

FOR THE EXCLUSIVE USE OF THOMANDRAYTEAM@YAHOO.COM

From the Atlanta Business Chronicle:

<http://www.bizjournals.com/atlanta/print-edition/2016/06/03/soaring-rents-a-threat-to-metro-atlanta.html>

Soaring rents a threat to metro Atlanta

Affordable housing, always an Atlanta staple, is drying up, putting pressure on workers, families and the area's economy

🔑 **SUBSCRIBER CONTENT:**

Jun 3, 2016, 6:00am EDT

Atlanta has always been known as an affordable place to live, especially compared to cities such as New York or San Francisco, and that affordability has brought young professionals to the city in droves seeking to build their futures.

But, Atlanta's reputation as an economical city and desirable headquarters for businesses could be in danger. Atlanta now ranks No. 3 in the country for income inequality, apartments rents are increasing rapidly and affordable housing options are drying up.

"This is a pressing issue," said [David Loeffel](#), a principal with [Walton Communities](#), an affordable housing developer in Georgia. "Obviously rents are increasing, and that certainly helps shine a light on something that's probably been a problem for quite a while."

The issue of affordable housing is nothing new. But shifting economic conditions have made the problem worse and now local leaders are having to



SPECIAL/WALTON COMMUNITIES/CATI TEAGUE

Legacy at Walton Village in Marietta offers seniors new affordable options.

pay attention.

After the Great Recession, the foreclosure crisis and the growth of low-income households resulted in more demand for rental units. In addition, young people steered away from home ownership, and the credit crunch made it harder for many to get mortgages.

From 2005 through 2015, the number of families in rental housing across the country increased from 34 million to 43 million, a rate not seen since the mid-1980s, according to a May 2016 study from the [Federal Reserve Bank of Atlanta](#).

Developers responded to the demand, mostly building upscale apartments in prime areas such as Buckhead or Midtown, or buying and renovating existing properties around the city.

From 2012 to 2014, 95 percent of new rental units in Atlanta were luxury rental units, according to the Federal Reserve Bank.

“Almost all of the projects that are being brought forward this cycle are at the very highest of price points, price points that are truly not affordable to the workforce in Atlanta,” said [Aaron Goldman](#), president of Atlanta multifamily developer Perennial Properties and co-founder of the Atlanta Real Estate Collaborative, which links nonprofits serving the homeless with affordable housing options.

The numbers simply don't add up for low-income workers, according to a May 2016 study from the National Low Income Housing Coalition. In Georgia, a person who makes the minimum wage of \$7.25 would have to work 76 hours per week in order to afford a one-bedroom apartment at fair market rent (estimated at \$715 per month). That same person would have to work 90 hours to afford a two-bedroom apartment at fair market rent (estimated at \$848 per month).

It's not just minimum wage workers, though, feeling pressure to afford housing. In Atlanta, 53.4 percent of renter households spent more than 30 percent of their income on rent in 2014, according to the Federal Reserve. And 83.5 percent of renter households with incomes below \$35,000 spent more than 30 percent of their income on rent.

The problem is compounded by the sprawling metro area and costly commutes.

“If half our workforce can’t afford to live within a 45-minute commute, that impacts our competitiveness,” said Sarah Kirsch, executive director at ULI Atlanta. “It also affects our ability to attract and retain businesses.”

At the same time, there haven’t been meaningful efforts to require new housing projects to have affordable housing components. And much of the existing affordable housing inventory that currently receives federal subsidies is about to expire.

By the end of 2021, the city of Atlanta could lose as many as 11,000 units as their subsidies expire and owners have the ability to convert units to market rate. After the 15-year point, restrictions are lifted and some building owners may choose to sell their units to developers to be turned into more upscale units.

“Not all of that will stop being affordable. Much of it will remain affordable by virtue of the market it’s in,” said [Meaghan Shannon-Vlkovic](#), vice president and Southeast market leader for Enterprise Community Partners, one of the nation’s largest affordable housing and community development nonprofits. “The ones in danger of losing affordability will be the emerging communities with good access to schools, transportation, health care, [and] jobs, and we need to make sure we prioritize those.”

Loeffel, of Walton Communities, said the goal is to create incentives to provide affordable housing consistently over time and in the right areas. But that’s easier said than done in Atlanta’s urban core, and not just because of rising land costs.

“In the tax credit world, affordable housing is defined by some percentage of median income,” Loeffel said. “So the area for Atlanta is the 28-county metro statistical area, which limits your rent to the same amount whether it’s in Bremen or Buckhead.”

Especially vulnerable are those Atlantans who live paycheck to paycheck, which is around 1 million people in the metro area.

“People become homeless because they can’t afford their house — the bottom line is if the price is too high, they can’t afford it,” said [Protip Biswas](#), vice president of homelessness and community outreach for United Way of Greater Atlanta.

Homelessness isn’t just a problem for the unemployed. It also affects people with jobs that are vital to Atlanta’s future, like police officers and teachers.

“Even with a job, if rent keeps going up as it has at certain neighborhoods in Atlanta, it becomes not affordable,” Biswas said.

City leaders now are looking at options to combat the problem. They range from mandatory inclusionary zoning to tax incentives and public-private partnerships.

“The most successful policies will also involve finding ways to get capital to invest in the areas of opportunity, the more blighted, difficult areas,” Goldman said. “But we need policies that will allow units in these developments to remain affordable to the original participants.”

[Invest Atlanta](#), the city’s economic development arm, requires developers getting property tax abatements from the city to set aside 10 percent of total units for individuals who make 80 percent of the area median income.

And on May 2, Atlanta City Council passed an ordinance to encourage more affordable housing that would require developers receiving tax abatements to allocate 15 percent of units to those who make 80 percent of the area median income or 10 percent of units for lower-income residents, or those who make 60 percent of the area median income.

“The ordinance shows signs that leadership is taking steps forward to look at solutions through policy and systems change to include affordable housing in the fabric of the city of Atlanta,” said Shannon-Vlkovic. “Creating housing choices for all incomes is so critical to the economic growth of the city. Housing insecurity continues to get worse, and the community has to be a part of the solution.”

But affordable housing is about more than cost of rent. Shannon-Vlkovic said equitable transit-oriented development is important, as well as available health care and schools. She sees an opportunity for nonprofits to take on these issues through joint venture partnerships.

For example, Enterprise has partnered with the Atlanta Regional Commission to establish a Transformation Alliance with 15 organizations across Atlanta weighing in on how to improve transit in targeted neighborhoods.

The situation could be improving for some. United Way Atlanta said it's seen a double-digit decrease in homelessness since 2013.

"We should be very proud, because other cities are seeing an increase," Biswas said. "But it should go down to zero, and affordable housing is the key solution."