



**SARAH KIRSCH, EXECUTIVE DIRECTOR
ULI ATLANTA**

DECATUR HOUSING SUMMIT
NOVEMBER 10, 2018



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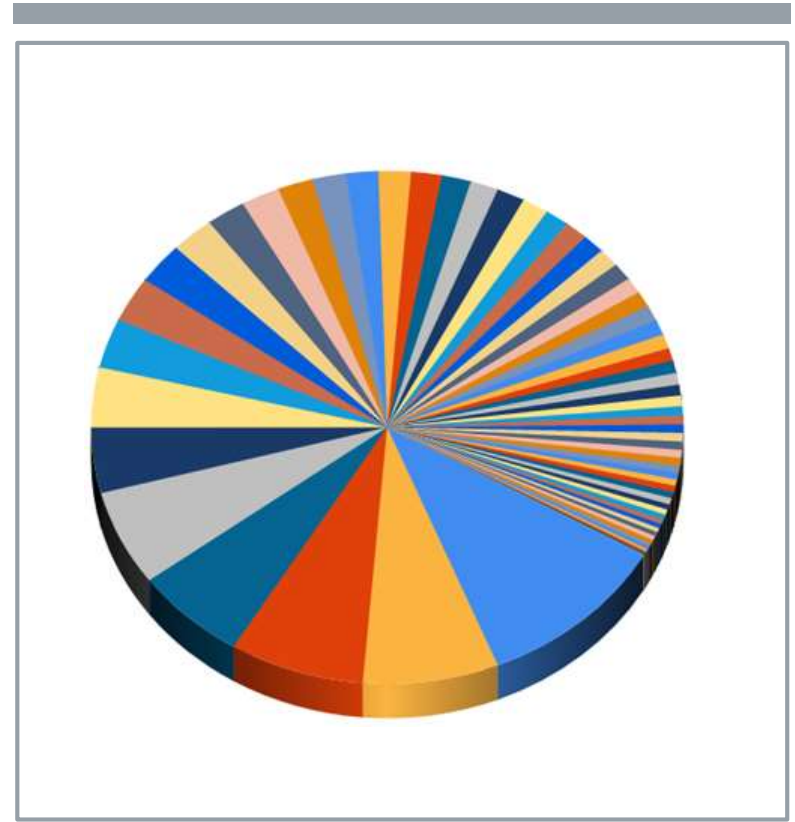


The Practice
of Real Estate
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Much of our best work cuts across the pillars



DONE!



“A LOT OF 2% SOLUTIONS”

AFFORDABLE ATLANTA

Defining the Need, Strategy, and Collective Action for
Affordable Housing in the Atlanta Region (2017)



Presented By:



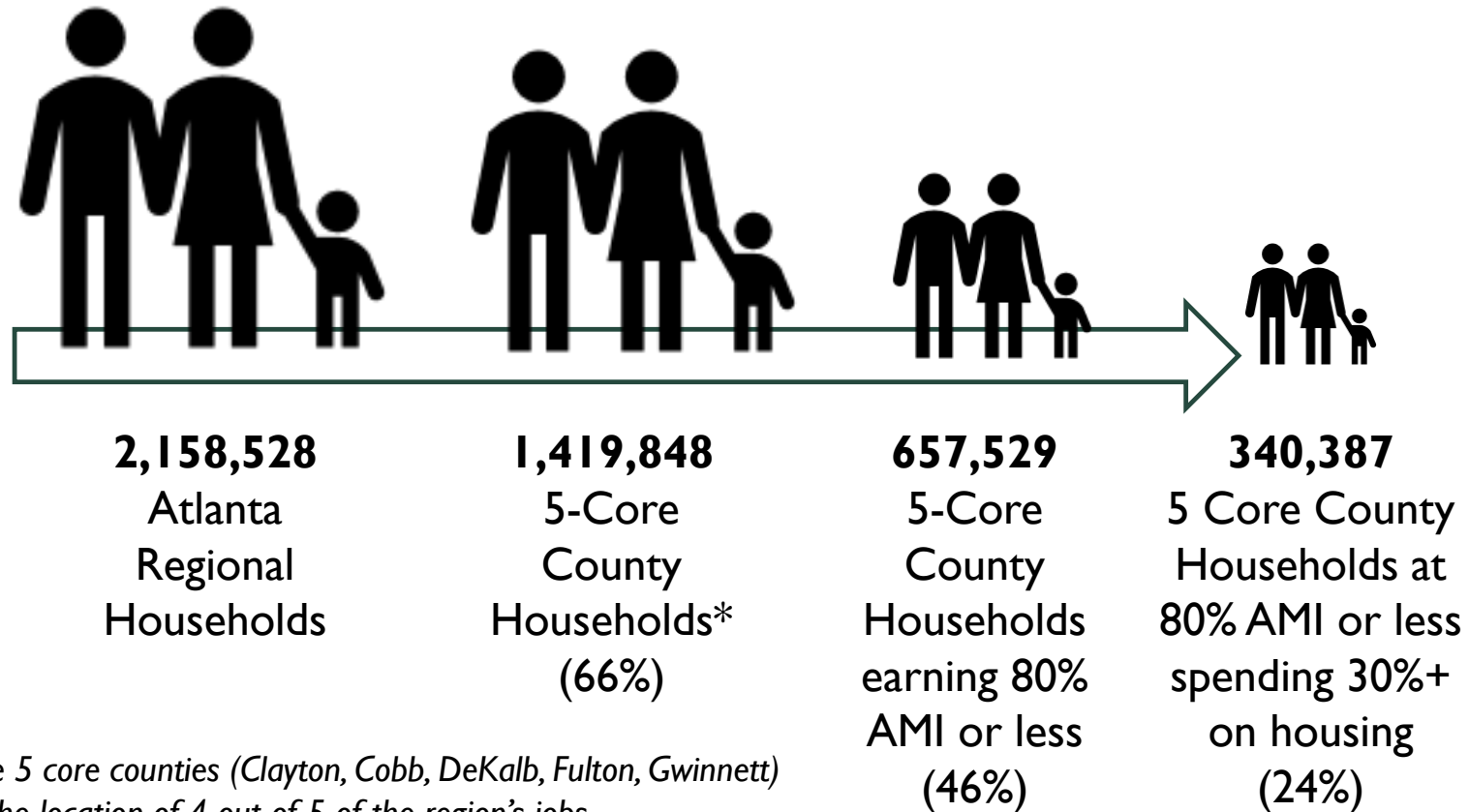
Presented For:



ULI LIVABLE COMMUNITIES COUNCIL: QUESTIONS THAT GUIDED THIS RESEARCH

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

DEFINING AFFORDABLE HOUSING NEED IN THE ATLANTA REGION

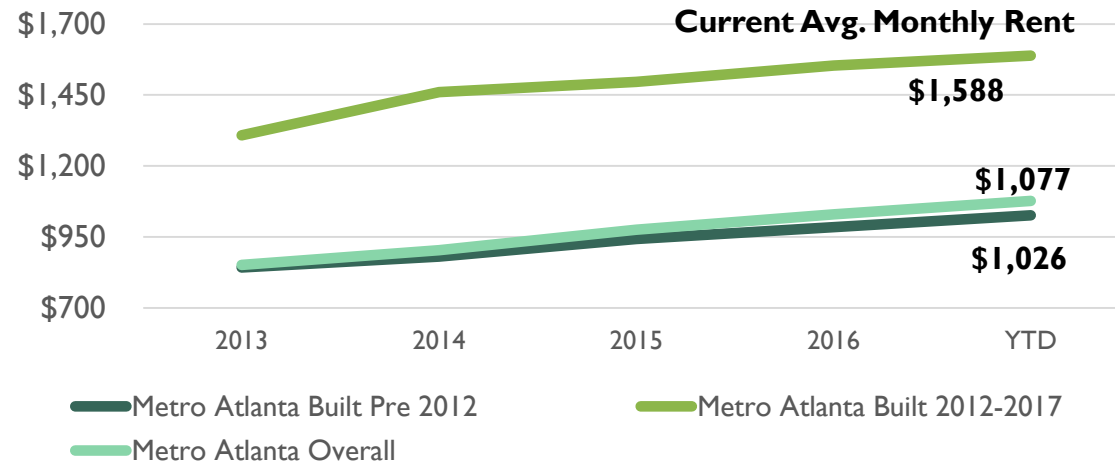


**The 5 core counties (Clayton, Cobb, DeKalb, Fulton, Gwinnett) are the location of 4 out of 5 of the region's jobs.*

RENTS ARE ALSO INCREASING IN THE ATLANTA REGION

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

Average Monthly Rent by Year Built, Atlanta Metro Region



CHANGE IN EFFECTIVE RENTS IN ATLANTA REGION 2012-2017

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

* Through September

Source: CoStar

* Invest Atlanta, Inc, see slide 46 in full report

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



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

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

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

Source: Census

DEFINING THE HOUSING AFFORDABILITY ISSUE

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

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

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

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

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

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

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

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

WHAT SHOULD BE OUR AFFORDABLE HOUSING GOAL?

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

1

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

2

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

3

Goal:

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

100,000 units by 2028

KEY PLAYERS IN AFFORDABILITY IN THE FIVE CORE COUNTIES

Government

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

Non-Governmental Organizations (NGO's)

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

Private Sector

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

THE BUILDING BLOCKS OF AN ATLANTA AFFORDABLE HOUSING STRATEGY

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



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

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

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



Housing Affordability and
Community Retention Taskforce



HOUSE ATL

About us

HouseATL is a cross-sector group of civic leaders committed to building the political and community will for a comprehensive and coordinated housing affordability action plan in the City of Atlanta.



10 months



200+ participants



8 guiding principles



23 data-driven
recommendations



HOUSE ATL **Problem and Vision Statement**

Problem: Civic leadership in the City of Atlanta lacks a shared, comprehensive set of policies and adequate funding to address housing affordability.

Because (assumed barriers):

- It is a complicated subject matter, with a lack of knowledge and understanding.
- There is a lack of community consensus and political will.
- We lack flexible, robust local funding.
- Efforts to address are not coordinated among various stakeholders.

As a result:

- We are among the worst cities in the US for economic mobility and income disparity.
- Low income Atlantans lives are harder (health, education, housing stability, access).
- We are losing the 'social mosaic' of the city.
- We are at risk of losing our 'affordable' economic competitive advantage.
- We have a flat or declining amount of affordable housing stock.
- Residents are being displaced from the city.

Vision: Civic leadership in the City of Atlanta has a shared, comprehensive set of policies and adequate funding to address housing affordability.

Key Questions

Community Retention

1. What are best practice solutions to ensure that existing homeowners, renters, and small businesses are not displaced?
2. What can we learn from local examples and other cities that can be applied throughout the city?

Leadership

Odetta McLeish-White
Frank Fernandez

Existing Affordable Housing Preservation

1. Where is existing rental and for-sale housing stock that can be preserved?
2. How do we best maintain these homes as affordable while ensuring quality homes and strong neighborhood services?

Tayani Suma
Sara Haas

Under 50% AMI

1. What existing resources and strategies can be scaled up to address these income groups?
2. What specific strategies address seniors on fixed incomes?
3. What about very low-income households and those experiencing homelessness?

Cathryn Marchman
Leonard Adams

Public Resources for Production

1. How can we best use publicly owned land/assets?
2. How can we best deploy *existing* public resources?
3. What could change in the regulatory environment to increase production?
4. What *new* public resources could and should the city pursue?

Bruce Gunter
Terri Lee

New Private Investment

1. What is the opportunity for social impact investing?
2. What is the role for philanthropy?
3. What are new sources such as targeted employer pension funds (e.g. teacher's retirement fund for teacher housing)?

Meaghan Shannon
Vlkovic
Sarah Kirsch



HOUSE ATL

Guiding principles

- 1) Housing is a means to an end for a more sustainable, inclusive, and healthy City of Atlanta. Recommendations should advance racial and socioeconomic equity in our communities.
- 2) Cross-sector collaboration is critical to actionable solutions. We seek to engage civic and community leadership at all levels, recognizing that sustainable change only happens with authentic resident support.
- 3) We recognize that there are many related issues (wage growth, quality schools, and transportation access, among others) that are inextricably linked to affordability and community retention and are supportive of these efforts that are outside of the scope of this particular taskforce.
- 4) We believe housing strategies should be incorporated across the city of Atlanta, balancing opportunities in neighborhoods with high quality of life factors with comprehensive community development.
- 5) We are committed to serving all of the affordability needs of Atlantans, with an emphasis on those most in need.
- 6) The City is part of a broad, regional Atlanta housing market. Regional planning with our neighbors, particularly around the link between regional transportation and housing affordability, must be part of our long-term affordability solutions.
- 7) Strategies must harness the power of the marketplace – capital and development – to meaningfully increase housing production and preservation.
- 8) We acknowledge that some recommendations may require policy alignment and/or state law change and there will be a need for ongoing advocacy and collaboration with various state agencies and legislative partners.

HouseATL is guided by a set of principles that were constructed under the leadership of a multi-disciplinary executive committee.



HOUSE ATL

Informing the work

Mark Willis, Senior Policy Fellow, NYU Furman Center —
existing and potential new public funding sources

Mark Croswell, Community Foundation for Greater Atlanta and TriStar —**expanding private resources** for affordability housing and community retention **by growing local philanthropic support and impact investing**

Atlanta Regional Commission and Atlanta Housing —
informing how **publicly owned land and other public/institutional assets could help** create more affordable housing and contribute to an investment strategy

Benjamin Limmer, MARTA —**coordinating housing with transportation investments** and informing equitable 'More MARTA' priorities

HouseATL gathered information and consulted local and national experts to inform our recommendations.

Kutak Rock, Emory University, and research through GSU —
feasibility of a new public funding source

A targeted group — **exploring regulatory changes that could reduce the cost** to produce and preserve affordable housing, allow subsidies to go further, and better harness the power of the private sector

HouseATL, Enterprise Community Partners, Mercy Housing Southeast — **visited Seattle to see best practices for policy and funding ideas in action** and build relationships within Seattle's affordable housing community

HouseATL, Transformation Alliance, Georgia Stand-Up —
conducted focus groups to obtain direct resident engagement and feedback on this process

Summary of Recommendations



Investing in an Affordable Atlanta

\$1 billion of local, flexible resources that enable 20,000+ new and preserved homes over the next 8 – 10 years affordable to those earning 0 – 120% of metro Atlanta area’s median income (AMI).

\$500M in Public Resources:

- (1) Create policy to prioritize underutilized and surplus publicly owned assets (land and buildings) for community development, yielding 300 – 500 affordable homes annually.
- (2) Issue a new \$250 million bond for housing.
- (3) Allocate existing public funding, \$10 - \$30 million annually.
- (4) Establish new, dedicated, funding source for housing yielding \$5 - \$15 million annually. Public funds should prioritize area of greatest need, below 50% AMI and supportive housing.

\$500M in Private Resources:

- (1) Invest \$20 - \$50 million annually from new social impact funds, philanthropy and other private capital.
- (2) Secure \$50 - \$75 million in funding for affordable single-family preservation through New Markets Tax Credits.
- (3) Facilitate 250 - 350 new affordable homes annually through regulatory reform. Changes will ensure innovative housing solutions are zoning and code compliant, create cost savings, and boost production.



Prioritizing Community: Investment without Displacement

One of the most time-sensitive needs is to ensure that Atlantans facing pricing pressures today have responsive resources today. If we do not address impending displacement now, we will permanently lose much of the ‘social mosaic’ we treasure in our city. Immediate actions include:

Comprehensive anti-displacement initiative:

- (1) Short-term and emergency solutions for those facing eviction
- (2) Renters’ rights programs and education
- (3) Property tax relief for affordable housing produced or preserved and existing owners
- (4) A toolbox of funding options for legacy business

Additional priorities:

Develop comprehensive wealth-building programs (e.g. pathways to ownership and financial literacy) for low and moderate-income residents and businesses in Atlanta’s predominantly Black and Brown neighborhoods experiencing significant investment.

Launch a focused outreach campaign about Tenant Based Voucher Programs aimed at apartment owners and property managers to encourage higher participation and acceptance.



Working Together Better & Smarter

To achieve our goals, we must work in more coordinated and collaborative ways – within and across sectors.

A Funders’ Collective. Create a system for private and philanthropic resources to leverage public dollars to create and preserve affordable and mixed-income housing. A coordinated and braided (public, private, and philanthropic) investment system is essential to success.

Cabinet-Level Housing Position. Establish a cabinet-level position who works on behalf of the Mayor and is responsible for (1) coordination across agencies that touch housing, (2) the policy, coordination, and assemblage of public land for affordable housing, (3) participation in funders’ collective, (4) creation and monitoring of database of existing affordable housing for preservation, and (5) cross-sector government affairs strategy to help influence policy.

Non-Profit Capacity. Expand support for non-profit and community-based developers focused on long-term affordability, mixed-income communities, and quality affordable housing for very low-income families through multi-year operating support, dedicated development funding, and relationship building.



Empowering Atlantans: Education & Engagement

To be successful and have staying power, we must empower residents and stakeholders with good information and meaningful opportunities to shape our future.

Expand understanding among regional leaders, policy makers, and professionals on how to address housing affordability across income bands (i.e. 0 - 120 % AMI) through educational resources and case studies highlighting successes and results.

Strengthen civic infrastructure by evaluating the Neighborhood Planning Unit (NPU) system and identifying opportunities for deeper engagement while leveraging arts and culture, parks and greenspace, and other ways to meet Atlantans in their neighborhoods.

Create a communications strategy to educate residents on the importance and value of affordable housing and align strategy with tactics set forth in the Community Engagement Playbook.

Design inclusive decision making. Develop processes and programs that support inclusive decision making which reflect the core values outlined in the Atlanta City Design: Equity, Nature, Progress, Access, Ambition.



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Find all of this and more on HouseATL.org

OUR VISION | WHO IS INVOLVED | WORK TO DATE | RECOMMENDATIONS | NEWS | CONTACT



Did you know?

80%

of Atlanta households spend

45%+

of yearly income on housing and transportation



HouseATL is addressing Housing Affordability in the City of Atlanta

