

Affordable Housing Impact Statement

Z-18-75

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 30-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

This ordinance would change the current zoning for properties located at 1308, 1310 and 1314 Donald Lee Hollowell Pkwy, Atlanta, GA from MRC-1 (Mixed Residential and Commercial, maximum FAR of 0.162) to MR-3 (Multi-Family Residential, maximum FAR of 0.696) and properties located at 505, 525 and 579 Pierce Ave NW, Atlanta, GA from R-4A (Single-Family Residential, minimum lot size of 0.17 acre) to MR-3 (Multi-Family Residential, maximum FAR of 0.696). The Applicant proposes to construct 186 new multifamily rental units. The site is largely vacant and underutilized with no existing housing.

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 30-year period following the enactment of the legislation by:

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

Adding _54_, preserving _0_, or decreasing _0_ units affordable between 30.01 and 50 percent of AMI; and

Adding _132_, preserving _0_, or decreasing _0_ units affordable between 50.01 and 80 percent of AMI; and

Adding _0_, preserving _0_, or decreasing _0_ units affordable above 80 percent of AMI.

Impact

The Applicant intends to apply for BeltLine TAD funds and tax-exempt bonds from Invest Atlanta in order to provide rents that are affordable to households at 50%, 60%, and 80% of AMI. Bond financing requires 40% of the units at 60% AMI and the Beltline funds require 15%

of the units at 60% AMI. However, the Applicant intends to exceed these requirements. The table below shows the breakdown of the proposed units by the count, type, expected average rent, and level of affordability (AMI):

| Unit Type (Number of Bedrooms/Number of Bathrooms) | Number of Units | Expected Average Rent | AMI Level Served |
|---|------------------------|------------------------------|-------------------------|
| 1/1 | 35 | \$750 | 50.01 – 80% |
| 2/2 | 51 | \$900 | 50.01 – 80% |
| 3/2 | 19 | \$1,025 | 50.01 – 80% |
| 1/1 | 14 | \$644 | 30.01 – 50% |
| 2/2 | 28 | \$768 | 30.01 – 50% |
| 3/2 | 12 | \$881 | 30.01 – 50% |
| 1/1 | 7 | \$900 | 50.01 – 80% |
| 2/2 | 14 | \$1,100 | 50.01 – 80% |
| 3/2 | 6 | \$1,300 | 50.01 – 80% |

Based on the information above, it is estimated that this rezoning would add 54 units that are affordable to households between 30.01% and 50% of AMI and 132 units that are affordable between 50.01% and 80% of AMI. Because the site currently contains no housing, no units would be preserved or decreased as a result of this rezoning.

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:

| |
|---|
| <p>INCOME LIMITS BY HOUSEHOLD SIZE, FY 2018 (BASED ON HUD’S AMI OF \$74,800 FOR THE ATLANTA MSA, RELEASED APRIL 2018.)</p> |
|---|

| 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 |

Disclaimer Statement

Please be mindful that any analysis of the legislation, unless otherwise stated, is based on a summary of the information provided by the Applicant who requested the rezoning/Land Use amendment and in some cases, on public real estate data obtained from the Internet. In the case of a personal paper introduced by a Councilmember, any analysis is based on a summary of

information obtained from City staff and the Internet, unless otherwise stated. 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 Applicant. Therefore, the Office of Housing and Community Development cannot estimate any future development that may take place on parcel(s) not within this Applicant'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 Applicants 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 the Applicant's final building plans, please refer to the issued building permit.