

## **Affordable Housing Impact Statement**

### **CDP-18-35 (Companion to Z-18-56)**

#### **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**

The ordinance would amend the Land Use from Medium Density Residential to High Density Residential for properties at 88 and 94 Lucy Street and 426 and 430 Todd Street. The Applicant proposes the construction of a 30-unit multiplex on a site that currently contains 4 duplexes.

#### **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   0  , preserving   0  , or decreasing   0   units affordable between 30.01 and 50 percent of AMI; and

Adding   5  , preserving   0  , or decreasing   0   units affordable between 50.01 and 80 percent of AMI; and

Adding  25 , preserving   0  , or decreasing   8  units affordable above 80 percent of AMI.

#### **Impact**

At the time of this impact statement being written, there is some confusion and disagreement regarding whether or not this property is within the BeltLine Overlay District. Therefore, there is uncertainty regarding whether or not it is required to adhere to the Inclusionary Zoning requirements. In the interim, the Applicant has tentatively planned to include affordable units. They would include 15% of units (5 units) affordable to households at or below 80% of AMI. It is assumed that these households will be between 50.01% and 80% of AMI. The anticipated breakdown of *market-rate units* and their estimated rents are shown below:

Number of Units	Unit Type	Estimated Rent
20	1-Bedroom	\$1,700
5	2-Bedroom	\$2,200

These rents exceed the affordable rents for households at 80% of AMI for both one-bedroom and two-bedroom units. Therefore, this Land Use amendment is expected to add 25 units of housing that are affordable to households above 80% of AMI.

The site currently contains 8 rental units that would be demolished to accommodate the new development. Therefore, no housing would be preserved as a result of this Land Use amendment. The breakdown of existing units by type and estimated rent is as follows:

Number of Units	Unit Type	Average Rent
4	1-Bedroom	\$1,200
4	2-Bedroom	\$2,100

These rents exceed the affordable rents for households at 80% of AMI for both one-bedroom and three-bedroom units. Therefore, this Land Use amendment is estimated to decrease 8 units of housing that are affordable to households above 80% of AMI.

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:

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

<b>CALCULATION OF ASSUMED HOUSEHOLD SIZE FROM UNIT BEDROOM COUNT</b>					
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:

<b>AFFORDABLE RENTS, FY 2018</b>					
<b>(BASED ON HUD'S AMI OF \$74,800 FOR THE ATLANTA MSA, RELEASED APRIL 2018.)</b>					
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 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 the Department of City Planning staff and 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 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 Applicant's final building plans, please refer to the issued building permit.