



Affordable Housing

Amanda Noble, City Auditor

Stephanie Jackson, Deputy City Auditor

Brad Garvey, Audit Manager

Josh Winfield and Rebecca Robinson, Performance Auditors

August 14, 2018

Audit Objectives

- Is the City of Atlanta's housing affordable?
- How are the city's recent initiatives likely to affect the amount of affordable housing stock?
- Are city subsidized developments distributed equitably throughout the city?
- Is the city monitoring developers' compliance with affordable housing agreement terms?

Methodology

- Analyzed property tax and income data
- Reviewed city code provisions on affordable housing and zoning, and reviewed proposed city efforts to promote affordable housing and zoning code reform
- Interviewed community stakeholders and staff from the Department of City Planning's Office of Housing and Community Development, Invest Atlanta, and City Council
- Reviewed a random sample of:
 - 25 subsidized rental units within the Office of Housing and Invest Atlanta's portfolio to assess developers' compliance with recordkeeping and monitoring requirements
 - 33 homes purchased in the Eastside tax allocation district with assistance from Invest Atlanta to determine whether the homes are still owned by the original buyers
- Reviewed quality of life data within City Council districts and around sampled housing developments

Over Half of Atlanta's Housing is Affordable

Exhibit 3: 55% of Atlanta's Housing is Affordable at 50% of AMI

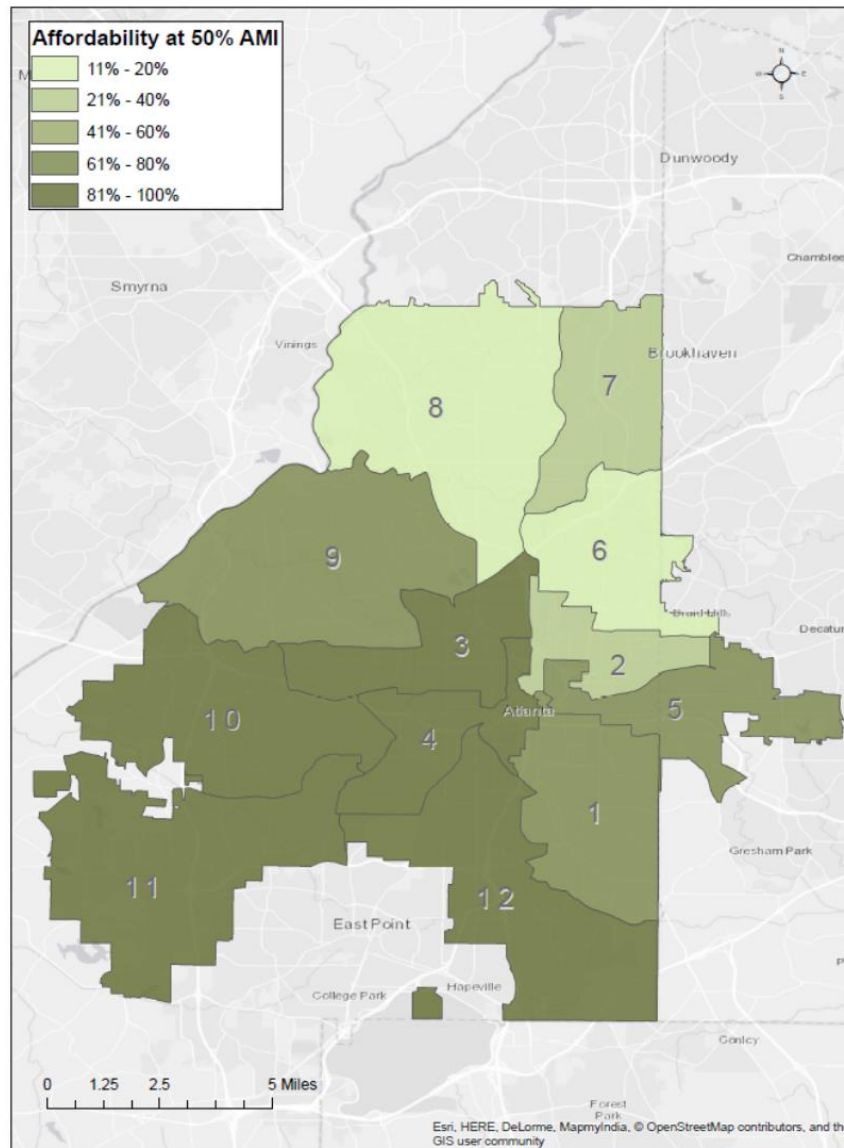
Council District	Residential Parcels with Buildings	% Affordable at Given Percentage of Area Median Income			
		80% AMI	60% AMI	50% AMI	30% AMI
1	10,061	91%	78%	69%	52%
2	14,250	67%	48%	32%	12%
3	8,406	94%	87%	81%	68%
4	8,048	99%	97%	94%	89%
5	3,583	89%	72%	60%	32%
6	9,509	29%	17%	11%	2%
7	14,805	45%	31%	25%	9%
8	13,831	29%	23%	18%	9%
9	11,006	86%	74%	69%	54%
10	9,942	100%	99%	99%	96%
11	9,211	97%	93%	88%	77%
12	9,608	100%	100%	100%	98%
Citywide	135,043	71%	61%	55%	42%

Notes:

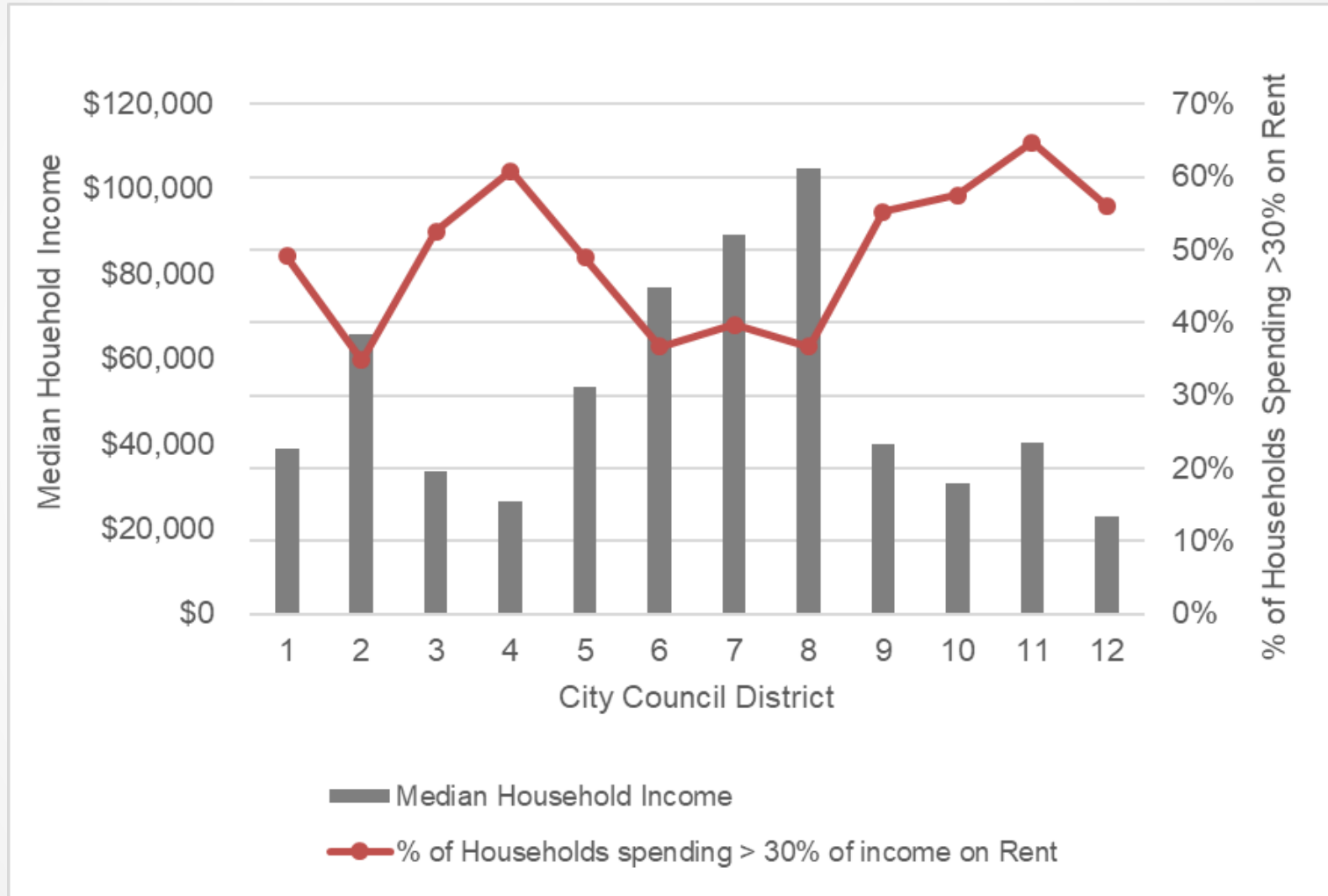
- Area median income is based on income of a household of four; if 0 or 1 bedroom, we used income for household of 2
- Appraised value of parcels with residential 1-4 family, condo, townhouse, or mobile home
- Assumes ability to obtain a 30 year-fixed rate mortgage with 4.27% APR and 20% down payment

Source: 2017 Fulton County property tax digest and 2016 DeKalb County property tax digest; income data from HUD, Office of Policy Development and Research, *Comprehensive Housing Market Analysis, Atlanta-Sandy Springs-Roswell*, as of May 1, 2016

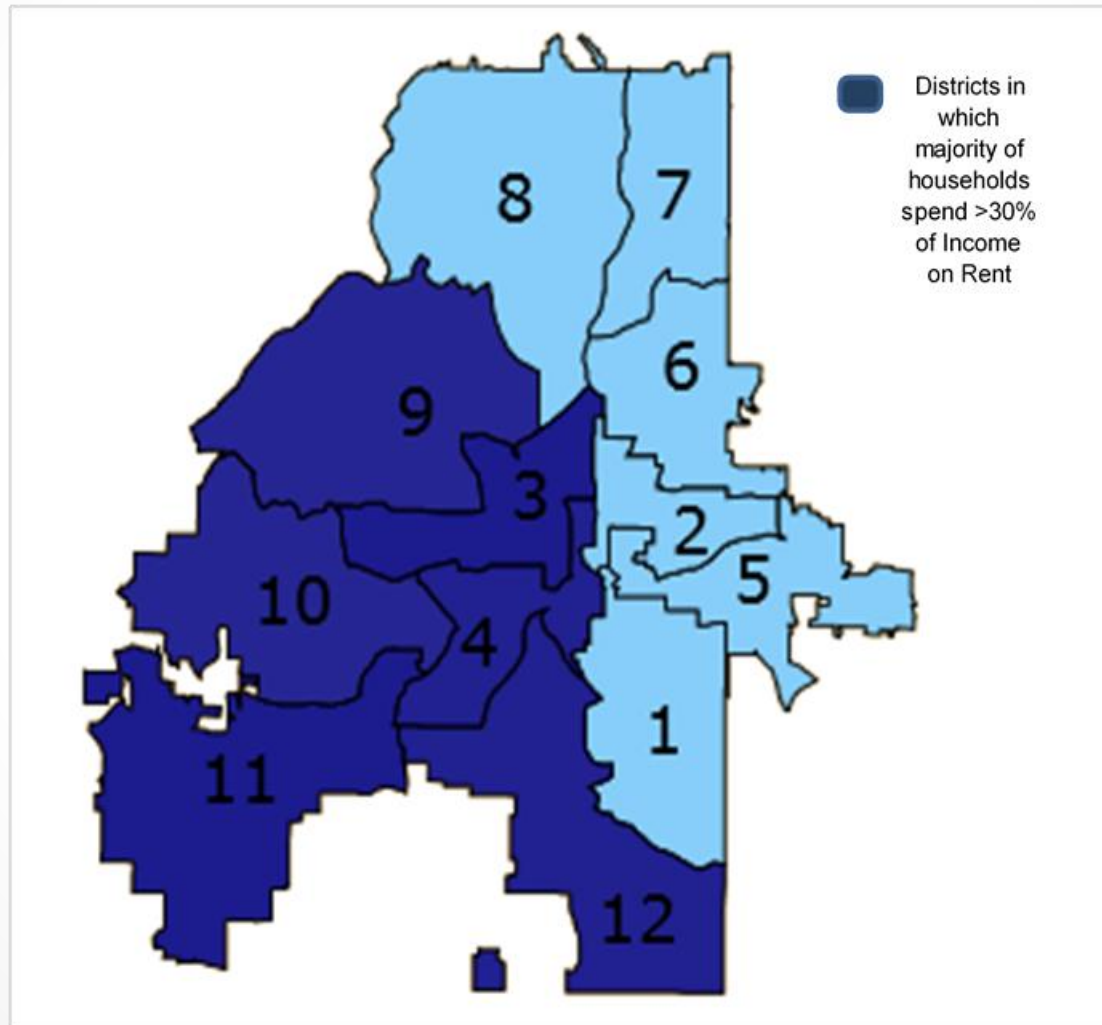
Affordable Housing is Unevenly Dispersed



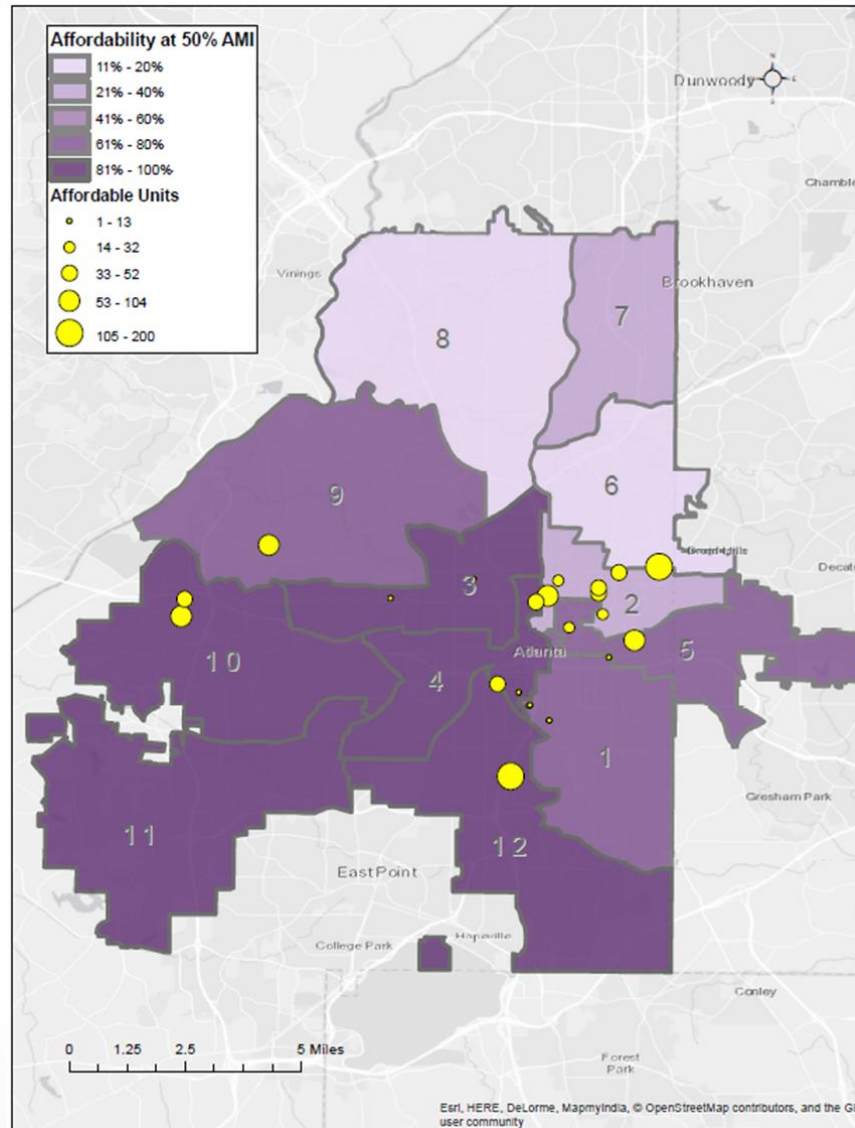
Over Half of Renters Are Cost-Burdened



High Percentage of Cost-Burdened Renters Are in the Southern Part of the City



Half of Subsidized Housing Is in Low-Income Areas



Future Subsidies Should Target Areas with Positive Quality of Life Factors

- 3 of 9 sampled subsidized rental developments were located in areas where the schools were rated as above average; the remaining 6 were in areas where the schools were ranked as below average
- 3 of 9 developments are in areas with average access to public transportation
- 5 developments are in areas with some transit, and one is in an area of minimal transit

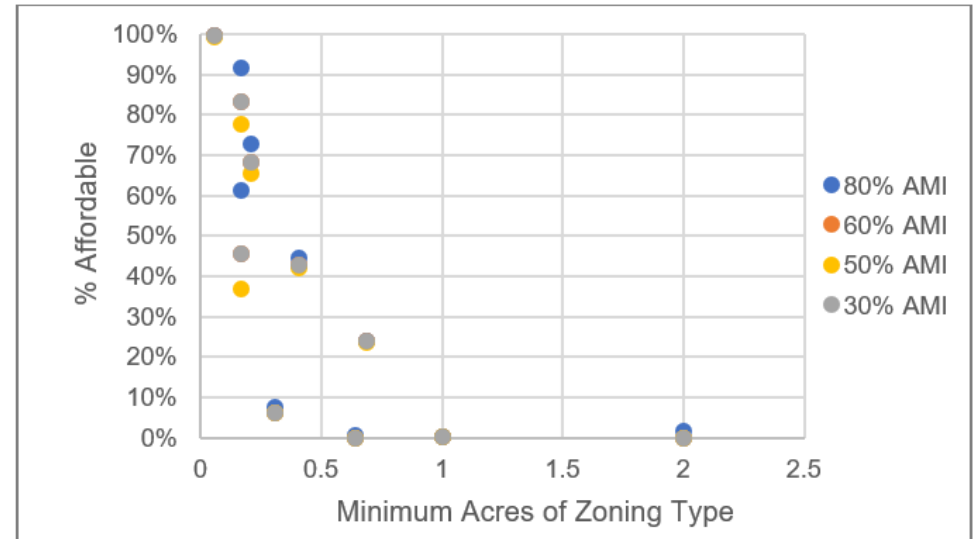
Strategies Are Needed to Create Additional Affordable Housing

- Atlanta's citywide affordable housing strategy could be more cohesive, with measurable goals and programs targeted to achieve stated outcomes
- Key information related to housing programs should be consolidated and more readily accessible
- The reestablishment of the Housing Commission should help to target housing efforts

Proposed Zoning Changes Should Result in Additional Affordable Housing

- The Department of City Planning's proposed zoning quick fixes could reduce some barriers to affordable housing
- Proposed longer term changes in the zoning code would create additional housing density
- Smaller lot sizes are more affordable

Exhibit 14: Smaller Lots Are More Affordable



Source: 2017 Fulton County property tax digest and 2016 DeKalb County property tax digest and income data from U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Comprehensive Housing Market Analysis, Atlanta-Sandy Springs-Roswell*, as of May 1, 2016; zoning lot sizes derived from the Department of City Planning's summary of zoning code districts

Atlanta is Implementing Methods to Create and Preserve Affordable Housing

- Recently adopted inclusionary housing legislation to create affordable housing
- Affordable housing impact statements should provide meaningful information to decision-makers about the effect of proposed legislation on the city's housing stock
- City supports an anti-displacement tax fund program to help prevent homeowners from being displaced by the effects of gentrification

No Mechanism to Maintain Affordability of Subsidized Homes Once Sold

Development Name	Number of Affordable Units	Number of Sampled Affordable Units	Subsidy Type	Number of Units Resold
Oakland Park	10	4	TAD	1
Renaissance Walk (formerly Sweet Auburn)	6	1	TAD	0
The Reynolds	23	5	TAD	3
Tribute Lofts	22	6	TAD	3
Twelve Centennial Park	103	17	TAD	5
Total	164	33	-	12

Source: Invest Atlanta portfolio; development agreements; auditor sample results

The City Should Consider Using Additional Methods to Increase Affordable Housing

- Community land trusts - provides affordable housing through land leasing and home ownership
- Density bonuses - allows developers to build more units at a site than zoning rules typically allow

Recommendations

1. Address the unbalanced distribution of affordable housing between the northern and southern parts of the city.
2. Target areas with positive quality of life factors such as public transportation, access to education, and proximity to job centers when subsidizing affordable housing developments.
3. Consolidate key information related to available housing programs and make that information more readily available to citizens and developers.
4. Consider longer affordability periods when subsidizing rental housing.
5. Develop a mechanism to maintain affordability when subsidizing for-purchase housing.
6. Expand the use of programs such as providing density bonuses to developers and increasing the use of community land trusts.

Questions?

