

Affordable Housing Impact Statement

Land Use Element Change for CDP-17-08

Requirements

Per the requirements of Ordinance 14-O-1614, Affordable Housing Impact Statements shall include a quantitative or numeric section that shall provide numeric estimates of impacts, quantifying numbers of units impacted at certain levels of affordability over the thirty year period following the enactment of the legislation; and a narrative section to provide an explanation of the analyses that led to the estimates.

Where the estimates are derived from existing grant applications or the basis of those estimates are otherwise straightforward, the narrative section shall state as such. Where the proposals being considered require the Office of Housing to draw upon their experience and expertise to come up with a projected impact, the narrative section shall specify what assumptions were used in creating the estimates.

Quantitative/Numeric Section

This legislation, if enacted, is estimated to have a projected impact upon the affordable housing stock of the City of Atlanta over the thirty year period following the enactment of the legislation by:

Adding 0 or decreasing 0 units affordable at 30 or below percent of the City of Atlanta Area Median Income (AMI); and

Adding 0 or decreasing 0 units affordable between 30.01 and 50 percent of AMI; and

Adding 0 or decreasing 0 units affordable at between 50.01 and 80 percent of AMI; and

Adding 76 or decreasing 0 units affordable at over 80 percent of AMI.

Narrative Section

This ordinance would amend the land use of certain properties along a portion of Bolton Road NW and Hollywood Road NW within the Riverside Neighborhood from single-family residential to low-density commercial. The land use amendment would apply to 114 properties, which are currently a mix of single-family and multifamily residential units as well as commercial developments. The proposed low-density commercial land use would include commercial developments in the center of the area, surrounded mostly by single-family residential units as well as some multifamily units and mixed-use developments.

This ordinance corresponds to a proactive rezoning, meaning that no specific development has yet been proposed. Therefore, any projections for future housing stock are theoretical. A survey

of Google Street View imagery and the City of Atlanta GIS shows an estimated 47 single-family residences as well as a several small and mid-size multifamily residential structures. The land use amendment would allow greater density in future housing stock. It is unlikely that any single-family residences will be demolished to accommodate future developments due to the presence of several vacant lots and of existing multifamily properties in need of renovation.

It is estimated that developers will seek to construct or renovate mid-size or small multifamily complexes, rather than construct single-family residences or large multifamily complexes because:

- 1) Many of the vacant lots are an ideal size for a new garden style apartment building(s).
- 2) Many of the vacant lots are too small to accommodate more than 1 or 2 single-family units, making that a less profitable option for a developer on a vacant lot.
- 3) There are 19 multifamily residential buildings at 2081 Hollywood Road NW that appear to be vacant and/or abandoned, and that may be available for renovation.

As of the writing of this impact statement, the only conspicuous near-term opportunity for development is of the multifamily residential units on 2081 Hollywood Road NW. There are 19 garden-style apartment buildings with 4 apartments each (a total of 76 units) that appear vacant and/or abandoned. According to the Fulton County Tax Assessor, the buildings changed ownership frequently, and each building has a value of only \$22,500. This increases the likelihood that these apartments are vacant, meaning that no affordable housing stock would be lost from its redevelopment. If the buildings were redeveloped in line with their current style as multifamily units, a developer would likely utilize the existing structures, which appear sound, to keep construction costs low. This would lead to an increase of 76 multifamily rental housing units. Additional multifamily units are also in the area, but appear to be structurally sound, occupied, and in no need of renovation. These other multifamily units are assumed to remain in their current state following this land use amendment.

Due to the lack of any developer proposals at this time, no further housing unit creation will be projected. However, it is likely that additional housing units will be created in the future on these parcels, with or without the land use amendment.

In order to estimate future affordability of this potential rental housing stock, the increase in median rent for the Riverside neighborhood was examined. According to data from Zillow, median rent increased 26.5% in Riverside over the last 6 years, from \$1,110 in January 2011 to \$1,404 in January 2017. However, the data from Zillow conflicts with apartment rates found on Apartments.com, an online rental marketplace, for units within the area that will have a land use re-designation. The units advertised there offered rent for one-bedroom apartments at only \$1,175. Because of this discrepancy, it is assumed that the rent for Riverside as a whole is higher than the rent for the parcels contained in this land use amendment. But it is still assumed that the

trajectory of increasing rent shown by Zillow data is accurate because this is in line with trends seen throughout metropolitan Atlanta.

It is assumed that the potential new multifamily units will be constructed within approximately 6 years. This would provide time for developers to survey the property, bid on it, and complete construction. Using the rent provided by Apartments.com and the 6-year trend for rent shown by Zillow, the rent for a one-bedroom apartment would be \$1,486.38 in early 2023.

The US Department of Housing and Urban Development (HUD) defines affordable housing as housing that costs no more than 30% of a household’s income. The maximum affordable rent of a household is 30% of its income divided by 12 (for each month of the year). With an Area Median Income (AMI) of \$67,500 for the Atlanta Metropolitan Statistical Area (MSA) as of FY 2016, rents affordable to households at various percentages of AMI are listed in the table below. Note that the final column includes an estimate for affordable rent based on 8% inflation over 5 years. This figure is derived from the 8.0% rate of inflation for the period of 2011-2017 (per data from the US Bureau of Labor Statistics). This analysis assumes that this inflation rate will remain constant.

Affordable Rent by Percentage of AMI			
Percentage of AMI Earned by a Household	Income for a Household at this Percentage of AMI	Maximum Affordable Rent Based on Percentage of AMI	Project Affordable Rent (at 8% Inflation Over 6 Years) in 2023 Based on Percentage of AMI
80%	54,000	1,350.00	1,458
50%	33,750	843.75	911.25
30%	20,250	506.25	546.75

Because the projected rent of \$1,486.38 exceeds the projected affordable rent in 6 years for all AMI categories, it is estimated that none of the 76 potential new multifamily rental units will be affordable to households at or below 80% AMI.