

Affordable Housing Impact Statement

Z-18-026

Requirements

Per the requirements of the City of Atlanta, Georgia Code of Ordinances, Chapter 54, Article I, Section 54-2, 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 Area Median Income (AMI) 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.

Narrative Section

The zoning will be changed from I-2 (Heavy Industrial) to MR-4A (Multi-family Residential) for property located at 450 Bishop Street, NW. The Developer anticipates constructing up to 113 multifamily residential units for sale. A warehouse and multifamily residential building are currently on site.

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_, preserving _0_, or decreasing _0_ units affordable at 30 or below percent of the City of Atlanta Area Median Income (AMI); and

Adding _0_, preserving _0_, or decreasing _0_ units affordable between 30.01 and 50 percent of AMI; and

Adding _0_, preserving _0_, or decreasing _0_ units affordable between 50.01 and 80 percent of AMI; and

Adding _113_, preserving _0_, or decreasing _25_ units affordable at over 80 percent of AMI.

Impact

The Developer did not provide an expected sales price but did indicate that the 113 units will be a mix of one- and two-bedrooms. Zillow's online data on home values indicates that the Loring Heights neighborhood, where the property is located, has a median estimated home value of \$297,600 as of April 2018. This home value exceeds the affordable home price for households at or below 80% of AMI, meaning that 113 units of housing will be added that are affordable to households above 80% of AMI.

The 25 existing rental units will be eliminated for this new development. Their average rent is \$1,150. The Fulton County Tax Assessor report for the property shows that the residential building has single-occupancy units. This average rent exceeds the affordable rents for studios/efficiencies and for one-bedroom units, meaning that 25 units will be eliminated that are affordable to households above 80% of AMI.

None of the existing residential units will be retained, meaning that no housing will be preserved or eliminated as a result of this ordinance.

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

Methodology for Calculating Affordability

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 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.

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 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 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

DISCLAIMER STATEMENT

Please be mindful that this analysis of the legislation is based on a summary of the information provided by the Developer who requested the rezoning/land use amendment and in some cases, on public real estate data obtained from the Internet. The analysis does not extend through the next 30 years as required by the City of Atlanta, Georgia Code of Ordinances, Chapter 54, Article I, Section 54-2 because it is impossible to estimate the affordability of market-rate housing beyond the initial lease-up or sale of the units. In addition, any changes to a zoning/land use will apply to any future developments, not just the initial development proposed by the current Developer applicant. Therefore, the Office of Housing and Community Development cannot estimate any future development that may take place on parcel(s) not within this Developer's scope of work.

With respect to the accuracy of any and all initial estimates of affordability, the estimates that are provided for initial developments are largely dependent on the honesty of developers and their

willingness to provide the most accurate available data. Data on potential rent, sales price, units to be constructed, the number of bedrooms per unit, etc. are subject to change as developers assess market conditions prior to and throughout construction. Therefore, this data should not be used as a basis to form any quantitative conclusions. For data that may better reflect Developer's final building plans, please refer to the issued building permit.