

INTRODUCTION

BELTLINE AFFORDABLE HOUSING COMMITMENT AND FRAMEWORK

Affordable housing is a critical component of a successful BeltLine project. Therefore, City Council created a BeltLine Affordable Housing Trust Fund (“BAHTF”) to promote the creation of affordable housing. The municipally funded BAHTF adds a necessary, flexible, and unprecedented tool to Atlanta’s affordable housing toolkit in an environment of declining federal assistance. City Council and the State established the following framework for the use of BAHTF dollars for the effective creation of BeltLine affordable housing.

- City Council requires that 15% of each Tax Allocation District (“TAD”) bond issuance must be allocated to the BAHTF.¹ This allocation is expected to generate approximately \$120 million over 25 years.²
- City Council established the BeltLine Affordable Housing Advisory Board (“BAHAB”),³ which is charged with the following three responsibilities:
 - Making recommendations to the Atlanta Development Authority (“ADA”) and the City on goals and policies related to the use of the BeltLine Affordable Housing Trust Fund.
 - Monitoring the location and availability of affordable housing throughout the BeltLine.
 - Coordinating the activities of BAHAB with other affordable housing activities conducted throughout the City.
- The State Redevelopment Powers Act also requires the following:
 - BAHTF dollars must be spent within the boundaries of the TAD, which purposefully encompasses very few single family homes.
 - BAHTF funds must be spent on the construction of tangible capital projects.

THE NEED FOR AFFORDABLE HOUSING

Numerous studies have documented Atlanta’s affordable housing challenge. The City of Atlanta Affordable Housing Implementation Task Force estimated that an additional 30,000 to 50,000 affordable units would need to be provided to meet existing housing needs. According to a recent report written for the Atlanta Housing Opportunity Fund and other sources⁴:

- One-quarter of Atlanta households live in physically substandard units as defined by the U.S. Department of Housing and Urban Development.

¹ City of Atlanta Ordinance 05-O-1733

² This estimate does not reflect bonding capacity if Atlanta Public Schools is permitted to contribute to the T of the Tax Allocation District increment. With APS participation, the estimate is \$240 million.

³ City of Atlanta Resolution 06-R-2699

⁴ “City of Atlanta Affordable Housing Trust Fund: Final Report and Recommendations.” Davidson, Sjoquist, Keating. 2002.

THE BELTLINE

The BeltLine is a system of new and improved transit, parks, trails, affordable housing, and other improvements around a 22-mile loop of railway. The benefits and development of this new system will connect 45 neighborhoods in both developed and formerly underdeveloped areas of the City. Creating this system is a once-in-a-generation opportunity to build a sustainable and livable framework for Atlanta’s future growth.

BAHAB MEMBERSHIP

- Millicent Few**
Atlanta Public Schools (“APS”)
- Joan Garner**
Historic District Dev. Corp.
- Wendy Green**
Mercy Housing
- Bruce Gunter (Chair)**
Progressive Redevelopment, Inc.
- Pete Hayley**
University Community Dev. Corp.
- Yolanda Johnson**
APS School Board Member
- Hazel Jacobs**
Fulton County Commission
Appointee
- Bob Jones**
Bethursday Development
- Kate Little (Secretary)**
GSTAND
- Sharron Pitts**
Chief of Staff, APS
- Jane Ridley**
Fulton County Commission
Appointee
- Carrie Salvary**
Fulton County Commission
Appointee
- Andy Schneggenburger**
AHAND
- Catalina Sibilsky**
APS Appointee
- Pam Smith**
Smith Real Estate Services
- Janis Ware (Vice-Chair)**
Summech Community Dev. Corp.
- Eric Wilson**
APS School Board Member

- One-third of Atlanta working households are “housing cost burdened,” which means that they pay more than 30% of their income toward housing expenses.
- Many families are losing their existing affordable housing in the City of Atlanta, due to rising land values, mortgage fraud, expiring affordable housing subsidies, and demolition of existing housing stock.
- Most jobs in Metropolitan Atlanta pay less than \$40,000, but most of the housing built is not affordable for people earning that amount.⁵

PURPOSE OF THIS REPORT

This document fulfills BAHAB’s first responsibility, making policy recommendations for the BAHTF, for the first bond issuance. The recommendations rely heavily on previous studies and broader community engagement around the BeltLine, including gathering and considering meaningful input from over 200 community participants.⁶ These recommendations will be submitted to Atlanta BeltLine, Inc. and the Atlanta Development Authority for review and refinement from an implementation perspective. Atlanta BeltLine, Inc. and the Atlanta Development Authority will then take the refined recommendations to City Council for approval by resolution.

***“This document fulfills
BAHAB’s first
responsibility, making
policy recommendations
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REPORT CONTENTS

- Introduction (pages 1-2)
- Executive Summary of Recommendations (pages 3-6)
- Detailed Summary of Recommendations and Rationales (pages 7-13)
- Appendices
 - A: Atlanta BeltLine Inc. and Atlanta Development Authority Policy and Program Guideline Recommendations with the Support of the BeltLine Affordable Housing Board as of 9/16/08.
 - B: BAHAB Statement of Guiding Principles
 - C: Community Engagement Summary
 - D: Community Conversation Context Presentation
 - E: Existing Studies and Other Reading

⁵ “Making the Case for Mixed Income Communities” Atlanta Neighborhood Development Partnership. 2004.

⁶ See “Existing Studies and Other Reading” and “Community Engagement Summary” in the Appendices.

EXECUTIVE SUMMARY OF RECOMMENDATIONS

PRINCIPLES FRAMEWORK

In February of 2008, BAHAB created a Statement of Guiding Principles, which laid the foundation for BAHAB policy recommendations. The full Statement of Guiding Principles is located in Appendix A and on the BeltLine website at www.beltline.org. The three main guiding principles state that BAHAB will strive for policies that:



- facilitate housing near jobs for working families who are otherwise priced out of these desirable housing markets;
- serve as a catalyzing agent for the revitalization of communities along the BeltLine redevelopment area that have experienced disinvestment and decay; and
- support the mitigation of involuntary economic displacement of existing residents and preservation of housing assets near the BeltLine to the greatest extent possible.

Other principles include support for mixed-income developments, a mix of owner-occupied and rental housing, “green” construction, equitable geographic distribution, transit-oriented development, long term affordability and wealth creation, and the structuring of BAHAB investments as grants (not loans).

POLICY RECOMMENDATIONS

A more detailed listing of policy recommendations can be found in the section entitled “Detailed Summary of Recommendations and Rationales for BAHTF.” For simplicity, policies have been grouped into categories that respond to six basic questions:

- Where will the BAHTF dollars be distributed and how will they be accessed?
- Affordable to whom?
- What kind of housing will BAHTF dollars support?
- Where will the housing be located?
- How can we sustain affordability?
- How can we mitigate economic displacement?

Where Will the BAHTF Dollars Be Distributed and How Will They Be Accessed?

Program Components: BAHTF dollars will be used in three ways:

- Downpayment assistance for homebuyers.
- Grants to develop and preserve affordable housing.
- Funds for property acquisition for future affordable housing

Nature of Subsidy: The subsidy should be grants instead of loans. Subsidy to homebuyers should be in the form of a deferred second mortgage.

Contd.

Where Will the BAHTF Dollars Be Distributed and How Will They Be Accessed? (Contd.)

Access / Distribution:

- For the downpayment assistance for homebuyers component, individual applicants would apply to the Atlanta Development Authority (“ADA”), which will administer the BAHTF. All funds should be evaluated and, after consultation with BAHAB, potentially reallocated among program components within 12 months.
- For the grants to developers component, developers would submit an application to the ADA for a specific project, which will be evaluated based on minimum scoring threshold criteria. The scoring criteria will induce developers to submit project applications that meet BeltLine affordable housing goals, such as serving households at 30% of area median income (“AMI”) or creating “green” affordable housing.
- For the property acquisition component, the dollars would be placed in a pool available for property acquisition for future affordable housing. Alternatively, a publicly oriented entity or a non profit organization would purchase property and issue requests for proposals to developers for subsequent affordable housing development.
- All BAHTF funds from each bond issuance must be spent within three years in order to effectively meet tax exempt bond requirements. The policy, therefore, must allow for flexibility to move dollars from one component to another.

Non Profit Set Aside: Investment for the development and preservation of affordable housing should include dollar set asides for nonprofits.

- 20% of all Trust Fund dollars should be set aside for use by Community Housing Development Organizations (“CHDO”).
- Scoring criteria points shall be awarded to projects with nonprofit development organizations as significant partners on the development team.⁷
- Additional points shall be awarded for developments in existing CHDO or CDC neighborhoods that include the local organization as a significant partner on the development team.

Affordable to Whom?

Rental Income Targeting: The income eligibility cap for affordable rental housing should be 60% of area median income (“AMI”). This cut-off is intended as a cap, not a target. BAHAB recommends a commitment to households at 30% of AMI (households just above the minimum wage) through a requirement that 10% of the affordable units built be targeted to households at or below 30% of AMI. This policy recommendation will consume a significant amount of BAHTF rental development funds, because units at 30% of AMI require more subsidy per unit.

Owner-Occupied Income Targeting: The income eligibility cap for affordable owner-occupied housing should be 100% of AMI for families with one or two people and a cap of 115% of AMI for families with three or more people. The policy should also require “best efforts” for a six month period to target families at 60% - 80% of AMI. BAHAB recommends a program goal of 50% of owner-occupied related funds distributed to households between 60-80% of AMI.

AREA MEDIAN INCOME

Income eligibility definitions are based on the “**area median income**” (AMI), which is calculated annually by the U.S. Department of Housing and Urban Development. In calculating AMI, HUD defines the “area” as Metropolitan Atlanta, which includes both the City and suburban counties. Compared to the area median income, half of the area's families have lower incomes and half have higher incomes. HUD makes standard adjustments in area median income for larger and smaller households.

The table below represents 2008 HUD area median incomes for Metropolitan Atlanta, adjusted by household size.

		% of Area Median Income			
		30%	60%	80%	100%
Household Size	1	\$ 14,950	\$ 29,900	\$ 39,867	\$ 49,833
	2	\$ 17,100	\$ 34,200	\$ 45,600	\$ 57,000
	3	\$ 19,200	\$ 38,400	\$ 51,200	\$ 64,000
	4	\$ 21,350	\$ 42,700	\$ 56,933	\$ 71,167
	5	\$ 23,050	\$ 46,100	\$ 61,467	\$ 76,833
	6	\$ 24,800	\$ 49,600	\$ 66,133	\$ 82,667

⁷ Non profit development organizations are defined in this document as non profit organizations with demonstrated experience of affordable housing development.

Affordable to Whom? (Contd.)

Preferences for Individuals: City of Atlanta residents (including BeltLine neighborhood residents) and public servants, defined as City, County and APS employees, should receive preference for housing.

What Kind of Housing?

New Construction and Rehabilitation: BAHTF dollars should be available for both new construction and rehabilitation.

Mix of Owner-Occupied and Rental Housing: A balanced mix of rental and owner-occupied units on a portfolio-wide level should be an internal target, even though that mix may vary on a development-by-development and year-to-year basis.

Mixed-Income Housing: Housing developments should contain a mix of market rate housing and affordable housing. At least 15% of the units in each development should be market rate.

“Housing developments should contain a mix of market rate housing and affordable housing.”

Housing Quality: BAHAB generally defines quality affordable housing as inclusive housing that balances cost and quality to meet or exceed local building code standards, is comparable in size and quality to market rate units in the same development, and is affordable to the City’s low-income citizens. Such housing is also safe, “Barrier Free” as defined by City of Atlanta ordinance (which includes most visitability standards), and environmentally sustainable. Specific recommendations are the following:

- New construction or rehabilitation projects should be required to meet minimum Earthcraft standards.
- Projects should be required to be “Barrier Free,” as defined by City of Atlanta ordinance.
- Projects should be required to blend in with / complement / enhance the existing character of the neighborhood.
- Projects with all units prewired for security systems should receive a scoring preference.
- Affordable units should be of comparable size and quality to market rate units, and the unit mix of affordable units should be proportional to market rate units.



Community Land Trusts: A strong scoring preference should be provided to projects with "Community Land Trust" units or to developers having developed CLT units in the BeltLine Planning Area within the last five years.

Where Will Housing Be Located?

Geographic Targeting: Geographic targeting should be defined by affordable housing need and market conditions, which should be measured periodically. The BAHTF should encourage projects that ensure an equitable distribution of units around the BeltLine. After 18 months and every five years thereafter, BAHAB will review distribution of development and revise policy recommendations to ensure equitable distribution of affordable units around the BeltLine.

How Can We Sustain Affordability?

Length of Affordability – Rental Developments: Rental projects should be subject to a 15-year minimum affordability period. Projects that receive more than \$30,000 of BAHTF subsidy per affordable unit should have a 30 year restriction.

Length of Affordability – Owner-Occupied: The BAHTF should place a “soft second” mortgage on affordable units in order to render the purchase price affordable to the homebuyer. Upon sale or refinance within the first 15 years of ownership, the mortgage must be repaid in full. At point of sale within the first ten years of ownership, a percentage of gain or appreciation should be paid to the Trust Fund by the seller. Up to 20% downpayment assistance would be provided for families at or below 80% of AMI. Up to 15% downpayment assistance would be provided for families above 80% of AMI but below the income eligibility cap.

How Can We Contribute to Mitigating Economic Displacement?

Displacement Mitigation Recommendations: While the BeltLine Affordable Housing Trust Fund is an unprecedented TAD investment, more tools must be employed to truly impact the affordable housing deficit in BeltLine and other City of Atlanta neighborhoods. While these issues technically fall outside of BAHAB’s intended scope of work, BAHAB deems them important, and specifically recommends the following:

1. The City of Atlanta should **adopt a mandatory inclusionary zoning ordinance.**
2. Atlanta communities or the City of Atlanta should **create one or more community land trusts.**
3. The City of Atlanta and the State of Georgia should **prioritize preserving existing subsidized housing.**
4. The City of Atlanta and the State Georgia should create a permanent source of revenue to preserve affordable housing such as a **real estate transfer tax** or **commercial linkage fees.**
5. The City of Atlanta/Atlanta Beltline Inc./ BeltLine Partnership should engage in a broad and sustained **educational campaign** to inform residents of existing government programs available to assist over-burdened households experiencing increased taxes or in need of increased financial literacy.
6. The City of Atlanta and Fulton County should enact **property tax reform** protecting target populations in revitalizing neighborhoods from over-burdensome property taxes due to gentrification or revitalization.
7. The City of Atlanta and the State of Georgia should adopt **just cause eviction control** legislation that would give renters some protection from displacement due to rapidly rising rents.

DETAILED SUMMARY OF RECOMMENDATIONS AND RATIONALES FOR BAHTF

Access / Distribution of BAHTF Funds

Recommendation

BAHTF dollars will be placed into three basic program components: downpayment assistance for homebuyers, grants to developers to build affordable housing, and property acquisition for future affordable housing. All funds should be evaluated and, after consultation with BAHAB, potentially reallocated among program components within 12 months.

- For the downpayment assistance for homebuyers component, individual applicants would apply to the Atlanta Development Authority (“ADA”), which will administer the BAHTF.
- For the grants to developers component, developers would submit an application to the ADA for a specific project, which will be evaluated based on minimum scoring threshold criteria. The scoring criteria will induce developers to submit project applications that meet BeltLine affordable housing goals, such as serving households at 30% of area median income (“AMI”) or creating “green” affordable housing.
- For the property acquisition component, the dollars would be placed in a pool available for property acquisition for future affordable housing. Alternatively, a publicly oriented entity or a non profit organization would purchase property and issue requests for proposals to developers for subsequent affordable housing development.
- All BAHTF funds from each bond issuance must be spent within three years in order to effectively meet tax exempt bond requirements. The policy, therefore, must allow for flexibility to move dollars from one component to another.

Rationale

- Scoring criteria create some level of transparency about funding decisions while creating incentives for developments that meet policy goals.
- Scoring criteria provide the ADA with the flexibility to adjust the program from year to year without having to revise legislation. These changes should be made with the advice of the BeltLine Affordable Housing Advisory Board.

Nature of Subsidy

Recommendation

The subsidy should be grants instead of loans. Subsidy to homebuyers should be in the form of a deferred second mortgage.

Rationale

- Affordable loans for affordable housing development are already available in the Atlanta area, including through the ADA. Equity investment is much more difficult to secure, and is needed to make affordable housing financially viable.
- The bonds issued for affordable housing are tax-exempt, which requires that BAHTF investments be grants
- Grants are less complicated and require less ongoing administration than loans.

Non Profit Set Aside

Recommendation

Investment for the development and preservation of affordable housing should include dollar set asides for nonprofits.

- 20% of all Trust Fund dollars should be set aside for use by Community Housing Development Organizations (“CHDO”).
- Scoring criteria points shall be awarded to projects with nonprofit development organizations as significant partners on the development team.⁸
- Additional points shall be awarded for developments in existing CHDO or CDC neighborhoods that include the local organization as a significant partner on the development team.

Rationale

- The BeltLine has always been conceived and marketed as a community-based project (“...linking 45 neighborhoods...”). The CHDOs and Community Development Corporations (“CDC”) operating in BeltLine neighborhoods are most familiar with their community master plans, community needs, and visions for growth. Because these organizations have a long-term, mission-oriented commitment to their neighborhoods, development that occurs within those areas will be more responsive to these conditions if these local entities help make the critical decisions. More than half of the BeltLine travels through neighborhoods within or directly adjacent to a CHDO or CDC service area.
- Established precedent for CHDO and non-profit developer preferences exists within the federal HOME (15% for CHDOs) and Low Income Housing Tax Credit (10% for non-profits) programs, and the City of Atlanta’s Housing Opportunity Bond program (10%).
- As part of its economic development strategy, the City of Atlanta supports community-based redevelopment by certifying and supporting CHDOs, which have led revitalization in many neighborhoods by developing high risk projects, laying the groundwork for market development.
- Non-profit developers have access to a wider variety of financing sources for affordable housing. Promoting development projects that utilize these resources will maximize their affordability potential.
- The BAHTF was created in part because of strong advocacy by non-profit developers.

Rental Income Targeting

Recommendation

- The income eligibility cap for affordable rental housing should be 60% of area median income (“AMI”).
- BAHAB recommends a commitment to households at 30% of AMI (households just above the minimum wage) through a requirement that 10% of the affordable units built be targeted to households at or below 30% of AMI
- The requirement should be for one year after bonds are issued after which time the requirement should be reevaluated.
- BAHAB should review reports on a semi-annual basis to provide recommendations about how to adjust the program to improve unit production.

Rationale

- A full 25% of City of Atlanta households have incomes below 30% AMI.
 - Atlanta’s economy is based in large part on the service industry. These are the waiters and waitresses, parking lot attendants, housekeepers and bus drivers - people who may need to live near public transportation.

⁸ Non profit development organizations are defined in this document as non profit organizations with demonstrated experience of affordable housing development.

- The 60% of AMI cap is consistent with most local and federal housing programs.
- A program guideline commitment to 30% of AMI prevents developers from “floating to the top” by building units only targeted at higher income residents.
- Scoring criteria in program guidelines allow for flexibility to adjust the program given changing housing market and policy conditions.

Owner-Occupied Income Targeting

Recommendation

- The income eligibility cap for affordable owner-occupied housing should be 100% of AMI for families with one or two people and a cap of 115% of AMI for families with three or more people.
- The policy should also require “best efforts” for a six month period to target families at 60% - 80% of AMI. BAHAB recommends a program goal of 50% of owner-occupied related funds distributed to households between 60-80% of AMI.
- BAHAB should create a committee to define “best efforts” and monitor projects to determine if best efforts have been met before prices of housing can be raised.

Rationale

- The floor should be 60% of AMI. This is a logical dividing line, because this is where most rental subsidy targeting begins. Also, targeting homeownership below 60% of AMI may set up some households to fail and exacerbate the foreclosure crisis.
- Households below 80% of AMI (family of 4) find it difficult to afford a home near the BeltLine, because the amount they can afford is less than the typical costs of homes. Households under 80% of AMI cannot afford a \$200,000 home, but the average home price near the BeltLine is closer to \$225,000.
- Many professional and civil servant households are above 80% of AMI, including some education professionals. These households are critical to a complete, functioning community. They can afford some housing stock near the BeltLine (up to \$242,000). However, without more affordable, quality housing available, these households will choose to live elsewhere where they can buy more house for the money.
- The ceiling should be 115% of AMI for households with three or more people. Larger households often have dual-income earners, which are above 100% of AMI. An auto mechanic and a part time administrative assistant, for example, would typically be over 100% of AMI, but below 115% of AMI.

Preferences for Individuals

Recommendation

City of Atlanta residents (including BeltLine neighborhood residents) and public servants, defined as City, County and APS employees, should receive preference for housing.

Rationale

- City of Atlanta and BeltLine neighborhood residents
 - The BeltLine should attempt to ensure that existing residents are able to continue to live along the BeltLine. Therefore, City of Atlanta and BeltLine neighborhood residents should receive preference.
- Public servants
 - Affordable housing for public servants allows Atlanta to compete for the best public servants.
 - Currently, many public servants live outside the City, in part due to the lack of quality, affordable housing options within the City.
 - Public servants can create healthier communities, such as off-duty first responders living in neighborhoods and making them safer by their presence.

Mix of New Construction and Rehabilitation Housing

Recommendation

- There is no need to mandate percentage breakdowns of new construction versus rehabilitation.

Rationale

- The BAHTF should seek affordable housing development and preservation opportunities, wherever available.
- Creating a mandated percentage breakdown will not allow for flexibility to respond to changes in the housing market and real estate availability, which will heavily influence the creation of new construction versus rehabilitation units over time.

Mix of Owner-Occupied and Rental Housing

Recommendation

- There should be an internal target of a balanced mix of rental and owner-occupied units on a portfolio-wide level, even though that mix may vary on a development-by-development and year-to-year basis.

Rationale

- Both rental and owner-occupied affordable housing opportunities are needed in Atlanta to increase affordable housing options for residents.
- Land costs and market demand are the primary determinants as to whether housing is rental or owner-occupied.

Mixed- Income Housing

Recommendation

- Housing developments should contain a mix of market rate housing and affordable housing. At least 15% of the units in each development should be market rate.

Rationale

- Concentrating 100% affordable units in one location or development has proven to be failed policy over the last half-century.
- A 20% market rate unit requirement, which is closer to many ADA program requirements, is too high, given that leasing up elderly rental developments is very difficult at market rents.

Housing Quality

Recommendation

BAHAB generally defines quality affordable housing as inclusive housing that balances cost and quality to meet or exceed local building code standards, is comparable in size and quality to market rate units in the same development, and is affordable to the City's low-income citizens. Such housing is also safe, Barrier Free as defined by City of Atlanta ordinance (which includes most visitability standards), and environmentally sustainable. Specific recommendations are the following:

- New construction or rehabilitation projects should be required to meet minimum Earthcraft standards.
- Projects should be required to be Barrier Free, as defined by City of Atlanta ordinance.

- Projects should be required to blend in with / complement / enhance the existing character of the neighborhood.
- Projects with all units prewired for security systems should receive a scoring preference.
- Affordable units should be of comparable size and quality to market rate units, and the unit mix of affordable units should be proportional to market rate units.

Rationale

- The BeltLine is a project that highlights environmental sustainability.
- Low energy costs derived from energy-efficient building standards are extremely beneficial to low-income households.
- BeltLine affordable housing policy should comply with the “Barrier Free” City of Atlanta Ordinance to ensure that units can be visited by those with disabilities.
- The affordable units should be indistinguishable, at least from the outside, from the market rate units. We hope by using the word "comparable" that we can give developers certain flexibility; the affordable units would not necessarily have all of the amenities of a market unit.

Community Land Trusts

Recommendation

- A strong scoring preference should be provided to projects with "Community Land Trust" units or to developers having developed CLT units in the BeltLine Planning Area within the last five years.

Rationale

- Community Land Trusts across the country now have enough tenure to demonstrate that this model of securing long-term affordability for housing can be very successful. They provide community-controlled affordable housing in various forms and ensure long-term affordability.
- Developers should be encouraged to build CLT units outside the TAD, but inside the BeltLine Planning Area, by receiving a scoring preference for projects within the TAD.

Geographic Targeting

Recommendation

- Geographic targeting should be defined by affordable housing need and market conditions, which should be measured periodically. The Trust Fund should promote projects that ensure an equitable distribution of units around the BeltLine. BAHAB will play an ongoing role in monitoring the location of units on a periodic basis.

Rationale

- Affordable housing is needed and desired in all Study Groups along the BeltLine.
- Appropriate contextual development should respond to local need and market conditions, in terms of owner-occupied and/or rental affordable housing.

Length of Affordability

Recommendation

- Rental developments
 - Rental projects should be subject to a 15-year minimum affordability period. Projects that receive more than \$30,000 of BAHTF subsidy per affordable unit should have a 30 year restriction.
- Owner-occupied (downpayment assistance and owner-occupied dollars for developers)

- The BAHTF should place a “soft second” mortgage on affordable units in order to render the purchase price affordable to the homebuyer. Upon sale or refinance within the first 15 years of ownership, the mortgage must be repaid in full. At point of sale within the first ten years of ownership, a percentage of gain or appreciation should be paid to the Trust Fund by the seller. The equity sharing formula will function as follows:
- Up to 20% downpayment assistance would be provided for families at or below 80% of AMI. Up to 15% downpayment assistance would be provided for families above 80% of AMI but below the income eligibility cap.

Number of Years of Ownership	% of Gain Paid By Seller to the Trust Fund
1	80%
2	70%
3	60%
4	50%
5	40%
6	30%
7	20%
8	10%
9	0%

Rationale

➤ Rental

- The BeltLine is a 25 year project.
- 30 years is consistent with State policy regarding the Low Income Housing Tax Credit program and requirements of many affordable housing funds across the country.
- The 30-year restriction should not prevent smaller or more conventional developers that request less subsidy per unit.

➤ Owner-occupied

- The recommended mechanism strikes a balance between ensuring the long-term sustainability of affordable housing and providing a wealth building opportunity for low-to-moderate income households.

POLICY RECOMMENDATIONS NOT DIRECTLY RELATED TO BAHTF DOLLARS

The BeltLine Affordable Housing Advisory Board (BAHAB) was created by legislation to provide policy recommendations governing the funding programs of the Beltline Affordable Housing Trust Fund. By state law, these funds, dedicated to the provision of affordable housing, can be invested only within the legally prescribed BeltLine TAD boundary. However, over the years the impact of the BeltLine project will spread well beyond the TAD boundary. While much of that intended impact will bring improvements to the physical infrastructure and quality of life to the impacted communities, involuntary economic displacement due to rising property values and taxes is an accelerating threat for many long-time residents in nearby neighborhoods. Consequently, community members have made it clear that this is a major concern, and BAHAB clearly agrees that these and other related concerns are important and valid.

BAHAB believes that improvements resulting from the BeltLine should be accessible to all citizens of Atlanta, particularly existing neighborhood residents. Although the current slowdown in the housing market has put a brake on housing prices, recent research shows that land prices in many neighborhoods along the south side of the BeltLine have already rapidly increased. While the BeltLine Affordable Housing Trust Fund represents a significant new source of funding for affordable housing, more resources and more tools must be deployed to truly impact the affordable housing deficit in BeltLine and other City of Atlanta neighborhoods.

After a year of analysis, research, and weighing policy options, BAHAB knows full well that the City of Atlanta remains largely a service-sector economy, the average wages of which fall short of being able to meet the increasing cost of housing (driven primarily by rising land prices). Acknowledging the positive impact of an influx of more affluent residents, many existing residents are facing displacement pressures, which affordable housing—new, rehabilitated or preserved—can address. Moreover, we have learned about the synergistic relationship

between the location of housing and jobs and access to transportation, and the BeltLine is an outstanding opportunity to help encourage that synergy, which makes housing affordable by reducing transportation costs.

In the past decade, demonstrable advances in the quality and management of affordable housing have helped to convince many citizens of the important role affordable housing plays as an integral component of *any* healthy community. More housing choices---for-sale, rental, high-end, and affordable---make for a healthier community, where young families, singles, and our elders can live side by side. Savvy in-town residents know that rising land prices threaten them, and that well-crafted affordable housing, often in the context of increased density (which help “make the numbers work”) can bring benefits to the community. We understand more fully the role that density---well planned and well executed---plays in making our streets more vibrant and the economics feasible. As a consequence, we have encountered increased public awareness and acceptance of affordable housing.

However, we cannot get to this vision without more resources and tools. To that end, BAHAB offers the following specific recommendations for policymakers, civic leaders, affordable housing constituencies, and concerned citizens:

1. City of Atlanta – adopt a **mandatory inclusionary zoning** ordinance. When implemented effectively, inclusionary zoning has proven to be a successful tool for municipalities across the country as part of a strategy to provide affordable housing. Well crafted ordinances are intended to do so at little to no net cost to the developer and also result in more equitable distribution of affordable housing, increasing housing choice.
2. Atlanta communities or City of Atlanta – create one or more **Community Land Trusts (CLTs)**. CLTs across the country now have enough tenure to demonstrate that this model of securing long-term affordability for housing can be very successful. CLTs provide community-controlled affordable housing in various forms and ensure long-term affordability. CLTs also provide valuable support for municipal affordable housing strategies, especially when paired with inclusionary zoning.
3. City of Atlanta / State of Georgia – **Preserve existing subsidized affordable housing**. Many low-income housing tax credit-funded and other subsidized housing developments are now reaching the end of their affordability compliance periods. Losing these units to the market would not only mean a significant drop in the already shrinking number of affordable units, but the loss of significant prior public investments as well. “Preservation” is much more cost-effective than building new.
4. City of Atlanta / State of Georgia – Create a permanent source of revenue such as a **real estate transfer tax** or **commercial linkage fees** to enhance State and/or City Housing Trust Funds. Such tools would provide much-needed dedicated revenue specifically for the development of affordable housing. A number of states and municipalities employ similar strategies. The salient fact is that affordable housing initiatives and programs in Atlanta are severely under-funded compared with other major metropolitan areas around the country.
5. City of Atlanta / Atlanta BeltLine Inc. / BeltLine Partnership – engage in a broad and sustained **educational and outreach campaign** to inform residents (particularly of BeltLine neighborhoods) of existing government programs available to assist over-burdened households experiencing increased taxes or in need of increased financial literacy.
6. City of Atlanta / Fulton County – Enact **property tax reform** protecting target populations in revitalizing neighborhoods from over-burdensome property taxes due to gentrification or revitalization. Target such abatements, caps, or other policies to specific demographics not currently served by existing policies.

7. City of Atlanta / State of Georgia – adopt “**just cause**” **eviction control** legislation that would give renters some protection from displacement due to rapidly rising rents.

APPENDICES

A: Atlanta BeltLine Inc. and Atlanta Development Authority Policy and Program Guideline Recommendations with the Support of the BeltLine Affordable Housing Board as of 9/16/08.

B: Statement of Guiding Principles Community

C: Engagement Summary

D: Community Conversation Context Presentation

E: Existing Studies and Further Reading

APPENDIX A

Atlanta BeltLine Inc. and Atlanta Development Authority Policy and Program Guideline Recommendations with the Support of the BeltLine Affordable Housing Board as of 9/16/08.

CATEGORY		ADA POLICY RECOMMENDATION (Presented to ADA and City Council for Approval)	ADA PROGRAM GUIDELINES (Will Present to BAHAB for Feedback Prior to Revising Guidelines)
How Will the BAHTF Be Accessed?	PROGRAM COMPONENTS	BAHTF dollars should be used for the programs below. Program funds not expended within 12 months may be reallocated to other components to insure that 100% of bond proceeds meet spend down requirements.	ABI and ADA will present to BAHAB for feedback prior to reallocating dollars.
		o Downpayment Assistance	
		o Multifamily Rental Developer Incentives	
		o Single Family Developer Incentives	
		o CHDO Set Aside Multifamily Rental	
		o CHDO Set Aside Single Family Homeownership	
		o Property Acquisition for Rental Affordable Housing	
	o Property Acquisition for Owner-Occupied Affordable Housing		
	NATURE OF SUBSIDY (LOAN OR GRANT)	Gap financing for developers and property acquisition should be grant dollars. Downpayment assistance should be in the form of a deferred second mortgage.	
	NON-PROFIT SET ASIDE	20% set aside of Trust Fund dollars for use by CHDOs.	
			o Scoring criteria points shall be awarded to projects with non profit development organizations as significant partners on the development team.
			o Additional points shall be awarded to developments in existing CHDO or CDC neighborhoods that include the local organization as a significant partner on the development team.
INCOME TARGETING - OWNER OCCUPIED		The income eligibility cap for affordable owner-occupied housing should be 100% of AMI for families with one or two people and a cap of 115% of AMI for families of three or more.	
			o There should be no income eligibility floor.
		o Require "best efforts" for 6 months to target persons between 60%-80% of AMI.	
			o Recommend a program goal of at least 50% of owner-occupied related funds distributed to households between 60-80% of AMI.
			The ADA will periodically present a summary of marketing efforts and units created for different income groups to BAHAB.
		o HUD 203(b) purchase price limit	

CATEGORY		ADA POLICY RECOMMENDATION (Presented to ADA and City Council for Approval)	ADA PROGRAM GUIDELINES (Will Present to BAHAB for Feedback Prior to Revising Guidelines)
Affordable to Whom?		o Require "best efforts" for 6 months to target persons between 60%-80% of AMI.	
			o Recommend a program goal of at least 50% of owner-occupied related funds distributed to households between 60-80% of AMI.
			The ADA will periodically present a summary of marketing efforts and units created for different income groups to BAHAB.
		o HUD 203(b) purchase price limit	
	INCOME TARGETING - RENTAL	Income eligibility cap for affordable rental housing should be 60% of AMI.	
			o Strong scoring preference for projects with 10% of total units at or below 30% of AMI. Will be reevaluated after 12 months to determine if a requirement is more appropriate. o Policy recommendation will consume a significant amount of BAHTF rental development funds.
	PREFERENCE FOR INDIVIDUALS	ADA will provide exclusive marketing to City of Atlanta, Fulton County, Atlanta Public School employees and BeltLine neighborhood residents for first three months of the Downpayment Assistance program.	City of Atlanta residents (including Beltline neighborhood residents) and public servants, defined as City, County, APS employees, should receive preference for housing.
What Kind of Housing?	HOUSING QUALITY	Approved projects must balance cost and quality; meet or exceed local building standards; be comparable in size and quality to similar market rate units within the same development; be mixed income; and contain units affordable to the City's lower income citizens. Developments must meet "Barrier Free" requirements as defined by City of Atlanta ordinance. Developments must have environmentally sustainable components.	
		➤ Developments must have environmentally sustainable components.	➤ New construction or rehabilitation should be required to meet minimum Earthcraft standards.
		➤ Developments must meet "Barrier Free" requirements as defined by City of Atlanta ordinance.	
			➤ Projects must blend in with/ complement/ enhance existing character of the neighborhood. ➤ Projects with units pre-wired for security system should receive a scoring preference.
		➤ Affordable units must be comparable in size and quality to similar market rate units within the same development.	
	MIX OF OWNER-OCCUPIED AND RENTAL HOUSING		The goal is to create a balanced mix of rental and owner-occupied units.
	NEW CONSTRUCTION AND REHAB	BAHTF dollars should be available for both new construction and rehabilitation / preservation of affordable housing.	
	COMMUNITY LAND TRUST		A strong scoring preference to a developer applicant proposing projects with CLT units and an additional preference to this same developer that has developed CLT units in the BeltLine Planning Area over the last five years.
MIXED INCOME HOUSING	A minimum of 15% of all units in each development must be affordable.	At least 15% of the units in each development should be market rate.	

CATEGORY		ADA POLICY RECOMMENDATION (Presented to ADA and City Council for Approval)	ADA PROGRAM GUIDELINES (Will Present to BAHAB for Feedback Prior to Revising Guidelines)
Where?	GEOGRAPHIC TARGETING		Geographic targeting should be defined by the affordable housing need and market conditions, which should be measured periodically. The BAHTF should encourage projects that ensure an equitable distribution of units around the BeltLine. The ADA will periodically present the distribution of affordable unit creation to BAHAB.
Sustaining Affordability	LENGTH OF AFFORDABILITY - RENTAL	Require a minimum 15-year affordability for rental.	Recommend minimum 15-year affordability for rental. Projects that receive more than \$30K of BAHTF subsidy per unit should have a 30 year restriction.
	LENGTH OF AFFORDABILITY - OWNER OCCUPIED	2nd mortgage forgiven after 15 yrs; principal + share of gain due during years 1-9; prin. only yrs 10-15. 0% interest.	Equity sharing formula consistent with the existing Home Atlanta program. Up to 20% of the purchase price for families at or below 80% of AMI. Up to 15% of the purchase price above 80% of AMI.