	0.03	0.0	-	0.11
Households Spending 50%+ on Shelter	92,274	57,894	7,146	2,881	-	160,194

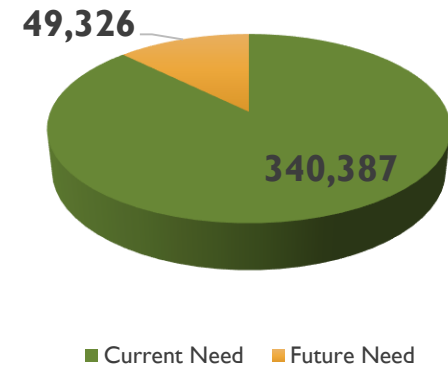
Source: Census American Housing Survey: Atlanta 2015/EnviroNics/BAG

# THE DEMOGRAPHICS OF AFFORDABILITY: CORE COUNTIES AFFORDABLE DEMAND

The demand for affordable housing in the core counties is determined by the number of cost burdened households earning modest incomes <\$56,000, or 80% of AMI.

- There are currently 340,387 affordable households with a housing need.
- There will be an additional 49,326 affordable households by 2027.
- **Total affordable housing demand in the core counties by 2027 will be 389,700 households, or 27% of core county households.**

**Core County Affordable Housing Demand 2017-2027**



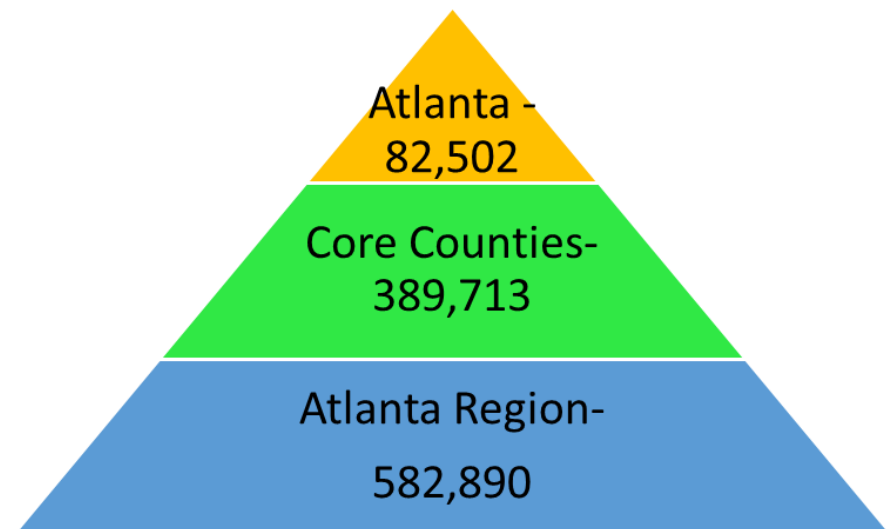
AFFORDABLE HOUSING NEED FOR CORE COUNTIES 2017-2027					
Income Bands	Current Households	Cost Burdened 30%+	New Households 2017-2027	Cost Burdened 30%+	Affordable Housing Need
< 30% AMI	219,700	134,017	31,837	19,421	153,438
31% to 50% AMI	199,633	127,765	28,929	18,515	146,280
51% to 80% AMI	238,196	78,605	34,518	11,391	89,996
81% to 100% AMI	144,045	30,249	20,874	4,384	34,633
100%+ AMI	618,274	30,914	89,596	4,480	35,394
<b>Total</b>	<b>1,419,848</b>	<b>401,550</b>	<b>205,754</b>	<b>58,190</b>	<b>459,740</b>
<b>Total Need to 80% of AMI</b>		<b>340,387</b>		<b>49,326</b>	<b>389,713</b>

# 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



# HOUSING NEED BY LEVEL OF AFFORDABILITY IN THE REGION, CORE COUNTIES AND ATLANTA

HOUSING NEED BY AFFORDABLE INCOME LEVEL



AFFORDABLE HOUSING NEED BY INCOME LEVEL

	City of Atlanta		Core Counties		Atlanta MSA	
	N	%	N	%	N	%
< 30% AMI	44,990	55%	153,438	39%	237,791	41%
31% to 50% AMI	24,308	29%	146,280	38%	200,987	34%
51% to 80% AMI	13,204	16%	89,996	23%	144,112	25%
Total <80% AMI	82,502	100%	389,713	100%	582,890	100%

Housing need by affordable income levels by the three geographies:

- The greatest need is among households earning less than 30% of AMI (less than \$20,000).
- The second largest need is among households earning between 31% and 50% of AMI (\$20,000 to \$34,000).
- Fewer households earning between 51% and 80% of AMI (\$34,000 to \$56,000) have a housing need than the other low and moderate income groups.
- **The only affordable income segment being served by new construction in the private housing market is 60% to 80% of AMI.**



HOUSING COSTS  
RISING = A LOT

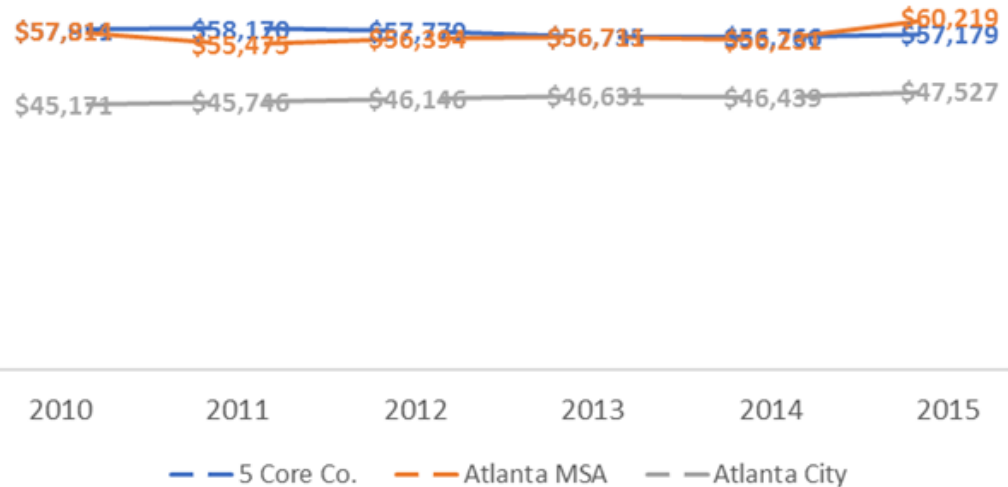
HOUSEHOLD  
INCOMES RISING  
= NOT SO MUCH



# INCOME GROWTH IN THE ATLANTA REGION HAS BEEN STAGNANT/SLOW

- Median incomes in the region have grown at less than 1% per year over the past five years.
- Median incomes in the core counties have declined slightly (-0.3%)
- Median incomes in Atlanta are growing slightly (1.0%)

**MEDIAN HOUSEHOLD INCOMES 2010-2015**



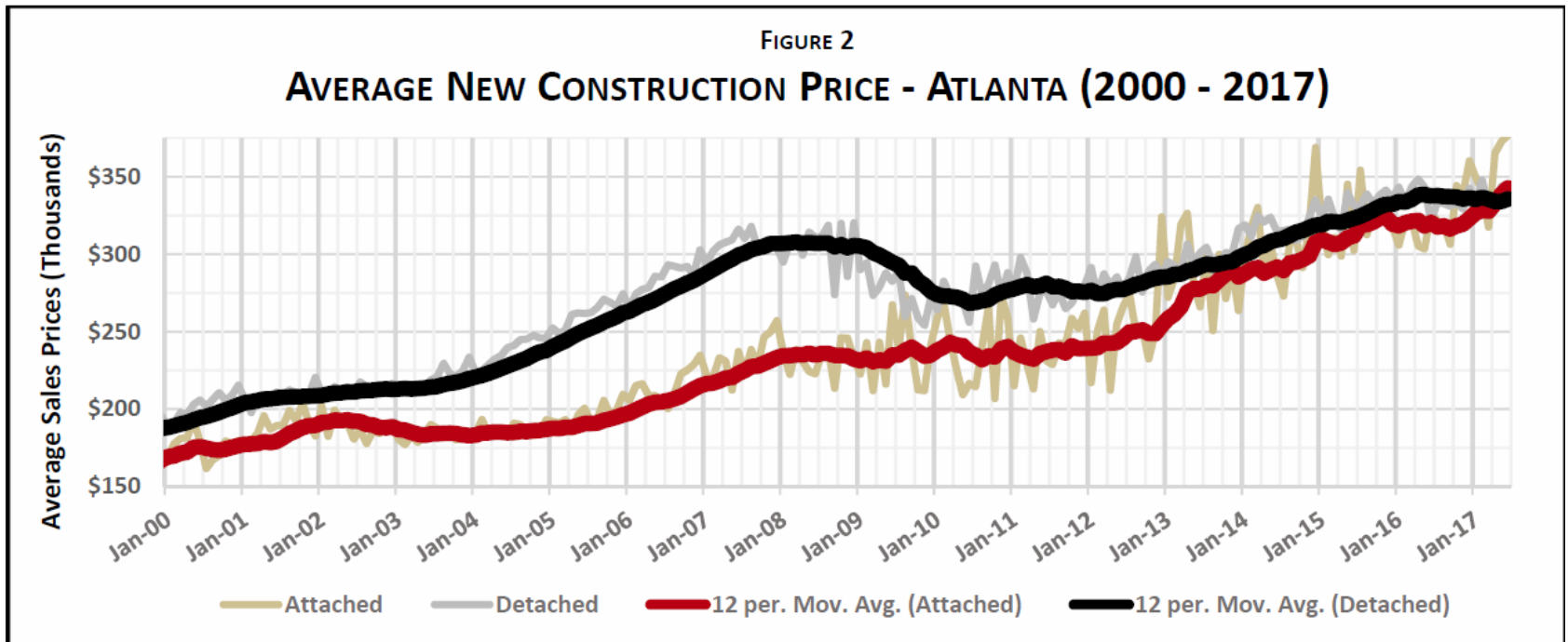
**Median Incomes 2010-2015**

Year	Core Counties	Atlanta MSA	Atlanta City
2010	\$ 57,911	\$ 57,814	\$ 45,171
2011	\$ 58,170	\$ 55,475	\$ 45,746
2012	\$ 57,779	\$ 56,394	\$ 46,146
2013	\$ 56,735	\$ 56,711	\$ 46,631
2014	\$ 56,766	\$ 56,231	\$ 46,439
2015	\$ 57,179	\$ 60,219	\$ 47,527
CAAGR* 2010-2015	-0.30%	0.80%	1.00%
Households	1,278,779	2,158,578	193,246

\*CAAGR=compound annual average growth rate



# AVERAGE NEW HOME PRICES ARE INCREASING



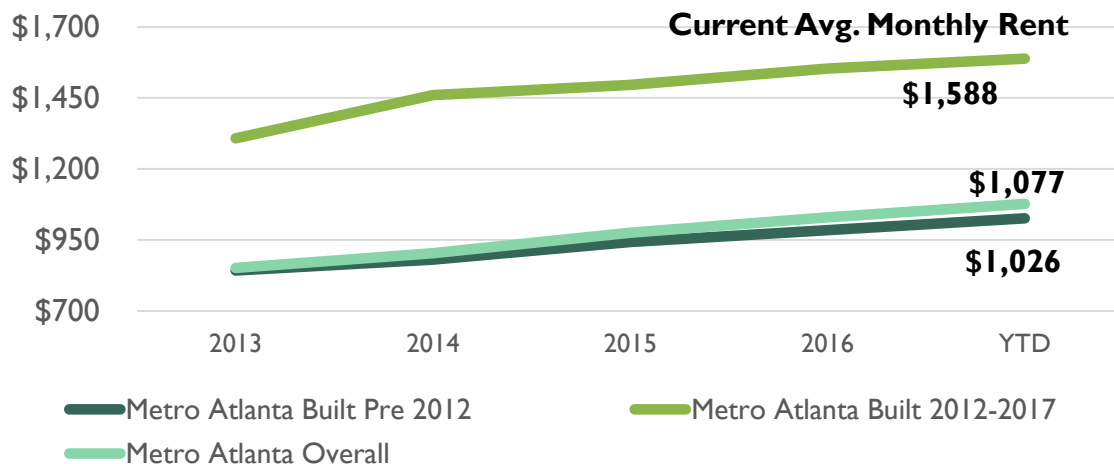
Source: Smart Real Estate Data

The average new home price in the Atlanta region has grown from the \$260,000 in 2011 to \$338,000 in early 1Q 2017– a **3.7% annual compound growth rate**, while incomes are growing at less than 1%.

# 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



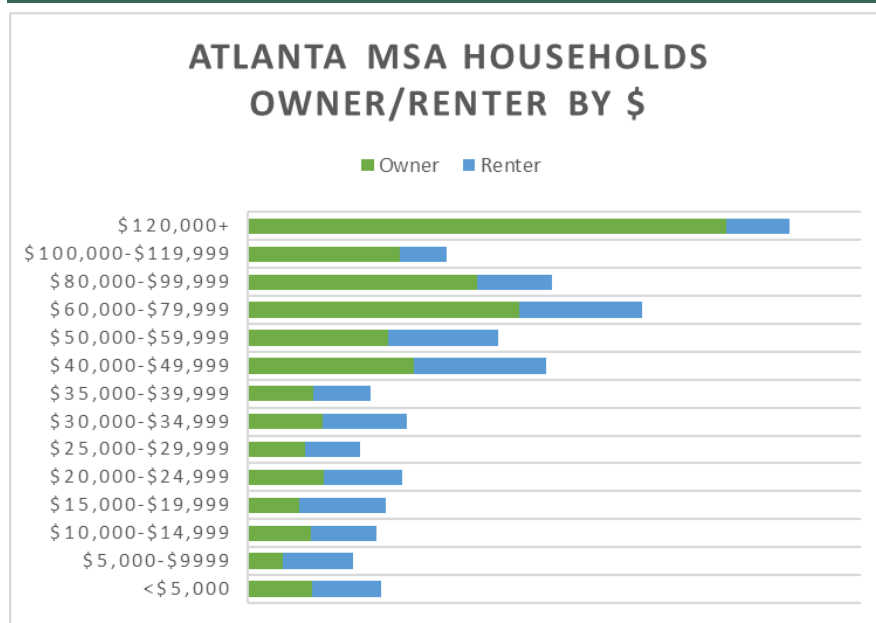
## CHANGE IN EFFECTIVE RENTS IN ATLANTA REGION 2012-2017

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

# THE DEMOGRAPHICS OF AFFORDABILITY IN ATLANTA: OWNER/RENTER RATIO BY INCOME



Atlanta MSA Households Owner/Renter Ratio by Income, 2015				
Income	Owner	Renter	Total	% Renter
<\$5,000	42.1	44.9	87	52%
\$5,000-\$9,999	22.4	46	68.4	67%
\$10,000-\$14,999	40.9	42.9	83.8	51%
\$15,000-\$19,999	33.4	56.3	89.7	63%
\$20,000-\$24,999	49.4	51.1	100.5	51%
\$25,000-\$29,999	36.9	36.3	73.2	50%
\$30,000-\$34,999	48.8	55	103.8	53%
\$35,000-\$39,999	42.4	37.4	79.8	47%
\$40,000-\$49,999	108.6	86.3	194.9	44%
\$50,000-\$59,999	91.8	71.4	163.2	44%
\$60,000-\$79,999	176.7	80.3	257	31%
\$80,000-\$99,999	149.3	49.1	198.4	25%
\$100,000-\$119,999	99.2	30.3	129.5	23%
\$120,000+	311.9	41.8	353.7	12%
<b>Totals</b>	<b>1253.8</b>	<b>729.1</b>	<b>1982.9</b>	<b>37%</b>

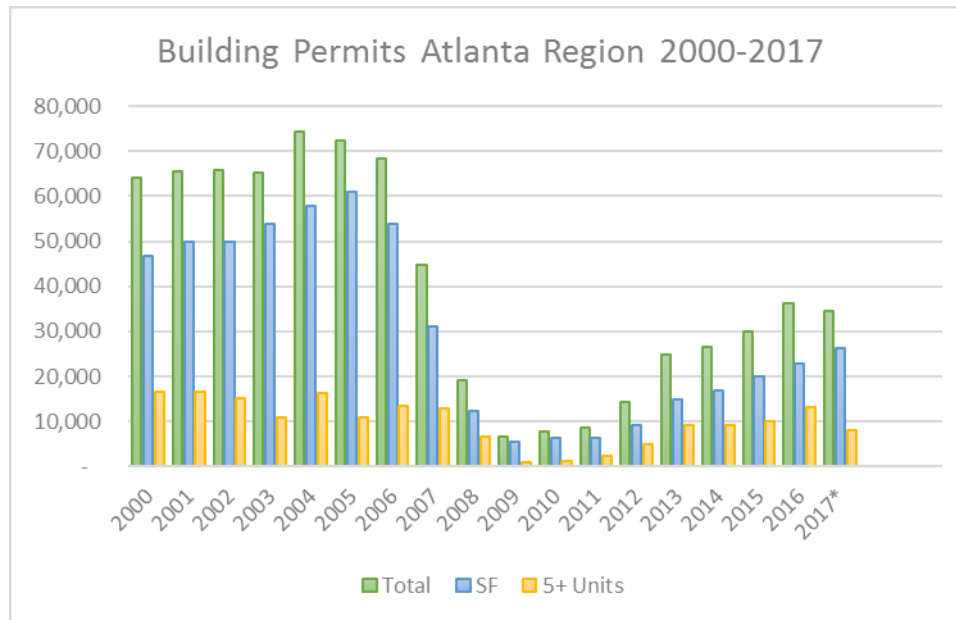
Source: Census American Community Survey

Within the Atlanta MSA, homeownership predominates at 63%, with 37% of renter households.

- Among households earning less than \$35,000, renter households are the majority.
- However, among these households homeownership is 45%.

**Thus, affordable housing strategies need to address both rental and ownership.**

# LACK OF AFFORDABLE PRODUCTION: HOUSING CONSTRUCTION IS FAR OFF ITS PEAK



Building Permits Atlanta Region 2000-2017			
Year	Total	SF	5+ Units
2000	64,007	46,778	16,570
2001	65,483	49,952	16,555
2002	65,660	49,952	15,239
2003	65,098	53,753	10,821
2004	74,457	57,727	16,179
2005	72,223	60,952	10,965
2006	68,240	53,944	13,591
2007	44,686	31,121	12,944
2008	19,034	12,307	6,544
2009	6,509	5,397	994
2010	7,627	6,436	1,101
2011	8,692	6,239	2,390
2012	14,356	9,146	5,024
2013	24,797	14,803	9,281
2014	26,431	16,935	9,239
2015	30,011	19,885	9,929
2016	36,121	22,931	13,040
2017*	34,382	26,150	8,120

New construction in the Atlanta region has not recovered from the Great Recession.

- Single family permits have returned to 38% of their peak 2005.
- Multifamily permits are at 81% of their peak in 2000.
- Overall, permits are at 49% of their peak in 2004.

Source: Census

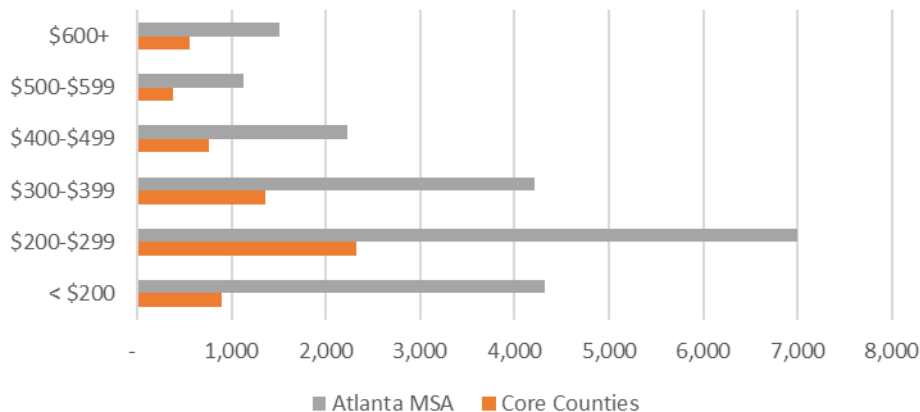
# HOW IS SUPPLY MEETING AFFORDABLE NEED: NEW OWNER SALES

New Home Sales by Price, Core Counties, MSA 2016

	<\$200,000	\$200,000- \$299,999	\$300,000- \$399,999	\$400,000- \$499,999	\$500,000- \$599,999	\$600,000+	Total	< \$200,000 % of Total
N. Fulton	-	88	281	217	197	627	1,410	0%
S. Fulton	477	547	86	20	26	96	1,252	38%
Cobb	93	397	439	353	204	207	1,693	5%
Clayton	515	176	1	-	-	1	693	74%
DeKalb	150	294	78	130	101	279	1,032	15%
Gwinnett	659	1,630	844	280	70	75	3,558	19%
Core Counties	1,417	2,497	1,362	763	375	562	6,976	20%
Atlanta MSA	4,318	6,993	4,206	2,233	1,126	1,509	20,385	21%

Source: Smart Real Estate Data

HOME SALES BY PRICE ATLANTA MSA, AND  
CORE COUNTIES



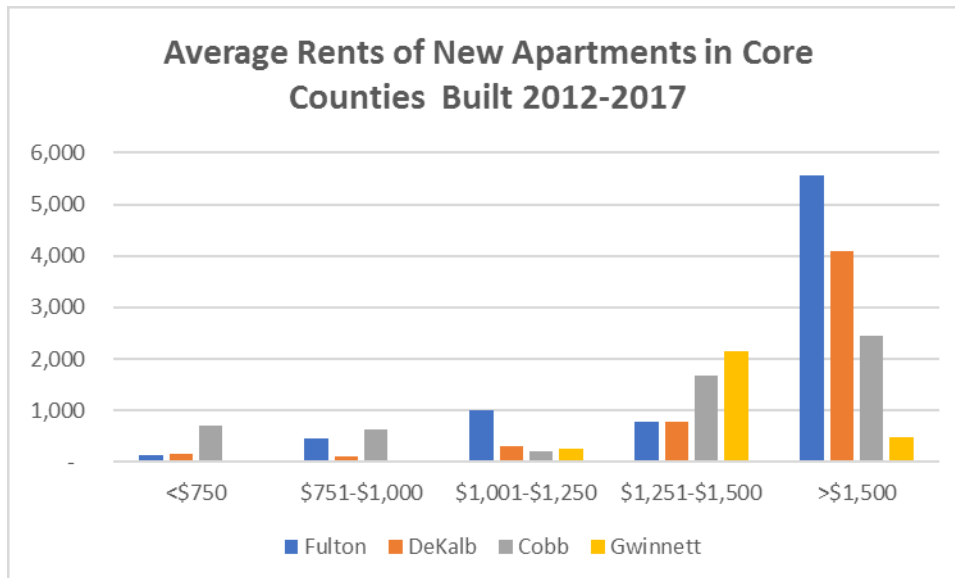
- The new home market in the core counties is concentrating on the middle- to upper-end of the market.
- **In 2016, only one in five new homes in the core counties was priced at less than \$200K.**
- In the core counties the least expensive units were concentrated in Clayton, S. Fulton and Gwinnett.
- **67% of the more affordable inventory (below \$200,000) built in the metro area is outside the core counties, distant from job centers.**

# NEW APARTMENT CONSTRUCTION IN THE CORE COUNTIES CONCENTRATED AT HIGH END OF MARKET

# of Units Built 2012-2017 - Current Monthly Rent

Average Rent	Fulton	DeKalb	Cobb	Gwinnett	Total Core
<\$750	148	154	706	-	1,008
\$751-\$1,000	456	106	627	-	1,189
\$1,001-\$1,250	1,009	321	200	248	2,197
\$1,251-\$1,500	772	772	1,675	2,140	5,359
>\$1,500	5,559	4,089	2,462	494	12,604
<b>Total Units</b>	<b>7,944</b>	<b>5,442</b>	<b>5,670</b>	<b>2,882</b>	<b>21,938</b>

Source: CoStar



New apartment construction in the core counties over the past five years has been focused on the upper-end of the market.

- Of the 22,000 units constructed in the five counties since 2012, 58% are charging rents in excess of \$1,500 and another 24% between \$1,250, and \$1,500.
- New units renting for less than \$1,000 per month represent only 10% of the newly built inventory.
- No new apartments were constructed in Clayton Co. in the last five years.

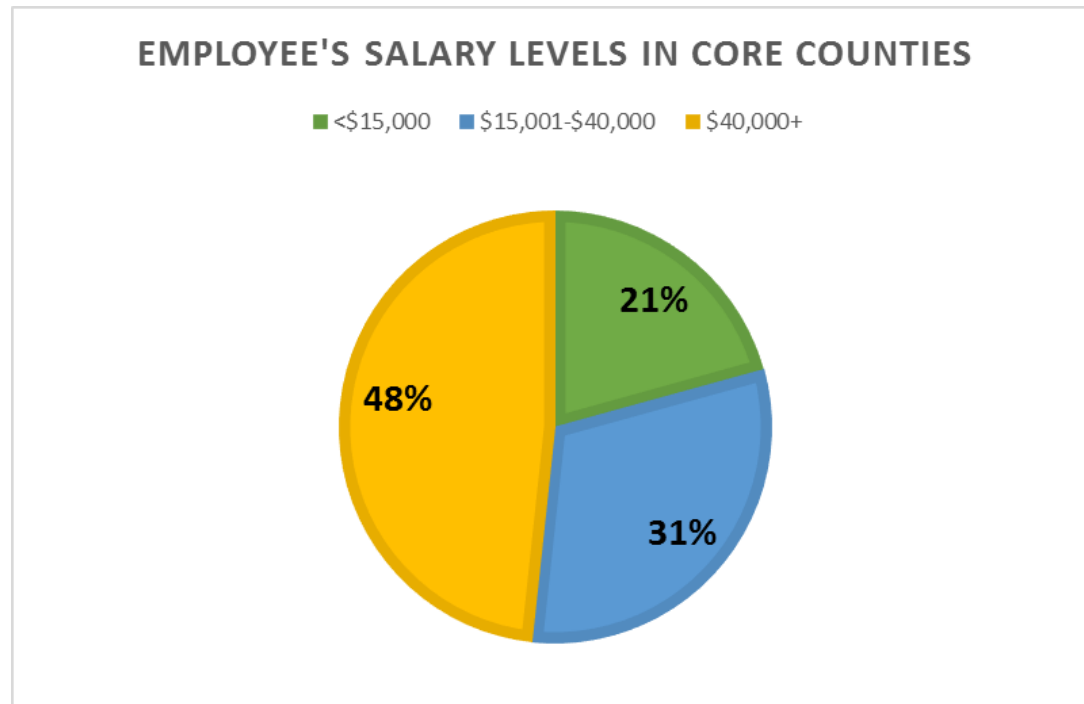


# The Housing Needs of Atlanta's Workforce

# THE MAJORITY OF CORE COUNTY EMPLOYEES EARN MODEST SALARIES

## Among the 1.9 million core counties employees:

- 20.7% earn less than \$15,000 per year
- 31% earn between \$15,000 and \$40,000 per year
- 48.3% earn more than \$40,000 per year
- **52% of core counties workers earn less than \$40,000 per year**



Source: Census On the Map, 2015

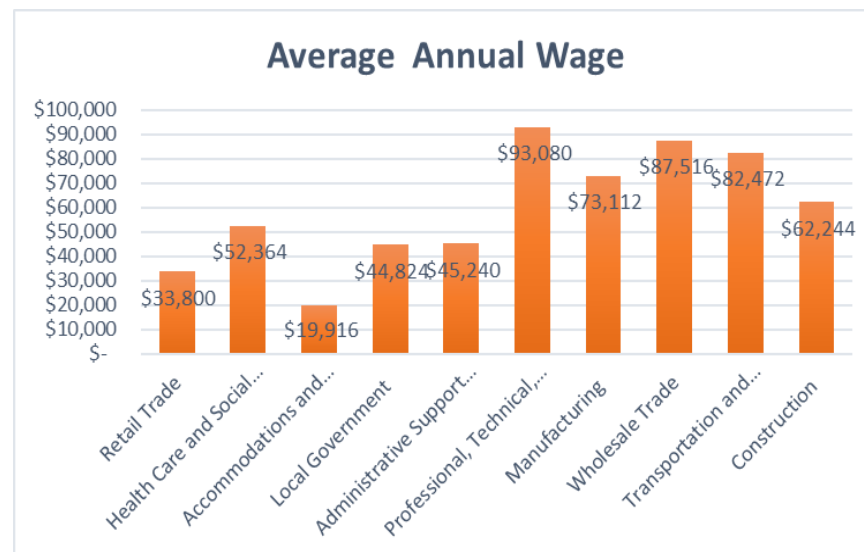


# WORKFORCE SALARIES: ALMOST HALF OF THE JOBS IN ATLANTA'S ECONOMY HAVE MODERATE WAGES

Atlanta Region Top Ten Job Sectors and Average Wage 1Q/2017

	Number	%	Average Annual Wage
Retail Trade	282,684	11%	\$33,800
Health Care and Social Assistance	270,910	11%	\$52,364
Accommodations and Food Service	246,035	10%	\$19,916
Local Government	208,177	8%	\$44,824
Administrative Support Waste Mangt.	196,602	8%	\$45,240
Professional, Technical, Scientific	195,703	8%	\$93,080
Manufacturing	163,787	6%	\$73,112
Wholesale Trade	141,050	6%	\$87,516
Transportation and Warehousing	131,621	5%	\$82,472
Construction	112,282	4%	\$62,244
<b>Top Ten Subtotal</b>	<b>1,948,851</b>	<b>77%</b>	
<b>Total Employment</b>	<b>2,523,507</b>	<b>100%</b>	<b>\$63,572</b>

Source: Georgia Department of Labor



48% of all regional workers work in job sectors with average wages of \$45,240 or less.

**Five of the 10 largest job sectors in the region have average wages of \$45,240 or less: Retail trade, health care, accommodations and food service, local government, and administrative support/waste management.**

# WORKFORCE SALARIES: TYPICAL WORKFORCE SALARIES IN ATLANTA REGION



## Salaries for Workforce Occupations in Atlanta MSA

Occupation	Annual Salary
Food Service Managers	\$ 47,040
Credit Counselors	\$ 44,470
Tax Preparers	\$ 44,820
Environmental Engineering Techs	\$ 41,950
Child/Family Social Worker	\$ 40,050
Community Health Worker	\$ 39,830
Pre-School Teacher	\$ 30,000
Teacher/Instructor	\$ 44,040
Medical Lab Tech	\$ 37,440
Emergency Paramedic	\$ 34,860
Bus Driver	\$ 34,390

Source: BLS

# WORKFORCE SALARIES: EMERGENCE OF THE “GIG ECONOMY”



- The “gig economy” is a rapidly growing segment of the overall economy which is characterized by part-time and per assignment work performed by independent contractors.
- It is a major factor in software development, graphic arts, advertising, retail services, consulting services, and outsourced services.
- Intuit estimates 34% of the workforce is engaged in the gig economy in 2016; increasing to 43% by 2020.
- The employee is hired to perform one or more “gigs” but is not a permanent employee of the firm
- Benefits are flexibility, short-term commitments, ability to work remotely and independently and the lack of a long term commitment
- However, the downside is often lower hourly wages, inconsistent hours, and lack of benefits and a lack of long term stability in employment.
- Difficult to leverage employment for bank loans, mortgages, long term obligations.
- Given uncertainty of gig economy, its workers are looking for more affordable housing alternatives with ready access to work.

The gig economy likely represents 25-30% of Atlanta’s economy today and is growing in importance.

# WORKFORCE SALARIES: MAJOR SHIFT IN THE REGIONAL ECONOMY-- FROM TRADITIONAL TO “GIG” ECONOMY

## Traditional Economy:

- 70-75% of the workforce, growing more moderately
- Permanent employment, full-time jobs, full employee benefits, overhead high, long term job stability
- The greater stability of the traditional economy is more conducive to obtaining and mortgage for home purchases and credit checks when leasing.

## The Gig Economy:

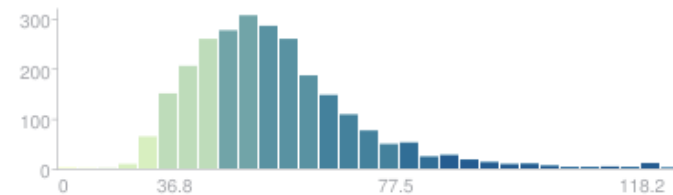
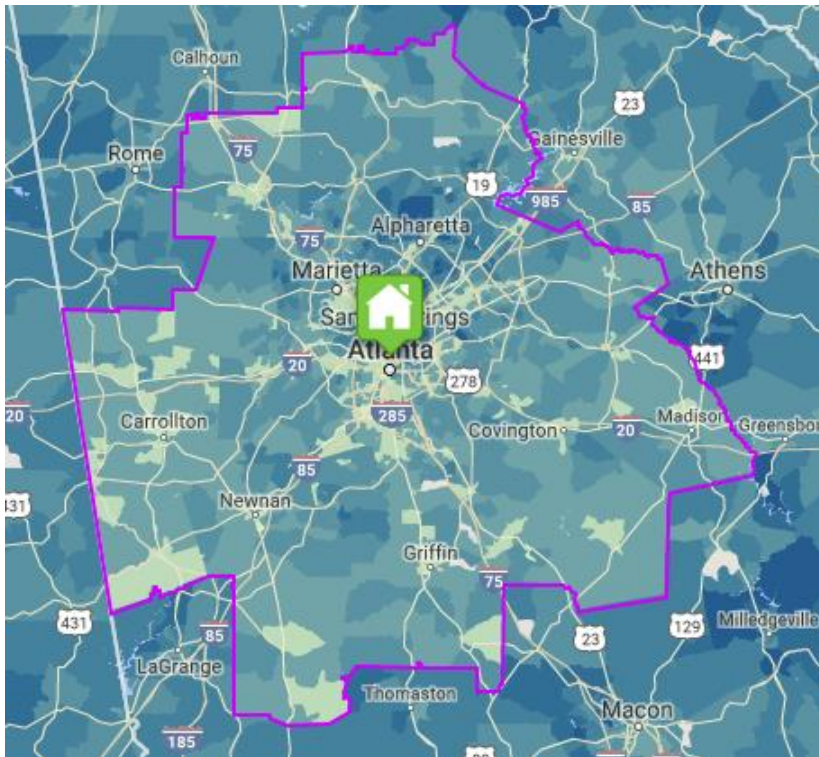
- 25% to 30% of the workforce and growing rapidly
- Part-time, contract employment, tied to specific tasks or projects, hourly compensation can be higher, but no regular work hours or weekly time commitment, lack of employee benefits, overhead
- Fluctuating incomes are harder to underwrite for a mortgage and less bankable when leasing.

**Roughly half of all workers in Atlanta’s economy have modest incomes whether they work in the traditional or gig economy and housing costs are a major issue for growing number of these households.**



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

# ATLANTA WORKFORCE HOUSEHOLDS FACE HIGH HOUSING AND TRANSPORTATION COSTS



Housing + Transportation Costs % Income ?

Average: 62% Range: 22 - 133

Population	Household	Neighborhood
	Households	% of Households
< 24%	848	0%
24 - 36%	5,789	0.3%
36 - 45%	159,362	8.2%
45 - 54%	423,055	21.6%
54 - 66%	752,235	38.5%
66 - 78%	401,126	20.5%
78 - 87%	111,715	5.7%
87% +	101,033	5.2%
Total	1,955,163	100%

The Center for Neighborhood Technology (CNT) has created an index of housing and transportation costs for all metro areas around the nation. Atlanta has a score of **62%, which places it in the top five of major metro areas**. This leaves workforce households with only 38% of their income for non-shelter and transportation costs.



# Millennials are Renting Housing in the Core

Data generated by ARC indicates that Millennial households who are renters prefer locations near the core the region, as shown in pink.

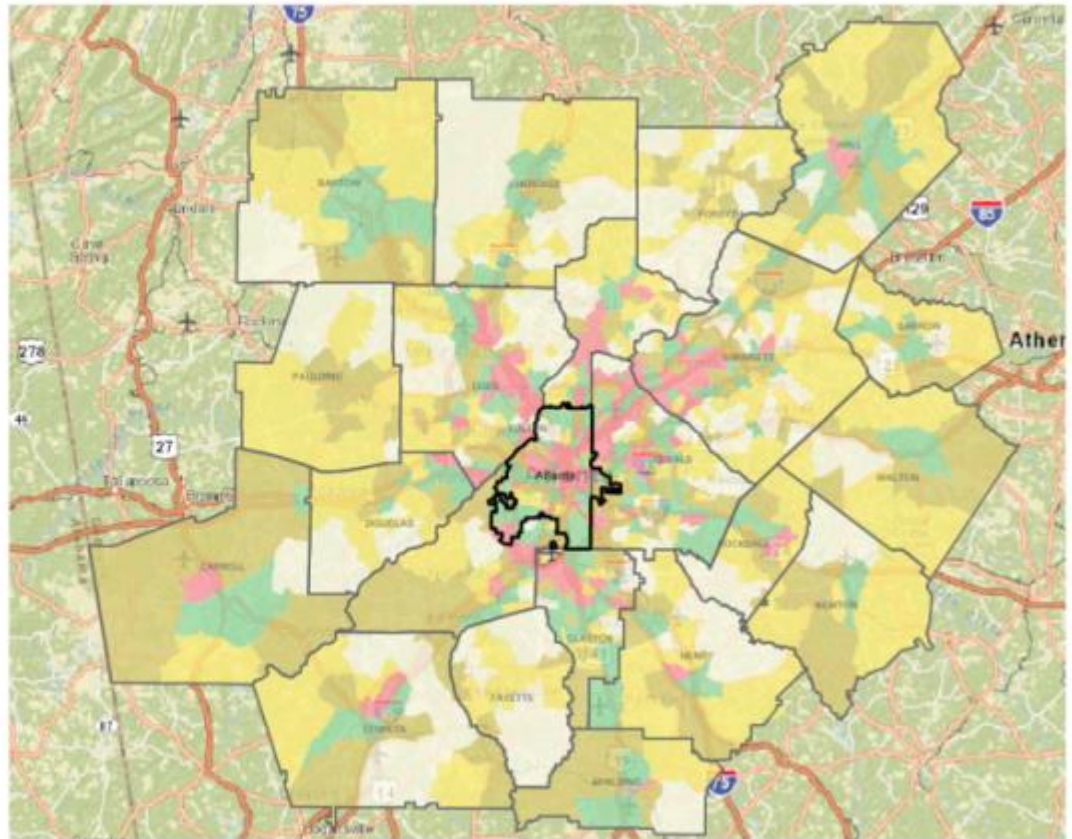


Figure 3.  
Source: ACS 2010-2014 5-year estimates

# Millennials are Buying at the Fringe

ARC data on Millennial homebuyers shows they are preferring locations on the edges of the region—driving until they qualify (as shown in pink).

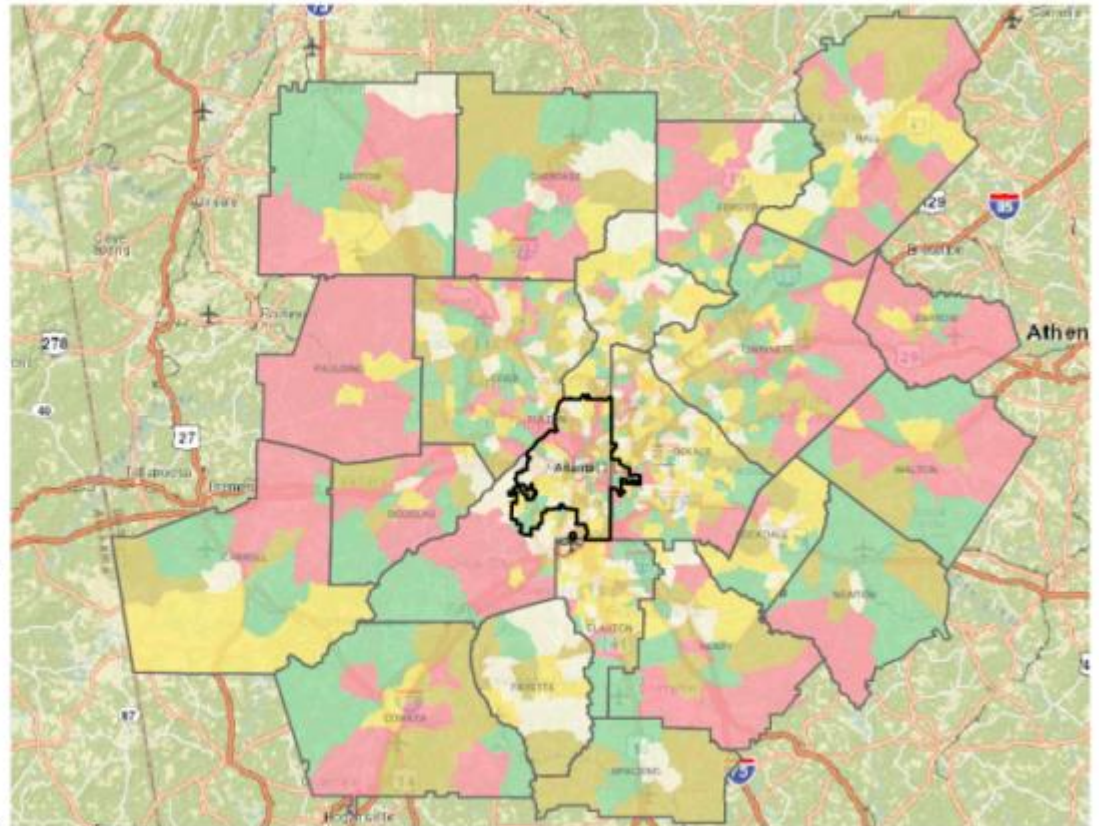


Figure 2.  
Source: ACS 2010-2014 5-year estimates





# Affordable housing and the cost of development

# TYPICAL NEW RENTAL HOUSING PROTOTYPES



## Low-Rise Rental Apartment Development

- Typically, wood-frame or steel stud construction
- Maximum of 35 units to acre, before structured parking is required
- 3 story construction
- Surface parking only, no decks



## Rental Apartments with Wrapped Parking Deck

- Typically wood-frame or steel stud construction on concrete slab
- Maximum of 100 units to the acre, typically 50-70 units to the acre
- 4-5 story construction
- Non-structural parking deck in center “wrapped” with apartments units around it.

# COMPARATIVE DEVELOPMENT COST PER UNIT OF APARTMENT PROTOTYPES

## DEVELOPMENT COSTS FOR TWO APARTMENT PROTOTYPES



Per unit cost: \$153,500

Per unit cost: \$199,250

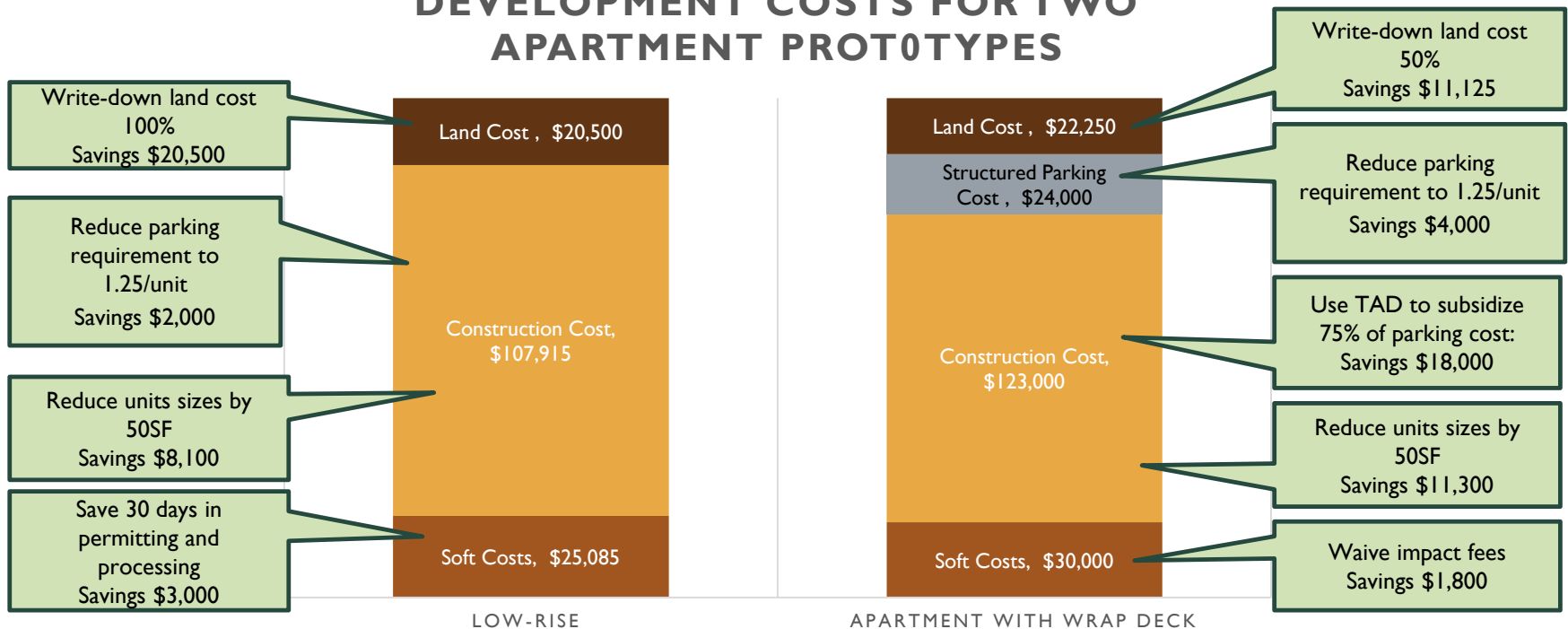
The prototype apartment costs per unit were derived from a sample of recent intown apartment developments and are considered comparable for the core counties.

For a wrapped rental apartment development the cost per unit is \$199,750. With land and parking costs 23% of total cost

- For a low-rise apartment the total cost is \$153,068 per unit, which is 77% of the wrapped alternative.
- The following market rents are required to generate an financeable return from the development—far higher than maximum affordable rents.
- Low-rise: 1br: \$1,318, 2br: \$1,479
- Wrap 1br: \$1,645, 2br: \$2,100

# HOW CAN DEVELOPMENT COSTS BE LOWERED TO CREATE MORE AFFORDABLE HOUSING?

## DEVELOPMENT COSTS FOR TWO APARTMENT PROTOTYPES



# WHAT CAN A HOUSEHOLD WITH A HOUSING NEED AFFORD?

RENTS AND HOME PRICES AFFORDABLE TO WORKFORCE HOUSEHOLDS					
AMI Target	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI**
Household Income (2.5 Person)	\$ 18,585	\$ 29,650	\$35,592	\$47,400	\$69,700
<b>Rental Housing Cost</b>					
Monthly Shelter Cost at 30%	\$ 465	\$ 741	\$ 890	\$ 1,185	\$ 1,743
Monthly Utilities	\$150	\$150	\$ 150	\$ 150	\$ 150
<b>Monthly Rent</b>	<b>\$ 315</b>	<b>\$ 591</b>	<b>\$ 740</b>	<b>\$ 1,035</b>	<b>\$ 1,593</b>
<b>Ownership Cost</b>					
Monthly Shelter Cost at 30%	\$ 465	\$ 741	\$ 890	\$ 1,185	\$ 1,743
Monthly Utilities/Property Tax	\$ 200	\$ 200	\$ 250	\$ 300	\$ 300
Monthly Mortgage/PMI***	\$ 265	\$ 541	\$ 640	\$ 885	\$ 1,443
<b>Home Value*</b>	<b>\$ 50,800</b>	<b>\$ 104,000</b>	<b>\$ 122,800</b>	<b>\$ 170,000</b>	<b>\$ 277,000</b>

\* The Average Median Income was calculated for a household of 2.5 persons, the average household size for the region

\* 100 % AMI for 4-person household, which are the values that AMI calculations for all households sizes are derived.

\*\*\* based on 30 year mortgage at 5% interest and 3% downpayment

Source: HUD: FY 2017 Income Limits Documentation System, BAG

Shown above, by percent of AMI and household income, is the amount a 2.5-person household (the average household size for the region) at various income levels can afford in terms of monthly rent and home value.

- Households with a housing need at 30% AMI can afford maximum rents of \$315 per month and homes valued at \$51,000 or less.
- Households with a housing need at 60% of AMI can afford maximum rents of \$740 per month and homes valued at \$123,000.
- Households at 80% of AMI can afford maximum rents of \$1,035 and a home valued at \$170,000.

# INVEST ATLANTA MAXIMUM RENTS AND SALE PRICES BY AMI LEVEL

Invest Atlanta Workforce Housing Income Limits and Maximums						
2017 HUD Income Limits						
AMI	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
120% AMI	\$ 58,600	\$ 66,950	\$ 75,300	\$ 83,650	\$ 90,360	\$ 97,050
100% AMI	\$ 48,800	\$ 55,800	\$ 62,750	\$ 69,700	\$ 75,300	\$ 80,900
80% AMI	\$ 39,050	\$ 44,600	\$ 50,200	\$ 55,750	\$ 60,250	\$ 64,700
60% AMI	\$ 29,280	\$ 33,480	\$ 37,680	\$ 41,820	\$ 45,180	\$ 48,540
2017 Workforce Rental Housing Maximums						
	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	
Max Rent at 80% AMI	\$ 976	\$ 1,045	\$ 1,255	\$ 1,450	\$ 1,617	
Max Rent at 60% AMI	\$ 732	\$ 784	\$ 942	\$ 1,087	\$ 1,213	
2016 Workforce Owner Housing Maximums						
	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	
Max Sales Price at 120% AMI	\$175,800	\$188,325	\$225,900	\$261,000	\$291,150	

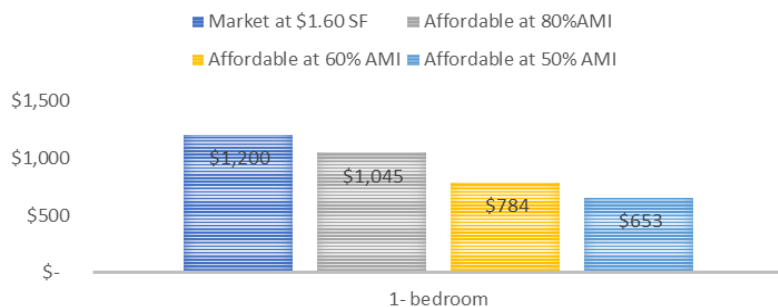
Source: Invest Atlanta, Inc.

Shown above are the maximum income limits used by Invest Atlanta for its various affordable housing programs indicating the maximum rents and home prices by number of bedrooms.



# RENT AFFORDABILITY GAP BETWEEN AFFORDABLE AND MARKET RENTS: ONE-BEDROOM

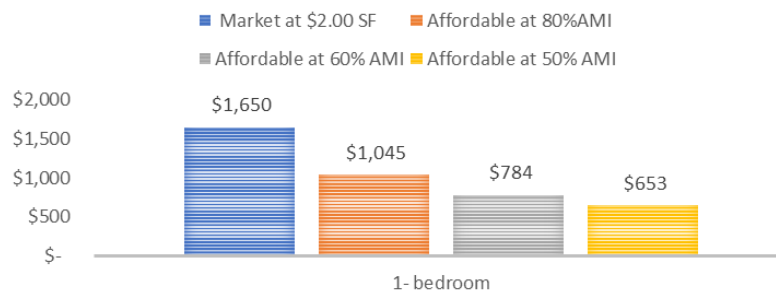
**GAP IN 1-BEDROOM MARKET AND AFFORDABLE RENTS AT \$1.60/PSF**



Assuming a new unit has a market rent of \$1.60 PSF would represent a monthly rent of \$1,200 for a **1-bedroom** unit.

- One bedroom rents at 80% of AMI are limited to \$1,045— resulting in a rent gap of \$155 per month or \$1,860 per year.
- At 60% AMI, the maximum rent would be \$784-- resulting in a rent gap of \$416 per month or \$4,992 per year.

**GAP IN 1-BEDROOM MARKET AND AFFORDABLE RENTS AT \$2.00/PSF**

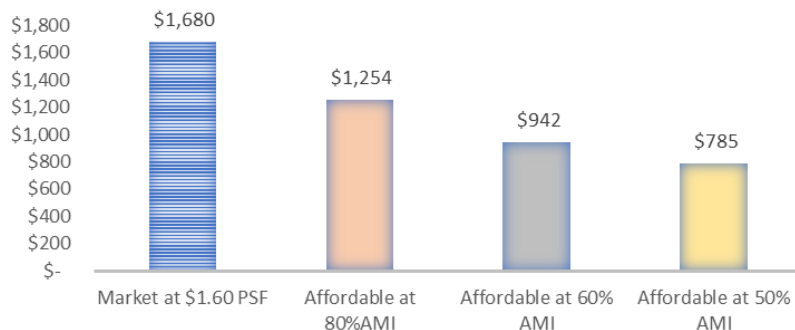


In areas with higher market rents, the income gap widens. At \$2.00 PSF the market rent for a **1-bedroom** is \$1,650.

- At 80% AMI, the maximum rent is \$1,045 resulting in a rent gap of \$605 or \$7,260 per year.
- At 60% AMI, the rent is \$784 and the rent gap is \$866 per month or \$10,392 per year.

# RENT AFFORDABILITY GAP BETWEEN AFFORDABLE AND MARKET RENTS:TWO-BEDROOM

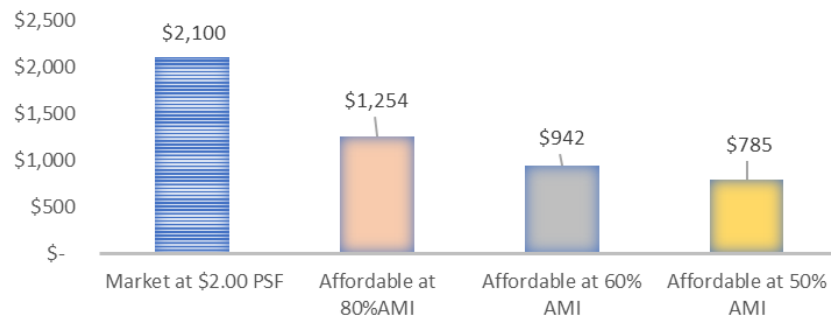
GAP IN 2-BEDROOM MARKET AND AFFORDABLE RENTS AT \$1.60/PSF



At \$1.60 PSF rents a **two-bedroom** market unit rents for \$1,680 per month.

- An affordable unit at 80% AMI rents for \$1,254 a month—a \$426 monthly rent gap or \$5,112 annually.
- At 60% AMI the max rent is \$942—a \$738 monthly rent gap or \$8,856 annually.

GAP IN 2-BEDROOM MARKET AND AFFORDABLE RENTS AT \$2.00/PSF



At \$2.00 PSF rents, a **two-bedroom** market unit rents for \$2,100 per month.

- At 80% AMI an affordable unit has a max rent of \$1,254 per month—a rent gap of \$846 per month or \$10,152 annually.
- At 60% AMI the max rent is \$942—a \$1,158 monthly rent gap, or \$13,896 annually.

To have a successful affordable housing strategy, how do we close the income gap?

# INCLUSION OF AFFORDABLE UNITS CREATES AN INCOME GAP THAT IMPACTS DEVELOPMENT FINANCIAL FEASIBILITY

## INCOME GAP FROM ADDING AFFORDABLE UNITS IN 200-UNIT APARTMENT

	Units	Size	Rent/PSF	Rent/Unit	Annual Rent	Annual Rent 95% Occupancy
<b>All Market</b>						
1-bedroom	100	750	\$2.00	\$1,500	\$18,000	\$ 1,710,000
2- bedroom	100	1050	\$2.00	\$2,100	\$25,200	\$ 2,394,000
Gross Income						\$ 4,104,000
Expenses at \$3,800/Unit						\$ 760,000
Net Operating Income						\$ 3,344,000
Project Value at 10% CAP						\$ 33,440,000
<b>Market+ 20% Affordable @60%</b>						
1-bedroom	80	750	\$2.00	\$1,500	\$18,000	\$ 1,368,000
2-bedroom	80	1050	\$2.00	\$2,100	\$25,200	\$ 1,915,200
1-bedroom-affordable	20	750	\$1.05	\$ 784	\$9,408	\$ 178,752
2-bedroom-affordable	20	1050	\$0.89	\$ 932	\$11,184	\$ 212,496
Gross Income						\$ 3,674,448
Expenses at \$3,800/Unit						\$ 760,000
Net Operating Income						\$ 2,914,448
Project Value at 10% CAP						\$ 29,144,480
Income Gap in NOI						\$ (429,552)
Income Gap in NOI per Affordable Unit						\$ (10,739)
Project Value Gap						\$ (4,295,520)
Project Value Gap per Affordable Unit						\$ (107,388)

As shown in this example of a 200 unit rental project, the inclusion of affordable units has a major impact on financial performance, creating a significant income gap.

Assuming 20% of units were targeted to 60% AMI affordable households:

- The net operating income from the development would decline by \$429,500 annually or 13%.
- The development's value, based on its reduced cash flow would decline by \$4.3 million or 13% from a full market rate development.

This lower return could result in making the development financially infeasible and the project would not occur.

Adopting policies and incentives for affordable housing to close this income gap—such as rent subsidies, property tax abatements, density bonuses, or land write-downs--will be essential to have a successful affordable housing strategy.

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



# SETTING AN AFFORDABLE HOUSING GOAL FOR ATLANTA

# 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.



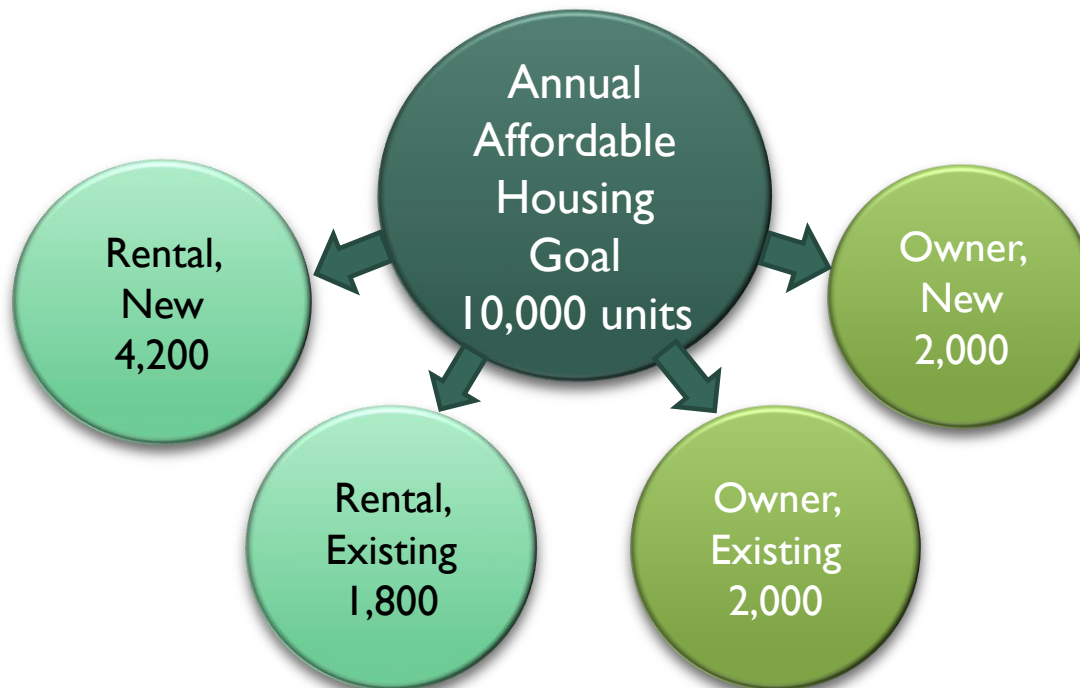
**Goal:**

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



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



# ULI'S FUTURE ROLE IN CREATING A REGIONAL AFFORDABLE HOUSING STRATEGY

ULI Atlanta is uniquely positioned to assist in creating an effective regional affordable housing strategy given its national expertise, regional focus, deep real estate knowledge and history of identifying real-world solutions to complex real estate and land use issues.

We believe ULI's help in four areas would be most beneficial:

- Assisting the City of Atlanta and Mayor Keisha Lance Bottoms in development of a comprehensive affordable housing strategy for the city.
- Leading efforts to define a new set of land use and regulatory policies that can lower the cost to the market in creating affordable housing without public subsidies.
- Coordinating the disparate regional programs and policies for affordable housing into a set of guiding principals for local governments in the five core counties to adopt to create a coordinated, collaborative effort to address the affordable housing needs of the region.
- Assessing the best practices being used nationally by local governments to address their affordable housing funding needs and bring them to the Atlanta region to close the substantial funding gap for the creation of affordable housing.



# DATA APPENDIX

# THE DEMOGRAPHICS OF AFFORDABILITY IN THE ATLANTA REGION

Defining Affordable Households in the Atlanta Region, 2015

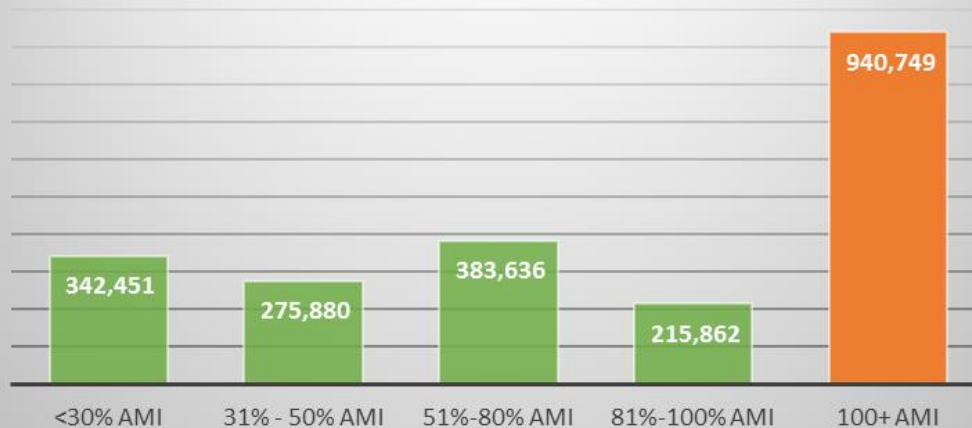
Income Classification	Extremely Low Income	Very Low Income	Low Income	Middle Income	Above Median	Total HH's
Percent of Area Median Income	<30% AMI	31% - 50% AMI	51%-80% AMI	81%-100% AMI	100+ AMI	
Household Income Range	<\$20,910	\$20,911-\$34,850	\$34,851-\$55,760	\$55,761-\$69,700	\$69,701+	
Core County Households	342,451	275,880	383,636	215,862	940,749	2,158,578
Percent of Atlanta Households	16%	13%	18%	10%	44%	100%

Affordable households are defined by their income relative to the Area Median Income of Atlanta (\$69,700)

Of the 2.2 million households in the Atlanta region (27 counties):

- 16% earn less than \$21,000
- 13% earn between \$21,000 and \$35,000
- 18% earn between \$35,000 and \$56,000
- 44% or 940,749 households in the core counties earn less than 80% of the median or roughly \$56,000.

Atlanta MSA Households by % of Area Median Income



# THE DEMOGRAPHICS OF AFFORDABILITY IN THE ATLANTA REGION: COST BURDENED HOUSEHOLDS

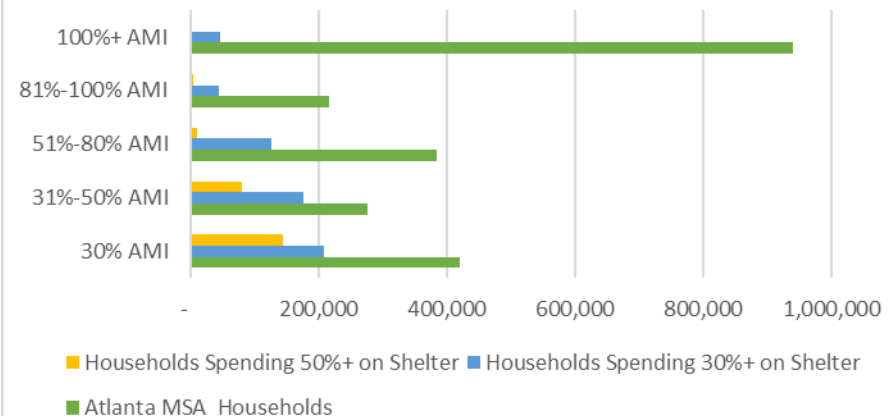
## Classification of Atlanta MSA Households by Income Groups and Spending 30%+ of Income on Shelter

Income Classification	Extremely	Very		Middle Income	Above Median	Total HH's
	Low Income	Low Income	Low Income			
Percent of Area Median Income	<30% AMI	31% - 50% AMI	51%-80% AMI	81%-100% AMI	100+ AMI	
Household Income Range	<\$20,910	\$20,911-\$34,850	\$34,851-\$55,760	\$55,761-\$69,700	\$69,701+	
Atlanta MSA Households	342,451	275,880	383,636	215,862	940,749	2,158,578
% HH's Spending 30%+ on Shelter	61%	64%	33%	21%	5%	26%
Households Spending 30%+ on Shelter	208,895	176,563	126,600	45,331	47,037	604,427
% of HH's Spending 50%+ on Shelter	0.42	0.29	0.03	0.0	-	0.11
Households Spending 50%+ on Shelter	143,829	80,005	11,509	4,317	-	239,661

Source: Census American Housing Survey: Atlanta 2015/Environics/BAG

- In the Atlanta region, 604,427 households spend more than 30% of their income on housing
- Among affordable households (at 80% of AMI and below), there are 512,508 households spending 30%+
- There are 239,661 affordable households spending 50%+ on housing. These are the affordable households with the greatest need.

### Number of Atlanta MSA Households Spending 30%+ on Shelter



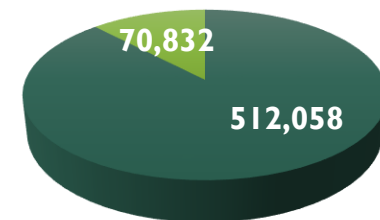
# THE DEMOGRAPHICS OF AFFORDABILITY: ATLANTA REGIONAL AFFORDABLE DEMAND

AFFORDABLE HOUSING NEED FOR ATLANTA REGION 2017-2027					
			New		
	Current	Cost Burdened	Households	Cost Burdened	Affordable
Income Bands	Households	30%+	2017-2027	30%+	Housing Need
< 30% AMI	342,451	208,895	47,371	28,896	237,791
31% to 50% AMI	275,880	176,563	38,162	24,424	200,987
51% to 80% AMI	383,636	126,600	53,068	17,512	144,112
81% to 100% AMI	215,862	45,331	29,860	6,271	51,602
100%+ AMI	940,749	47,037	130,132	6,507	53,544
<b>Total</b>	<b>2,158,578</b>	<b>604,426</b>	<b>298,592</b>	<b>83,609</b>	<b>688,035</b>
<b>Total Need to 80% of AMI</b>		<b>512,058</b>		<b>70,832</b>	<b>582,890</b>

The demand for affordable housing in the Atlanta region is determined by the number of cost burdened households earning modest incomes <\$56,000 or 80% of AMI.

- There are currently 512,000 affordable households with a housing need.
- There will be an additional 70,800 households by 2027.
- **Total affordable housing demand in the Atlanta region by 2027 will be 583,000 households or 27% of regional households.**

## Atlanta MSA Affordable Housing Demand 2017-2027



■ Current Need ■ Future Need

# THE DEMOGRAPHICS OF AFFORDABILITY IN THE CITY OF ATLANTA

## Defining Affordable Households in the City of Atlanta, 2015

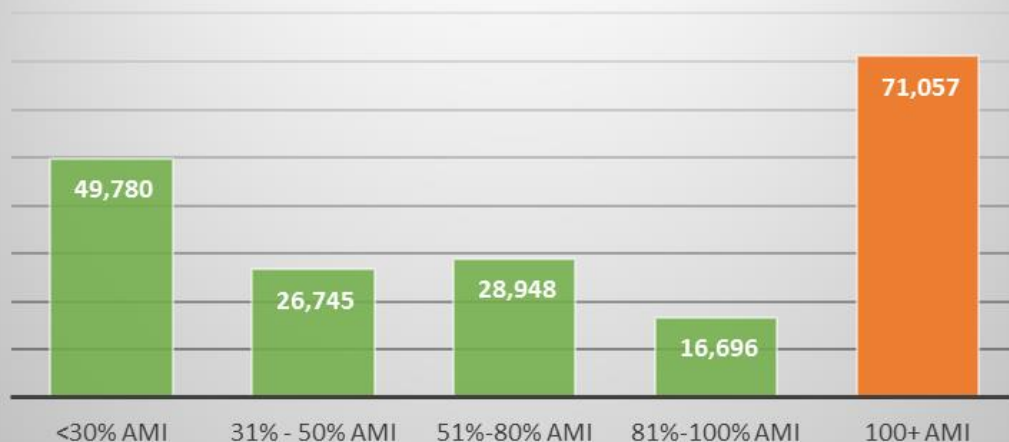
Income Classification	Extremely Low Income	Very Low Income	Low Income	Middle Income	Above Median	Total HH's
Percent of Area Median Income	<30% AMI	31% - 50% AMI	51%-80% AMI	81%-100% AMI	100+ AMI	
Household Income Range	<\$20,910	\$20,911-\$34,850	\$34,851-\$55,760	\$55,761-\$69,700	\$69,701+	
Core County Households	49,780	26,745	28,948	16,696	71,057	193,246
Percent of Atlanta Households	26%	14%	15%	9%	37%	100%

Affordable households are defined by their income relative to the Area Median Income of Atlanta (\$69,700)

Of the 193,000 households in the City of Atlanta:

- 26% earn less than \$21,000
- 14% earn between \$21,000 and \$35,000
- 15% earn between \$35,000 and \$56,000
- 37% or 71,057 households in the core counties earn less than 80% of the median or roughly \$56,000.

## % of City of Atlanta Households by Income





# THE DEMOGRAPHICS OF AFFORDABILITY IN THE CITY OF ATLANTA: COST BURDENED HOUSEHOLDS

## Classification of City of Atlanta Households by Income Groups and Spending 30%+ of Income on Shelter

Income Classification	Extremely Low Income	Very Low Income	Low Income	Middle Income	Above Median	Total HH's
Percent of Area Median Income	<30% AMI	31% - 50% AMI	51%-80% AMI	81%-100% AMI	100+ AMI	
Household Income Range	<\$20,910	\$20,911-\$34,850	\$34,851-\$55,760	\$55,761-\$69,700	\$69,701+	
Atlanta Households	49,780	26,745	28,948	16,696	71,057	193,246
% HH's Spending 30%+ on Shelter	80%	80%	40%	21%	7%	42%
Households Spending 30%+ on Shelter	39,824	21,396	11,579	3,506	4,974	81,280
% of HH's Spending 50%+ on Shelter	0.42	0.29	0.03	-	-	0.15
Households Spending 50%+ on Shelter	20,908	7,756	868	-	-	29,532

Source: Census American Housing Survey: Atlanta 2015/EnviroNics/BAG

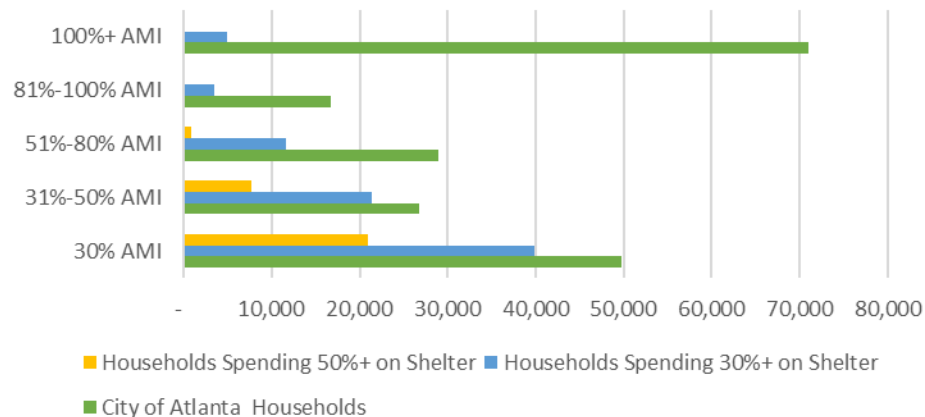
In the City of Atlanta, 81,280 households spend more than 30% of their income on housing

Among affordable households (at 80% of AMI and below), there are 72,799 households spending 30%+

There are 29,532 affordable households spending 50%+ on housing.

These are the affordable households with the greatest need.

### City of Atlanta Cost Burdened Households by Income



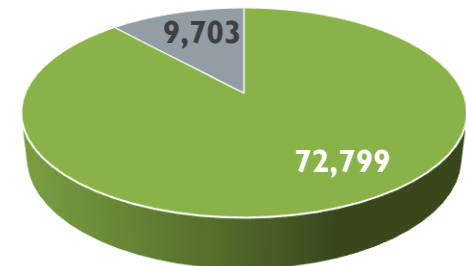
# THE DEMOGRAPHICS OF AFFORDABILITY: CITY OF ATLANTA AFFORDABLE DEMAND

AFFORDABLE HOUSING NEED FOR CITY OF ATLANTA 2017-2027					
Income Bands	Current Households	Cost Burdened 30%+	New		Affordable Housing Need
			Households 2017-2027	Cost Burdened 30%+	
< 30% AMI	49,780	39,824	8,468	5,166	44,990
31% to 50% AMI	26,745	21,396	4,550	2,912	24,308
51% to 80% AMI	28,948	11,579	4,924	1,625	13,204
81% to 100% AMI	16,696	3,506	2,840	596	4,102
100%+ AMI	71,057	4,974	12,088	604	5,578
<b>Total</b>	<b>193,246</b>	<b>81,279</b>	<b>32,874</b>	<b>10,903</b>	<b>92,182</b>
<b>Total Need to 80% of AMI</b>		<b>72,799</b>		<b>9,703</b>	<b>82,502</b>

The demand for affordable housing in the City of Atlanta is determined by the number of cost burdened households earning modest incomes <\$56,000 or 80% of AMI.

- There are currently 72,800 affordable households with a housing need.
- There will be an additional 9,703 households by 2027.
- **Total affordable housing demand in Atlanta by 2027 will be 82,502 households or 43% of current city households.**

**City of Atlanta Affordable Housing Demand 2017-2027**



# QUESTIONS FOR THE WORKING GROUP ON AFFORDABLE HOUSING

- 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?

# KEY TERMS IN AFFORDABILITY

- **Income Quintiles** – A method of grouping population by average household income. The population is divided into five groups, with approximately 20% of the population in each group – each of these five groupings is a quintile.
- **Area Median Income or AMI** – A benchmark which divides income distribution in a given area into two equal parts: one-half earn above this amount and one-half below. The “Area” for Atlanta is the Atlanta Metro Area. Affordable housing eligibility is generally based on income as compared to this benchmark. Federal AMI stats are based on incomes of a family of four, when the typical family is 2.5-3.0 persons.
- **Affordable Households as Percentage of AMI** – Affordable housing/households – Housing for which the occupants are paying no more than 30% of their income for gross housing costs, including utilities. These households generally have income less than 60% of AMI. The standard has been applied more broadly by housing advocates up to 80% for renter and 100% for owner.
  - Generally housing in the 50% to 80% of AMI is the target income range.
- **Workforce Households as a Percentage of AMI** – Housing for those who earn too much to qualify for affordable housing programs, yet cannot afford the average market rate. These households generally have income between 60% to 120% of AMI.
- **Rent Burdened Households** – Defined by HUD as those households who pay more than 30% of their income for housing (rent plus utilities), and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
- **Affordability Index** – A measure of the financial ability of U.S. families to buy a house by comparing a household’s income to the amount necessary to qualify for a mortgage on a median-priced home. The National Association of Realtors publishes a monthly Housing Affordability Index.