

5. Collaborative Strategies to Increase Affordable Rental and Homeownership

OneAthens Housing Team

Develop an innovative housing strategy by July 2008 that preserves diverse communities and increases the supply of affordable housing across the continuum of housing needs, from homelessness to rental to homeownership, so that every resident is living in adequate, safe, and affordable housing by 2015.

The OneAthens Housing Team is recommending a set of strategies based on best practices from around the country that will increase the number of affordable units as well as meet the housing, financial, and credit counseling needs of Athens. A coordinated, consolidated housing, financial, and credit counseling entity is being defined along with recommendations to adapt county zoning, tax, and building regulations to increase affordable rental and homeownership opportunities.

The following document outlines the OneAthens Housing strategy, provides background information on several recommendations, and gives an overview of affordable housing needs in Athens (See Appendix A) as well as concrete example of these recommendations at work (See Appendix B).

HOUSING TEAM RECOMMENDATIONS (14) *Numbering is not intended to imply priority*

1. Provide Local Funding for an Local Housing Fund- See Appendix C
 - a. Federal funds are flat or shrinking
 - b. Many outside funds require match
 - c. Nationwide more than 300 cities/counties have housing trust funds
 - d. ACC government budget is ~ \$98M
 - e. No ACC funds go to affordable housing
 - f. AHA contributes ~ \$100K /yr in PILOT (payment in lieu of taxes)...which could go to housing
2. Innovative Financing Mechanisms- See Appendix D
 - a. TAD incentives
 - b. Tax credits
 - c. Tax-exempt bonds
3. Develop a Comprehensive Housing Center to provide Housing, Financial, and Credit Counseling; marketing and referrals to existing services; and information about rental and homeownership opportunities.- See Appendix E
4. Reuse Abandoned, Vacant & Tax-delinquent Properties- See Appendix F
 - a. Provides low-cost lots and enhances tax digest
 - b. 160 houses currently on CPD demolition list
 - c. Work with CPD and Tax Commissioner to acquire properties
 - d. Plug loopholes in local ordinance
 - e. Provide real “teeth” for enforcement
 - f. Take action to clear titles to land if appropriate
 - g. Remove hazardous properties even without reuse
5. Use Shared Equity Strategies
 - a. Shared appreciation
 - i. Provide long-term affordability
 - ii. Protects the public investment
 - iii. Proven tool with history in other communities
 - iv. Housing costs rising faster than incomes
 - v. Athens Land Trust
 - vi. Other shared equity models
6. Complete an assessment of affordable housing demand with local employers.
7. Revise Zoning Ordinance to provide density bonuses for affordable units

- a. Incentive to include a modest number of affordable units within new developments (need to further define “affordable” and number of units)
 - b. Promotes private developer participation
 - c. Benefits developer by lowering land costs through higher density
 - d. Way to achieve mixed-income
 - e. Allow manufactured housing as in-fill
8. Address Regulatory Obstacles
- a. Expedited permitting process
 - b. Simplified codes/design guidelines for in-fill
 - i. Set-backs
 - ii. Lot size
 - iii. Parking
 - c. Flexible variance process
 - d. Incentives for private developers to partner with public & non-profit developers
9. ACC In-kind Incentives
- a. Infrastructure improvements
 - i. Sewer, water, etc
 - ii. Streets, sidewalks, etc.
 - b. Waive Fees
 - i. Inspection fees
 - ii. Permit
 - iii. Plan review
 - iv. Variances
 - v. Water & Sewer taps
10. Reduce Taxes
- a. Temporary waiver for non-profit developers- when taxes continue to build on undeveloped land as the developer prepares to build, the cost is passed on to the purchaser
 - b. Differential for affordable rental
 - c. Homeowner Property Tax Relief
 - d. Freeze for low-income elderly
 - e. Raise & index Homestead exemption
 - f. Adjust income thresholds
11. Rehab/Reuse Existing Multi-Family
- a. Lack of available, properly zoned land
 - b. Existing properties are aging and deteriorating
 - c. High vacancies as properties age
 - d. Quality of life issues
 - e. Acquisition, rehab & management by non-profits
 - f. Use tax-advantaged financing
 - g. Preserve existing manufactured housing parks
12. Employer-assisted Housing
- a. Local government not solely responsible
 - b. Major employers, (hospitals, schools, etc.) suffer from the effects on their employees of a lack of affordable housing
 - c. Can reduce sprawl, commute times and congestion
 - d. Specific employee benefits/perks (not always \$)
 - i. Financial literacy & housing counseling
 - ii. Down-payment assistance, matches, etc.
13. Apply for GICH status under the Department of Community Affairs’ Georgia Initiative for Community Housing 3 year support program.
14. Add financial literacy to the High School curriculum throughout ACC

APPENDIX A- ACC Affordable Housing Background

Affordable Housing In Athens Clarke County

Who needs affordable housing?

Neighborhoods thrive when housing is affordable. Neighborhoods succeed over time when young families can root themselves in a community, where elderly residents can keep their older homes and when young people can find that first apartment in the community that has sustained them.

You may be surprised at the people in your community who need affordable housing. Most residents of affordable housing are working. Often they are the police, firefighters, teachers, daycare workers, office clerks, and retail salespeople that you rely on to improve your community's quality of life. Other residents of affordable housing include seniors and people with disabilities, who due to life circumstances have a low fixed income.

According to the U.S. Department of Housing and Urban Development's 2007 calculations, a fair market one-bedroom apartment in the Athens Clarke area costs \$530 per month and a two bedroom apartment costs \$665 per month.

Living expenses include much more than housing costs. One parent and one child in a Georgia household spend the following on basic necessities:

Monthly Expenses:	
Housing	\$602
Child Care	\$381
Food	\$249
Healthcare	\$111
Transportation	\$139
Taxes	\$254
Miscellaneous Necessities	\$148
Items Not Included:	
Debt (ex: car loans)	\$0
Savings (ex: retirement, child's education)	\$0
Entertainment (ex: cable, videos)	\$0
TOTAL:	\$1184 per month or \$11 per hour or \$22,608 per year
Federal Poverty Threshold for a Family of Two:	\$10,869 per year

Taking living expenses into account, a 2-bedroom household would need to be earning at least \$11 per hour or \$22,608 annually to keep their head above water. Unfortunately, over 31,000 jobs in Athens Clarke County pay less than \$25,000 annually.

The U.S. Department of Labor provides the following wage estimates for Athenians:

Job Title:	Number Employed:	Yearly Median Wage:
Teacher Assistants	1,350	16,870
Pharmacy Techs	200	23,200
Healthcare Support	1,570	22,790
Security Guards	310	22,700
Food Preparation	7,190	16,920
Building, Grounds Maintenance	2,400	20,920
Personal Care	1,580	20,820
Cashiers	1,940	16,000
Retail Sales	2,910	22,060
Telemarketers	880	20,420
Bank Tellers	410	23,200
Switchboard Operators	100	19,500
Receptionist	590	22,900
Stock Clerks	910	20,300
Secretaries	1,740	24,800
Office Clerks	2,120	18,890
Construction Laborers	350	23,300
Tire Repairs	130	23,600
Installation Helpers	140	20,600
Welders Cutters	120	23,700
Laundry	180	15,000
Packaging	240	19,900
Production Workers	230	20,800
Transportation	4,300	24,200
TOTAL	31,890 Jobs Pay Less Than \$25,000	

What is Affordable Housing?

Very basically, affordable housing is housing that is affordable to the renter or owner of the housing unit. The United States Department of Housing and Urban Development income on housing costs (rent/mortgage and utilities). Working families in Athens Clarke County are having difficulty finding homes they can afford to buy (\$80,000 to \$115,000). To be considered affordable, housing costs should be no more than 30% of income. For an \$80,000 home in Athens, an individual would need an annual income of \$24,000 to afford the monthly homeowner costs. Approximately 17,250 households in Athens could not afford to buy such a home. Working families are also having trouble affording rising rental costs. Nearly 13,000 renter households in Athens (56% of those who rent) pay more than 30% of their income to rent. Athens is designated as a “housing stress” county, meaning that over 30% of households are either cost-burdened, overcrowded, or lack complete plumbing or kitchen facilities.

In many cases poor or no credit history is also preventing Athenians from accessing what little affordable rental and homeownership opportunities are available. Any solution to address Athens’ affordable housing crisis must include increasing the number of affordable units as well as increasing earning potential and credit/financial wellbeing.

Subsidized Housing

The term “subsidized housing” refers to houses and multi-family dwellings (generally apartments) that receive some federal funding either in their construction, or in the form of assistance to families renting the unit. The most common programs are public housing, Section 8 Voucher rent assistance, rent assisted units for people with special needs and Low Income Housing Tax Credit supported units

What is Fair Housing?

The federal Fair Housing Act was passed in 1968 in an effort to eliminate discrimination in real estate transactions based upon race, color, religion, sex, or national origin. State and local laws have also been passed. It is illegal to prevent someone from renting or owning property in any development or neighborhood based on the number of children in the household, or the color, race, national origin, disability, gender or sexual orientation or gender identity of the person in the household.

These federal, state, and local laws are applicable to a broad range of possible defendants: developers, builders, real estate brokers and agents, a multiple listing service, sellers, renters, advertisers, local governments, zoning boards, state governments, public housing authorities, providers of subsidized housing, the federal government, and homeowner associations.

Special Needs

Many of our residents have disabilities that need accommodation in housing. Fair housing laws now make it unlawful to “discriminate against any person in terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection with such dwelling, because of a handicap of (a) that person; or (b) a person residing in or intending to reside in that dwelling after it is sold, rented, or made available; or (c) any person associated with that person.” Importantly, discrimination includes “a refusal to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling.” Under the federal law, the definition of “disabilities” includes those who are substantially limited by alcoholism, drug addiction, emotional problems, mental illness or retardation, and learning disabilities. Active use of drugs or alcohol is not behavior covered by fair housing. Being in a rehabilitation program and not using drugs or alcohol is behavior covered by fair housing.

APPENDIX B- Housing Initiatives taken by other Communities and Universities

The following is a list of housing initiatives taken by other communities and universities:

Other Communities:

1. Atlanta (\$75 million bond)
 - a. second mortgage loans to for profit and non-profit developers for affordable multifamily workforce rental
 - b. Second mortgage loans up to 20% of sales price for home purchase or rehabilitation. Loans are at 0% deferred for 10 years with payment due at sale, refinance or rental.
 - c. Construction financing for single family builders for affordable units.
 - d. Land acquisition and predevelopment made available to non profit developers for construction of affordable homes.
 - e. Funding for the development of a CHODO for multifamily and single family affordable housing development.
 - f. Partnership with the housing authority in development for public improvements.
 - g. Streamlined the permitting process cutting the average number of days for approval in one half.
2. Louisville Ky.
 - a. Triple taxation for vacant property with code violations.
 - b. Affordable housing trust fund that permanently dedicates a renewable public revenue source to support affordable housing.
3. Roanoke Rapids, N.C.
 - a. Established and enforced minimum housing code requirements that resulted in the demolition and renovation of 200 homes in a six year period.
4. Miami, Fla.
 - a. Dedicates \$20 million per year for an affordable housing trust fund funded by a sur-tax, matched with 6% bonds and provides 3% mortgages.
5. Bowling Green, Ky.
 - a. Waives certain permits and fees for non-profit developers of affordable housing.
 - b. Donates city owned land to non profit agencies for the development of affordable housing.
 - c. Streamlined the permitting process to no longer than 5 days from the date of the application.
6. Fairfax, Va.
 - a. Inventoried surplus county owned property identifying 900 lots for affordable housing.
 - b. A one penny tax on real estate raises \$22 million preserving 2,200 at-risk affordable rental homes since 2004.
7. Ashville N.C.
 - a. In 2000, created a housing trust fund to provide a source of local funding to assist the development of affordable housing.
8. Valdosta, Ga.

- a. Commissioned a housing inventory and assessment by Valdosta State in 1999.
 - b. City council passed a resolution to eliminate and replace all substandard housing by 2020. They are currently demolishing and replacing 50 per year.
9. South Bend, Ind.
- a. Established a three year \$6.8 million strategy to reduce vacant houses by more than 20%. This includes the demolition of 499 derelict houses.
10. Durham, N.C.
- a. In 1987, established the Durham Community Land Trust. It is funded by municipal bonds, Federal home Loan bank Board, Duke University and the city of Durham. The trust is focused on housing rehabilitation.
11. Cook County Ill.
- a. Owners of rental housing get a break on property taxes when they make repairs and keep their rents low.

Other universities:

1. Mercer University
Formed a partnership with the city of Macon, the local hospital, Macon Bibb land Bank, Bueall's Hill Development Corporation and the housing authority to rehabilitate the Bueall's Hill neighborhood. The project included: student led neighborhood cleanups and minor housing repair, \$15,000 down payment assistance to Mercer employees to purchase neighborhood homes, and funding for the development of a 97 unit multi-family mixed income development.
2. University of Texas Pan American
Since 1994, has sponsored community homeownership training programs and has recently supplemented these classes with money management classes thus preparing local community citizens for home ownership.
3. Indiana University- Purdue University Indianapolis
Offers \$150 in cash and coupons to local residents for completion of five session financial literacy classes.
4. Youngstown State University
Acquired a \$50,000 grant to establish the Buy into Youngstown Homebuyer Education and Counseling Program.
5. The University of Chicago
Has invested \$1 million in down payment and closing cost assistance to university employees of certain income guidelines for home ownership in targeted neighborhoods.
6. Long Beach City College
Helps family childcare providers access information and financial assistance to purchase homes from which they can provide childcare services. The college is also working with local officials to ensure that affordable housing being built in the city will meet the child care providers business needs.

APPENDIX C- Create an Affordable Housing Fund¹ with dedicated local resources

Housing trust funds have gained a momentum in this country that is unparalleled. Huge advances have been made in the design and operation of housing trust funds to provide a steady stream of reliable revenue to support the need for housing. Because the funds are local, as opposed to federal, they are the most flexible money available for affordable housing projects and allow for maximum efficiency in the use of the funds as well as encourage leveraging of other public and private dollars.

There are currently over 400 housing trust funds in the United States – from cities, counties, states, and even regions. Housing trust funds have grown substantially in the last 30 years.

Housing trust funds are the single most innovative advance in the affordable housing field in the United States over the last several decades. Because housing is at the very foundation of every healthy community, local governments are recognizing that they need to contribute local public resources to adequately house their workforce and lower income residents.

Housing trust funds systemically change reliance on annual budget allocations by shifting to committed dedicated public revenue to affordable housing through the creation of housing trust fund mechanisms. There are now 38 state housing trust funds and more than 350 city and county housing trust funds in operation. They dedicate in excess of \$1.6 billion each and every year to help address critical housing needs throughout the country.

Housing trust funds are distinct funds established by city, county or state governments to receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing. There are a wide variety of available revenue sources that have been dedicated. Housing trust funds may be set up to provide subsidy as grants to create more affordable housing solutions, or they can be structured as a lending or enterprise fund to provide low interest construction or rehab loans. This allows them to retain or even grow the initial investment, providing a powerful leveraging tool to traditional but limited HOME and CDBG subsidies.

Most housing trust funds are created by housing advocates as members of community based organizations recognizing the impact housing has on their communities. Increasingly families that work within their communities cannot afford to live there. The lack of affordable housing is costly to communities in other ways, as more and more of the critical workforce is forced to commute from further away, increasing traffic congestion and commute times.

In contrast, support for the production of affordable housing creates jobs, adds to the local tax base, increases family stability, and reduces costs associated with health, education, and transportation. Providing an adequate supply of decent affordable homes makes good economic sense and enables families to reach their full potential.

¹ “About Housing Trust Funds,” Center for Community Change.
<http://www.communitychange.org/issues/housingtrustfunds/whatarehousingtf/>

APPENDIX D- Explore innovative and creative financing mechanisms²

The low-income housing tax credit (LIHC) program is an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing. The LIHC gives private developers and investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing to develop more affordable low income rental housing. Investors' equity subsidizes low-income housing development, thus allowing some units to rent at below-market rates. In return, investors receive tax credits.

LIHC-financed projects must meet eligibility requirements for at least 30 years after project completion. In other words, owners must keep the units rent restricted and available to low-income tenants. At the end of the period, the properties remain under the control of the owner.

The tax credit can be used to construct new or renovate existing rental buildings. The 30 percent subsidy, which is known as the so-called automatic 4 percent tax credit, covers new construction that uses additional subsidies or the acquisition cost of existing buildings. The 70 percent subsidy, or 9 percent tax credit, supports new construction without any additional federal subsidies.

Rental properties that qualify for the LIHC tend to have both lower debt service payments and lower vacancy rates than market-rate rental housing. LIHC properties typically experience a relatively quick lease-up and offer strong potential economic returns, primarily due to the existence of the credit. LIHC properties are often packaged as limited partnerships such that they afford limited liability to their investors.

Broad economic principles influence where LIHC-financed affordable housing will be built. Tax credit housing is generally located where the land costs are lower and the tax credit allowable rents are sufficient to allow for market-rate rents. Economics generally make it more difficult to build LIHC-financed housing in major cities because land costs are higher and low-income rents are substantially below market rate. Nonetheless, with the help of additional federal, state and local subsidies, many developers have made these projects financially feasible.

Georgia State Department of Community Affairs (DCA) administers the LIHC program. They review tax credit applications submitted by developers and allocate the credits competitively. The developer must leverage the financial resources by securing a conventional loan from a private mortgage lender.

The LIHC property must comply with the eligibility requirements throughout the 15-year period or investors will be exposed to recapture of the credits. State housing agencies are responsible for monitoring LIHC property owners by requiring them to certify on an annual basis that they are renting units to qualified low-income tenants. If property owners are found to be out of compliance, they can lose some of their credits.

The paperwork associated with LIHC projects however is extensive and complicated to say the least. Apartment owners/investors must contend not only with the application process, which is time consuming and expensive but also the carryover allocation, cost certifications and submission of numerous compliance forms on an ongoing basis during the project's life.

The LIHC program can offer developers and investors great opportunities to provide quality affordable housing to low-income residents and also the opportunity to earn a profit. This is an example of an innovative and creative financing mechanism, utilizing the market and public-private partnerships to expand the supply of low income rental housing.

² "ABOUT THE LOW-INCOME HOUSING TAX CREDIT"
http://www.novoco.com/Facts_Figures/Aboutlihc.htm

APPENDIX E- OneAthens Comprehensive Housing Center Background

The OneAthens Housing Team is recommending a set of strategies that will increase the number of affordable units as well as meet the housing, financial, and credit counseling needs of Athens. A coordinated, consolidated housing, financial, and credit counseling entity is being defined along with recommendations to adapt county zoning, tax, and building regulations to increase affordable rental and homeownership opportunities.

The OneAthens Housing Team is currently discussing the development of a Comprehensive Housing Center to provide Housing, Financial, and Credit Counseling; marketing and referrals to existing services; and information about rental and homeownership opportunities creation of a OneAthens Housing Center. This Center will be a one-stop resource and clearing house for rental and homeownership opportunities; local, state, and federal assistance programs; and credit counseling, financial literacy, and housing counseling (including pre, post, and foreclosure counseling). The Team is interested in ensuring that everyone in need has access to holistic, long-term services. It would like to see this achieved through a partnership between UGA, EADC, HCDC, HELP, Athens Land Trust, Habitat for Humanity, Athens Housing Authority as well as local banks, developers, and realtors.

The Housing Team did not initially realize that Credit was such a large barrier for people accessing affordable housing. The Team began to talk about coordinating housing, financial, and credit counseling services because of information brought to its attention over the last 3 months. This information includes:

1. Bad credit was identified as the biggest barrier that Rental Property Managers see as low-income families try to get affordable rental units in Athens (Housing Team meeting 7/16/07 with Howell O'Dillon (Fred's Historic Properties), Karin Foster (Power Properties), Ken Parker (Parker and Associates), Cyndi Kelly (Kelly Realty Services), Katie Collins (MSW), Winston Heard (EADC), Nancy Stangle (Athens Land Trust), Corky Warner (Joiner Management), Keith McNeely (ACC HED)
2. Housing Counselors on the Housing Team reported that better coordination would increase the financial support, public awareness, and effectiveness of current services. The counselors were willing to discuss a one-stop-shop for these services.
3. Affordable Housing Developers are having trouble finding buyers for their homes because of bad credit. The Athens Land Trust has had to create time-consuming and expensive lease purchase program to give people the time to clean up their credit. Habitat for Humanity is considering stopping construction on new homes until they can build up a pool of qualified buyers.
4. Potential clients are currently falling through the cracks because they are having to call 5 different agencies to find services.
5. More money could potentially be raised, and less spent on overhead, if grant writing and reporting were consolidated.

APPENDIX F- Reuse abandoned, vacant and tax-delinquent properties³

Vacant and abandoned housing is a nationwide problem with a particular impact in Athens. Many of the properties in town are very old and the titles are clouded with unclear ownership, the so-called 'heir' properties. Many have fallen into disrepair and are uninhabitable. The owners are elderly, low income and often disabled. The properties are abandoned, boarded up or burned down and as such represent a blight on the existing neighborhoods as well as providing a magnet for criminal activities.

Many cities lack an accurate tally of the number of vacant and abandoned houses so they do not have an accurate understanding of the scope of this challenge. Some communities have or have been researching an ordinance to register houses that lie vacant for more than a year, so city officials are ready to work toward the adoption of stronger ordinances to use in improving our neighborhoods.

Solutions in Action: South Bend, Indiana is one such community, with 621 houses that are both vacant and abandoned, according to a May 2006 survey by the city's Department of Code Enforcement. To produce that tally, code inspectors made on-site visits of each property – a task that will become easier as inspectors receive new handheld digital devices to streamline their work and make information up-to-date 24/7.

Mayor Stephen J. Luecke introduced the three-year, \$6.825 million strategy to reduce South Bend's vacant houses by more than one-fifth, with most of the focus aimed at reducing abandoned houses by 72 percent.

The comprehensive strategy includes the demolition of 400 derelict houses and the revitalization of 45 distinctive properties in targeted neighborhoods. It builds on the city's existing work in code enforcement, on public-private homebuilding partnerships with successful track records and on a national trend of homebuyers returning to urban neighborhoods.

The centerpiece of the strategy is a public-private effort to attract all income levels of homebuyers to targeted city neighborhoods, initially concentrated on the city's west and northwest sides. Over three years, the city would make available 45 homes to nonprofit community development corporations. The nonprofits would market and sell the properties first time homebuyers or others. The eventual owner occupant must reside in the home for five years.

South Bend's Code Enforcement staff has an active list of 95 derelict properties, but has insufficient funds for demolition. Using nearly \$500,000 in reprogrammed 2006 Community Development Block Grant funds in the Community and Economic Development budget, Code Enforcement will begin work immediately on those properties citywide for which it already has legal authority to proceed with demolition. With those funds, demolition also will proceed in 2007 on other homes in census tracts with the highest concentration of abandoned buildings.

Approximately \$750,000 in CDBG and general funds over the next 5 years would be adequate to demolish the 100 homes cited as nuisance or hazard in Athens-Clarke County.

Athens-Clarke County already has two programs in place to address the issue of abandoned and vacant property, but both face significant legal hurdles that limit their effectiveness. Strengthening the nuisance ordinances to give enforcement authority to Community Protection would go a long way to eliminating the problem of slum and blight in ACC.

³ Adapted from "Combating Problems of Vacant and Abandoned Properties: Best Practices in 27 Cities," United States Conference of Mayors, June 2006. http://www.usmayors.org/uscm/best_practices/vacantproperties06.pdf