

## **Affordable Housing Impact Statement**

### **Land Use Element Change for 18-O-1138/CDP-18-03**

#### **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 73 or decreasing 0 units affordable at over 80 percent of AMI.

#### **Narrative Section**

The land use will be amended for the property at 250 Arizona Avenue. The developer anticipates constructing 43 townhomes with 3 bedrooms each, 12 flat-townhome stack units with 1 or 2 bedrooms each, and 18 condos with 1 or 2 bedrooms each. There is currently a warehouse on the property.

The methodology below is used to determine the affordability of the proposed units for households at certain percentages of AMI.

#### **Affordability Calculations**

The affordability of units at various levels of AMI, whether for rent or sale, is calculated by first examining 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 2017 for the Atlanta MSA are shown below:

<b>Income Limits by Household Size</b>						
Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% AMI Limit	14650	16750	18850	20900	22600	24250
50% AMI Limit	24400	27900	31400	34850	37650	40450
80% AMI Limit	39050	44600	50200	55750	60250	64700

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

- 1) Housing is affordable when it costs no more than 30% of a household's gross income.
- 2) An average of 1.5 persons will reside in each bedroom of a rental unit.

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:

<b>Calculation of Assumed Household Size from Unit Bedroom Count</b>					
Number of Bedrooms	0 (Efficiency/ Studio)	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 show 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 Homeownership Calculation**

HUD defines affordable for-sale housing as housing that costs no more than three times a household's income. The calculation of the affordable home price assumes that there will be 1.5 persons per bedroom in the home. Home purchase prices affordable to households at various percentages of AMI are listed in the table below.

<b>Affordable Home Price by Bedroom Count</b>
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		Studio	1 BR	2 BR	3 BR	4 BR
30% Limit	AMI	43,950	47,100	56,550	65,250	72,750
50% Limit	AMI	73,200	78,450	94,200	108,750	121,350
80% Limit	AMI	117,150	125,475	150,600	174,000	194,100

**Impact**

All of the units will be for sale. The 43 townhomes will each have 3 bedrooms. The remaining 30 units will be split between 1- and 2-bedroom units. For the purpose of this analysis, it is assumed that the units will be split evenly between 1- and 2-bedroom units. The developer does not have an anticipated selling price for the units. Therefore, it is assumed that the sales price of these units will be the median sales price for homes in the surrounding Edgewood neighborhood. This data was obtained from Zillow which showed a median home sales price of \$301,800 for Edgewood as of December of 2017. Furthermore, there seems to be a strong trend of rapidly increasing home prices in the neighborhood. Only two years prior, in December of 2015, Zillow data shows a median sales price of \$227,000. This indicates that the most recent figure of \$301,800 is likely a conservative estimate.

Zillow data for this measure did not distinguish between homes with differing numbers of bedrooms. However, given how much higher Edgewood’s median home sales price is than any of the affordable home prices in the table above, it is highly likely that none of the 73 new units will be affordable to households at or below 80% of AMI, regardless of the number of bedrooms. Because the existing structure is commercial, no housing will be lost.