

Affordable Housing Impact Statement

Z-18-102

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 change the conditions for the existing zoning, MR-5A-C, for the property located at 556 Centennial Olympic Park Drive. The Applicant proposes the construction of 400 apartment units in 3 buildings. The development would be designed to serve students. The property is currently undeveloped, vacant land.

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

Adding 400 , preserving 0 , or decreasing 0 units affordable above 80 percent of AMI.

Impact

The Applicant proposes the construction of 400 apartments to be distributed in 3 buildings ranging from seven to twelve stories each. They would be marketed toward students. The Applicant estimates that the monthly rent per unit will be \$4,840. The property management would lease by bedroom for an estimated rent of \$1,210 per tenant. However, the affordability of the units will be determined at the level of the unit overall to avoid overestimating the affordability of the housing. The monthly rent of \$4,840 exceeds the affordable rent for

households at 80% of AMI. Therefore, this ordinance is estimated to add 400 units of housing affordable to households above 80% of AMI. No housing would be preserved or decreased as a result of this ordinance because the property is currently vacant, undeveloped land.

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

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. 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.