



Department of **CITY PLANNING**

ANNUAL REPORT

Affordable Housing Impact Statements

FY2018 (July 1, 2017 – June 30, 2018)

BACKGROUND AND MUNICIPAL CODE REQUIREMENTS

Section 54-2 of the City of Atlanta municipal code requires the Office of Housing and Community Development (OHCD) to prepare an Affordable Housing Impact Statement for any legislation that is estimated to impact the affordable housing stock of the City. The impact statement provides quantified measurements estimating the proposed legislation's effect on the City's housing stock at varying levels of Area Median Income (AMI). This requirement went into effect on July 1, 2016, and it was amended on February 14, 2018.

OHCD is also required to provide an annual report to CD/HS on any housing units funded in whole or in part by public grant dollars, for which Affordable Housing Impact Statements have been prepared during the preceding 30 years. This report highlights legislation adopted during Fiscal Year 2018 (FY2018) and provides updated information on units authorized to receive grant funding in Fiscal Year 2017 (FY2017) that still contain an affordability requirement.

AMENDMENT TO IMPACT STATEMENT REQUIREMENT AND PROCESSES

On November 16, 2015, City Council adopted 14-O-1614 which created the requirement for Affordable Housing Impact Statements. This requirement went into effect on July 1, 2016, meaning that all legislation introduced to City Council on or after that date is subject to the requirement. On February 5, 2018, the requirement for impact statements was revised by City Council's adoption of 18-O-1026. The revised requirements went into effect on May 6, 2018. The most important changes to the code from this legislation are:

- All legislation that is estimated to impact the housing stock of the City is now required to have an impact statement attached rather than only housing stock impact legislation originating from CD/HS Committee. This change was made because the impact of much of the City's legislation on housing stock was not being counted. Most of the legislation now requiring an impact statement goes through Zoning Committee.
- Legislation must now have an impact statement prepared within 10 business days following its first read rather than be attached upon its introduction to Committee. However, in practice, a preference has been indicated for impact statements to be attached with legislation when it is put into ELMS, the City's electronic database for legislation.
- The impact statement now includes a calculation of units preserved by legislation rather than only units added or decreased. This was changed to make sure that grant money spent by the City to preserve housing was counted toward the City's progress on affordable housing goals. Multiple stakeholders recognized that the preservation of affordable housing is just as important to consider as the creation of new affordable housing.

FY2018 (JULY 2017 – JUNE 2018) SUMMARY

In FY2018, 37 impact statements were attached to legislation that was adopted by Council. This includes any Land Use papers that were adopted by Council by June 30, 2018 and that were not included in the FY2017 report. The standard for which fiscal year an impact statement for Land Use ordinances counts toward has changed for this report from the date legislation was voted on in a CDP hearing to when it was adopted by Council. This is to account for the potential of legislation to receive a vote at a CDP hearing but not be adopted by Council. This total also includes any other housing stock impact legislation that was adopted by Council in this same period. No zoning papers are covered by this report because no zoning ordinances with impact statements were adopted as of June 30, 2018. The breakdown of FY2018 impact statements is as follows:

- 7 impact statements were created for legislation that authorized public funding for affordable housing.
- 30 impact statements were created for Land Use ordinances.

Table I provides an overview of the estimated impact on affordable housing from the different types of legislation. Almost all of the legislative impact on affordable housing came from Land Use ordinances.

TABLE I: IMPACT BY LEGISLATION TYPE AND AMI LEVEL

Estimated Impact of Legislation on Affordable Housing Stock													
Type of Legislation	Number of Impact Statements	Adding Units at the Following Levels of AMI				Preserving Units at the Following Levels of AMI				Decreasing Units at the Following Levels of AMI			
		30% or Below	30.01 to 50%	50.01 to 80%	Above 80%	30% or Below	30.01 to 50%	50.01 to 80%	Above 80%	30% or Below	30.01 to 50%	50.01 to 80%	Above 80%
Public Funding	7	0	0	80	0	0	53	254	0	0	0	0	0
Land Use Amendments	30	33	22	527	1,387	0	0	0	0	3	0	0	0
Total	37	33	22	607	1,387	0	53	254	0	3	0	0	0

Legislation with Public Funding

Of the grant funding legislation adopted in FY2018, it is estimated that:

- 80 units of housing will be added that are affordable to households between 50.01 and 80% of AMI.
- 53 units of housing will be preserved that are affordable to households between 30.01 and 50% of AMI
- 254 units of housing will be preserved that are affordable to households between 50.01 and 80% of AMI.

As of June 30, 2018, this legislation has not led to completed units because the projects are either early in their work or they do not yet have an executed contract. Future reports will give further information on these units.

Table II below summarizes the impact of legislation on units that do not have an affordability period. These units are not required to be monitored.

Table II: Impact of Public Grant Legislation Without an Affordability Period Requirement

Legislation	Date Adopted by Council	Project or Property Name	Units Completed
17-R-3389	3/20/2017	TCFWI Owner-Occupied Rehab	18
17-O-1813	12/4/2017	Homeowner Maintenance and Enhancements for Seniors (HOMES) 2017	TBD
		Emergency Home Repair for Low-Income Seniors 2017	TBD
		Rebuilding Together Atlanta Roofing Program 2017	TBD
		Repair with Kindness 2017	TBD
		Rosa Burney Manor Preservation 2017	TBD
		QLS Gardens Energy Saving Project 2017	TBD
		Office of Housing & Community Development Diversion Program 2017	TBD
		Nehemiah Project 2017	TBD
18-O-1074	4/16/2018	Office of Housing & Community Development Emergency Repair Program 2018	TBD
		QLS Gardens Energy Saving Project 2018	TBD
		Rebuilding Together Atlanta Roofing Program 2018	TBD
		Office of Housing & Community Development Diversion Program 2018	TBD
		Repair with Kindness 2018	TBD
		University Choice Blight Remediation Program 2018	TBD
Total			18

Table III below summarizes the required information on units with an affordability period that are estimated to be added or preserved as a result of legislation with public funding.

Table III: Impact of Public Grant Legislation With an Affordability Period*

Legislation	Date Adopted by Council	Project or property name	Units existing (#)	Units occupied (#)	Units affordably priced (#)	Minimum affordability period required (years)
17-R-3388	3/20/2017	ANDP Property 1	1	1	1	TBD
		ANDP Property 2	TBD	TBD	TBD	TBD
		SUMMECH Property 1	TBD	TBD	TBD	TBD
		SUMMECH Property 2	TBD	TBD	TBD	TBD
		SUMMECH Property 3	TBD	TBD	TBD	TBD
17-O-1708	12/4/2017	Edgewood Court Apartments UEZ	TBD	TBD	TBD	10
17-O-1813	12/4/2017	AAHOP 2017	TBD	TBD	TBD	TBD
		Habitat Down Payment Assistance 2017	TBD	TBD	TBD	TBD
18-R-3145	2/19/2018	Quest Single Family 2018 (Property 1)	TBD	TBD	TBD	TBD
		Quest Single Family 2018 (Property 2)	TBD	TBD	TBD	TBD
		Quest Single Family 2018 (Property 3)	TBD	TBD	TBD	TBD
		SUMMECH Single Family 2018 (Property 1)	TBD	TBD	TBD	TBD
		SUMMECH Single Family 2018 (Property 2)	TBD	TBD	TBD	TBD
		SUMMECH Single Family 2018 (Property 3)	TBD	TBD	TBD	TBD
18-R-3611	5/21/2018	Dalvigney Apartments Renovation	TBD	TBD	TBD	20
18-R-3631	5/21/2018	Synergy Pittsburgh Single-Family 2018 (Property 1)	TBD	TBD	TBD	TBD
		Synergy Pittsburgh Single-Family 2018 (Property 2)	TBD	TBD	TBD	TBD
Total			1	1	1	N/A

***Methodology and Approach**

The data in Table III were calculated or will eventually be calculated as follows:

- Number of units still existing- These are units that are habitable and retain an affordability requirement as of June 30, 2018.
- Number of units occupied- These are units that are assumed to be occupied as of June 30, 2018. This is determined for homeownership units by checking water bills. This is determined for rental units by examining the annual compliance report.
- Number of units affordably priced- For homeowner units, units which have a sales price less than or equal to the HOME maximum purchase price, as most recently published by HUD, in the 12 months preceding June 30, 2018 will be counted. If the homeowner units are not sold within the 12-month period preceding this report, they are assumed to still be affordable. The sales data for these units are obtained from Costar. For rental units, data is obtained from the annual compliance report. This rent is considered affordable if it is less than or equal to the high HOME rent, as most recently published by HUD. This maximum affordable rent is for households at or below 80% of AMI, and it varies depending on the number of bedrooms in the unit.
- Minimum affordability period required- This is the period of time during which the property will have to remain affordable due to having received funding from the City.

APPROACH

Below is a description of the different methods used to estimate the number of housing units being created or eliminated by legislation with impact statements and their levels of affordability.

Grant Legislation

When determining the affordability of proposed housing units funded with public dollars, or of housing units to be preserved with public dollars, the level of AMI for targeted households is explicitly defined in the City's project documentation. However, the AMI requirements for the publicly funded projects do not always match the levels of AMI that must be estimated in the impact statements. In these instances, OHCD discusses the projects with City staff who are managing the projects to determine the most likely AMI breakdown for beneficiary households. Whenever there is doubt about the incomes of households to be served, a more conservative approach is taken in the analysis to avoid overestimating the affordability of any newly created or preserved units.

Legislation without Public Funding

In FY2018, all housing stock impact legislation without grant funding was for Land Use ordinances. In future reports, impact from zoning papers will be included. When determining the affordability of proposed housing units or units to be eliminated as a result of legislation that does not contain public funding, OHCD first examines the income limits provided by the US Department of Housing and Urban Development (HUD). These income limits are published annually for each Metropolitan Statistical Area (MSA). The income limits provided by HUD in April of 2018 for the Atlanta MSA are shown below:

Income Limits by Household Size, FY 2018 (Based on HUD's AMI of \$74,800 for the Atlanta MSA, Released April 2018.)							
Household Size		1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% AMI Limit		\$15,750	\$18,000	\$20,780	\$25,100	\$29,420	\$33,740
50% AMI Limit		\$26,200	\$29,950	\$33,700	\$37,400	\$40,400	\$43,400
80% AMI Limit		\$41,900	\$47,900	\$53,900	\$59,850	\$64,650	\$69,450

To determine the affordable rent or home sales price for households at each level of AMI, the following three assumptions are made:

- 1) Rental housing is affordable when it costs no more than 30% of a household's gross income. Households that pay more than this toward housing costs are considered cost-burdened by HUD.
- 2) Homeownership units are affordable when the purchase price is no more than three times a household's annual income.
- 3) An average of 1.5 persons will reside in each bedroom of a residential unit. *(The number of persons residing in each bedroom was assumed to be 1 for most of FY2018. However, OHCD subsequently decided that an assumption of 1.5 persons residing in each unit when determining their affordable rent and home sales price limits was more reasonable given that many tenants and homeowners will decide to share bedrooms with another person. Therefore, the impact statements covered by this report will have differing methodology on determining impact.)*

Following this, the number of persons estimated to live in units with different numbers of bedrooms is determined by multiplying the number of bedrooms by 1.5. See the table below for this calculation:

Calculation of Assumed Household Size from Unit Bedroom Count					
Number of Bedrooms	0	1	2	3	4
Assumed Household Size	1	1.5	3	4.5	6

This income limit is then taken for the household size that corresponds to the number of bedrooms in the unit, as shown in the table above. If the assumed household size is not a whole number, the income limits that correspond to households for the nearest two whole numbers are averaged.

Affordable Rent Calculation

The calculation of affordable rents is determined by first identifying the income limit for the household size using the methodology shown above. Following this, the income limit is multiplied by 0.3 to cap rent at 30% of household income, divided by 12, and rounded up to the nearest whole number to find the monthly maximum rent. See the examples below:

Studio/Efficiency Calculation for 80% of AMI

0 Bedroom (1.5 Person) = 1 Person Income Limit

41,900 (0.3) = 12,570

12,570 / 12 = 1,047.50

Rounded up = \$1,048 maximum rent

1 Bedroom Calculation for 80% of AMI

1 Bedroom (1.5 Person) = 1.5 Person Income Limit

(41,900 + 47,900) / 2 = 44,900

44,900 (0.3) = 13,470

13,470 / 12 = 1,122.50

Rounded up = \$1,123 maximum rent

The following rent limits would apply under this methodology:

Affordable Rents, FY 2018						
(Based on HUD's AMI of \$74,800 for the Atlanta MSA, Released April 2018.)						
Number of Bedrooms	Studio/ Efficiency	1 BR	2 BR	3 BR	4 BR	
30% AMI	\$394	\$422	\$520	\$682	\$844	
50% AMI	\$655	\$702	\$843	\$973	\$1,085	
80% AMI	\$1,048	\$1,123	\$1,348	\$1,556	\$1,736	

Affordable Homeownership Calculation

HUD defines affordable for-sale housing as housing that costs no more than three times a household's income. Affordable home purchase prices are determined by identifying the appropriate income limit, as explained above, and multiplying it by 3. Home purchase prices affordable to households at various percentages of AMI are listed in the table below:

Affordable Home Price, FY 2018						
(Based on HUD's AMI of \$74,800 for the Atlanta MSA, Released April 2018.)						
Number of Bedrooms	Studio/ Efficiency	1 BR	2 BR	3 BR	4 BR	
30% AMI Limit	\$47,250	\$50,625	\$62,340	\$81,780	\$101,220	
50% AMI Limit	\$78,600	\$84,225	\$101,100	\$116,700	\$130,200	
80% AMI Limit	\$125,700	\$134,700	\$161,700	\$186,750	\$208,350	

In cases where developers have not provided adequate information on proposed and/or existing housing units, OHCD examined data from online sources to make an educated estimate. In order to estimate the affordability of rental units (new or existing) and homeownership units (new only), OHCD examined the median rents and home sales price for surrounding neighborhoods and/or zip codes. When estimating the affordability of existing homeownership units, OHCD examined data from the Fulton County Tax Assessor to see the current assessed values of units.

CONCLUSIONS

In the first year that impact statements were required, Land Use ordinances comprised the bulk of legislation that required impact statements, as well as the overwhelming estimated impact on the affordable housing stock of the City. This trend continued in FY2018. In future reports, almost all of the impact from Land Use papers will be canceled out by the impact from zoning papers because there is almost always a zoning paper that corresponds with a Land Use paper. With regards to legislation with grant funding, there is now more estimated impact, but most projects have yet to progress to a point where the actual impact can be measured and monitored.

There were two major implementation challenges in FY2018:

- 1) OHCD often did not receive information needed for analysis prior to legislation being entered into ELMS. This led to legislation being amended to attach impact statements during Committee.
- 2) The expansion of the impact statement requirement to all legislation estimated to impact housing stock, rather than just that coming from CD/HS Committee, led to a dramatic increase in the volume of impact statements that OHCD had to prepare. This greatly strained the capacity of OHCD personnel.

In June of 2018, OHCD began leading a complete overhaul of administrative processes related to impact statements. The Office of Zoning and Development added a form to rezoning applications that requires developers to provide the estimated rents and sales prices of proposed units as well as the estimated rents and home values of existing units that would be eliminated as a result of a rezoning. Therefore, moving forward, estimates of housing affordability will improve for Land Use and zoning ordinances. This will also reduce the burden on OHCD staff to search for real estate data needed to conduct an analysis. However, this form did not exist for most of the period covered by this report. Additionally, the Office of Zoning and Development now provides the vast majority of zoning and Land Use papers to OHCD prior to the legislation being entered into ELMS. The major exception to this is personal papers which are typically introduced during full Council by a Councilmember. OHCD will continue working to improve its processes surrounding impact statements and to improve the accuracy of its estimates of housing affordability.