



Decatur Affordable Housing Task Force

## A Report on the Findings and Recommendations for Decatur's Future Affordability and Inclusivity

Prepared and Presented by  
Decatur Affordable Housing Task Force

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# CONTENTS

Table of Figures .....	4
Executive Summary: Framework, Charge, and Recommendations .....	5
Historical Trends, Efforts and Challenges .....	12
Regional and National Affordable Housing Strategies .....	29
Affordable and Workforce Housing: Definitions and Targets .....	32
Decatur Affordable Task Force Recommendations	
Goal #1: Administration for Decatur’s Affordable Housing Strategy .....	35
Goal #2: Preserve Existing Units and Keep Residents in Place .....	37
Goal #3: Increase Supply of Affordable Housing .....	47
Goal #4: Funding for Affordable Housing .....	54
Goal #5: Community Engagement and Education.....	63
Priority Rankings for Recommendations by Goal .....	68
Appendix A: List of Terms .....	73



## TABLE OF FIGURES

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FIGURE 1.1 – Summary List of Recommendations .....	11
FIGURE 2.1 – Change in Demographics, Decatur 2008 to Present .....	13
FIGURE 2.2 – Metro Atlanta and Decatur Comparisons/Rent and Sales Prices.....	13
FIGURE 2.3 – Change in Median Income, Decatur 2007 - 2017 .....	15
FIGURE 2.4 – Affordable Rent by AMI Compared to Average Rentals.....	17
FIGURE 2.5 – Affordable Purchase Price by AMI Compared to Average Sales .....	17
FIGURE 2.6 – Cost Burdened Ownership Households.....	18
FIGURE 2.7 – Cost Burdened Rental Households.....	18
FIGURE 2.8 – Job Growth Estimates for Decatur, 2020-2040 .....	19
FIGURE 2.9 – Jobs Expected to Increase and the Average Salaries .....	20
FIGURE 2.10 – Sample of Current Job Incomes within Decatur.....	21
FIGURE 2.11 – Workforce Commutes Into, Within, and Out of Decatur .....	23
FIGURE 2.12 – Historic Map by Federal Home Owners’ Loan Corporation .....	25
FIGURE 2.13 – Existing Housing Plans/Studies and Action to Date, 2008-2018.....	26
FIGURE 3.1 – No. of Households by AMI Level Compared to Availability .....	34
FIGURE 3.2 – Recommended No. of Affordable and Workforce Units, 2020-2030 .....	34
FIGURE 4.1 – Tax Abatement Proposal for NOAH Properties.....	38
FIGURE 4.2 – Map of Existing NOAH in Decatur.....	39
FIGURE 4.3 – Map of RS-17 Zoning Districts .....	41
FIGURE 4.4 – No. of Owner-Occupied Homes by Value .....	42
FIGURE 4.5 – Projected Impact of Proposed S-4 Homestead Exemption .....	43
FIGURE 4.6 – Mandatory IZ Ordinance Characteristics .....	51
FIGURE 4.7 – Summary of Funding Sources through DHA and Other Non-Profits.....	61



## EXECUTIVE SUMMARY

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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.

The City of Decatur is experiencing a shortage of both rental and for-sale housing to those households earning less than 120% of area median income, and a severe shortage for those earning less than 80% of area median income. The shortage of decent, safe, sanitary and affordable housing is causing hundreds of low and very-low income households to pay over half of their income for housing costs. The severe cost burden faced by these households makes them vulnerable to health risks, eviction/foreclosure, and homelessness. Much of Decatur's existing naturally occurring affordable housing stock is vulnerable to redevelopment and displaces existing residents and limits new residents from obtaining housing within Decatur.

Affordable housing is one piece of a system of comprehensive housing policies and programs and must be considered as a part of, and integrated with, the whole in order to ensure feasibility and effectiveness. The City of Decatur

desires to increase a variety of housing options in order to build a more resilient and vibrant city for decades to come. While attracting new residents, the City of Decatur also desires to retain existing residents and prevent potential displacement caused by rising housing costs.

Before initiating a policy response, the City of Decatur sought guidance and expertise from a diverse group of stakeholders by creating an ad-hoc Affordable Housing Task Force. The creation of an ad-hoc Affordable Housing Task Force was a recommendation of the Decatur Housing Summit held November, 2018. There were multiple tools and strategies discussed at the summit, and the idea was to have a task force fully explore Decatur-driven strategies and open the doors to those who are underserved by Decatur's real estate market.

An open call for Statements of Interest from Decatur citizens began in February, 2019. The Decatur City Commission then selected and appointed 26 members who each expressed deep interest in volunteering their time as part of the Affordable Housing Task Force. The task force is made up of people from a variety of backgrounds, including, local activists, city planners, bankers, for and non-profit developers, housing consultants, concerned citizens, local housing agency, religious leaders, bankers, realtors, and gerontologists.





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## The Charge and Responsibilities of the Decatur Affordable Housing Task Force<sup>1</sup>

1. Define of 'affordable' as it relates to housing (rental and for-sale), which shall inform future policymaking;
2. Provide a housing study which includes current and projected future housing market conditions, an inventory of existing affordable housing, and a projected inventory of affordable housing through at least 2020;
3. Provide an analysis and evaluation of current policies, programs, and initiatives related to affordable housing production and/or preservation, and the feasibility thereof;
4. Develop recommendations for the creation of new policies, programs, or initiatives and/or the expansion of existing ones to increase the supply of affordable housing in the City of Decatur commensurate with the current and projected future need, and the feasibility thereof;
5. Present findings and recommendations to the City Commission in a work session meeting to be held no later than December 16, 2019; and
6. Compile a report comprising of findings and recommendations regarding the existing landscape of affordable housing options and projected future needs, current programs and initiatives to create and preserve housing affordability, and recommended policy responses to ensure a vibrant mix of accessible housing options for all City of Decatur residents.

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<sup>1</sup> Resolution R-19-15, Establishing a Decatur Affordable Housing Task Force



## Guiding Principles of the Affordable Housing Task Force

*“To ensure fairness across our country, our leaders need to work together to solve the collective problem of high housing costs – an issue that is affecting communities from coast to coast.”*

The task force started their work in June, 2019 and continued through February 2020, studying the data, seeking national best practices, and diving deep into existing opportunities and challenges in the City’s policies and codes. One result of this work was the development of a set of high-level principles that undergird the recommendations included in this report.

**Affordable Housing is Part of a Broader Plan for Community Vitality** - Affordable housing does not just affect those who need it. All of Decatur relies on a diverse workforce to keep our local economy strong, including teachers, local government employees, healthcare workers, and retail and restaurant staff. When there is a balance of housing options, there is a more resilient local economy, reduced traffic because local workforce are able to access alternative commutes, added health and wellness benefits, and a more diverse and vibrant community.

**Act Now to Preserve and Increase Decatur’s Diversity** - Diversity is a community value, however, the results of past laws and current market forces work against racial and socioeconomic diversity. In 2014, the City of Decatur published its “Findings on the State of Diversity in the City of Decatur,” which highlights that, “since 1990, the white share of the population has grown from 60% to 73.5% while

the black share of the population has decreased from 39% to 20%...and the non-black minority share of the population has grown from just 1% in 1990 to over 6% in 2010”.<sup>3</sup> Without bold action, Decatur will lose the ability to bend these trends back towards the collective vision of a more economically and racially diverse community.

**Use Local Revenue to Leverage External Funds for Affordable Housing Strategy** - Because of its size and relative income wealth, Decatur is ineligible as a Participating Jurisdiction (PJ) under HUD rules, and thus has no direct access to Federal funds traditionally used to develop and preserve affordable housing (HOME, Community Development Block Grants/CDBG, Neighborhood Stabilization Program/NSP, etc.). Therefore, *local sources* of funding are a critical down payment to leverage external funds from the public, philanthropic and private sectors to support affordable housing.

**Learn to Embrace Density** - Developable land is a limited and expensive resource in the City of Decatur. Pursuing more affordable housing will require the community to learn to embrace increased density in targeted areas. Traditionally, community resistance to increased density has been about preserving Decatur’s “community character.” It is time to expand the understanding of “community character” and “small town feel” to include a

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2 O’Neil, M., and Sweetland, J. (2018). *Piecing it together: A framing playbook for affordable housing advocates*. Washington, DC: FrameWorks Institute.

3 “Oakhurst for Everyone” Community Transformation Plan. Oakhurst Neighborhood 2017. Created for the 2017 Low Income Housing Tax Credit Application for Trinity Walk, Phase 3. Clark Property Consulting, Participant Consulting, LLC.



commitment to promoting demographic diversity in Decatur's built environment.

**Long-Term /Permanent Affordability** - Requiring longer-term or permanent affordability represents sound and responsible stewardship of limited public and philanthropic subsidy dollars. Housing that loses its affordability requirement after a set amount of time (generally 5 to 35 years depending on the Federal subsidy source) most often reverts to market rate sales price/rent, causing the community to "lose" the affordable unit and requiring a new source of subsidy to replace it. The Decatur Land Trust is poised to be a partner to ensure long-term/permanently affordable housing.

**Multi-Family Outperforms Single-Family** - The nexus between high land and construction costs, the desire to serve low-and-moderate income residents with limited subsidies concludes that Decatur will achieve the most impact by developing multi-family housing as its core affordable housing production strategy. Developing for-sale housing and providing down payment assistance may be helpful at the margins, but the amount of subsidy needed to get low-to-moderate income buyers into homeownership in Decatur will be nearly cost prohibitive. Multi-family is still needed to serve the low-to-moderate renters.

**Preserve Existing Affordable Units** - Decatur presently has over 900 units affordable to households earning at or below 80% area median income, exclusive of those owned by the Decatur Housing Authority, the local governmental housing agency. These affordable units are considered "naturally

occurring affordable housing" (NOAH). Although new production is critical, it is equally important that existing affordable units be preserved to limit rent increases and reduce the likelihood that they will be redeveloped into luxury condos and townhomes. Without preserving these existing NOAH units, the number of new units needed over time - and the costs to produce them - will rise significantly.

**Partnerships are Key to Executing Decatur's Affordable Housing Strategy** - The City has the tools and experience to set land-use, development and tax policy, as well as raise local revenue and pursue some external funds to support its affordable housing agenda. There are limitations, therefore the City will need partners to access certain types of public funds, design and execute financially sustainable projects, produce innovative housing design that promotes affordability, manage construction, market new housing to eligible low-and-moderate income households, and ensure compliance with respect to affordability and income qualification.

**Decatur as an Innovation Hub** - Innovation is part of the DNA of Decatur, with the City known for its innovation around downtown development, walkability/bikeability, life-long living, and educational approaches. The City is well-positioned to expand itself as an innovation hub around affordable housing solutions to promote and pilot new approaches around housing design, financing, shared equity, and strategic land acquisition.





## Committees of the Affordable Housing Task Force

The task force agreed upon seven central topics and distributed themselves among the topics into committees:

**Defining Affordability Committee:** To determine the number of units of affordable housing needed now and in the future.

**Preservation of Existing Units Committee:** To inventory existing affordable rental and owner-occupied units in Decatur and recommend strategies the City can use to preserve this existing affordable housing.

**Land Committee:** To identify sources of developable public and private land for affordable housing and determine innovative approaches to land use that will free up more land for affordable housing.

**People and Programs Committee:** To recommend programs to help existing low-and-moderate income residents continue to afford to live in Decatur.

**Policy and Codes Committee:** To analyze the City's underlying land-use and development framework to identify barriers to affordable housing. To lift-up existing and propose new affordable housing incentives and requirements with relevant zoning and development codes.

**Revenue Committee:** To calculate the amount of new revenue needed to fund programs for affordable housing over the next 10 years. To identify new and available sources (public, philanthropic and private). To make recommendations about how to prioritize this proposed investment.

**Community Education Committee:** to recommend content and process of community and local leader engagement and education to remove barriers and grow grassroots support for affordable housing in Decatur.

## Five Core Goals of the Recommendations

The Task Force has clustered the recommendations of its seven Committees into five core goals:

**Goal #1: Administration for the Decatur Affordable Housing Strategy** - The execution of Decatur's affordable housing strategy will take significant administrative capacity. The creation of a citizen-lead Affordable Housing Advisory Board and the dedication of City of Decatur staff will provide the necessary accountability, oversight, and expertise.

**Goal #2: Preserve Existing Affordable Units** - Be responsible to existing residents who helped make Decatur what it is today, and who are contributing members of the community.

**Goal #3: Increase the Supply of Affordable Housing** - Attract and retain Decatur's workforce who make Decatur thrive.

**Goal #4: Revenue Generation** - Housing expenses such as construction and land cost and availability necessitate bold, strategic plans and partnerships for funding.

**Goal #5: Community Education and Engagement** - Communicate root causes of the housing problem, realize broader impacts and see how policy changes can lead to meaningful improvements.



## Criteria to Rank and Prioritize Recommendations

From day one, the Task Force wanted to provide City leadership with a set of affordable housing recommendations that were *actionable*. As a result, the Task Force created strategic questions and criteria to prioritize and rank the recommendations, including the following:

- Did more than one Committee make the recommendation?
- Will the recommendation cost the City directly to implement, will it create an opportunity cost for the City, or is it budget neutral?
- Does the City of Decatur have direct legal power to execute on the recommendation (i.e. doesn't need approval from DeKalb County/Dept. of Community Affairs/state legislature)?
- How many units of affordable housing does the recommendation have the potential to create and/or preserve and at what cost-per-unit?
- Is there significant additional research and/or analysis that needs to be done to finalize the recommendation?
- What is the projected level of community resistance/NIMBYism connected to the recommendation?
- Does this recommendation allow the City to achieve impact across multiple goal areas (i.e. Legacy Park hits open space, recreation and affordable housing outcomes)?

Figure 1.1 lists all the recommendations across each Committee and goal, identifying whether there is further research needed; whether the City has sole authority to implement. The Table further breaks the recommendations into three categories, including “Implement Immediately, Further Research/Legislation Required, and Lower Level/Legislation Required.”



Figure 1.1: List of Recommendations, Priority Rankings & Approval Levels Needed Summary

Priority Ranking	Recommendation	Further Research	CSD	City Comm.	DCA	DeKalb County	State Legislature
A	Create AH Board			X			
A	Dedicated Staff			X			
A	Tax Abatement	X	X	X			
A	RS-17 Zoning			X			
A	MLK Every Day			X			
A	Mandatory IZ	X		X			
A	Decatur Land Trust			X			
A	Duplex/Triplex /Quadplex			X			
A	HO Bond			X			
A	General Funds			X			
A	Strategic Partnerships			X	X	X	
A	Fund Affordable Housing Trust Fund	X		X			
A	Community Education						
B	Revise S-4 Homestead Exemption		X	X		X	X
B	Revise Tax Payment Assistance Program	X		X		X	X
B	Rental Assistance Program	X		X			
B	ADU Finance Program	X		X			
B	Develop Strategic Land Acquisition Pipeline	X				X	
B	Impact Fees	X		X	X		
B	TIF Bonds	X		X			
B	Developer Incentives	X		X		X	
B	Innovative Living Typologies	X					
C	Real Estate Transfer Tax			X			X

A = High: Implement immediately, B = Medium: Further Research Required/Legislation or Outside Approval Required, C = Low: Legislation Required/Lower Level Need



## HISTORICAL TRENDS, EFFORTS, AND CHALLENGES

### Demographics and Housing Costs

Affordable housing is a growing challenge throughout the nation and region, and the City of Decatur both reflects and, in some cases, exceeds these trends.

Local governments struggle to provide affordable housing to all their residents. The majority of low-and-moderate income people live in rental housing, and national data reveals that the number of rental households that are *housing burdened* (i.e. spending more than 30% of their gross income on housing) increased from 40 to 48% from 2005 to 2015.<sup>4</sup>

As the majority of housing developers are for-profit, new construction – both single and multi-family – disproportionately serves the higher end of the market. Most cities and counties exclusively use federal housing subsidies to support the development of affordable housing, but these programs benefit only a fraction of those in need. Market pressures are pushing households with lower incomes out of their communities, leading to the growing suburbanization of poverty. Housing costs are rising faster than wages, which can lead to households making difficult trade-offs between shelter, food, medicine, and education<sup>5</sup>.

Decatur's population has been and is projected to grow at a rate significantly higher

than the Atlanta Metro region due to the reputation of its school system and its status as a desirable place to live, work and play across the generations.

Figure 2.1 details the changes in Decatur from the 2008 Decatur Affordable Housing Report to present. Note that the population growth rate of 31.3% is more than twice the increase in the number of housing units during the same time period, creating the conditions for an overheated housing market showing rent increases of 119.5% and sales price increases of between 50.5 and 72.4%. This heated demand – married with Decatur's small size and limited development opportunities – has led to higher for-sale and rent prices relative to the region. While some of the pressure was likely absorbed by larger families redeveloping and/or moving into properties that had supported smaller households, this scarcity helped drive rising housing prices and rents<sup>6</sup>.

Along with significantly higher population growth than the Metro region, Decatur's housing prices are significantly higher as well. The demand for housing in Decatur has been amplified by the fact that the City's population grew by 30.6% between 2010 and 2019, compared to the regional population growth rate of only 12% during the same time frame.

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4 "Trends in Housing Problems and Federal Housing Assistance," Kingsley, G. Thomas, Urban Institute, 2017.

5 O'Neil, M. and Sweetland, J. (2018). *Piecing it Together: A Framing Playbook for Affordable Housing Advocates*. Washington, DC. Frameworks Institute.

<https://www.cnbc.com/2018/06/06/us-house-prices-are-going-to-rise-at-twice-the-speed-of-inflation-and-pay-reuters-poll.html>

6 Appendix K: Parcels Issued a Permit for Structural Demolition 2016 to 2019



Figure 2.1: Change in Demographics from 2008 Decatur Affordable Housing Report to Present<sup>7</sup>

Demographic	2008 Housing Report	Present	Percent Change
Population	18,147	23,832	+31.3%
Median Age	39	35.5	-8.97%
Number Housing Units	9,000	10,443	+16%
Average Rent	\$812	\$1,782	+119.5%
Avg Sold Price, Detached	\$384,715	\$663,440	+72.4%
Avg Sold Price, Attached	\$228,529	\$343,946	+50.5%
<b>Per Capita Income</b>	<b>\$37,023</b>	<b>\$48,043</b>	<b>+29.8%</b>

Figure 2.2: Decatur vs. Atlanta Metro Region Average Home Sale Prices and Rents, 2018 - 2019<sup>8</sup>

	AMI	Median Home Value (Zillow)	Average Detached Home Sale Price (FMLS)	Average Attached Home Sale Price (FMLS)	Median Rent (Zillow)
<b>Atlanta-Metro</b>	\$79,700	\$264,500	\$319,397	\$273,684	\$1,742
<b>Decatur</b>	<b>\$92,263</b>	<b>\$542,300</b>	<b>\$667,618</b>	<b>\$345,273</b>	<b>\$1,782</b>

7 Source: 2008 Decatur Affordable Housing Report, ACS 2017 Data, City of Decatur Demographic Data. Median rent from Zillow. Current Average Sold Prices are from FMLS, 2019. Population in chart above based on 2008 Decatur Affordable Housing Report, Current population worldpopulationreview.com

8 Median Rents are from Zillow, zip code 30030 which includes a segment of unincorporated DeKalb, and do not specify # of bedrooms. Average home sale price is from FMLS for November 30, 2018 – November 30, 2019 from FMLS. These are the average prices of homes (attached and detached) that sold in this period. The Metro Atlanta Home Sale prices include the entire MLS, 41 areas. The FMLS data for Decatur is titled "City of Decatur (30030, Decatur High School, Area 52).





## Income and Housing Costs

Housing is at the heart of success and stability for all citizens. Everyone needs shelter, making it essential that the housing be affordable for residents to balance the other key aspects of their lives. Whether this includes raising a family, aging in place, living a healthy life, meeting educational needs, or maintaining employment, stable affordable housing underpins it all. Excessive housing costs can cause mental and physical stress on residents, which can have a ripple effect on the community at large. Trade-offs between nutrition, education, and health care are all part of the equation when a family or individual resident faces unreasonable housing costs.

Affordable housing is defined as housing that costs individuals or families no more than 30% of annual gross income inclusive of basic utilities.<sup>9</sup> Area Median Income (AMI) is defined by HUD and is the median household income for a particular region.<sup>10</sup> All publicly subsidized affordable housing efforts, whether at the state, county or city level, use AMI as the basis for determining income targets for their programs. For example, a down payment assistance program might target folks at 80 to 120% of AMI, while a new multi-family program might be designed for renters between 60 to 80% of AMI. For the purposes of this report, the Metro Atlanta AMI (\$79,700) is used to frame recommendations instead of the AMI specific to the City of Decatur (\$92,263). The AMI of \$79,700 represents the income for a family of four.<sup>11</sup> Nearly all local governments use the regional AMI to design and measure the impact

of their affordable housing initiatives. Decatur's higher AMI stems from a disproportionate increase in high-income residents over the last

### Area Median Income (AMI)

**The AMI for the Atlanta Metro is \$79,700 compared to the AMI for Decatur of \$92,263.**

**Decatur's dramatic increase in the percentage of households earning over \$100k in 2007 (28%) to the number of households earning over \$100k in 2017 (46%) does not correspond with wage increases.** In other words, households with substantially higher incomes displaced households with lower incomes.

Despite this rise in the upper income levels for Decatur households, **the hourly wage has remained virtually stagnant.**

The average hourly wage in Decatur is \$15.11 and **wages decreased by -0.2 percent in Q3 2019.** The cost of living in Decatur is 7% higher than the national average.

9 HUD: [https://www.huduser.gov/portal/pdredge/pdr\\_edge\\_featd\\_article\\_092214.html](https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html)

10 McCabe, B. (2016). *The Area Median Income (AMI), explained*. <https://ggwash.org/view/42671/the-area-median-income-ami-explained>

11 Appendix D: Invest Atlanta AMI Chart for Workforce Housing Income Limits and Maximums, 2019.



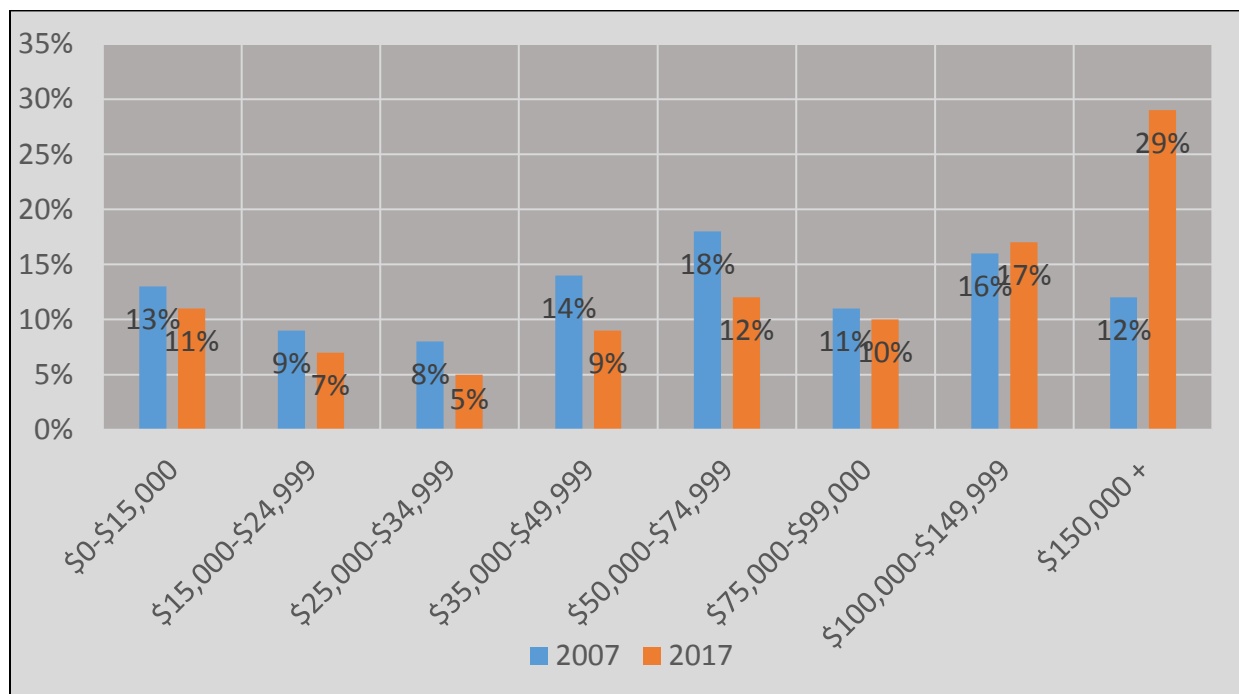
decade. To better serve households who are low-and-moderate income, the Atlanta Metro AMI gives a better picture of affordable housing needs.

Decatur has an imbalance between incomes and housing. Decatur's rise in incomes at the higher end of the spectrum created pressure that helped to increase land and home values, thus increasing property taxes. These valuations, combined with wage stagnation, has led to a housing crisis for many existing Decatur residents. In addition, those who work in Decatur in wages between 30-120% AMI are too often prevented from living here. People working in areas such as home health care, non-profit and government organizations,

education and service/retail make wages too low to afford to rent or own in Decatur without causing significant housing cost burden.

Figure 2.3 illustrates the change in median household income from 2007 to 2017. The median income for the City of Decatur increased for households earning over \$100k and decreased in all other categories. From 2007 to 2017, Decatur saw a 19% reduction in residents making \$99k per year and below, while showing an almost 20% increase in residents making over \$100k.<sup>12</sup>

*Figure 2.3: Change in Median Household Income in Decatur from 2007 to 2017*



12 Sources: 2007 Data from the 2008 Affordable Housing Report for Decatur. 2017 Data Source: ACS 2013-2017: B19001, Household Income In The Past 12

Months (In 2017 Inflation-Adjusted Dollars), Universe: Households



From an AMI perspective, Figure 2.4 reveals that the gaps between what is affordable and what is available in the Decatur rental market range from \$346/mo. for those at 80% of AMI to \$1,244/mo. for those at 30% of AMI. Note that this data was only available for all of 30030, which includes both the City of Decatur *and* some of unincorporated DeKalb County; the inclusion of the DeKalb County data likely had a dampening effect on the median rent numbers, as housing costs in DeKalb tend to be lower than in the City. Having said that, even a gap of \$346/mo. presents a significant barrier to access, as well as contributing to the growing housing burden for renters in Decatur.

These gaps between affordable and available continue in the for-sale market, as shown in Figure 2.5. Given the high cost of for-sale housing in Decatur, the task force elected to generate these gap numbers for *attached homes only*, as the current average detached home price of \$663,440<sup>13</sup> is prohibitively high for folks under 120% of AMI. In the for-sale attached market, gaps range from \$194,726 for households at 60% of AMI to \$45,506 at 120% of AMI; this exposes the challenges with developing programs to subsidize homeownership through a down payment assistance program even for residents between 80 and 120% of AMI.

### Metro Atlanta Challenges

**+16% Increase in households** since 2010

**+80% Increase in construction costs** since 2000 – twice the rate of inflation (Craftsman Construction Cost Index 2018)

Construction Cost increase partially due to **shortage of local, skilled construction labor.**

**+17% in land prices** since 2000

**+20% increase** in monthly rent

**89% of all residential land in North Atlanta is zoned exclusively for single family**

*Source: Drivers of Multifamily Housing Costs and Affordability In Atlanta, 2019*

<sup>13</sup> The average cost of a single-family home from FMLS Sales past 360 days (September 2018 to September 2019).



*Figure 2.4 - RENTAL: Affordable Rent by AMI Compared to Actual Rent Levels in 30030<sup>14</sup>*

AMI Level	Yearly Income Family of Four	Monthly Affordable Rent (2 bedroom)	Median Rent (Zillow)*	Gap Between Affordable & Med. Rent
30% AMI	\$25,750	\$538	\$1782	\$1244
50% AMI	\$39,850	\$897	\$1782	\$885
60% AMI	\$47,820	\$1,077	\$1782	\$705
80% AMI	\$63,760	\$1,436	\$1782	\$346

*Figure 2.5 - OWNERSHIP: Affordable Purchase Price by AMI Compared to Actual Purchase Price Levels in 30030<sup>15</sup>*

AMI Level	Yearly Income Family of Four	Max Affordable Home Cost (3 bedroom home)	Average Cost Townhome / Condo (FMLS)	Gap Between Affordable & Average Townhome Cost	Average Cost SF Home (FMLS)
60% AMI	\$47,820	\$149,220	\$343,946	\$194,726	\$663,440
80% AMI	\$63,760	\$198,960	\$343,946	\$144,986	\$663,440
120% AMI	\$95,640	\$298,440	\$343,946	\$45,506	\$663,440

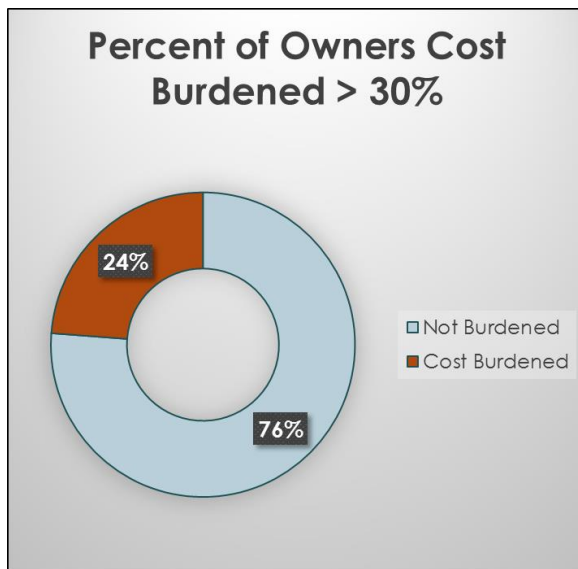
14 The overall Median Rent from Zillow is \$1,782 for 2019. However, this number does not specify how many bedrooms are in the rental, so it is assumed to be an average of all rentals. FMLS – First Multiple Listing Service, Inc. – lists 2 bed, 1-2 bath properties in the 30030 zip code, shows 8 rental listings that "closed" in the last 180 days, with an average rent of \$2,164/median rent of \$2,275.

15 Median Home Value \$547,700 (2019/Zillow – based on Zestimates). Average Cost of Single-Family Home from FMLS Sales past 360 days: \$663,440 (September 2018 – September 2019).



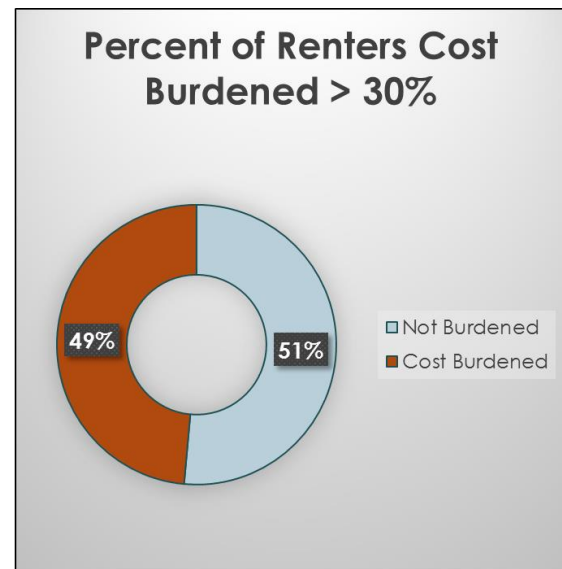
Residents who pay more than 30% of their income for housing are considered cost burdened by HUD, and may have difficulty affording necessities such as food, clothing, transportation and medical care.<sup>16</sup> Nationally and locally, homeownership is incentivized over

*Figure 2.6: Owner Cost Burden Decatur*



renting through the provision of federal tax incentives and homestead exemptions. As a result, renters as a group are more likely to be cost-burdened. Figures 2.6 and 2.7 reflect that 49% of renters and 24% of homeowners are cost burdened in Decatur.<sup>17</sup>

*Figure 2.7: Renter Cost Burden Decatur<sup>18</sup>*



<sup>16</sup> [https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/](https://www.hud.gov/program_offices/comm_planning/affordablehousing/)

<sup>17</sup> 2017 ACS Data: B25106 "Tenure by Housing Costs and a Percent of Household Income in the Past 12 Months." ACS 2013-2017, for Block Groups in Decatur, GA.

<sup>18</sup> 2017 ACS Data: B25106 "Tenure by Housing Costs as a Percent of Household Income in the Past 12 months" ACS 2013-2017, for Block Groups in Decatur, GA.





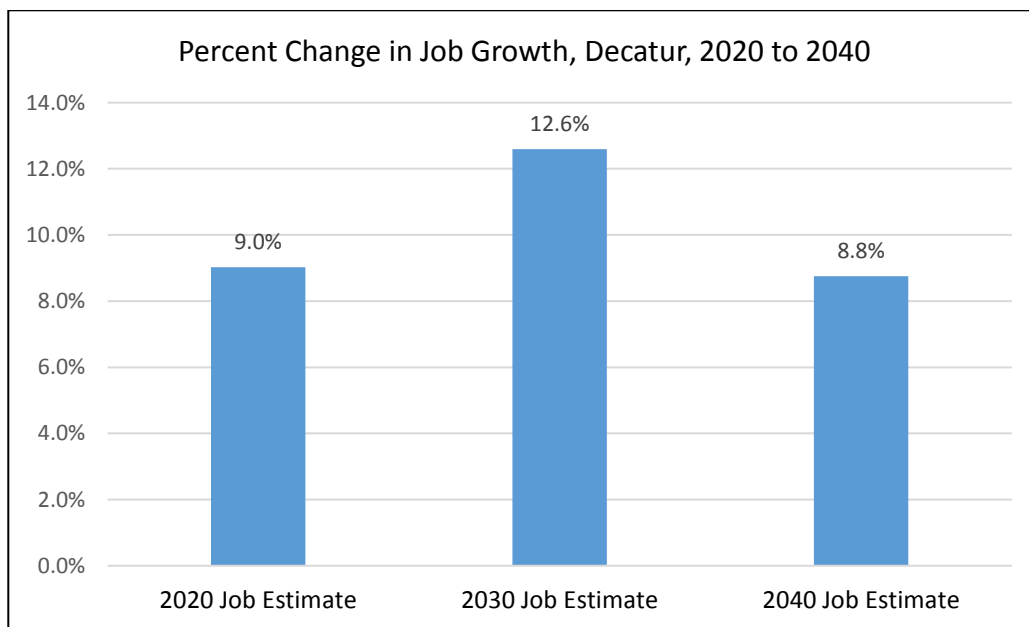
## Demand Drivers: Jobs and Wages

Rising housing prices in Decatur can be partially understood by the gap between population and unit growth in the City. While this population growth is substantially driven by the draw of Decatur's schools and overall quality of life, another potential driver of population growth over time could be the increase of jobs in the City over the next 40 years.

A recent Atlanta Regional Commission report projects that jobs will increase substantially in Decatur from 2020 to 2040 (Figure 2.8). Currently, only 4% of Decatur's residents both live and work in town; increasing the percentage of residents who live, work and play in Decatur will only help recruit, retain and expand local businesses, as well as reduce traffic congestion and air pollution.

The ARC report entitled *Population and Employment Forecasts for the Atlanta Metro Region* suggests projected job growth in Decatur over the next 20 years will primarily take place in the Health Care and Social Services, Educational Services and Construction sectors. The projected growth of jobs in the three sectors has implications in terms of housing affordability as well. Looking at reported average salaries for positions in these sectors (Figure 2.9), these positions have average salaries in the 50% to 80% AMI categories for a one person household, squarely within the AMI range that the Task Force seeks to serve.

*Figure 2.8: Job Growth Estimates for Decatur 2020-2040<sup>19</sup>*



<sup>19</sup> ARC Population and Employment Forecasts, ARC for Atlanta Metro  
<https://atlantaregional.org/atlanta/region/population-forecasts-estimates/population-employment-forecasts/>



*Figure 2.9: Jobs Expected to Increase in Decatur Over the Next 20 Years and the Average Salaries<sup>20</sup>*

Position	Average Salary	AMI Range
Construction	\$30,806	50 – 60% AMI
Health Care & Social Services	\$38,018	60 – 80% AMI
Educational Services	\$29,028	50 – 60% AMI

<sup>20</sup> Average Health Care Worker Salary for Decatur, GA. <https://www.ziprecruiter.com/Salaries/How-Much-Does-a-Health-Care-Worker-Make-a-Year-in-Decatur,GA>. Average salary range for Educational Services in Decatur, GA <https://www.ziprecruiter.com/Salaries/How-Much-Does-a-teacher-Make-a-Year-in-Decatur,GA> . Average Salary for Construction Worker in Decatur, GA <https://www.ziprecruiter.com/Salaries/How-Much-Does-a-Construction-Worker-Make-a-Year-in-Decatur,GA>



Looking closely at the wages of *existing* jobs in Decatur, including positions of the local government and local school system, figure 1.10 shows the jobs within Decatur as they fall

within each AMI range for an individual. Finally, for residents who have already retired the national average income is \$48,000<sup>21</sup> while the 65+ income for zip code 30030 is \$36,824.<sup>22</sup>

*Figure 2.10: A Sample of Current Jobs by AMI Range for Decatur*

30 – 50% AMI (\$16,750 - \$27,900)	60% AMI (\$33,480)	80% AMI (\$44,640)	100% AMI (\$55,800)
Retail Worker	Firefighter I, II	Fire Inspector	Police Captain
Afterschool Program Coordinator	Active Living Supervisor	Master Police Officer	Barber
Home Care Provider	Teacher 1-4	Teacher 5-7	Active Living Director
Line Cook	RN School Nurse	Community Education Manager	Children & Youth Services Coordinator
Barista	Sanitation Equipment Operator	Sous Chef / Manager	Deputy Fire Chief
Reggio Emilia Teacher FAVE	Automotive Mechanic	Field Project Manager	Insurance Team Member
Daycare Teacher	Plumbing Tech	Health & Wellness Coordinator	Elementary School Asst Principal
Approximately \$8-\$13/hour	Approximately \$16/hour	Approximately \$21/hour	Approximately \$26/hour

*Positions with the City of Decatur (including Police and Fire) and the City Schools of Decatur are highlighted in yellow.*

<sup>21</sup> <https://www.usatoday.com/story/money/personalfinance/>

[retirement/2018/07/22/could-you-get-by-on-average-retirement-income/36848957/](https://www.usatoday.com/story/money/personalfinance/retirement/2018/07/22/could-you-get-by-on-average-retirement-income/36848957/)  
<sup>22</sup> <https://www.incomebyzipcode.com/georgia/30030>



## Decatur Public Sector Employee Survey

In 2018 the City Schools of Decatur, the City of Decatur and the Decatur Housing Authority did an employee survey, and included questions about employees' housing situations, housing challenges and housing desires. Following is a selection of personal stories shared during the survey and provides insights behind the numbers shown in Figure 1.10.

*As a current renter and potential first time home buyer I would love to own a home in the city of Decatur. Also as a new employee with City Schools of Decatur I would love to raise a family in this community. I fear given the current housing market that I will have to move outside of my preferred area to afford buying a home.*

*My husband is also an educator and together we make more than \$90,000. However, we would not come near the qualifying income.*

*Both my partner and I work for CSD. Needless to say, we don't make a lot of money. My dream is to only have to drive on weekends to go to the farmers market. Living in a walkable community is something we both value. We would love to be able to live within walking distance of work. Transportation expenses add up so quickly.*

**A 2018 survey among employees of the City of Decatur, the City Schools of Decatur, and the Decatur Housing Authority show a strong desire to live in Decatur.**

Of the 133 respondents:

- 59%** live over 6 miles from Decatur
- 54%** currently rent and 33% currently own
- 89%** would like to live in Decatur, but of these respondents:
  - 94%** say it's too expensive
- 69%** are concerned about property taxes
- 51%** are concerned about a lack of affordable rental options
- 83%** would prefer to own a home in Decatur
- 46%** prefer a 2-bedroom, followed by 36% who prefer a 3-bedroom
- 45%** did not have a family member under age 18 in their household

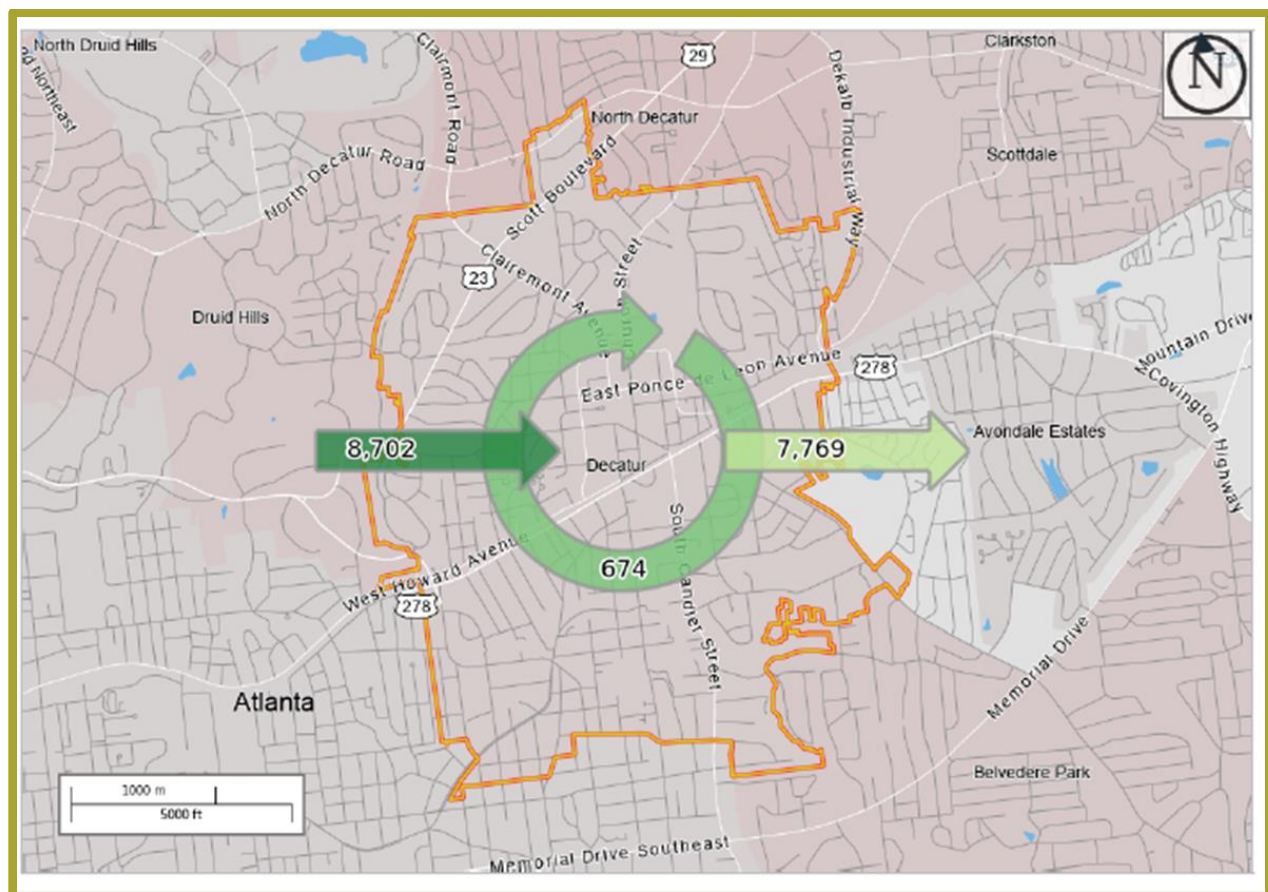


## Housing Costs and Commutes

Currently, only 4% of Decatur residents live and work in Decatur. The imbalance between those who live and work in Decatur creates increased traffic as employees overwhelmingly drive into Decatur to work. To put it another way, work commutes into Decatur (8,702) and out of Decatur (7,769) far outpace

the number who work within Decatur (674). Furthermore, Decatur jobs (per the Atlanta Regional Commission) are predominately in Educational Services and Public Administration, with those in higher income jobs tend to leave Decatur for employment.<sup>23</sup>

*Figure 2.11: Workforce Commutes Into, Within, and Out of Decatur.*



<sup>23</sup> Appendix C: ARC Traffic Chart detailing the number of residents entering and leaving Decatur daily.





## Zoning, Lending and Patterns of Racial Exclusion in Decatur

*“Zoning is a way for communities to separate land by use or form. But from the start, zoning has separated more than just land uses. It has also separated people. As a result, we pay the cost in public health, racial and economic injustices, higher housing costs, and more.”<sup>24</sup>*

Based on housing reports over the past decade, local residents view diversity as a positive aspect of living in Decatur. Housing accessibility is a factor in ensuring racial and socioeconomic diversity, and discussions around affordable housing must begin with an understanding of the way housing, zoning and lending regulations and race have intersected over the decades in Decatur and the rest of the nation.

Like most urban areas in the 1930s, the Federal Home Owners’ Loan Corporation (HOLC) mapped Decatur to indicate how bankers and appraisers should evaluate neighborhoods for credit-worthiness and mortgage lending risk. Neighborhoods considered high risk or “Hazardous” were often “redlined” by lending institutions, denying them access to capital investment which could improve the housing and economic opportunity of residents.<sup>25</sup> The HOLC maps were coded by race, with traditionally African-American neighborhoods marked in red as “hazardous.” As a result, HOLC is largely seen as the progenitor of redlining, providing government cover for a racist system of denying African American homeowners, business-owners and neighborhoods access to credit and capital investment. This redlining catalyzed decades of disinvestment, blocking the improvement of

housing, the development of commercial assets and reducing economic opportunity for African American residents.

*he Color of Law* – a 2017 study of how segregation in America is the by-product of explicit local, state and federal policies – explored how single-family zoning has been developed historically as a way for cities “to (use) zoning ordinances to reserve middle-class neighborhoods for single-family homes that lower-income families of all races could not afford.”<sup>26</sup>

Both zoning and lending continue to amplify patterns of racial exclusion and segregation. For example, in the run-up to the 2008 collapse of the housing market, subprime loans were disproportionately made to minority homebuyers, exposing these homeowners to foreclosure during the 2008 recession,<sup>27</sup> and contributing to vacant property, blight and plummeting housing values in these historically redlined communities. To undo inequitable practices of the past, communities must both leverage *and* work against the dynamics of the private housing market, and they must acknowledge the historical patterns of racial and economic segregation, and work to mitigate them as they play out in the current environment.

24 Urban Institute Zoning Matters: How Land-Use Policies Shape Our Lives, June 12, 2019. Housing Matters, An Urban Institute Initiative.

25 Mitchell, B. and Franco, J. (2018). Structure Of Segregation And Economic Inequality. NCRC

26 Rothstein, R. (2017). The Color of Law, A Forgotten History of How Our Government Segregated America.

27 Rothstein, R. (2012). Subprime loan debacle intensified segregation. Economic Policy Institute.



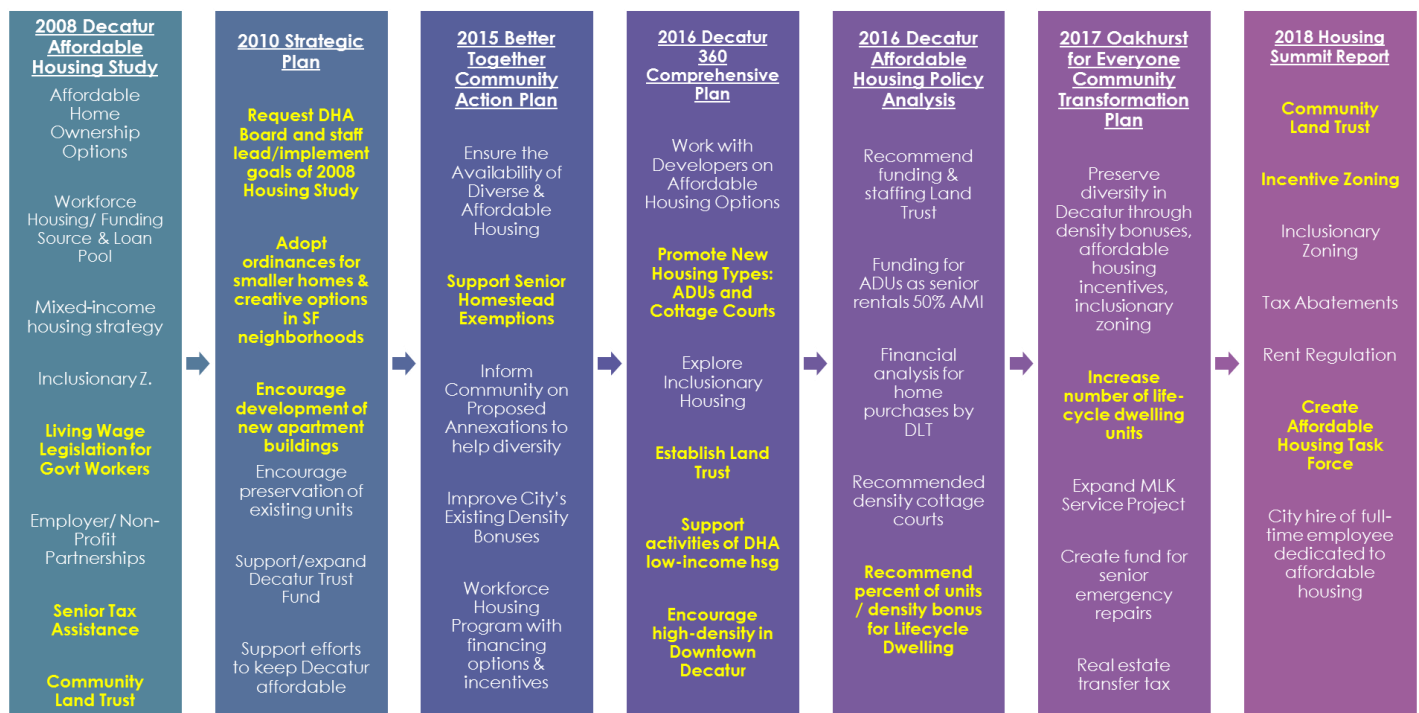


## Decatur's Prior Efforts for Affordable Housing

Since 2008 and across seven plans and studies, Decatur's residents, staff and Commissioners have articulated a commitment to affordable housing. Each column in Figure 1.6 lists a study or plan commissioned by the

City of Decatur, the recommendations from that report regarding affordable housing, and (in yellow) the items for which the City of Decatur has made significant efforts or changes to accommodate the recommendation.

Figure 2.13: Existing City of Decatur Housing Plans/Studies and Action to Date, 2008-2018



**2008 Decatur Affordable Housing Report** - Recommendations and strategies in the 2008 Decatur Affordable Housing Report<sup>29</sup> ranged from increasing the minimum wage of government and City of Decatur employees, to annexation and Employer-Assisted Housing programs. Recommendations for preservation of housing included strategic partnerships with employers and leveraging grant opportunities

and creating a publicly funded loan pool through municipal bonds to subsidize renovations of existing units. To help with new purchases, the report recommended the creation of private and public funding streams to help with down payment assistance for workforce housing, the creation of a community land trust, inclusionary zoning and higher density combined with new

<sup>29</sup> Prepared for the City of Decatur by Market+Main and MetroCenter Associates, Inc.





housing design solutions such as “stacked townhomes.”

**2016 Decatur Affordable Housing Policy Analysis** - The City of Decatur commissioned an analysis of three existing programs and policies to evaluate their effectiveness, or lack thereof, in the production of affordable housing.<sup>30</sup> This report analyzed the land use regulations and financial feasibility of Cottage Court development, carriage house (accessory dwelling unit) creation for seniors paired with a community land trust, and the Lifecycle Dwelling ordinance for inclusionary multifamily affordable housing.

The first analysis detailed how the Decatur Land Trust could be funded and staffed, as well as financial estimates for affordable home purchase by the Land Trust for permanent affordability. In addition to affordable home purchase, there was an analysis of funding for construction of accessory dwelling units for seniors as rentals at rates affordable to 50% AMI or below. The report also details gap funding needed around these recommendations, and a list of essential tasks for the Decatur Land Trust before and after incorporation.

The second analysis of the Cottage Court program compared financial models of cottage court developments, townhome developments, and large single-family developments. Recommendations from this analysis concluded that the cottage courts were restricted to a point where the housing type was not financially desirable when compared to alternative developments. However, when an increase in density to 17-22 cottages per acre is allowed,

the financial feasibility is close to that of townhomes and single-family subdivisions.

The third analysis evaluates the density bonus under the Lifecycle Dwelling ordinance, allowing a developer an additional 20 percent density bonus, provided that 75 percent of the new units are designated as affordable Lifecycle Dwelling units. The analysis compares a market rate development to the same development with an inclusionary zoning density bonus and to a development with an inclusionary zoning tax abatement. The conclusion included that a mandatory inclusionary zoning policy would be the most effective at ensuring affordable housing is produced within market rate developments. As an alternative, the current requirements for lifecycle dwelling units could be modified to require 50 percent of the density bonus units be set aside as affordable, instead of 75 percent, making the financial feasibility more desirable for a developer. In addition, the report recommends reduced parking requirements for lifecycle dwelling units and a requirement that the ratio of lifecycle dwelling units reflect the ratio of market rate units of studio, 1, 2 and 3 bedroom units.

Additional recommendations from the 2016 Decatur Affordable Housing Policy Analysis report include funding of affordable housing through impact fees, an inventory of City-owned land for the production of affordable housing, issuance of Housing Opportunity Bonds, and incentivizing duplexes, four-plexes, eight-plexes and small apartment buildings that have historically and traditionally “fit” with neighborhood architecture in Decatur.

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<sup>30</sup> Report prepared by Clark Property Consulting.



**2018 Housing Summit Report** – Following a day-long Decatur Housing Summit held in November, 2018, a report was issued on its outcomes. Per the report, the community’s call for action led to the creation of the Affordable Housing Task Force. The 2018 Housing Summit Report detailed the objectives of the summit, which were to establish a context of Decatur’s housing affordability, defined affordability in Decatur and explored strategies to broaden inclusivity and affordability in Decatur. The top five strategies from the event’s participants were: a community land trust, incentive zoning, inclusionary zoning, tax abatements and rent regulation.<sup>31</sup> Two additional recommendations were the creation of an Affordable Housing Task Force and the recommendation of a full-time employee of the City of Decatur dedicated to affordable housing.

The 2008 Decatur Affordable Housing Report and the 2018 Housing Summit Report were the most thorough reports to date to specifically address housing in Decatur. The Decatur Strategic Plan and specific neighborhood reports also included housing recommendations.

Decatur has implemented several of the recommendations, including a voluntary inclusionary zoning program / lifecycle dwelling density bonus, a \$15/hour minimum wage for City of Decatur employees, and the approval of accessory dwelling units in residential areas, and the elimination of minimum floor area for most types of construction.





## REGIONAL AND NATIONAL AFFORDABLE HOUSING STRATEGIES

### Strategy: Atlanta Regional Commission

In late 2019, the Atlanta Regional Commission (ARC) launched the Metro Atlanta Housing Strategy, a toolbox designed to help local governments and communities better understand and address their housing challenges. In this report, the ARC broke the region into different categories, and designated Decatur as Subarea 1.

ARC defines Subarea 1 as a) High-priced core neighborhoods consisting of mostly older single-family and multifamily housing units for both renters and owners; b) Highest proportion of multifamily units, adding an additional 11,000 since 2010; and c) Quickest increase in ownership rates among non-rural areas, albeit with only about 200 owner-occupied single-family units being added since 2010.

The ARC's suggested strategies for areas designated as Subarea 1:

- **Increase Supply - Address zoning and land use code** that shapes development to provide housing options.
- **Increase Supply - Diversify the ways that publicly-owned land is used** and managed to provide housing affordability options.
- **Increase Supply - Local governments can expand housing-supportive laws and regulations** to encourage development of affordable housing.
- **Expand Capital Resources to Create and Attract New Financing Mechanisms** - New funding mechanisms are needed to

promote and incentivize the development and preservation of affordable housing.

The Task Force's Committee structure and recommendations around Revenue, Policy/Codes and Land align with the ARC's strategies, positioning Decatur to become a best practice on affordable housing for comparable communities in the Metro region.

### Strategy: Housing for Educators

The San Mateo County Community College District built 44 units on 2.5 acres of parking lot and 60 units on 3.3 acres. Unused corners of school property are also a promising option. Selma Community Housing, Sage Park Apartments and Casa del Maestro were constructed on underutilized areas of elementary school, high school, and middle school properties. The Roaring Fork School District has purchased apartments in existing developments to rent to their teachers at below market rate.<sup>32</sup>

### Strategy: Atlanta, GA

The City of Atlanta is partnering with the Westside Future Fund to launch the Anti-Displacement Tax Fund Program, an initiative which will pay any property tax increases for qualifying homeowners in the English Avenue, Vine City, Ashview Heights and Atlanta University Center communities.<sup>33</sup>

32 Davis, Paula. Affordable Housing Solutions for Educators, 2017, The Donnell-Kay Foundation. [http://dkfoundation.org/assets/img/DK-021-Affordable-Housing-Solutions-for-Educators\\_FA.pdf](http://dkfoundation.org/assets/img/DK-021-Affordable-Housing-Solutions-for-Educators_FA.pdf)

33 Miller, P. (2017). AJC. <https://www.ajc.com/news/local/atlanta-has-new-anti-displacement-tax-fund-program/dGq39wotubRPWUTqoRAZII/>



### Strategy: Houston, TX

An outreach campaign entitled “Can I Be Your Neighbor?” was launched to increase awareness of the need for affordable home development in Houston. The campaign aims to create a well-informed community discourse through targeted educational presentations and informational materials. “Can I Be Your Neighbor” is intended to decrease misconceptions and opposition to affordable home development and promote quality homes for all incomes in all areas of Houston.

### Strategy: Miami-Dade, FL

Miami-Dade: 10 year Preservation Initiative combined public and private advisory groups and mission-aligned partnerships to preserve existing Naturally Occurring Affordable Housing.<sup>34</sup>

### Strategy: Minneapolis, MN

Minneapolis 4d Affordable Housing Incentive Program provides tax abatements to property owners of Naturally Occurring Affordable Housing to keep units affordable to residents at 60% AMI or below. The program also provides cost sharing in energy efficiency renovation projects.<sup>35</sup>

### Strategy: Seattle, WA

Seattle passed local legislation to limit home size to 2500 square feet and allow up to two ADUs per lot as a way to prevent teardowns and “McMansions.”<sup>36</sup>

### Strategy: State of Oregon

Oregon now requires cities of certain populations to legalize “missing middle” housing, strikes down bans on duplexes and legalizes triplexes, fourplexes, attached townhomes and cottage clusters on some lots in areas zoned for residential. Each city retains the ability to regulate building size and design to ensure change will be gradual. Cities also have flexibility to incentivize projects that create new below-market homes with a sliding scale of size bonuses and bonuses for below-market rate homes.<sup>37</sup>

### Strategy: Portland, Oregon

Portland Makes ADU Incentives Permanent - Development fees can add some \$15,000 to the cost of building a home in Portland. Residents adding an accessory dwelling unit to their property won't need to worry about those expenses, as long as they don't use the limit for short-term rentals.<sup>38</sup>

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<sup>34</sup> <https://www.enterprisecommunity.org/resources/miami-dade-county-affordable-housing-preservation-plan-8637>  
<sup>35</sup> [www.minneapolismn.gov/cped/housing/WCMSP-214366](http://www.minneapolismn.gov/cped/housing/WCMSP-214366)

<sup>36</sup> Bertolet, D. and Morales, M. (2019). Sightline Institute. <https://sightline.org/2019/07/01/seattle-approves-best-backyard-cottage-rules-united-states/>

<sup>37</sup> Anderson, M. (2019). Sightline institute. <https://sightline.org/2019/06/30/oregon-just-voted-to-legalize-duplexes-on-almost-every-city-lot/>

<sup>38</sup> May 9, 2018, 8am PDT | [James Brasuell](#) | [@CasualBrasuell](#)



### Strategy: San Francisco, CA

Accessory Dwelling Unit Program Offers Incentives for homeowners to create an accessory dwelling unit (ADU) in their single family home. The incentives include low and no interest loans and small grants, permit fee waivers, forgivable loans up to 100% cost of construction to owners who keep the unit affordable, project management, and ongoing property management support and landlord training.<sup>39</sup>

### Strategy: State of Vermont

Vermont's Champlain Housing Trust (CHT) is the largest CLT in the United States. Founded in 1984 as two separate nonprofit organizations that merged in 2006, CHT operates in three counties and oversees 565 owner occupied homes plus 2,200 rental apartments. The trust offers other services — including homeowner education, home improvement and energy efficiency loans, and assistance — to five housing cooperatives.<sup>40</sup>

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39 Press Release by Gordon Mar, <https://sfrichmondreview.com/2019/07/25/accessory-dwelling-unit-program-offers-incentives/>, <https://accessorydwellings.org/2019/05/16/2019-is-the-year-of-adu-financing-innovation/>

40 <https://www.shareable.net/how-community-land-trusts-create-affordable-housing/>



## AFFORDABLE AND WORKFORCE HOUSING: DEFINITIONS AND TARGETS

### What Is Affordable In Decatur?

The Task Force took a deep dive into the data to describe Decatur's current affordability picture and its challenges. They also made grounded recommendations about the number of units affordable to which income levels would be needed to address Decatur's growing affordability gap over the next decade.

The Task Force recommends that Decatur target their policies, programs and investment strategies to serve residents living at from 30-120% AMI. A clear definition of the terms "affordable housing" and "workforce housing" is required so that everyone - citizens, elected leaders community residents and partners - can understand clearly what is being contemplated within the housing strategy.

**Affordable Housing** will be defined as a total cost of housing and utilities of less than 30% of annual gross income for citizens with an annual income (with family size adjustments) ranging from 30% to 60% of AMI, which translates to \$25,750 to \$47,820 for a family of four.

Numerous housing programs and options exist within this income range to assist low and moderate income individuals including CDBG, HOME, the state Housing Trust Fund, Low Income Housing Tax Credits, project-based Section 8, Housing Choice Vouchers, and other federal and state programs. Under these programs, funding is typically not available for projects serving residents above 80% AMI.

The informational chart on wages for City of Decatur and City Schools of Decatur staff indicate that most of these working professionals will qualify for housing in the Affordable Housing level, especially if the individuals do not have a spouse or partner who is fully employed. These families represent a substantial portion of the "missing middle" that is described in the City of Decatur's Affordable Housing Strategy of 2008.

**Workforce Housing** will be defined as a total cost of housing and utilities of less than 30% of annual gross income for families with an annual income (with family size adjustments) of 60% to 120% of AMI, which translates to \$47,820 to \$95,640 for a family of four. Some of the federal funding sources listed above will serve residents in the 60-80% AMI range, and a smaller portion can be used in limited situations to serve folks above 80% of AMI. The City will need to raise local funds and leverage private/philanthropic funds to fully support efforts to serve residents in the 80-120% AMI range.

There are specialized housing needs within Decatur at the income levels defined above, including the elderly and physically and intellectually disabled persons. Developing recommendations around the development and preservation of the supportive housing was beyond the scope and charge of the Task Force. However, the City will need to continue to consider these populations in the development and execution of its affordable housing strategy moving forward.



## Number of Rental Units Needed: Gap Calculation

Housing tenure in Decatur matches the national average and is split between 64% homeownership and 36% renters.<sup>41</sup> Rental housing is often the only financial option for low to moderate income families in high-cost communities such as Decatur. Additionally, people often rent if they no longer want to worry about yard work, home repairs, and other challenges of homeownership. And finally, some need to rent as they move more frequently for work, while others may rent while saving towards a home ownership opportunity. Chart 5 below reflects both the number of households in Decatur at each AMI percentage category (#Households) as well as the number of units available for rent that are affordable for each AMI percentage category (#Units Available),

creating a clear picture of the gaps in available affordable units by AMI category.<sup>42</sup>

The current gap in the number of rental units needed from 30-60% AMI is 630 units and the number of units needed from 60-120% AMI at 967 units. It's important to point out that these numbers have been calculated to address the current gaps between what *existing* Decatur residents can afford and what is available in the market, and would be higher if projections were made for affordable housing for *future* residents.

The Task Force recognizes that these numbers, while data-based, are aspirational in terms of the City's current capacity to execute on an affordable housing strategy, but believe it is important for Decatur's leaders to understand the true scope of the challenge they are facing.

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41 <https://ipropertymanagement.com/renters-vs-homeowners-statistics>

42 Whole Census Blocks contained within Decatur's boundary, Number of households at each income level

based on ACS 2017 B19001 Average Household Income. Number of units based on ACS 2017 B25063 GROSS RENT of renter-occupied housing units.



Figure 3.1: Number of Households by AMI Level vs. Number of Rental Units Available by AMI Level

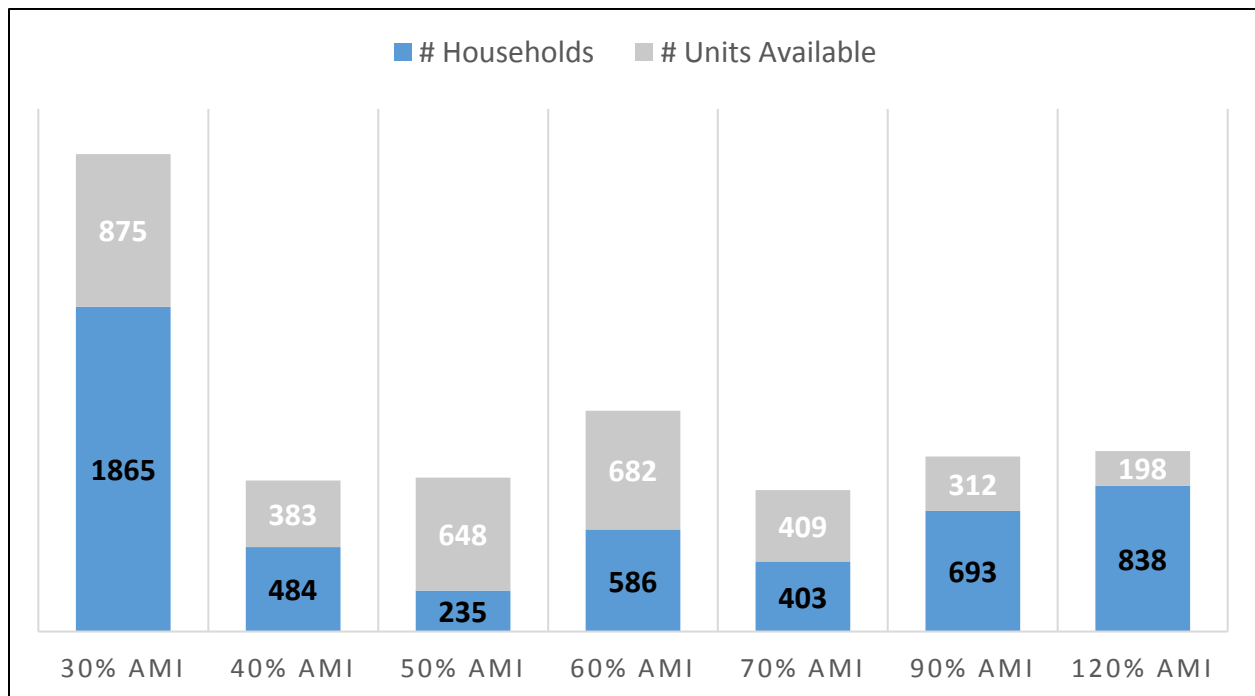


Figure 3.2: Recommended Affordable and Workforce Unit Development and Preservation 2020 to 2030<sup>43</sup>



**Develop 63 “affordable” units per year between 30-60% AMI over 10 years**



**Develop 97 “workforce” units per year between 60-120% AMI over 10 years**



**Preserve 933 existing affordable and workforce units and 518 existing DHA properties.**

<sup>43</sup> To accommodate the range of affordable and workforce needs, the number of units needed at 60% of AMI was split between the ranges of 30-60% and 60-120%.





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## GOAL #1: ADMINISTRATION FOR THE DECATUR AFFORDABLE HOUSING STRATEGY

*The creation of a citizen-lead affordable Housing Board and the hiring and/or dedication of City of Decatur staff will elevate affordable housing as an urgent focus within the City, and provide the necessary accountability, oversight, and expertise.*

### Recommendation 1: Create a new *Affordable Housing Advisory Board* with the required levels of experience and expertise to meet the challenge of affordable housing in Decatur.

The City of Decatur currently has four volunteer boards managed by the City of Decatur: the Lifelong Community Advisory Board, the Environmental Sustainability Board, and the Better Together Advisory Board and the Active Living Board. These boards were created to assist with the expansion and implementation of community initiatives, to guide and advise the Commission, to advocate in the community, and to provide recommendations and expertise around initiatives vital to the community.

Each board takes on a task of *high relevance* to life in Decatur. Additionally, boards address an area of focus in the Strategic Plan as well as other planning documents. Boards provide accountability, oversight and resources, and flourish by combining the various expertise and experience of its board members. Boards are a collective effort to tackle the issues at hand, to engage relationships that board members have to vital resources in the larger area, to enhance connections in the community and to serve as ambassadors for important issues at hand.

Affordable housing is one of the most pressing and urgent issues facing the city, and the methods and political will to create and

sustaining affordable housing in Decatur have so far been difficult to achieve. Establishing a Board is a promise to the community, a statement of the values of the City of Decatur, and a resolution to use all available resources to address housing issues and inequality. Decatur is a resource rich community and when citizens come together to solve problems it is more likely the best solutions are created.

This Board would have 9-13 members and would serve to link various entities in Decatur with the goal of working together with multiple parties to create and maintain affordable housing. Recommendations for Board members include a City of Decatur staff person, at least one non-profit and one for-profit developer, a member of the Decatur Land Trust staff or board, a representative of the Decatur Housing Authority, a representative of the City Schools of Decatur, a lifelong resident, and a banking or CDFI employee or representative. Collaborative action will be critical for Decatur to execute on its affordable housing agenda, and providing a formal mechanism for collective communication, planning, goal-setting, partnership-building and accountability is the smart way to create a container for these collective efforts.



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## Recommendation 2: Hire Dedicated Staff Member to Execute Affordable Housing Strategies

In addition to the creation of the Affordable Housing Advisory Board, the Task Force recommends the hire of a staff member to take on the job of working with the City of Decatur and the DHA to build and preserve affordable housing in Decatur. This staff person would ensure that someone wakes up every day thinking about affordable housing, and would provide needed staff capacity around planning, policy, financing, construction, partnership-

building and impact evaluation. During this planning process, DHA leadership indicated that it may be possible to do a staff sharing or oversight process for the housing expertise needed to implement these housing recommendations. An intergovernmental agreement is recommended to define specific goals and resources.



## GOAL #2: PRESERVE UNITS & KEEP EXISTING RESIDENTS IN PLACE

*Decatur needs to preserve its existing affordable housing to ensure that current units are not lost to rent hikes and redevelopment. Decatur is also responsible to its existing residents who helped make Decatur what it is today, and who are contributing members of our community.*

### Recommendation 3: Voluntary Tax abatement for Apartment Complexes that Agree to Limit Rents

The Task Force identified approximately 933 naturally occurring affordable housing (NOAH) rental units in Decatur. All units are at risk of rising rents due to rising property tax rates and the market pressure to sell, renovate or replace existing affordable developments with new construction.

The goal of a property tax abatement is to preserve existing affordable rental units or provide a financial incentive for private owners to reduce rent to serve the needs of residents at 80% AMI or below. A voluntary 50% property tax abatement would be made available to property owners of all rental units affordable to 80% AMI and below. The starting point for the program is based on an agreed term of affordability of 5 years. In addition, if the owners renovate the unit during the term of affordability assessed (and therefore tax) values would be frozen.

For the purposes of this analysis, the Task Force divided these NOAH rental units into “corporate” (i.e. business) and “individual” owned. If every corporate owner participated in this proposed program, the cost to preserve these 590 naturally-occurring affordable multi-

family units in Decatur would be \$366,122 per year to the tax rolls, an opportunity cost rather than a direct cost to the city. To preserve naturally-occurring individually owned multi-family properties, the abatement would be \$271,489 per year to the tax rolls, not a direct cost to the city.

The Task Force projects that the total annual cost of this tax abatement program would be approximately \$924,182 annually, or \$990 per NOAH unit, significantly less than what it would cost to *create* a new unit of affordable housing. Further study will be needed to confirm these numbers and the fiscal impact.

Recent conversations with developers and corporate rental property owners about this recommendation have revealed a possible interest in extending the term of affordability from five to ten years.

Due to certain state laws, all tax abatements recommended in this report are facilitated by the Decatur Development Authorities through a finance structure that uses bonds for title, provided that certain economic development criteria are met.

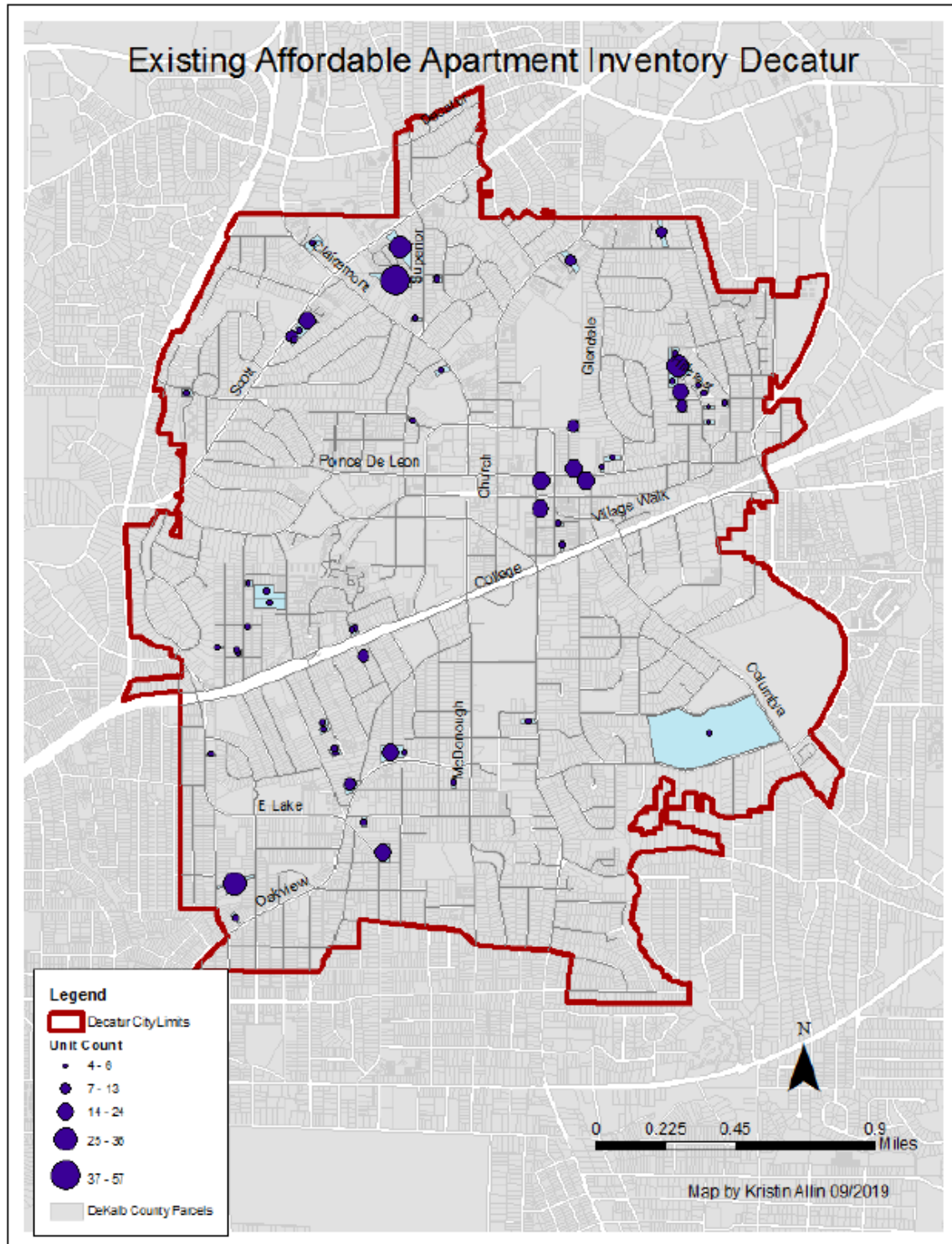


Figure 4.1: Tax Abatement Proposal for NOAH Properties

<b>Corporate-Owned MF Properties (590 Units)</b>		
Average Tax Per Unit	\$	1,214.09
Abatement Level		50%
Abatement Amount	\$	620.55
Monthly Rent Equivalent	\$	51.71
<b>Abated Taxes for Corp-Owned Units</b>	<b>\$</b>	<b>366,122</b>
<b>Individually-Owned MF Properties (343 Units)</b>		
Detached Affordable Units		133
<b>Abated Taxes</b>	<b>\$</b>	<b>286,571</b>
Attached Affordable Units		210
<b>Total Abatement</b>	<b>\$</b>	<b>271,489</b>
<b>TOTAL Abatement</b>	<b>\$</b>	<b>924,182</b>
<i>For ALL 933 Affordable Units</i>		



Figure 4.2: Existing Naturally Occurring Affordable Housing (NOAH) in Decatur





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## Recommendation 4: Amendments to the RS-17 Zoning District Regulations

The RS-17 districts in Decatur<sup>44</sup> provide for single-family residential development at a density not to exceed 17 units per acre. Currently, the majority of NOAH rental properties are zoned RS-17, which allows for re-development into high-density townhomes.

The recommendation is to amend Section 6.2. – Use Table, to require a conditional use permit for developments of single-family attached homes (townhomes). Additionally, this recommendation includes an amendment to Section 11.2.3.G. – Conditional Use Permits Review Standards, whereby the review criteria used by the Planning Commission and City Commission to evaluate Conditional Use Permit requests should include, “whether the proposed use results in a loss of existing affordable or workforce housing units.”

Because the conditional use permit will require Planning Commission and City Commission approval, this revision to existing code will give both these bodies an opportunity to consider the impact on affordable housing as part of project assessment, and therefore influence the preservation of existing affordable rental stock.

Lastly, it is recommended to amend Section 2.2.2. and Section 3.4 to allow accessory dwelling units in the RS-17 zoning district on properties occupied by detached single-family homes. It is believed that an oversight in the RS-17 zoning district prevents accessory dwelling units from being constructed. Allowing accessory dwelling units in the RS-17 zoning district, with limitations, is similar to that allowed already in other residential zoning districts and is an efficient use of limited land for additional housing.

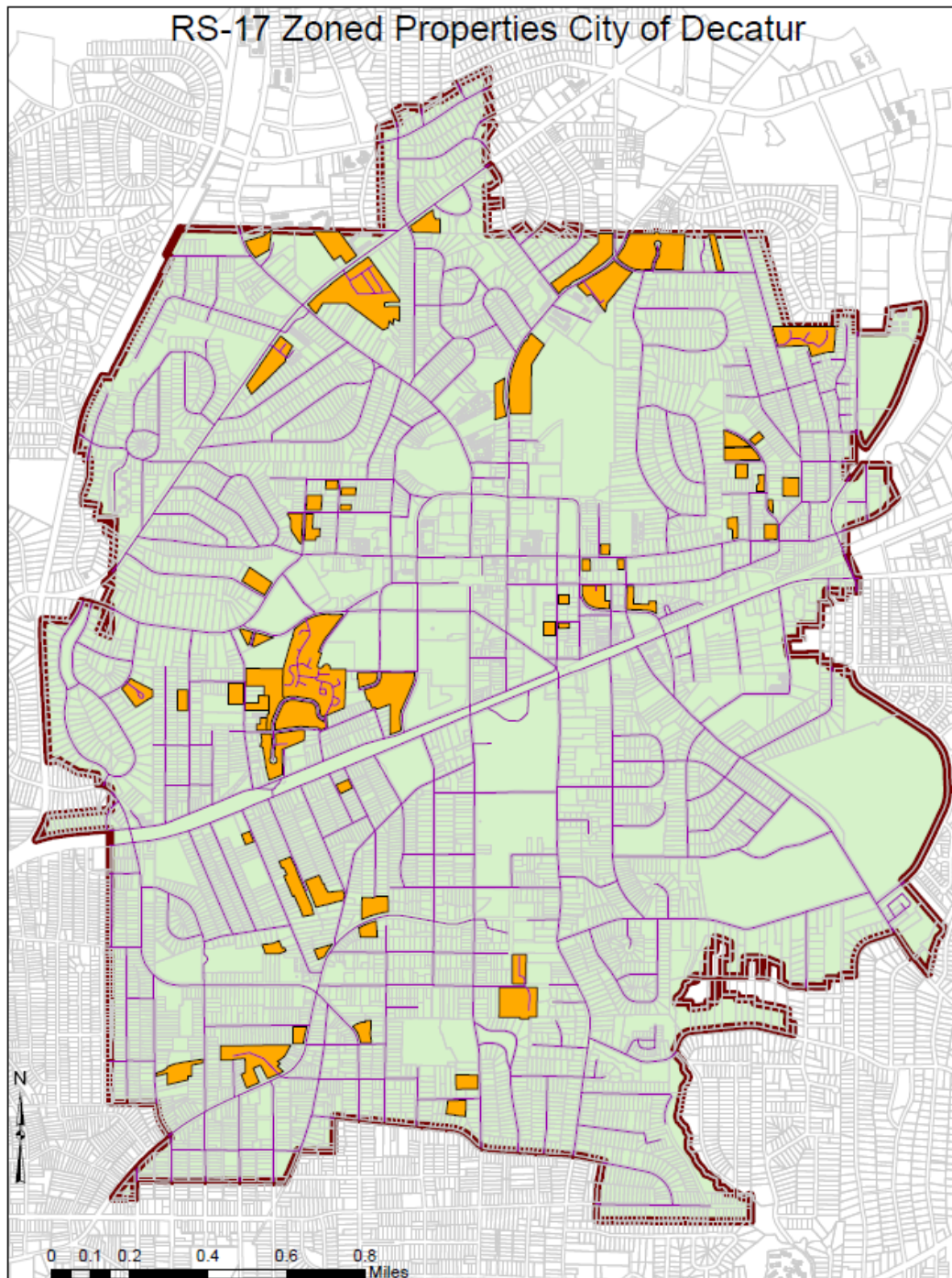
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44 Appendix G: RS-17 Zoned Parcels in Decatur





Figure 4.3 – Map of RS-17 Zoning Districts in the City of Decatur (in orange)





## Recommendation 5: Revise the S-4 Homestead Exemption

Currently, Decatur offers the S-4 homestead exemption to property owners 65 and older from paying the portion of their owner-occupied property taxes that go to the City Schools of Decatur. S-4 provides an exemption from school taxes, but not school bonds. This exemption took effect in 2017, and is scheduled to sunset in 2021. City Schools of Decatur is currently analyzing the impact of the exemption, and if and how to revise it moving forward.

Many low- and moderate-income seniors cannot afford to stay in their homes because of soaring property taxes without the S-4 homestead exemption, making them vulnerable to the offers of speculative developers to purchase their property. This turn-over has become a major driver of tear-downs and the construction of new high cost housing in Decatur.

This recommendation aims to extend and modify the current S-4 exemption to ensure low- and moderate-income seniors can stay in place. The recommendation is also an attempt to

mitigate any negative community sentiment about having such a substantial tax exemption changed. Existing Decatur homestead exemptions have revealed a gap between resident need and residents served. Currently, the S-4 exemption releases *all* senior homeowners over 65 from school taxes, regardless of income or the appraised value of their home.

The Task Force recommends setting limits on the S-4 to ensure benefit is going to low- and- moderate income homeowners. However, in an effort to reduce the administrative burden for both applicant homeowners *and* the City, the Task Force recommend using *the appraised value of the home* as opposed to *the income level of the homeowner* to determine eligibility for the exemption. The assumption is that appraised value is both easier to access *and* serves as an effective proxy for income. Figure 4.4 describes the number of owner-occupied homes by appraisal level.

*Figure 4.4: Number of Owner-Occupied Homes in Decatur by Appraised Value, Attached and Detached*

Appraised Value	# of Homes
<= \$400K	663
> \$400K	728
<= \$450K	840
> \$450K	551
<= \$500K	994
> \$500K	397



The Task Force used 2019 second billing appraised home value data to examine the projected financial impact for City Schools of Decatur using exemption limits of \$400K, \$450K and \$500K. In all cases, even after including the GS1 exemptions and maxing out the S-3 exemption (assuming all 65+ owners are actually 70+), there is still significant remaining taxable property. Anchoring this exemption on appraised value has several positive attributes, including:

- Eliminating the argument around "million-dollar homes" taking the exemption (there is still substantial taxable value on such homes after any of the recommended exemption limits).
- Indirectly encouraging dense housing (especially condos) since single-family dwellings naturally dominate the higher end of the home value spectrum.
- Includes many if not all the older homes with low-and-moderate

income residents living in them since they are not likely to be appraised above \$500K (or likely above \$400K in many cases)

Figure 5.4 shows examples of how this might affect a homeowner, currently qualified for the S-4, whose appraised property value is greater than \$500K after any other possible exemptions.

If a homestead exemption utilizing home values is considered to mitigate the effects of property value and property tax increase on low-and-moderate income senior residents, the Task Force also recommend lowering the age to 62 years to align with other City programs serving low- and moderate-income homeowners, which would expand the number of long-term residents served.

The Task Force recognizes that the ultimate decision about continuing and/or revising the S-4 homestead exemption belongs to the City Schools of Decatur, and asks that to the extent that it is feasible the City communicate this recommendation to CSD.

*Figure 4.5: Projected Impact of Proposed Homestead Exemption on Current S-4 Recipient, Property > \$500k*

Property value after other CSD related exemptions	\$550,000	\$550,000	\$550,000	\$550,000
S4 Exemption limit	\$0	\$400,000	\$450,000	\$500,000
Remaining property value	\$550,000	\$150,000	\$100,000	\$50,000
50% of remaining property value	\$275,000	\$75,000	\$50,000	\$25,000
Taxes to CSD (mil rate of 20.25)	\$5,569	\$1,519	\$1,013	\$506
CSD tax savings to homeowner		<b>\$4,050</b>	<b>\$4,556</b>	<b>\$5,063</b>



## Recommendation 6: Revision to Existing Tax Payment Assistance Program

The City of Decatur has an existing property tax deferral program to help low-and-moderate income residents for whom property taxes are a severe cost burden. While homestead exemption programs serve to reduce the amount of property tax owed, tax deferral programs serve to provide homeowners with a mechanism to put off paying property taxes until the sale or transfer of the property.

Currently, Decatur's Tax Payment Assistance Program (TPAP) offers a partial tax deferral for homeowners 62 years of age or older with a household income not exceeding \$20,000. The taxes on the first \$100,000 of assessed value may be deferred, payable with interest upon the sale or transfer of the property.

The Task Force were astonished to find that the existing TPA program does not have any participants at this time. The Task Force believes this is due to the unrealistic income cap of \$20,000 as it is nowhere near reflective of the current Decatur household AMI.

The Task Force recommends altering the household income amount from \$20,000 to 100% AMI using the AMI Levels for Metro

Atlanta; this would translate to \$55,800 for a one-person household, \$63,800 for a 2 person household, and \$71,800 for a 3 person household. This calculation is based on a projection of what inflation-based income level adjustment from past homestead exemptions would look like.

For example, the GS-1 exemption was put in place in 1985 with an income level of \$25,000 which when adjusted for inflation to reflect 2019 values is \$59,400. The S-2 exemption was put in place in 1995 with an income of \$40,000 which, adjusted for inflation to reflect today's dollars, is \$67,100.<sup>45</sup> These income levels fall close to the 100% AMI levels for a two-person household.<sup>46</sup> The Task Force believes that using the 100% AMI levels for Metro Atlanta would give an appropriate income level on which to base a revised Tax Payment Assistance Program, and with proper marketing would ensure the TPAP actually serves. The City of Decatur Finance Department operates this program, placing a lien on the home in exchange for tax deferral which is then repaid upon sale of the home.

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<sup>45</sup> Adjusted for inflation  
<https://www.usinflationcalculator.com/>

<sup>46</sup> Appendix D: Invest Atlanta AMI Chart for Workforce Housing Income Limits and Maximums, 2019.



## Recommendation 7: Extension of MLK Service Project: MLK Every Day

The Task Force recommends expanding the weekend-long MLK Service Project event to a year-long program to be called “MLK Every Day.” For over fifteen years, this organization has consistently delivered quality services that have impacted the quality of life for some of Decatur’s most vulnerable seniors.

The program was founded on the principle of Dr. King's *Beloved Community*, the notion that society should operate on the basis of justice, equal opportunity, and love of people. This concept resonates with the values of the Decatur community. There is value in assisting low- and-moderate income seniors with home repairs as a tactic for helping keep them in their property, as well as value in community engagement. The current budget is about \$30,000 per year.

While the MLK Service Project is best known for its MLK Day weekend of volunteerism and service, it actually provides services to senior homeowners throughout the year as well. This recommendation is focused on funding, formalizing and expanding these year-long efforts, and it anticipates the continuation of the MLK Day Service Project as well.

Under this recommendation, additional study to determine a) the depth of need for expanded services in terms of both number of households, types of projects, and cost of repair

services provided; b) the best organizational structure to manage this expanded program, including as the appropriate balance between its current dependence on volunteer labor and donated professional services and a more formal owner-occupied rehab program; and c) the viability of managing the funds for the program under the Legacy Project, a nonprofit entity founded by Decatur to serve as a fiscal agent for community-serving initiatives that don’t yet have their own 501(c)(3). Projections about additional funding will be driven by the answers to the questions identified above.

Additionally, the Task Force recommends formalizing the program’s current qualifying income levels for its grant and soft-loan programs, and expand its weatherization offerings either directly or through DeKalb County’s Weatherization Assistance Program run by the Partnership for Community Action, Inc.

The Task Force also recommends exploring ways for the Better Together Advisory Board, the Lifelong Community Advisory Board, and Neighborhood Alliance to further engage neighbors to check in on neighbors, invite seniors for a meal together or other community activities, furthering the concept of the *Beloved Community*.





## Recommendation 8: Rental Assistance Program

The Task Force recommends the creation of a rental assistance program in Decatur. Many of the existing programs and tax exemptions serving low-and-moderate income residents focus on homeowners. But given the nearly 50% rate of housing burden for renters in Decatur, there is a critical need for policies or programs to address this glaring financial challenge.

The rental assistance program should be structured to help with upfront rental costs including first and last month's rent and security deposit. This program could be set up under the Legacy Project nonprofit and structured as a soft loan program to be paid back in small monthly payments into a designated fund housed by the Project.

Eligible applicants to this program are current Decatur workers making 120% of AMI or below, living outside the City, who need limited financial assistance to move closer to work. The Task Force recommends including the requirement that applicants have worked in Decatur for at least one year to reduce the risks around gaming the program.

The Task Force recommends that rental assistance is capped at \$2,000 per applicant, to be paid back over a 24 month period with low interest. The Task Force recommends the fund be set up with a minimum \$25,000 deposit from the existing Housing Trust Fund.

## Recommendation 9: Affordable Accessory Dwelling Unit Finance Program

Accessory dwelling units (ADUs) are nationally recognized as a potential tool to increase density and promote affordable rental inventory. While Decatur enacted an ADU policy in 2015 that allows homeowners to build ADUs, there have been less than 50 constructed. One known barrier is the challenges around accessing financing for ADU construction.

As a result, the Task Force recommends funding and developing a soft-loan program for ADUs that would use the financing to leverage a commitment from the homeowner to set rents

affordable to households at 80% of AMI or below. Further study is needed to determine how long the affordability requirements would run (the Task Force recommends permanent affordability); how long the terms of the loan would run; and how both renter income and rent level compliance would be managed.

Financing could be explored through City of Decatur-raised public funds, local banks or CDFIs or through partnerships with existing builders of ADU units with the goal of increasing the supply of affordable housing.





## Goal #3: Increase Supply of Affordable Housing

*We must attract and retain people who make Decatur work and thrive.*

*“We can’t build our way out of the housing crisis, but we won’t get out without building.”  
(Jacobus, 2016)*

### Recommendation 10: Increase Affordable Housing Supply by Developing Innovative Pipelines of Developable Land

Developable land is a scarce and expensive resource in the City of Decatur. As a result, it is critical for the City to identify, access and/or develop innovative and affordable sources of developable land to reach their goal of increasing the affordable housing stock in Decatur. Decatur should focus on translating this land – especially that which is owned by the City and its public, nonprofit and faith-based partners – from *passive assets* to *development opportunities* by developing policies and procedures to encourage innovative affordable housing production. The Task Force identified the following potential sources of land for City consideration:

- **Decatur Legacy Park:** This once-in-a generation development opportunity on the former site of the United Methodist Children’s Home has a major role in addressing Decatur’s affordable housing needs. The Task Force supports the current Mast Plan and the supplemental housing study plan to develop up to 170 affordable and workforce units on this property.
- **City of Decatur owned property:** Although Decatur sold off much of its surplus property over a decade ago, there are still a handful of City-owned property that could be utilized for affordable housing development. Combining low-cost or free land with

affordability requirements would help Decatur attract and incent developers willing to build affordable housing in the City.

- **DeKalb County owned property:** DeKalb County owns several pieces of property in the City limits, some currently used to capacity, some underutilized, and some not currently in use. Decatur should open negotiations with DeKalb to assess their appetite for selling/donating this property for affordable housing development.
- **MARTA owned property:** MARTA’s Transit Oriented Development (TOD) policies include a requirement that any residential project have at least 20% of units be set aside as affordable and workforce housing. Decatur should prioritize affordable housing as a key element of any TOD project that takes place at the East Lake and Avondale MARTA Stations, and leverage partnerships to increase the percentage of affordable and workforce units.
- **Currently undevelopable land that needs no more than 3 variances to become buildable:** Currently undevelopable privately-owned land should be inventoried to determine which could not be developed with 3 or less variances.



Owners of such properties should be encouraged to develop with affordable housing requirements.

- **Underutilized faith-based/church-owned property:** Decatur has a plethora of places of worship, many of which have both underutilized areas of their property (especially parking lots) *and* a mission to address issues of poverty and inequity. These institutions should be encouraged to develop a faith-based affordable housing initiative involving below-market sale and/or land donation.
- **Underutilized nonprofit-owned property:** There are several large nonprofit owners of underutilized property in Decatur. These organizations should be encouraged to develop a nonprofit affordable housing initiative involving below-market sale and/or land donation.
- **Underutilized downtown parking lots:** Underutilized downtown parking lots should be inventoried to assess feasibility for mixed-used and residential development that includes affordable or workforce housing units.
- **Annexation:** Decatur is currently involved in a project with the Fanning Institute and the DeKalb Municipal Association to assess and define its annexation plans over the coming years. Although annexation is traditionally used to increase the proportion of commercial property in a given jurisdiction, affordable housing should also be considered as a strategic criteria for future annexation plans. Annexation will require the cooperation of the DeKalb County legislative delegation, and could involve complex political considerations.
- **Building on top of existing structures:** City-owned facilities, privately owned property and parking decks should be inventoried to assess the construction/engineering feasibility of building on existing structures, starting with City-owned facilities (Ebster Recreation Center, Decatur Recreation Center, Public Works). This is a complicated option which includes challenges around legal, taxation and financing complexity as well as zoning and building code barriers.



## Recommendation 11: Decatur Land Trust

The Task Force recommends the City Commission act to help fund and build the capacity of the Decatur Land Trust (DLT). The community land trust model requires the DLT retain ownership of the underlying land while selling or renting the structure to an income-qualified buyer, with a deed restriction attached to the sale or income limits included in the lease to preserve affordability for 99 years. Deed restrictions will also set limits on the income of next-generation buyers and/or can limit the amount of equity a seller can capture.

In order to build capacity and momentum, the DLT will need to identify specific programs to execute on initially, including but not limited to an ADU pilot; the Cottage Court pilot; working with MLK Every Day to offer senior homeowners the option to sell their property to the DLT and reduce their tax burden; the development and marketing of a “life estate” program to capture donations of property for use as affordable housing; the purchase from private developers of IZ-developed affordable rental or for-sale units; or the direct purchase of lots or lower-cost homes to demolish and build duplexes or triplexes. The DLT could also look at various parcels of City-owned land in Decatur to accommodate tiny homes, modular homes or other innovative approaches to affordable housing.

In order to purchase property and get it off of the speculative real-estate market before it becomes prohibitively expensive, the DLT will need to build or access significant organizational capacity quickly, including

administrative, financing, real-estate development, compliance and stewardship capacity. The DLT Board and City leaders should explore the pros and cons of several paths towards obtaining this capacity, including:

- Build internal capacity at the DLT through direct funding, staffing and “learning by doing” through initial projects.
- Sub-contract for some of this capacity with a high-functioning affordable housing organization; the Task Force looked at the DHA (and/or its nonprofit subsidiary) as a potential sub-contracting partner, and encourages City, DHA and DLT staff to determine the benefits and drawbacks of this potential arrangement. If pursued, a subcontracting arrangement could be open-ended, or could sunset as certain capacity milestones are met by the DLT.

The Task Force recommends a Housing Opportunity Bond be issued at a minimum amount of \$5M to fund the DLT’s operations, acquisition and development activities. Additional funding above this amount will be needed to adequately operate the DLT over the next decade plus, and the City should consider sources such as local revenue (general operating and otherwise), banks, Community Development Financing Institutions (CDFIs), or other public sector dollars (i.e. DeKalb County HOME or NSP funds) for a funding pool specifically dedicated to the Decatur Land Trust.



## Recommendation 12: Inclusionary Zoning

The Task Force recommends the City of Decatur adopt an inclusionary zoning (IZ) policy as one of their first priorities. IZ requires developers building above a certain unit amount to set aside a specific percentage of units for low-and-moderate income renters and/or buyers at identified AMI levels. IZ ordinances also include an option for in-lieu fees, a mechanism for developers to pay a fee to the City in-lieu of building the affordable units in their development. This fee can be used to create affordable housing in other areas of Decatur.

Most of the new residential units built in Decatur over the last decade have been downtown, and most of these have been part of mixed-use developments with commercial/office use on the ground floor and residential above. New mixed use developments in Decatur typically have not included affordable units due to the cost of commercial land in Decatur, which ranges from \$900K-\$1.5M per acre and exceeds the metro Atlanta average.<sup>47</sup> This land cost makes the financial feasibility of affordable units without

subsidy or development incentives fairly unattainable in the private market.

Given rising land/property prices and construction costs, the IZ ordinance also include incentives for developers to mitigate the financial impact of the requirement. Potential incentives could include:

- Density bonus (will need revising, current density bonus in UDO not being used)
- Transfer of development rights
- Adjustments to parking requirements
- Priority plan and permitting reviews
- Reduced permitting fees
- Tax abatements

An IZ ordinance can be adopted by amending the City of Decatur Unified Development Ordinance. An example of the City of Atlanta's IZ ordinance includes the following elements described in Figure 5.5.

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<sup>47</sup> Based on the Market Value of land in Downtown Decatur; DeKalb Tax Records 2018.



*Figure 4.6: Mandatory Inclusionary Zoning Ordinance Characteristics*

<b>Applicability</b>	Projects with 10 or more units
<b>% of Affordable Units Required</b>	10% at 60 percent AMI OR 15% at 80 percent AMI
<b>In-Lieu Fees</b>	\$135,000 per unit

In order to ensure the long-term/permanent affordability of units developed through IZ, the Task Force recommends the City to explore whether and how to position the Decatur Land Trust (DLT) to purchase IZ-generated affordable units (either rental or for-sale). This will require a high-functioning and well-funded DLT, and will enable the units to be held at affordable levels in perpetuity.

Another method that could be explored to purchase the affordable units generated through IZ is through a collaboration with the DHA to purchase the units using a range of

appropriate funding sources. This would enable the DHA to purchase and rent these units at affordable levels as part of their broader affordable housing portfolio.

Further analysis on the fiscal impact of proposed incentives, as well as meeting with existing and potential Decatur developers to ensure that the appropriate mix of relevant and impactful incentives are included. In addition, lessons learned from other jurisdictions with active IZ ordinances should be taken into consideration prior to adoption.





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### Recommendation 13: Increase Supply of Affordable Housing Options by Allowing Duplex, Triplex and Quadplex Construction in Current Single-Family Zoning

Currently approximately 70% of all land in Decatur is zoned single-family, and 91% of residential land use is detached single-family homes and 7% is comprised of multi-family, stacked flats, or townhomes.<sup>48</sup> In order to increase the number of affordable units the City will need to allow for a targeted increase in density in these low-density areas.

Maintaining current design requirements, scale and height limitations will help ensure that new multi-unit buildings are compatible with surrounding single-family detached homes and blend into the surrounding neighborhood fabric. Consideration should be given to increase Floor Area Ratio (FAR) from 0.4 of lot size to 0.6 of lot size for proposed triplexes and quadplexes to encourage more density.

This increased density will facilitate reduced land costs over total developed units, reducing the need for subsidy to achieve affordability targets. There is precedence for this increased density approach as well, as the duplexes and triplexes currently scattered throughout Decatur were allowed in single-family neighborhoods until the zoning ordinance was changed in the mid-1980s.

Further analysis is needed to identify if and how to set limits on this increased density allowance, perhaps based on lot size or near high-traffic corridors. Further study is also needed to determine if and how to attach affordability requirements or incentives to the development of duplex, triplex, quadplexes.



## Recommendation 14: Developer Incentives for Affordable Housing

The Task Force recommends a range of additional changes to the development and permitting process to emphasize its commitment to affordable housing development, many of which were discussed as incentives for an Inclusionary Zoning policy. The Task Force recommends including them for *all* projects with an affordability component,

including reduction of permit fees, priority plan and permitting reviews, reduction in parking requirements, and designing an increased density bonus. The percentage of affordable units necessary to trigger these benefits will need to be determined as part of the implementation.

## Recommendation 15: Innovative Housing Typologies

The Task Force recommends that the City explore approaches based on alternative living arrangements such as co-living, co-housing and Cottage Court projects. Presently, the City's development codes allow up to four unrelated persons to occupy a dwelling unit to encourage co-living. Co-housing, or roominghouses, are presently allowed in just a few zoning districts. One strategy is to allow more co-housing opportunities as a limited use or conditional use permit in more zoning districts.

The Task Force further recommends that Decatur make the Cottage Court option more financially viable by following the recommendations of the 2016 Decatur Affordable Housing Policy Analysis, including an increase in density for any Cottage Court development to 17-22 units per acre, or the utilization of a 2-for-1 development density to allow two Cottage homes to be developed on any lot large enough to fit a single family home.



## GOAL #4: REVENUE GENERATION

*In order to achieve Decatur's affordable housing goals, the City will require significant additional revenue for land acquisition, development, operations and subsidy. The Task Force explored local, other public, private and philanthropic options, and made recommendations around the strategic partnerships necessary to raise these critical funds.*

### Recommendation 16: Development Impact Fees

Development impact fees are authorized by the State of Georgia in the Georgia Code [O.C.G.A. § 36-71-2(8)]. Development impact fees are defined as "a payment of money imposed upon development as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve new growth and development." In other words, developers are charged impact fees so that the actual development costs for the additional residential or commercial development are paid for by the new development, rather than the local municipality. Allowable services covered by impact fees include libraries, recreation, water supply, roads and bridges, public safety, wastewater treatment and storm-water management.

Impact fees cannot be used to *directly* support affordable housing efforts, but as they are collected, general revenue currently covering these functions can be redistributed to support affordable housing activities. The Task Force recommends that the Commission dedicate a certain portion of these "liberated" revenues to affordable housing.

Impact fees are currently a source of revenue imposed on new construction in many parts of Metro Atlanta, including Atlanta, Sandy Springs and Roswell. The Task Force cautions the City to ensure that the impact fees do not

inadvertently raise overall project costs at rates that may cause greater issues of affordability.

The City has engaged consultants to study how to best structure impact fees in Decatur. The approval process to enable the City of Decatur to collect impact fees is through the State of Georgia Department of Community Affairs.

Another potential source of revenue through impact fees are called "Linkage Fees." Linkage fees are also imposed on new construction but are calculated by the total square footage of a project rather than the costs for the infrastructure or resident services required by the project. A per-square-foot-fee is set which varies between residential and commercial development. For example, in Los Angeles, commercial linkage fees are set between \$3-\$5 per square foot and residential linkage fees are set between \$1-\$15 per square foot, dependent upon the market strength.

Linkage fees are attractive because they are not attached to a specific service and therefore can be directly "linked" to affordable housing. Los Angeles and Boston are currently using these linkage fees to produce affordable housing. The drawback to linkage fees is that they are currently disallowed under state law and would require state legislative approval of the use of linkage fees for Decatur.



## Recommendation 17: Bonds

The Task Force reviewed two types of bonds with potential for funding affordable housing programs and projects in Decatur: Housing Opportunity Bonds and a Tax Increment Financing Bonds. Both are attractive for purposes of funding as they do not require the City of Decatur to raise property taxes to pay them back.

**Housing Opportunity Bond (HOB)** - a publicly issued municipal bond secured by the local governments' general funds. Through a HOB, money would be lent to Decatur at a low interest rate to fund affordable housing projects and programs. Because HOB funds are generally offered as *loans* and not grants, the proceeds are paid back by the borrowers that are funded, and not by taxpayers.

HOBs have been used successfully in Metro Atlanta for over a decade. Since 2007, the City of Atlanta has issued and sold \$75 million+ of these bonds and put the money into a fund for Invest Atlanta to lend at a low rate to various projects, programs and developers. Invest Atlanta allows HOB funds to be used for land acquisition and assemblage; single family loans (owner-occupied rehab, down payment assistance, construction financing, etc.); and multi-family loans (construction financing). HOB funds are generally used to leverage additional financing from the private and philanthropic sectors.

The Task Force analyzed HOB amounts per capita for other cities addressing affordable housing issues (Atlanta, Charlotte, and Portland), and based on this analysis and the city's affordable housing needs, the Task Force

is currently recommending that Decatur issue a Housing Opportunity Bond for \$5 million. Further study is needed to confirm this amount. The Task Force recognizes that the comparison cities are much larger than Decatur, and recommends the City explore whether and how population size might impact the analysis.

**Tax Increment Financing (TIF) or Tax Allocation District (TAD) Bonds** - Georgia's Redevelopment Powers Law was adopted by the General Assembly in 1985 and gives cities and counties the authority to sell bonds to finance infrastructure and other redevelopment efforts within a specially defined area called a Tax Allocation District or TAD. The bonds are secured by a "tax allocation increment" which is the increase in the property tax revenues resulting from redevelopment activities undertaken.

As public improvements and private investment take place in a TAD, the taxable value of property increases. The city/county collects those revenues, putting the increase due to the new investment into special fund to pay off bonds or loans that financed the public improvements in the District. Tax Increment Financing is the name for this financing mechanism, while Tax Allocation Districts are the geography within which the bond-funded redevelopment can take place and the increment financing is generated.

Under the law, TADs can be created in areas that are either:

- 1) Blighted or distressed



- 2) Deteriorating
- 3) Have inadequate infrastructure

TIF Bonds can be used to fund the following items within the designated TAD district:

- A) Capital Costs
- B) Financing Costs
- C) Professional Service Costs
- D) Administrative Costs
- E) Relocation Costs
- F) Organizational Costs
- G) Payments to a Political Subdivision
- H) Real Property Assembly Costs

Decatur approved the use of TADs in 2010, and created its first - the East Decatur TAD – in 2015 to pay for infrastructure improvements surrounding the Avondale MARTA station and the Talley Street Upper Elementary School. To utilize TIF Bonds for affordable housing, the City of Decatur could create a second Tax Allocation District in an area that fits state requirements and is deemed suitable for the development of affordable housing.

Downtown Decatur is typically thought to have extremely limited developable land. However, Task Force's assessment of developable land parcels throughout Decatur revealed that downtown has an abundance of underutilized parcels and surface parking lots. In fact, based on an analysis, approximately 20% of downtown land mass is underutilized space and/or surface parking.<sup>49</sup>

The revitalization of surface lots has been a goal of Decatur's since the 1982 Decatur Town Center Plan, and is mentioned again as a goal in 2000 and 2010 strategic plans. Residential and mixed-use developments built on surface parking lots, the Artisan, 1133 on the Square, and the ARLO are examples of having Lifecycle Dwelling Units, but it is simply not enough. A downtown TAD with a focus on affordable housing married with an Inclusionary Zoning ordinance could position Decatur to strategically increase density, support downtown development and leverage both towards the City's affordable housing goals.

TIF funds could be used strategically to make improvements to the downtown. For example, the area of Church Street/Commerce to N. Candler St and Ponce de Leon Ave need sidewalks and improved cross-walks and is filled with surface lots, low-lying buildings and inefficient parking decks that could be opportunities for residential or mixed-use development with required affordability.

In addition, this area houses many government- and church-owned buildings, where creative partnerships could both help improve infrastructure and keep this land from moving from the public sector to the private market. Lastly, improvements around housing in this area could be targeted to employees who work in the City of Decatur with a goal of reducing traffic by reducing commutes and the need for parking. Pursuing a downtown TAD could help the City address multiple goals at

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49 DeKalb County Tax Records, Ratio of Surface Lot Acreage to Downtown Acreage, 2019



once: downtown development, affordable housing production, infrastructure improvement, and increasing the number of residents who both live and work in Decatur.

If a TAD were to be created in downtown Decatur, it would need two public meetings and approval by the City Commission. Additional study is needed to lay the groundwork for developing a downtown TAD. The City would need to determine appropriate boundaries for the TAD, as well as develop a framework for an investment strategy and allowable/priority funded activities. In addition, given the

recommended focus on affordable housing, Decatur would need to develop strategies to limit the risk that increased investment and property values would make it *more* difficult to develop affordable housing, not less. Potential solutions could include but are not limited to targeting church- and publicly-owned land to engage mission-driven owners with mission-driven limits on their need to maximize profit, as well as funding and deploying a strategic land acquisition effort as soon as the TAD is approved to get land banked and off the speculative real-estate market.

## Recommendation 18: General Funds

The Task Force recommends that the City of Decatur annually dedicate a portion of its General Funds for affordable housing; this will serve as one indicator of the City's commitment to addressing this pressing issue. Executing on even a portion of the recommendations in this report will take significant staffing and administrative capacity. The Task Force recommends that the City dedicate a minimum of \$250,000 per year to begin with. Decatur will need to fund administrative/planning costs, land acquisition, predevelopment activities, program design and management and income eligibility and compliance efforts. Longer-term, Decatur will need dollars to fund infrastructure development, construction financing and affordable housing subsidies.

In addition, Decatur will need an immediate funding source to undertake the

required studies to design the Tax Allocation District, Housing Opportunity Bond program as well as the additional analysis required to build-out an innovative land acquisition pipeline, design an IZ program and address density barriers in the UDO.

Finally, Decatur will need a staff or consultant-driven fiscal impact study to develop a concrete budget for affordable housing over the next decade, looking at minimum at funds from an Housing Opportunity Bond, TAD/TIF funding, released funds through Impact Fees, In-Lieu fees through IZ, general revenue and leveraged funds from external public, private and philanthropic sources. This level of analysis was beyond the scope of the Task Force, but will be foundational for Decatur to address its affordable housing crisis moving forward.





## Recommendation 19: Additional Sources of Revenue

**In-Lieu Fees** - While initially described as part of a proposed Inclusionary Zoning policy, these in-lieu fees can be an important source of funds for an affordable housing program. Developers who are required to build a certain percent of affordable units as part of their development can opt to instead pay an in-lieu fee (proposed at \$135,000 per unit) to the Decatur Housing Trust Fund. For example, a project with 100 units that is required to ensure that 10% of the project serve residents at 80% of AMI could yield up to \$1.35 million to help fund housing needs in Decatur.

**Real Estate Transfer Tax** - While Decatur does not currently utilize a real estate (or property) transfer tax (RETT), this fee is allowed by Georgia law. While real estate or property transfer taxes are allowable under Georgia law, individual governments must get state legislative approval to implement them; Decatur would need to get such approval.

State and local governments in 38 states including the District of Columbia impose a property transfer tax. Municipalities, including San Francisco, New York City, Oakland and Chicago now charge a RETT on a graduated scale based on the sales price of the property.

Opposition to a RETT is typically from the real estate market and is based on the fear of reducing transactions, increasing closing costs and making housing unaffordable. Other critics cite the RETT as an unreliable source of revenue during an economic downturn. However, supporters cite the need for additional revenue for affordable housing and argue that a graduated rate would take advantage of growing property values in wealthier areas. Given the average rate of turnover of properties in Decatur, this could prove to be a meaningful source of funds for the city's affordable housing initiatives.



## Recommendation 20: Strategic Partnerships

The development of affordable housing in Decatur will require strategic partnerships and coordination between multiple sectors and actors. The City has the tools and experience to set land-use, development and tax policy, as well as raise local revenue and pursue some external funds to support its affordable housing agenda. But the City will need partners to provide private equity, access certain types of public funds, design and execute financially sustainable projects, produce innovative housing design that promotes affordability, manage construction, market new housing to eligible low-and-moderate income applicants, and ensure compliance with respect to income qualification.

Partnerships can be convened on a project basis, but collaborative thinking should also be facilitated on an on-going basis, for example on the proposed Decatur Affordable Housing Board. Building and maintaining relationships can facilitate the alignment of resources in a more efficient and effective manner.

**Potential City of Decatur/Decatur Housing Authority (DHA) Partnership** - The City needs a broad range of capacity to design, manage and evaluate the impact of its affordable housing strategy, and could benefit from a more formal arrangement with a high-functioning organization that already has developed this competence. The Decatur Housing Authority is such a local high-functioning affordable housing organization, and the City could benefit from exploring a more formal partnership with the DHA as it moves into a more proactive role vis-à-vis affordable housing.

### Potential Partners

Financial intermediaries that are significant affordable housing funders with ATL presence

Enterprise Community Partners

Local Initiatives Support Corporation (LISC)

Atlanta Neighborhood Development Partnership

### Financial institutions

Truist, Bank of America, Wells Fargo, Regions Bank, Synovus, Fifth Third Bank, JP Morgan, CenterState Bank, and Ameris Bank.

### Community Development Financial Institutions (CDFI)

CDFIs are nonprofit financial institutions dedicated to financing affordable housing and economic opportunity for low-income communities

Local CDFIs: Atlanta Neighborhood Development Partnership (ANDP) and Citizens Trust Bank



The DHA has specific legal authority and jurisdiction related to the development, ownership, and management of affordable housing in Decatur. DHA has invested \$78,139,999 since 2000 in the development and renovation of 537 units including 182 homeownership and 355 rental units.

In addition, the DHA has a nonprofit called the Decatur Housing Initiatives Corporation (DHIC). DHIC provides DHA with access to nonprofit funding sources, including public, private and philanthropic grants. Finally, DHA is a capable property and compliance manager of 518 market rate, LIHTC, public housing, Section 8, and Project Based Rental Assistance units and an additional 1,250 Housing Choice Vouchers.

In summary, the City would benefit by partnering with high-functioning organizations like the DHA to move quickly on addressing affordable housing needs. The DHA has significant experience and capacity in most of the core affordable housing functions needed to move forward, including financing, construction, property management, grant management and compliance.

**The City of Decatur has specific experience in these areas of applicable to affordable housing:**

Financial Management  
Fiscal Oversight  
Audit Responsibilities  
Zoning Restrictions and Oversight  
Design Flexibility Options  
Marketing

**DHA has specific housing experience in:**

Financial Management  
Fiscal Oversight  
Audit, including DCA Reviews  
Implementation  
Real Estate Development  
    Market Rate, Affordable & Workforce Housing  
Property Management of Assisted and Market Rate  
Low Income Housing Tax Credits Compliance  
Income and Eligibility Certification for Participants  
Initial Annual Verification  
Marketing



*Figure 4.7: Summary of Funding Resources through the DHA and Other Nonprofits*

Funding Mechanism	Description
<b>LISC Funds</b>	Tax Credits (Federal & State) are sold to investors to raise equity for rental projects up to 80% AMI
<b>DCA HOME and CHIP Funds</b>	CHIP (Community HOME Investment Program) is a DCA program that grants funds to developers and local governments – can be used for single family home purchase or housing rehab
<b>DeKalb County HOME Funds</b>	Funds targeted for development of low- and moderate-income housing
<b>DeKalb CDBG Funding</b>	The CDBG Entitlement program provides annual grants on a formula basis for projects serving low and moderate income persons
<b>DeKalb NSP Funding</b>	Neighborhood Stabilization Program are federal dollars provided through the Housing and Economic Recovery Act of 2008. Much of NSP funding was provided as soft loans, and local gov'ts have “recycled” NSP dollars available.
<b>CRA</b>	Banks typically invest money for affordable housing through their Community Reinvestment Act (CRA) arm, which is sometimes routed through a Community Development Financial Institution (CDFI) for specific affordable housing projects.
<b>Capital Magnet Fund</b>	Provides competitively awarded grants to CDFIs and qualified nonprofit housing organizations for Low, Very Low and Extremely Low income families
<b>Enterprise Community Partners</b>	Enterprise is among one of many nonprofits with potential funding sources for affordable housing



## Recommendation 21: Financing the Affordable Housing Trust Fund

While identifying potential sources of local funding for affordable housing activity is a critical part of the Task Force's mission, it is equally important to explore options for holding and protecting these dollars from the challenges of political cycles and competing municipal needs. The Task Force recommends the City look at an Affordable Housing Trust Fund as its primary container for dedicated affordable housing dollars.

"Housing trust funds are distinct funds established by city, county or state governments that receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. Housing trust funds systemically shift affordable housing funding from annual budget allocations (and allow for) the commitment of dedicated public revenue."<sup>50</sup>

The City created an Affordable Housing Trust Fund over 10 years ago to receive recycled down payment assistance dollars from a program designed to facilitate some affordable units in the newly constructed Artisan project. DHA has managed this Housing Trust Fund for over 10 years on behalf of the City; as of November 2019 the balance is \$214,477.

However, the Trust Fund doesn't currently have a well-articulated investment strategy, nor does it have any on-going source of funding. The City should develop an investment strategy to include income targets, eligible applicants and fundable activities, as well as expand its investment into the Housing Trust Fund as a resource for affordable housing projects. For example, the Housing Trust Fund should be the repository of the annual city investment of \$250,000 of general funds. Given changing capacity needs and partnership structures, the City should also assess where the best organizational home is for the Affordable Housing Trust Fund.



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## GOAL #5: COMMUNITY EDUCATION & ENGAGEMENT

*Education and engagement can help residents understand root causes of the affordable housing problem, realize its broader impacts and see how policy changes can lead to meaningful improvements in Decatur's overall quality of life.*

### *Recommendation 22: Create Effective Community Engagement and Education on Affordable Housing*

The Community Education Committee focused on two primary questions: 1) What are the primary arguments that affordable housing opponents would likely use in their resistance to the recommendations in this report, and what are the messages that can be used to confront and neutralize them; and 2) What are the existing – and new – engagement and communications mechanisms that can be leveraged to broadcast these messages?

The Task Force hopes to reach all of Decatur's citizens with the intention to address affordable housing myths and build allies who will share this knowledge in the broader community. The Task Force aims to convert NIMBYism ("not in my back yard") to YIMBYism ("yes in my back yard") when it comes to affordable housing. The Task Force recommends the City and community collaborate to address negative myths and promote positive messages about the importance of affordable housing to Decatur's vitality and resilience. The Task Force has identified both existing and potential new forums and mechanisms for community education, including the following:

- Public gatherings and open forums
- Existing City of Decatur website and social media
- Decatur Focus articles
- Other local/regional news outlets (print/TV/on-line)
- Postcards or brochures to Decatur addresses
- Decatur Business Association communications
- Decatur FM radio station
- Community engagement during the current Decatur 2020 Strategic Plan
- Develop Affordable Housing Speakers Bureau to push the affordable housing message in multiple settings, recruiting from the Task Force, new Affordable Housing Board, faith leaders, other Decatur leadership forums, residents, advocates, and activists.
- Set up Decatur faith community weekend, educate and recruit local citizens and faith leaders to become affordable housing champions and educators.
- Solicit volunteers from Decatur's residents and workforce to share their housing stories on video, add to the City of Decatur social media and website, use at public gatherings and meetings.
- Affordable housing myth-busters information and art work/installations around the City.





## Recommendation 23: Identify High-Impact Messaging for Community Education and Engagement Efforts

While Recommendation 22 addressed the *process* of communicating a positive message about the value of affordable housing, Recommendation 23 addresses the proposed *content* of these messages. Overall, there is a fairly simple and direct story to tell. Residents of Decatur, as shown in the studies and plans over the past 12 years, are passionate about keeping Decatur a diverse and vibrant city. In addition, Decaturites want its workers to be able to live here and want to keep longtime residents in place.

To make Decatur's housing goals a reality, steps must be taken to add housing units to Decatur and to prevent the loss of lower-income and older residents. Because of the cost of land in Decatur, adding low-density affordable housing is not possible. Decatur must understand this relationship and the trade-offs around density that are needed to build affordable housing.

Other viable ways to add housing in Decatur are to convert smaller homes into duplexes/triplexes/quadplexes, to build small multi-unit development in neighborhoods, and to add ADUs to homes. These will also increase density. However, if one looks around at any neighborhood in Decatur they will see this has to be done successfully in the past and is already part of the community fabric.

City Schools of Decatur published a study in early 2020 that showed that new downtown multi-family development had

### **Do It Like Drexel**

Missing Middle Housing will be needed to close the gap between available and need housing stock. Drexel Avenue is an exemplary street with a mix of housing types and density.

### **Preserve and Rehabilitate**

Methods to keep existing rental units affordable, programs that assist with weatherization & necessary repairs.

### **Density is a Must**

Multi-Family units offer opportunity to add affordable stock in a 4.7 square mile area where land is limited and extremely expensive.

### **New Housing Stock Is Imperative**

Create policies that ensure future commitment to increasing and maintaining affordable and workforce housing stock.



negligible impact on student enrollment.<sup>51</sup> In addition, national data shows that school quality is not negatively impacted by percentage of student growth. Before reacting negatively to larger schools, Decaturites need to understand options for increasing the school's capacity, and that this can be done without negatively influencing the strength of the schools.

When housing is available for those who live and work in Decatur, public transit, bicycling and walking become commuter options. The metro Atlanta area, as well as Decatur, will add population. Instead of fearing this population increase, Decatur must be open to new forms of transit and to decreasing their car-dependence. There has been good national research on the impact of various types of messaging on resident and decision-maker opinion and behavior,<sup>52</sup> including the following high-level suggestions about how to frame communications:

**Elevate the Issue:** Create messaging that builds broader understanding about why affordable housing is a matter of public concern – why does it impact the whole community?

**Explain Disparities:** Help people understand what restricts access to affordable housing, and how both historic and current racial discrimination contributes to the problem.

**Highlight Solutions:** Emphasize that more effective approaches are currently working elsewhere and are within reach.

This national research emphasizes the importance of keeping messaging affirmative, focusing on the benefits of more affordable housing rather than the negative impacts of a lack of affordable units. Table 14 provides some examples of this approach:

Key myths about the negative impact of affordable housing will need to be identified and consistently addressed in all communications on the issue. Some core myths that have been expressed in various public forums include the following:

- Will decrease property values
- Inappropriate for community/ "neighborhood character"
- Will add strain on schools and local services
- Will increase local traffic
- Bad design does not fit in
- Too much density
- Will contribute to crime and urban blight
- Too much change

The members of the Community Education Committee have expressed their willingness to stay involved past the approval of this document to help build out both the process and content of a robust affordable housing education and engagement effort; additional Task Force members may be interested as well. The City should continue to work with the committed volunteers of the Task Force to develop this campaign moving forward.

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51 <http://www.dejongrichter.com/csdecatur/>

52 "Putting it Together: A Framing Playbook for Affordable Housing Advocates," Enterprise Community Partners, 2018.



Figure 4.8: Examples of Positive Messaging on the Impacts of Affordable Housing<sup>53</sup>

Instead of this...	Try this...
Our community has a shortage of affordable housing units.	Our community's housing costs have outpaced local incomes.
The housing market has spiraled out of control.	Our rules and guidelines for community development are out of date, which is allowing housing costs to spike.
Our regional economy can't compete given the scarcity of affordable housing. We need a multi-pronged approach, including subsidies, incentives, and increased supply.	Because our region's rents and mortgages are out of step with wages, we need policies that make sure that good places to live are within the reach of our workforce.
People who work low-wage jobs often must spend more than half of their earnings on rent. In our state, there isn't a single county where a single mother can afford a one-bedroom apartment on a minimum-wage job.	Housing costs are rising faster than income and earnings. We need to work on both sides of this equation, adjusting both housing and economic policies.
Because housing prices downtown are unaffordable on most incomes, many families are forced to live in the outer suburbs, enduring long commutes and losing precious family time.	If our community takes steps to sync local incomes with local housing costs, people will live closer to where they work. We'd likely see a range of surprising benefits, from less traffic to greater family involvement in schools.

53 Ibid



## PRIORITY RANKINGS: RANKING CRITERIA AND SPREADSHEET FOR EACH RECOMMENDATION BY GOAL

The Task Force has developed a matrix showing the future potential for increasing the supply of affordable housing with brief descriptions of methods, time frames, costs and priorities for implementation. The key element to

each of these recommendations is that the City must adopt policies and funding programs specifically designed to promote and incentivize affordable housing development.

**Estimated Time Frame to implement:**

Short: 6 months-1 year  
Medium: 1-2 years  
Long: 2 years or longer

**City Costs/Staff Time:**

\$: Low loss in revenue or general fund impact  
\$\$: Moderate loss in revenue or general fund impact  
\$\$\$: High loss in revenue or general fund impact

**Cost to Property Owner/Developer:**

\$: Low cost to property owner/developer  
\$\$: Moderate cost to owner/developer  
\$\$\$: High cost to property owner/dev

### Goal #1: Formation of Affordable Housing Board and Staff Designation

Option for Council Consideration	Description	Estimated Time Frame to Enact	City Direct Costs/Staff Time	Cost to Property Owner / Developer	Potential to Increase or Retain Affordable Units	Consideration and Details	Task Force Priority
Formation of Affordable Housing Board	Formalize and appointments	Short	\$	-	High	Necessary step to move Affordable Housing to the Forefront, need expertise and oversight	High
Dedicated Staff Member	Full time, dedicated staff member to only affordable housing development and needs	Short	\$\$	-	High	Staff with sole focus on affordable housing	High



## Goal #2: Preserve Units and Keep Existing Residents in Place

Option for Council Consideration	Description	Estimated Time Frame to Enact	City Direct Costs/Staff Time	Cost to Property Owner / Developer	Potential to Increase or Retain Affordable Units	Consideration and Details	Task Force Priority
Tax Abatement for NOAH	Five year tax abatement to keep units affordable at 80% AMI	Medium, however this is an urgent need	\$\$	-	High	Require CSD approval	High
RS-17 Zoning Changes	Allow duplex and triplexes, with requirements on massing and height to maintain neighborhood context	Med	\$	\$	High	Multi-unit buildings will require special approval from planning	High
Revise Homestead Exemption	Revise S-4 Homestead Exemption. Criteria based on age and home value.	Med	\$	-	High	CSD approval and legislative	High
MLK Every Day	Funding for repairs for low income residents and seniors throughout the year	Short	\$	-	Med	Expansion of existing MLK program	High
Revise Tax Payment Assistance Program	Revise existing Tax Assistance Program to provide relief for those unable to pay property taxes, to be deferred and repaid on sale of property	Med	\$	-	Med	CSD and Legislative Approval	High
Rental Assistance Program	Rental soft loan to help workforce in City of Decatur pay rental deposits	Med	\$\$	-	Low	Under Legacy Project for Administration	Med
ADU Finance Program	Pilot program for ADU financing for affordable units	Med	\$	-	Med	Look to existing ADU BUILDERS AND LENDERS / GRANTS	Med



### Goal #3: Increase Supply of Affordable Housing

Option for Council Consideration	Description	Estimated Time Frame to Enact	City Direct Costs/Staff Time	Cost to Property Owner / Developer	Potential to Increase Affordable Units	Task Force Priority
Strategic Housing Pipeline	Identify, attempt to acquire, and partner to develop various sources of land	Med	\$\$\$	N/A	High	High
Mandatory Inclusionary Zoning	Require 10% of units at 60% AMI or 15% at 80% AMI in all developments greater than 10 units, or in-lieu fee of \$135,000 per unit	Short	\$	\$\$\$	High	High
Fully fund and increase capacity of Decatur Land Trust	Complete DLT Organizational set-up, target 6-10 houses/condo/TH's in 2020 for ownership by DLT	Short	\$\$\$	\$	Med	High
Allow Duplex/Triplex /Quadplex in SF Zoning	Revise UDO to allow higher density in existing SF Zoning Categories	Med	\$	\$	Med	High
Developer Incentives for Affordable Housing	Waive permit fees, expedited approval, reduced parking, density bonus, etc.	Med	\$	N/A	Low	Med
Innovative Housing Typologies	Facilitate co-housing, co-living development	Low	\$	N/A	Low	Low





## Goal #4: Revenue Generation

Option for Council Consideration	Description	Estimated Time Frame to Enact	City Direct Costs/Staff Time	Cost to Property Owner / Developer	Potential to Increase Affordable Units	Task Force Priority
Impact Fees	Utilize Impact Fees, including Linkage Fees. Engage professionals for fee calculations. Determine enforcement mechanism within City. Determine annual available funds and invest appropriately.	Short	\$	\$\$\$	High	High
Housing Opportunity Bonds	Engage the professionals necessary to utilize this strategy. Consult with community. Determine funding uses. Manage the bond funds and investments.	Med	\$\$	\$	Med	High
TIF (Tax Increment Financing) Bonds	Began the required market studies for this effort. Consult with community. Manage the necessary required actions. Market the opportunity.	Med	\$\$	\$	High	High
General Funds	Set aside the necessary seed funds to support affordable housing as an annual investment.	Short	\$	\$	High	High
Strategic Partnerships	Negotiate and engage these partners with by intergovernmental agreements and contracts for compliance, development, and management.	Med	\$	N/A	High	High
Fully Fund Existing Affordable Housing Trust Fund	Use Housing Trust Fund for revenue dedicated to affordable housing activity	Short	\$\$\$	N/A	High	High
Real Estate Transfer Tax	Get State legislative approval to create and apply real estate transfer tax on property sales in Decatur	Long	\$	\$	Low	Low



## Goal #5: Community Education & Engagement

Option for Council Consideration	Description	Estimated Time Frame to Enact	City Direct Costs/Staff Time	Cost to Property Owner / Developer	Potential to Increase Affordable Units	Task Force Priority
Identify and develop new mechanisms for community engagement	Leverage existing / create new meetings, forums, print, social media, radio, TV communication pipelines	Short	\$	\$	Indirect	High
Develop high-impact messaging for community education and engagement efforts	Look at national best practice and perform local assessment to identify core messages	Short	\$	\$	Indirect	High



## Appendix A: List of Terms

Term	Definition
<b>Cost Burdened Household</b>	A household spending more than 30% of their income on housing.
<b>Inclusionary Zoning (IZ)</b>	Municipal and county zoning ordinances that require a specific share of new construction to be affordable for households with low to moderate incomes.
<b>Low Income Households</b>	Defined by HUD as those households whose incomes do not exceed 80% AMI.
<b>Very Low Income Households</b>	Defined by HUD as those households whose incomes do not exceed 50% AMI
<b>Low Income Housing Tax Credit</b>	Tax abatement offered to developers planning on creating or rehabilitating affordable housing units.
<b>Missing Middle Housing</b>	Range of multi-unit or clustered housing types compatible in scale with single-family homes, which includes duplex, triplex, carriage houses, accessory dwelling unit, whether for rent or for sale.
<b>Moderate Income Households</b>	Defined by HUD as those households whose incomes are near the area's median (80-120% of the median).
<b>Naturally Occurring Affordable Housing (NOAH)</b>	Housing units that are affordable without public subsidy support, to people living at or below median income for that area.
<b>Subsidy</b>	Grants approved by the government, usually awarded to nonprofit organizations, to reduce the construction costs of affordable housing units.
<b>FAR (Floor Area Ratio)</b>	The relationship between the total amount of usable floor area that a building has, or has been permitted to have and the total area of the lot on which the building stands. The ratio is determined by dividing the total or gross floor area of the building by the gross area of the lot. A higher ratio is more likely to indicate a dense or urban construction.
<b>NIMBY</b>	An acronym for "Not In My Back Yard," a characterization of opposition by residents to a proposed development in their local area. It carries the connotation that such residents are only opposing the development because it is close to them and that they would tolerate or support it if it were built farther away.
<b>YIMBY</b>	An acronym for "Yes In My Back Yard," a pro-development movement in contrast and opposition to the NIMBY phenomenon.



Term	Definition
<b>Housing Opportunity Bond (HOB)</b>	Bond backed by General Funds and created to provide gap financing to address a growing need for affordable workforce housing units across the income spectrum for homeowners, builders, developers and community housing development organizations.
<b>Tax Increment Financing (TIF)</b>	A public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects by issuing bonds backed by tax increases from these developments.
<b>Tax Allocation District (TAD)</b>	A defined area where real estate property tax monies gathered above a certain threshold for a certain period of time to be used a specified improvement.
<b>In-Lieu Fees</b>	Fees paid by developers who are required to build a set number of affordable housing units but can opt to pay an “in-lieu” fee instead of building the units. In-lieu fees are typically paid into a housing trust fund and used to finance affordable housing developed off site.
<b>Impact Fees</b>	Fees imposed on property developers by municipalities for new infrastructure that must be built or increased due to new property development.
<b>Linkage Fees</b>	Linkage fees link the production of market-rate real estate to the production of affordable housing. Linkage fees typically work by charging developers a fee for each square foot of new market-rate construction, which are then used to pay for affordable housing.
<b>Tax Abatement</b>	A a reduction of taxes granted by a government to encourage economic development. The most common type of tax abatement is a property tax abatement granted to a business as an incentive to come to a city or expand existing operations within the city.
<b>Accessory Dwelling Unit (ADU)</b>	A room or set of rooms in a single-family zone that has been designed or configured to be used as a separate dwelling unit and has been established by permit.
<b>Transit Oriented Development (TOD)</b>	A type of urban development that maximizes the amount of residential, business and leisure space within walking distance of public transport.