

Affordable Housing Impact Statement

Z-18-85

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 zoning for the property located at 1529 Elleby Road, SE Atlanta, GA from R-4 (Single-family residential, minimum lot size of 0.21 acres) to R-4A (Single-family residential, minimum lot size of 0.17 acres). The Applicant proposes the construction of two (2) new single-family homes on a site that currently contains a vacant home in poor condition.

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 _2_, preserving _0_, or decreasing _0_ units affordable above 80 percent of AMI.

Impact

The Applicant proposes the demolition of a vacant home that is in poor condition to make way for the construction of two (2) new single-family homes. The new homes would each have five (5) bedrooms and are estimated to sell for \$460,000 each. This exceeds the affordable sales price for households at 80% of AMI. Therefore, the rezoning is estimated to add two (2) units of housing affordable to households above 80% of AMI. The value of the existing home is \$19,700 as of 2018 according to data from the Fulton County Assessor. However, this home is in disrepair and has

been vacant for over a year. It is not counted toward the existing housing stock because it likely uninhabitable. Therefore, no housing would be preserved or eliminated 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. Although the affordable home sales price for a 5-bedroom unit is not found in the methodology below, the same methodology would be used based on an income of \$76,650 for a hypothetical household of 7.5 persons at 80% 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 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 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.