



A Report on the Shared Understandings and Potential Strategies for Decatur's Future Affordability and Inclusivity

Prepared and Presented by

Andre' Westbrook, Planning Intern

*2019 Candidate, Master of Community Planning,
Auburn University*



ACKNOWLEDGEMENTS

The following people were instrumental in their contributions to the planning and programming of the Decatur Housing Summit, as well as in the day-of activities: Bill Bolling (Atlanta Regional Housing Forum), Ann Carpenter (Federal Reserve Bank of Atlanta), Paula Collins (Member of Decatur Better Together Advisory Board), Scott Doyon (Decatur Planning Commission), Mike Edelson (InterDev), Douglas S. Faust (Decatur Housing Authority), Peg Geronimo (Decatur Lifelong Community Advisory Board), Marisa Ghani (Atlanta Regional Commission), Daniel W. Immergluck (Georgia State University), Sarah Kirsch (Urban Land Institute, Atlanta Chapter), Alicia Phillip (Community Foundation for Greater Atlanta), and Shannon Powell (City 360, Inc.).

In addition, many City staff contributed their knowledge and skillsets including, Peggy Merriss (City Manager), Andrea Arnold (Asst. City Manager), Mark Ethun (Building Official) Linda Harris (Chief of Civic Engagement), Lee Ann Harvey (Lifelong Community Manager), Ash Kumar (City Management Fellow), Morgan Lewis (Personnel Specialist), Renae Madison (Communications Specialist), John Maximuk (Director, Design Environment and Construction), Lyn Menne (Asst. City Manager), Meredith Roark (City Clerk), Hugh Saxon (Deputy City Manager), Angela Threadgill (Planning Director), Aileen de la Torre (Planner), and Andre' Westbrook (Planning Intern).

The Decatur Housing Summit would not have been possible without the leadership and support of the Decatur City Commission: Mayor Patti Garrett, Mayor Pro Tem Tony Powers, Commissioner Scott Drake, Commissioner Brian Smith, and Commissioner Kelly Walsh.

Finally, those who attended the all-day event and contributed to the conversation on housing affordability in the city of Decatur are greatly valued for their efforts to move this topic forward.

The following agencies and businesses either graciously donated or provided services for the event:





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EXECUTIVE SUMMARY

PURPOSE OF THE DECATUR HOUSING SUMMIT

The call for a focused meeting on the topic of the city of Decatur's housing affordability was a result of the community's call for action. It is well known that housing costs in the city of Decatur continue to rise. Rental costs in Decatur are rising at the same rate as the rest of the region. The value of homes in Decatur increased 85% since 2010; double the national average. Rental costs are rising at the same rate as the rest of the region in new multifamily development, but it is the demolition of older apartment buildings where affordability is also being lost. The end result is that it is becoming increasingly difficult for Decatur to keep its inclusive, equitable, and diverse character.

Current residents, small business owners, large employers, and conscientious developers struggle with the effects of rising housing costs and, along with regional housing advocates, want to find actionable solutions to prevent the issue from continuing further and open the doors to those who are underserved by Decatur's real estate market.

With many different groups working on the topic of housing affordability, there are an equal number of ideas to solving the housing challenge. Each group has their own definition of affordability and remedies for the issues plaguing housing affordability in the city and region. While the ultimate goal is the same, to preserve existing affordable housing stock and create more opportunities for affordable housing, housing stakeholders were moving in different directions and efforts for implementation stalled.

Therefore, the City of Decatur held its Housing Summit on November 10, 2018 and invited all who wanted to establish a shared understanding of Decatur's housing context, define the often subjective term *affordability* as it relates to Decatur, explore viable approaches and strategies, and conclude with ways for all participants to be a part of local solutions. In the words of Mayor Patti Garrett, "Through the Housing Summit, we want to define Decatur-driven strategies that reflect community expectations about affordable and inclusive housing."





CURRENT HOUSING CHALLENGES IN THE CITY OF DECATUR

The same housing challenges in the City of Decatur can be found in urban cities nationwide. Older, often affordable housing stock are being redeveloped, and sold or rented at much higher market rates. Residents are being priced out of their homes due to rising land values, increased property taxes, and redevelopment pressures. Combined with slow wage growth, its difficult to keep pace with increased housing costs. A successful downtown and consistently high-ranking school

district also draws more population to the city. This is a good problem to have for most cities, except when existing land is built out and does not absorb new population growth easily. The city of Decatur is 4.4 square miles and an estimated population of just under 24,000. With a high housing demand and relatively low housing supply, these basic supply-and-demand factors greatly determine housing costs in the city of Decatur.

OBJECTIVES OF THE HOUSING SUMMIT

The planning committee established three objectives for the Decatur Housing Summit. The first objective was to establish a shared understanding of Decatur's housing context – past efforts, present challenges and opportunities, and available resources and partners.

The second objective was to define affordability as it relates to our community –

establishing who, across the economic spectrum is underserved by Decatur's housing opportunities and committing ourselves to diverse efforts on their behalf.

The third objective was to explore existing and potential housing, zoning and policy strategies to effectively broaden our inclusivity, then provide attendees with ways to contribute to Decatur's future affordability.

Objective #1

CONTEXT

We will establish a shared understanding of Decatur's housing context – past efforts, present challenges and opportunities, and available resources and partners.

Objective #2

UNITY

We will define affordability as it relates to our community – establishing who, across the economic spectrum is underserved by Decatur's housing opportunities and committing ourselves to diverse efforts on their behalf.

Objective #3

ACTION

We will explore existing and potential housing, zoning and policy strategies to effectively broaden our inclusivity and provide attendees from practitioners to advocates to resident supporters, with ways to contribute to Decatur's future affordability.



STRATEGIES AND APPROACH FOR THE HOUSING SUMMIT

The Decatur Summit was designed to build off the three established objectives. With such a complex topic as housing affordability, this event could not be done in a couple of hours. It needed to be a full-day event with a mix of presenter topics, table-top activities, round-table conversations, and informative displays to fully engage summit attendees.

Attendees were grouped together based on length of residency, age, and level of knowledge on housing affordability to ensure that each group was as diverse as possible. This strategy invited consideration, collaboration, and collective action moving forward based on different perspectives.

In the morning, presenters Ann Carpenter and Richelle Patton gave context to housing and development costs and its long-term effects on the economy and society. In the afternoon, presenters Sarah Kirsch and Eric

Kronberg presented their recent work and motivated attendees to think outside the box when exploring solutions. Empathy and understanding was an important tool for the duration of the summit, led by Bill Bolling, the event moderator.

After each presentation, table-top activities were designed to deepen the understanding of the speaker topics and spark conversation relating to Decatur's housing context. An affordable housing toolbox was developed to inform participants of potential strategies. Activity cards led each table through a series of questions, and required groups to come to an answer together. Opportunities for questions and answers after each presenter and activity were also key to a successful community conversation. The day needed to end with a list of collaborative next steps – both for the City and attendees.





HOUSING SUMMIT PROGRAM

8:00 a.m.	Registration Check-in and Coffee Social
8:45 a.m.	Welcome from Mayor Patti Garrett
	Opening by Bill Bolling, Moderator
9:00 a.m.	Activity #1: Icebreaker
9:25 a.m.	<i>Building a Context for Affordable Housing</i> Ann Carpenter, Federal Reserve Bank of Atlanta
10:00 a.m.	Activity #2: Myth Busters of Affordable Housing
10:15 a.m.	<i>Cost Considerations to Develop Housing</i> Richelle Patton, Tapestry Development Group
10:45 a.m.	Activity #3: Reality Check on Housing Costs
11:30 a.m.	Catered Lunch
12:30 p.m.	<i>Affordable Housing Tools and Innovative Solutions</i> Sarah Kirsch, Urban Land Institute – Atlanta Eric Kronberg, Kronberg Wall Architects
1:30 p.m.	Activity #4: Affordable Housing Toolbox
2:15 p.m.	Break
2:30 p.m.	Activity #5: Creation of Action Plans
3:45 p.m.	Activity #6: Report Outs
4:45 p.m.	Closing Remarks by Bill Bolling



OUTCOMES AND RECOMMENDATIONS

After a month of open registration for the Decatur Housing Summit, more than 115 people gathered in the Manuel J. Maloof Auditorium on the cold Saturday morning of November 10th. Once they found their tablemates, they settled in to consider, collaborate, and collectively end the day with recommendations for a way to move forward together.

The top five potential strategies deemed worthy of exploration to create better housing affordability in the city of Decatur are:

- community land trust
- incentive zoning
- inclusionary zoning
- tax abatements
- rent regulation

Another collective recommendation from the Housing Summit is to create an ad-hoc Affordable Housing Taskforce to fully explore these strategies and other strategies from the housing toolbox. Looking at transportation

options, land use restrictions, increased density, and impacts on community character should all be considered when looking at each strategy. The Taskforce would collaborate with the Atlanta Regional Commission to remain knowledgeable on regional housing efforts. At completion, the Taskforce would then present its findings to the City Commission.

Another collective recommendation is to have a full-time employee of the City dedicated to affordable housing. This person would foster partnerships in the public and private sector to help create more affordable housing. This person would be tasked with creating and updating an affordable housing inventory in the city of Decatur. The percentage of growth or decline of this deficit should be reported annually. This person would help implement affordable housing programs identified for adoption, and enforce those programs, such as the lifecycle dwellings.





GLOSSARY OF HOUSING TERMS

ASSISTED HOUSING – Any housing development which has received some form of public subsidy from local, state or federal sources, typically to support the creation of affordable housing units.

COST BURDENED HOUSEHOLD – A household spending more than 30% of their income on housing. A **Severely Burdened Household** is spending more than 50% of their income on housing.

FAIR MARKET RENT (FMR) – The maximum rent which can be charged for an affordable unit at either a 60% or 80% of AMI. FMRs are determined annually by HUD and primarily used to determine standard amounts for housing assistance.

INCLUSIONARY ZONING – Municipal and county zoning ordinances that require a specific share of new construction be affordable for households with low to moderate incomes. This integration of affordable units into market-rate projects creates mixed-income communities, where households of different income levels have access to the same community services and amenities.

LOW INCOME HOUSEHOLD – Defined by HUD as those households whose incomes do not exceed 80% AMI. This measure can be adjusted to account for family size. **Very Low Income Households** do not exceed 50% AMI.

LOW INCOME HOUSING TAX CREDIT (LIHTC) – ‘Iye-tech’ – tax abatement offered to developers planning on creating or rehabilitating affordable housing units

MISSING MIDDLE HOUSING – range of multi-unit or clustered housing types compatible in scale with single-family homes, which includes duplex, triplex, carriage houses, accessory dwelling units, whether for rent or for sale.

MODERATE INCOME HOUSEHOLDS – Defined by HUD as those households whose incomes are near the area’s median (80 to 120 percent of the median). This measure can be adjusted to account for family size. US Census Bureau defines as 80% of median.

NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH) – rental housing units that are affordable, without public subsidy support, to people living at or below median income for that area.

PROJECT-BASED RENTAL ASSISTANCE (PBRA) – Housing developments in which the private owners have contracted with HUD to rent some or all of the units to low-income families.

SPECIAL NEEDS HOUSING – Service-enriched housing developments for those who have special requirements, such as the elderly, persons with physical, mental, or behavioral disabilities, persons with medical needs, and persons with alcohol or drug addictions.

SUBSIDY – grants provided by the government, usually awarded to nonprofit organizations, to reduce the construction costs of affordable housing units

TRANSIT-ORIENTED DEVELOPMENT (TOD) – A type of development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and located within a half-mile of public transportation. **Equitable TODs** actively seek to create or preserve a mix of incomes and amenities within the development.

VOUCHERS – The Housing Choice Voucher program is administered by local public housing agencies on behalf of HUD to assist very low income families, the elderly, and people with disabilities by paying a housing subsidy directly to the landlord; the participant pays the difference between the actual rent charged and the amount subsidized by the program.

WORKFORCE HOUSING – Housing for those who earn too much to qualify for affordable housing programs, yet cannot afford the average market rate. These households generally have incomes between 60 to 120 percent of AMI.

ZONING OVERLAY – A zoning district applied over one or more previously established zoning districts, which sets for additional or stricter standards and criteria for the covered properties. These can be used to provide incentive zoning or requirements for affordable housing.

Source: Coalition for Diverse Decatur; Sara Patenaude, PhD, and Fonta High, LPC, NCC, MAC



OBJECTIVE #1: CONTEXT

“We will establish a shared understanding of Decatur’s housing context – past efforts, present challenges and opportunities, and available resources and partners.”

The first part of the day was designed to inform attendees with a context about housing costs, household incomes, land values, stagnant wage growth, population growth, and other driving forces that present challenges to creating and keeping housing affordable for all that want to live in Decatur. There was also an effort to make sure we were all speaking the same housing language, thus attendees were provided with the most-used housing terms and definitions within the handout materials, including Metropolitan Atlanta’s area median income cheat sheet.



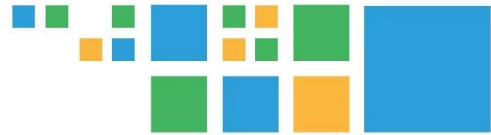
Attendees of the Housing Summit brought to the table different backgrounds, perspectives, desires, and level of knowledge about housing affordability. Each table had a mix of ages, housing professionals, advocates and general enthusiasts, which was important to the sharing of ideas and contribute their experiences to the conversations. Trained housing professionals have information on available resources and partners but their experience may limit their views on possible opportunities. General enthusiasts and advocates tend to think outside the box and produce creative solutions but are unsure of the forthcoming finances coupled with their resolutions.

Activities included an Ice Breaker to greet and meet the attendees’ assigned tablemates; a presentation by Ann Carpenter of the Federal Reserve Bank of Atlanta on “Building a Context for Affordable Housing;” a Myth Busters interactive exercise; and finally, a presentation by Richelle Patton of Tapestry Development Group on “Cost Considerations to Develop Affordable Housing.” Once attendees had a well-rounded context, then they could have a shared understanding as a baseline for the next objective of creating unity.



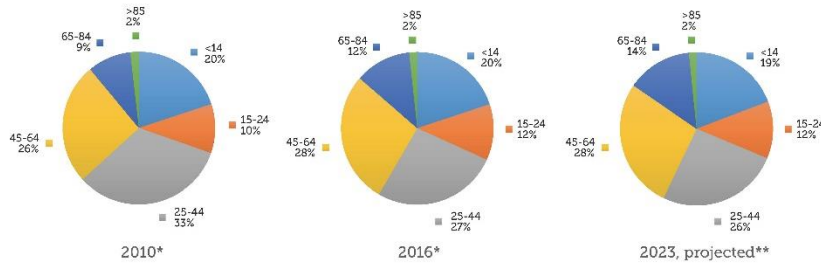
MARKET SNAPSHOT

SPECIFIC TO THE CITY OF DECATUR, GEORGIA



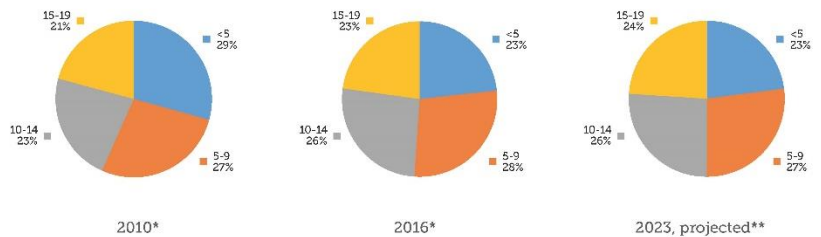
We're getting older.

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



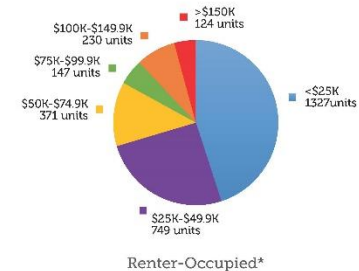
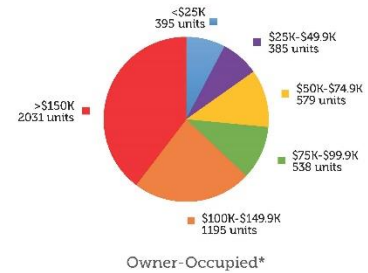
Our kids are getting older, too.

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; ** Environmental Systems Research Institute

"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. We 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).



Figure 1.1



DISPLAY BOARDS

In order to help provide context and background information, eight display boards were created and posted around the auditorium. These boards showed demographic trends, past regulatory efforts the City of Decatur has implemented, housing costs for different types of newer and older housing units, who's underserved at various income levels and a map of various affordable housing types

presently in the city. Drexel Avenue, a residential street within the city occupied by single-family, duplexes, and small apartment buildings, was on display, too. It illustrated that community character and scale does not have to be compromised by minor increases in density, all while providing a variety of housing types for a variety of income levels.

FIGURE 1.1: MARKET SNAPSHOT

This display board helped give attendees information on demographic trends in Decatur. Decatur's total population increased nearly 2,000 people from 2010 to 2016. The population is projected to grow another 2,500 by 2023. An important trend to note is the percentage of residents at least 45 years old is increasing and is projected to continue. This may be a direct indication of increasing housing costs within the city's borders. The population of the city of Decatur's youth (ages 19 and younger) has also increased over this same time period. Between 2010 and 2016, this age group's population grew from 4,850 to 5,630. It is projected to increase to almost 6,000 by 2023.

While building the context of housing affordability, the display made sure to address

the income disparity in relation to housing costs and types. The area median income for the Atlanta Metropolitan region is \$74,800. This equates to a monthly income of about \$6,200. About 53% of households in Decatur make the area median income or more. The national standard is that households should not spend more than 30% of their monthly income on housing costs. Based off of these figures, residents of the Atlanta metropolitan area making the area median income should not pay more than \$1,860 on monthly housing costs. About 73% of owner-occupied households and 17% of renter occupied households make more than the area median income. When a household's income increases so does the likelihood of them owning their home

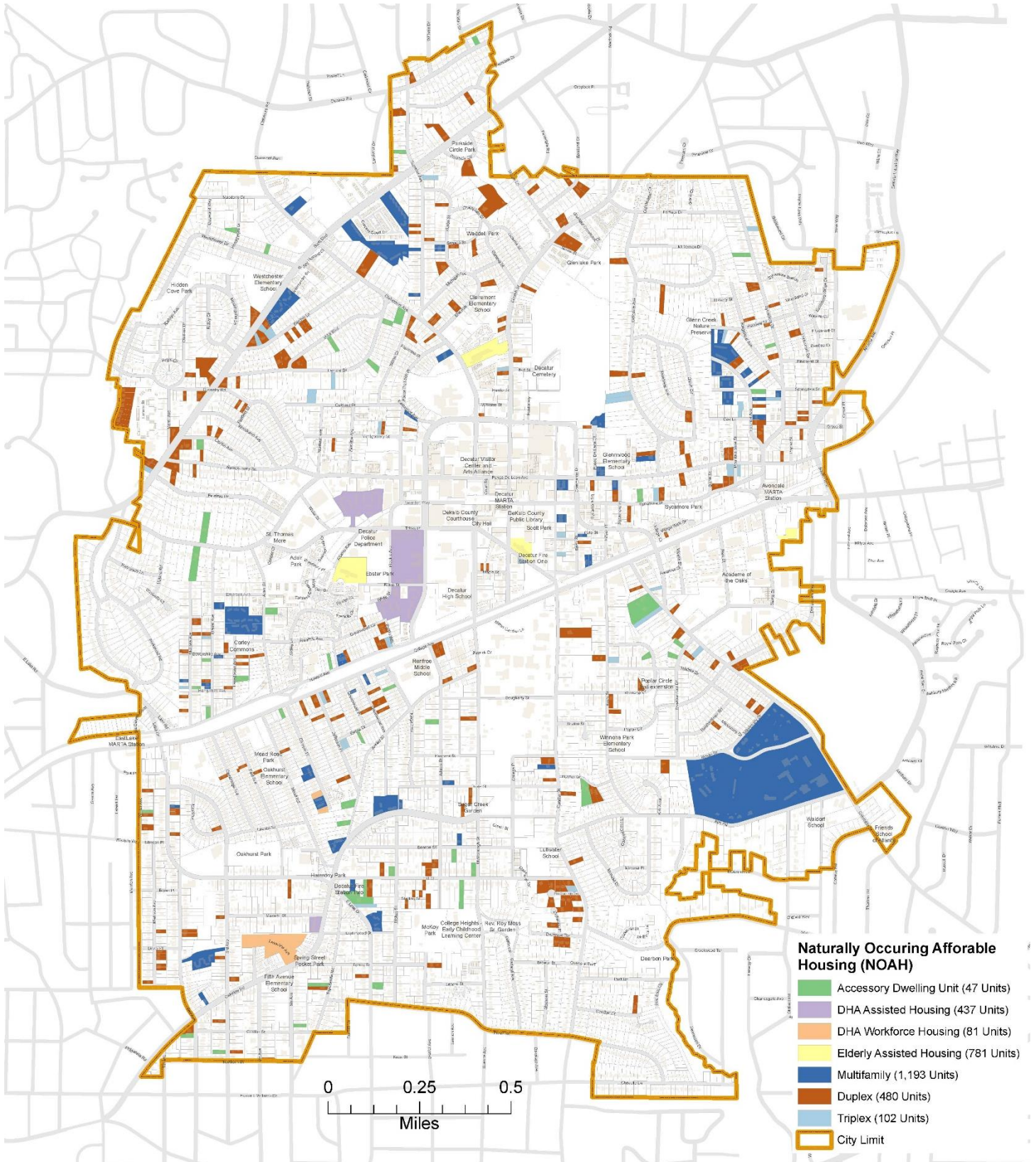


Figure 1.2



FIGURE 1.2: HOUSING AVAILABILITY

This display board contained a map of housing units dispersed throughout the city of Decatur that remain relatively affordable compared to traditional detached single-family residences or market rate rental units. Often times, people think of “affordable housing” as large, public housing buildings operated by the local housing authority. This map helps prove that affordable housing exists in many forms. The different housing types shown on the Housing Availability map include accessory dwelling units, duplexes, triplexes, multifamily apartment building, elderly assisted housing and Decatur Housing Authority’s Workforce and Assisted Housing.

Accessory dwelling units (“ADUs”) are becoming increasingly popular in the city of Decatur. An accessory dwelling unit in Decatur’s Unified Development Ordinance (“UDO”) allows for a small self-contained accessory dwelling unit located on the same lot as a principal structure, whether attached or detached, provided it does not exceed 800 sq. ft. or 40% of the total floor area of the principal structure, and two bedrooms or 2 occupants. Since its introduction to the UDO in 2014, the city has approved 21 new building permits for ADUs. This adds to the 26 extant ADUs historically developed when zoning codes were similar to today. In total, there are 47 documented ADUs in the city of Decatur at the time of this report. ADUs help cut housing costs for owners and renters. The ADU renter resides in a reasonably priced apartment and the property owner receives supplemental income from the ADU occupant. ADUs are extremely beneficial to municipalities such as Decatur due to its built-out environment. A main issue surrounding housing affordability in Decatur is location; where is there room to create affordable housing? ADUs increase density by allowing

multiple families occupy one parcel of land, but maintain the existing building scale and community character.

Similar to accessory dwelling units, **duplexes** allow two families to occupy one parcel of land. The difference is these two families live in the same building. The two housing units, generally of the same floor area, may be attached side-by-side, upper and lower, or front and back. Duplexes in residential neighborhoods tend to have the same scale as the surrounding single-family households. Monthly rent is usually lower and helps lower income individuals or families to live in attractive municipalities such as Decatur. Currently, 240 duplexes are documented in Decatur, creating 480 housing units.

Triplexes are another method of creating affordable housing. Comparable to duplexes and accessory dwelling units, triplexes increase density on a particular parcel. Instead of a single-family house or two units, triplexes increase the occupancy to three units. 34 triplexes are presently found in Decatur, creating 102 housing units.

Buildings with at least four housing units are considered **multifamily housing**. Naturally occurring affordable housing in terms of multifamily units is older apartment buildings. Older apartment buildings tend to have substantially lower rental costs than newer, luxury apartments. These are not to be confused with subsidized housing. Decatur has 1,193 multifamily units dispersed throughout the city.

Elderly Assisted Housing refers to subsidized housing reserved specifically for residents at least 62 years old. While the bulk of these units are set aside for residents making



0%-80% of the area median income (\$0-\$59,840), workforce housing units are also available. The workforce housing units are reserved for elderly residents making 60%-120% of the area median income (\$44,880-\$89,760). There are 781 units set aside for qualified elderly residents in Decatur. Of these 781, 256 are workforce or market rate housing. The remaining 525 units are subsidized housing for the elderly.

Decatur Housing Authority (“DHA”) offers housing options to residents making 0%-80% of the area median income, or \$0-\$59,840. Their public housing options are available to residents who fall in the 0%-60% area median income threshold. Often times, the general public thinks of public housing as huge apartment buildings. This is not entirely true. DHA does have large apartment buildings but also offers smaller apartment communities to its public housing residents. DHA has 437 public housing units available and looks for ways to increase their inventory and offerings to further the affordable housing goals of the City.

DHA also provides **workforce housing**. This is housing set aside for city employees making between 80%-120% of the area median income, or \$59,840-\$89,760. Workforce

housing helps city staff such as teachers and firefighters afford to live within the city limits and decrease their commuting costs. The amount of workforce housing units DHA manages is significantly less than the number of public housing units but they offer a wider variety of housing types. Workforce housing can be found in DHA’s large apartment buildings, four-unit multifamily buildings and single family houses. To protect the identity of workforce housing residents living in single family households, these properties were not symbolized on the map. Currently, DHA has 81 units set aside for workforce housing.

DHA owns and operates about 6% of Decatur’s housing stock with 518 units. Most of their public housing is walking distance from downtown Decatur. This is important because members of the 0%-80% area median income threshold may not have automobiles. Walking distance to public transit is therefore a necessity for this group. All of their workforce housing is in the city’s southwest quadrant. Although 6% is a decent portion for one entity to own, Decatur Housing Authority’s waitlist is extremely long. Applicants generally have to wait years to for a vacancy to arise. This shows how providing affordable housing is a task too large for any local housing authority.

FIGURE 1.3: MISSING MIDDLE FOUND

This display shows various housing types found on Drexel Ave in Decatur. A healthy mixture of housing types helps create a diverse, inclusive neighborhood. The neighborhood will be attractive to people of all stages of life with varying incomes.



MISSING MIDDLE FOUND

A WALK DOWN DREXEL AVE. REVEALS HIDDEN AFFORDABILITY



Historically, traditional neighborhoods featured units of all types, from single family to duplexes, tri-plexes, and quads, as well as accessory units and townhomes.

Decatur once offered many such units, some of which remain. These units are known as the "missing middle" — smaller scale housing in between single family homes and large format multi-family — providing subtle workforce housing within existing residential neighborhoods.

This is Drexel Avenue, in Decatur's Lenox Place neighborhood. Walking down it, you'd likely experience it as a pleasant, single-family street — modest-scaled buildings on small, in-town lots. But you'd be mistaken. Because hidden in plain view along this quiet 4-block stretch are 40 naturally occurring workforce housing units at different levels of affordability.

Such integration was once commonplace in Decatur and our present inventory of *missing middle* housing was built and/or retrofitted in the service of meeting demand at the time. In fact, such units were legal and encouraged until 1988, when they were outlawed in response to the disinvestment and absentee ownership issues of the day. Today, our need for more affordable housing types exists in stark contrast to the 1980s. Is it time to re-examine these *missing middle* models? Would you support such efforts?

Townhomes
Household Density: 11



Tri-Plex
Household Density: 5



Single Family Home with
Accessory Dwelling
Household Density: 2



Quad-Plex Apartment
Household Density: 4



Tri-Plex
Household Density: 3



Compound
Household Density: 3



Quad-Plex
Household Density: 4



Single Family Home with
Accessory Dwelling
Household Density: 2



Quad-Plex
Household Density: 4



Single Family Home with
Accessory Dwelling
Household Density: 2



Multi-Unit
Household Density: 6



Figure 1.3



SPEAKER TOPIC: BUILDING A CONTEXT FOR AFFORDABLE HOUSING

“Decatur has a deficit of approximately 865 units available to households making 50% or less of the area median income, or \$37,400 annually.”

The first presentation of the day gave all attendees an opportunity to gain a baseline understanding on the circumstances surrounding housing affordability. The speaker to give this topic was Ann Carpenter, a Senior Community and Economic Development Adviser specializing in Affordable Housing and Neighborhood Revitalization for the Federal Reserve Bank of Atlanta. The Federal Reserve Bank is one of 12 of Federal Reserve Banks nationwide. Atlanta serves as the headquarters for Georgia, Florida, Alabama, Mississippi, Louisiana and Tennessee.

The topic began with the basics of area median income, one of the most common terms

when discussing housing costs: area median income, or AMI, is the median income of all households in a specific geographic place. AMI fluctuates as the study area increases or decreases in population and wages. The U.S. Department of Housing and Urban Development (HUD) establishes the area median income on an annual basis and is used calculate fair market rents and income limits for households in Federal housing-assisted programs. Because HUD’s AMI is statistically valid, state and local governments may also use the income limits for similar programs and incentives. For instance, the City of Decatur uses HUD’s AMI for purposes of the local lifecycle dwelling ordinances.

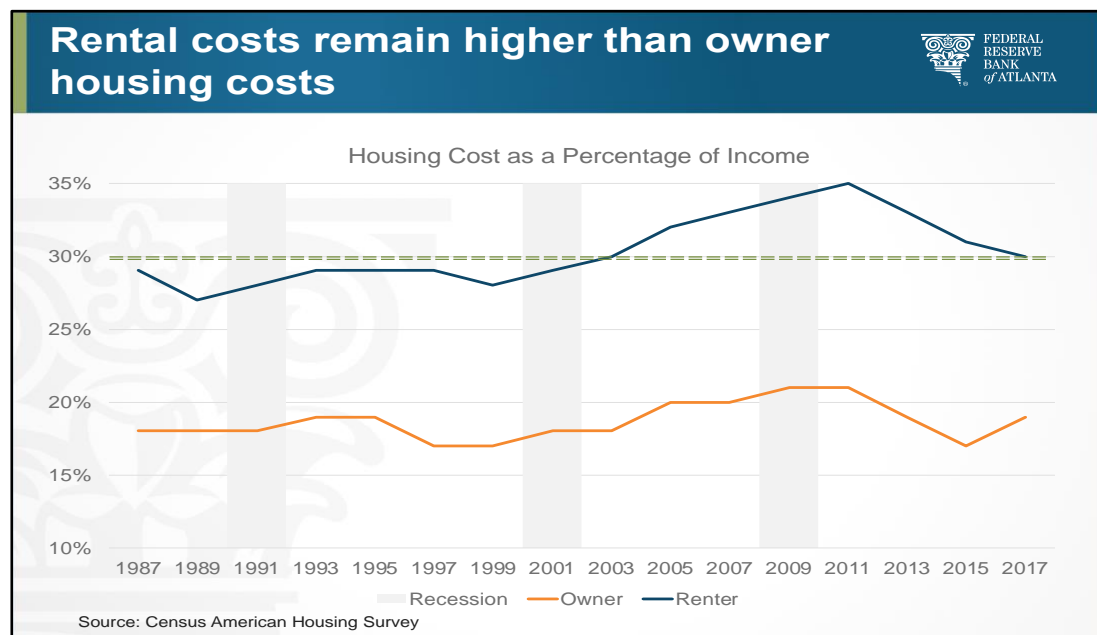


Figure 1.4



The area median income for the Atlanta-Sandy Springs-Roswell statistical area, which includes 24 counties and the city of Decatur is \$74,800 in 2018. Households making 30% or less of the area median income are considered extremely low income. Very low income households make between 30%-50% of the AMI. Houses at the 50%-80% AMI level are classified as low income households. Moderate income households make 80%-120% of the area median income. Households making 120% of the area median income or more are considered upper income. These households have less national and statewide subsidies available but they still have unmet needs. Cost burdened households are households that spend more than 30% of their income on housing. Severely cost burdened households pay more than 50% of their income on housing.

Homeownership rates declined in Georgia and Atlanta steadily since about 2004.

Although there has been a recent increase in homeownership rates across the board, Atlanta and Georgia are 1%-2% lower than the national average. Over this same period of time, income remained relatively stagnant with a recent boost in 2013. Housing costs are increasing at a higher rate than income nationally, statewide and citywide. Housing costs as a percentage of income tend to be higher for renters than owners. With housing costs continually rising, more renters are becoming cost burdened. Rental costs in Decatur increased 26% since 2010. This is on par with Atlanta's rental costs. In this same period of time, house values in Decatur rose 85%. Atlanta witnessed an 84% increase. Rental opportunities shrink for households earning 30%-80% of the area median income. Households with a yearly income of \$50,000 have the least amount of rental options.

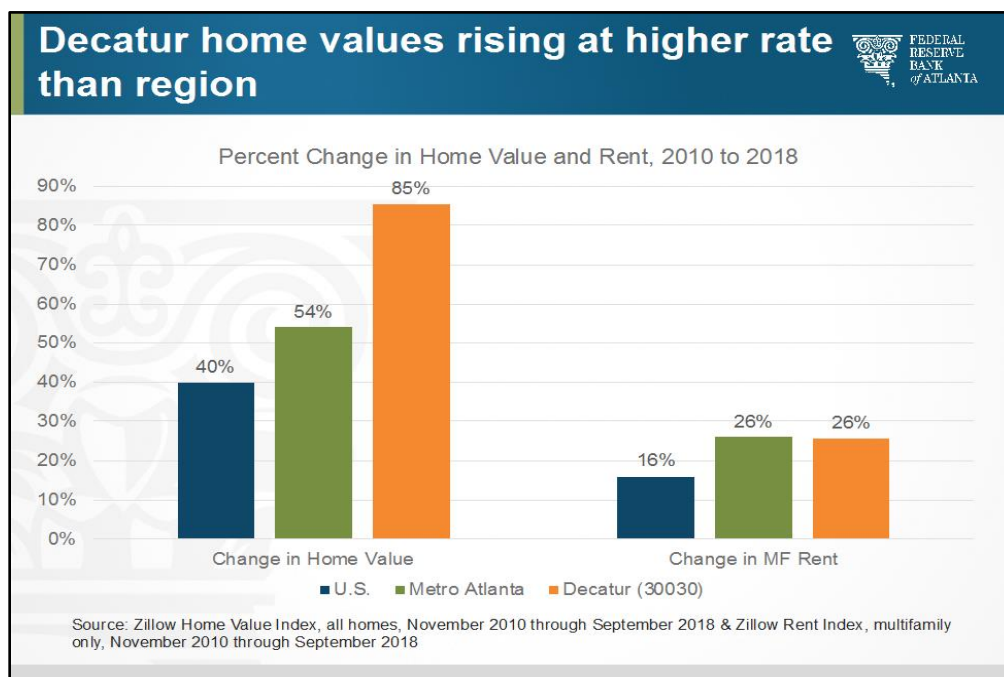


Figure 1.5



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**

Source: Census 2016 ACS 5-Year Estimates, Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data. DUE TO INCALCULABLE MARGINS OF ERROR, THIS IS A ROUGH ESTIMATE ONLY

Figure 1.6

Decatur households making \$74,800 or less generally have no ownership opportunities. In the Atlanta Metropolitan Area, households making 50% of the area median income or less are cost burdened at higher rates than other groups. By focusing on this income bracket, housing options are available to only 47% of this demographic in Metropolitan Atlanta. This same 47% rule was applied to households in Decatur.

There are 1,632 rental households in Decatur that make 50% of the AMI or less. 47% of these units are actually affordable to this demographic, however, Decatur has a deficit of 865 units available to households making at most 50% of the area median income. Although this was a rough estimate, attendees agreed this was usable data that could potentially bring focus to the Decatur's housing needs.



ACTIVITY: MYTH BUSTERS OF AFFORDABLE HOUSING

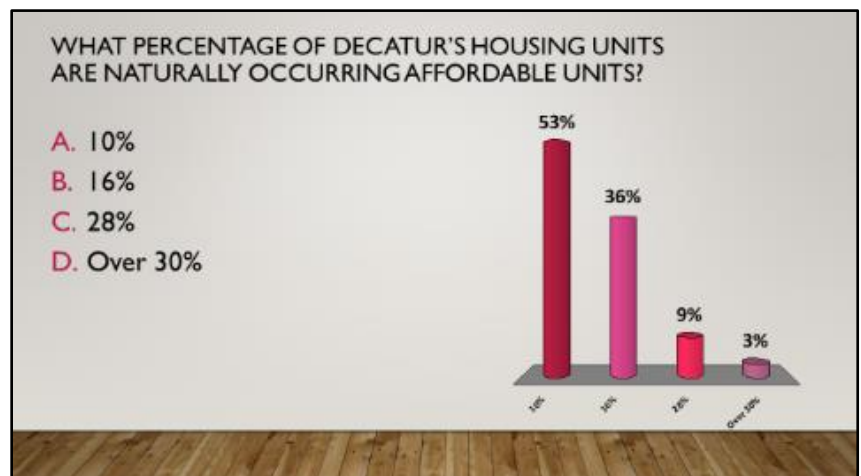
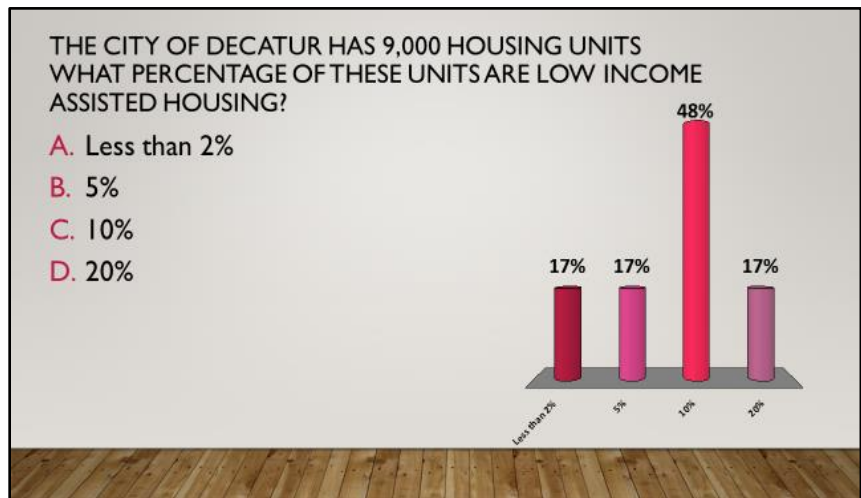
There are many misconceptions surrounding affordable housing, number of units already existing in the city of Decatur, and the needs of those with moderate incomes. Using an electronic voting system, each of the attendees was given an interactive voting keypad, a

“clicker,” on which to cast their vote. A myth was displayed on the screens and attendees needed to select their best multiple-choice answer. Answers were recorded, tabulated, and displayed real time. A discussion of the myth and the correct answer was revealed.

Myth #1 – There’s no affordable or workforce housing left in Decatur.

Decatur Housing Authority manages most of the low income, assisted housing units within the city. Almost half of the respondents believed assisted housing units made up 10% of Decatur’s housing stock. These units only make up 5% of Decatur’s housing stock.

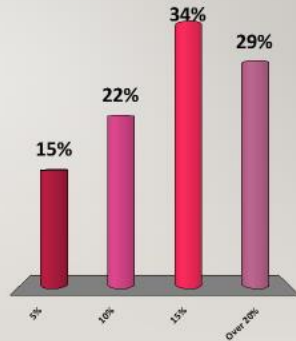
The rising housing costs in Decatur tricked most of the audience in the next question. 89% of respondents thought naturally occurring affordable housing units made up 10% of Decatur’s housing stock. The correct answer was 28%.





WHAT PERCENTAGE OF DHA RENTAL UNITS ARE AFFORDABLE WORK FORCE UNITS?

- A. 5%
- B. 10%
- C. 15%
- D. Over 20%

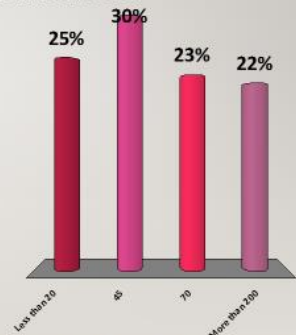


Myth #2 – The Decatur Housing Authority only provides housing for low-income residents.

15% of Decatur Housing Authority's units are reserved for workforce housing. The majority of respondents guessed this correctly.

THROUGH LIFECYCLE DENSITY BONUSES AND TAX CREDIT ASSISTANCE, HOW MANY NEW AFFORDABLE UNITS HAVE BEEN ADDED IN DECATUR SINCE 2016?

- A. Less than 20
- B. 45
- C. 70
- D. More than 200



Myth #3 – There are no opportunities to add affordable housing units.

Results for this question were about even. 25% of attendees thought less than 20 affordable units were created since 2016 through density bonuses and tax credit assistance. 23% thought only 70 units were created over this period of time. 22% of the audience correctly guessed more than 200 units.



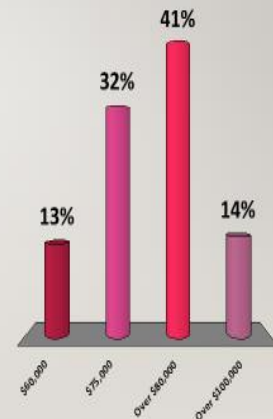
Myth #4 – The middle class doesn't need housing assistance.

The majority of the audience believed the combined salary of a police officer and school teacher in the city of Decatur was over \$80,000. This question was a precursor for the next.

Using their combined income and adding two dependents, how much of a mortgage can this household afford? One third of the room thought they could only afford a mortgage of \$250,000. Another third of the audience believed they could afford a mortgage of \$325,000. One fourth of the respondents believed the household couldn't afford any of the mortgages.

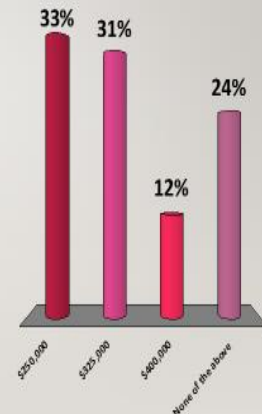
WHAT IS THE AVERAGE COMBINED SALARY OF POLICE OFFICER AND SCHOOL TEACHER?

- A. \$60,000
- B. \$75,000
- C. Over \$80,000
- D. Over \$100,000



A FAMILY OF 4 WITH INCOME OF \$90,000 REPRESENTS 120% OF AREA MEDIAN INCOME. HOW MUCH MORTGAGE CAN THEY AFFORD?

- A. \$250,000
- B. \$325,000
- C. \$400,000
- D. None of the above





SPEAKER TOPIC: COST CONSIDERATIONS TO DEVELOP AFFORDABLE HOUSING

There are many challenges to creating affordable housing. The next speaker of the day, Richelle Patton of Tapestry Development Group, had experience to share with the attendees about the difficulties surrounding the development of affordable housing. Along with high construction costs mentioned in the previous paragraph, the acquisition of land and/or properties continue to increase as well. Federal and state funders have complicated requirements. The state may fund a project for households making 60%-100% of the area median income while the federal government is funding projects catered toward households making 80%-120% of the area median income. Having multiple layers of financing puts greater operation restrictions on developers. Property managers oftentimes find their rents regulated. Very long application and re-zoning processes slow production of affordable housing units. Community opposition to affordable housing units being developed in specific neighborhoods is also a large barriers to overcome.

Tapestry Development Group is a not-for-profit affordable housing developer and consulting firm, whereby profits made on

development are put back into the mission for their next affordable housing project.

The presentation expressed the importance of public and private sector partnerships. Private financing helps decrease the amount of loans needed to develop housing. Examples of financing options are low income housing tax credits, federal community development block grants and the Federal Home Loan Bank located in Atlanta. HUD also offers grants to affordable housing projects on a competitive basis, though the amount budgeted in any given year is based on Federal legislative action.

Generally, purchasers pay about 20% of a purchase price as a down payment and finance the other 80%. It is the opposite in the affordable housing industry. Affordable housing agencies and developers must raise funding for 80% of the property's total sale price and finance the other 20%. This helps keep operating costs low and therefore afford to offer lower rents. Grants and low-interest loans are offered to developers by cities and states.



Affordable housing is often thought of as “cheap housing.” However, construction costs are the same and housing becomes affordable due to the number of subsidies awarded to developers. Affordable housing units generally cost the same to build as market rate units. The difference between the two are the amenities and features provided to market rate units. Market rate units may have marble countertops and ceramic tile, as opposed to laminated countertops and vinyl flooring. Affordable housing developers are in competition with market rate developers when it comes to construction companies. The rising material costs coupled with the decreasing labor market greatly increases construction costs.

A major requirement for developers and nonprofit organizations receiving these grants or tax breaks is their agreement to keep their units affordable for 15-30 years, depending on the funding sources and approvals. Once the subsidies burn off, there’s little in the way of funding sources to keep them affordable.

Incentive zoning is another tool local governments use to increase their affordable

housing stock. Developers are granted a density bonus with the provision that they will make a percentage of their units affordable to a specific income group for a certain amount of years, typically 20 years. Inclusionary zoning is another tool and is a requirement for developers to set aside a percentage of units in all new multifamily developments.

Affordable Housing Trust Funds use city taxes to help create affordable housing. Developers are able to purchase existing affordable housing units with a portion of city funds if the developers agree to maintain lower rents. Land banking and acquiring foreclosed properties and land help preserve prime locations to create affordable housing units in the future. Fee waivers and an expedited permitting process helps speed up the development process of housing units. It also decreases the start-up cost for development. Public infrastructure must be provided and improved by developers. Cities provide funding for these improvements and property managers can save their money, keeping operation costs and rents low. Tax abatements are offered to affordable housing developers as well.





WHAT DOES IT COST?

BASELINE COSTS FOR DECATUR'S MARKET-RATE HOUSING



The distinction between older buildings and new ones makes the difference in housing cost, which is of particular concern as older buildings continue to be redeveloped.

Perhaps surprisingly, roughly 38% of Decatur housing is priced for below the median income, though no single family home opportunities exist. What can be done?



Single Family Homes

FOR-PURCHASE: OLDER STOCK

TYPICALLY REQUIRING SUBSTANTIAL RENOVATION

PRICES BEGIN AT: \$350,000

MINIMUM HOUSEHOLD INCOME: \$100,000

FOR-PURCHASE: NEW CONSTRUCTION

TURNKEY, TYPICALLY IN EXCESS OF 2,500 SQUARE FEET

PRICES BEGIN AT: \$700,000

MINIMUM HOUSEHOLD INCOME: \$180,000

FOR-RENT: OLDER STOCK

SMALLER HOMES, OLDER SYSTEMS, 2/1 AND ABOVE

PRICES BEGIN AT: \$1,600/MONTH

MINIMUM HOUSEHOLD INCOME: \$75,000

FOR-RENT: NEW CONSTRUCTION

TURNKEY, TYPICALLY IN EXCESS OF 2,500 SQUARE FEET

PRICES BEGIN AT: \$3,500/MONTH

MINIMUM HOUSEHOLD INCOME: \$120,000



Townhomes

FOR-PURCHASE: OLDER STOCK

OFTEN REQUIRING SUBSTANTIAL RENOVATION

PRICES BEGIN AT: \$275,000

MINIMUM HOUSEHOLD INCOME: \$80,000

FOR-PURCHASE: NEW CONSTRUCTION

TURNKEY, TYPICALLY IN EXCESS OF 2,000 SQUARE FEET

PRICES BEGIN AT: \$475,000

MINIMUM HOUSEHOLD INCOME: \$140,000

FOR-RENT: OLDER STOCK

SMALLER HOMES, OLDER SYSTEMS

PRICES BEGIN AT: \$1,500/MONTH

MINIMUM HOUSEHOLD INCOME: \$65,000

FOR-RENT: NEW CONSTRUCTION

TURNKEY, TYPICALLY IN EXCESS OF 2,000 SQUARE FEET

INSUFFICIENT LISTINGS
TO DRAW CONCLUSIONS



Multi-Family Flats/Apartments

FOR-PURCHASE: OLDER CONDO STOCK

OFTEN REQUIRING RENOVATION

PRICES BEGIN AT: \$150,000

MINIMUM HOUSEHOLD INCOME: \$60,000

FOR-PURCHASE: NEW CONSTRUCTION

TYPICALLY IN DOWNTOWN OR TRANSIT-SERVED AREAS

PRICES BEGIN AT: \$200,000

MINIMUM HOUSEHOLD INCOME: \$70,000

FOR-RENT: OLDER APARTMENT STOCK

OLDER BUILDINGS, OLDER SYSTEMS, TYPICALLY 2/1

PRICES BEGIN AT: \$900/MONTH

MINIMUM HOUSEHOLD INCOME: \$45,000

FOR-RENT: NEW CONSTRUCTION

TYPICALLY IN DOWNTOWN OR TRANSIT-SERVED AREAS

PRICES BEGIN AT: \$1,375/MONTH (STUDIO/1BR)

MINIMUM HOUSEHOLD INCOME: \$65,000

Typical market costs (for-purchase) obtained via MLS listings.

Typical market costs (for rent) obtained via zillow.com and apartments.com.

Income requirements (for-purchase) assume 10% down with minimal debt. Estimated via smartasset.com and bankrate.com.

Income requirements (for-rent) assume minimal debt. Estimated via zillow.com.



Figure 2.1



OBJECTIVE #2: UNITY

“We will define affordability as it relates to our community – establishing who, across the economic spectrum is underserved by Decatur’s housing opportunities and committing ourselves to diverse efforts on their behalf.”

The second objective for the Decatur Housing Summit was to build unity in how to define what housing means to be “affordable” – affordable to who? The activities and display materials were designed to create a collaborative process by which each table would discuss and conclude with their answer.

DISPLAY BOARDS

FIGURE 2.1: WHAT DOES IT COST

This display showed the dichotomy in prices between older units and newly constructed ones. The three housing types displayed are single family houses, townhomes and multifamily apartments. Newly constructed single-family houses and townhomes cost nearly twice as much as their older counterparts to own. The income requirement to own each nearly doubles as well. The price to own older or newly constructed condos in multifamily

buildings generally remained the same; the income requirement did as well.

Rental costs seem to follow the same trend. Newly constructed single-family households cost twice the amount to rent as their older counterpart. The income requirement doubles as well. Like the for-sale properties in multifamily units, rental prices and income requirements did not increase much.

FIGURE 2.2: WHO’S UNDERSERVED

This display helped further explain the housing options based from income presented in the previous display. Households making \$74,800 yearly have a small amount of housing options. They must rent apartments or purchase

townhomes or condos. Around the \$100,000 mark is where single family households are obtainable in rental and real estate markets. This is a visual representation of Decatur’s “Missing Middle.”



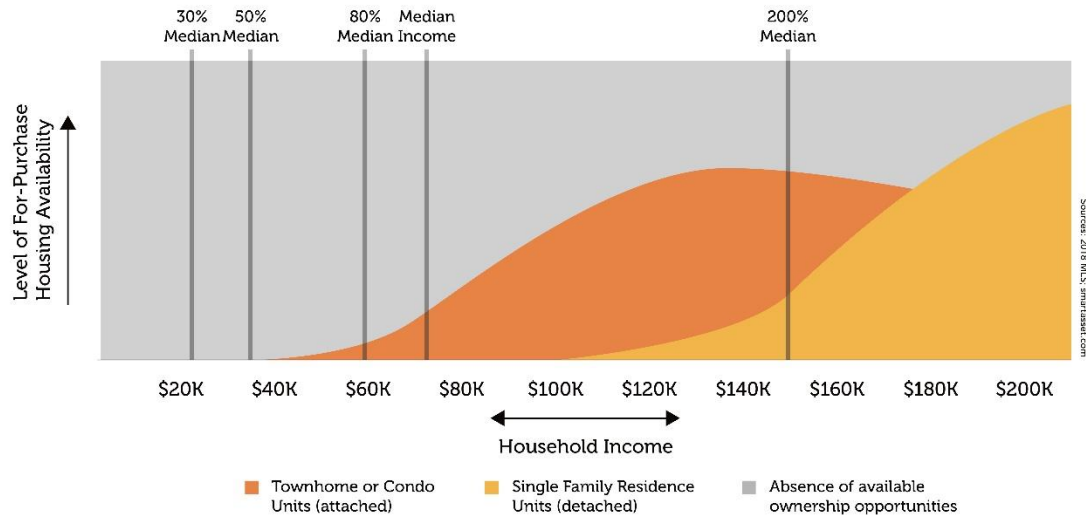
WHO'S UNDERSERVED?

A GENERALIZED VIEW OF DECATUR'S HOUSING MARKET



For-Purchase Housing

Purchase opportunities at or below the median income in Decatur are extremely rare and only exist with multi-family product types (townhome, condo, etc.). Single family opportunities emerge as incomes approach 200% median income. Low-income ownership opportunities (80% median income or below) are almost non-existent.



Rental Housing

Decatur Housing Authority (DHA) and older market units provide some level of multi-family opportunities for lower-income households (80% median income and below), while new construction serves households at the median income and above. Single family rental is limited and essentially non-existent below the median income.

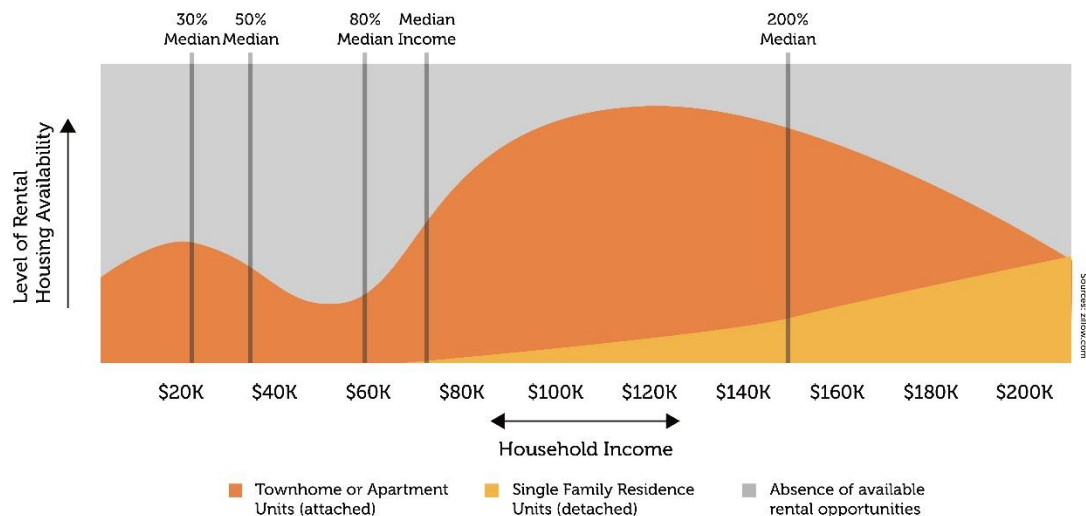


Figure 2.2



ACTIVITY: REALITY CHECK ON HOUSING COSTS

This activity, the Reality Check on Housing Costs, required attendees to step into the shoes of different households. Each table received a housing profile of a fictional person or family in a not-so-fictional situation, as well as a map (*Figure 2.3*) of available properties that may or may not match housing needs of the profile. Every profile had the person's age, occupation, salary and other details (*Figure 2.4*).

As a result of the first activities, it encouraged attendees to realize there is a housing issue in Decatur at a broad spectrum of the income levels, not only very low income, but at moderate “middle class” incomes as costs. A diverse community is a thriving community. The community came together to discuss ways to be more inclusive of those currently priced out of Decatur due to rising housing costs.

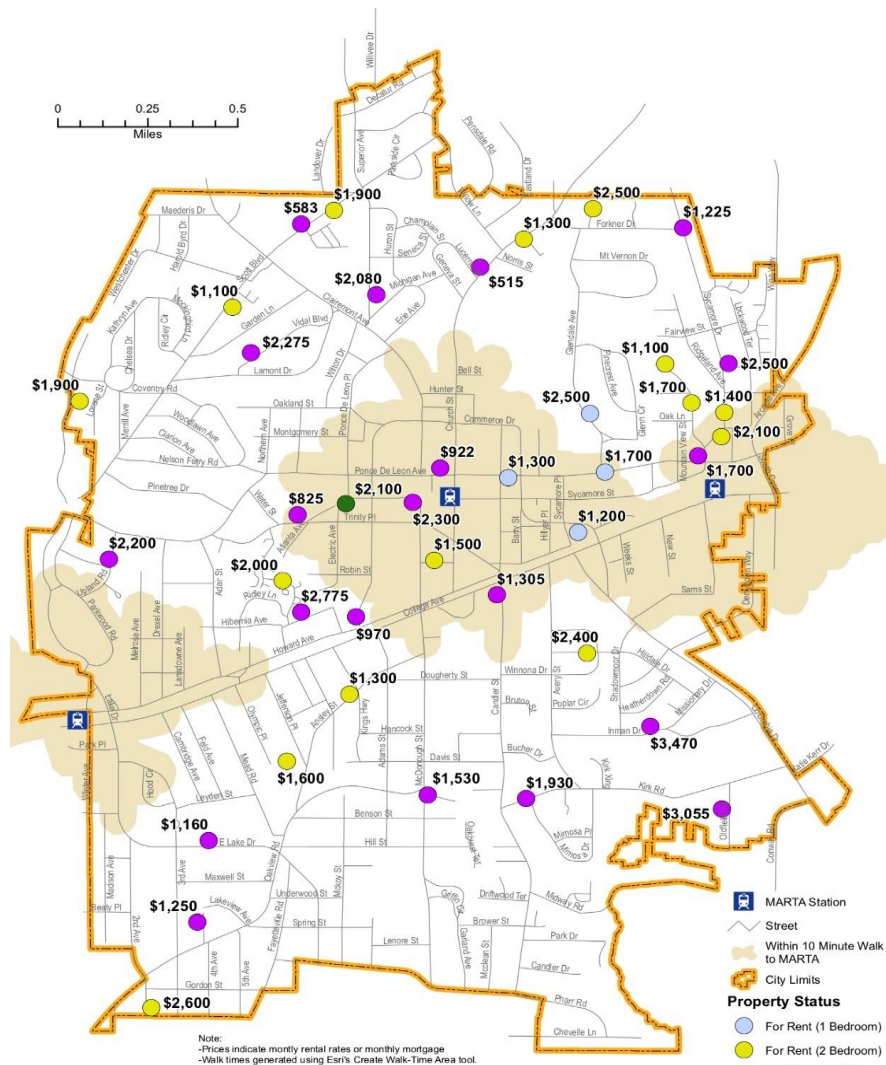


Figure 2.3



ACTIVITY #3: REALITY CHECK ON HOUSING COSTS

Housing Profile: Martha Jackson

Martha Jackson is a widow in her mid-80s who has owned a single-family home in the City of Decatur for over 50 years. Mrs. Jackson raised her children and several of her grandchildren in the home but the upkeep on the home are making it increasingly difficult for her to remain in her house. None of her children are interested in returning to live in the house and are urging her to sell it and move in with them but she really wants to stay in the neighborhood. She has no mortgage on the home and doesn't trust reverse mortgage options because she fears she would lose her home.

Household income:	\$26,400
Housing Budget:	\$600 - \$700 (30% of income for taxes, utilities and insurance)
Equity in Home:	\$375,000 (current value)
Taxes:	\$1,600*

Challenge: Mrs. Jackson lives on social security benefits. Even with help from the Martin Luther King Jr. Service project to make repairs to her home each year and the property tax breaks she receives from the City of Decatur, Mrs. Jackson struggles to pay her utilities. She would be interested in moving into a smaller, more energy efficient housing option but wants to stay in her neighborhood. She does have equity in her home but doesn't want to spend all of it on another housing option because she wants to have money to leave her family and to cover her medical costs.

*This is her estimates annual property taxes based on her age and income. She is exempt from City of Decatur School taxes, receives age and income based homestead exemptions from both City and County taxes and her sanitation fee is waived.

ACTIVITY #3: REALITY CHECK ON HOUSING COSTS

Housing Profile: Jan and Lynn Schurberg

Jan and Lynn Schurberg are a retired couple with two adult children who are living independently and one aging parent with dementia that they are assisting financially. One of their children lives in the City of Decatur with their only grandchildren and they have decided they want to move to Decatur to be closer to them. While they have equity in their current home, they have been shocked by the price of houses in the City of Decatur. Even though they are willing to downsize, they are finding it difficult to find a small house that they can afford. They are considering renting an apartment instead of trying to buy something but would really feel more comfortable finding a small house or condo that they could purchase.

Household Income:	\$126,000 (includes retirement income, investments and father-in-law's social security income) (30% of income per month = \$3,150)
Liquid Assets:	\$750,000
Equity in House:	\$575,000 – house currently listed for sale with no mortgage
Medical Expenses Now:	\$1,000 per month

Challenge: Father-in law will require long-term, full-time assistance within 12 months at \$3,000 per month; insurance will not cover cost. Should they move forward with the sale of their house/purchase of something smaller or consider renting an apartment?

ACTIVITY #3: REALITY CHECK ON HOUSING COSTS

Housing Profile: Jai Chabra

Jai Chabra is a recent college graduate with an engineering degree, earning \$63,000 annually with over \$90,000 in college loans. Jai doesn't own a car and his new job is near the Arts Center MARTA station. He currently lives with his ex-college roommate's family near Emory but wants a place of his own and is willing to share a two-bedroom apartment. He is looking for an (affordable) apartment near a MARTA station (since he wants to keep a car-free life-style) and would like to save 10% of his income for a down payment for a house in the future. He likes the City of Decatur because it is walkable, has easy access to MARTA and is near friends.

Household Income:	\$63,000
Monthly Debt:	\$900
Savings plan:	10% of gross income for future down payment (\$525 a month)
Housing Budget:	\$1,500 month (30% of income for rent & utilities)

Challenge: willing to commute by MARTA train (up to 30 minutes to work) and wants to live in a walk-friendly, urban environment. Would prefer to rent a one-bedroom apartment but would consider sharing a two-bedroom with a roommate.

ACTIVITY #3: REALITY CHECK ON HOUSING COSTS

Housing Profile: Pat and Cris Hublick

Pat and Cris Hublick are a couple in their late 20s. Both Pat and Cris are Army veterans of more than six years. Pat recently finished his college degree and joined the Decatur Police Department. Cris works as a para-professional for City Schools of Decatur and has hopes of completing her college degree at Georgia State University and becoming a full-time teacher. Pat and Cris would like to live in the City of Decatur and be able to walk to work to allow them to share a car and to make money available to allow Cris to go back to school. Cris would also like to have access to MARTA to attend classes at GSU.

Combined Household Income:	\$72,000
Monthly Debt:	\$500
Monthly Savings:	\$600
Housing Budget:	Could afford up to \$2,400 per month (40% of income for housing and utilities). This could finance a purchase of home up to of \$270,000

Challenge: Pat and Cris would really like to own a small house or condominium in order to start building up some equity. Because of their military service, they have access to Veterans Administration financing for a home purchase. This means that their down payment will be minimal and financing guaranteed without additional private mortgage insurance. They are willing to live in a one-bedroom condominium or small house in order to get their foot in the door with an ownership option.

ACTIVITY #3: REALITY CHECK ON HOUSING COSTS

Housing Profile: Belinda Atwater

Belinda Atwater is a single mom with one middle school aged son and a daughter in third grade. Ms. Atwater works as a manager of a big box retail store near Decatur. She is determined to continue to live in the City of Decatur so that her children can attend City Schools of Decatur. They currently live in an older two bedroom, one-bath apartment that is well maintained and very affordable. Even more important is that Ms. Atwater's children can walk to school and she can take a MARTA bus to work without having to transfer buses. She has lived in her apartment since her children were young and feels like it is her home.

Household Income:	\$67,000 (salary and child support payment from her ex-husband)
Current Housing Expense:	\$1,100 per month (includes rent and utilities)
Monthly Savings:	\$558 (\$38,000 in savings account)
Housing Budget:	Could stretch to pay up to \$2,233 a month housing and utilities (40% of income). This could finance a purchase of home up to \$303,000.

Challenge: Ms. Atwater has become aware that several older apartment complexes like hers have recently been purchased and torn down to construct very expensive townhouses. She is very concerned that this could happen to her but is determined to stay in the City to assure that her children have a quality education and a safe place to grown up. Even though the affordable rent she now pays is attractive and has allowed her to save some of her income, she would like the security of owning her own home so that she won't be displaced out of the City.

ACTIVITY #3: REALITY CHECK ON HOUSING COSTS

Housing Profile: Robbie Jones

Robbie Jones is a musician and bar tender currently living with three friends in a rental house in East Atlanta. Robbie works at several restaurants in downtown Decatur. He grew up in the City of Decatur and would like to be able to find a small rental to share with one other person that gets him closer to family and his jobs but allows easy access to his music gigs around the metro area. He owns an older car that he uses to haul his musical equipment.

Household income:	\$41,900
Car Costs:	\$400
Housing Budget:	\$1,400 month (40% of income for rent and utilities)

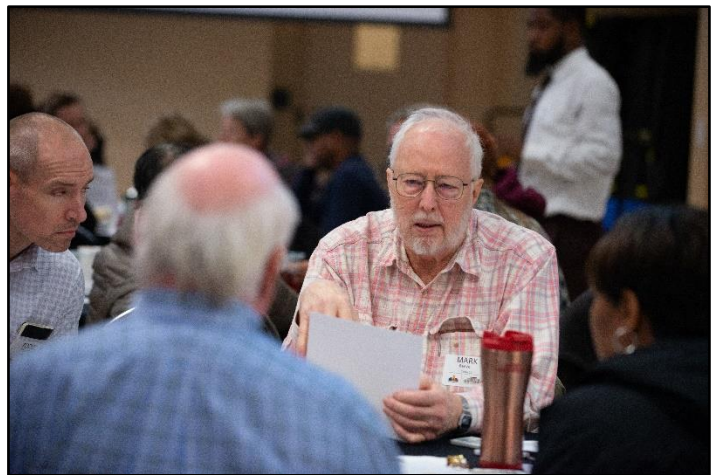
Challenge: Finding an affordable housing option that offers him the chance to walk to work and use MARTA more easily. He has a car but needs to reduce the cost of driving and maintenance as much as possible. Would like to keep housing costs down to \$900 a month or closer to 30% of monthly income.

Figure 2.4



Each table explored the following questions:

- What are the possible solutions to the challenges presented?
- Is there a specific housing type that should be considered to meet the housing needs? (i.e., apartment, condo, townhome, duplex, accessory dwelling unit)
- Where in the city of Decatur provides the housing type? Does the location create more challenges? (i.e. access to alternative modes of transportation)
- How does the present real estate market provide options to meet the housing needs?





OBJECTIVE #3: ACTION

“We will explore existing and potential housing, zoning and policy strategies to effectively broaden our inclusivity and provide attendees from practitioners to advocates to resident supporters, with ways to contribute to Decatur’s future affordability.”

After gaining a baseline from which all attendees could feel confident in their knowledge, and homing in on who is underserved among the community’s population, attendees were then asked to focus on their action plans for the remainder of the afternoon. Additional displays provided background on existing zoning housing policies and recent regulatory efforts that have been implemented by the City. A box, dubbed the Affordable Housing Toolbox, was presented to each table and attendees found possible solutions that needed to be vetted as to whether it was viable and could gain support. Presenters Sarah Kirsch and Eric Kronberg each took the lectern and encouraged attendees to think

outside the box when creating methods to help solve Decatur’s housing issues.

What policies and procedures should Decatur explore for possible adoption? What efforts have been taken that were counterproductive to creating or preserving its affordable housing stock? What can advocates do to help the City create or preserve its affordable housing stock? Who are potential partners the City should collaborate with to manage affordable housing units? Where can new housing units go? These are all questions attendees had to answer to lead their collective efforts.

DISPLAY BOARDS

FIGURE 3.1: REGULATORY EFFORTS

Allowable housing types, as well as where and how they can be built, are regulated by Decatur’s Unified Development Ordinance (UDO). With the help of a Zoning Task Force in 2012 and the overhaul of Decatur’s development regulations in 2014, multiple regulatory efforts were taken to further

encourage more opportunities for more affordable housing types. These include accessory dwelling units, cottage courts or pocket neighborhoods, lifecycle dwellings, and increasing the number of unrelated persons who can live in a dwelling.



REGULATORY EFFORTS

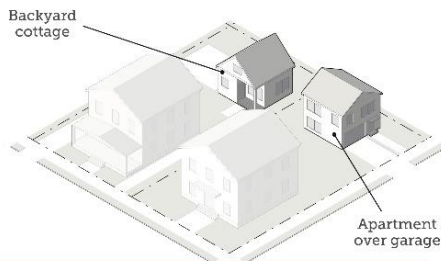


Allowable housing types, as well as where and how they can be built, are regulated by Decatur's Unified Development Ordinance (UDO).

Decatur overhauled its development regulations in 2014. During this process, multiple steps were taken to further encourage more affordable housing scenarios. Did these efforts go far enough?

Accessory Dwelling Units (ADUs)

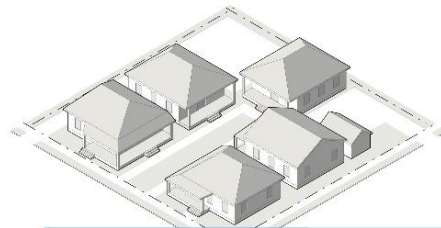
Assuming relevant conditions are met, single family properties with either R-60 or R-85 zoning can include a secondary residence of up to 800 sq. ft. — either stand-alone or included within the primary structure. Often referred to as granny flats, backyard cottages, or in-law suites, ADUs create subtle opportunities for lower priced housing within existing neighborhoods.



LESSON LEARNED: In addition to providing workforce-friendly housing opportunities in Decatur neighborhoods, ADUs can also provide added income for the homeowner, helping them stay in their home for as long as they choose.

Cottage Courts

By allowing for groupings of small cottages of less than 1,800 square feet around shared green space, Decatur's cottage court ordinance created a means by which the city's inventory of small homes—diminishing for years—could be replenished. An example of such development, initiated by the City of Decatur, will be breaking ground in early 2019 on Commerce Drive.



LESSON LEARNED: The RS-17 zoning which allows for cottage courts also allows for townhomes. Given the cost of land and because the greater size and density of townhomes delivers greater profit, many builders are disinclined to develop anything else. Allowing cottages in R-60 and R-85 single-family areas would make the cottage option more attractive and return small home construction to Decatur neighborhoods. Would you support this allowance?

Lifecycle Dwellings

Also known as the Density Bonus, Decatur's Lifecycle Dwellings ordinance allows a developer to build 20% more units, so long as 75% of those units are sold or rented as workforce housing priced for 80% of the median income.



LESSONS LEARNED: For-sale lifecycle units must remain affordable, such that all subsequent resales maintain comparable terms (adjusted for inflation and cost of living). Otherwise, they offer only a one-time benefit. Additionally, the lifecycle density bonus, as currently structured, has not proven to offer a sufficient incentive for most developers. Restructuring could result in greater participation.

AS DEMONSTRATED AT
**TALLEY STREET
LOFTS**

where lifecycle units started at \$121,400 for a one-bedroom condo.

FOR-PURCHASE

AS DEMONSTRATED AT
THE ARLO

where lifecycle rental rates for two-person occupancy start at \$540/person.

FOR-RENT

Definition of Family

By expanding the definition of family to include up to four unrelated persons, as well as those related to them by birth, blood, or marriage, the UDO allows for a much wider array of co-habitation options, including the classic Golden Girls scenario. This is of particular interest to residents looking to establish intentional households of friends sharing common kitchen and living space.



WELCOME TO THE NEIGHBORHOOD:
Three unrelated persons plus one relative.



Figure 3.1



SPEAKER TOPIC: AFFORDABLE HOUSING TOOLS

Analyzing the housing crisis on a regional scale also helps the city of Decatur realize it is not a unique problem. There are 2.1 million households in the Atlanta Metropolitan Area. About 1.4 million of these households are in Clayton, Cobb, Dekalb, Fulton and Gwinnett counties. Sarah Kirsch, the next presenter and Executive Director of Urban Land Institute of Atlanta, referred to these five counties as “Core Counties” because 80% of Atlanta’s regional jobs are in these counties.

When referencing housing costs, another important determinant of cost of living is

transportation costs. People that live close to their jobs cut down on these costs significantly. However, finding housing close to jobs that does not exceed 30% of a household’s income is increasingly difficult. Nearly 660,000 households in these five Core Counties make 80% of the area median income or less. (The 80% area median income benchmark was chosen because households making more than this can generally find market rate housing solutions.) 340,000 of these households are cost burdened, spending more than 30% of their income on housing.

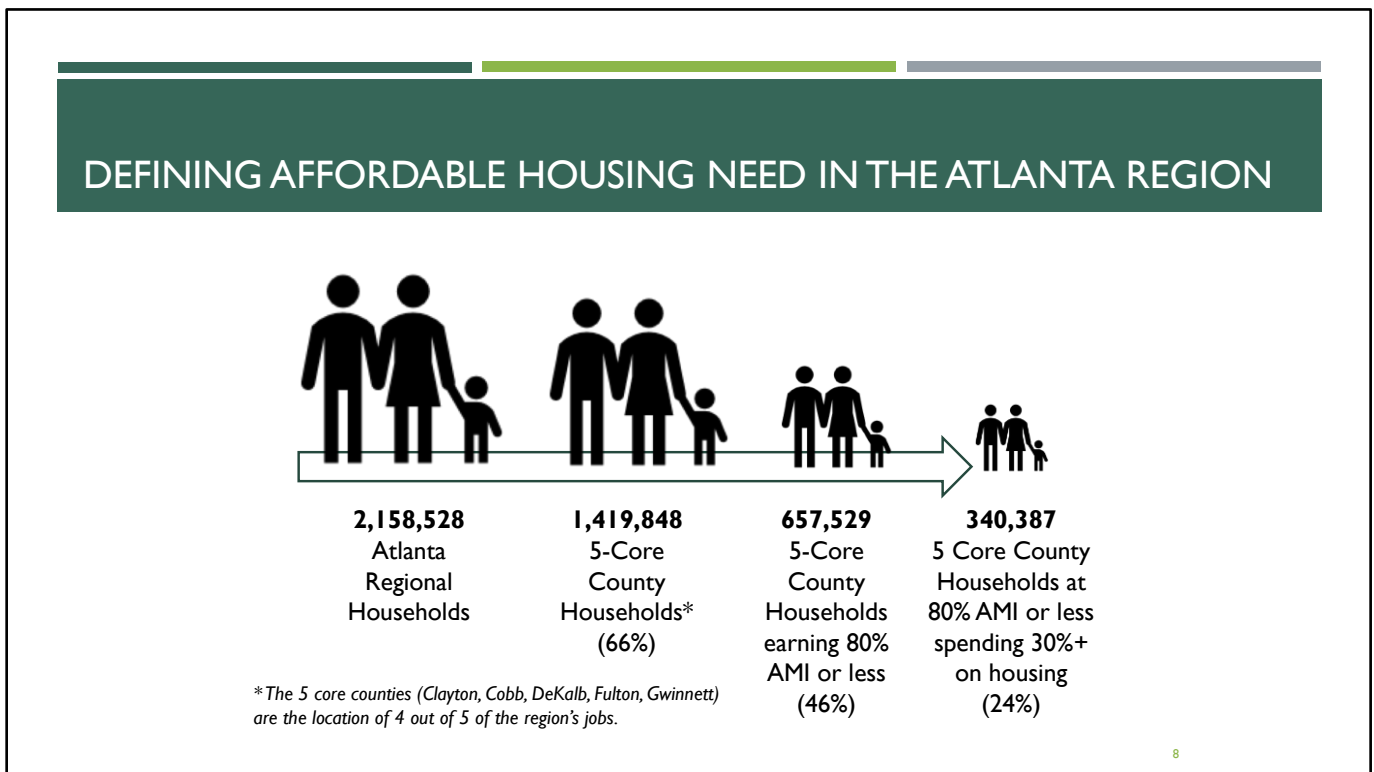


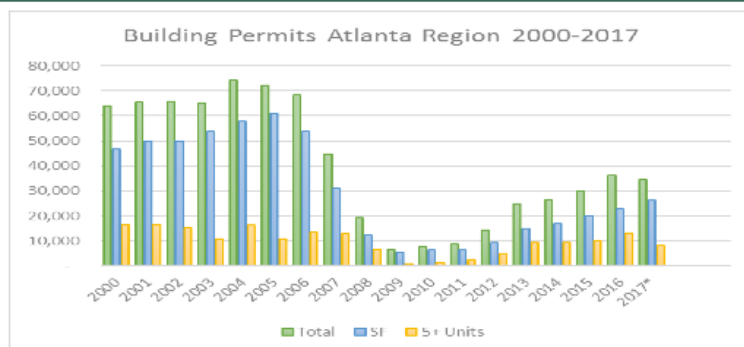
Figure 3.2



A major detriment in protecting the affordability of a city is the redevelopment of older apartment buildings with luxury housing. These older apartment buildings, while not high-end, typically provided an affordable option to households making 80% of AMI or less. Apartments built between 2012-2017 have an average monthly rent of about \$1,600. When comparing these newer units to their older counterparts, a difference slightly greater than

\$500 will be observed. Through national programs, many affordable housing developers receive grants or tax abatements for a specific amount of time. Most of this existing housing inventory is reaching the end of its life. Owners tend to choose to redevelop or renovate housing units and rent or sell them at market rates. Residents that cannot afford market rate housing are displaced consequently.

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



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.

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

Source: Census

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Figure 3.3



Another reason for rising housing costs is the decrease in housing production and rise in construction costs. With such an influx of people moving into the region, more housing units have to be built. Between the 1980s and early 2000s, about 65,000 units were built each year in the Atlanta Metropolitan area. This number has decreased to about 30,000 units created each year. The housing supply is not meeting the area's demand, therefore increasing rental costs.

Once transportation costs are added to the equation, the Atlanta Metropolitan Area becomes one of the most expensive regions in

the country to live. Transportation costs continue to increase due to the "Drive until you qualify" premise that plagues the region. Longer commutes mean an increase in gas and regular upkeep on automobiles. Longer commutes also increase congestion on streets and highways in the area. The spatial mismatch between job centers and affordably priced housing intensifies transportation costs. These units must be placed near MARTA stations to help decrease travel costs. The demand for cities with multimodal transportation is becoming increasingly popular. Affordable housing units have not been able to survive in these areas due to redevelopment pressures.

DEFINING THE HOUSING AFFORDABILITY ISSUE

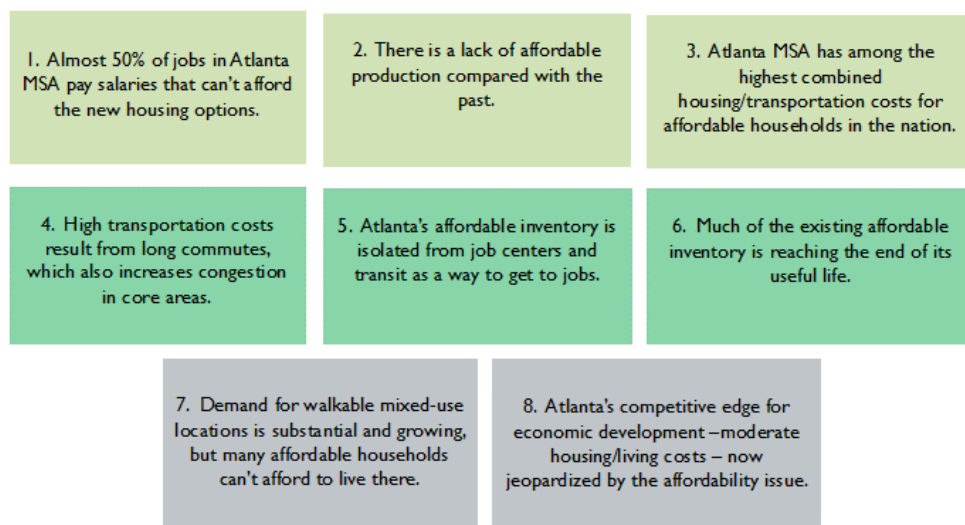


Figure 3.4



BUILDING BLOCKS OF AN AFFORDABLE STRATEGY: CORE COUNTIES - RENTER

Strategy	Tactics			
Increase affordable housing production	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.
Maintain affordable inventory	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.
Lessen housing/ transportation costs	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
Expand capital resources	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
Leadership on affordability	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

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BUILDING BLOCKS OF AN AFFORDABLE STRATEGY: CORE COUNTIES - OWNER

Strategy	Tactics			
Increase affordable housing production	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
Maintain affordable inventory	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	
Lessen housing/ transportation costs	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.
Expand capital resources	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.
Leadership on affordability	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

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Figure 3.5



SPEAKER TOPIC: INNOVATIVE SOLUTIONS

Traditional single-family zoning limits housing affordability. It limits density, creates a suburban character, and is a form of exclusionary zoning that widens the gap between who can and cannot live in certain neighborhoods. A variety of housing options can take the place of existing single-family households and neighborhoods. The key to preserving the suburban, single family zoned neighborhoods is creating housing types on the same scale as these existing structures. Changing single-family zones to zones that allow duplexes, triplexes, or small-scale multiplexes creates diverse and affordable neighborhoods.

Decatur has an upcoming pilot cottage court project. This will set the precedent for other cottage court communities to follow. Vacant land that is zoned to allow cottage courts and townhomes usually see the latter being constructed. This is due to the difference in income generated between the two. Townhomes earn twice as much income as cottage courts. Cottage courts comparable for built-out single-family neighborhoods looking to increase density while keeping a small scale.

The last speaker of the day, Eric Kronberg, is Principal of Kronberg Wall Architects and believes, “Walkable areas with existing infrastructure are the easiest targets for quick and cost-effective antidotes to sprawl, housing shortages, lack of affordability, lack of diverse neighborhoods and lack of resiliency.” He examined traditional zoning codes and challenged attendees to think differently about land use, scale, and density.

There are three common roadblocks within a local government’s development codes that prevent more affordable housing units. Most developments, regardless of size, are required to fulfill regulations for the public good. Although this helps governments manage their stormwater mitigation or preserve trees, these regulations generally increase construction costs. In turn, those costs are passed along to the renter or buyer. Certain development codes, while its intention is good, are too expensive for smaller developments that have an affordability component.



Missing middle housing refers to every housing type larger than a single-family house but smaller than an apartment building. Missing middle housing provides housing types that fit into existing single-family neighborhoods. These are affordable housing options in desirable areas.

DESIGN MATTERS: HOUSING TYPES

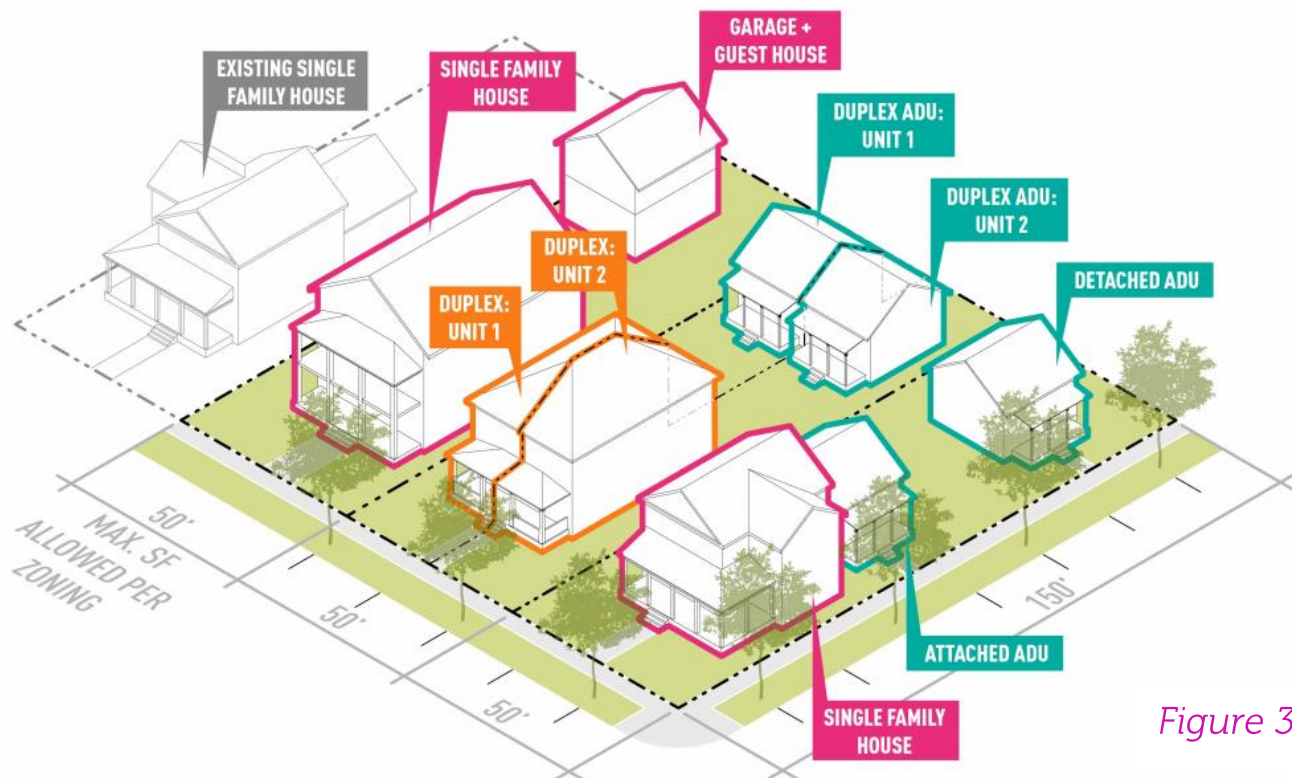


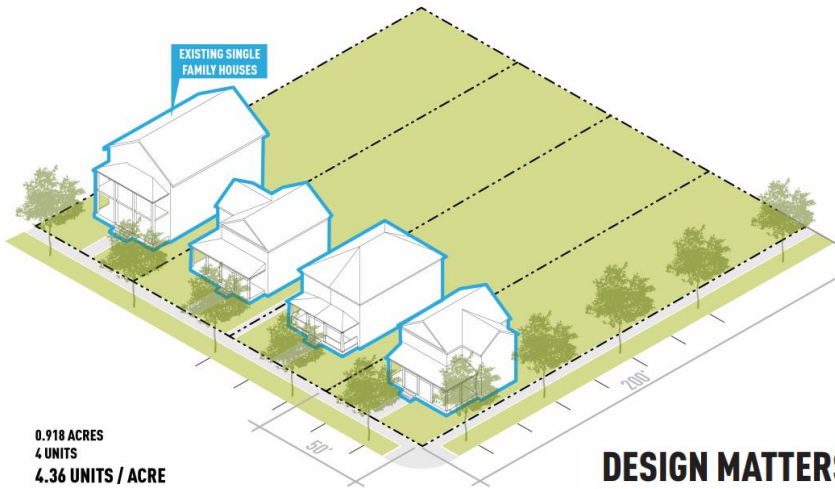
Figure 3.6

The city of Decatur currently allows one detached accessory dwelling unit in residential zones. Kronberg stated, “One ADU simply isn’t enough.” He recommended making zoning changes to allow an attached accessory dwelling unit along with a detached one on a single property. These accessory dwelling units can be used as short or long-term rental options and provide supplemental income for the homeowner. Although the production of more

accessory dwelling units will help fight affordability issues in Decatur, there are several challenges. The most prevalent obstacle is financing. Banks do not finance accessory dwelling units. A homeowner would have to pay for the construction of an ADU out of their own pocket, which can be costly. In order to qualify for a loan from a financial institution, the owner must subdivide their land to obtain a new construction loan for a single-family residence.



DESIGN MATTERS: DECATUR EXISTING



DESIGN MATTERS: DECATUR POTENTIAL

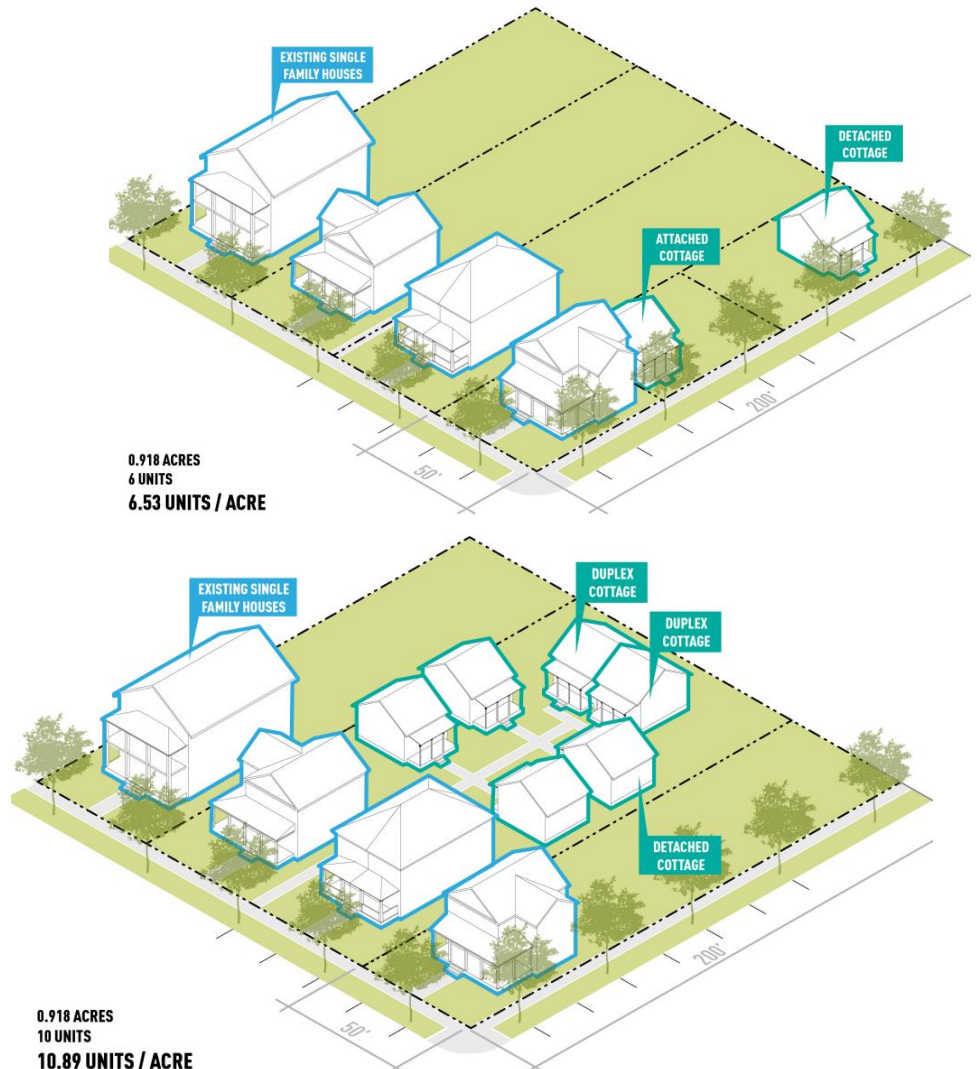


Figure 3.7



ACTIVITY: AFFORDABLE HOUSING TOOLBOX

At each table, attendees received a box with a selection of cards. Each card described a potential strategy or tool used to create opportunities for more affordable housing or to preserve existing affordable housing. Each table was asked to evaluate which tools should and

should not be considered for use in the city of Decatur. Tables were asked to choose their top five tools for consideration. To assist attendees, they were asked think about answers to the following questions:

- How should affordability be defined in Decatur?
- Who is underserved by housing opportunities in Decatur?
- What housing opportunities need to be created for those who are presently underserved by Decatur's current real estate market?

The list of tools were:

1. **Incentive Zoning** – A type of municipal or county zoning ordinance that allows a developer to develop in a way that ordinarily would not be permitted in exchange for a public benefit that would otherwise not be required. Incentive zoning is commonly used to increase the percentage of affordable housing units. It usually takes shape in the form of a density bonus and/or height bonus.
2. **Inclusionary Zoning** - Municipal or county zoning ordinances that require a specific share of new construction be affordable for households with low to moderate incomes. This type of zoning is mandatory, and some ordinances allow an in-lieu fee to be collected.
3. **Reduced Floor Area Ratio** – Local zoning codes limit the size of housing units by placing a maximum floor area ratio based on lot size. Presently, Decatur's zoning code has a maximum .40 floor area ratio. A typical 9,000 sq. ft. lot would allow up to a 3,600 sq. ft. home. A reduction in the maximum floor area could limit the size and decrease median price of new construction housing.
4. **Tax Abatements and Fee Waivers** - Financial incentives that local governments use to attract developers to create affordable housing as part of the overall development. Tax abatements are a reduction of property taxes. Fee waivers dismiss all application fees developers accrue when applying for building permits.
5. **Tax Allocation District (TAD) Financing** - An affordable housing trust fund can be created from a percentage of revenues generated by a TAD. The trust fund can then offer grant funds to finance affordable housing units. These funds can be combined with other programs and incentives. Decatur presently has one TAD in the area of Avondale MARTA Station.



6. **Employer-Assisted Housing** - Employers provide down payment assistance, low-interest loans, tax credits, or rental assistance to employees that help them secure housing close to the workplace. Employee-assisted housing programs leverage new private funds to increase home-ownership opportunities and decrease the barriers of move-in costs for rental units.
7. **First Month's Rent Program** - Pays the security deposit and first month/last month rental fees directly to landlords on behalf of a qualified renter. This type of program eliminates the initial barrier of move-in costs for low income renters.
8. **Rent Regulation** - When a rental property changes ownership or tenants move out of an apartment, landlords have the option to raise their rents. Local governments can regulate the amount rents can be raised year to year and will help keep rents affordable. Presently the State of Georgia prohibits rent control outside of federally-funded projects and programs. Therefore, this tool would need state legislative action to allow a local jurisdiction waiver.
9. **Acquisition of Moderate Cost Rental Units** - Support from local government agencies given to non-profit partners and/or the local housing agency in acquiring rental developments by offering low-interest loans or grants.
10. **Land Use Restriction Agreement (LURA)** - Deed-restricted agreements that often accompany affordable housing incentives to limit the maximum rent that can be charged for a unit and requiring some or all the units be made available to low-income households. These agreements run with the land; if a development is sold during the life of the LURA the restrictions are binding upon the buyer. The compliance period could be in perpetuity or expire after a specified number of years.
11. **Community Land Trusts and Deed Restricted Homeownership** - High land costs are an obstacle to developing and securing affordable housing for lower-income families. One way to address this issue is to purchase a house without the land through a community land trust. A community land trust also includes a resale formula intended to balance the interests of present homeowners with the long-term goals to provide affordable housing for future homeowners.

The three most popular tools were Inclusionary Zoning, Incentive Zoning and Community Land Trusts and Deed Restricted Homeownership. There was a five-way tie for the fourth most popular tool. These were Rent Regulation, Tax Allocation District Financing, Tax Abatements and Fee Waivers, Reduced Floor Area Ratio, and Land Use Restriction Agreements. Five

tables used their blank cards to propose more strategies. The responses included increase wages, create a community credit union to fund affordable housing, create a social impact equity fund, create a housing office with an inventory of available affordable units and the creation of a housing taskforce.



ACTIVITY: CREATION OF ACTION PLANS

To keep with the “Action” theme of Objective 3, the steering committee wanted to task attendees with the creation of their own action plans. Each table was expected to share their action plans at the end of this exercise. Tables were given seven leading questions to help guide them through this activity. The questions were:

- How should affordable housing be defined in Decatur?
- Who is underserved by housing opportunities in Decatur?
- Using the top 5 potential strategies from the Toolbox, how can these tools help improve housing opportunities for those who are underserved?
- Where should missing middle housing types be located in the city of Decatur? See reverse for existing zoning map.
- What is your recommendation for a specific affordable housing goal that can be measured for rate of success?
- How can the City government best fulfill your recommended affordable housing goal?
- How can individuals, groups and practitioners best fulfill your recommended affordable housing goal?







OUTCOMES AND RECOMMENDATIONS

ACTIVITY: GROUP REPORT OUTS

More than 115 people gathered in the Manuel J. Maloof Auditorium on November 10th. Once they found their tablemates, they settled in to consider, collaborate, and collectively end the day with recommendations for a way to move forward together.

Residents of Decatur truly want Decatur to be an affordable place to live for everyone. Affordability means residents spend a maximum of 30% of their income on housing. No matter what a person's income level is, there should be housing available for them. Households making 120% of the area median income or less are underserved by the real estate market in the city of Decatur. In particular, households making 30%-80% of the area median income are underserved by the rental market.

The top five potential strategies deemed worthy of exploration to create better housing affordability in the city of Decatur are:

- community land trust
- incentive zoning
- inclusionary zoning
- tax abatements
- rent regulation

Another collective recommendation from the Housing Summit is to create an ad-hoc Affordable Housing Taskforce to fully explore these strategies and other strategies from the housing toolbox. Looking at transportation options, land use restrictions, increased density, and impacts on community character should all be considered when looking at each strategy. The Taskforce would collaborate with the Atlanta Regional Commission to remain knowledgeable on regional housing efforts. At completion, the Taskforce would then present its findings to the City Commission.

Another collective recommendation is to have a full-time employee of the City dedicated to affordable housing. This person would foster partnerships in the public and private sector to help create more affordable housing. This person would be tasked with creating and updating an affordable housing inventory in the city of Decatur. The percentage of growth or decline of this deficit should be reported annually. This person would help implement affordable housing programs identified for adoption, and enforce those programs, such as the lifecycle dwellings.