



## **Purpose**

The purpose of this report is to provide an overview of the Inclusionary Zoning (IZ) and Public Subsidy Ordinance (PSO) programs in the City of Atlanta, including the goals for the programs and the progress towards achieving the goals to date. The report reviews the IZ and PSO programs from 2018 through 2023. Please note that due to internal verification processes, the 38 participating properties in the 2023 audit represent only a portion of the overall affordable properties completed or being constructed and are not reflective of the overall affordable units being tracked by the City. See “Key Terms” for details. Additionally, there are many properties on the Workforce Program that are fully affordable; in these cases only 10% of the units are counted toward compliance with City ordinance and reflected in this report, yet greater than 10% of the units at the property are affordable. For a more comprehensive overall total of affordable units built in the City, please visit the [Mayor's Office of Policy Affordable Housing Tracker](#)

The Office of Housing and Community Development (OHCD) administers the Inclusionary Zoning (IZ) and Public Subsidy Ordinance (PSO) programs. Annually, these programs are audited to ensure that all projects meet the program requirements to maintain compliance with the existing ordinances. The annual audit includes a review of all projects that have their Certificate of Occupancy (CO) and are leasing.

## **Summary**

The annual audit for the calendar year 2023 shows several important findings:

- There are 38 properties that were subject to the audit.
- There is a total of 1,546 IZ and 2,184 PSO Set-aside Units.
- A greater number of set-aside units are offered at 80%, however only 25 properties are at 80% AMI and 31 are at 60%.
- Program Recommendations:
  - Expand IZ citywide and include for sale and 30% AMI options
  - Create a public-facing dashboard to show necessary information for all participating properties, and to market vacancies.
  - Provide regular communication and training to Property Management
- Key Findings:
  - The application process is different for each property and can be expensive, unduly long, and cumbersome for applicants.
  - The City needs to engage more often with Property Management teams for training purposes. Properties that otherwise offer only market-rate units may find themselves unfamiliar with affordable housing practices which can lead to high vacancy rates of set-aside units.

## **Key Terms**

**IZ Set-Aside Units:** The number of units that a development counts towards meeting the IZ program requirements. This includes only the mandatory number of IZ units and no additional subsidized units.

**PSO Set-Aside Units:** The number of units that a development counts towards meeting the PSO program requirements. This includes only the mandatory number of PSO units and no additional subsidized units.

**In-Review:** Properties that participate in the Workforce Housing Program and have completed legal documentation with a Development Authority, but that are still being verified by the Office of Housing and Community Development and therefore not yet included in the City audit.

**Market-rate Units:** Housing units not restricted to low- and moderate-income individuals or households that may sell or rent at any price.

**Workforce Program/Units/Property-** The terminology used for IZ and PSO properties/units that meet one or both program definitions.

**AMI (Area Median Income):** The average income for a family of four based on specific localities. This amount is determined annually by the Department of Housing and Urban Development (HUD).

### **Program Background (PSO)**

The purpose of the PSO program is to promote affordable housing for Atlantans who live and work in the City of Atlanta and is designed to keep Atlanta rents relatively affordable for working individuals and households within various income ranges. The City of Atlanta requires a set-aside of affordable housing units for new multifamily rental developments with at least 10 units if the development is receiving a public subsidy. This is codified by Section 54-1 of the City of Atlanta's municipal code.

### **Program Background (IZ)**

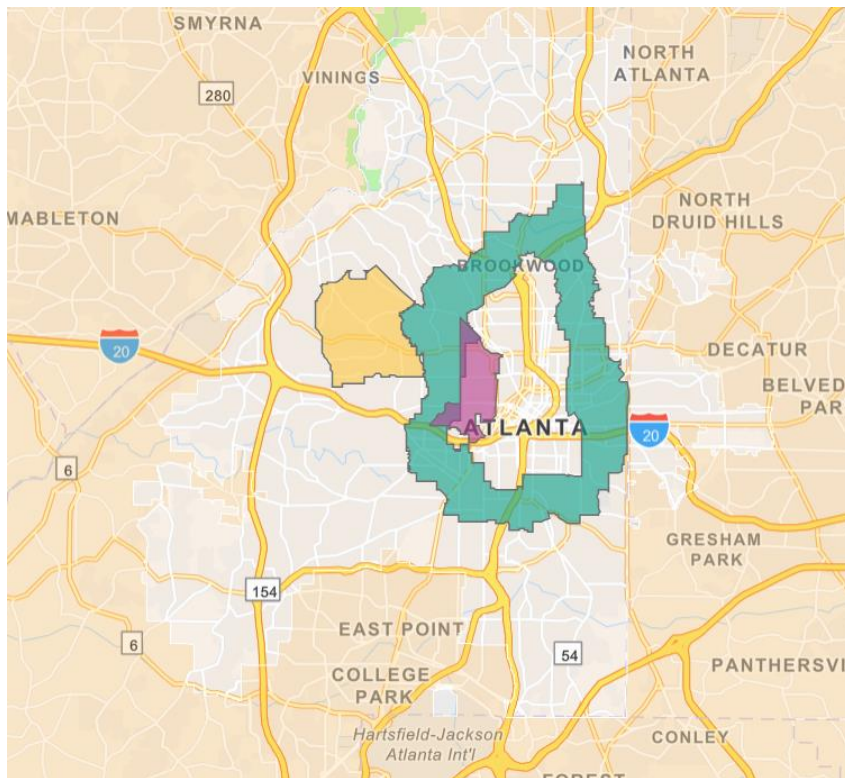
Following sustained discussions with a wide variety of stakeholders and multiple rounds of community engagement, in November of 2017, the Atlanta City Council adopted three (3) ordinances to establish the Inclusionary Zoning program in the BeltLine Overlay District, the Westside neighborhoods near the Mercedes-Benz stadium, and the Westside Park Affordable Workforce Housing District (added in 2021). The City of Atlanta's IZ policy ensures that a portion of new multifamily projects with 10 or more units in geographic areas of high public investment are affordable to low and moderate-income households. The key goals of the IZ program are to: promote affordable housing for Atlantans who live and work in the City of Atlanta, ensuring diverse housing options continue to be available for persons and/or households at or below Area Median Income (AMI); foster neighborhood diversity in race, income, and age; and provide incentives to developers to increase the number of affordable housing units.

Participation in the IZ program for developments in the overlays is mandatory and not voluntary on the part of developers; however, developers have the option to opt-out of the program by paying an in-lieu fee. Developers are given the option to select from multiple AMI levels to comply with IZ program requirements. Additionally, developers may have other subsidized units (that do not count towards the mandated IZ units) that are brought to market at various AMI levels

Since the 2020 Inclusionary Zoning report was released by the City of Atlanta, there have been several important updates to the IZ program. These include:

- A new geographic area was added to the IZ program geography; the Westside Park Affordable Workforce Housing District is now part of the IZ program
- For the first time, for sale properties are also subject to IZ program requirements in the Westside Park Affordable Workforce Housing District
- For the first time, Developers were given the option of providing set-aside units for 30% AMI

Figure 1: Inclusionary Zoning Geographic Overlays



Source: City of Atlanta, 2023.

### Audit Results (Cumulative Review)

Table 1 lists the properties that were included in the 2023 audit along with the number of set-aside units and the AMI threshold for each property.

Table 1: Overview of Participating Workforce Properties

Name of Property	# of Set-Aside Units	% AMI
1. 55 Milton	87	60%
2. 1055 Arden	6	60%

3. 542 Boulevard	3	60%
4. Academy Lofts at Adair Park	4	60%
5. Adair Ct. (Senior)	10	60%
6. Allen Hills	46	60%
7. Herndon Square	10	60%
8. Home on the Westside	4	60%
9. Iris O4W	33	60%
10. London Townhomes	20	60%
11. Marietta Rd. Senior Tower	13	60%
12. Overline Residences	36	60%
13. Parkside at Quarry Yards	19	60%
14. Peachtree Rd. Senior Tower	20	60%
15. Quest Commons	6	60%
16. Rolling Bends	16	60%
17. Signal House	17	60%
18. Station 496	13	60%
19. Sylvan Hills Senior	19	60%
20. The 1300	5	60%
21. The Steede	16	60%
22. Abbington at Cheshire Br.	5	80%
23. Alton East	38	80%
24. Ascent Peachtree	52	80%
25. Boulevard at Grant Park	49	80%
26. Citizen O4W	17	80%
27. Live 8 West	40	80%
28. Novel West Midtown	34	80%
29. Reflection Student Living	38	80%
30. Seven Seventy Glenwood	12	80%
31. The Goat Farm	42	80%
32. The Lowery	26	80%
33. The Maverick I	48	80%
34. The Maverick Phase II	17	80%
35. The Penman	40	80%
36. The Verge	48	80%
37. The Vivian	49	80%
38. Vibe at Echo West	44	80%

Source & notes: City of Atlanta, 2023.

Tables 2 and 3 show the number of properties and set-aside units at each AMI level for both IZ and PSO. More units were provided at 80% AMI while relatively fewer were provided at lower AMI level 60% AMI, and none were provided at 30% AMI. Interestingly, a higher number of properties select the 60% AMI threshold but are generally properties with fewer units.

Table 2: Number of IZ Properties and Set-aside Units by AMI

	<b>IZ Properties</b>	<b>IZ Units</b>
30% AMI	0	0
60% AMI	14	265
80%	13	464
Total	27	729

Source & Notes: City of Atlanta, 2023.

Table 3: Number of PSO Properties and Set-aside Units by AMI

	<b>PSO Properties</b>	<b>PSO Units</b>
60% AMI	17	314
80%	12	487
Total	20	801

Source & Notes: City of Atlanta, 2023.

IZ and PSO units can both be used to fulfill program requirements so the totals cannot be summed together because workforce units would be double counted (as part of meeting IZ and PSO program requirements). The definitions of key terms above can be used as a reference to interpret the tables.

### Review of IZ Program, 2018-2023

Table 4 shows IZ units by overlay. Most units were completed in the BeltLine Overlay whereas Westside and Westside Park Overlays saw fewer units produced.

Table 4: IZ Units by Overlay

	<b>BeltLine Overlay</b>	<b>Westside Overlay</b>	<b>Westside Park Overlay</b>	<b>Total</b>
IZ Units Produced	679	50	0	729
IZ Units Under Construction	535	95	34	664
Total	1,214	145	34	1,393

Source: City of Atlanta, 2023.

Table 5 shows the number of completed IZ set-aside units each year by AMI level. Most IZ units are produced at 80% AMI.

Table 5: IZ Units by AMI Each Year

	2019	2020	2021	2022	2023	Total
30% AMI	0	0	0	0	0	0
60% AMI	0	15	39	103	108	265
80% AMI	38	26	48	105	247	464
Total	38	41	87	208	355	729

Source: City of Atlanta, 2023. To date, developers have not opted for the 30% option.

Table 6 shows the number of IZ units in differing stages of development. Since the inception of the IZ program there have been a total of 729 units completed while 664 are under construction and 154 in review.

Table 6: IZ Units by Development Status

Completed	729
Under Construction	664
In Review	154
Total Units	1,547

Source: City of Atlanta, 2023.

### Review of PSO Program, 2018-2023

Like with the IZ program, developers that participate in the PSO program must choose among different options for complying with AMI requirements for their set-aside units. Unlike the IZ program however, the PSO program is not geographically bound, with *any* development with 10 or more units receiving public subsidy mandated to participate.

Table 7 shows the number of completed PSO set-aside units each year by AMI level. Most PSO units are produced at 80% AMI.

Table 7: PSO Units by AMI Each Year

	2018	2019	2020	2021	2022	2023	Total
60% AMI	63	4	34	86	105	22	314
80% AMI	0	38	66	48	195	140	487
Total Units	63	42	100	134	300	162	801

Source: City of Atlanta, 2023.

Table 8 shows the number of PSO units in differing stages of development. Since the inception of the PSO program there have been a total of 801 units completed while 897 are under construction and 486 are in review.

Table 8: PSO Set-aside Units by Development Status and Year.

Completed	801
Under Construction	897

In Review	486
Total	2,184

Source: City of Atlanta, 2023.

## Conclusion

To date, the IZ program has resulted in 1,547 new multifamily affordable units (either already developed or currently in development in the Beltline, Westside, and Westside Park overlays). In addition, the PSO program has resulted in 2,184 new multifamily affordable units. The conclusive result of this evaluation of the IZ and PSO programs five years in operation is that the program is yielding a positive return. It serves as a mechanism to align public and private sector incentives and investments in the development of these areas for the public good of preserving affordability as these areas experience rapid economic growth. However, there is no question that more action is needed to achieve Mayor Dickens' vision of an equitable Atlanta for residents of all income levels. Therefore, while the continued support and increased utilization of the IZ and PSO programs is crucial to achieving this goal, it is important to note that these programs alone are a component of a larger, comprehensive approach to address Atlanta's housing needs.

## Program Recommendations

- Expand Inclusionary Zoning Program Citywide and/or to areas of the city targeted for public investment or prioritized planning.
- Expand the for-sale and 30% AMI options to all overlays and to PSO.
- Include compliance violation mechanisms for non-compliant properties.
- Create public-facing dashboard of Workforce Properties and related information/resources.
- Create a standard procedure for regular communication with Property Management regarding Workforce Program compliance, best practices, resources, and training.
- Create a procedure for the City to market properties with vacant set-aside units.

## Additional Findings

The audit showed that there are substantial differences in what each development requires from applicants for set-aside units, indicating that there is dissimilar access to IZ/PSO units depending on the project. The application materials and requirements can pose challenges for potential residents if they are onerous to compile and/or make potential residents ineligible based on their circumstances (i.e., having a credit score requirement that excludes many potential residents). This can be costly and burdensome for applicants.

OHCD will review the application requirements for consistency and consider ways to standardize the application process for all program developments.

Additionally, the audit found that Property Management teams at participating Workforce properties are unaware of program requirements due to high turnover and lack of training on affordable housing practices.

The lack of knowledge has resulted in some properties having a high rate of vacant set-asides, or inordinately long application times for prospective residents.

OHCD will initiate a regular communication process with properties in order to provide Workforce Program requirements, affordable housing resources, application best practices, etc., with the goal of improving program access and administration.

For questions regarding OHCD programs, roles and responsibilities, and program timelines, contact the Office of Housing and Community Development:

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