

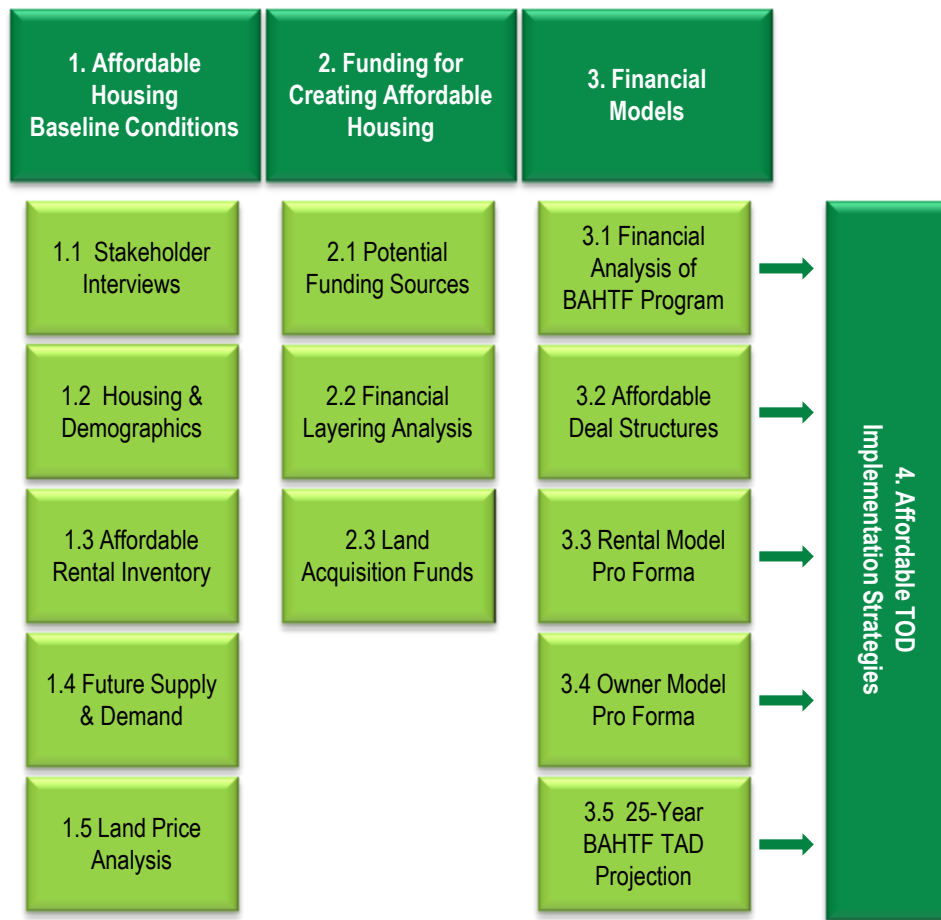
MIXED INCOME TOD IMPLEMENTATION STRATEGY

Executive Summary

A Presentation to the Atlanta City Council
March 26, 2013



INTRODUCTION TO MIXED INCOME TOD IMPLEMENTATION STRATEGY



WHAT IS AFFORDABLE?

- Atlanta BeltLine, Inc. and the City of Atlanta have established several targeted income levels for its affordable housing efforts along the Atlanta BeltLine.
- For rental housing, target households for affordable housing are those whose income ranges from 30% to 60% of Atlanta region's Area Median Income (AMI), or a household income from \$18,450 to \$36,900.
- For ownership housing, the income targets are 60% to 100% of AMI, or a household income from \$36,900 to \$61,500.

CITY OF ATLANTA AFFORDABLE INCOME RANGES		
AMI	From	To
Below 30%	\$ 0	\$ 18,450
31% to 40%	\$ 18,450	\$ 24,600
41% to 50%	\$ 24,600	\$ 30,750
51% to 60%	\$ 30,750	\$ 36,900
61% to 80%	\$ 36,900	\$ 49,200
81% to 100%	\$ 49,200	\$ 61,500
101% to 115%	\$ 61,500	\$ 73,800
116% and Over	\$ 73,800 +	

Based on estimated 2011 Atlanta MSA median income of \$61,500 for a 3-person household

FINDINGS AND STRATEGIES

- **All 5,600 Units of the Atlanta BeltLine's original goal are needed both now and in the future**
 - 40% of Atlanta BeltLine households have incomes from 30% to 100% of AMI
 - 42% of Atlanta BeltLine households are cost burdened
 - New market rate construction will only meet a small percentage of affordable demand
 - *Strategy: Revise the BAHTF affordable housing strategy to maximize the affordable units produced with available resources*

- **Dramatic market changes since the Great Recession, including the foreclosure crisis have created new challenges and opportunities for affordable housing**
 - 12,000 vacant units exist around the Atlanta BeltLine—a key opportunity
 - Rental housing more viable than new owner housing in the near term
 - More land is available at more modest cost
 - *Strategy: Place additional focus on reoccupying the existing inventory through acquisition rehab and down payment assistance programs.*

FINDINGS AND STRATEGIES CONT.

- **Over the coming decade almost 5,000 subsidized affordable apartments will see their contracts expire**
 - Many of these units could fall out of the affordable inventory or be lost from inventory
 - This could negate the gains made through BAHTF
 - *Strategy: Identify existing multifamily property and create an action plan and program for preservation*

- **The Atlanta BeltLine TAD will generate substantially less increment and thus, new units for the Trust Fund, than originally anticipated**
 - Due to updated market forecasts, the number of units their value and thus the increment created will be less than originally forecast
 - *Strategy: Be more efficient in per unit subsidies with the Trust Fund through investing in acquisition rehab and down payment assistance and by leveraging other funding sources wherever possible*

FINDINGS AND STRATEGIES CONT.

- **There is great variation in housing demographics and market conditions across the Atlanta BeltLine neighborhoods**
 - The existing affordable inventory is concentrated in the southern and western portions of the Atlanta BeltLine. Fewer affordable options exist elsewhere
 - Rents and incomes vary dramatically across the Atlanta BeltLine neighborhoods impacting the viability of financing new housing development and affordability
 - *Strategy: Create a targeted strategy that accommodates unique market conditions in different Atlanta BeltLine neighborhoods and recognizes the additional financial challenges of development of affordable housing in areas where it is scarce*

- **BAHTF subsidies alone are insufficient to create new affordable housing outside lower cost areas.**
 - Subsidies of \$40,000 per unit are not sufficient to off-set the impact of affordable units on project financial feasibility except in lower cost land areas
 - *Strategy: Leverage BAHTF subsidies with the 4% tax credit and other affordable housing subsidy programs, have BAHTF policies align with other program requirements*

FINDINGS AND STRATEGIES CONT.

- **Mixed income developers can achieve financeable returns by layering subsidies**
 - Financeable returns, which are somewhat less than market maximums can be achieved through the layering of BAHTF and other subsidies and will appeal to a significant segment of developers
 - These more modest returns will not let these developers compete for the highest cost sites.
 - *Strategy: Pre-qualify teams of CHDOs, non-profits and for-profit developers with affordable housing expertise, capital and track records who can deliver significant numbers of units.*

- **GAP financing from BAHTF is an important tool, but alone will not prevent key parcels from developing as all market rate housing**
 - This should not be a major concern, as long as the overall mix of housing in the Atlanta BeltLine neighborhoods includes a solid component of well distributed affordable housing
 - *Strategy: ABI should control key parcels directly or thorough its partners to insure affordable units are created in key areas. ABI should encourage partners to explore non-financial incentives such as zoning bonuses, expedited permitting and technical assistance.*

FINDINGS AND STRATEGIES CONT.

- **A predictable stream of BAHTF funding, rather than sporadic funding tied to Atlanta BeltLine TAD bonds is optimal**
 - It increases the utility of the funds to developers by making their availability more predictable, and helps leverage other affordable funding programs.
 - *Strategy: Consider using an annual allocation of TAD increment for special funding in addition to the periodic TAD bonds.*
- **The Atlanta BeltLine is a unique initiative which can impact both of the two major costs facing and affordable household—shelter and transportation**
 - Affordable households in Atlanta spend over 60% of their incomes on shelter and transportation
 - The BeltLine can impact both of these cost items through its affordable housing programs, and by providing new linkages to the many jobs along the Atlanta BeltLine, lessening the need for auto commuting.
- **The community land trust model represents a unique and viable approach to developing permanently affordable housing**
 - *Strategy: incorporate the community land trust approach as a key tool to expand the impact and life the affordable housing trust fund.*