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Building a Context for Affordable Housing in Decatur

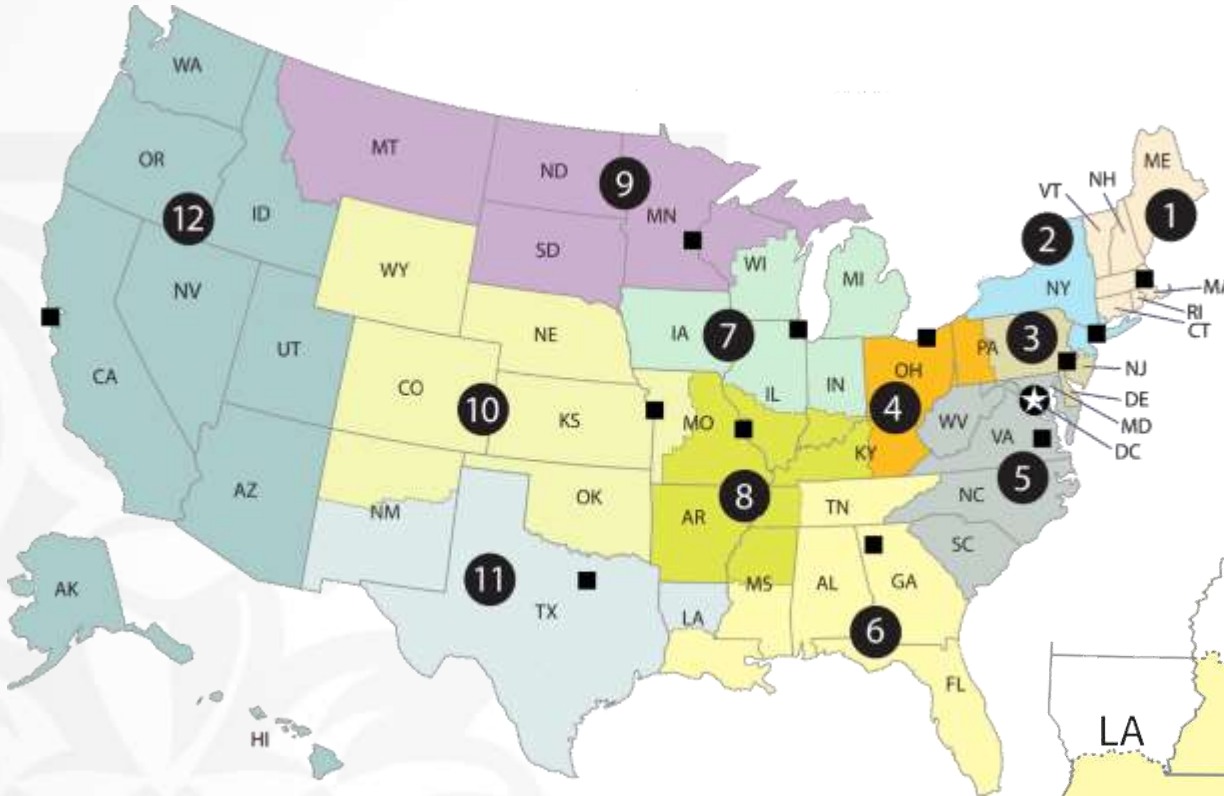
Ann Carpenter

Senior Community &
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November 10, 2018

The comments in this presentation are those of the presenter alone and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.

FEDERAL RESERVE BANK OF ATLANTA



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DR. RAPHAEL BOSTIC**



**FRB ATLANTA
(SIXTH DISTRICT)**

COMMUNITY & ECONOMIC DEVELOPMENT AT THE ATLANTA FED



MISSION

To activate financial, human, and social capital to foster the conditions that support economic growth in the southeast, especially in disinvested communities.



HOUSING & NEIGHBORHOOD REVITALIZATION:

Foster place-based strategies that offer LMI households affordable access to areas of opportunity and revitalize distressed communities



WORKFORCE & HUMAN CAPITAL DEVELOPMENT:

Define and support the long and short term human capital interventions that encourage local economic growth and mobility



COMMUNITY DEVELOPMENT FINANCE:

Build the scale and scope of the investment opportunity to improve economically distressed communities



SMALL BUSINESS & ENTREPRENEURSHIP:

Compare credit appetite and access for district small businesses to other parts of the country, identify solutions to gaps

ECONOMIC RESILIENCE & MOBILITY

“Rental Housing Affordability in the Southeast” Report



- Atlanta Fed and Shimberg Center at University of Florida compiled 2015 census data for six southeast states
- City, region, and state data available in tables, charts, and maps
- Provides detailed data by geography and income level
- Data tool launching soon

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COMMUNITY & ECONOMIC DEVELOPMENT
DISCUSSION PAPER

Rental Housing Affordability in the Southeast: Data from the Sixth District

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Center for Business and Economic Research, Louisiana State University, Shreveport


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Primary issue:
The availability of stable and affordable housing in quality neighborhoods provides an opportunity for household economic mobility and a competitive advantage for local jurisdictions. The Southeast, as in other areas of the country, has experienced a persistent affordable housing shortage since the Great Recession. This is due in part to historically low homeownership rates, rents that have increased at a faster rate than income, and the loss of subsidized and unsubsidized rental units due to abandonment and conversion.

Key findings:
More than two-thirds (69 percent) of low-income renter households pay over 30 percent of their income on housing across the Southeast, making them “cost burdened.” This paper provides similar data for states, metropolitan and micropolitan areas, and cities. Based on the data, cost-burdened households are in rural areas, small towns, suburbs, and large urban centers. The finding is not surprising, given there is a shortage of more than 1.2 million units of housing that is affordable and available to households making 50 percent or less of area median income in the six states the Atlanta Fed covers (Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee).

Takeaways for practice:
State and local leaders and housing stakeholders across the Southeast are working to tackle this issue. We offer examples of strategies for public agencies, nonprofits, philanthropies, and the private sector to increase the affordable rental supply, preserve existing affordable units, and stabilize renter households at risk of eviction. Generally, this includes a clearly articulated problem statement and vision, more dedicated state and local resources, reduced barriers to development such as exclusionary land use and zoning policies, and tenant protections.

 FEDERAL RESERVE BANK of ATLANTA

The Federal Reserve Bank of Atlanta’s Community & Economic Development (CED) Discussion Paper Series addresses emerging and critical issues in community development. Our goal is to provide information on topics that will be useful to the many actors involved in community development—governments, nonprofits, financial institutions, and beneficiaries. Find more research, use data tools, and sign up for email updates at frbatlanta.org/commdev.

Follow Atlanta Fed CED on 

<https://www.frbatlanta.org/community-development/publications/discussion-papers/2018/02-rental-housing-affordability-in-the-southeast-2018-07-19.aspx>

Presentation Overview

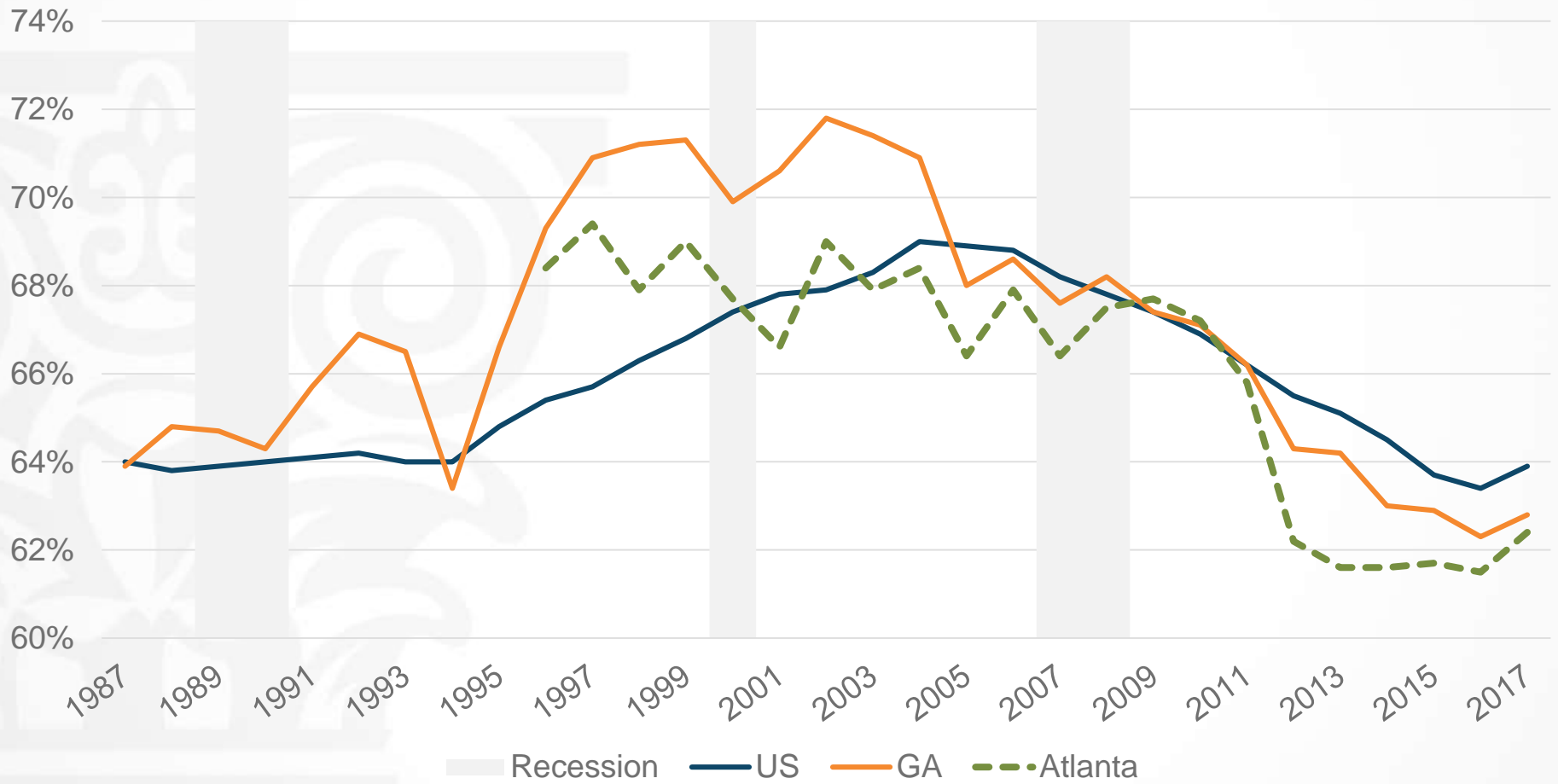
- Definitions of affordable housing terminology
- General housing affordability data for the U.S. and Georgia
- Metro Atlanta and Decatur affordability data
- Strategies and resources to increase supply

Affordable Housing Definitions

- Area Median Income (AMI)
 - <30% Extremely Low Income (ELI)
 - 30%-50% Very Low Income (VLI)
 - 50%-80% Low Income (LI)
 - 80%-120% Moderate Income
 - >120% Upper Income: generally not subsidized, although rent increases are impacting this population as well
- Cost burdened households
 - Pay more than 30% of household income on housing
- Severely cost burdened households
 - Pay more than 50% of household income on housing
- Affordability is relative – *residual income* is likely to be lower for lower income households

Homeownership rate increasing after a decade of decline

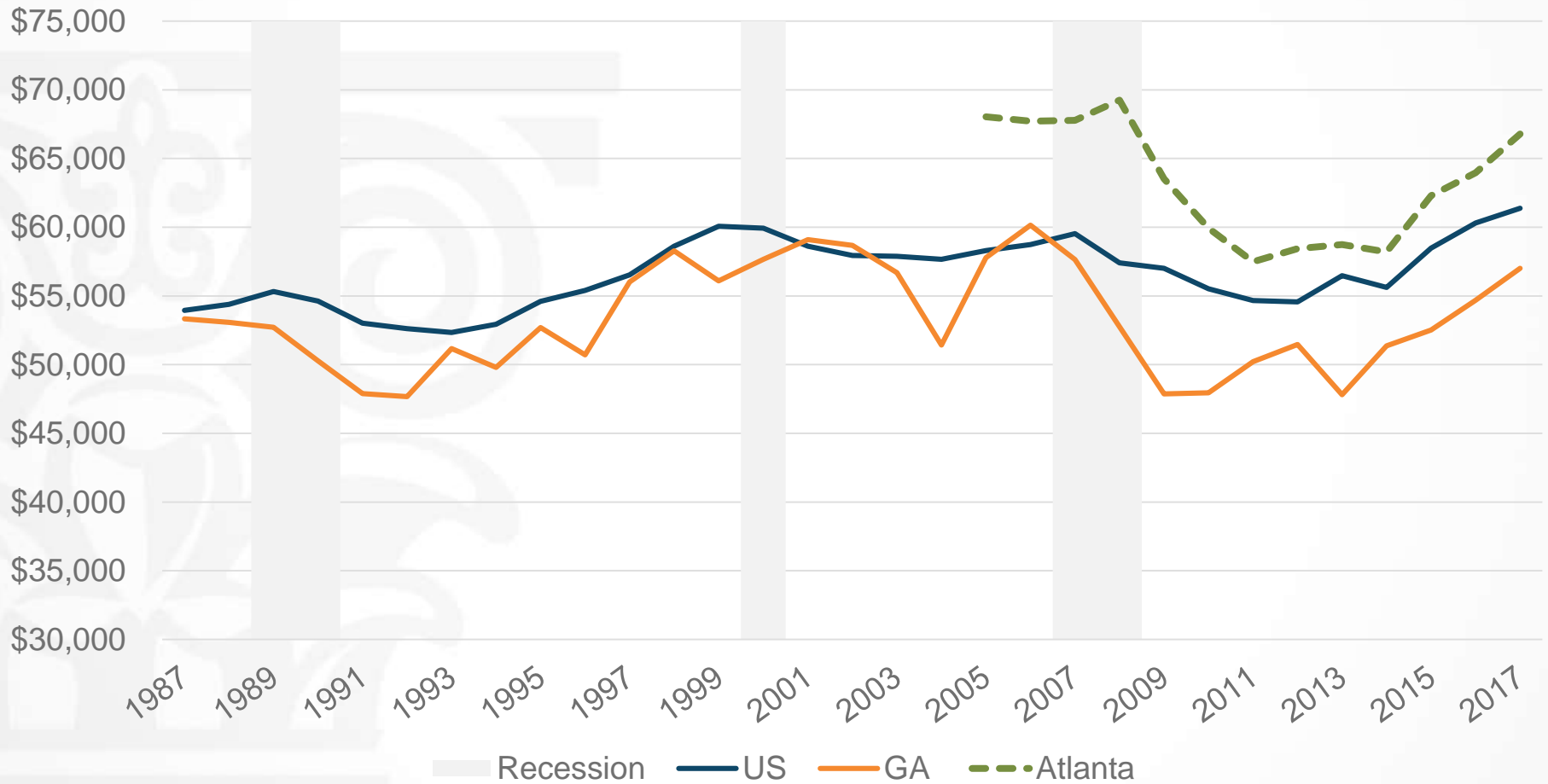
Homeownership Rate, U.S., Georgia, and Atlanta Metro



Source: Census CPS/HVS/Haver Analytics

Incomes remain relatively stagnant

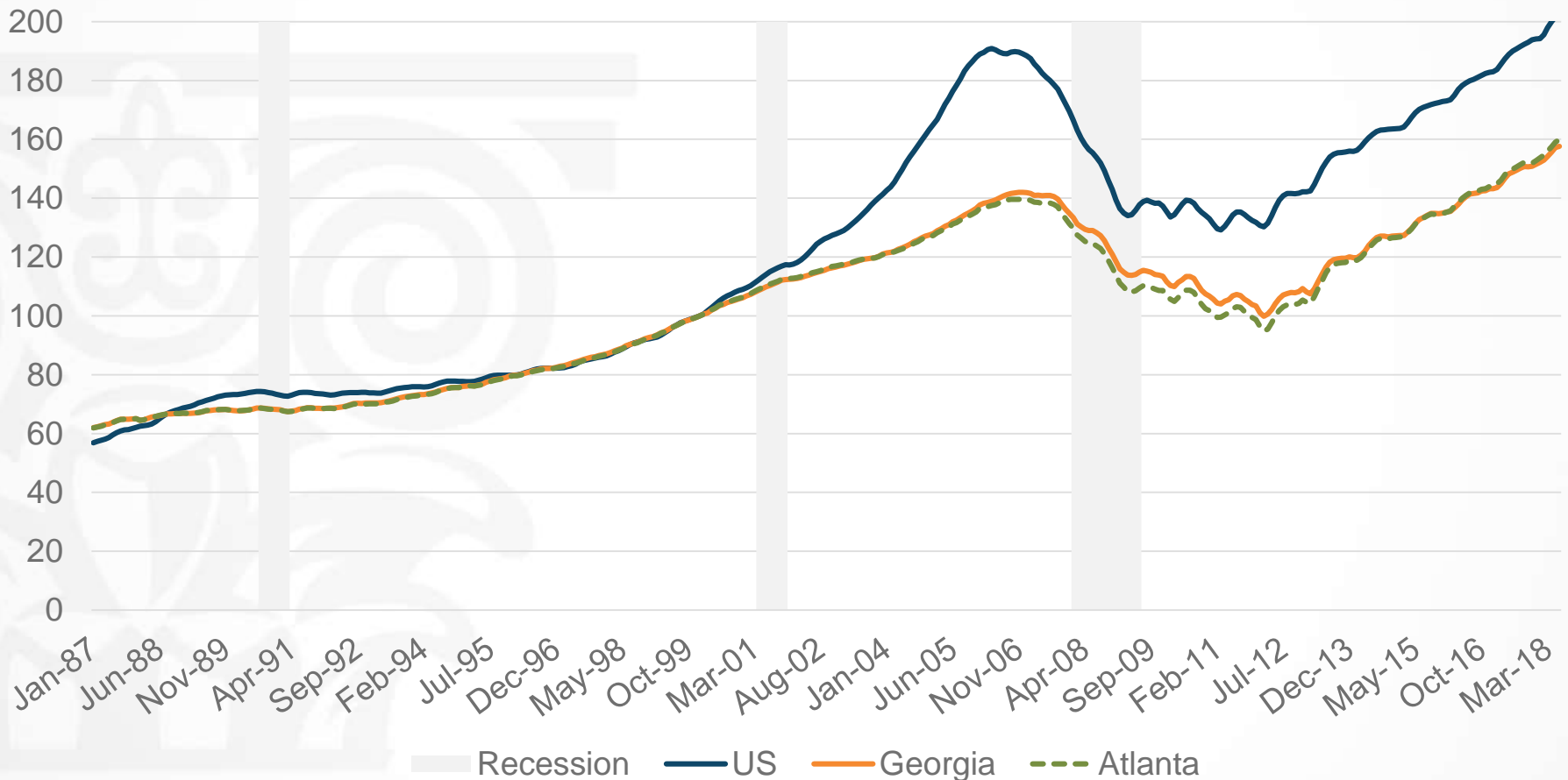
Median Household Income, U.S., Georgia, and Atlanta Metro



Source: Census ACS/Haver Analytics (in 2017 CPI-U-RS adjusted dollars)

Home prices are outpacing inflation and wage growth

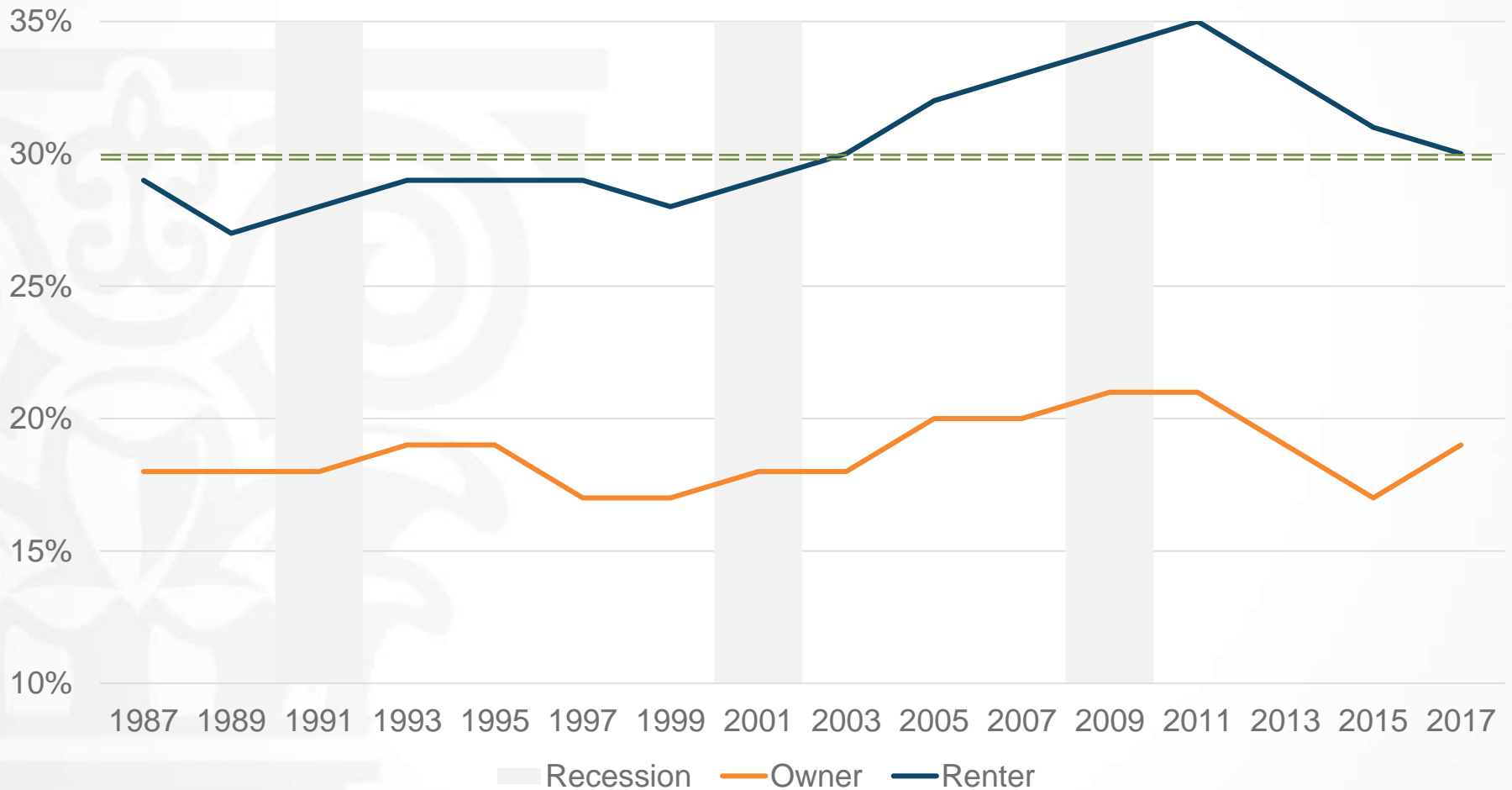
Home Price Index (2000=100), U.S., Georgia, and Atlanta Metro



Source: CoreLogic, single family detached only, January 1987 through June 2018

Rental costs remain higher than owner housing costs

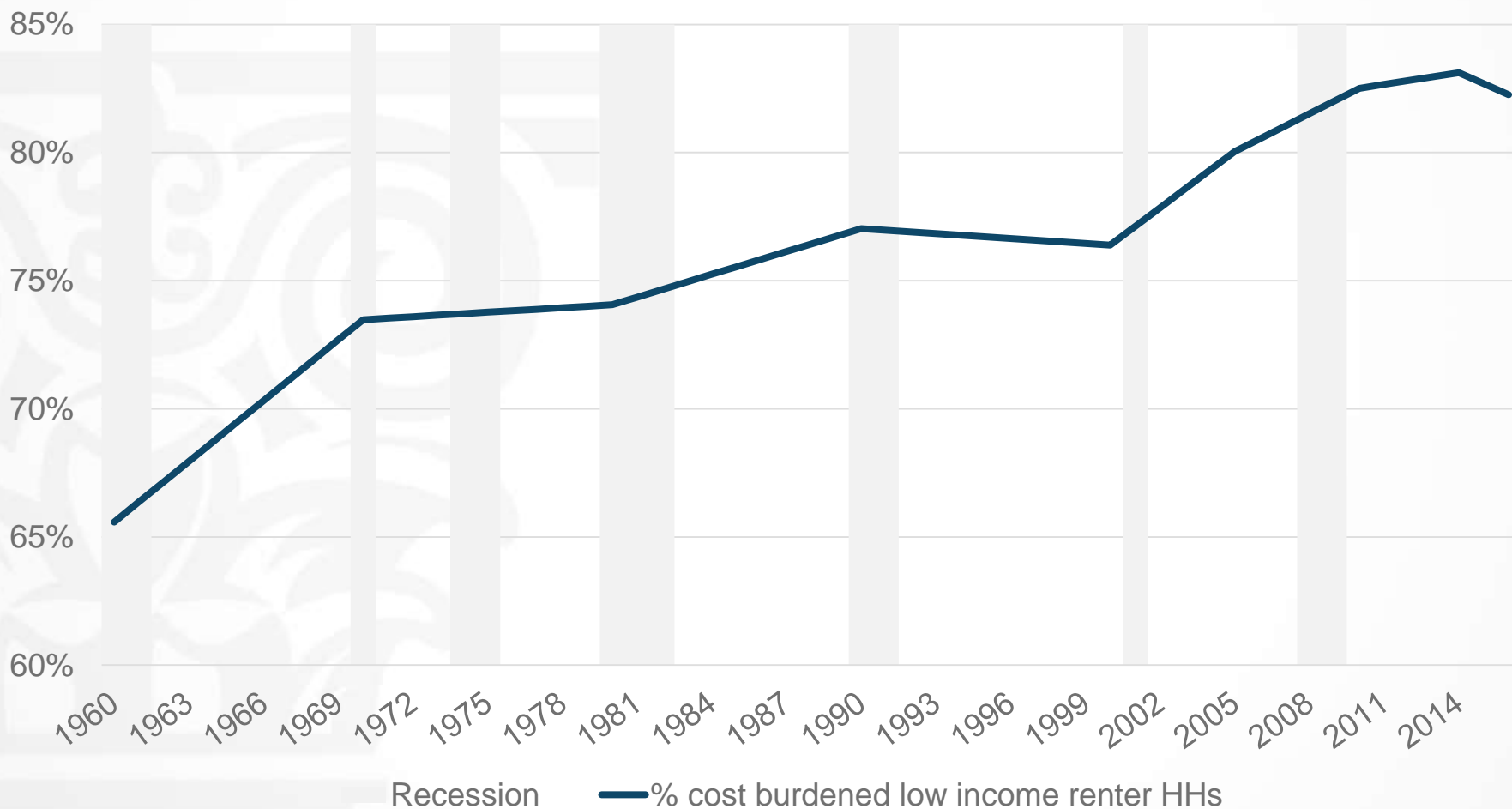
Housing Cost as a Percentage of Income



Source: Census American Housing Survey

Affordable housing for lowest income renters is increasingly out of reach

Cost Burdened Renter Households, Lowest Income Quintile

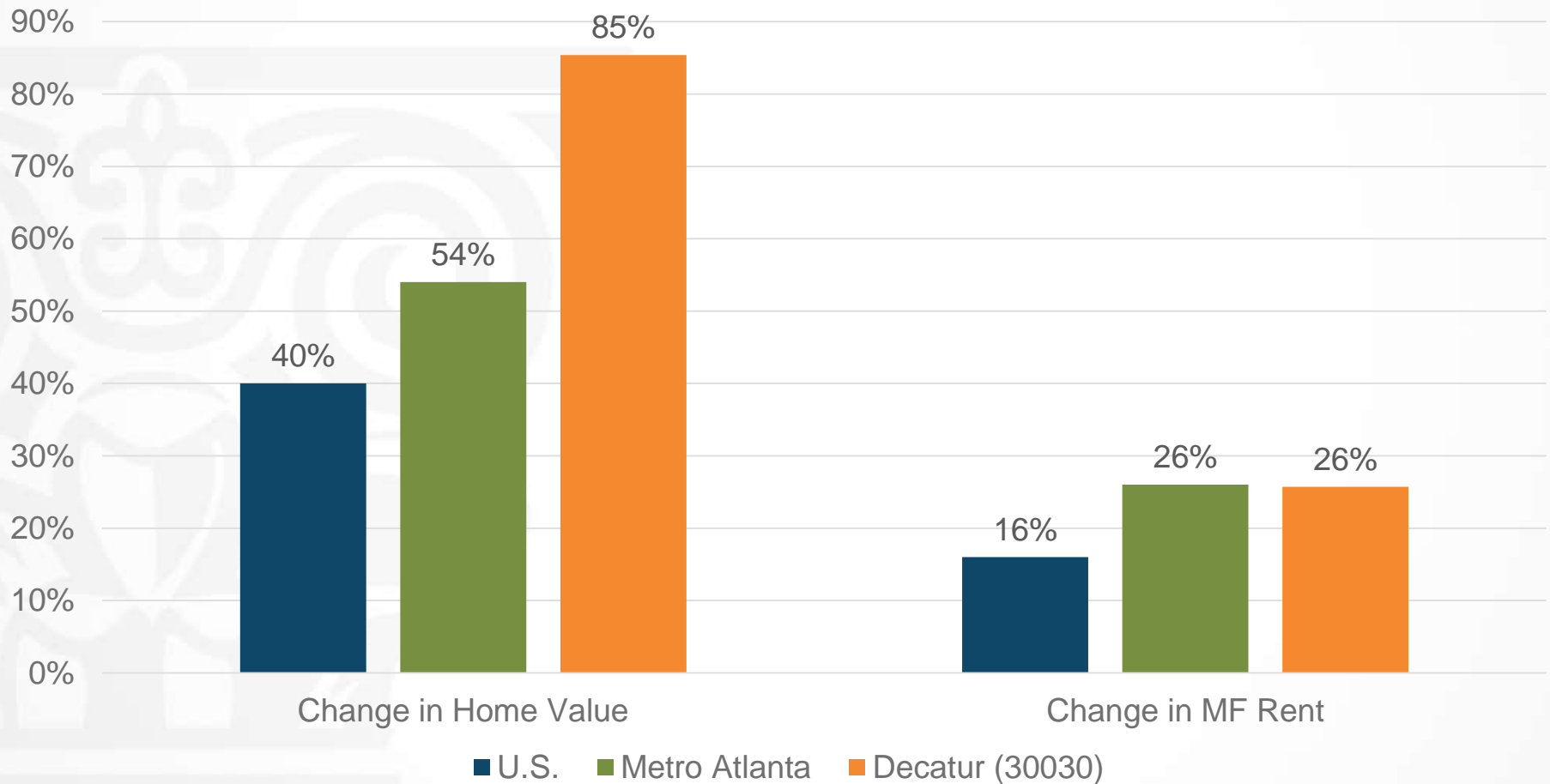


Source: Decennial Census and ACS

Decatur home values rising at higher rate than region

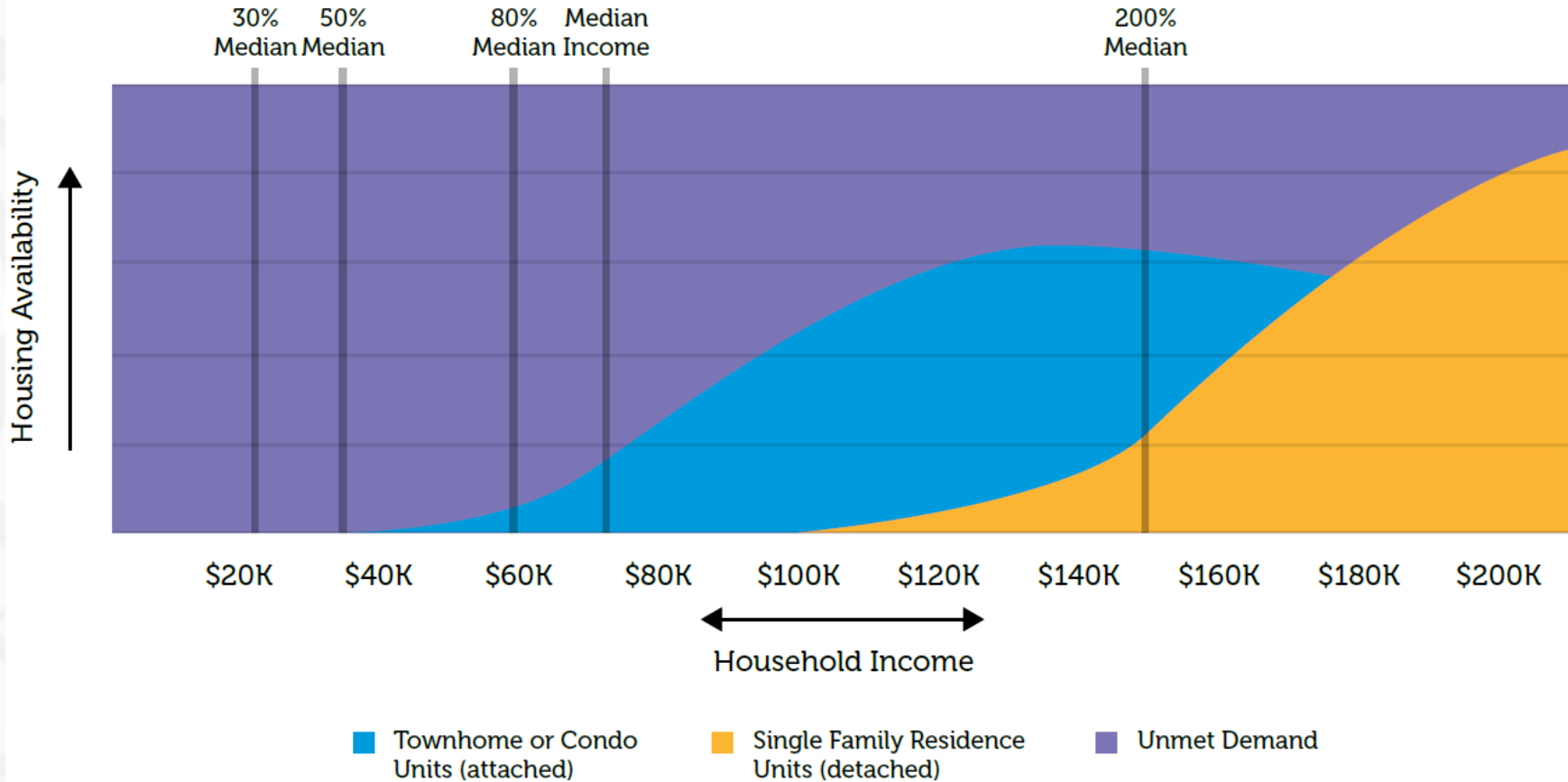


Percent Change in Home Value and Rent, 2010 to 2018



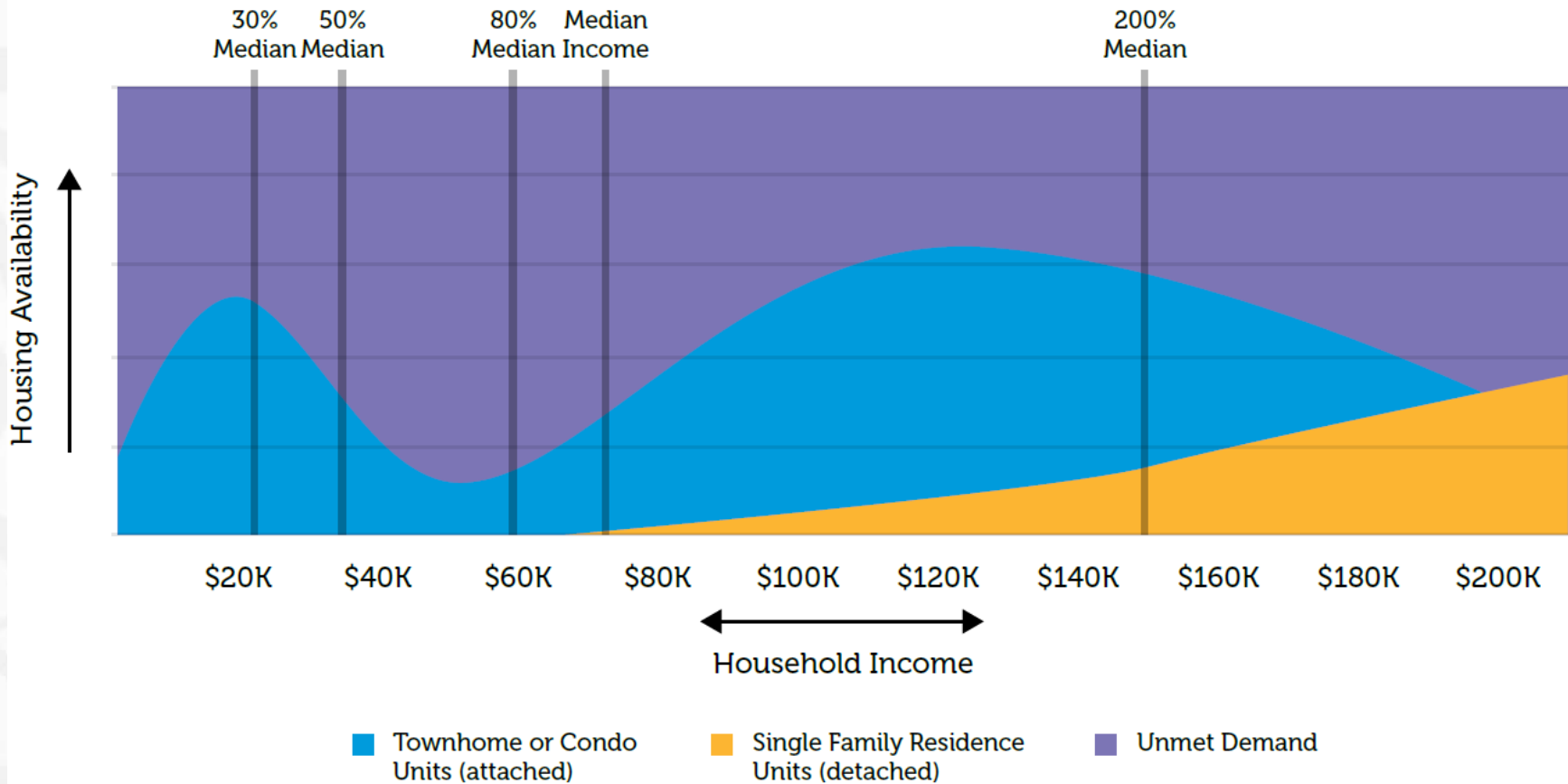
Source: Zillow Home Value Index, all homes, November 2010 through September 2018 & Zillow Rent Index, multifamily only, November 2010 through September 2018

Who is well-served by the Decatur owner-occupied housing market?



Source: 2018 MLS, smartasset.com

Who is well-served by the Decatur rental market?



Source: Zillow.com

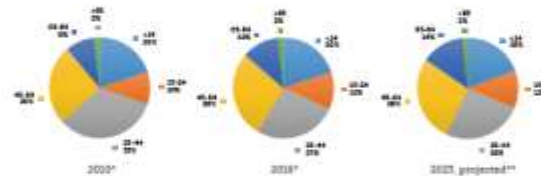
Market snapshot

- Owner and renter markets serve different income segments
- City is getting older and young children are less prevalent

MARKET SNAPSHOT SPECIFIC TO THE CITY OF DECATUR, GEORGIA

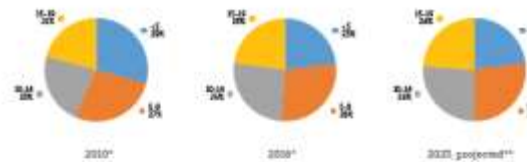
We're getting older.

Residents over 45 are expected to increase their prevalence by 7% over a 13 year period.



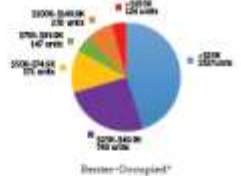
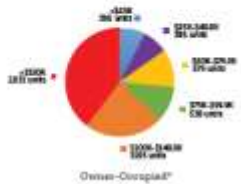
Our kids are getting older, too.

Among those under 20, children under 9 are expected to decrease their prevalence by 6% during the same time period, impacting everything from school configuration to the types and size of housing being sought.



How we pay for housing reflects a community segmented by income.

73% of Decatur homes are owned by households making more than \$75,000/year, while those making under \$75,000 occupy 83% of the rental market.



* U.S. Census. ** Projections by SmartCenters Analytics.

"Housing Cost" typically includes rent or mortgage and related taxes and insurance but does not include utilities or maintenance.

"Median Family Income" reflects the household income midpoint as measured across the Atlanta-Sandy Springs-Roswell metro area and is the basis by which levels of affordability are established.



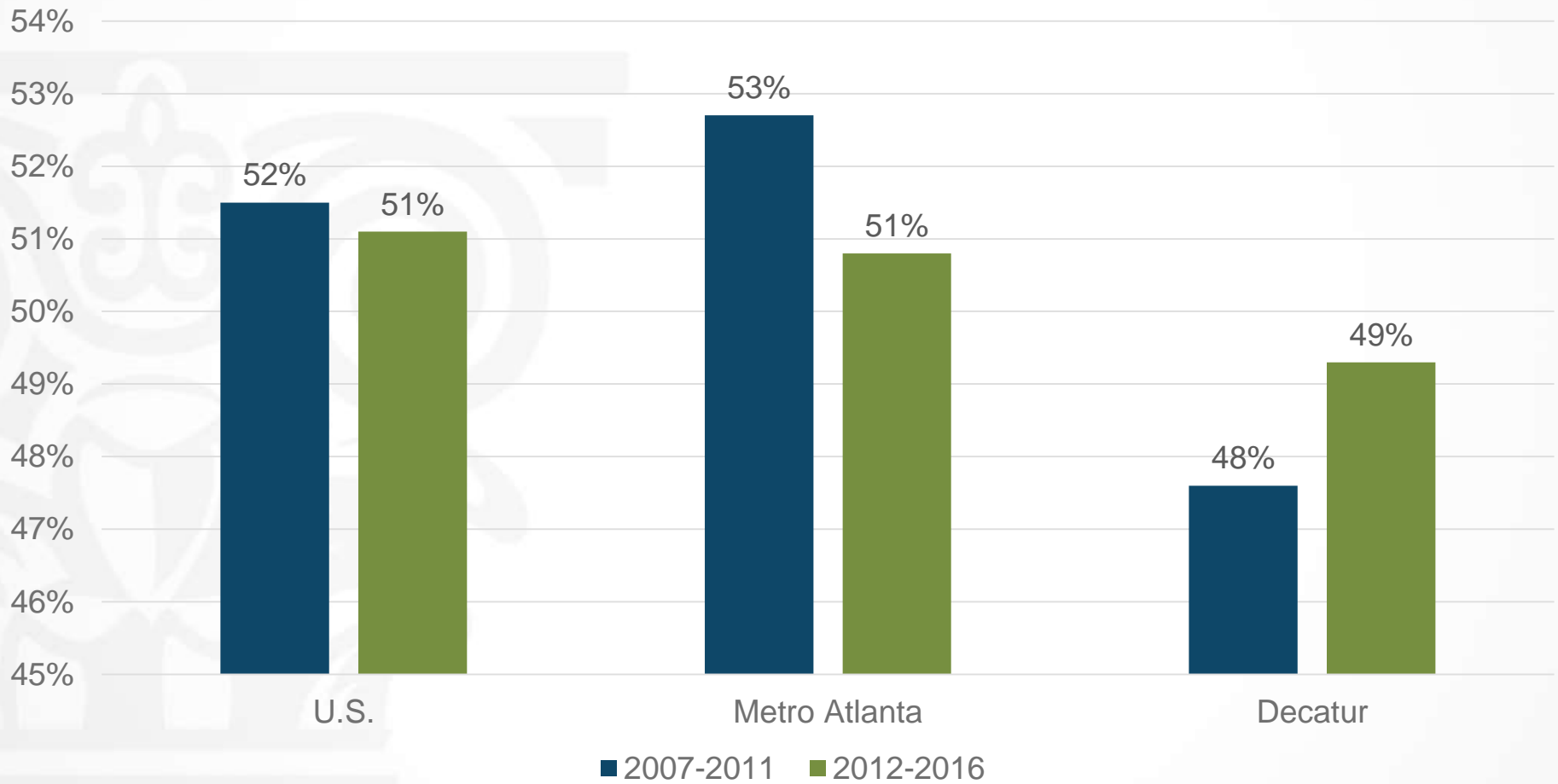
MEDIAN FAMILY INCOME
\$74,800*

Half the households in the Atlanta metro area earn more than this figure. Half earn less. Use this regional figure because it's inclusive of all metro wage earners, not just those presently living in Decatur (which skews higher and distorts the affordability range).



Decatur has lower share of cost-burdened renter households, but the share is growing

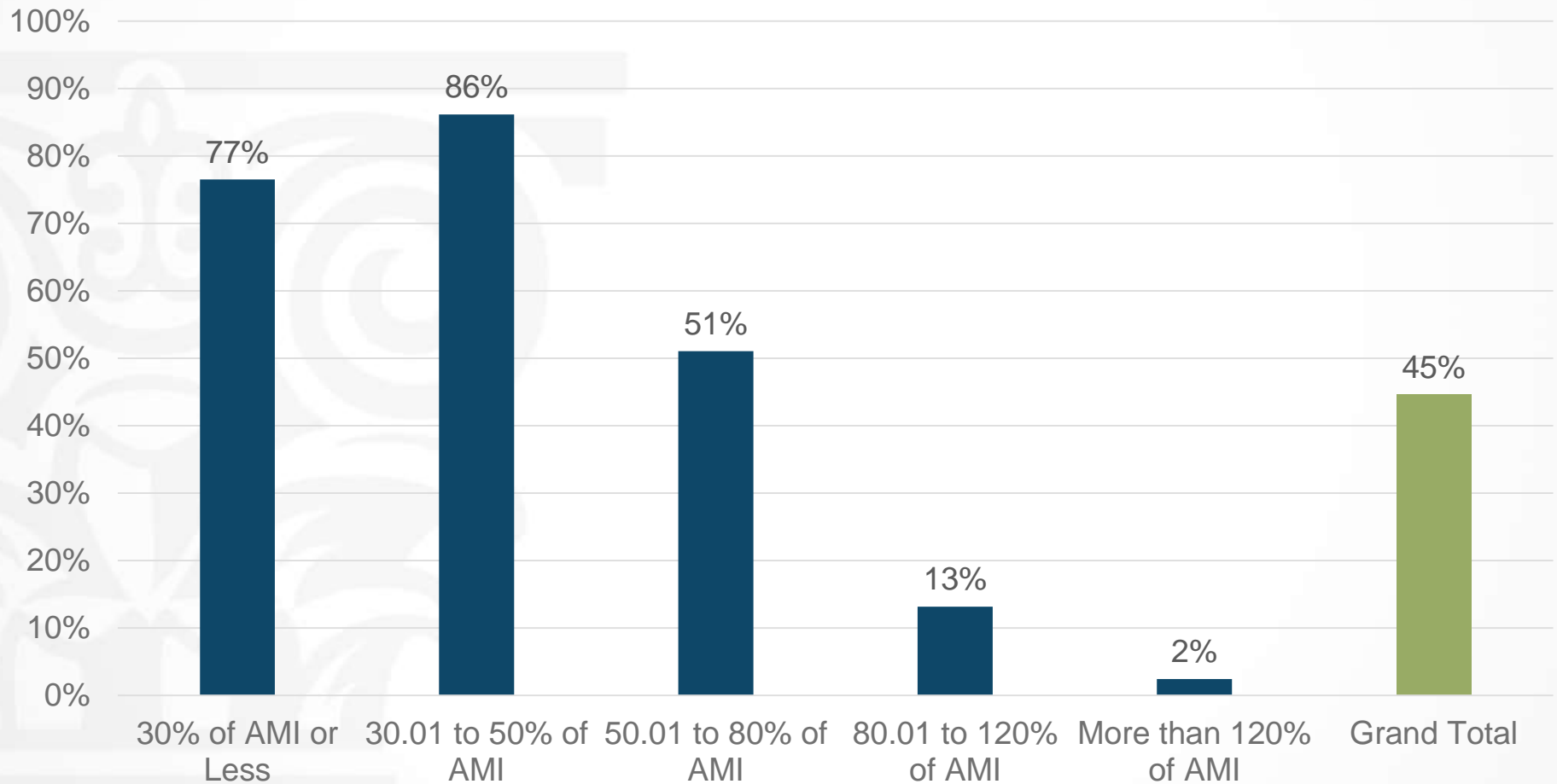
Share of Cost Burdened Renter Households by Area, 2011 and 2016



Source: Census American Community Survey (ACS) 5-Year Estimates, includes households with Gross Rent as a Percentage of Household Income (GRAPI) of $\geq 30\%$ of household income

Extremely low and very low income households are the most cost-burdened metro-wide

Metro Atlanta Share of Cost-Burdened Renter Households by Income

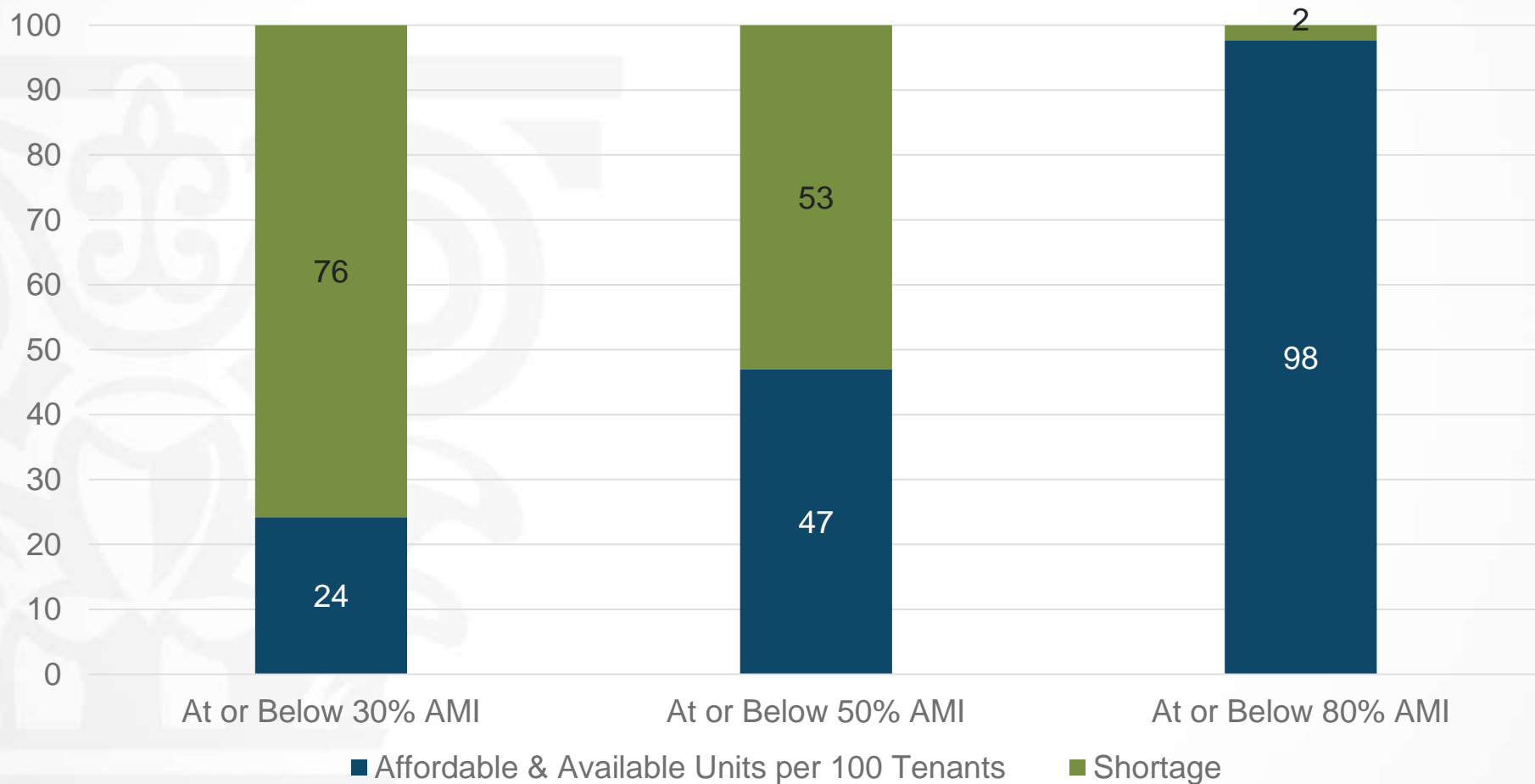


Source: Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data

Extremely Low Income: $\leq 30\%$ Area Median Income (AMI); Very Low Income: 30.1-50% AMI; Low Income: 50.1-80% AMI, Middle Income: 80.1-120%, Above Median Income: $> 120\%$

In the metro area, for every 100 ELI renter households, only 47 units are available

Metro Atlanta Affordable & Available Units per 100 Tenants



Source: Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data

Extremely Low Income: $\leq 30\%$ Area Median Income (AMI); Very Low Income: $\leq 50\%$ AMI; Low Income: $\leq 80\%$ AMI

Census data were used to estimate the shortage of units in Decatur



- A rough estimate using the Metro Atlanta figure of 47 affordable and available units per 100 tenants at 50% AMI and below:
 - ~1,632 renter households earn <50% Metro Atlanta AMI (\$33,750) in Decatur
 - ~767 units affordable and available to these households
 - **Deficit of ~865 units affordable and available to renter households at 50% AMI and below in Decatur**

Call to action

- For low income households, housing is increasingly unaffordable
- Federal housing subsidies have not kept pace with demand and largely favor wealthy homeowners
- Existing affordable units are at risk (subsidized and unsubsidized)
- Costs have increased
- Local action is urgently needed

Community benefits of affordable housing

- If the workforce has quality housing and residents of all ages are able to flourish, the community can benefit through:
 - Reduced commute times and congestion
 - Better health and wellbeing
 - Better education outcomes
 - Social cohesion
 - Economic stability and economic mobility

Building 100 affordable rental homes generates:



\$11.7 million in local income



\$2.2 million in taxes and other revenue for local governments



161 local jobs in the first year alone



MAY 1-8, 2018
www.ourhomes-ourvoices.org

OUR HOMES, OUR VOICES

Potential strategies and resources



- Identify and coordinate existing subsidies and other available resources
- Foster public private partnerships
- Reexamine exclusionary zoning and other restrictive policies
- Acquisition of distressed and vacant property for redevelopment
- Moderate rehabilitation of existing low-cost rentals
- Consider shared equity models (such as community land trusts)

Thanks!

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