

Affordable Housing Impact Statement

20-O-1779

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 authorize \$100 million in bond funding for the Housing Opportunity Program. This ordinance would provide funding for a variety of affordable housing activities.

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 125, preserving 293, or decreasing 0 units affordable at 30 percent or below of the Area Median Income (AMI); and

Adding 133, preserving 379, or decreasing 0 units affordable between 30.01 and 50 percent of AMI; and

Adding 1,631, preserving 808, or decreasing 0 units affordable between 50.01 and 80 percent of AMI; and

Adding 35, preserving 57, or decreasing 0 units affordable above 80 percent of AMI.

Impact

The \$100 million bond issuance for the Housing Opportunity Program would provide funding for several types of activities to create and preserve affordable units. No housing would be decreased as a result of this ordinance. The detailed impact of each activity is described below. In order to avoid overestimating the affordability of units, any projects that require recipients to be at or below a certain percentage of AMI are assumed to add units entirely within the proscribed brackets of AMI for Affordable Housing Impact Statements unless estimates are available at a more detailed breakdown. For example, projects producing units affordable to households at or below 60% of AMI are counted as affordable units between 50.01 and 80% of AMI in the absence of more

information. However, in some cases, more detailed estimates of percentage of AMI to be served are available. In these instances, estimates are made of households to be served at percentages of AMI less than the maximum eligibility threshold.

Housing Opportunity Bond Allocations

Program Component:	Multifamily Developer Loans
Allocation:	\$15,000,000
Production/Preservation:	375 affordable units 60 produced at or below 80% of AMI 240 produced at or below 60% of AMI 15 preserved at or below 80% of AMI 60 preserved at or below 60% of AMI

The ordinance would allocate \$15,000,000 in funding for multifamily developer loans. The loans would finance acquisition and construction financing to nonprofit and for-profit multifamily developers offering affordable rental workforce housing units in large scale developments with at least 70 units. Funds would be leveraged with conventional, bond or other private or public financing and used to acquire, construct, preserve and rehabilitate affordable rental housing units.

It is estimated that 375 affordable units would be produced or preserved. This estimate assumes potential leverage from Atlanta Housing co-investment and from the City of Atlanta’s HOME program on a project-by-project basis. Non-LIHTC projects and small multifamily projects may require deeper subsidy per unit absent other sources. It is estimated that 60 units and 240 units would be produced at or below 80% and 60% of AMI, respectively. It is estimated that 15 units and 60 units would be preserved at or below 80% and 60% of AMI, respectively.

Program Component:	Small Multifamily Developer Loans
Allocation:	\$8,000,000
Preserved Units:	200 affordable units 100 preserved at or below 80% of AMI 100 preserved at or below 60% of AMI

The ordinance would allocate \$8,000,000 in funding for small multifamily developer loans. The loans would finance the acquisition, development, construction, preservation and rehabilitation of small multifamily properties of at least 5 and less than 70 units, and small mixed-use properties with less than 30 units with retail/commercial space of less than 5,000 square feet with a focus on in-fill development.

It is estimated that 200 affordable units would be preserved. Loan amounts would be based upon \$40,000 per unit for units affordable to households at or below 60% of AMI and \$20,000 per unit for units affordable to households at or below 80% of AMI. A minimum of 30% of the total residential units must be set-aside as affordable. It is estimated that 100 of these units would be affordable to households at or below 80% of AMI and that 100 of these units would be affordable to households at or below 60% of AMI.

Program Component:	Permanent Supportive Housing
Allocation:	\$10,000,000
Production:	250 affordable units 125 at or below 50% of AMI 125 at or below 30% of AMI

The ordinance would allocate \$10,000,000 in loans to nonprofit and for-profit multifamily developers for the acquisition, construction or rehabilitation of permanent supportive housing (PSH) units. Funds would be leveraged with conventional, bond or other private or public financing and would serve homeless households.

It is estimated that 250 PSH units would be produced through this allocation. A complimentary funding source would work in partnership with the HomeFirst program to expand the availability of PSH units. The projection of unit production reflects the additional units to be produced beyond Partners for Home's goal of 550 units. Funding provided through this allocation would allow for smooth integration of PSH unit funding into multifamily projects. It is estimated that 125 units would be affordable to households at or below 50% of AMI and that 125 units would be affordable to households at or below 30% of AMI.

Program Component:	Owner-Occupied Housing Rehabilitation
Allocation:	\$22,000,000
Preserved Units:	733 affordable units 73 at or below 60% of AMI 147 at or below 50% of AMI 220 at or below 40% of AMI 293 at or below 30% of AMI

The ordinance would allocate \$22,000,000 in loans for owner-occupied rehabilitation for existing homeowners to address critical repairs, major systems, and accessibility. Loans would target households at 60% AMI or below, with priority given to seniors, disabled heads of households, and military veteran head of households. The assisted property must be the primary residence of the applicant.

It is estimated that 733 affordable units would be preserved through this allocation. This estimate assumes the continuation of Atlanta Heritage Owner-Occupied Rehab program at current funding levels. It is estimated that preservation of affordable units would be as follows: 73 units at or below 60% of AMI, 147 at or below 50% of AMI, 220 at or below 40% of AMI, and 293 at or below 30% of AMI.

Program Component:	Down-Payment Assistance
Allocation:	\$4,250,000
Production/Preservation:	213 households assisted 4 produced at or below 120% of AMI 26 produced at or below 100% of AMI 21 produced at or below 80% of AMI 8 produced at or below 70% of AMI 17 produced at or below 60% of AMI 8 produced at or below 50% of AMI 7 preserved at or below 120% of AMI 39 preserved at or below 100% of AMI 32 preserved at or below 80% of AMI 13 preserved at or below 70% of AMI 26 preserved at or below 60% of AMI 12 produced at or below 50% of AMI

The ordinance would allocate \$4,250,000 in down-payment assistance loans up to 20% of the purchase price to be used to acquire or rehabilitate single-family residential units. Loans would be in the form of subordinate debt and would accrue no interest. Priority for funding would be made for households at 80% AMI or below.

It is estimated that 213 households would be assisted through this allocation. This estimate assumes maximum eligible funding per homeowner at \$20,000 per unit. Achieving permanent affordability may require an increase in subsidy resulting in reduced unit production. The estimated number of households to be assisted at various levels of AMI is shown in the table above.

Program Component:	Single-Family Developer Loans
Allocation:	\$4,000,000
Production/Preservation:	80 affordable units (Targeting Permanent Affordability) 5 units produced at or below 120% of AMI 19 units produced at or below 80% of AMI 11 units preserved at or below 120% of AMI 45 units preserved at or below 80% of AMI

The ordinance would allocate \$4,000,000 for acquisition and construction financing to nonprofit and for-profit developers to construct or rehabilitate affordable single-family units for households at or below 120% AMI. The priority focus would be on permanently affordable housing.

It is estimated that 80 units would be produced or preserved through this allocation. There is a need to support local, small investors with readily accessible capital to produce affordable, infill housing units for homeownership. The projected unit count assumes permanent affordability for all units. It is estimated that 5 units and 19 units would be produced at or below 120% and 80% of AMI, respectively. It is estimated that 11 units and 45 units would be preserved at or below 120% and 80% of AMI, respectively.

Program Component:	Direct Acquisition
Allocation:	\$8,000,000
Production/Preservation:	560 affordable units 84 produced at or below 80% of AMI 252 produced at or below 60% of AMI 56 preserved at or below 80% of AMI 168 preserved at or below 60% of AMI

The ordinance would allocate \$8,000,000 in funds for the City and its public sector agencies to acquire land and vacant property for affordable housing development within targeted areas of the City. The priority focus would be on permanently affordable housing.

It is estimated that 560 affordable units would be produced or preserved through this allocation. This estimate assumes a projected yield of 70 units per acre and average land cost of \$1,000,000

per acre. Depending upon financing structure and acquisition strategy, unit production could be significantly higher. It is estimated that 84 units and 252 units would be produced at or below 80% and 60% of AMI, respectively. It is estimated that 56 units and 168 units would be preserved at or below 80% and 60% of AMI, respectively.

Program Component:	Land Assemblage Financing Fund
Allocation:	\$7,000,000
Production:	750 affordable units 250 at or below 80% of AMI 500 at or below 60% of AMI

The ordinance would allocate \$7,000,000 for the Land Assemblage Financing Fund. Funds would purchase participation interest in loans to non-profit and for-profit developers as they seek to assemble property for the development of affordable housing. Funds would be used to support acquisition and predevelopment cost. The priority focus would be on permanently affordable housing for households at or below 60% of AMI.

It is estimated that this allocation would produce 750 affordable units. This estimate assumes the creation of a leveraged loan fund against third party capital with a target total capitalization of \$60,000,000 to support long-term affordability and possibly home mortgage refinancing opportunities depending upon needs during a recession. It is estimated that 250 of these units would be affordable to households at or below 80% of AMI and that 500 of these units would be affordable to households at or below 60% of AMI.

Program Component:	Nonprofit Affordable Housing Development Set-Aside
Allocation:	\$15,000,000
Production/Preservation:	300 affordable units 36 units produced at or below 80% of AMI 144 units produced at or below 60% of AMI 24 units preserved at or below 80% of AMI 96 units preserved at or below 60% of AMI

The ordinance would allocate \$15,000,000 in funds for eligible nonprofit developers to develop multifamily and single-family affordable housing development for households at or below 60% of AMI.

It is estimated that this allocation would produce or preserve 300 affordable units. This estimate assumes a 25% increase in the amount of funding per multifamily unit versus for-profit developers. It is estimated that 36 units and 144 units would be produced at or below 80% and 60% of AMI, respectively. It is estimated that 24 and 96 units would be preserved at or below 80% and 60% of AMI, respectively.