



Making the Case

FOR MIXED INCOME AND MIXED USE COMMUNITIES:
AN EXECUTIVE SUMMARY

ATLANTA
NEIGHBORHOOD
DEVELOPMENT
PARTNERSHIP, INC.

ANDP

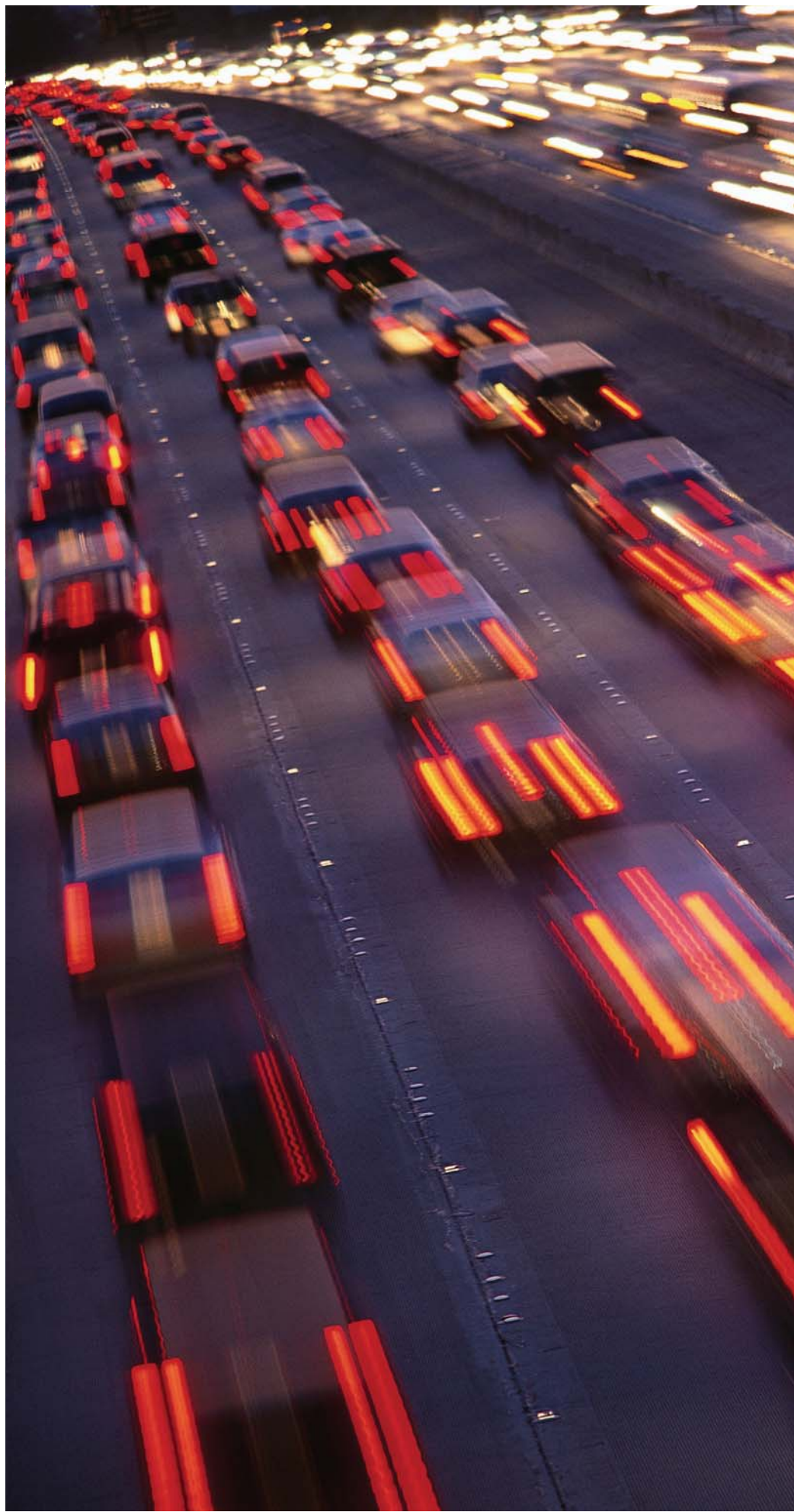
This report is the culmination of four years of study into the growing challenges to housing affordability in metro Atlanta. Funded largely by a grant from the Ford Foundation, the Atlanta Neighborhood Development Partnership, Inc. (ANDP) in 2000 began pulling together representatives and experts from business, non-profits, government, and academia into what came to be called the Mixed Income Communities Initiative (MICI). By commissioning research and convening conversations throughout the region, MICI set out to determine exactly who was affected, and how, by the region's rising inability to provide housing for all income levels, particularly in areas convenient to jobs. This document summarizes the findings of several studies before moving on to examine how we can work together to create solutions. Figures cited below, unless otherwise noted, are from these studies:

- **Atlanta MetroPatterns, Myron Orfield, et al, M.A.R.C. & Ameregis, which examines demographic shifts and the effects of tax and other policies on where and how the region's citizens live;**
- **Fair Share Housing in the Atlanta Region, Dr. David Sawicki, et al, at Georgia Tech, which examined the relationships among jobs, the amount they pay, and the housing available to those workers;**
- **Making the Case for Mixed Income and Mixed Use Communities, by Scott Bernstein, et al, of the Center for Neighborhood Technology in Chicago;**
- **Workforce Housing Balance for the Atlanta Region, by Dr. Arthur C. Nelson, at Virginia Tech, a projection of housing demand based on income and location commissioned by the Atlanta Regional Commission.**

EXPANDING CHOICES

Solutions to the Emerging Affordability Crisis.

SLOWING SPRAWL



Since World War II, the rapid growth of metropolitan Atlanta has been fueled in large measure by two powerful features of the region's geography. The first was our position at the nexus of rail, highway, and aviation networks, and the second was the abundance of low-cost land, with no natural boundaries, that allowed newcomers to buy suburban homes cheaply.

As Atlanta's reputation as an inexpensive place to live and do business spread far and wide, so did the region itself. This rapid expansion, accompanied by the absence of a public will to support adequate planning, has been associated with a number of issues that have come to the front in recent years: the crisis over compliance with the Clean Air Act as well as a sharp decline in the purity of the air we breathe; the struggle to combat lengthening commutes and the traffic and expense that comes with them; growing strains on water supply and quality; and growing concern over loss of open space and sensitive natural areas. As budgets have become tighter, state and local governments must contend with the accelerating public costs required to service sprawling development.

For all the worry over the future, the overall quality of life is still high, and the people keep coming. But increasingly, newcomers and those hoping to move within our region are in for a rude awakening. The choices in affordable homes, especially if one hopes to be anywhere near a job center, are narrowing. The news is worst for the one-third of our families who earn a total of \$40,000 or less per year: prices for existing housing are sky-rocketing and research indicates that almost no one is building new housing for them, especially in and around job centers. This is becoming true for an increasing share of metro households, especially as Atlanta's job mix continues to shift toward lower-paying service and retail jobs.

QUALITY OF LIFE, COMPETITIVE ADVANTAGE AT RISK

There is mounting evidence that our region is losing its ability to provide modestly priced housing for families. Our "strategy," based on cheap rural land and freeways, is failing.

The people who keep our system running – who teach our children, police our streets, staff our offices and call centers – are having a nearly impossible time finding housing in the jurisdictions that employ them. With much of the "affordable" housing being built in more distant locations, lengthening commutes are exacting an increasingly high penalty in time, money, and personal health. At the same time, demand for the benefits of urban life and for a broader choice in housing types is strong and growing, and that demand is driving up housing prices in closer-in neighborhoods that once were affordable.



In short, it is apparent that we can no longer assume that high quality of life, a ready supply of well-located, affordable housing, and the economic growth that follows will be maintained by happenstance, without foresight and thoughtful preparation. It is increasingly evident here, as in many metropolitan areas of the U.S. that, without good public policy, the private market can no longer ensure that affordable housing will “just happen.”

The good news is that some of the same solutions to our transportation, air, water, and open-space challenges could also help provide housing that is accessible to all our citizens while preserving the property values of host communities. The answer is not merely to encourage production of affordable housing by building additional multi-family and “starter” homes throughout the region. That may be a partial answer, but few jurisdictions in the jobs-rich parts of the Atlanta region permit construction of moderately priced housing under current regulations, and there are few large tracts of undeveloped land that are close to jobs and transportation.

A better solution, it seems, would be to begin planning high-quality, town-style neighborhoods that consciously include homes suitable for people in various stages and stations of life within existing communities. To get homes closer to the jobs without disrupting existing neighborhoods, we might take advantage of the large amount of land that lies under dead or dying commercial and industrial areas, much of which lies under asphalt today. At the same time, local governments must take steps to once again allow the private sector to serve the full market. Today, through zoning restrictions and other development controls, most local governments restrict such service. At the state, regional, and local levels, we have to plan for the infrastructure – road and transit networks, water and sewer, schools – to support this development. Because land prices are high the closer they are to major job centers, governments will need to encourage and assist the private sector through incentives, funding, land donations, and technical assistance in providing affordable homes for purchase and rent.

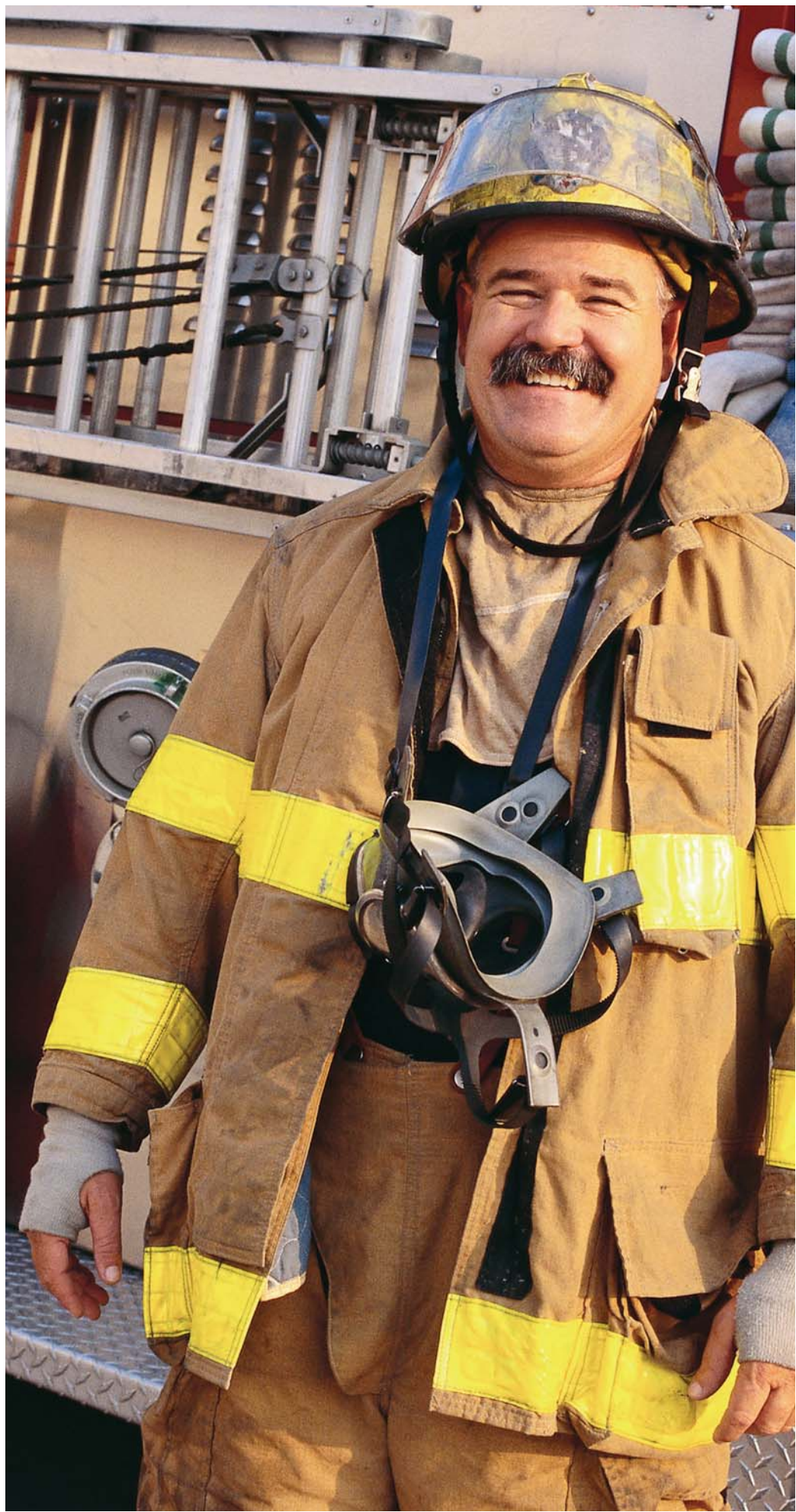
The research shows we can’t assume that high quality of life, a ready supply of affordable housing, and economic growth will be maintained by accident. Housing affordability no longer “just happens.”

63%

Over 60 percent of jobs in metro Atlanta pay under \$40,000 a year and fully one-third of households earn a total of \$40,000 or less. Despite their number, very little housing is being built for these families.

earn less than \$40,000





The Emerging Affordability Crisis:

HOW WE KNOW IT EXISTS—AND IS IT LIKELY TO GET WORSE?

SCOPE OF THE CURRENT PROBLEM

With justification, we Americans take pride in calling ourselves the best-housed population in the world. It is a basic principle in our country that people who work hard, whatever the job, should be able to find decent, reasonably priced housing for themselves and their families. For many working people, however, that is changing, both in Atlanta and nationally.

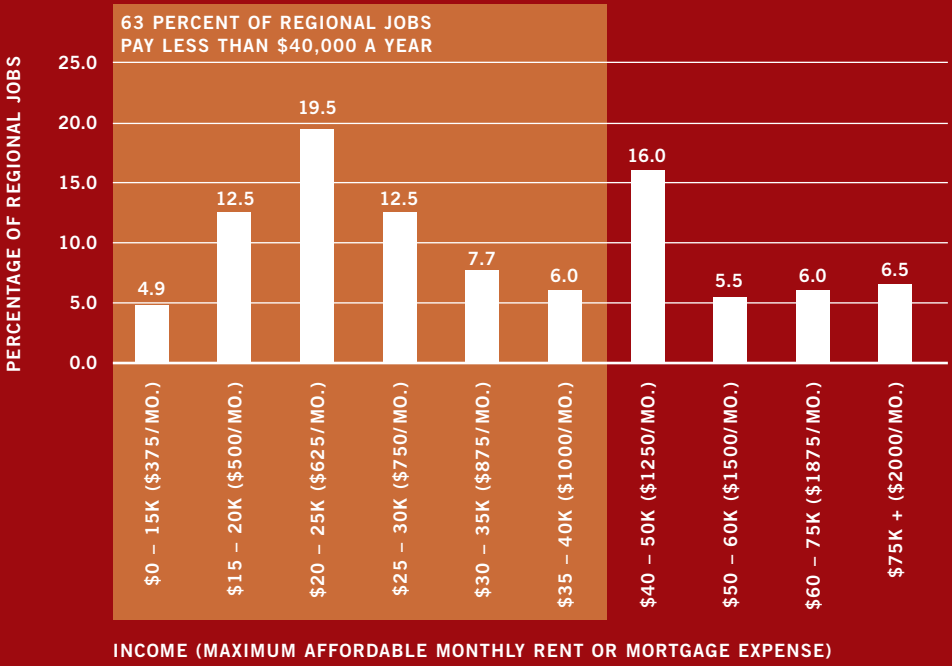
Federal guidelines say a financially healthy household should have to spend no more than 30 percent of its income on shelter. Families stretched beyond that level are considered “cost burdened.”

According to 2003 figures, 14.3 million households nationally spend more than 50 percent of their income on housing. Another 17.3 million households spend between 30 percent and 50 percent of their incomes on housing. Nationally, there has been a 64 percent increase in the past four years in the number of working class families who spend half or more of their income on housing.



FIGURE 1

Among the one-third of metro families earning less than \$40,000, over half struggle to pay for housing. This points to a shortage of over 300,000 homes affordable to these working families.



Source: US Census 2000, Atlanta MSA, Fair Share Housing in the Atlanta Region Report, Georgia Institute of Technology, City & Regional Planning

FIGURE 2

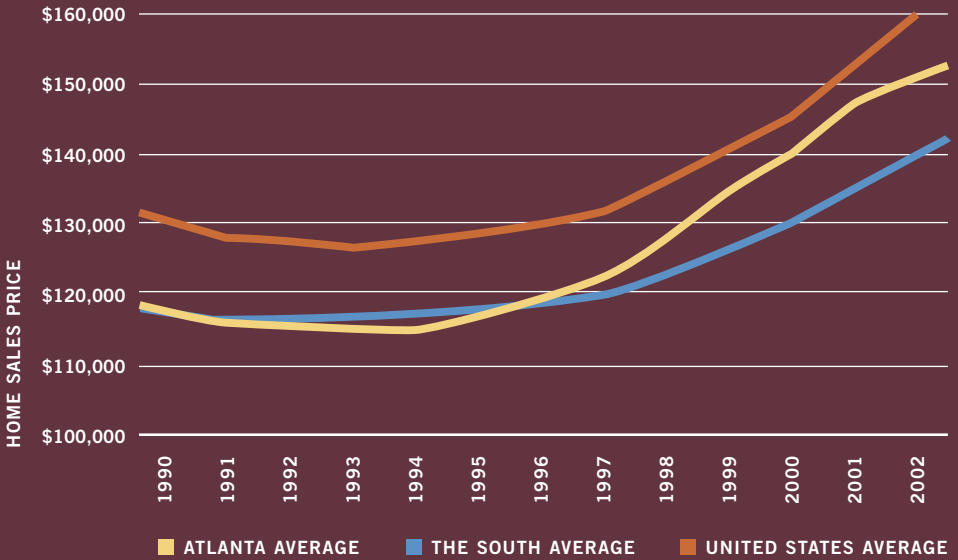
To be affordable, housing should cost no more than 30 percent of a household’s income, according to federal standards. By that measure, a majority of low- to moderate-income households are straining to pay for shelter.



Assumptions: Average Annual Salaries (not starting salary); 30-yr mortgage; 3% down; 7.5% interest
Source: Mayor Shirley Franklin’s Housing Task Force (methodology); Bain & Company Analysis;
Metro Atlanta Chamber of Commerce Quality Growth Task Force

FIGURE 3

Beginning in 1995, Atlanta home sales prices began diverging from that of the rest of the South and started to climb steeply upward. While prices in Atlanta are still below the national average, they are catching up.



Source: Harvard Joint Center for Housing Studies, State of the Nation's Housing, 2003.

FIGURE 4

Metro Atlanta Area Median Income

2000 AREA MEDIAN INCOME LEVELS

Family Size	100%	80%	70%	60%	50%	40%	30%
1	\$43,938	\$35,150	\$30,757	\$26,363	\$22,100	\$17,575	\$13,250
2	\$50,188	\$40,150	\$35,132	\$30,113	\$25,250	\$20,075	\$15,150
3	\$56,500	\$45,200	\$39,550	\$33,900	\$28,400	\$22,600	\$17,050
4	\$62,750	\$50,200	\$43,925	\$37,650	\$31,550	\$25,100	\$18,950
5	\$67,750	\$54,200	\$47,425	\$40,650	\$34,050	\$27,100	\$20,450
6	\$72,813	\$58,250	\$50,969	\$43,688	\$36,600	\$29,125	\$21,950
7	\$77,813	\$62,250	\$54,469	\$46,688	\$39,100	\$31,125	\$23,450
8	\$82,813	\$66,250	\$57,969	\$49,688	\$41,650	\$33,125	\$25,000

AFFORDABLE MONTHLY HOUSING PAYMENT BASED ON AMI LEVELS

Family Size	100%	80%	70%	60%	50%	40%	30%
1	\$1,098	\$879	\$769	\$659	\$553	\$439	\$331
2	\$1,255	\$1,004	\$878	\$753	\$631	\$502	\$379
3	\$1,413	\$1,130	\$989	\$848	\$710	\$565	\$426
4	\$1,569	\$1,255	\$1,098	\$941	\$789	\$628	\$474
5	\$1,694	\$1,355	\$1,186	\$1,016	\$851	\$678	\$511
6	\$1,820	\$1,456	\$1,274	\$1,092	\$915	\$728	\$549
7	\$1,945	\$1,556	\$1,362	\$1,167	\$978	\$778	\$586
8	\$2,070	\$1,656	\$1,449	\$1,242	\$1,041	\$828	\$625

Source: Fair Share Housing in the Atlanta Region Report, Georgia Institute of Technology, City & Regional Planning

WHO ARE THESE FAMILIES?

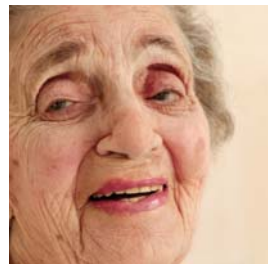
Ultimately, they are like most of us at one stage of life or another: recent graduates living on entry-level wages, young families saving for a house, senior citizens living on Social Security. The vast majority of these households have at least one person working one or more jobs. Unfortunately, a lot of jobs that used to support families on a single paycheck now barely keep a roof overhead, thanks to a combination of wage stagnation, rising home prices, and transportation costs. Those jobs include carpenters, electricians, office support, retail staff, janitors, cooks, waiters and waitresses, maintenance workers, healthcare providers, store clerks, and child care providers.



Metro Atlanta was a holdout on this trend until relatively recently. Housing prices here, as in the rest of the South, traditionally have been significantly below the national average. Today, though, they are well above those of neighboring states and are very close to the national average (Figure 3). In the city of Atlanta the average house price is \$243,000, a sum that is simply beyond the reach of many working families. But even those willing to move farther out must stretch. In 2003, the metro average was \$200,000. Bear in mind that 63 percent of the region's jobs pay under \$40,000, and one-third of the households earn a total of no more than \$40,000.



As of 1999, when data was collected for the last U.S. Census, one in four home-owning households in metro Atlanta was struggling to cover housing costs, paying more than 30 percent of income. Renters were particularly hard-hit: more than one in three renting households were over-paying. All indications are that the numbers have grown since the last Census.



But those are totals for all households, rich and poor. The situation is far worse for the one-third of households which earned less than \$40,000 a year. Whether renters or homeowners, just over half of those working families spent more than 35 percent on housing. Indeed, the Georgia Tech research cited earlier calculated that there was a shortage of more than 185,000 houses and apartments that were within reach of these families, that is, available for \$800 or less a month.



All indications are that the situation is actually worse than that. A study commissioned by the Atlanta Regional Commission (ARC) noted that some families are making their housing “affordable” by doubling up with others, settling for substandard units, or relocating into an undesirable neighborhood. That study calculated the total shortage in affordable housing at more than 305,000 units.

Place Matters

THE LACK OF HOUSING NEAR JOBS

Beyond the mere supply of units, however, other factors dramatically influence affordability and quality of life in metro Atlanta. One of the most important of these is the location of the housing, especially in relation to jobs.

Put simply, the farther you are from work, the more time and money you must spend commuting, the less time you have for family and community commitments and the more you contribute to Atlanta's notorious traffic congestion. For lower-income workers who can't afford a dependable car, such jobs can be nearly impossible to get and keep when these are located well beyond the reach of Atlanta's limited bus or rail service. Additionally, continuous outward expansion to build more affordable homes is quickly diminishing the green spaces that characterize north Georgia.

So how many people really have the option to live closer to work, given their income and the availability of housing? The Georgia Tech study, led by Dr. David Sawicki, set out to measure just how well housing matched up to the salaries and locations of jobs in metro Atlanta. The answer, as most people might guess from personal experience of driving longer distances in heavy traffic: they hardly match at all.

To be sure, jobs are scattered throughout the metro area. But large numbers are clustered in centers such as Downtown, Midtown, Buckhead, the Perimeter Mall area, Cumberland/Vinings, Hartsfield-Jackson Airport, and Roswell/Alpharetta. Many of these jobs are in commercial-only districts where residential construction has been restricted or prohibited. In several districts where large numbers of new housing is being built – Downtown, Midtown, and Buckhead – most of the new condominiums and apartments are well beyond the means of most people who already work in those very districts.

The researchers then looked at the areas immediately surrounding these major job centers. In some cases, they found plenty of houses – but most were unaffordable for the majority of workers, those who earn less than \$40,000 a year. And for the office workers, retail clerks, call center employees, and others who earn well under that, even two such salaries within a single household would not be enough.

The Perimeter Mall and surrounding area has a larger number of high-paying jobs than any other center. Still, 56 percent of the jobs in this area pay under \$40,000, with most of those clustered in the \$20,000–30,000 pay range. Dunwoody and Sandy Springs, the communities surrounding this job center, have lots of houses, but most are beyond the reach of these incomes. There is virtually nothing available for those making under \$30,000 and only a tiny number of units that would be affordable to those making \$40,000 – and many of those are taken by people who could afford more.

In the Roswell/Alpharetta job center, fully half of the 61,400 jobs pay less than \$30,000. The area is nearly balanced in jobs and housing, but, again, nearly all the housing is higher-end. There is a shortage of about 25,000 units that would be affordable to families supported by workers in the Roswell/Alpharetta area. One can see the results of this imbalance on Georgia 400 and the connecting arterial roads every day, as lower-paid workers commute from points many miles to the south, north, east, and west.

Perhaps unsurprisingly, the circumstances are worst for the lowest-income metro Atlantans. Most of the Census tracts that added jobs at the highest rates in the last decade were beyond the reach of MARTA rail. While more than 1 in 10 metro households have income that is 30 percent or less of the median – under \$19,000 for a family of

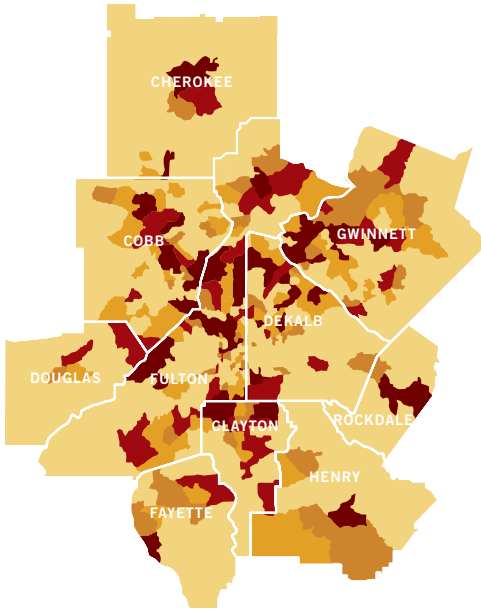


FIGURE 5: REGIONAL HOUSING DENSITIES VS. JOB DENSITIES

- 0.0 to 0.75: Very housing rich
- 0.75 to 1.25: Housing rich
- 1.25 to 1.75: Balanced
- 1.75 to 3.0: Job rich
- 3.0 and above: Very job rich

Source: Fair Share Housing in the Atlanta Region Report, Georgia Institute of Technology, City & Regional Planning

four – only 6 percent of the region’s housing units are affordable to them. Most of that housing is concentrated in the City of Atlanta, within a scattering of a few smaller cities and older, working class suburbs.

The ARC-commissioned study by Dr. Chris Nelson set out to look ahead to the year 2030 and project the housing supply needed in order for workers of each income level to live near where they work. Based on expected job growth, the research found that nearly every county within the Atlanta region would have to build more housing for households with annual earnings less than \$35,000 than for any other category. In many cases the next largest demand will be for those earning between \$35,000 and \$50,000 a year. In Gwinnett County alone, 163,000 of its projected demand of 273,000 units would have to be accessible to those residents earning less than \$50,000. At the moment, however, hardly any of the new housing being built in Gwinnett County is affordable at those wages, and Gwinnett is hardly alone.

The disconnect between jobs and housing has serious implications not just for the many affected families, but also for the economy as whole. Already, many employers complain about the difficulty of recruiting and retaining workers who must live many miles away from their jobs. Over the long term metro Atlanta’s economic competitiveness could suffer. In this age of highly mobile corporations, employers are tending to choose to locate or expand in places with good planning and a high quality of life.

FIGURE 6: CURRENT HOUSING DEFICITS AND SURPLUSES BY JOB CENTER

	SALARY					
	>\$11,000	\$13,000	\$16,000	\$20,000	\$25,000	\$31,000
Buckhead	-3,188	-6,583	-9,672	-4,965	-981	-779
Decatur	-632	-2,451	-2,317	-1,409	1,381	574
Downtown	2,920	-7,170	-14,135	-9,187	-4,866	-6,364
Marietta	-1,416	-6,383	-8,944	-4,423	10,911	6,771
Midtown	-2,482	-5,348	-8,689	-5,133	779	2,079
Norcross	-1,605	-3,849	-8,314	-6,028	6,731	5,115
Roswell/Alpharetta	-2,336	-6,896	-10,105	-5,747	1,421	4,846

Source: Fair Share Housing in the Atlanta Region Report, Georgia Institute of Technology, City & Regional Planning

2/3

On average, working families in metro Atlanta spend nearly two-thirds of their income on housing and transportation combined, well above the national average of 50 percent.

spent on home and auto





Paying the Price for Distance:

THE TRANSPORTATION COST OF HOUSING

The radical mismatch of jobs, salaries, and available housing, coupled with the spread-out nature of Atlanta's development patterns, means that driving is consuming a growing share of family budgets and time.

By 2000 the median commute time for Atlantans had climbed to nearly a full half hour (29.5 minutes), up 19 percent from 24.8 minutes in 1990. Over the decade of the 1990s, the time penalty for Atlanta's rush hour commuters increased at a rapid clip, so that Atlanta now ranks *first in the nation* in the share of its road network labeled as "congested." The annual traffic delay per person has more than tripled since 1992, from 11 hours to over 34 hours (and that figure includes not just drivers sitting in traffic, but every man, woman, and child in the entire population).

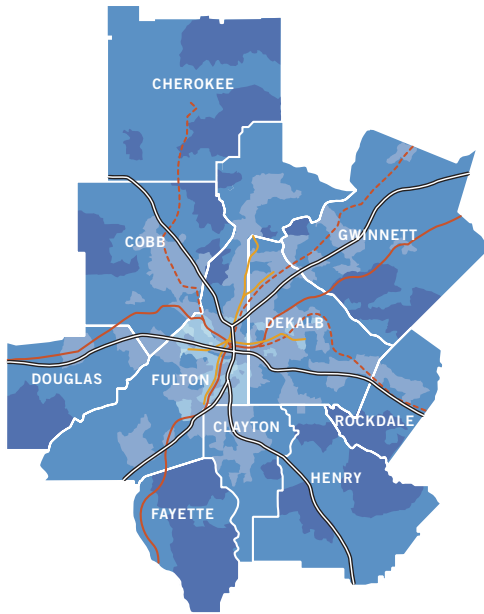
Many of us consciously make the tradeoff to spend more time in the car in exchange for an affordable house that meets our needs (though we often end up with even more drive time than we bargained for). Most people are unaware of the "transportation cost" associated with that home; that is, the amount of extra money it may take to own and operate the additional vehicles that connect the breadwinners to work and others in the household to school, social events, shopping, and everything else. For metro Atlanta as a whole, those figures are *nation-leading*.

From 1990 to 2001, the average number of vehicles per household in the region jumped more than 30 percent, from 1.75 cars to 2.27 per household. We possess more cars per household than residents in any other region, and we drive them more: 15,571 miles a year per car, versus the national average of 11,185.

But vehicle use isn't uniform across the region. Spread-out development patterns have a huge impact on rates of car ownership and driving, and hence, on the cost of transportation across the region. As might be expected, the number of cars per household and the miles driven per person each day rise the farther you get from the two core counties of Fulton and DeKalb, the only ones with a full-service transit system, MARTA. Fulton County households, for example, own an average of 1.69 vehicles, while in Fayette County the average is 3.17.

But while housing prices decline as a family moves farther out, the cost of transportation soars. For a working family earning between \$20,000 and \$35,000, the average costs of transportation in an in-town location near the core is \$5,446; but it's over 45 percent higher in suburbanizing areas, nearly \$8,000 (source: CNT). By one calculation, every time a family adds a car to their budget, they lose more than \$75,000 of mortgage-buying power.

Purchasing a car is only one set of costs. Operating it is another set of costs. Look again at the average annual mileage for vehicles in Atlanta versus the national average, a difference of 4,386 miles. At 52 cents per mile, the AAA's estimated cost of operation for newer models, that additional mileage represents a "transportation tax" of \$2,280 per automobile – as much or more than many people pay in property taxes. A family that drove a single car at the national average would save \$190 per month, money that could be put toward buying or renting a home or any number of other household needs, or even saving for the future.

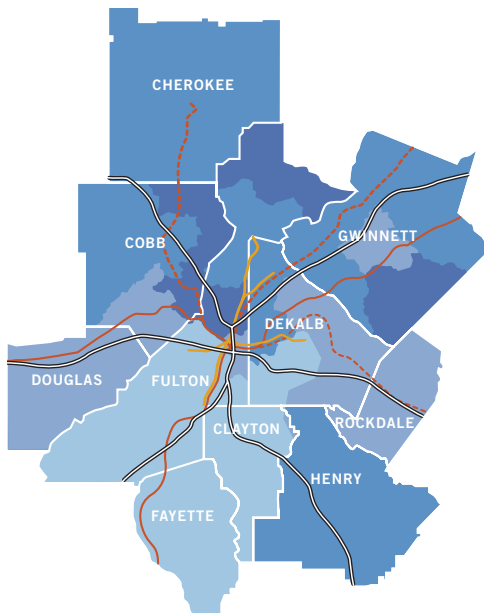


**FIGURE 7:
AVERAGE NUMBER
OF VEHICLES
PER HOUSEHOLD**

- 2.25 or more
- 1.75 to 2.25
- 1.25 to 1.75
- 0.75 to 1.25
- 0.27 to 0.75

- Highway system
- MARTA system
- GA DOT commuter rail phase 1
- GA DOT commuter rail phase 2

Source: US Census Tracts, SF3 2000. Prepared by the Center for Neighborhood Technology, 2003.



**FIGURE 8:
HOUSING AND
TRANSPORTATION
AS PERCENTAGE
OF INCOME**

FOR HOUSEHOLDS EARNING
LESS THAN \$40,000

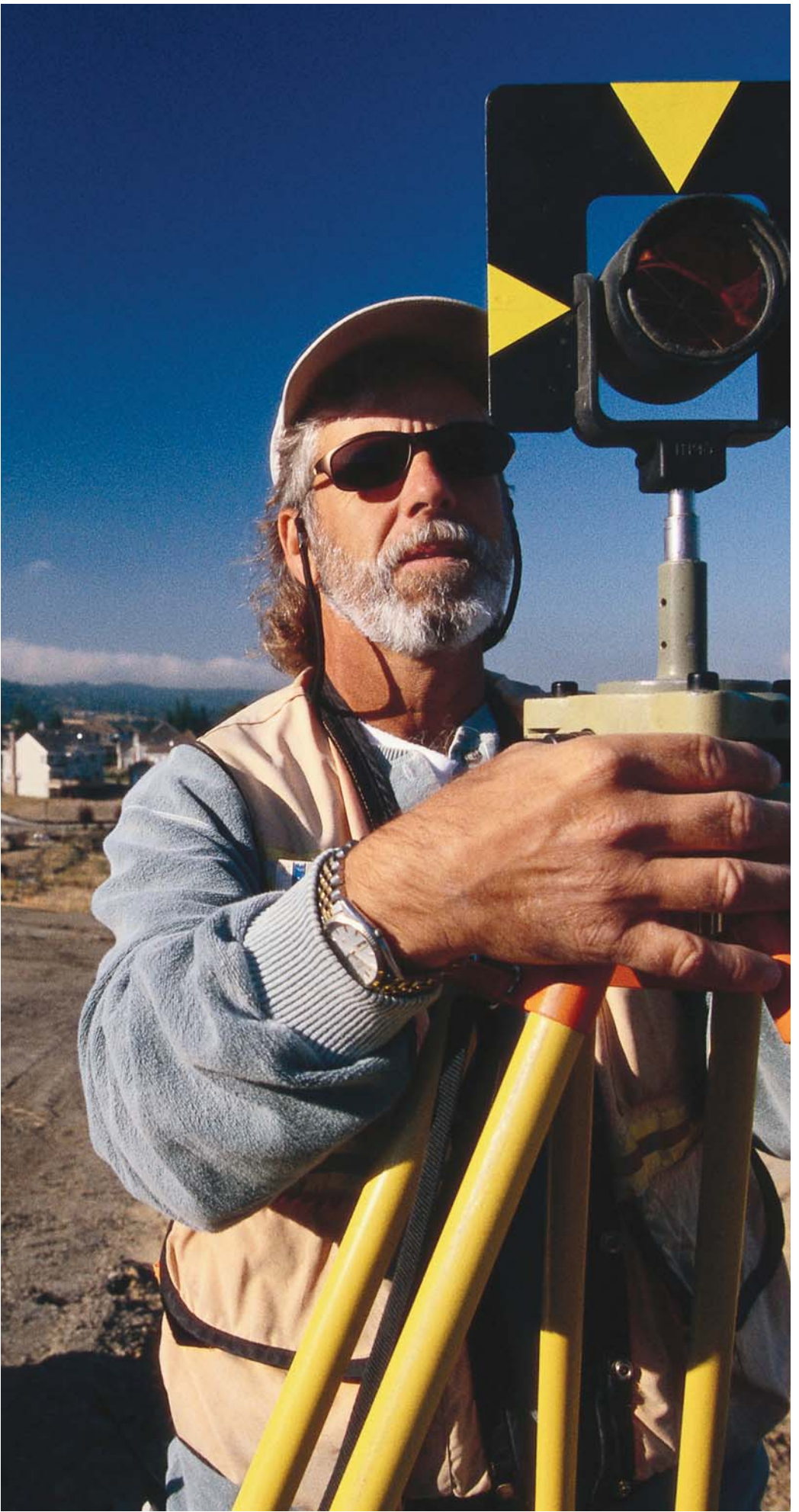
- 50 or more
- 45 to 50
- 40 to 45
- 35 to 40
- 0 to 35

- Highway system
- MARTA system
- GA DOT commuter rail phase 1
- GA DOT commuter rail phase 2

Source: US Census, 2000, Five Percent PUMA. Prepared by the Center for Neighborhood Technology, 2003.

When the cost of housing is combined with the cost of the transportation, the average family earning less than \$40,000 a year are paying nearly two-thirds of their income on just these two items. That's well above the national average, which is closer to 50 percent, which leaves far less for food, utilities, clothing, health care, entertainment, insurance, education and other household expenses. This extra transportation spending also represents a lost opportunity to establish financial security. While real estate generally appreciates, cars decline in value – and more rapidly the more they're used. Rather than build wealth by gaining equity in a home, the excess money spent on vehicles simply vanishes.

It seems unlikely that the additional transportation spending is purely a matter of individual preference. Like Americans everywhere, we Atlantans enjoy the freedom to get around in our cars. But we like to eat and pay our bills, too. With gas prices recently topping \$2 a gallon, the distance penalty is growing larger still, making it all the more likely that future residents will be searching hard for affordable alternatives to long commutes.



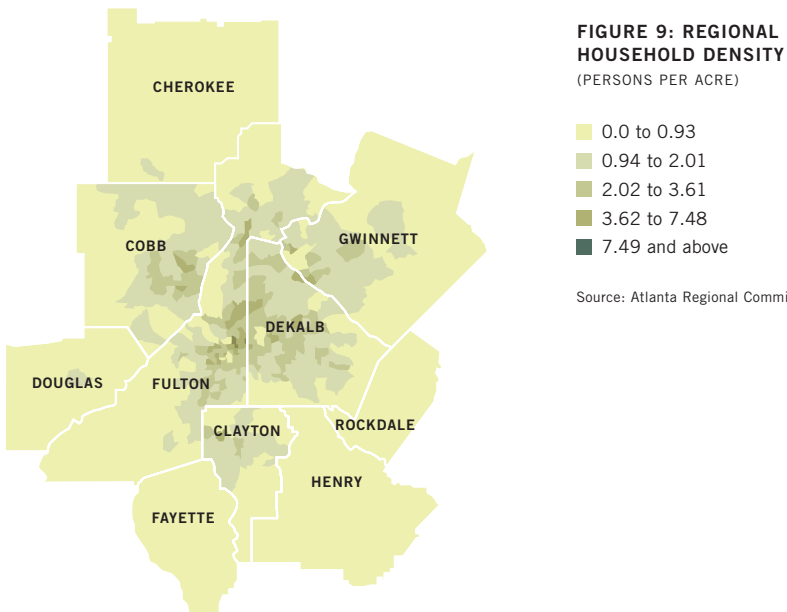
Other Factors Driving the Affordability Crunch

RAPID GROWTH

It must be acknowledged that much of the burgeoning affordability crisis can be attributed to Atlanta's exceedingly rapid growth in recent years. In the 1990s metro Atlanta added 1.2 million people. Most new residents came to work the 626,000 jobs added between the end of the last recession in 1992 and 2002. The Census definition of metro Atlanta, known as the Metropolitan Statistical Area (MSA), has swelled from five counties to 28 over the past few decades.

But the pattern of that growth has much to do with the rapidly declining supply of buildable land near job centers. Atlanta is the least dense of the nation's major metro areas, with only 2.8 people per acre, as compared with 5.7 in Washington, 11.0 in Los Angeles, or 4.8 in sprawling Houston. Today, every two newcomers consume another acre of land.

Much of the increase in housing prices in recent years has been driven by a demand that grew faster than even a red-hot building industry could match, especially when the market wasn't building for low and moderate incomes. While the population in the 10-county ARC region grew by 39 percent in the 1990s, housing units grew by 35 percent. Rental units lagged substantially, growing by only 27 percent. The housing that was delivered was skewed toward the high end, so that by 2000 there was a surplus of some 60,000 units for households earning more than \$50,000 a year, while the deficit for those making under \$35,000 was more than three times that, 185,000 units.



REGULATORY PRACTICES

One reason for the skewing of housing costs towards the high end can be traced to local governments and their regulatory practices. Even as jobs were migrating to suburban jurisdictions, those same areas were erecting barriers to housing affordable to the people who would take those jobs.

In the 1990s suburban counties and towns began to impose zoning restrictions, code requirements, and development conditions that had the effect of driving up the costs of new houses. They also slowed or stopped the provision of rental housing and excluded lower-cost housing types, such as townhouses and duplexes, altogether. Some of these practices, which planning experts refer to as “exclusionary zoning,” include:

- Mandating large minimum lot sizes, driving up the land costs per house;
- Requiring large minimum house sizes, making construction more expensive;
- Placing moratoria and long-term bans on multifamily construction. Henry County, for example, limits the maximum allowed density to four units to the acre.
- Requiring fewer homes per acre than local comprehensive plans call for, again driving up the per-unit land cost;
- Mandating exterior finishes, such as stone or brick facades, that drive up construction costs.

In addition to these practices, many local governments also impose zoning regulations that lead to income segregation, allowing only houses of a certain price to be built within each development.

Local governments offer a variety of justifications for exclusionary zoning. Because these jurisdictions rely heavily on property taxes to pay for services and schools, many prefer to expand their tax bases by encouraging the building of higher-priced housing and commercial development, while discouraging apartments and so-called “starter” development. In reality, spreading out development greatly increases the cost of providing public services because of the need for additional streets, the added expense of picking up garbage and busing children to school, all of which wipes out any gains from increased taxes on larger housing. Local officials also are responding to pressure from citizens, who sometimes fear that allowing housing that is less expensive than their own will depress property values. This is more myth than fact: in research for a lawsuit argued against Henry County’s exclusionary zoning practices in 2001, researchers found that home values in mixed income communities rose at nearly twice the rate of homes in subdivisions with uniform house types and price ranges. In the case of housing for the truly low-income, residents worry that poor people will bring crime and overcrowd schools.

Some critics contend that these practices are proxies for racial and class prejudices. It is difficult to know whether and to what degree that is the case. The complicating factor is that our local government tax structure can make exclusionary zoning seem like the rational thing to do from a revenue-producing standpoint, even if it is less than fair. Any comprehensive effort to provide affordable homes for people must address these sorts of structural obstacles, while also working to dispel some of the less well-founded assumptions and biases.



Ease Zoning for Housing Diversity:

EDITORIAL FROM THE *ATLANTA JOURNAL-CONSTITUTION*, APRIL 27, 2004

Though one size doesn't fit all when it comes to housing, many metro Atlanta communities have developed with a cookie-cutter rigidity. Like it or not, single-family homes on standardized lots have become the predominant form, representing about 70 percent of the area's housing market.

Notwithstanding fabled notions about homeownership being the "American Dream," the region's stifling lack of housing diversity has public policy implications that aren't always fully considered. Among the more obvious downsides for many hoping to realize that dream are local zoning laws that by design or default have created communities strictly segregated by race and class.

Recently, Habitat for Humanity's ongoing efforts to build new homes for low-income families have been stymied by zoning codes that are too narrowly focused. For example, several communities require houses to have at least 1,500 square feet of living space and include amenities such as two-car garages. But in order to keep its houses affordable, Habitat typically builds houses of only about 1,300 square feet, with concrete parking pads and few frills.

In response, Habitat has either raised the prices of its houses, raised income eligibility limits for applicants or extended the term of their mortgages. The cost of complying with county zoning requirements can easily become a make-or-break proposition for prospective homeowners of limited means.

Innovative steps to address this problem through "inclusionary zoning" have been tried in a few other states, including New Jersey, Maryland, Oregon, and Illinois. But those measures haven't caught on in Georgia.

These programs are either mandated by state law or offer financial enticements for municipalities to relax their zoning codes to achieve broader housing goals. In Massachusetts, for example, the "Anti-Snob Zoning Act" allows developers of affordable housing to appeal local zoning decisions to a statewide committee, but also offers economic incentives in counties promoting a variety of housing options.

"This sticks-and-carrots approach could work here," says M. von Nkosi of the Atlanta Neighborhood Development Partnership, a nonprofit housing agency. Nkosi is director of ANDP's Mixed Income Communities Initiative, which advocates regionwide action on housing, transportation, and land-use issues.

"We're not trying to twist anyone's arm, but municipalities that embrace more diverse housing types will find that, over time, they have a competitive advantage over those that don't."

Certainly, zoning laws are important to protecting the investments of existing homeowners. But they needn't be so restrictive that they effectively handcuff developers trying to expand housing choices for a new generation of home buyers with differing lifestyles and needs.



“GENTRIFICATION” AND THE LOSS OF AFFORDABLE HOUSING

Along with rising demand and the constraints placed on housing supply in the jobs-rich suburbs, other factors also have worked against families searching for affordable housing. A combination of grueling commutes, demographic changes, and a reawakened interest in urban life for many people has led to the rediscovery of close-in or in-town areas. The resulting “gentrification” represents a long overdue reinvestment in city neighborhoods. At the same time, however, it has put upward pressure on rents, home prices, and property taxes for lower-income homeowners. In some cases, existing apartment buildings have been converted to condominiums or razed to make way for upscale housing. This displaces existing residents who are hard-pressed to find similarly affordable homes with access to transit. This is happening at the same time that contracts for federally subsidized “Section 8” apartments are expiring, so that many very low-income units are being lost. Federal monies for Section 8 housing, for example, have declined by 75 percent over the past two years.

Helping the Private Sector Meet the Demand

As this study and others have concluded, there is a large, under-served demand for a broader range of more affordable housing types and for homes in walkable, urban settings with transportation choices. If that is the case, why isn't the private sector meeting the demand?

There are several reasons.

First, of course, are the exclusionary zoning practices discussed in the main body of this report. Less well understood are the huge, hidden subsidies for "greenfield" development. Agencies and utilities that invest in and deliver infrastructure and related services for water supply, storm water drainage, sewage, natural gas, electricity, transportation, and municipal services such as fire and police protection and schools just don't charge anywhere near the full cost for providing these services to new developments. Studies show the full infrastructure cost for each new home in a new "greenfield" area approaches \$60,000. That same home as an "infill" development in a "brownfield" (post-industrial) or "grayfield" (aging shopping center or adaptive parking lot reuse) might only require a \$5,000 to \$10,000 upgrade, or zero if placed in a suburb with excess infrastructure capacity.

The coordination among service providers and land-use regulators that could help to improve the efficiency and lower the cost of development is utterly lacking. While MARTA thinks only about mass transportation, the Georgia Department of Transportation plans and develops highways, often without considering the impact on the roads maintained by local governments. Electricity and gas utilities are the province of regulated private companies, while water and sewer are provided by local governments. Only the state of Georgia has the breadth of interest and potential authority to demand efficiency and coordination of public investment, but to this point has not done so.

The lack of coordination and planning creates a chicken and egg problem: Walkable neighborhoods are likely to be most desirable when connected to a transit system, but high-frequency transit service usually comes only after high densities have been built. This study suggests that addressing transportation and development planning together offers great potential to serve this growing market segment.

Regulation, tradition, and the local development culture have combined to suppress a diversity of housing products that could effectively result in mixed use, mixed income communities. Housing types that are common in cities and early suburbs in other regions are all but absent here: two- and three-family houses, rowhouses, and low-rise walkups. Likewise, apartment buildings with fewer than 50 units fit easily into a mixed context. Atlanta, which at 50,000 units a year produces more housing than any other metropolitan region in America, produces less than 500 units per year of two- to four-unit housing, and only a handful of multi-family developments of any kind.

The problem that the region faces in making smart growth work for everyone, producing affordability, prosperity, and regional economic performance is that all of these market failures require a culture that supports (a) transparency in the costs of development, (b) a reward structure that facilitates market transformation, and (c) regional institutions and networks aligned around these goals. The private sector can do a great deal to meet the existing and coming demand, but only if governments reward – and not punish – creativity and innovation while pursuing policies that are clear and consistent across jurisdictional lines from the state down to the local level.

1 in 3

A survey of 8,000 metro households found that one in three current residents of conventional suburbs would actually prefer to be living in a mixed-use neighborhood where they could walk to work, stores, restaurants, or libraries.

want housing alternatives



A Look Ahead

ACHIEVING A VISION

“Today, our region’s inhabitants lack sufficient housing as lifestyle choices lag behind market demand. Growing in better ways means giving people choices about lifestyles, suburban living as well as mixed-use, higher-density urbanism.”

– JOHN G. RICE, 2004 CHAIRMAN, METRO ATLANTA CHAMBER OF COMMERCE.

THE OUTLOOK

The research paints a clear portrait of current conditions. But what about the future? All indications are that rapid growth will continue for some time: by the year 2030, metro Atlanta is projected to be home to 2.3 million more people, with a total population of 6 million working 4.2 million jobs.

At the same time, demographic and market trends make it clear that these additional households won’t merely be looking for more of the same. The population is aging. Today one in five residents is over the age of 55, but over the next 25 years the figure is expected to rise to one in three, as the number of Atlantans over age 65 will likely triple. Likewise, the proportion of households with children – the traditional suburban market – will continue to drop, from roughly one in three today to one in four. Even that figure masks the impact of shifting demand: while 70,000 of the new households will consist of families with children, 660,000 will be childless. Both trends indicate a growing market for something other than what has been provided in recent decades: a single-family house on a large, high-maintenance lot, accessible only by car.

Already there is strong evidence of a latent demand. The recent SMARTRAQ survey of 8,000 metro Atlanta households found that one in three current residents of conventional suburbs would actually prefer to be living in a mixed-use neighborhood where they could walk to work, stores, restaurants, or libraries. This desire already is showing up in the marketplace in projects such as Atlantic Station, a high-density redevelopment of a former steel mill in Midtown, which saw several times as many applicants for its Art Foundry townhouses as there were units. Indeed, in recent years condominium appreciation has outpaced that of single-family homes.



FIGURE 10: LIVABLE CENTERS INITIATIVE (LCI)

	JOBS	HOUSEHOLDS	PEOPLE
LCI target for 2000	300,000	200,000	500,000
Current conditions	700,000	315,000	787,500
LCI target for 2030	1,030,000	680,000	1,700,000

Source: Atlanta Regional Commission (ARC)



Some of the same solutions to our growth-related challenges, many of which already are being implemented, can help support new housing options.

A VISION FOR THE FUTURE

While recent trends in in-town development are expanding options for those of substantial means, for low- and moderate-income families recent history has been one of shrinking choices in price range, housing style, neighborhood type, regional location, and transportation options.

From national and local experience, we have a good sense of what won't work. While we need to produce more affordable housing, quickly, it won't do to put such housing just everywhere and anywhere. As we've seen, more families need the option of living in a location where transportation costs won't swallow the family budget.

Simply put, we need to think in terms of building complete communities again. A complete community mixes housing types and prices. It has office and other jobs, places to shop, and walk-to neighborhood schools. It can have a single downtown or a series of neighborhood commercial districts. It has a place for everyone, at every stage of life.

Is that an out-of-date vision from the past? Not if places such as the city of Decatur are any indication. Decatur's soaring popularity – among families, retirees, and young singles alike – is a clear illustration that mixing uses and incomes can deliver a high quality of life. Within two square miles, Decatur has just about every housing type available in metro Atlanta, for every income level: expensive mini-mansions, Craftsman bungalows and brick ranches; two-family houses and classic apartment buildings with four to 16 units; townhouses; new mid-rise condominiums and apartments over retail shops and a seniors' high-rise. It has subsidized apartments and a large public housing project. Many of these exist on the same block or within blocks of each other, and all are within walking distance of a vibrant downtown with a MARTA station at its heart. There are large lots and small lots, sometimes next to each other. The city's well-known sense of community is so popular that prices have been bid quite high in recent years, to the degree that the city plans to begin requiring affordable units in new projects.



This is not to say that every place in the Atlanta region should be like Decatur. Communities can shape themselves in many ways. The point is to illustrate that communities who break from recent suburban development patterns and seek to accommodate a broad range of housing types and income levels can not only survive, but thrive. At the moment, though, places like Decatur are against the law in most of metro Atlanta, because most jurisdictions are zoned only for single-use, single-income developments on large lots. In essence, these are mandates that discourage innovation and distort the housing market.

We don't need to build higher-density, mixed use developments or new towns anywhere and everywhere. To make this approach work, we would begin by retrofitting existing activity centers and corridors that already have strong transportation connections, or that will in the near future. Under the Atlanta Regional Commission's Livable Centers Initiative, some 60 communities have been self-designated as potential live-work-play centers. In addition, there are several commercial corridors that have declined – or will do so – to the point that they need redevelopment. Both the city of Atlanta and DeKalb county have such plans to transform Memorial Drive in this manner. Their parking lots and broad, single-story buildings cover enormous amounts of land that could accommodate thousands of new homes and businesses at three- or four-story densities, with single-family homes and townhouses on the fringes. MARTA station areas also are prime candidates, as are the stations along the proposed commuter rail network and the beltline. In fact, many towns already are poised to capitalize on the return of the railroad network that birthed them many years ago.

Far from being uniform, these centers and corridors can benefit from being zones of innovation. One corridor might position itself as a live-work community, comprising housing developments with shared work centers, units for self-employed artisans or other professionals with live-work needs, and storefronts for personal care providers and professionals. Another center might focus on features appealing to children and their parents, offering itself as an urban refuge for young city-dwellers who would rather not migrate to distant suburbs the minute they have children. A combination of careful planning to develop the infrastructure needed to support high-quality urban life and a loosening of outmoded regulations to allow for creative adaptations to changing lifestyles could remake metro Atlanta into an even more exciting, vibrant region.



CHOICE

CREATING HOUSING OPPORTUNITIES FOR ALL INCOMES IN COMMUNITIES FOR EVERYONE

A policy of expanding choices will make our region more competitive. Development of housing at multiple price-points in the region's centers and along its corridors can provide for those who want alternatives, and will also leverage infrastructure that is already in place or programmed for the future.

REASONS FOR OPTIMISM

While protecting our region's competitive advantage in housing will not be easy, there are many reasons to expect success from a focused, regional effort to offer new options to live in affordable, walkable neighborhoods with ready access to jobs. First is metro Atlanta's very dynamism. Many other regions are sprawling without much population growth – effectively cannibalizing themselves. But our region does not have that problem. Rather than curtail growth in the suburbs, our task is to retool our regulations and policies so that the private sector can serve an enormous, unmet demand in already-developed areas.

It is also fortunate that some of the same solutions to our growth-related challenges, many of which already are being implemented, can help support new housing options. To grapple with our transportation and air quality issues we now have a regional transportation agency, the Georgia Regional Transportation Agency (GRTA), that is working with other entities to establish travel alternatives across the metro area. If we play our cards right, transit service and new neighborhoods can be mutually reinforcing. We start with the advantage of MARTA, the only high-capacity rail system in the Southeast. Thousands of jobs already are accessible by MARTA, and more can be made so. A key, missing element in our planning for growth has been housing. The station areas and any area with adequate bus service cannot afford to miss ripe opportunities to build new “choice” neighborhoods. But we must be far more deliberate about making them full-service neighborhoods, especially by planning for the inclusion of lower-cost homes.

On issues of water quality and quantity, north Georgia has a regional water agency that is looking at ways to limit the proportion of our watersheds that are covered with development and hard surfaces. That means we will need to accommodate more future development within a smaller footprint. The same is true for our efforts to preserve unique and ecologically sensitive landscapes.

Rather than curtail growth into the suburbs, our task is to retool our regulations and policies so that the private sector can serve an enormous, unmet demand.

Defining Success

KEY PRINCIPALS TO CONSIDER

In a successful “choice” community, both an executive and his seventh-grade daughter’s teacher would be able to live and shop in the same district, while the child herself could ride her bike to see her grandmother or the brother who recently graduated from college.

The success of any potential solutions to our housing and sprawl challenges is likely to hinge on four key considerations: location, mix, design, and fairness.

LOCATION

Though it may seem obvious at this point, it bears repeating: housing not only must be affordable to buy or rent, it also must be accessible to jobs, services, and daily needs. Because conveniently located land inevitably comes at a higher price, governments will need to use creative strategies to make affordable housing nearer to jobs economically viable. These can include offering “density bonuses” – allowing more units to be built on a single site, provided that a share is available to house lower-income families.

MIX

Many of the challenges we’ve discussed arise from the practice of strictly segregating both land uses and incomes. Large concentrations of offices that lack housing are desolate after 5 p.m. and lead to long commutes. Large concentrations of lower-income families, isolated from the opportunities available in the presence of other income groups, breed hopelessness and crime. A healthy mix of uses and incomes can avert these problems.

Mixing residential and commercial uses in walkable neighborhoods can allow some people to use a car less often and support high-frequency public transportation service. Concentrated increases in population will support local business. More housing for young families will reinvigorate declining schools and public facilities like libraries and community recreational centers. Mixing incomes within jurisdictions accommodates people in various stations and stages of life. It can make development of more affordable homes economically viable because higher densities and higher-priced dwellings and commercial space can help to defray infrastructure, land, and other costs.

DESIGN

The key to making different uses and housing types work together lies in design. Affordable housing doesn’t have to look cheap, and in fact, if designed properly, it can be indistinguishable from other types. By paying attention to the transitions from one type to another, as well as to building heights and roof lines, colors and materials, and by incorporating parks and landscaping, designers can create beautiful, inviting environments at any income level. The last several years have seen major advances in these techniques, some resurrecting traditional designs from before World War II, and others that are newer innovations.



For more examples, please see the Affordable Housing Design Advisor at www.designadvisor.org

FAIRNESS

Whether intentional or not, some very clear inequities among income groups and jurisdictions have marked recent development patterns in metro Atlanta. Whatever solutions we pursue must not perpetuate those inequities, or create new ones.

Fairness to individuals. For a poor family left isolated in a neighborhood with few work opportunities, decaying infrastructure, and limited reasonably-priced places to shop for basic needs, an affordable home near a suburban job literally could be life changing. Likewise, families who might like to stay in once-poor neighborhoods that are at long last enjoying the benefits of reinvestment ought to be able to expect that affordable rents or homes or property tax protections will be part of the mix in that redevelopment. Working families of any race and income deserve a chance to live near their jobs in safe, well planned and cared-for neighborhoods.

Fairness among jurisdictions. It is difficult to see how any local government can be persuaded to open its doors to all metro Atlantans without consequence if other jurisdictions continue to “cream off” the most affluent. Likewise, no city or county should be forced to support a disproportionate share of the neediest citizens. Jurisdictions that hope to share the economic and other benefits of the region’s vitality should do their part. At the same time, government resources – transportation investments, economic development incentives, tax allocation districts and the like – should come with an expectation that some equitable share of affordable housing will be provided. Resources are scarce and should be treated as such, perhaps by having localities compete for them based on how well they plan and perform on factors such as affordable housing, walkability, and transportation.

2030

Metro Atlanta can accommodate the 2.3 million new residents expected by 2030, reduce time stuck in traffic, and save 100,000 acres of open space. We can do this by allowing more housing closer to jobs, developing and redeveloping live-work-play centers and corridors, and optimizing the transportation network to serve them.

2.3 million new Atlantans





Where Do We Go From Here?

RECOMMENDATIONS – SOLUTIONS

Our study of housing affordability in metro Atlanta has made it clear that the issues cannot be solved by any single level of government or by jurisdictions acting alone. The first and most important step is to establish a broad consensus and spirit of collaboration around solving our housing accessibility crunch.



As noted earlier, our efforts are unlikely to work if some jurisdictions are playing by rules set and agreed to by a consensus of the population while others are not. Similarly, while common rules of the development game need to be established at the state and regional levels, the solutions cannot be dictated from the top down.

It is not the intent of this document to prescribe a set of actions. However, the MICI initiative has already launched extensive research into potential strategies and found several to be promising. They are discussed below:

REGIONAL HOUSING RESOURCE CENTER

If we are to have agreement on goals and progress toward them, metro Atlanta will need first and foremost a trustworthy source of data and analysis that serve as agreed-upon measurements. No such source currently exists, however. Because the relevant data is spotty or non-existent, MICI was forced to commission a number of new studies in order to analyzing metro Atlanta's housing affordability situation.

However, ad hoc research clearly won't be adequate for the sustained effort the situation demands. Metro Atlanta, therefore, would greatly benefit from a Regional Housing Resource Center that would compile and analyze existing data, seek to fill gaps in data through whatever means at its disposal, and issue periodic reports on progress, or lack thereof. The center could be housed at a university, the ARC or other institution, but it should be overseen by an independent, housing-oriented board. A key job of that panel would be to develop a common set of indicators and to ensure that reporting reflects those indicators. Their presence also should help to assure that the center's work is credible and not subject to pressure from any one funding source.



REGIONAL HOUSING COALITION

We must begin by building a common understanding of the problem and what to do about it. This might best be accomplished through the work of a regional housing coalition comprising a broad group of organizations and individuals with a stake in these issues. The coalition's goals would be to make clear the urgency of the situation, establish a common understanding of the scope of potential solutions, gain a mutual acceptance of responsibility for a share in addressing the issue, and create the political will to support the solutions. The coalition also would develop strategies to create financial support for more affordable housing, including market-based incentives, increased efficiencies, and direct subsidies where necessary.

Four entities suggest themselves as early partners in the coalition's work: the Georgia Department of Community Affairs, which oversees the State Planning Act and state housing tax credits; the Atlanta Regional Commission, which has similar housing planning responsibility at the regional level and also plans for the region's transportation, workforce, and water needs; the Metro Atlanta Chamber of Commerce, whose Quality Growth Task Force recently identified housing accessibility as the key to the region's long-term health in addition to their other recommendations for transportation infrastructure and water quality; and the MICI committee itself. Effective coalitions draw from various constituencies with diverse interests. The opportunity to bring together real estate professionals, transportation planners, economic development organizations, quality growth advocates, businesses, community organizations, and social service providers to work on a shared goal of affordable housing is too compelling to ignore.

REGIONAL FAIR-SHARE PLAN

Regional fair-share housing plans seek to correct or prevent jobs/housing imbalances by equitably distributing housing for people of all income levels throughout an entire region. Typically, plans are enacted to encourage local governments to assume their fair share of lower- and moderate-income housing. Fair-share efforts are designed to combat zoning conditions that lead to economic stratification of housing, limited housing options, jobs-housing imbalances, and traffic congestion.

Fair-share plans in existence across the country vary widely in scope and intention. Some plans are focused on distributing housing, regardless of income, while others are concerned solely with distributing low-income housing. The Association of Bay Area Governments (ABAG) in the San Francisco region, for example, seeks to distribute housing, regardless of income, throughout the metropolitan region based on housing and job growth. In contrast, New Jersey's Council on Affordable Housing (COAH) focuses on affordable housing, and its plan covers the entire state. The ABAG plan is focused on promoting equitable regional growth, while the New Jersey plan is concerned with assuring adequate housing opportunities for low- and moderate-income households. In the Atlanta region, a fair-share housing plan could ensure that there is adequate progress towards meeting goals for housing lower- and moderate-income workers in close proximity to job centers. The progress toward goals can be tracked on a quarterly or semi-annual basis and disseminated to local and regional officials.

INCLUSIONARY ZONING

Considering the continued strong housing growth expected in the Atlanta region, quick progress toward housing goals could be made by adopting inclusionary zoning in strategic locations. “Inclusionary zoning” refers to local government policies that require developers to include a share of affordable housing in projects above a certain size. In return for making 10–15 percent of the total units affordable, the developer usually gets something in return: the right to build more units, faster approvals and permits, tax or impact fee abatement, or other considerations. The City of Atlanta currently gives tax credits and other benefits to developers who agree to build in targeted areas of the city and who set aside a certain proportion of their housing for persons and families with moderate incomes.

A pioneer in this technique since 1975, suburban Montgomery County, MD, has created thousands of affordable units that otherwise wouldn’t exist. A 2004 study of inclusionary zoning in California, where 20 percent of towns use inclusionary zoning, found that the rules did not suppress housing construction or cause higher prices, as some had feared. “Long-term,” the report concluded, “perhaps no other single local housing policy is more valuable in the production of affordable housing.”

In metro Atlanta, the ARC’s Livable Centers Initiative (LCI) locations are possible areas for inclusionary zoning that could be implemented as “overlay zoning.” These special, localized zoning districts could be designated as higher-density urban environments with lower transportation costs and therefore eligible for special funds. In addition, inclusionary zoning could be required for developments subsidized through tax allocation districts. DeKalb County and the City of Atlanta have already begun researching the possibility of inclusionary zoning requirements.

CONNECT HOUSING WITH LOCAL LAND USE PLANS

The Georgia Planning Act requires local governments to develop comprehensive plans that include a discussion of how the county or city will address the housing needs of the full range of the population. During 2003, Georgia DCA updated the minimum requirements for housing elements in local comprehensive plans to a more rigorous standard. Unfortunately, there is no real enforcement of this provision and local zoning maps and day-to-day rezoning decisions often do not reflect the language or intent in these comprehensive plans. Most local governments in the Atlanta region have not thoughtfully considered the types and costs of housing and transportation that are needed by their current and future citizens. Thus development decisions are often based on anecdotal understanding of how local plans and regulations impact the costs and types of housing available.

Local government officials need to better understand regional demographic trends and the housing and transportation needs of current and future citizens including seniors, public sector employees and other low- to moderate-income workers. A more aggressive program is needed to engage and educate local and regional government officials and planners on housing. The Association of County Commissioners of Georgia (ACCG) and Georgia Municipal Association (GMA) in conjunction with ARC and other organizations should coordinate these efforts. Perhaps an initial step might be a pledge from local governments to change zoning maps and development policies so that they

are consistent with their own plans. Additionally, the participating local governments might suggest themselves what the consequences should be for inaction towards housing and transportation goals.

ACCOUNT FOR THE TRANSPORTATION COST OF HOUSING

Several reports in the last few years have highlighted the high cost of driving, not to mention the costs of transportation infrastructure to governments and cost of congestion to businesses. This report went a step further by showing the effect of development patterns and resulting transportation systems on housing affordability. Affordability is not only about the rent or mortgage a household pays as it is about how many cars they need to support daily living—getting to work, getting the kids to school, shopping, recreating. Addressing affordability therefore requires addressing the relationship between housing and transportation: the extent to which transportation infrastructure enables development and the extent to which development causes the need to travel. Therefore, if the Atlanta region is to truly address the emerging affordability crisis, the region must also consider the cost effects of transportation investments on the end user.

To do this, transportation planning must be part of affordable housing planning and vice versa. As the regional planning agency, ARC could lead the charge by regularly releasing maps and reports that show the combined cost of housing and transportation by location and make this information available to individuals, local and state governments, and the private sector as critical decision criteria for housing purchases, zoning changes, and infrastructure spending—including plans for the commuter rail system and business locations. This is similar to the use of watershed information to direct building locations, and credit scoring mechanisms for lending decisions. The associated costs of transportation for a particular location could also be added to funding criteria for competitive public subsidies, such as the "livable center" grants and designations, the low income housing tax credits, and the proposed housing trust fund. The region cannot grow in a more affordable way unless all the factors affecting affordability are systematically integrated into all facets of public policy, marketplace practice, and household financial decision making.

HOUSING TRUST FUNDS FOR METROPOLITAN ATLANTA

The challenge of providing safe, decent, and affordable housing to all citizens is increasingly falling on local and state governments as the federal government reduces funding and devolves responsibility to others. To make up for the funding gap, housing trust funds have emerged over the past 25 years in many areas of the country. These funds are specially dedicated pots of money to support affordable housing. Housing trust funds are usually created by legislation or ordinance, though some are experimenting with public-private operation. At present, there are more than 170 housing trust funds in the United States. By 1999, they collectively allocated approximately \$1.5 billion to support 200,000 units of affordable housing.

Trust funds usually are replenished with a dedicated source of funds, such as a real estate transfer tax. Because the money is dedicated, it isn't subject to the annual fluctuations and erosion that has been the case with annual appropriations. The fund is normally administered by an independent body capable of flexibly applying the money to projects that meet a variety of community needs and goals. Please refer to the MICI MTC Report on the attached CD-ROM for more detailed information.



CONCLUSION

How can we add 2.3 million people to our region in the coming decades while creating affordability and a better quality of life for all of the region's citizens? Certainly not by being passive and bemoaning a "fate" of poor planning and declining options.

Clearly, that posture would be uncharacteristic of Atlanta, which is nothing if not the product of civic imagination and will. Without a port or navigable waterway, Atlanta invented itself as a critical transportation hub and has reinvented itself numerous times since re-emerging from the ashes of Sherman's march in 1864. It's time again to re-imagine ourselves.

It is up to us to determine the arc of Atlanta's story line. Will it be the quintessential tale of the post-War boomtown that bloomed like algae in a lake and finally choked itself to death? Will we allow future historians to describe Atlanta as a poster child for sprawl, a place that failed to become what was possible because it couldn't overcome habits of profligate land consumption and racial and economic segregation? Or will it be the region that harnessed its economic vitality to lead the way, showing how a modern metropolis can keep its competitive edge by providing a high quality of life for all its citizens?

Meeting the housing affordability challenge may be Atlanta's greatest test yet. This is because it will require the individual actions and commitments of literally dozens of local governments, as well as support from business, state government, and citizens at large. There is no single formula or template to follow. But the need is clear and the time to begin is now.

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