Athens-Clarke County Affordable Housing Investment Strategy

HR&A

Athens-Clarke County
UNIFIED GOVERNMENT

August 2023

Acknowledgements

This Plan is the result of a joint effort between Athens-Clarke County Unified Government and a broad group of local stakeholders. We would like to thank the many community members, service providers, elected leaders, ACCGov staff members, Advisory Committee members, and members of the public who were instrumental to this process and provided invaluable insight and feedback.

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Executive Summary

Housing for the Community

The purpose of this plan is to foster a housing market that meets the needs of Athens-Clarke County residents through the creation and preservation of a variety of homes.

Overview

Athens-Clarke County (ACC), in Northeast Georgia, is at a pivotal moment as long-standing housing affordability challenges have reached a tipping point. **The purpose of the Affordable Housing Investment Strategy (AHIS) is to provide guidance on how the Unified Government of Athens-Clarke County (ACCGov) can foster a housing market that meets the needs of all residents through the creation and preservation of a variety of homes.**

The AHIS provides a description of the state of ACC's housing market, whose housing needs are not being met, and the factors driving these deficiencies in the housing market. **Only with a clear understanding of housing needs and conditions can ACCGov develop appropriate programs and policies** to address the gaps in the housing market and meet the needs of all households.

Building on the understanding of the ACC housing market, the AHIS puts forward a set of recommendations on which housing tools are the most appropriate**. Local governments have a limited, but critical, set of levers that shape the health of their local housing market**. They can set policy and regulation for the types of homes that can be built and where. Additionally, local governments can determine how local public funding is appropriated, spent, and directed toward public services.

Finally, the AHIS describes how to approach implementation. Launching a new program or policy or adapting an existing one is a significant undertaking. In practice, all affordable housing programs are necessarily public-private partnerships and require collaboration to be successful. With the complexity and necessary partnerships in mind, a set of priority housing tools are identified in the AHIS along with steps for their implementation. **The establishment of a Local Housing Fund is the first and most important step to implement the Affordable Housing Investment Strategy**.

Planning Process

Existing Conditions Review → **Strategy Development** → **Plan Drafting & Approval**

Stakeholder Engagement

Committee Meeting #1: Overview of the Study **December 2022**	Committee Meeting #2: Housing Needs **February 2023**	Committee Meeting #3: Housing Goals and Tools **April 2023**	Committee Meeting #4: Recommendations **July 2023**

23 Interviews with ACCGov Staff and Local Stakeholders
January – May 2023

Community Meetings
May – September 2023

Housing Challenges

The AHIS focuses on addressing pressing housing needs in ACC: rental affordability and access to homeownership.

Athens-Clarke County faces significant affordability challenges across the housing spectrum including homeownership, rental affordability, and homelessness. The AHIS focuses on homeownership and rental housing, while the Strategic Plan to Reduce & Prevent Homelessness (SPRPH), developed concurrently with this plan, addresses homelessness. Both plans can be found at www.accgov.com/HCD. There is a close relationship between the two plans. Both plans should be kept in mind when considering recommendations and developing the approach to implementation.

Rental Affordability

Affordability is about both price and income. A significant portion of ACC's affordability challenges are related to income – 37% of all households make $50,000 or less. Renters have disproportionately lower incomes, with 64% making less than $50,000 (approx. 60% AMI for a four-person household), creating a large unmet need for affordable homes.

Four out of five affordable homes in ACC are market-rate. They are considered market-rate because they do not receive public subsidy and do not have a legal covenant that requires them to be affordable to certain income levels. These homes are often considered "lower-case" affordable. "Upper case" Affordable homes receive public subsidy to make them affordable (see pg. 20 for further explanation).

Market-rate affordable homes are usually affordable due to their older age. Many are also in poor condition. Because they maintain market-rate status, the owner can raise the price of rent without consequence, often exceeding the rate of income increases. This practice can make housing less affordable as market pressure grows.

37%
of ACC households make less than $50K

12,900
affordable homes in ACC are market-rate

20%
Growth in the number of households since 2010

5%
Growth in the number of housing units since 2010

Over the past decade, the pressure on the housing market has grown as more households (+20%) have been added than homes (+5%). **Growing market pressure along with some degree of increased real estate investor activity has contributed to rents increasing significantly faster (54%) than household incomes (29%).**

Another trend that impacts rental affordability is the prevalence of single-family student housing. Student housing is rented on a per bedroom basis with bedroom rents often comparable to studio apartment rents. Therefore, **developers of single-family student housing can earn more rental income on a home that has four bedrooms than they can if it were rented as a traditional rental home to a family.** For example, if a single-family student home has four bedrooms that rent for $800 each, the developer collects $3,200 on the home. A developer would typically price a similarly-sized home between $1,500 and $2,000 to rent to a family. Because of the higher rents for student housing, developers are building single-family student housing to compete with traditional apartment student housing.

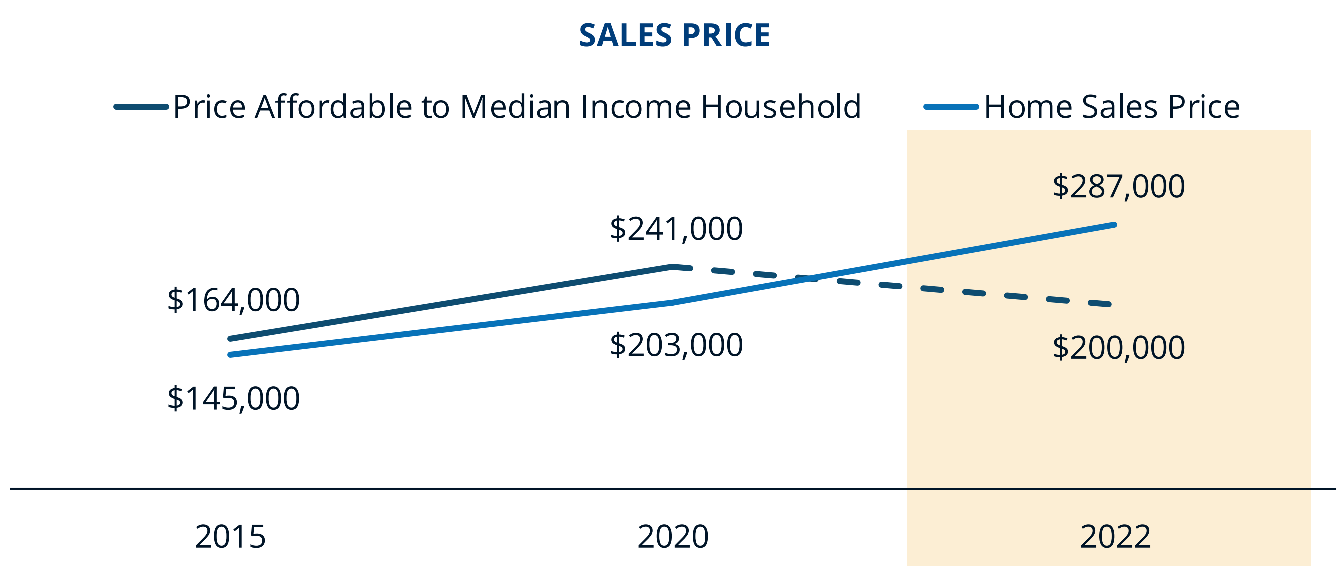
Housing Challenges

The AHIS focuses on addressing pressing housing needs in ACC: rental affordability and access to homeownership.

Homeownership

Athens-Clarke County has a low homeownership rate (46%, adjusted for students) and has had a low rate of homeownership historically. **Inequitable access to mortgage financing for Black households has contributed to the lower homeownership rate in ACC and continues to create a barrier to homeownership access.** Mortgage denial rates for Black households earning $100,000 (approx. 120% AMI for a four-person household) are approximately equal to white households earning $35,000 (approx. 40% AMI for a four-person household).

A combination of higher interest rates, higher prices, and limited new home development is likely to contribute to a further decline in homeownership among lower- and moderate-income households in ACC. A household must earn $84,000 annually to afford the median sales price as of 2022. Additionally, anecdotal evidence suggests a trend in single-family homes being converted from for-sale to rental (see pg. 8 for detailed explanation). In particular, stakeholders cited investors purchasing homes from existing owner-occupants and converting them to rental housing for UGA students. These homes are thus removed from the for-sale inventory, reducing the amount of available for-sale homes, which puts price pressure on the remaining for-sale stock.



47%	64%	+2,560	-330
ACC homeownership rate	Georgia homeownership rate	increase in homeowners making over $75K from 2015 to 2020	loss of homeowners making below $50K from 2015 to 2020

Sources: Zillow, American Community Survey 2015 and 2020 5-Year Estimates, HR&A Analysis

Housing Challenges

ACC's affordable housing system is constrained by limited public funding and a lack of strong regional partners.

Affordable Housing Systems

Athens-Clarke County relies on federal entitlement programs for the vast majority of the public funding available for affordable housing. **ACC receives $1.7M in federal dollars annually**, yet these funds must follow strict regulations and be used for specific purposes. Additionally, ACC is not within proximity to other cities that support affordable housing organizations with strong capacity outside of Atlanta. Because of this, larger-scale affordable housing development often relies on partnerships with developers and organizations outside of the region. However, ACC has several advocacy organizations who work with stakeholders (ACCGov, developers, etc.) to represent the housing needs of vulnerable and underserved populations. To increase the impact of local developers' efforts, **ACCGov needs to identify additional funding to support affordable housing development.**

Funding Available to Support Affordable Housing

2023 TO 2024 FEDERAL ENTITLEMENTS	
HOME	$767,000
CDBG	$534,000
Continuum of Care	$407,000
TOTAL	**$1,708,000**

ONE-TIME	
ARPA	$15,000,000
HOME-ARP	$1,300,000
SPLOST	$44,000,000
TOTAL	**$60,300,000**

To create a healthy housing market, local governments should draw on a comprehensive set of local housing policy levers. Affordable housing tools fall into three main categories: public subsidy, land use, and tenants' rights. **A successful housing strategy needs all three**. Each type of tool has its limitations. A comprehensive approach to affordable housing policy must balance these limitations by addressing and including all three types of tools. In combination, public subsidy, land use, and tenants' rights tools reinforce and support each other to meet the needs of all community members.

PUBLIC SUBSIDY

LAND USE

TENANTS' RIGHTS

Housing Challenges

Due to the constraints of Georgia law, ACCGov will have to rely primarily on subsidy programs to meet its housing needs.

ACCGov will need to rely predominantly upon investing public subsidy to create and preserve affordable homes. ACCGov can also leverage land use regulations to support affordable housing, but land use tools will have less impact than public subsidies. Georgia law does not allow for almost any local tenants' rights requirements, and it constrains the ability of local governments to require affordable homes as part of new development, which leaves public subsidy as the primary tool available to ACCGov.

PUBLIC SUBSIDY

Subsidy tools close the gap between what a household can afford and the cost to develop and operate housing. Public subsidy can be costly but is necessary to make the development and preservation of homes affordable to lower-income households feasible.

LAND USE

Land use regulations shape where housing is located, what housing looks like, and how much housing is built. Land use tools can reduce displacement, increase housing supply, stabilize housing costs, and redress racial segregation. **Land use tools cannot meet the needs of the lowest-income households.**

TENANTS' RIGHTS

Tenants' rights tools help low-income renters hold power over their housing and can mitigate displacement but will not create new housing. Georgia state law restricts what can be done to protect tenants' rights, but municipalities can focus on minimizing displacement with preservation initiatives, emergency assistance, and through purposeful engagement.

Recommendations

ACCGov must build a strong affordable housing ecosystem to respond to worsening housing affordability.

Identifying ongoing local public funding to support affordable housing is the primary recommendation of the AHIS. If Recommendation 1 is successfully implemented, ACCGov will be positioned to move forward with other recommendations within the AHIS. Without it, ACCGov's ability to improve affordability will be limited.

After identifying an ongoing source of local public funding, ACCGov will be positioned to advance Recommendations 2 and 3. **Recommendation 2 prioritizes pathways to create more affordable rental homes while preserving the affordability of existing rental homes.** By preserving affordable homes, ACCGov can ensure their efforts to create new homes are not offset by the loss of existing affordable homes. Preservation also helps lower displacement risk for existing residents.

Additionally, ACCGov needs to **continue efforts to expand access to homeownership and help existing homeowners remain in their homes.** It is becoming increasingly difficult for first-time homebuyers to afford purchasing a home in Athens-Clarke County. More households are being pushed outside of the county to find affordable homes. At the same time, existing homeowners, particularly those who are low-income and older, often struggle to maintain the quality of their home, which diminishes the value and often pushes homeowners to sell because their home is no longer safe.

Recommendation 1: Strengthen Athens-Clarke County's affordable housing capacity by identifying ongoing local public funding.

Recommendation 2: Create more affordable rental homes and preserve the affordability of existing homes while improving the quality.

Recommendation 3: Expand access to homeownership for new homeowners and assist existing homeowners to remain in their homes.

Local Housing Fund

The establishment of a Local Housing Fund is the first and most important step to advance the recommendations in the AHIS.

Recommendation 1: Identify Ongoing Local Affordable Funding

> *"It is* ***clearly within local governments' authority to appropriate funds to provide safe, decent, and affordable housing."***
>
> *- Housing Trust Funds for Local Governments in Georgia, Frank S. Alexander*

A Local Housing Fund is a powerful tool for encouraging long-term support for affordable housing. Local Housing Funds allow jurisdictions to provide locally sourced and managed dollars towards a range of local housing priorities.

Local Housing Funds are **restricted accounts under the supervision of a local government** providing financial resources **targeted to meet local housing needs.** The Fund may finance a range of programs that support key issues such as rental affordability, homeownership, or addressing homelessness.

In recent years, ACCGov has relied on one-time federal funding allocations and once-a-decade local funding sources, such as Special-Purpose Local-Option Sales Taxes (SPLOST), to produce and preserve affordable homes. The County cannot continue to rely on one-time sources and **must allocate local, recurring, discretionary funding to a Local Housing Fund to support the development and preservation of affordable homes**. Allocating funding on an ongoing basis will allow ACCGov to refine and improve housing programs and build capacity internally and among partner organizations.

The establishment of a Local Housing Fund is the first and most important step to advance the recommendations in the AHIS. **ACCGov will not be able to advance the other recommendations without creating a Local Housing Fund** that can support them. ACCGov must **annually allocate dollars to a Local Housing Fund through its appropriations process** using a combination of various sources, outlined below. It is expected that funding will increase over time.

Allocate existing dollars from the general budget

Create new funding sources

Allocate non-tax-based revenue

Establish a Tax Allocation District (TAD)

Sources: Housing Trust Funds for Local Governments in Georgia, Frank S. Alexander

Local Housing Fund

ACCGov must allocate local discretionary funding to support the development and preservation of affordable housing.

Athens-Clarke County can establish a Local Housing Fund by allocating money from their general fund to support housing without creating new taxes.

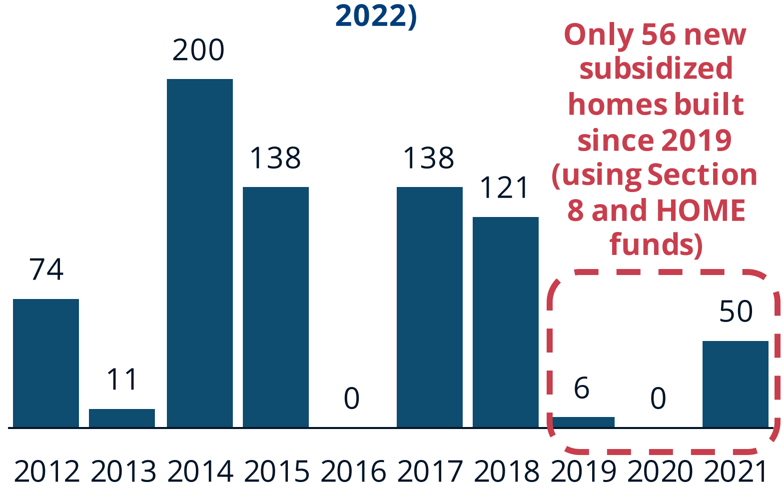
Viability: There are no other housing tools available to ACCGov to reach the level of impact a Local Housing Fund can achieve. The limitations of Georgia law around tenants' rights and land use regulation make local public funding the primary tool. **The lack of local public funding has resulted in minimal development of affordable homes in Athens**.

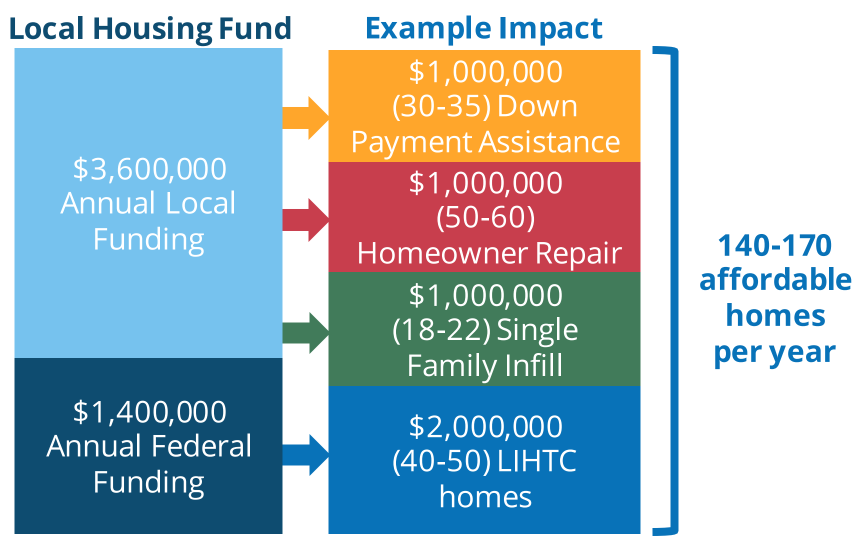
Leverage: Local Housing Funds can fill the last gap in affordable housing projects and unlock federal, philanthropic, and private funding. **A leverage rate of 8:1 is common for a Local Housing Fund.**

Flexibility: Local control allows for the flexibility to respond to the housing priorities ACCGov chooses to set: access to homeownership, anti-displacement, homelessness services, affordable rental homes, nonprofit ownership, etc. Additionally, the amount of funding allocated to certain programs can be changed more easily over time and as needs shift.

Commitment: Local Housing Funds allow governments to undertake multiyear projects and initiatives. Given that most affordable housing challenges cannot be solved in a short amount of time, longer-term commitments are essential for impact.

DEVELOPMENT OF SUBSIDIZED RENTAL HOMES (2012-2022)





Capacity: ACCGov often relies on community partners to develop or execute all affordable housing programs they fund. Predictable and ongoing funding enables community partners to plan for and build their capacity to execute affordable housing programs.

Sources: National Housing Preservation Database, Housing Trust Funds for Local Governments in Georgia, Frank S. Alexander

Rental Affordability

ACCGov must draw upon the Local Housing Fund to expand the range and scale of programs to address the need for affordable rental homes.

Recommendation 2: Build and Preserve Quality Affordable Rental Homes

Support LIHTC Projects

ACCGov should focus on leveraging the Low-Income Housing Tax Credit (LIHTC), which brings significant federal funding to match local funding and is how more than 90% of affordable rental homes are financed in the United States. To do this, ACCGov should provide **gap financing annually for projects using LIHTC and adjust its development approval process** to align with the Georgia Department of Community Affairs (DCA) LIHTC allocation timeline.

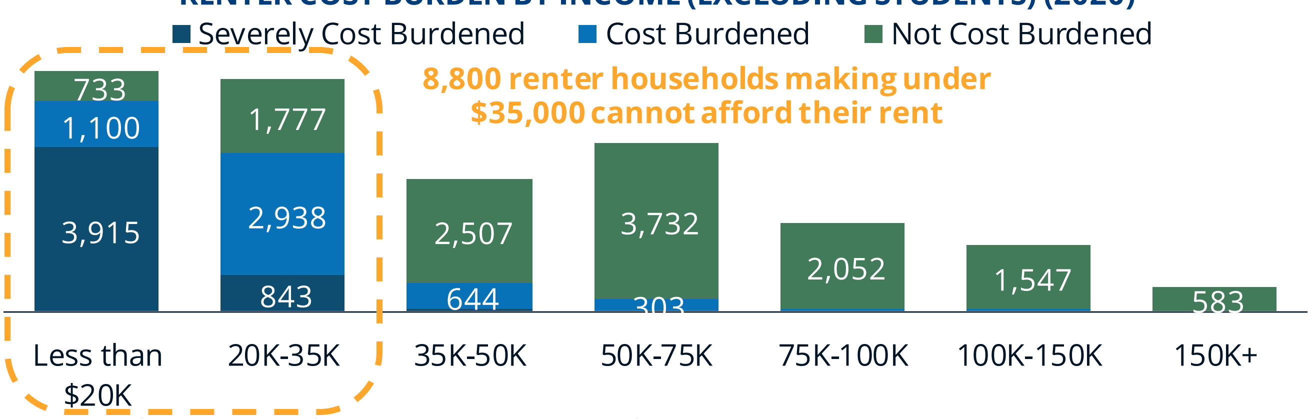
Acquisition Strike Fund

As ACCGov works to get more affordable rental homes built, it must concurrently work to **preserve the affordability of existing rental homes and to improve their quality.** Two-thirds of affordable rental homes in ACC were built before 1990, and a large portion are in various states of disrepair. **ACCGov should invest public funding distinct from the Local Housing Fund in an acquisition strike fund** that leverages mission-motivated money that accepts a below-market return in exchange for achieving a social mission – **to acquire and rehabilitate rental properties while limiting rent increases below market level.** These funds are lent to affordable housing projects with firm repayment expectations as opposed to local housing funds which are almost entirely public and have softer repayment terms.

Voluntary Inclusionary Zoning

In addition to leveraging local funding, ACCGov should calibrate its voluntary inclusionary zoning policy to increase the number of affordable homes produced under the policy. As of June 2023, no affordable homes have been built using voluntary inclusionary zoning. This is partially due to the fact that the policy is voluntary, because mandatory inclusionary zoning is illegal in Georgia, and because the voluntary policy was adopted in April 2022 and is new. That said, ACCGov can calibrate the policy to increase the likelihood developers will participate in the program.

RENTER COST BURDEN BY INCOME (EXCLUDING STUDENTS) (2020)



Sources: American Community Survey 2020 5-Year Estimates

Access to Homeownership

ACCGov must draw upon the Local Housing Fund to expand the range and scale of programs to address the need for affordable homeownership.

Recommendation 3: Expand Access to Homeownership and Support Existing Homeowners

Down Payment Assistance

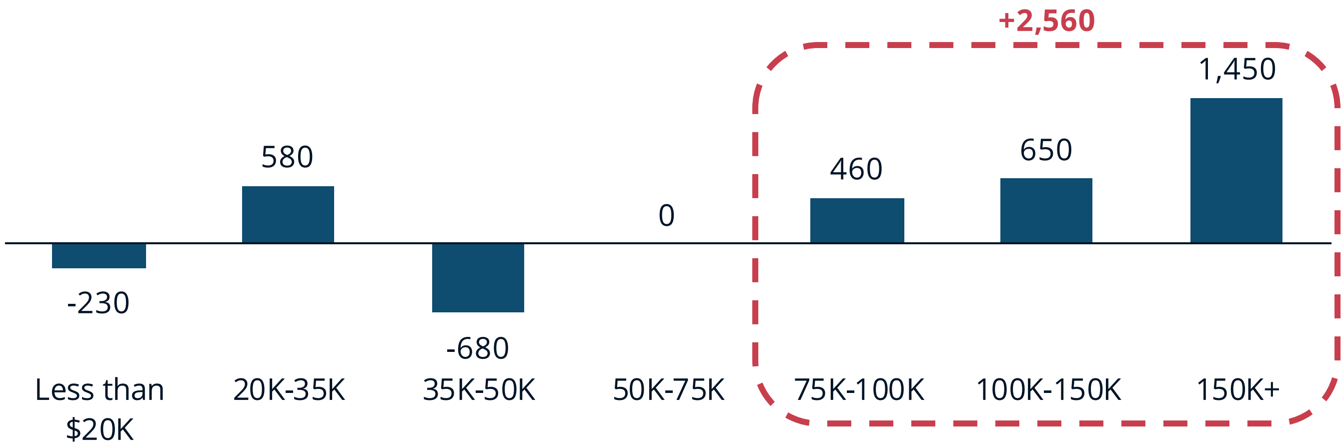
To expand access to homeownership, **ACCGov should expand its down payment assistance programs and work to establish partnerships with lenders who offer mortgages with better terms for first-time homebuyers**. The down payment assistance will increase the number of people who can afford to purchase homes. First-time homebuyer mortgages, if designed appropriately, can expand access to those who otherwise would be denied. Addressing both of these barriers is important to addressing the low Black homeownership and high mortgage denial rates in ACC.

ACCGov should look to connect the down payment assistance program to its affordable homeownership development program. Connecting the two and allowing for any qualified developer to build the homes can help to reduce the high per unit subsidy costs and allow for more affordable homes to be built.

Owner-Occupied Rehabilitation (OOR)

One in three ACC homeowners are lower income, making less than $50,000 annually (approx. 60% AMI for a four-person household), and many struggle to afford the costs of maintaining their homes. ACCGov's OOR programs are intended to help them remain homeowners in quality homes. **Additional funding should be allocated to these programs and the scale of rehabilitation and repairs should be increased to cover the costs to fix major systems** and keep homes habitable.

CHANGE IN OWNERS BY HOUSEHOLD INCOME (EXCL. STUDENTS) (2015, 2020)

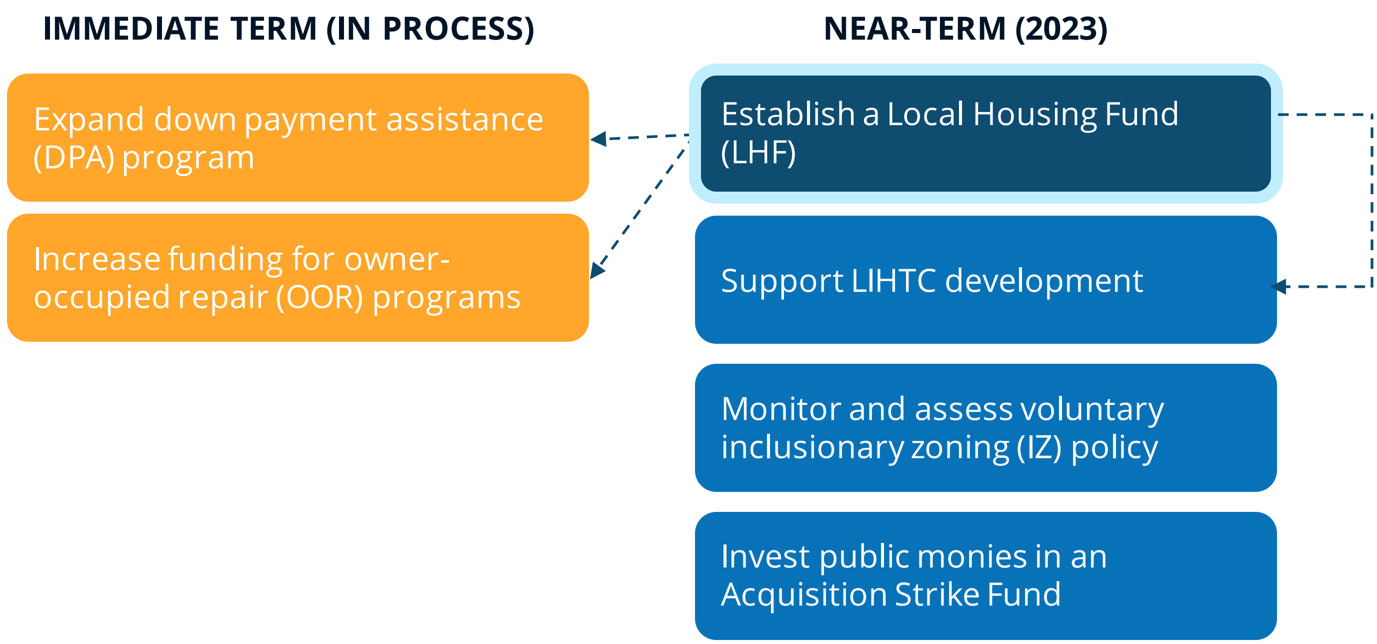


Sources: American Community Survey 2015 and 2020 5-Year Estimates

Implementation

After establishing the Local Housing Fund, ACCGov should prioritize updating DPA, OOR, and LIHTC programs in the immediate and near term.

Timeline



Identify Ongoing Local Affordable Funding

ACCGov should take immediate actions to advance a Local Housing Fund to facilitate the implementation of Strategies 2 and 3. First, ACCGov should adopt the recommendation and request an implementation plan to establish the Local Housing Fund. Second, ACCGov should conduct initial research and evaluation on the availability and legality of using certain revenue sources.

Build and Preserve Quality Affordable Rental Homes

ACCGov should increase the scale of production of affordable rental homes in order to preserve and build new affordable housing. This requires developing a clear application timeline and process for gap financing for LIHTC development. ACCGov should also streamline development approval processes, ensuring new projects can receive zoning approval and move at a fast pace.

Expand Access to Homeownership and Support Existing Homeowners

ACCGov has a solid foundation to advance down payment assistance and owner-occupied rehabilitation programs. ACCGov should conduct outreach to lending institutions in collaboration with nonprofit partners. ACCGov should then determine eligibility requirements, funding amount per household, and additional administrative expansion priorities to determine DPA and OOR program costs.

Affordable Housing Context

Housing Affordability

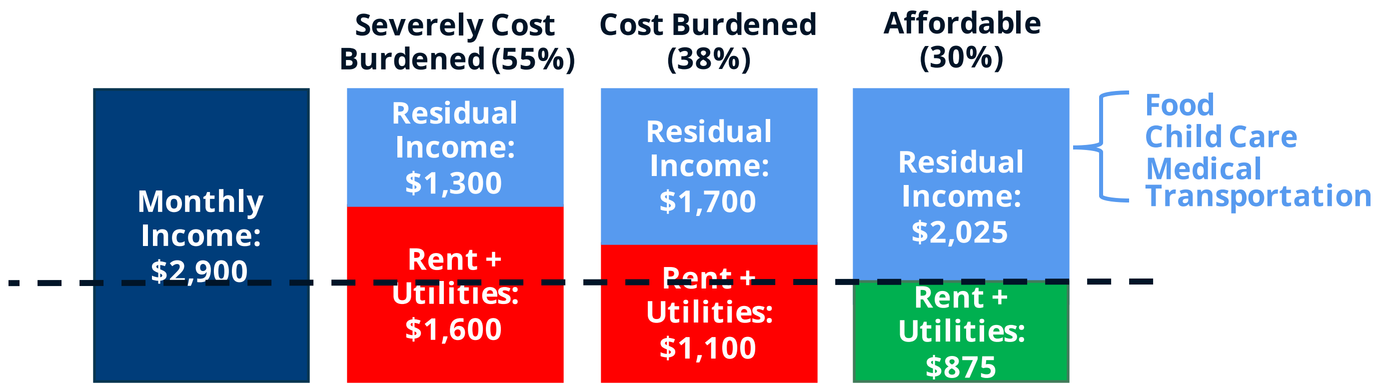
A significant portion of Athens-Clarke County residents—renters and homeowners—experience housing cost burden.

Key Definitions:
Addressing housing affordability issues requires understanding what "affordability" means in ACC and how different households are impacted by housing affordability challenges. In a standard definition set by the U.S. Department of Housing & Urban Development (HUD), housing is "affordable" when housing costs are less than 30% of a household's income. While this definition is a helpful baseline standard, the reality is that "affordable" can mean very different things for different households based on other factors such as access to transportation, groceries, childcare, healthcare, student debt, etc.

- **Area Median Income (AMI):** The midpoint income in a region, meaning half of all households make more than the AMI and half make less than the AMI. Using 2023 HUD data, a four-person household in ACC at 100% AMI makes $81,400 annually (see AMI table in appendix for more information).
- **Cost Burden:** Households are considered cost-burdened when they spend over 30% (but less than 50%) of their income on housing.
- **Extreme Cost Burden:** Households that spend more than 50% of their income on housing are extremely cost-burdened.
- **Residual Income:** What a household has left over every month after paying for housing costs. This is income available for costs such as childcare, healthcare, transportation, and food.

Households that pay more than they can afford for housing have less income to spend on other necessities. A household's residual income, or how much they have left over for other necessary expenses, determines the quality of life that the household can sustain. Residual income that falls short of a household's needs significantly harms their quality of life, shortens the length of their life, and undermines the ability to prosper in the community they live in.

Households in ACC that make less than $35,000 per year (approx. 40% AMI for a four-person household) are particularly impacted by housing cost burden. Furthermore, homeownership is increasingly unattainable to low-to-moderate income households, older householders, and first-time homebuyers. The diagram below illustrates various levels of cost burden for a household earning $35,000 annually in ACC.



Source(s): FDR Library, Center on Budget and Policy Priorities; ACS, HUD, Zillow, Economic Policy Institute.

Housing Affordability

Housing affordability can be achieved through many different types of housing, and all types are important for meeting the diverse housing needs of ACC households.

What housing types support affordability?
Some housing is affordable because the cost is subsidized through federal, state, or local funds. Other housing is affordable without subsidy because it is smaller, older, or located in an area that is less expensive. ACC has, and will continue to need, a mix of housing types to meet the housing needs of a wide range of households.

Various homes in ACC

Naturally Occurring Affordable Housing (NOAH)
Market-rate housing (for rent or purchase) that is priced at levels that are affordable to low-to-moderate-income residents without public subsidy. NOAH is often more affordable because of its age, size and/or location. Because NOAH is not protected by the regulations that come with public subsidy, this type of housing is most vulnerable to being lost through redevelopment or rent increases.

Columbia Brookside

Subsidized Housing
Housing that receives public subsidy, such as Low-Income Housing Tax Credits (LIHTC), Community Development Block Grants (CDBG), and HOME, which is generally affordable to households making up to 80% AMI ($65,120 for a family of four, HUD 2023). Subsidized affordable housing is usually developed by affordable housing developers and affordability is maintained over time.

Clarke Gardens Apartments

Public Housing
Public housing is subsidized rental housing for low-income households that is owned and typically managed by the government. The program is run by the U.S. Department of Housing and Urban Development (HUD), but the local Housing Authority (HA) is typically responsible for planning, developing, and managing these developments with HUD funding.

Advantage Behavioral Health Transitional Housing Program

Supportive Housing
A model that combines housing, healthcare, and supportive services to help individuals and families lead more stable lives. This type of affordable housing generally serves the most vulnerable households and individuals, such as those experiencing homelessness and mental health challenges.

Housing Ecosystem

ACCGov has a set of longstanding partners it works with to support affordable housing, but impact is limited by the lack of local funding and capacity.

State, City, and local community partners all play a role in Athens-Clarke County's housing ecosystem. While these partners enhance ACCGov's ability to provide affordable housing, there needs to be increased and flexible local funding to further leverage these efforts.

Georgia Department of Community Affairs (DCA)

DCA administers the Housing Choice Voucher program (also known as Section 8) for the 159 counties in Georgia, including ACC. DCA is also responsible for overseeing and disbursing funding from several federal programs, including the Low-Income Housing Tax Credit (LIHTC), which is the largest source of funding for affordable housing in the country, as well as HOME, CHDO, and CHIP funds.

Athens-Clarke County Unified Government (ACCGov)

ACCGov's housing roles currently include leading community planning, designing and enforcing zoning and land use regulations, granting development approvals, and implementing housing support programs. Relevant Boards and Departments include the Housing and Community Development (HCD) Department, Planning Commission, and the Mayor and Commission. ACCGov oversees approximately $1.7M in federal entitlement funds annually.

Housing Authority

Athens Housing Authority

- Manages subsidized public housing
- Co-develops affordable and mixed-income housing
- Provides bond funding for affordable housing development
- Administers a down payment assistance program
- Does not administer housing voucher programs

Housing Developers*

Non-Profit Affordable Housing Developers

- Athens Land Trust
- Athens Area Habitat for Humanity
- Historic Athens
- East Athens Community Development Corporation
- Hancock Community Development Corporation

For-Profit Developers

- Jonathan Rose Companies
- Columbia Residential

Community Partners*

Support for Renters and/or Homeowners

- Athens Justice and Memory Project
- Envision Athens
- Athens Homeless Coalition
- Advantage Behavioral Health
- Inner East Athens Neighborhood Association
- Athens Area Council on Aging
- The Ark UMOC
- Family Promise of Athens

Source: Athens-Clarke County Unified Government
*This is a sample of local partners and developers and not an exhaustive list.

Recommendation 1: Identify Ongoing Local Affordable Funding

Local Housing Fund

To address the housing needs in Athens-Clarke County, ACCGov must make an ongoing financial commitment to a Local Housing Fund.

DEFINITION

The most important step ACCGov can take to address housing affordability challenges is to establish a Local Housing Fund (LHF) and to make an ongoing financial commitment to support affordable housing programs. A Local Housing Fund is a powerful and flexible tool to support the creation and preservation of affordable homes. Only public funding can provide the necessary resources, and neither the State or the Federal government is going to increase funding, leaving ACC to lead on funding for affordable housing.

The issue: Without an ongoing commitment of local funding from ACCGov, it is not possible to sustain existing affordable housing programs, nor scale them to the level necessary to significantly improve affordability. The $1.7M annually entitled federal dollars that ACCGov relies on for the majority of affordable housing programs is insufficient funding relative to need and, therefore, must be augmented.

What it is: Local Housing Funds are restricted accounts under the supervision of a local government that provide funding resources specifically targeted towards local housing needs. They are administered by a local government, sometimes with input from an independent board or commission.

Unlike other parts of the country, ACCGov is prohibited from establishing a local housing trust fund by dedicating a property transfer fee or a portion of a hotel occupancy tax because Georgia state law does not allow for a tax or fee to be dedicated to affordable housing. Instead of dedicating specific revenue sources, **ACCGov must allocate funding each year through its annual appropriations process.** There are no other options that will allow ACCGov to achieve the level of impact a Local Housing Fund can achieve. **The limitations of Georgia law around tenants' rights and land use regulation make local public funding the primary tool for consideration.**

IMPACT

1. Local Control

Local Housing Funds are locally funded and managed, so they are not subject to the restrictions of federal subsidy programs and therefore can be designed specifically to address local priorities and needs.

2. Leverage

Local Housing Funds can fill the last gap in affordable housing projects and unlock federal, philanthropic, and private funding. A leverage rate of 8:1 is common for a Local Housing Fund.

Local Housing Fund

A Local Housing Fund for Athens-Clarke County will support new and existing programs and build capacity in the County's affordable housing ecosystem.

IMPACT

3. Flexibility

Local control allows for the flexibility to respond to any housing priorities a community sets – access to homeownership, anti-displacement, homelessness services, affordable rental homes, nonprofit ownership etc.

4. Long-Term Commitment

Local Housing Funds allow governments to undertake multiyear projects and initiatives. Given that most affordable housing challenges cannot be solved in a short amount of time, longer-term commitments are essential for impact.

5. Capacity

ACCGov often relies on community partners to develop or execute almost all affordable housing programs they fund. Predictable and ongoing funding enables community partners to plan for and build their capacity to execute programs. With a clear expectation for financial support, existing nonprofit and development partners can make investments in staff and systems, while organizations operating outside of ACC can be attracted and new community partners established.

CONTEXT

The singular source of local funding for affordable housing in ACC is a "Special Revenue Fund," formed in 2019 and owned and operated by ACCGov. AHA has provided funding for the Special Revenue Fund with payment-in-lieu-of-taxes (PILOT) payments amounting to approximately $165,000 per year. ACCGov has spent $60,000 of the Fund per year on average, primarily towards one position in the Building Inspection Department and other administrative costs. The Fund's balance is nearly $700,000 as of FY23 YTD. ACCGov has yet to establish policies and processes for distribution of Special Revenue Fund dollars moving forward.

While the Special Revenue Fund has accumulated a considerable amount of funding ($700,000) since its formation, ACCGov lacks a consistent source of significant local dollars that it can use to operate and expand its housing programs. To maximize impact, ACCGov must prioritize the creation of a larger Local Housing Fund and consider allocating the existing Special Revenue Fund budget, any future AHA pilot payments, and other sources to the Local Housing Fund.

Local Housing Fund

A Local Housing Fund for Athens-Clarke County will support new and existing programs and build capacity in the County's affordable housing ecosystem.

RECOMMENDATIONS

Implementation Steps

To establish a Local Housing Fund, ACCGov must take three steps:

1

Adopt recommendation to evaluate the formation of a Local Housing Fund. The formation of a Local Housing Fund is the top recommendation in the Athens-Clarke County Affordable Housing Investment Strategy. If elected leadership for ACCGov chooses to advance the recommendation, they will request that the Department of Housing and Community Development (HCD) put forward a recommended approach to establishing a Local Housing Fund.

2

Prepare an implementation plan for the Local Housing Fund. ACCGov should seek to answer the following questions when preparing a recommended approach for a Local Housing Fund, which are explored in greater detail within the body of this report:

- **Policy Goals:** What housing needs or policy objectives will the Fund support and advance? How will success be measured?
- **Eligible Activities:** What uses or types of programs will be eligible to apply for and receive funding through the Fund?
- **Funding Sources:** What local funding sources can be dedicated to finance the Fund? What scale of funding will be available?

Preliminary recommendations to each of these questions are included in the AHIS. However, significant additional analysis and evaluation are needed before decisions, such as how much funding and from what sources, are made.

3

Adopt the recommendation and launch the fund. Once a fund is adopted it will take time to draft procurement documents for awarding grants and loans, capitalize the fund with public money, and other administrative tasks.

Local Housing Fund

ACCGov should identify policy goals for the LHF, establishing priorities for improving rental affordability, accessing homeownership opportunities, and addressing homelessness.

RECOMMENDATIONS

Policy Goals

What housing needs or policy objectives will the Fund support and advance? How will success be measured?

Support homeownership, rental affordability, and homelessness programs.
HR&A's Housing Needs Assessment conducted as part of the AHIS established a clear need for both access to affordable homeownership and for more affordable quality rental homes. The County's Strategic Plan to Reduce and Prevent Homelessness (SPRPH) also produces policy recommendations for supporting those experiencing or at risk of homelessness.

Focus most funding on those with the lowest incomes.
The Housing Needs Assessment revealed that 72% of households earning less than $35,000 annually are renters, and that 89% of cost-burdened households earn less than $35,000, indicating that these groups are the most at-risk households in Athens-Clarke County. This goal should be reevaluated each year by a non-voting advisory board that provides feedback on the policy direction.

Example Policy Guidelines

- Target at least 50% of funds to households earning below 30% AMI (i.e., annual income of $24,420 for a four-person household)
- At least 30% for households earning between 30% and 60% AMI (i.e., annual income of $24,420-48,840 for a four-person household)
- No more than 20% for households earning between 60% and 80% AMI (i.e., annual income of $48,840-65,120 for a four-person household)

Prioritize funding local capacity and ownership.
ACCGov has historically relied on partnerships with developers and organizations from outside of the community to accomplish a significant portion of affordable rental housing development. Going forward, there will still be a need for outside partnerships to augment limited local capacity, but there should be a focus on partnerships that build the capacity of local organizations and allow them to retain control of any property built with locally governed deed restrictions. ACCGov can more successfully leverage and expand its committed network of local partners by allocating consistent pools of funding that they can reference when planning investments in staff and systems.

Leverage limited local funding.
Leveraging federal, state, philanthropic funding, and private financing to increase the impact of the Local Housing Fund should be a high policy priority for ACCGov. Even a large Local Housing Fund can only be successful if it leverages outside funds at a high rate.

Local Housing Fund

The Local Housing Fund will support the County's existing housing ecosystem while maintaining flexibility for adapting to new housing needs and priorities over time.

RECOMMENDATIONS

Eligible Activities

What uses or types of programs will be eligible to apply for and receive funding?

Eligible activities may be updated or changed over time to accommodate shifting local needs and priorities. To maximize its impact over time, the Local Housing Fund should have the flexibility to support a range of needs to help residents in crisis, increase housing stability and affordability for residents, and to support a path to homeownership. The Fund should scale up existing programs, outlined below, and add new programs recommended in the AHIS and the upcoming SPRPH. Local partners should be eligible to apply for funding from the Local Housing Fund through a competitive process. ACCGov operates the below programs almost entirely with federal entitlement funds, which provides a modest amount of funding. A Local Housing Fund would expand eligible activities and increase impact.

Existing Affordable Housing Programs in ACC

Rental Affordability	Homeownership	Repair & Rehabilitation*	Housing Counseling
Gap financing for construction of rental homes **AHA public housing** (approx. 1,200 homes) **Athens Area Habitat for Humanity (AAHFH)** ReNew Athens multifamily (approx. 126 homes)	**ALT Community Land Trust** (approx. 49 homeowners) **AHA ACT I Homes** Program managed by **AAHFH's** Affordable Homes program	**Hands On Historic Athens** homeowner repair program **AAHFH's** Brush with Kindness & Emergency Handicap Access Ramp (EHARP) **ALT Young Urban Builders** job training and homeowner repairs	**Homeowner, rental, and fair housing counseling** offered by the Athens Land Trust, East Athens CDC, Hancock CDC, and UGA ASPIRE Clinic

Existing Annual Funding Sources	Current Funding Amount
HOME	$767,000
CDBG	$534,000
Continuum of Care	$407,000
Total	**$1,708,000**

Source(s): Athens-Clarke County Unified Government; funding amount represents the average of the last three years. CoC funding amount represents average of years 2016-18, based on available data.
* Some state laws limit the use of local dollars for homeowner rehabilitation projects; programs listed are examples.

Local Housing Fund

A $5 million annual commitment to the Local Housing Fund could support existing and expanded affordable housing programs.

Example: $5M Annual Budget

$1,000,000	(30-35) Down Payment Assistance
$1,000,000	(50-60) Homeowner Repair
$1,000,000	(18-22) Single Family Infill
$2,000,000	(40-50) LIHTC homes

An example annual local funding commitment of $5M (including ACCGov's existing $1.7M federal entitlement funds excluding CoC funds, which are subject to greater regulations) could support a variety of affordable housing program goals. A $5M commitment could support the construction and rehabilitation of **140 to 170 affordable homes per year.** These figures are in line with what similar cities like Savannah have delivered using $2.2M deposited in a Local Housing Fund, alongside a significant amount of leveraged funding. For more information, see the case study of Savannah's fund on page 31.

Funding Sources

What local funding sources can be dedicated to finance the Fund? What scale of funding will be available?

In the State of Georgia, local governments are subject to specific limitations regarding the allocation of local dollars for specific uses. For more information about these legal limitations, please see Housing Trust Funds for Local Governments in Georgia. Although Local Housing Funds in Georgia differ from other large national examples, municipalities in Georgia may still establish them legally.

> *"It is **clearly within local governments' authority to appropriate funds to provide safe, decent, and affordable housing.** Such funds may consist of general revenues derived from existing taxes…or from other funds wholly within the control of the local government."*

ACCGov must **allocate dollars to a Local Housing Fund through its annual appropriations process** using a combination of various sources, outlined below. It is expected that funding will increase over time.

1. **Allocate existing dollars from the general budget.** ACCGov may create within its accounting system a designated fund for housing. During the annual appropriations process, ACCGov may transfer a portion of the general budget into the Local Housing Fund.
   - Benefits: less administrative and legal burden than adjusting taxes.
   - Drawbacks: allocating part of the existing general budget to another purpose necessarily requires taking funding away from another program ACCGov funds.

Continuum of care funding is not included in $5M budget as it is used for services and coordination.
Source(s): Frank S. Alexander, Housing Trust Funds for Local Governments in Georgia, Fannie Mae Foundation, 2002.

Local Housing Fund

ACCGov must identify and evaluate funding sources and lead their adoption and deployment.

RECOMMENDATIONS

2. **Create new funding sources.** ACCGov has two options to generate additional funding that can be allocated from the general budget into the Local Housing Fund.

A) Increase the rate of an existing tax.

- Benefits: somewhat improved public support; infrastructure for collecting the tax already in place.
- Drawbacks: potential legal hurdles; public resistance; possibility of reaching a limit on increases to the point where it becomes burdensome for taxpayers.

B) Levy a new tax.

- Benefits: can establish a clear connection between the designed tax and affordable housing goals.
- Drawbacks: legal challenges, administrative complexity, public resistance.

3. **Allocate non-tax-based revenue.** ACCGov has latitude to allocate non-tax-based revenue including land sales, in-lieu fees, and investment income within ACCGov's control. ACCGov should consider allocating its Special Revenue Fund funded by PILOT payments from AHA to the Local Housing Fund. These non-tax-based revenues can offer working capital for the Local Housing Fund's first years of operation.

- Benefits: does not require diverting funds from revenue sources from the general budget; averts legal and political challenges of increasing taxes.
- Drawbacks: not a large, ongoing source of funding; more useful for augmenting funds allocated from the general budget.

4. **Leverage Tax Allocation Districts (TAD).** A TAD is a financing incentive tool in which bonds are issued to pay for infrastructure and other improvements in a designated area. These bonds are repaid by increases in property values (and corresponding property 'tax increments') from that area. It's not an increase in property taxes, but rather a way to stimulate reinvestment in an area by financing needed infrastructure or improvements from future tax proceeds within a designated area. ACC has established six TADs to date, setting requirements that a portion of new residential units developed in a TAD are affordable.

Local Housing Fund

ACCGov must identify and evaluate funding sources and lead their adoption and deployment.

RECOMMENDATIONS

In addition to designating tax increment financing to residential projects in TADs that adhere to these requirements, ACCGov could structure TADs so that a portion of tax increment revenue is placed in a fund that supports affordable homes throughout the TAD geography.

- Benefits: commits dedicated funding to a geographic location, can be used for a broader range of public investments (such as affordable housing), does not result in tax increases.
- Drawbacks: limited to geographies that are considered blighted, deteriorating, have inadequate infrastructure and that are presently connected to sewer service (source: ACCGov).

5. **Leverage Philanthropic Funding.** ACCGov can enlist the support of businesses, philanthropies, and other private donors to match the funds they commit.

- Benefits: can be a significant source of revenue.
- Drawbacks: cannot be relied upon for consistent and ongoing funding.

Local Housing Fund

Municipalities in Georgia have succeeded in establishing funds drawing from a range of local sources.

Case Studies | Atlanta BeltLine TAD and Housing Trust Fund

The Atlanta BeltLine is a revitalization and mobility initiative delivering 22 miles of trails along historic railroad corridors encircling downtown Atlanta and connecting 45 neighborhoods. The City of Atlanta established the BeltLine TAD in 2005 to allocate funds from incremental property tax increases to implementation of the BeltLine project and affordable housing development. The BeltLine TAD also provides **15% of its revenues to fund the Atlanta BeltLine Affordable Housing Trust Fund,** which offers gap financing for affordable housing development. The Trust Fund has **committed funding for over 100 affordable owner-occupied homes**, more than **1,800 affordable rental homes,** and initiatives like the Atlanta Land Trust Collaborative (ALTC), which was established in 2011 to facilitate affordable, transit-oriented development.

Savannah Affordable Housing Fund

The City of Savannah established the Savannah Affordable Housing Fund (SAHF) in 2011 and began allocating $150,000 per year. By 2021, the City's annual funding commitment increased to $500,000. With additional funding from one-time federal funding, philanthropic sources, and more, the SAHF has **received $2.2M total in investments and has leveraged $33.7M.** This investment has led to **453 total affordable housing projects**, including:

- 229 houses repaired
- 47 houses constructed
- 92 houses purchased
- 85 LIHTC apartment homes constructed

In their 2021 housing plan, the Housing Savannah Task Force set an ambitious goal of **allocating a total of $100M by 2032 to the SAHF.** This amount of funding would **allow the City to offer between $500 to over $200,000 per dwelling or per household** for projects ranging from small repairs to new construction. To increase the SAHF budget, the Task Force recommended using property tax revenues generated by residences and businesses as well as revenues from a hotel-motel tax. Assuming ACCGov allocates $5M annually to a Local Housing Fund, they can deliver the same level of impact for households across ACC over the next 20 years.

Source(s): Savannah Affordable Housing Fund, City of Savannah Website; Atlanta BeltLine TAD, Invest Atlanta

Local Housing Fund

ACCGov must identify and evaluate funding sources and lead their adoption and deployment.

RECOMMENDATIONS

To increase the general budget, ACCGov may increase existing taxes, introduce new taxes, or enhance non-tax-based revenues such as investment income; however, determining the most suitable sources should be done in adherence to Georgia law, and through coordination with the relevant authorities managing ACCGov's finances.

Communicating the benefits and drawbacks of different funding sources to the public, especially when considering increasing taxes, will be essential for receiving public support to assemble and deploy the Fund.

Potential Source	Description
Increase Rate of Existing Tax or Levy New Tax	
Property Tax	*Tax on the value of real estate or other properties*
Sales Tax	*Tax on sale of goods and services calculated as percentage of purchase price*
Business Occupation Tax	*Tax imposed on individuals or businesses engaging in specific occupation, profession, or trade.*
Hotel-Motel Tax	*Tax on individuals renting accommodations in a hotel or other lodging.*
Real Estate Transfer Taxes	*Tax on the transfer of property*
Construction Excise Tax	*Tax on new construction building permit applications*
Parking Excise Tax	*Tax on the purchase of a parking space*
Vacancy Tax	*Tax on vacant property owners*
Non-Tax-Based Revenues	
Fees and Charges for Services	*Fees for services such as building permits, parking, waste collection, and recreation*
Fines and Penalties	*Fines and penalties for misconduct*
Asset Sales	*Revenue from selling assets such as land buildings, and equipment*
Investment Income	*Funds earned through investments ACCGov has made*

Implementation

Establishing a Local Housing Fund is the first step in implementing the larger Affordable Housing Investment Strategy and therefore uses an accelerated timeline.

2023		2024			
Q3	Q4	Q1	Q2	Q3	Q4
Strategic Planning	Identify Revenue Sources	Receive Authorization	Develop Governance Policies	Establish Competitive Application Process	Begin Administering Fund

Immediate Next Steps (2023 – 2024)

Adopt Recommendation to Pursue the Creation of a Local Housing Fund (2023 Q3)

- ACCGov adopts the recommendation and requests an implementation plan to establish the Local Housing Fund.

Implementation Planning (2023 Q4 – 2024 Q1)

- ACCGov conducts initial research and evaluation on the availability and legality of using certain revenue sources.

Receive Authorization (2024 Q2)

- Enabling legislation would authorize the creation of the fund and the reallocation of funds from ACC's general budget, establish the range of permitted functions and targeted purposes, and set forth the administrative decision-making structure.

Progress Status Update (2024 End of Q2)

- Provide status update to Mayor and Commission.

Begin Administering the Fund (2024 Q4)

- The City should award funds through a competitive process, in most cases by request for proposals that are scored based on experience, capacity, alignment with public policy goals, efficiency, leverage, and other relevant criteria.

Once Athens-Clarke County has established a Local Housing Fund, the County will be positioned to implement Recommendations 2 and 3.

Recommendation 2: Build and Preserve Quality Affordable Rental Homes

Build and Preserve Quality Affordable Rental Homes

ACCGov should implement programs that directly and indirectly support the provision and upkeep of affordable rental housing.

ACCGov must increase the number of quality affordable rental homes built each year to create a housing market that meets the needs of all community members. From 2020 to 2022, only 56 new affordable rental homes have been built or rehabilitated – Magnolia Terrace was rehabilitated by Habitat for Humanity in 2021 and Athens Land Trust recently built four new rental homes. To close the gap of 5,000 affordable rental homes at this pace would take 268 years, assuming the gap did not grow over time.

In fact, Athens is losing affordable homes at a faster pace than it is building them, with **1,400 fewer homes renting for less than $875 in 2020 compared to 2015**. ACC has added 300 new affordable homes during the same time. To address this, ACCGov must preserve the affordability of existing affordable homes.

Support LIHTC Projects

ACCGov should focus on leveraging the Low-Income Housing Tax Credit (LIHTC), which brings significant federal funding to match local funding and is how more than 90% of affordable rental homes are financed in the United States. ACCGov should provide **gap financing annually for projects using LIHTC and adjust its approval process** to align with the Georgia Department of Community Affairs (DCA) LIHTC allocation timeline. Additionally, **ACCGov should streamline the development approvals process for LIHTC projects** to make it easier for developers to pursue affordable housing development.

Acquisition Strike Fund

As ACCGov works to construct more quality affordable rental homes, it must concurrently work to **preserve the affordability of existing rental homes and to improve their quality.** Two-thirds of affordable rental homes in ACC were built before 1990, and a large portion are in various states of disrepair. **ACCGov should invest public funding distinct from the Local Housing Fund in an acquisition strike fund** that leverages mission-motivated money that accepts a below-market return in exchange for achieving a social mission – **to acquire and rehabilitate rental properties while limiting rent increases below market level.** These funds are lent to affordable housing projects with firm repayment expectations as opposed to local housing funds which are almost entirely public and have softer repayment terms.

Build and Preserve Quality Affordable Rental Homes

ACCGov should implement programs that directly and indirectly support the provision and upkeep of affordable rental housing.

Voluntary Inclusionary Zoning

In addition to leveraging local funding, ACCGov should calibrate its voluntary inclusionary zoning policy to increase the number of affordable homes produced under the policy. Since the policy was implemented, no affordable homes have been built using voluntary inclusionary zoning. This is partially due to the fact that the policy is voluntary and mandatory inclusionary zoning is illegal in Georgia. That said, ACCGov can calibrate the policy to increase the likelihood developers will participate in the program.

Support LIHTC Projects

ACC should provide gap funding from the Local Housing Fund for projects using Low Income Housing Tax Credits (LIHTC) and streamline the development process to support LIHTC projects.

DEFINITION

Low-interest loans or grants serve to bridge the gap between the cost of LIHTC development and the other funding sources available. **Gap financing is typically the last funding source invested into a development project, and without it, the homes will not be built.** Gap financing can also secure additional benefits beyond LIHTC program requirements, such as deeper levels of affordability or longer affordability terms. To further leverage gap financing, **local development approval processes should be streamlined for LIHTC projects** to ensure they are positioned to compete for LIHTC funding from the State.

IMPACT

LIHTC remains the primary means of creating new affordable homes and replacing affordable homes that are falling into disrepair. By supporting LIHTC development, ACCGov can increase the supply of high-quality affordable rental housing throughout Athens-Clarke County. **Dedicating $2M a year to LIHTC over ten years would support the creation of 400-500 homes**.

Providing gap financing for LIHTC projects leverages local dollars, increasing the impact of public investment. **For every dollar invested in LIHTC financing, ACCGov is leveraging approximately $8.5 to support new affordable rental homes.**

LIHTC is the most effective program for creating new affordable rental homes. There is no other program that achieves the same scale as LIHTC, and it does so at a lower per unit cost than most other programs.

CONTEXT

The **Low-Income Housing Tax Credit (LIHTC)** is a federal program administered at the state level. It is the primary tool for the development of new affordable rental homes and creates approximately 90% of all new affordable rental homes nationwide. The program leverages public dollars in the form of credits on federal income taxes in exchange for investments in the construction or preservation of affordable housing.

There are two types of LIHTC: 9%, which provides greater federal subsidy but is highly competitive, and 4%, which provides less federal subsidy but is not as competitive. 9% LIHTC projects can provide rental affordability to households that earn 30% to 80% of Area Median Income (AMI), equivalent to incomes of $24,420 to $65,120 (4-person household, HUD 2023).

Sources: ACCGov, HR&A Analysis

Support LIHTC Projects

ACC should provide gap funding from the Local Housing Fund for projects using Low Income Housing Tax Credits (LIHTC) and streamline the development process to support LIHTC projects.

CONTEXT

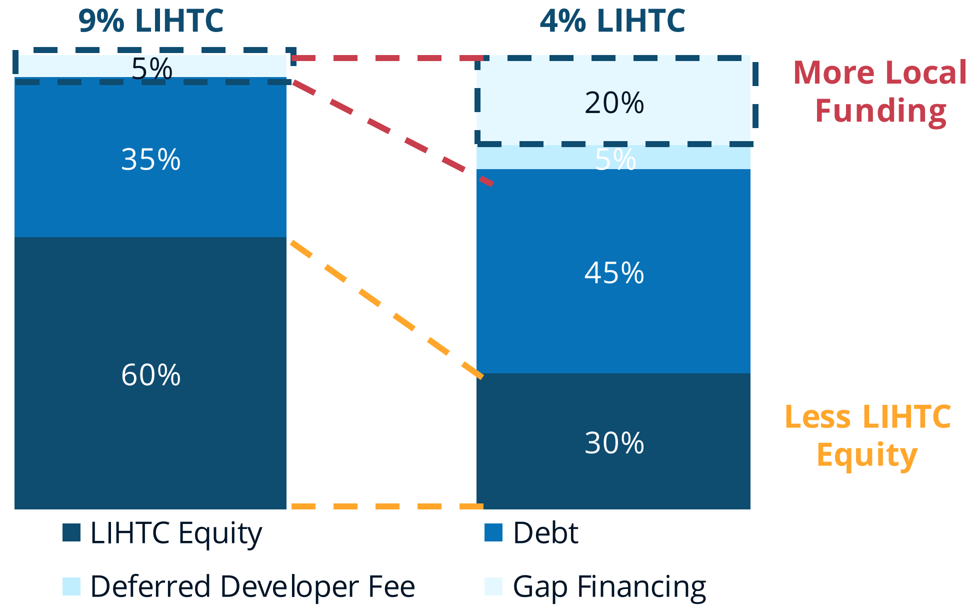
9% LIHTC

- **Competitive**, with projects scored according to guidance set forth by state housing finance agency
- **Cover 50%-60%** of development costs

4% LIHTC

- **Less/Non-competitive**, available by right to eligible projects
- Cover **30%-40%** of development costs, and paired with **tax-exempt bonds**[1]

[1] Tax exempt bonds are a form of funding provided by local governments and other public agencies.



State and local policies can complicate LIHTC development, making it challenging for developers to pursue feasible LIHTC development.

Local Context

There are approximately 620 LIHTC homes in Athens-Clarke County (ACC), not including public housing supported by LIHTC funding. ACC received only 1% of the state's 9% LIHTC allocations in the last decade, primarily because projects have not been competitive under the State's Qualified Allocation Plan (QAP). The QAP process is administered by the Georgia Department of Community Affairs (DCA) and it determines scoring criteria for projects across the state. DCA allocates 9% awards based on geography, with 35% of awards set aside for the "Other Metro" pool that includes ACC.

The single most effective way local governments can support LIHTC development is by providing local support. Local funding increases the feasibility of a project, ensuring it has the necessary funds to move forward in a timely manner. Further, projects can receive up to six additional points, thereby scoring higher in LIHTC's competitive process. In a process where most applications maximize their scoring, every point counts. Not only does local funding help projects score higher, but a project's ability to move forward in a timely manner serves as a tiebreaker, meaning local funding could be the difference between a project winning a LIHTC award or not. In Georgia, most LIHTC projects outside of the Atlanta metro area are in partnership with local housing authorities, because they have access to the gap financing required to make a project feasible.

Sources: ACCGov, Georgia Department of Community Affairs, Interviews with Developers

Support LIHTC Projects

ACC is not getting its share of LIHTC funding. Providing gap financing and streamlining development approvals will better position ACC projects to win LIHTC awards.

CONTEXT

Beyond providing local funding, LIHTC developers face many challenges that ACCGov can help support, such as:

- LIHTC projects need to have land secured to viably move forward. Finding quality land that is affordable is the biggest challenge developers face.
- Developers can spend up to $500,000 navigating the permitting process. This is often due to the length of the process.
- Applications must have their zoning in place when they apply for LIHTC funding, increasing the urgency of receiving rezoning and variance approvals in a timely manner.
- Complicated development standards and processes increase the cost and time it takes to develop LIHTC project.

Despite these challenges, ACC projects have advantages in securing LIHTC projects, in that there is a local presence of national investors, such as Truist Bank, Wells Fargo, and SunTrust Bank. ACCGov officials can support relationships between these lenders and LIHTC developers to increase access to financing for LIHTC development.

State Context

The State determines the regulations and scoring system for LIHTC projects through an annual review of the Qualified Allocation Plan (QAP). State QAPs often have rules and structures that increase the challenges for LIHTC development. In Georgia, LIHTC developers can only win up to two LIHTC awards in a given year, which disincentivizes them from applying for more projects to avoid competing with themselves. Additionally, each county can only win one 9% and one 4% award each year, further disincentivizing local governments from pursuing more than two LIHTC projects in a year.

RECOMMENDATIONS

ACCGov should make funds available annually through a competitive process to provide gap financing for LIHTC, with a target of funding one project every two years in the near term and increasing to one project per year in the intermediate term.

- Housing and Community Development ("HCD") should **establish a funding process in line with the LIHTC application cycle** to increase the efficiency of the use of public funds (e.g., decreasing the average subsidy per home) and to meet policy targets (e.g., producing more 30% AMI homes than are required by the QAP).
- **Streamline coordination between and among ACCGov departments (including the Planning Department and HCD) and developers** to ensure developers are positioned to be competitive for LIHTC funding. This could include streamlining local development approval processes to align with key LIHTC allocation cycle deadlines, and prioritizing variances and rezoning approvals for LIHTC developments. This should be clearly stated land use policy.

Sources: ACCGov, Georgia Department of Community Affairs, Interviews with Developers

Support LIHTC Projects

Implementing increased support for LIHTC projects requires collaboration between ACCGov, LIHTC developers, and ACC residents.

RECOMMENDATIONS

- Planning should **engage with developers to identify (other) current barriers** – zoning or otherwise – that make it difficult to submit LIHTC proposals.
- ACC HCD and Planning should **identify available public land to support LIHTC development** (see public land disposition recommendation in Appendix for details).
- ACC HCD should **negotiate extended affordability periods** for projects, moving towards permanent (99-year) affordability.
- **Build ACCGov staff underwriting capacity** to assess proposals and ensure public dollars are maximizing public benefit.
- ACC HCD should **consider allowing the Acquisition Strike Fund to acquire land and buildings** for LIHTC projects.

IMPLEMENTATION

Lead and Partners

LIHTC developers
ACC Housing and Community Development
Planning Department
Mayor and Commission
Housing Advisory Committee

Action Steps

1. The Mayor and Commission should allocate funding for gap financing from the Local Housing Fund and federal HOME funding.
2. ACC HCD should design a new process (in consultation with developers and other stakeholders) that includes underwriting guidelines, such as maximum award per unit, AMI levels, etc., for reviewing LIHTC applications, making award decisions, and communicating selection criteria to developers.
3. Streamline coordination between and among ACCGov departments (including the Planning Department and HCD) and developers to ensure developers are positioned to be competitive for LIHTC funding.
4. ACC HCD and Planning should identify public land to support LIHTC development.
5. ACCGov should build staff underwriting capacity to screen applications for LIHTC gap financing.
6. ACCGov should allocate funding in accordance with Advisory Committee recommendations, issue an RFP or other solicitation, review funding requests, and make award decisions based on set criteria.

Sources: ACCGov, HR&A Analysis

Support LIHTC Projects

Implementing increased support for LIHTC projects requires collaboration between ACCGov, LIHTC developers, and ACC residents.

IMPLEMENTATION

Timeframe
Near-term (6-9 months)

Funding Needs
Currently $40K to $50K per unit but can be reduced to $25K to $35K per unit through efficient implementation, which will help increase the leverage of local funding.

To decrease the costs per home, ACCGov will need to set a competitive and rigorous underwriting process for projects and look to development in areas with lower costs.

Sources: HR&A Analysis

Support LIHTC Projects

LIHTC projects in Georgia depend on gap financing to be successful, both to secure enough funding and to score enough points to qualify for funding.

Case Study | Invest Atlanta, Brentwood Commons

Overview

Invest Atlanta is a quasi-governmental organization that serves as the economic development authority for the City of Atlanta. They support several initiatives, including site selection, business growth, and affordable housing. They provide funding for affordable housing projects, including gap financing for LIHTC projects. Recently, they committed $1.5 million in gap financing to support Brentwood Commons, a LIHTC project pursued by Wendover Housing Partners, a prominent affordable housing developer in Georgia.

Structure

- **Size:** Invest Atlanta dedicated $1.5 million to support the project. Depending on the project and funding source, their funding ranges from $1.5 to $40 million.
- **Loan Terms:** The loan provides a below-market interest rate of 1%, further increasing the financial feasibility of the project.
- **Requirements:** Because the project is pursuing LIHTC funding, all rental homes are required to be provided at 80% AMI or lower, with the average at 60% AMI, which is $61,000 for a family of four in Atlanta and $48,840 for a family of four in Athens-Clarke County.

Lessons

Providing local funding for LIHTC projects is the most efficient way local governments can support affordable housing. These projects provide a decreased per unit cost for local governments and are self-sustaining, as loans get repaid overtime and can be invested into additional projects.

Example of LIHTC Project in Athens: Columbia Brookside

Sources: [Invest Atlanta]

Support LIHTC Projects

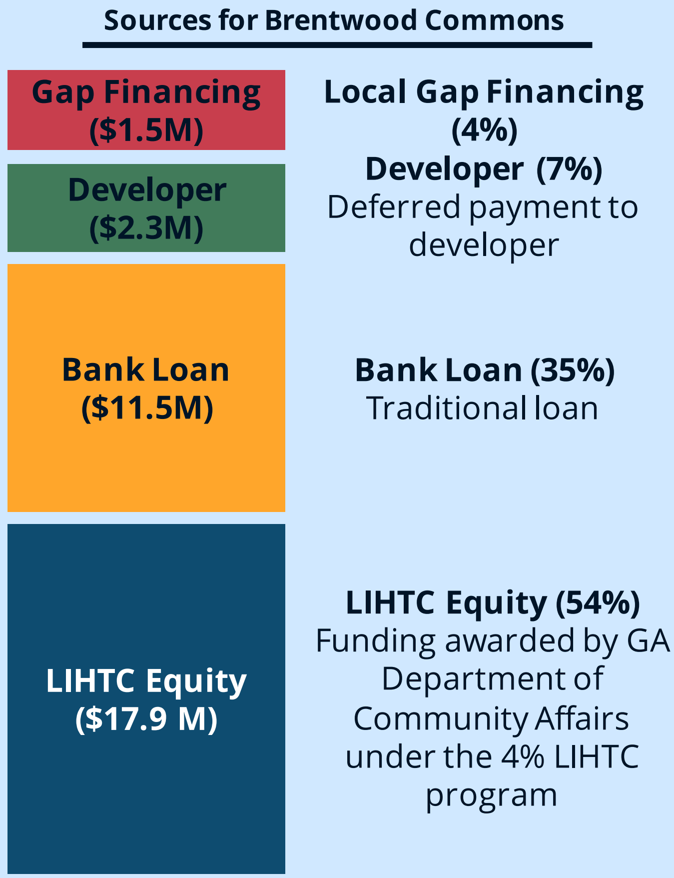
LIHTC projects in Georgia depend on gap financing to be successful, both to secure enough funding and to score enough points to qualify for funding.

Case Study | Invest Atlanta, Brentwood Commons

Brentwood Commons received a commitment of $1.5 million in gap financing from Invest Atlanta. This project demonstrates how a relatively small amount of local funding can leverage millions of dollars to support affordable housing. For Brentwood Commons, Invest Atlanta spent only $14,000 per unit for a project that costs $313,000 per unit, **leveraging 22 times their funding commitment.**

Brentwood Commons Overview

- **Affordable Homes:** 106 homes
- **Completion:** TBD
- **Financing Sources:** GA Department of Community Affairs, Local Gap Financing, Bank Loan
- **Affordability:** 18 at 80% AMI, 53 at 60% AMI, 36 at 50% AMI
- **Local Public Subsidy per Unit:** $14,000 per affordable unit



Example of LIHTC Project in Athens: Lakewood Hills

Sources: Invest Atlanta

Acquisition Strike Fund

ACCGov must prioritize acquiring existing unregulated affordable housing to prevent rent increases in existing affordable homes.

DEFINITION

An acquisition strike fund is a **dedicated, stand-alone pool of capital used to acquire naturally occurring and subsidized affordable housing to preserve affordability.** An acquisition strike fund can be established by a local government in partnership with philanthropic and mission-oriented investors, lending institutions, and affordable housing developers by providing low-cost permanent financing in exchange for maintaining affordable rents and making repairs and improvements to the property.

IMPACT

Naturally Occurring Affordable Housing (NOAH) comprises 78% of ACC's affordable rental homes, the majority of which were built before 1999. This amounts to approximately 13,000 NOAH homes in Athens-Clarke County. Ensuring these homes remain affordable is one of the most effective ways ACC can address housing affordability, because any efforts in developing new affordable homes will be cancelled out if ACC loses existing affordable homes at the same rate.

An acquisition strike fund is a particularly **important tool for increasing access to opportunity.** It can prioritize the preservation of affordable housing in neighborhoods of opportunity and allow affordable housing developers to compete with market-rate housing developers for desirable sites.

CONTEXT

Naturally occurring affordable housing (NOAH), when well maintained, offers an important source of affordable housing. Preserving the affordability of existing unregulated low-rent housing is crucial to maintaining an affordable housing inventory, especially in growing markets.

Approximately 13,000 NOAH homes exist in ACC, but ACCGov does not have a fund to preserve these homes. ACCGov can allocate one-time funds to support the preservation of existing NOAH homes and subsided affordable housing at risk of rent increases. This funding would allow partner organizations and developers, such as a Community Development Financial Institution (CDFI), Housing Authority, or affordable housing developer, to purchase unsubsidized rental properties for conversion to affordable housing. The loans to purchase housing are typically low- or no-cost in exchange for permanent affordability.

While experienced affordable housing developers may be able to access acquisition funds through bank partners or CDFIs, these capital sources typically will only provide loans for 75-80% of project cost, leaving developers with a gap to be filled before they can act. Developers must either seek support from public sector partners, which can take time, or deploy their own limited funds. Additionally, there are no CDFIs currently active in ACC.

Acquisition Strike Fund

ACCGov needs to bring more affordable housing into public and community control, enabling the community to shape the future of affordable homes.

Affordable housing developers, particularly nonprofits, are generally thinly capitalized, and the acquisition of a building or site can tie up the bulk of their resources, leaving them unable to respond to other opportunities that may arise until those funds are released. These capital constraints make it very challenging for affordable housing developers to gain control of sites in desirable locations or preserve existing affordable rental properties when they come to market. Acquisition funds, in partnership with philanthropic or mission-oriented investors, motivated leaders, and municipalities acquire sites for affordable housing development, especially in strategic locations.

STRIKE FUND STRUCTURE

A short–term loan (2-4) years is made to a developer to purchase a piece of land or existing building.

The developer prepares the property for development or refinance.

The property is developed or refinanced, and permanent funding is committed. In most cases, ACCGov will need to provide permanent financing in the form of a grant or cash flow loan.

There are two broad categories of acquisition funds: strike funds and long-term preservation funds.

Strike funds prioritize short-term funding to acquire properties. The primary goal of these funds is to bring affordable homes and land into public and community control. This enables local governments and community organizations to dispose the properties to advance long-term affordability. **This is the type of fund recommended in this plan.**

Long-term preservation funds include funding to acquire and renovate properties. Because the goal is to upkeep existing housing stock, it requires more funding and administrative oversight.

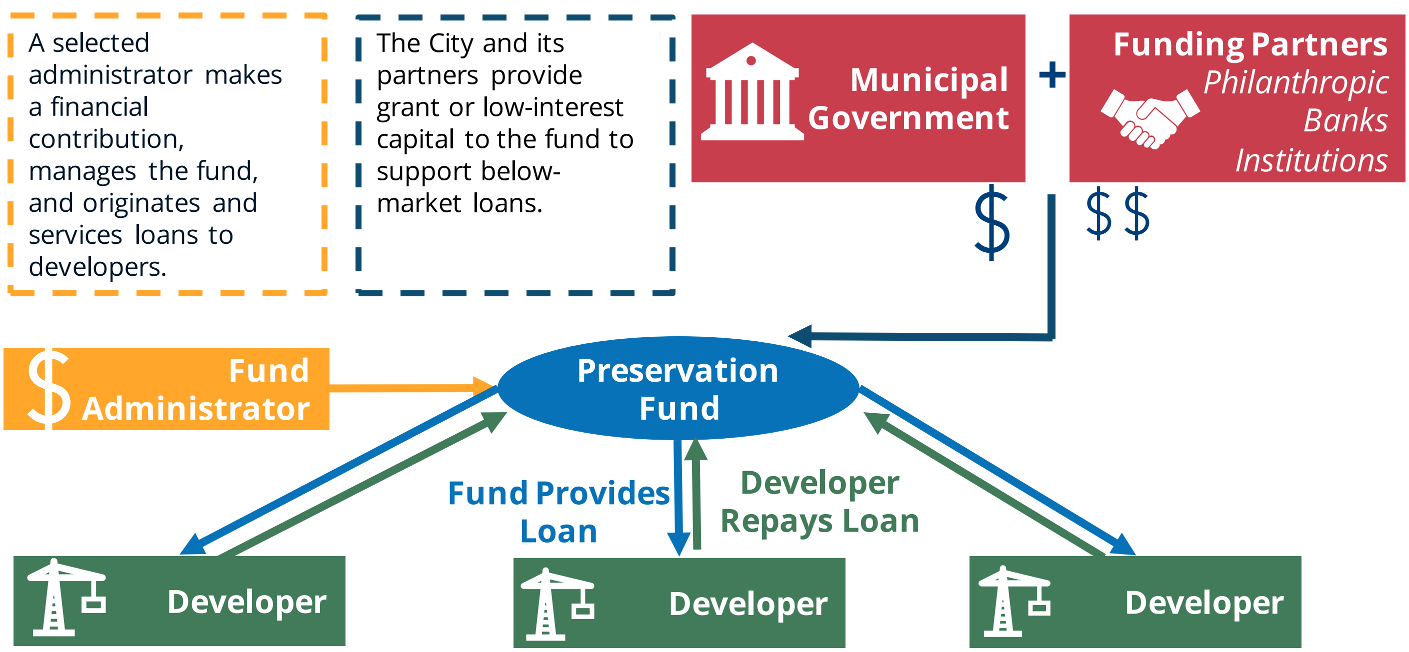
Acquisition Strike Fund

Developing a fund to acquire existing affordable homes requires coordination with local government, developers, local banks, and philanthropic organizations.

ACCGov should invest $5 million, separate from the Local Housing Fund and federal entitlement dollars, to capitalize a **strike fund** that supports local nonprofits and affordable housing developers in acquiring existing affordable homes. Preservation funds require intentional coordination, robust partnerships, and collaboration. To implement, ACCGov will need to make decisions about the following items:

- **Partners:** Which local banks (e.g., Truist, Sun Trust, Chase) could **administer a fund**? What institutions (e.g., hospitals, community foundations, local businesses, etc.) could **provide funding**? What **developers** have the capacity to participate in the fund?

Recommended Fund Structure



Funders	ACCGov, philanthropies, anchor institutions, and financial institutions.
Fund Administrator	Experienced affordable housing lender, such as a local bank or CDFI. • The fund administrator would hold all funds and be responsible for underwriting, approving, and monitoring loans using its established procedures. • Loans made with ACCGov funds would be made within parameters established upfront via a funding agreement between with ACCGov and other investors. • The fund administrator would provide regular reports to ACCGov about the deployment of funds and performance of acquisition loans made with City participation.
Developers	Nonprofit and for-profit affordable housing developers with a track record of successful development.

Acquisition Strike Fund

Developing a fund to acquire existing affordable homes requires coordination with local government, developers, local banks, and philanthropic organizations.

RECOMMENDATIONS

- **Eligible projects:** Which types of housing and what areas would the fund target? The fund should target small multifamily apartment buildings. Most NOAH properties in ACC were built between 1960 and 1999 and are two-to-nine-unit structures. The target buildings depend on the availability of funding (larger buildings require more money and vice versa) and the capacity of participating developers to identify, purchase, and operate the properties efficiently.
- **Funding:** What public or philanthropic funding might be dedicated? Is funding available at the regional level? ACCGov should capitalize $5 million, separate from the Local Housing Fund and federal entitlements, to establish the fund. This will require matching contributions from philanthropic and institutional partners. A $5 million public investment should be able to leverage $10 million in private mission motivated capital.
- **Loan Types:** Loans that are fast-turnaround (able to be approved and closed quickly); high loan-to-value; either interest-deferred or interest-only; and as low-cost as possible. Based on precedents from other communities, loan parameters might include:
  - Loan-to-value ratio: Up to 97% loan-to-value ratio, with ACCGov funds (and potentially other capital) covering the gap between 80% LTV and the maximum LTV.
  - Overall size: Maximum loan size on the order of $2 million
  - Term: Initial term of up to 3 years, with potential to renew for 2 additional years
  - Position in the capital stack: Capacity to take subordinate position, such that the first lender provides an acquisition loan that goes up to 80% LTV and the fund provides a subordinate loan that covers the gap from 81-97% LTV.
  - Greater risk tolerance for acquisitions where takeout plans are not fully developed.
- **Affordability Goals:** There is an inherent tradeoff between creating the greatest number of affordable units and creating units affordable to households with the lowest incomes. **ACC's largest rental affordability gap is for households earning less than $35,000. ACC should prioritize projects that provide a greater number of units affordable at this level** and should set targets related to the **length of affordability, unit size,** and other affordability factors.
- **Financial Terms:** ACCGov should set underwriting criteria and evaluate submissions on the potential for financial return, funding per affordable unit, efficient use of ACCGov funds, and other criteria. The revolving loan fund should focus on filling gaps in existing financing which other lenders are not able to offer.

Acquisition Strike Fund

To develop the fund, ACC needs to establish policy goals, engage local banks who can administer the funds, and develop a process for receiving applications and deploying funds.

IMPLEMENTATION

Lead and Partners
ACCGov Housing and Community Development
Local banks
Mayor and Commission

Action Steps

1. Mayor and Commission should assess whether to evaluate establishing a strike fund that would require a $5 million investment that is distinct from the local housing fund and federal entitlements.
2. ACC HCD should determine Strike Fund policy goals, including the target geographies, type of structures (rental or for-sale homes, age, number of units, etc.), target properties by financing source (privately developed projects, LIHTC projects, public housing, etc.), affordability goals, and financial terms.
3. ACC HCD should conduct engagement to identify local banks or CDFIs who will provide funding to the acquisition strike fund and developers who will participate once the fund is established.
4. Once local partners and funding sources have been identified, ACC HCD and Mayor and Commission should launch the fund, and begin receiving applications.

Timeframe
Six to nine months to design the program. One to two years to identify partners to fund the program.

Funding Needs
$5 million up-front to capitalize the fund, which should leverage approximately $10 million in private financing.

Acquisition Strike Fund

Preservation funds range in size but are an effective tool for acquiring affordable homes and maintaining affordability.

Case Study | Washington, D.C. Acquisition Strike Fund

Formation & Goal

In 2015, Washington DC Mayor Muriel Bowser initiated the DC Housing Preservation Strike Force, an 18-member team, who were tasked with developing an action plan to preserve existing affordable housing projects with covenants set to expire in 2020. One of the initial recommendations, released in June 2016, was to create a public-private preservation fund to help preserve multifamily affordable housing. The fund was established in the Fiscal Year 2017 budget and consists of short-term loans for preservation, acquisition, predevelopment, and critical repairs. The Preservation Fund evolved from the Site Acquisition Financing Initiative which struggled to be competitive with the private market.

The goal is preserving the affordability of 100% of Washington DC's existing federally and city-assisted affordable rental homes. To do this the Preservation Fund offers eligible borrowers short-term financing for the pre-development and acquisition of occupied multi-family properties with more than five housing units and half of the households earning up to 80% AMI.

Governance & Management

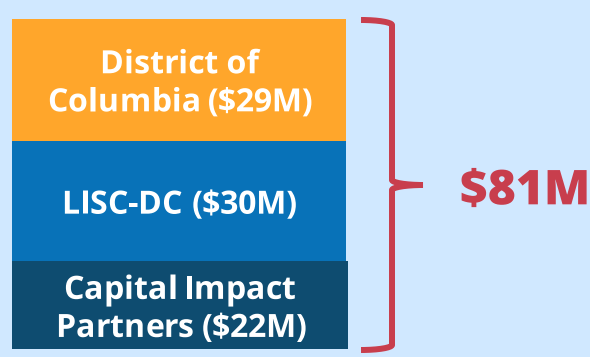
The fund sits within the DC Department of Housing and Community Development (DHCD). There are three managers for the fund: Capital Impact Partners, LISC-DC, and Low-Income Investment Fund (LIIF). The responsibilities of the fund managers include:

- Leverage public funds with private or philanthropic funds to provide loans to borrowers for eligible activities;
- Market, underwrite, originate, and service the preservation loans;
- Ensure compliance with the terms of the Housing Preservation Fund;
- And coordinate monthly with the DHCD on the use of the Housing Preservation Fund.

Each fund manager operates using public fund awards from the DC government combined with private funding from either their own balance sheet or funds which they raise using their relationships.

Funding Sources

In 2017, the fund was **initially capitalized with $10 million** from the District of Columbia and then LISC-DC and Capital Impact Partners provided additional funding. Since then, the District has provided **additional funding for a total of $29 million**.



Acquisition Strike Fund

Preservation funds range in size but are an effective tool for acquiring affordable homes and maintaining affordability.

Case Study | Washington, D.C. Acquisition Strike Fund

Programmatic Focus & Impact

The three fund managers offer slightly different terms but in general the funding is short term (less than 5 years) and has an interest rate of less than 5%.

After fundraising, the fund's initial target was to preserve 1,000 homes of their broader preservation goal. Between March 2018 and January 2020, LISC and CIP exceeded that goal through financing for 15 projects with $63.5M in funds, preserving 1,367 homes for an average of $46,500 per unit. Since 2019, approximately **$125M in funds** have been deployed to **preserve over 2,000 affordable homes.**

The Preservation Fund has worked in tandem with the Tenant Opportunity to Purchase Act (TOPA), which gives multifamily residents the first right of refusal if their building is up for sale, by providing residents acquisition financing helping them take advantage of the program and prevent displacement.

Takeaways

- Local government can lead the establishment of an acquisition strike fund and effectively create a structure to leverage other private sources of funding.
- Selecting more than one fund manager can increase the funding available and effectiveness of the program.
- Setting a specific preservation target is an effective means of monitoring progress and focusing investments as the fund is established.
- The targeting and clear priorities make an acquisition strike fund an effective tool to support anti-displacement.
- The District of Columbia provides additional funding for permanent financing that allows buildings to maintain their affordability covenants.

Sources: "Housing Preservation Fund," Department of Housing and Community Development, 2022, https://dhcd.dc.gov/service/housing-preservation-fund; "Affordable Housing Preservation Fund," Department of Housing and Community Development, 2022, https://dhcd.dc.gov/page/affordable-housing-preservation-fund; "DC Housing Prevention Strike Force," Department of Housing and Community Development, 2022, https://dhcd.dc.gov/page/dc-housing-preservation-strike-force; "Capital Impact Partners Joins with Washington, D.C. Government Once Again to Preserve and Expand Affordable Housing," Capital Impact, 2020, https://www.capitalimpact.org/capital-impact-named-housing-preservation-fund-manager-dc-government-second-round/; "New Year, New Fund Manager Joins Affordable Housing Preservation Fund Team," Department of Housing and Community Development, 2022, https://dhcd.dc.gov/release/new-year-new-fund-manager-joins-affordable-housing-preservation-fund-team

Voluntary Inclusionary Zoning

ACCGov passed a voluntary inclusionary zoning ordinance in 2022 to encourage increased development of affordable homes.

DEFINITION

Inclusionary zoning (IZ) policies **require or incentivize new housing developments to include a certain percentage of homes at below-market rents or sale prices**. In exchange for those affordable homes, most IZ policies offer developers incentives that offset, to some degree, the costs of lower rents or sale prices, such as increased building density or height, reduced parking, expedited permitting, etc.

IMPACT

From 2015 to 2020, ACC added 2,200 rental homes with five or more homes in the building. If 100% of these projects participated in the IZ policy, there would have been up to 330 new 80% AMI homes or 220 new 60% AMI homes. It is more likely that 10% to 25% of projects would participate in the program, which would yield between 30 to 80 80% AMI homes in five years if development continued at the same pace.

As of August 2023, no new affordable homes have been developed as part of the voluntary inclusionary zoning policy. That said, ACCGov has supported new affordable homes through proffers during the rezoning process. In 2021, Athens Land Trust and Atlas Development received a rezoning request for a project at 2400 Lexington Road. The rezoning approval required that they build 66 affordable units on-site. While these units weren't built directly through the inclusionary zoning process, it demonstrates how inclusionary zoning can increase the number of affordable homes in ACC.

There are **tradeoffs between a voluntary and a mandatory inclusionary zoning policy.** Voluntary inclusionary zoning policies provide flexibility for developers to provide affordable units without increasing the rent for market rate units. That said, voluntary inclusionary zoning does not guarantee any new affordable units will be produced, limiting the impact. To increase the likelihood a voluntary inclusionary zoning successfully created affordable homes, the policy needs to offer enough incentive to offset the increased cost of providing homes at lower rents. Additionally, the policy needs to balance creating enough of an incentive to allow the developer to increase income without causing a larger increase in costs. For example, if a density bonus causes a building to move from being built with wood to non-combustible materials, this will increase the cost more than can be offset with the increased incomes from additional rent.

In Georgia, local governments cannot implement mandatory inclusionary zoning. If State Law changed to allow for mandatory inclusionary zoning, this could increase the number of affordable units produced by IZ. However, mandatory inclusionary zoning has to be designed in a way that offsets the financial burden for developers including homes at lower rents. Otherwise, the cost of the affordable homes will get passed on to the market rate units, hampering overall affordability.

Voluntary Inclusionary Zoning

ACCGov passed a voluntary inclusionary zoning ordinance in 2022 to encourage increased development of affordable homes.

CONTEXT

In Georgia, local governments cannot make inclusionary zoning mandatory, but can incentivize developers to voluntarily participate. **ACCGov passed a voluntary inclusionary zoning ordinance in April 2022,** providing a pathway for developers to opt into providing affordable homes for projects with five or more homes. The ordinance allows developers to receive a density bonus, parking reductions, and/or a commercial development reduction if they provide affordable homes. Any new construction with five or more homes and renovation that adds five or more homes to the existing development can participate in the voluntary inclusionary zoning program.

	Zoning District		
	RM-1, RM-2, RM-3, C-O, and CN	**CG**	**CD**
Affordability Requirement – Option A	15% at 80% AMI	20% at 80% AMI	10% at 80% AMI
Affordability Requirement – Option B	10% at 60% AMI	15% at 60% AMI	5% at 60% AMI
Density Bonus	50% density bonus	100% density bonus	25% density bonus
Parking Reduction	20% reduction if within 1,500 feet of an Athens-Clarke County Transit Stop		
Ground Floor Commercial Development Reduction	None	None	Up to 50%

The voluntary inclusionary zoning provides the developer the choice to provide 15% of their homes at 80% AMI ($65,120 for a family of four) or 10% of their homes at 60% AMI ($48,840 for a family of four). **The rent difference between 60% AMI homes and market-rate rent is over twice the difference between 80% AMI and market-rate rent. Because of this, the voluntary inclusionary zoning policy is unlikely to provide 60% AMI homes** because it is more costly for a developer to provide units at 60% AMI, but they do not receive an increased incentive to offset the increased cost of targeting deeper affordability. The policy needs to be calibrated to increase its effectiveness if it wants to successfully provide homes at deeper levels of affordability.

Voluntary Inclusionary Zoning

ACCGov passed a voluntary inclusionary zoning ordinance in 2022 to encourage increased development of affordable homes.

CONTEXT

Since April 2022, the policy has not produced new affordable homes that would not have existed without the voluntary inclusionary zoning policy.

2023 Voluntary Inclusionary Zoning Rent Limits for Two-Bedroom Unit

Rental Limits include utilities and/or utility allowance

	Affordable Rent	Market-Rate Rent	Difference	Rent Difference for 100-Unit Project
60% AMI	$1,099	$1,904	**-($805)**	**-($8,050)**
80% AMI	$1,466	$1,904	**-($438)**	**-($6,570)**

Inclusionary Zoning Policy Components

Policy Components

Administration

REQUIREMENT

Affordability Level

Share of homes

Length of Affordability

In-Lieu Fee Option

GEOGRAPHY

Mandatory IZ Locations

Voluntary IZ Locations

INCENTIVES

Appropriate Incentives

Size of Incentives

Length of Incentives

ADMINISTRATION

Process Guidelines

Development Approvals

Program Management

Inclusionary zoning policies include four primary policy components:

- **Requirement:** Establishes the share of homes that must be affordable to comply with the policy, the income levels the homes shall be affordable at, how long the homes shall remain affordable, and any exemptions or in-lieu fee options.
- **Geography:** Determines where the IZ policy is applicable by neighborhood, zoning district, or other land use district.
- **Incentives:** Outlines the type of incentives when following the policy, such as density bonuses, parking minimum reductions, lot dimension reductions, expedited review processes, or others. Should also specify the magnitude and length of the incentives.
- **Administration:** Provides guidance for how to participate in the program, how the policy fits within the development approvals process, how to track whether households comply for affordable homes, and protects tenants through fair housing practices.

Sources: Market-Rate Rent determined by assessing the five most recently built projects in ACC, per CoStar.

Voluntary Inclusionary Zoning

ACCGov should continue assessing its inclusionary zoning ordinance and codify administrative procedures for utilizing the ordinance and monitoring compliance over time.

CONTEXT

Projects within the CD district may choose to provide a payment in-lieu of providing affordable homes on-site. If a developer chooses to provide an in-lieu payment, they must pay $135,000 per studio, one-bedroom, and two-bedroom homes, and $165,000 per three-bedroom and four-bedroom homes that would be provided under the voluntary inclusionary zoning policy.

Lastly, the voluntary inclusionary zoning ordinance establishes the requirement for a housing fund to be established to manage the funds acquired from the in-lieu payment.

Inclusionary zoning policies are an important tool in the housing ecosystem to support new affordable homes. However, inclusionary zoning alone will not solve all affordability problems, particularly those for very low-income families, and need to be implemented in conjunction with other tools, such as those recommended throughout this plan.

RECOMMENDATIONS

ACCGov should continue to monitor the efficacy of the voluntary inclusionary zoning ordinance and advance strategies to increase the number of affordable homes produced through the policy. ACCGov is beginning an update of the Comprehensive Land Use Plan, which will include an assessment of the inclusionary zoning policy.

- **Calibrate the affordability requirement and incentives offered** in the inclusionary zoning policy. The housing market has shifted quickly in recent years, with significant increases in interest rates, development costs, and rents. The City should reassess the policy and make updates as necessary to ensure the policy is responsive to market conditions.
- **Assess the unit mix the policy should require.** Currently, the option to produce either 80% AMI or 60% AMI homes enables developers to participate in the program without providing deeper levels of affordability.
- **Develop a separate affordability requirement for for-sale homes.** Because the economics of developing for-sale homes are different than rental homes, ACCGov needs a policy tailored to the financial realities of building for-sale homes.
- **Develop an inclusionary zoning manual** that outlines the administrative policies, including process guidelines, development approvals process, and monitoring and compliance mechanisms. Inclusionary zoning ordinances that do not have a supplemental administrative manual often fail to produce the number of homes expected when the ordinance was created. Manuals also support racial equity goals by providing a mechanism for encouraging fair housing practices in the tenant selection process. A manual will help ACC maintain a policy that ensures equitable access to affordable homes.

Voluntary Inclusionary Zoning

ACCGov should continue assessing its inclusionary zoning ordinance and codify administrative procedures for utilizing the ordinance and monitoring compliance over time.

IMPLEMENTATION

Lead and Partners

ACCGov Housing and Community Development
ACCGov Planning Department
Planning Commission
Mayor and Commission

Action Steps

1. ACCGov should identify staff time and/or funding resources for evaluating the market economics of the inclusionary zoning ordinance. Incorporate for-sale homes in analysis to update of the IZ ordinance.
2. As part of this process, Planning and ACC HCD should engage the Housing Advisory Committee on the goals the inclusionary zoning ordinance should pursue, including affordability levels, target geographies, and affordability terms. Balance these goals with the realities of the market dynamics assessed in the first action step.

Timeframe

1 year

Funding Needs

Approximately two FTE's working half time of their time or $150k for outside consultant to assess the IZ rental policy, develop a homeownership policy and develop an IZ manual.

Voluntary Inclusionary Zoning

Effective inclusionary zoning policies should be re-evaluated periodically to react to market conditions and have clear administrative procedures for managing the policy.

Case Study | Atlanta IZ Policy

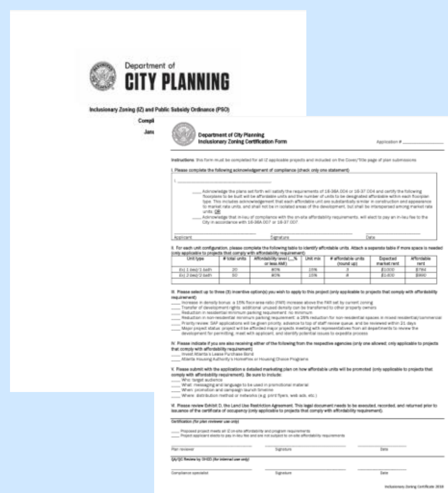
The City of Atlanta implemented its first inclusionary zoning (IZ) ordinance in 2018. The purpose of the program is to promote affordable housing within the City of Atlanta and is designed to keep rents relatively affordable for residents within the income range of police, firefighters, teachers, government employees, and young professionals. **Atlanta's IZ ordinance is a mandatory requirement.**

The program provides developers of multifamily rental housing three options: 1) set aside 10% of homes for households at 60% AMI; or 2) set aside 15% of homes for households at 80% AMI; or 3) pay an in-lieu fee to opt out of the program. In exchange, developers can have density bonuses, reduced minimum parking space requirements, expedited approvals, tax abatements, and fee waivers to offset costs associated with providing affordable homes.

Atlanta revisited the policy in 2021, responding to market conditions by expanding the program's scope and geography. Additionally, the City provides a manual to support developers participating in the program and certification forms to ensure developers are in compliance with the program.

As of January 2021, the Atlanta IZ program had supported the production of 362 new affordable homes. Most of the homes supported were at 80% AMI (302 of the 362 homes). The City of Atlanta noted that most of the developers pursuing homes at deeper levels of affordability were doing so because they used additional subsidy to fund those homes. In other words, when given the option, most developers prefer to provide homes at higher affordability levels unless they are receiving additional funding to offset the cost of providing cheaper homes.

Parkside at Quarry Yards, Atlanta, GA



Department of
CITY PLANNING
Inclusionary Zoning (IZ) and Public Subsidy Ordinance (PSO)

Department of City Planning
Inclusionary Zoning Certification Form

Source: City of Atlanta

Recommendation 3: Expand Access to Homeownership and Support Existing Homeowners

Expand Access to Homeownership and Support Existing Homeowners

ACCGov should implement programs that support existing and prospective low- and moderate-income homeowners in ACC.

ACCGov should improve access to homeownership to support housing stability and wealth creation. Athens-Clarke County has a low homeownership rate caused by a disproportionately high mortgage denial rate for Black middle-income households a limited supply of quality move-in ready homes, and rising home sales prices and interest rates. Additionally, anecdotal evidence suggests a trend in single-family homes being converted from for-sale to rental (see pg. 8 for detailed explanation). In particular, stakeholders described that investors have been purchasing homes from existing owner-occupants and converting them to rental housing for UGA students. These homes are thus removed from the for-sale inventory, reducing the amount of available for-sale homes, which puts price pressure on the remaining for-sale stock.

Further, a large share of existing homeowners are low-income and face challenges in maintaining their properties. ACCGov must prioritize supporting access to homeownership, which is an essential wealth building tool and significant share of household wealth that enables households to save for retirement, college, or start a business.

Expand Down Payment Assistance Program

To expand access to homeownership, **ACCGov should establish a down payment assistance program and work to establish partnerships with lenders who offer mortgages with better terms for first-time homebuyers**. The down payment assistance will expand who can afford to purchase homes and first-time homebuyer mortgages, if designed appropriately, can expand access to those who otherwise would be denied. Addressing both of these barriers is important to addressing the low Black homeownership rate and high mortgage denial rate in ACC.

ACCGov should look to connect the down payment assistance program to affordable homeownership development programs. Connecting the two and allowing for any qualified developer to build the homes, can help to reduce the high per unit subsidy costs and allow for more affordable homes to be built.

Expand Owner-Occupied Rehabilitation

One in three ACC homeowners are lower income (make less than $50,000 annually) and many struggle to afford to maintain their home. ACCGov's owner-occupied rehabilitation and repair programs are intended to help them remain homeowners in quality homes. **Additional funding should be allocated to these programs and the scale of rehabilitation and repairs should be increased to cover the costs to fix major systems** and keep homes habitable.

Expand Down Payment Assistance

Down payment assistance improves access to homeownership by reducing the upfront cost of purchasing a home.

DEFINITION

Down payment assistance (DPA) improves access to homeownership by **reducing the upfront cost of purchasing a home** by providing grants or forgivable loans to income-qualified households to cover a portion of the down payment or closing costs. DPA improves access to affordable homeownership for households that have incomes sufficient to make mortgage payments but lack the assets required for down payment and closing costs. DPA helps low- and moderate-income households **secure stable housing and build wealth**.

DPA is often paired with **homeownership counseling** to provide first-time homebuyers assistance in planning for purchasing a home. This includes budgeting for the full cost of homeownership, including utilities, insurance, and maintenance, to ensure that households are financially prepared.

IMPACT

Homeownership remains a key means of building and accessing wealth. Racial inequities in homeownership reflect persistent inequities in intergenerational wealth transfers, and improving access to homeownership can thus **reduce racial wealth and asset gaps**. Furthermore, **dedicating $1M in annual funding** towards a down payment assistance program in ACC **could support 30-35 households earning 80% AMI** ($65,120 for a 4-person household).

CONTEXT

ACC currently has no large-scale DPA program. Athens Housing Authority (AHA) and Athens Land Trust (ALT) administer DPA on a project-by-project basis using HOME and CDBG funds, typically assisting fewer than 10 households per year. The AHA DPA program targets households earning 80% to 115% of Area Median Income (AMI) and is paired with one-on-one counseling with a professional housing counselor. ACC HCD also has a request for proposals (RFP) out to use ARPA funds for DPA. The assistance will be structured as a second mortgage loan offered at 0% interest, covering up to 10% of the total home price or up to $25,000, whichever is lower.

The Georgia Department of Community Affairs (DCA) also offers the Georgia Dream Homeownership program, which provides DPA. DCA offers a standard loan of $10,000 at 0% interest. However, uptake of Georgia Dream in ACC has remained low due to onerous documentation requirements and a long closing time compared to conventional loans.

The rising cost of housing in ACC presents a major barrier to the impact of DPA programs. Paying the median home price of $290,000 would require $58,000 for a 20% down payment. Applicants are also limited by requirements around income levels, creditworthiness, and other metrics of financial readiness. While AHA, ALT, and AAHFH complement and support DPA by building affordable single-family homes (ranging from $90,000 to $180,000 sale price) for purchase in ACC, the pipeline is extremely limited.

Expand Down Payment Assistance

Different approaches to structuring down payment assistance can support different affordable housing goals.

RECOMMENDATIONS

ACCGov should establish a DPA program that provides upfront subsidy to low- and moderate-income households to cover a portion of down payment and closing costs, thereby improving access to homeownership and supporting wealth building. ACCGov should:

- **Determine program parameters** such as level of assistance and target household income. Higher levels of assistance per household will help achieve deeper affordability levels but limit the total number of households that may receive assistance. The program should allow prospective homebuyers to apply for both **traditional and specialty mortgage products** to support a range of borrower needs.

- **Align down payment assistance with first mortgages** from Community Reinvestment Act (CRA) motivated lenders, mission-minded corporations, institutions, and philanthropies.
  - These mortgages have lower interest rates, no private mortgage insurance (PMI) requirement, and more flexible lending terms, which can expand access to Black households in ACC that have been denied mortgages at a disproportionate rate due to credit history and other factors.
  - ACC HCD should be aware of potential barriers to serving target prospective homeowners, including CRA guidelines that can occasionally work in wealthier households' favor. Given that CRA lenders earn credit for offering loans in Census tracts with 50% or lower AMI overall (i.e., annual income of $40,700 for a four-person household), many tracts in ACC could qualify given the county's widespread low-income population. Higher-income households in these tracts might receive CRA mortgages as a result.
  - Local lenders might include Regions Bank, Truist, or Wells Fargo, and members of the Athens Chamber of Commerce who offer low down payments.

- **Explore dedicating additional funding to provide homebuyer counseling** and asset building assistance to prepare households to qualify for mortgage financing. These programs should focus on communities who have historically faced discrimination in mortgage lending, which will support increased racial equity.

- Run a **competitive process for nonprofit partners** to receive funding to administer the program; multiple aligned programs may be appropriate.

- **Determine the form of assistance** (grant or loan), depending on the County's policy goals. Specifically, the way the DPA is structured can either emphasize affordability or wealth building.

Expand Down Payment Assistance

Different approaches to structuring down payment assistance can support different affordable housing goals.

RECOMMENDATIONS

Down payment assistance can support low-income households to build wealth by accumulating home equity but does not necessarily preserve the affordability of the home purchased after the homebuyer sells the house. Different approaches and their advantages and disadvantages are explored below:

Emphasis on Building Wealth ⟷ **Emphasis on Preserving Affordability**

Forgivable Loan or Grant	Unforgiven Loan with 0% Interest	Unforgiven Loan with Interest
If homebuyer remains in the home for a minimum period, the down payment assistance **loan is forgiven and becomes part of the household's assets.** **Home is sold at market rate** and affordability ends.	When homebuyer sells the home, they **repay the down payment assistance** out of sale proceeds. **Funds are redirected** to a new homebuyer.	When homebuyer sells the home, **they repay the down payment assistance**, with interest, out of sale proceeds. **Funds are redirected** to a new homebuyer. **Or** A **share of the sales value** of the home **remains with the home** to maintain affordability for the next household.

ACCGov should **consider providing unforgiven loans with 0% interest** to balance the need for building wealth while preserving long-term affordability. While the homeowner must repay the assistance, they can do so without interest and earn some of the proceeds of the sale, while supporting the next resident to afford homeownership.

The program could allow for high levels of assistance – up to $35,000 per household ($50,000 total when including assistance from DCA and other local funding sources)**.** This will enable more households to afford homeownership by reducing the upfront costs of homeownership and eliminating the need to pay for mortgage insurance.

Right to First Offer

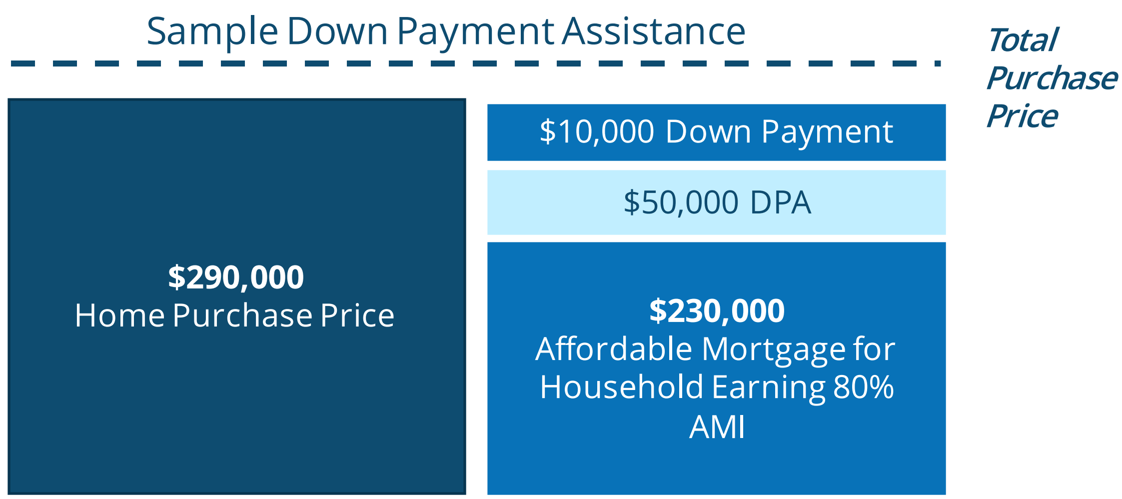
When a home supported through down payment assistance is put up for sale, homebuyers at or below 80% AMI ($65,120 for a four-person household) should have a right to first offer for 90 days. This would allow income-qualified buyers to compete in a competitive housing market that favors wealthier buyers with ready cash. A 90-day period would provide the time and flexibility to prepare an offer.

Expand Down Payment Assistance

ACCGov should establish a down payment assistance program to improve access to homeownership for low- and moderate-income households.

RECOMMENDATIONS

A sample down payment assistance of $50,000 (including $35,000 from ACCGov, $5,000 in local sources, and $10,000 from DCA) for an 80% AMI household ($65,120 for a four-person household) and its effect on the affordability of mortgages is illustrated below.



IMPLEMENTATION

Lead and Partners

ACCGov Housing and Community Development
Nonprofit partners
Private lenders and funders
Housing Advisory Committee

Action Steps

1. ACC HCD should define the objectives of the program, including specific groups eligible for down payment assistance, financing structure, and source of funds.
2. ACC HCD should conduct outreach to key mission-driven lenders and other institutions, coordinating with nonprofit partners currently administering DPA in Athens-Clarke County who have existing relationships with lending partners.
3. ACC HCD should explore dedicated additional funding for homebuyer counseling.
4. ACC HCD should begin operating competitive process for nonprofit partners to receive funding to administer the program.

Timeframe

<1 year to stand up; up to 2 years to scale

Funding Needs

Approx. $35,000 per household (for 80% AMI, i.e., $65,120 for a four-person household)

Expand Down Payment Assistance

ACCGov can pair a down payment assistance program with other programs that help low- to moderate-income households achieve homeownership.

Mortgage Loan Pools minimize risk to banks by allowing them to jointly fund a program that originates mortgages with favorable terms, such as down payment assistance. **Individual Development Accounts** directly support borrowing individuals by building their liquidity which reduces default rates more effectively than increasing borrower equity.

Case Studies| Manchester Neighborhood Housing Services Loan Pool

A mortgage loan pool allows participating financial institutions and funders to jointly fund a program that originates mortgages with favorable terms to help low-income first-time homeowners access homeownership. The program both expands options and access for these homeowners and helps to minimize risk to banks who participate in offering nonconforming mortgages, as those with lower down payment requirements and other flexible guidelines.

Manchester Neighborhood Housing Services (MNHS) in Manchester, New Hampshire works closely with local lenders to fund a participation loan pool, providing down payment and closing cost assistance to first-time homebuyers at or below 80% AMI. MNHS staff complete all loan origination and underwriting tasks, plus close and service each loan, with no fees to the lender. Lender partners approve and fund each loan on a rotating basis.

Borrowers receive a low-interest loan of up to $70,000 at a 30-year fixed rate. Buyers must have 1 percent of the purchase price from their own savings for the down payment, are subject to standard credit and employment requirements, and must complete housing counseling courses.

JP Morgan Individual Development Account

An individual development account (IDA) is a type of savings account designed to help low-income individuals build assets and achieve financial stability and long-term self-sufficiency. People use IDAs to save money to start a business, pay for education, or buy a home. The JP Morgan Chase Institute found that reducing the amount of down payment while increasing the amount of reserves a household held in the bank to three months greatly reduced the risk of foreclosure. IDAs increase borrower liquidity (i.e., the amount of cash or other liquid assets available to the borrower), which JP Morgan Chase Institute proved can be more effective at reducing default rates than modifications that increase borrower equity (i.e., the value of the home compared to the amount owed on the mortgage).

Sources: "Winning Strategies in the NeighborWorks Network," NeighborWorks America; "To Prevent Mortgage Default, Three Months of Cash is Key, According to New JPMorgan Chase Institute Research," JPMorgan Chase.

Owner-Occupied Repair

ACCGov should support and preserve homeownership by assisting income-qualified owners in making necessary home repairs.

DEFINITION

Owner-occupied repair (OOR) programs help **maintain the affordability of homeownership** by ensuring that income-qualifying homeowners can make necessary repairs to make their homes safe. Owner-occupied repair would support ACC's owner households to remain in place.

OOR typically targets single-family homes. Qualifying repairs often include structural repairs, modernization, repairs to heating and plumbing systems, weatherization, and accessibility improvements. Cosmetic improvements are typically not eligible costs.

A well-designed OOR program is important for ACC because a significant portion of affordable, owner-occupied housing in the county is **older NOAH stock** that is increasingly vulnerable to investment and redevelopment pressures. **Nearly half of low-income homeowners pay more than 30 percent of their income on housing costs,** which puts major repairs and maintenance out of reach for many. This includes **cost-burdened senior households** that would benefit from repairs that allow them to **age in place.**

IMPACT

Continued support for owner-occupied repair will improve housing quality and safety for homeowners, while also preventing displacement from homes due to an inability to pay for maintenance or repair. Energy retrofits can further support affordability by lowering utility costs, which can be a substantial cost burden for low-income households. Committing consistent funding to this program and coordinating its implementation with other homeownership support programs will increase the impact of ACCGov's overall efforts to support affordable homeownership. OOR is particularly important to address the needs of **elderly residents seeking to age in place in their homes,** and to support **people living with disabilities who require special accommodations.**

CONTEXT

ACC HCD currently offers homeowner repair and rehabilitation funds to several nonprofit partners using CDBG, and more recently, ARPA funds. It is also currently developing guidelines to use HOME funding for OOR. CDBG and HOME funds must adhere to federal funding requirements, including environmental review. Action, Inc., Athens Area Habitat for Humanity, Historic Athens, Athens Land Trust, and Athens Area Council on Aging offer homeowner repair services to homeowners.

ACC HCD → **Nonprofit Partners** $\xrightarrow{\text{via contractor}}$ **Homeowner**

Homeowners apply to nonprofits for repairs who approve applications and execute projects with the help of contractors.

Owner-Occupied Repair

ACCGov should support and preserve homeownership by assisting income-qualified owners in making necessary home repairs.

CONTEXT

On average, ACC HCD provided $286,000 in annual funding for OOR programs from FY2018 through FY2024, using CDBG funds. In FY2023, HCD made available an additional $830,000 using ARPA funds. HCD has funded **33 projects annually** on average since FY2018, amounting **to $8,800 per home**, including administrative costs. With the average repair project costing $5,000, administrative costs are currently high (almost $4,000). However, ACC HCD is moving to an online platform which will help speed up and streamline approval, disbursement, and monitoring processes, thereby reducing administrative costs.

Examples of eligible improvements include foundation construction and repair, electrical repair, plumbing repair, roof repair or replacement, heating system installation and repair, window and door replacement, and more. Below are example projects and funding ranges based on stakeholder interviews with local nonprofit providers.

$5,000	$7,500	$10,000+
Small interior or exterior improvements: painting, window repairs.	**Age-in place adjustments**: walk-in showers, stairwell adjustments, etc.	**Major structural repairs**: roof repairs, subfloor replacements, etc.

HCD has revised its guidelines for OOR funding made available through ARPA, and guidelines for HOME funding are still being finalized. The ARPA proposal (due September 2023) has a minimum request of $250,000 for OOR. HCD's updated program guidelines include increasing funding amounts, offering up to $5,000 as a grant, while funding greater than $5,000 will be offered as forgivable loans for various affordability terms, depending on project cost.

Project Cost	≤ $5,000	$5,001 - $15,000	$15,001 – $25,000	$25,001 – $80,000	≥ $80,000
Structure	Grant	5-Year Loan	10-Year Loan	15-Year Loan	20-Year Loan, only within QCTs

While the addition of ARPA funds, HOME funds, and revised program guidelines will provide needed additional funding for OOR (total funding as well as on a per project basis), ACCGov should consider **funding OOR on an ongoing basis through the Local Housing Fund** and **increasing grant amounts to $10,000** to deliver longer-lasting repairs at lower administrative costs (than a loan).

Owner-Occupied Repair

ACCGov should allocate greater funding to the owner-occupied repair program, increase funding per household, and coordinate with local partners.

RECOMMENDATIONS

- **Expand funding for the program** per unit as well as to the total funding pool by dedicating dollars from the Local Housing Fund. ACC HCD should also look to layer in additional sources where possible, such as funding from the Inflation Reduction Act (IRA).
- **Consider increasing grants per homeowner household to $10,000.** With additional funding that HCD is currently pursuing alongside local sources, HCD could prioritize supporting more large-scale repair projects in the form of larger grants. While increasing grant amounts will necessarily reduce the number of households served, ACC HCD could have greater impact with large-scale projects that result in lasting repairs. Further, managing grants has lower administrative costs than forgivable loans, which require multiple touchpoints with nonprofits, contractors, and homeowners over long periods of time. Finally, ACC HCD should seek to balance broad public benefit and preserving affordability with individual and household wealth building (loans naturally lend themselves to the former goal while grants to the latter, depending on the affordability term).
- **Coordinate with Code Enforcement.** Partnering with ACCGov's Code Enforcement Division can ensure efficient utilization of resources and a reduction of code violations. The Code Enforcement Division can provide data on specific properties and geographic areas struggling to meet code compliance that the program can target.
- **Further refine the updated program guidelines to achieve greater efficiencies.** ACC HCD should ensure that its updated program provides meaningful assistance while reducing costs where possible. This might include assessing the proportion of administrative costs spent towards environmental reviews and maintaining loans of various affordability periods to create alternate approaches. Case studies included in this report offer a variety of financial and programmatic strategies for OOR that HCD could draw from.

Owner-Occupied Repair

ACCGov should allocate greater funding to the owner-occupied repair program, increase funding per household, and coordinate with local partners.

IMPLEMENTATION

Lead and Partners
ACC Housing and Community Development
ACC Code Enforcement
State and federal partners
Nonprofit partners and local contractors

Action Steps
1. ACC HCD should identify additional funding sources such as funding from the Local Housing Fund or Infrastructure Reduction Act (IRA) grants.
2. ACC HCD should collaborate with nonprofit partners, contractors, the Code Enforcement Division, and other key stakeholders to assess relevant data, set goals, and finalize an updated program design.
3. ACC HCD should begin administering funds.

Timeframe
<1 year

Funding Needs
$5,000-$80,000 per home, depending on nature of repairs and program parameters.

Owner-Occupied Repair

Municipalities across the country have implemented owner-occupied repair programs that allow for meaningful rehabilitation efforts.

Below is a selection of OOR programs from Milwaukee and Philadelphia, both of which are larger cities than ACC with larger budgets.

Case Studies | Milwaukee STRONG Homes Loan Program

The City of Milwaukee's STRONG Homes Loan Program began in 2015 and offers partially forgivable loans for emergency and essential home repairs. Funded by the City budget, loans are available for household incomes up to 150% of AMI for up to $20,000 per loan. The terms of the loan are determined by AMI level and other factors:

- <50% AMI qualify for loans at 0% interest
- 50-150% AMI qualify at 3% interest
- A deferred payment option is available to homeowners at <50% AMI and elderly homeowners (62 years or older), or disabled homeowners.
- The program contains a partial forgiveness "homeownership retention credit," which forgives 25% of the original principal amount of the loan for homeowners that own and occupy the property for ten years after completion of the project.

The program offers loans of $13,709 on average. After financial review of loan applications, homeowners are assigned a rehab specialist to provide technical assistance for developing a scope of rehabilitation work and assisting in obtaining bids from licensed contractors. Loans have been used for wide-ranging emergency and essential repairs such as roof repairs, leaking pipes, sewer problems, electrical hazards, and more. The program has been effective in helping residents age in place, serving many elderly homeowners living in aging housing stock.

Philadelphia Basic Systems Repair Program

The Philadelphia Housing Development Corporation's (PDHC) Basic Systems Repair Program (BSRP) provides grants to correct electrical, plumbing, heating, structural and roofing emergencies in eligible owner-occupied homes. BSRP's maximum grant amount is $18,000, and homeowners must earn less than 50% AMI to be eligible and are approved on a first come/first serve basis. Pre-qualified contractors are sent to homes by BSRP to complete needed work at below market prices. Total funding shifts based upon available dollars with the program primarily funded by the City of Philadelphia's Housing Trust Fund and CDBG dollars. A Temple University study found that fewer than 1% of homes that received BSRP grants were abandoned.

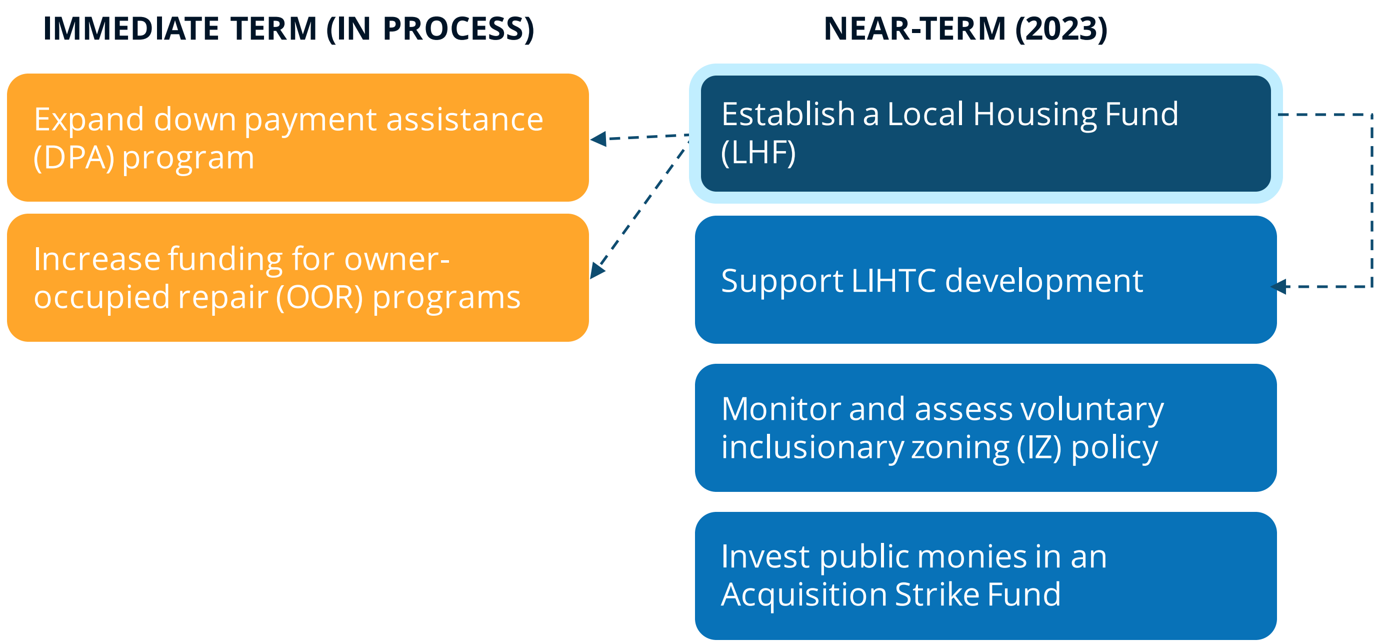
Sources: STRONG Home Loans Program, City of Milwaukee; Basic Systems Repair Program, Philadelphia Housing Development Corporation.

Implementation

Implementation

ACCGov should take immediate next steps within each strategy to meet housing need.

Timeline



Identify Ongoing Local Affordable Funding

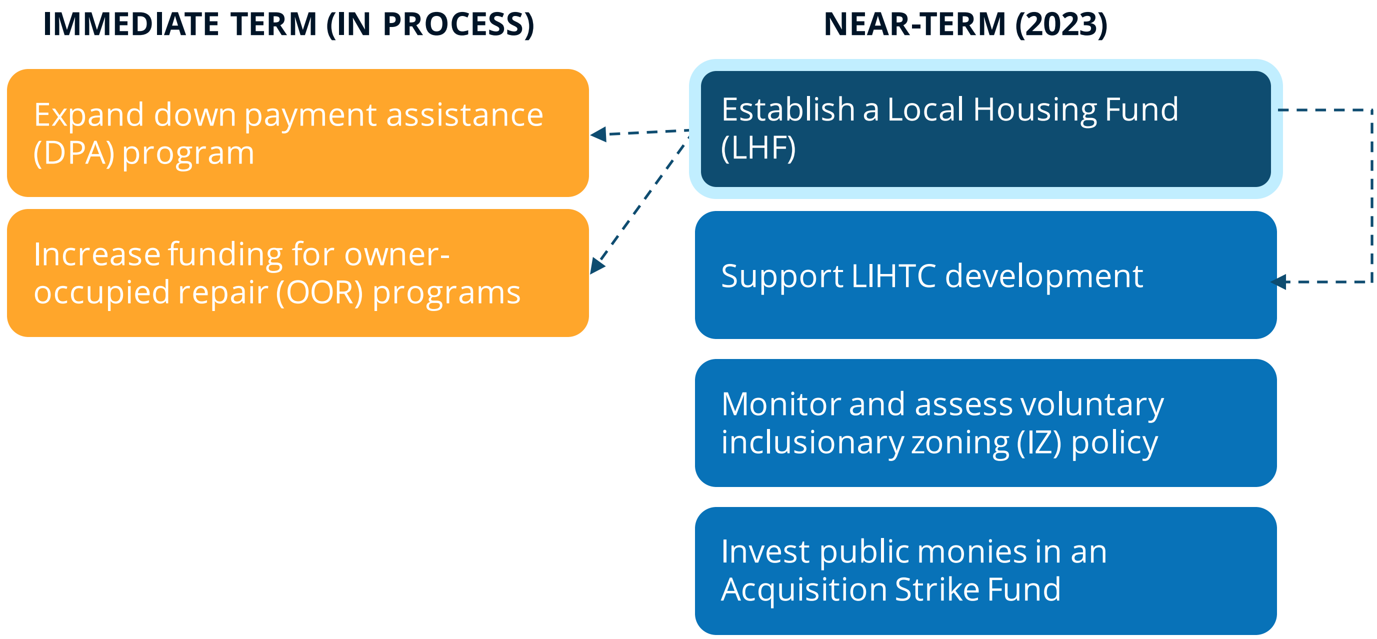
Take immediate actions to advance a Local Housing Fund to facilitate the implementation of Strategies 2 and 3.

1. ACCGov adopts the recommendation and requests an implementation plan to establish the Local Housing Fund.
2. ACCGov conducts initial research and evaluation on the availability and legality of using certain revenue sources.
3. Enabling legislation would authorize the creation of the fund and the reallocation of funds from ACC's general budget, establish the range of permitted functions and targeted purposes, and set forth the administrative decision-making structure.
4. Properly managing and overseeing the Fund requires establishing a range of key roles and responsibilities separate from existing housing initiatives.
5. The City should award funds through a competitive process, in most cases by request for proposals that are scored based on experience, capacity, alignment with public policy goals, efficiency, leverage, and other relevant criteria.

Implementation

ACCGov should take immediate next steps within each strategy to meet housing need.

Timeline



Build and Preserve Quality Affordable Rental Homes

Increase the scale of affordable rental homes in order to preserve and build new affordable housing.

1. Prioritize supporting increased LIHTC production by developing a clear application timeline and process for gap financing.
2. Streamline development approvals processes for LIHTC development, ensuring new projects can receiving zoning approval and move at a fast pace.
3. Update the voluntary inclusionary zoning ordinance to account for market shifts.

Expand Access to Homeownership and Support Existing Homeowners

ACC has a solid existing foundation to advance down payment assistance and owner-occupied rehabilitation programs.

1. Conduct outreach to key mission-driven lenders and other institutions, coordinating with nonprofit partners currently administering down payment assistance and owner-occupied rehabilitation in Athens-Clarke County who have existing relationships with lending partners.
2. Determine eligibility requirements, funding amount per household, and additional administrative expansion priorities to determine program cost.
3. Identify funding source for the two programs, likely from the Local Housing Fund.

Implementation

Governance of the AHIS will shape the efficacy and equity of decision-making, ultimately determining program implementation and community outcomes.

Overview

The AHIS requires a governance structure for successful implementation. The governance mechanism can set annual priorities and budgets, make funding decisions, and track impact.

An Advisory Board or Commission should have non-voting input into the AHIS policy goals and progress reports. The governance structure of the AHIS will be part of the local governmental structure but differs from a typical department or agency because it will have its own board of directors, advisors, or commissioners. **This could be accomplished by an existing board or committee.** For example, ACCGov could repurpose the Georgia Initiative for Community Housing (GICH) Committee to serve this role.

To reflect the needs and priorities of its community, the AHIS governance structure needs a diversity of perspectives – it should include those that participate in and benefit from housing programs as well as the housing professionals that run the programs. The governance mechanism must also reflect the racial diversity of ACC.

Best Practices

- Formalize the process to set priorities for implementation of the AHIS
- Include and empower community voices, including those who benefit from publicly-funded housing programs, in decision-making processes
- Build trust in the governance process by providing clear communication about priorities and reducing real and perceived conflicts of interest

Key Responsibilities

The primary role of the Board will be to reflect the public interest to the best of their ability in the prioritization of implementation steps and annual allocations of funds to implement the AHIS. **The Mayor and Commission will hold final decisions regarding funding allocation and disbursement.** Key responsibilities include:

- HCD's Community Impact Division and ACC Inclusion Office should oversee regular (annually or bi-annually) community engagement to gauge community priorities for AHIS;
- Review a draft Annual Allocation Plan that is produced by HCD and is reflective of community engagement. The Annual Allocation Plan is subject to approval by the Mayor and Commission; and
- Review funding priorities at a high level and provide input on the programs to receive disbursement of funds.

Implementation

The Board or Commission should be advised by key affordable housing stakeholders, including service providers, government officials, and other representative community members.

The following terms are typical for an advisory committee:

- **Membership**: 7-12 members
- **Officers:** A Board Chair and Vice Chair should be confirmed every 2 years by a majority vote of the Board. They are responsible for running meetings.
- **Term length:** 2 years
- **Working Groups:** Groups allow for in-depth discussions and exploration of topics that can be reported back to the Board. Any Board member should be able to propose a working group, in coordination with the Chair and Vice Chair, to be confirmed by a majority vote

Roles & Responsibilities

The following ongoing roles and responsibilities will need to be allocated across the different entities that will be involved in the administration, oversight, and governance of the AHIS:

Role/Responsibility	Description	Likely Responsible Party
Nomination of Board	Nomination of Board members based on the number of seats and representation as outlined in the AHIS bylaws.	Mayor and Commission
Community Engagement	Ongoing engagement to surface community needs and priorities for the allocation of money from the Local Housing Fund and implementation steps from the AHIS.	ACC HCD
Annual Allocation Plan (AAP) Recommendations	High-level recommendations for the distribution of funding across different program areas based on community input.	ACC HCD
Detailed Review of Funding Applicants	Detailed review of applications for funding within the program areas determined by the Annual Allocation Plan.	ACC HCD
Final Funding Decisions	Final decisions on both the annual allocation of funding and funding applicants.	Mayor and Commission
Administration of Meetings	Scheduling, coordination, and facilitation of regular Board meetings.	ACC HCD
Annual Report	Draft a publicly-accessible annual report of Local Housing Fund expenditures and AHIS progress that is multi-lingual and available online.	ACC HCD

Additional Tools

Public Land Disposition

Disposition of publicly owned sites can support affordable housing development either by discounting the sale price of land or providing funding through proceeds from land sales.

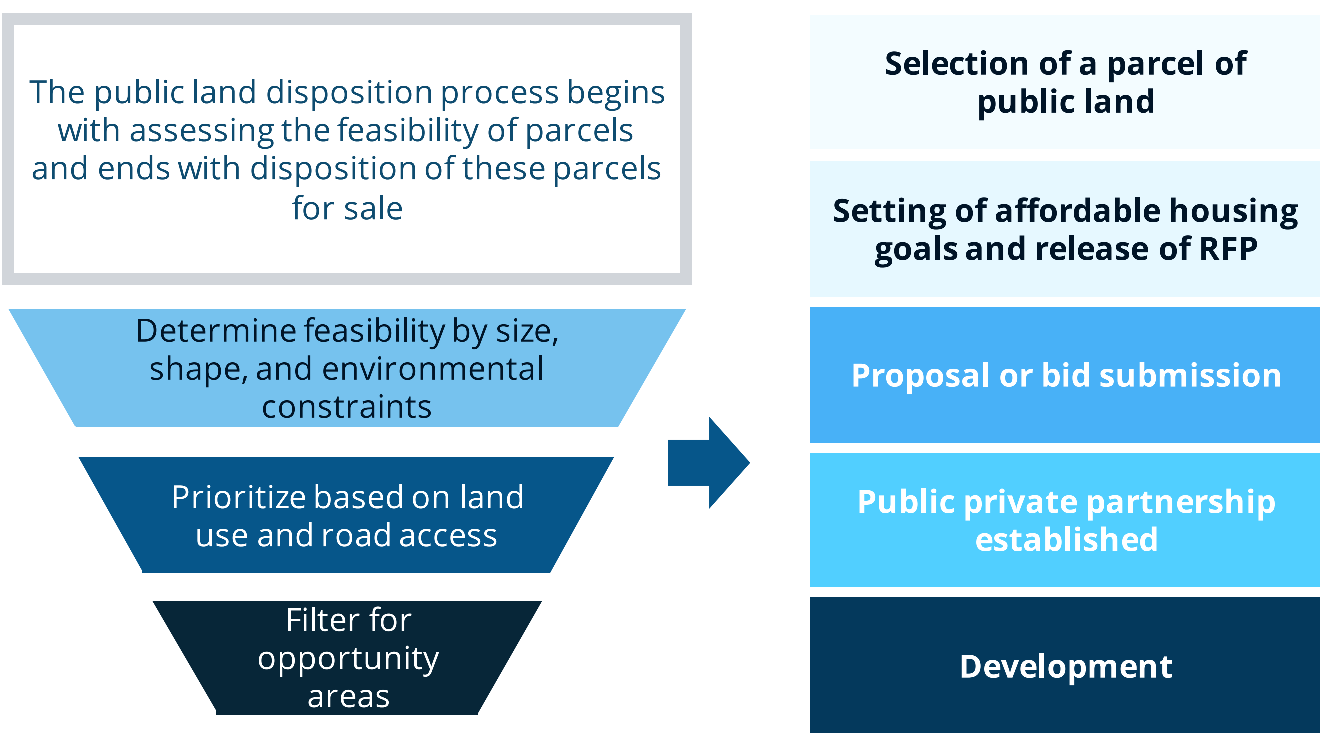
DEFINITION

A public land disposition policy for affordable housing is a process and set of criteria established by a local government **to select and sell or lease parcels of publicly controlled land at below market prices (often free) to improve affordability.** The reduced land price lowers the cost of development and allows for lower rents and greater affordability.

Planning for the disposition of public land to support affordable housing can take several forms, including:

- **Identifying suitable sites for affordable housing** and making them available at a discount to developers; and
- **Selling some sites** (including those not suitable for affordable housing) at market price and using proceeds to support other affordable housing efforts.

For projects where affordable housing is developed on-site, either as part of a fully affordable or a mixed-income project, ACCGov can offer the land at a discounted cost to provide an embedded subsidy for the affordable housing component. Particularly in strong real estate markets, land costs can pose a barrier to development of new affordable housing, often **comprising 20% of total development costs.** A discounted acquisition price can provide the margin for a developer to provide enhanced affordability.



Public Land Disposition

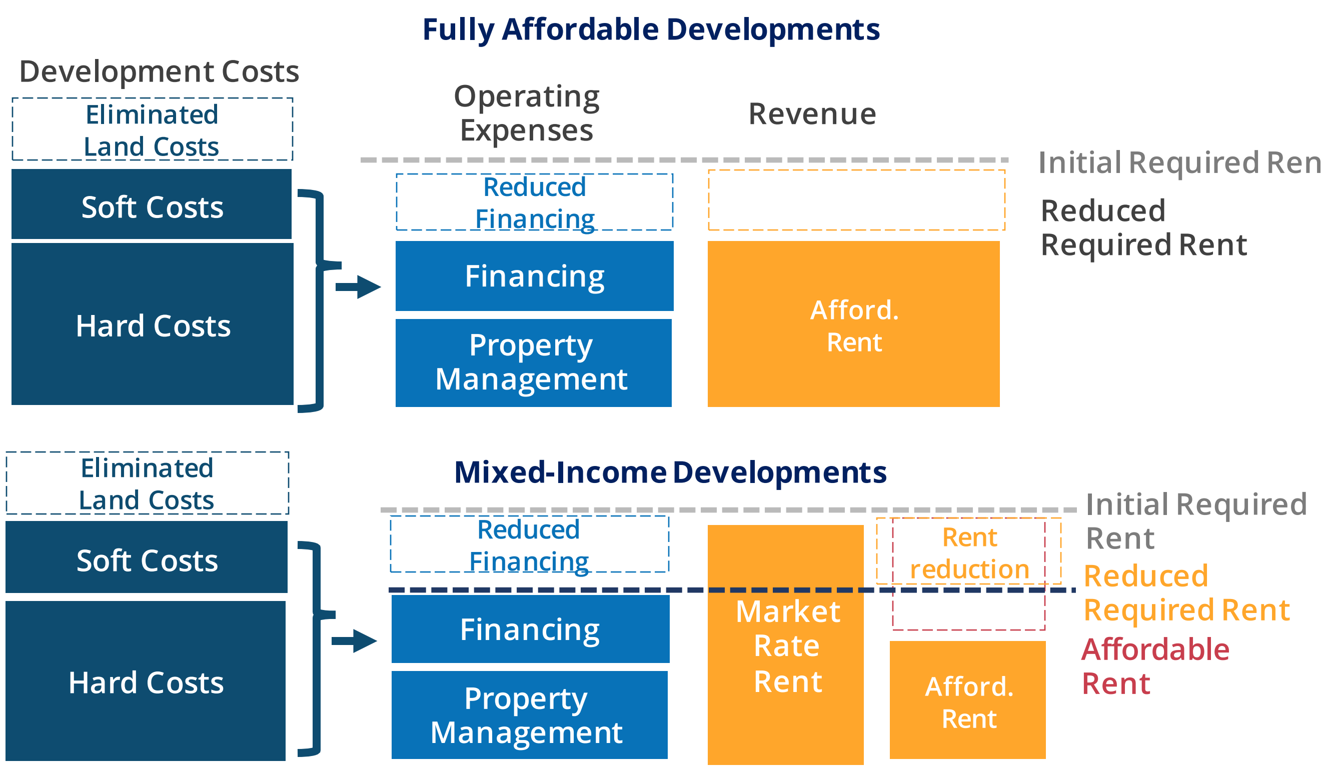
Disposition of publicly owned sites can support affordable housing development either by discounting the sale price of land or providing funding through proceeds from land sales.

DEFINITION

It is important to note that while discounted public land can help decrease the affordability gap, **for some projects, other in-kind or financial subsidies** (e.g., fast-track permitting) will be needed, particularly for housing that offers deep levels of affordability. The impact of public land disposition is directly tied to the quantity and quality of land made available for development. More and higher-quality parcels can have a greater impact on affordability. In most communities, a public land disposition policy alone, even with a significant portfolio of public land, will produce less than a hundred units annually. As such, **public land disposition should complement a larger housing affordability strategy and is not a solution on its own.** Requiring 100% affordable versus allowing mixed-income developments produce different impacts on rents:

- A requirement that 100% of the units be affordable creates more units with below market rents but lowers an individual units' rent by a smaller amount.
- If a public land policy allows for mixed-income development, the subsidy from the discounted land can be targeted to fewer units and those units can have significantly lower rents.

Reducing Land Costs Reduces the Affordability Gap



Public Land Disposition

Disposition of publicly owned sites can support affordable housing development either by discounting the sale price of land or providing funding through proceeds from land sales.

IMPACT

By making land more accessible and providing financial resources to developers, a public land disposition policy would encourage the construction of affordable housing. A disposition policy can also support:

- Increased production of affordable housing.
- Improved fiscal sustainability by returning public land to tax rolls and promoting development that increases property value.

CONTEXT

ACC used to have a **Land Bank Authority that acquired and deployed land** to advance public services. The Land Bank Authority had the power to acquire land that was deemed "non-revenue generating" and "non-tax producing." This translates to any vacant property that has delinquent taxes in ACC.

ACCGov owns land that is not necessarily positioned to support successful affordable housing because of its location. ACCGov owns 382 parcels that amount to 5,400 acres of land and at least 60 acres of that land is currently vacant. 183 of those parcels are greater than 1 acre, which can support residential development.

ACCGov may decide to sell land that is not located in priority areas but should maximize the price of these sales rather than prioritize providing subsidy to developers. The proceeds of these sales could be allocated to the Local Housing Fund. ACCGov should identify other key public landowners to locate additional land.

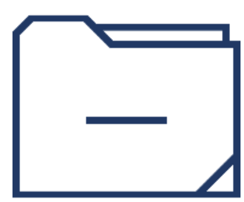
RECOMMENDATIONS

ACCGov should pursue restoring the ACC Land Bank Authority to advance public land disposition efforts. The Land Bank Authority is an important tool for acquiring and disposing of land because it has the regulatory backing that gives it the right to acquire vacant and abandoned property. Additionally, the Land Bank Authority will be better positioned to proactively pursue acquiring new land compared to ACCGov.

A restored Land Bank Authority should adhere to three key principles to maximize value and community benefit:

1. Include a broad portfolio of publicly-controlled land

2. Maximize the value of public land



3. Ensure a defined selection process

Public Land Disposition

Disposition of publicly owned sites can support affordable housing development either by discounting the sale price of land or providing funding through proceeds from land sales.

RECOMMENDATIONS

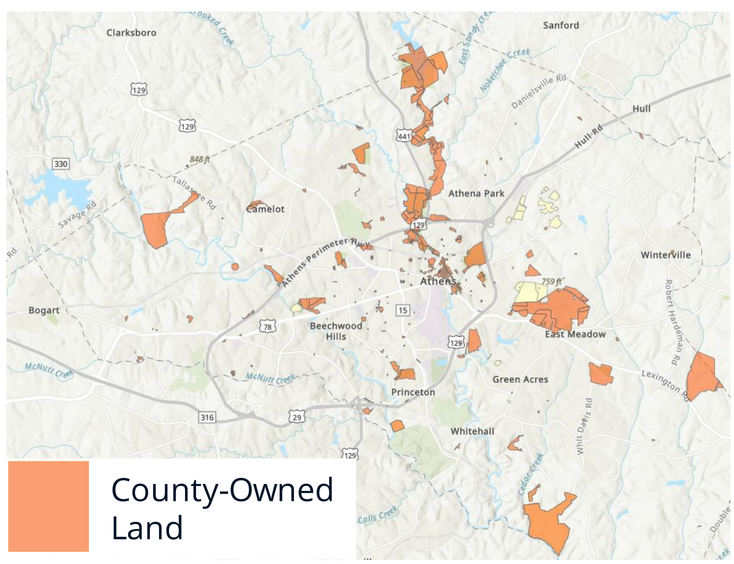
1. Include a broad portfolio of publicly-controlled land.
ACCGov should apply a public land disposition policy to land held by all governmental departments and quasi-governmental agencies under ACCGov's authority and collaborate with other public agencies (e.g., transit or redevelopment agencies, housing authorities, school districts, etc.) to advance strategic efforts in deploying public land.

ACCGov should look to prioritize high-value sites, rather than exempting sites in desirable areas. Instead of limiting the public land disposition policy to "surplus land," which only includes vacant and unused parcels, ACCGov should consider encouraging the co-location of government facilities and housing or the redesign of public facilities to support co-location.

2. Maximize the value of public land.
The greater the land value contributed to an affordable housing project, the greater the affordability that can be obtained. ACCGov should consider contributing land at the greatest possible discount to maximize affordability. ACCGov could also consider advocating for higher-density development, given that a local government is better positioned to gain approval for increased density than private developers.

3. Follow a defined selection process.
ACCGov must follow a straightforward selection process to encourage developer participation. To ensure community support, ACCGov should consider deploying a community engagement process to understand current residents' expectations and to avert opposition to development.

Public land used to improve housing affordability should be "fast tracked" through regulatory approval processes. A streamlined or "fast tracked" regulatory approvals process encourages developers to make proposals for the development of public land and speeds up the process of housing being brought online. This is another area where local governments can increase the value of the land and thus the subsidy available to support affordability.



Public Land Disposition

The City of Norfolk deployed a land disposition strategy that allowed them to turn vacant properties into affordable homeownership opportunities.

Case Study | City of Norfolk GEM Disposition Policy

The City of Norfolk's GEM disposition policy refers to vacant properties that are "hidden gems" with potential for redevelopment. GEM parcels are **properties the City of Norfolk acquired that:**

- Have nuisance abatement liens or delinquent tax liens;
- Are assessed at $50,000 or less;
- Delinquent taxes exceed 25 percent of the assessment; and/or
- The sum of delinquent taxes and liens exceed 50 percent of the assessment.

Norfolk then leverages these properties to **support affordable single-family infill development.** Program objectives include:

- Recover delinquent taxes and nuisance abatement costs
- Reduce the number of non-conforming properties throughout the City
- Increase the amount of single-family housing in Norfolk
- Enhance the safety and quality of neighborhoods through maintenance of properties
- Reduce the number of abandoned properties in Norfolk and increase the number of tax-generating properties

Before

Purchase Price: $38,600

After

Sales Price: $239,900

Source(s): The City of Norfolk Policy and Process for Disposition of GEM Lots.

Redevelopment of Public Housing

ACC should continue modernization of its public housing stock, advancing public-private partnerships to create vibrant mixed-income and mixed-use communities.

DEFINITION

Public housing is one of the primary ways to provide rental homes affordable to households making 30% AMI or lower ($24,420 for a four-person household). Reinvestment in public housing is a complex process that requires many years to plan and execute. Athens Housing Authority will ultimately decide on a program for redevelopment or rehabilitation, and ACCGov can help facilitate the process with resident priorities in mind.

IMPACT

The Athens Housing Authority (AHA) manages approximately 1,200 homes. Redeveloping these homes is one of the highest impact ways ACC can sustain affordability for the lowest income households. Further, redeveloping public housing into mixed-income community fosters more integrated and diverse communities and protects tenants from experiencing the negative health impacts of low-quality housing.

CONTEXT

Public housing authorities (PHAs) are responsible for planning, developing, and managing these developments with HUD funding. Public housing redevelopment can leverage LIHTC funds but can be funded from other sources as well and serves low- income households (50% AMI and lower). Redevelopment of public housing into mixed income communities requires extensive public funding to cover the cost of deeply affordable homes, and often to pay for infrastructure improvements and reduce the price of market-rate homes.

ACCGov and AHA have undergone two large-scale redevelopment efforts to modernize the quality of their public housing stock. Columbia Brookside was redeveloped in three phases from 2012 to 2018. The $59M project resulted in 370 units, a mixture of public, subsidized, and market-rate housing. North Downtown Athens Redevelopment Project, currently underway, is a partnership between AHA, ACCGov, and two private developers.

RECOMMENDATIONS

ACCGov should leverage the Choice Neighborhoods program to support public housing redevelopment. The program leverages public and private dollars to support redeveloping public housing sites into thriving mixed-income communities.

- The Choice Neighborhoods program provides planning and implementation grants to support public housing redevelopment.
- Planning Grants are used to develop comprehensive neighborhood revitalization plans focused on directing resources to address three core goals: housing, people, and neighborhoods. These plans are known as Transformation Plans and become the guiding document for redevelopment.
- Once communities have completed their Transformation Plan, they can apply for an Implementation Grant that will support efforts to redevelop the neighborhood.
- Funding for implementation grants range between $30 and $50 million and fund four to five projects throughout the country each year.

Redevelopment of Public Housing

ACC should continue modernization of its public housing stock, advancing public-private partnerships to create vibrant mixed-income and mixed-use communities.

RECOMMENDATIONS

Choice Neighborhoods Priorities

Housing	Replace distressed public housing with mixed-income housing
People	Improve outcome of households related to employment, income, health, and education
Neighborhoods	Foster investment in amenities and assets that are important to families

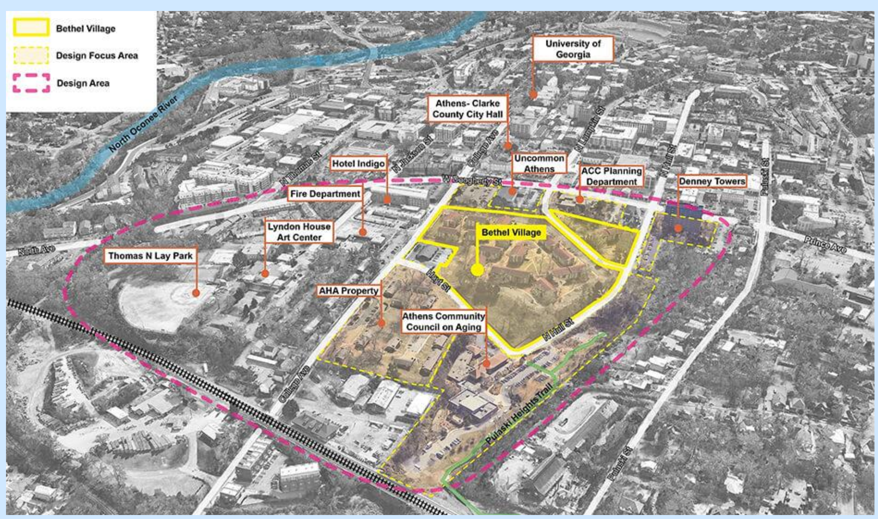
Additionally, ACCGov should:

- Coordinate its redevelopment efforts with efforts to support LIHTC projects. Most public housing redevelopment projects leverage 9% LIHTC funds because it provides the largest amount of funding. However, Athens-Clarke County can only receive one 9% award per year, limiting other LIHTC development that can occur in conjunction with redevelopment efforts.
- Assess its capacity to pursue Choice Neighborhoods funding and other non-local sources to fund public housing redevelopment.

Case Study | North Downtown Athens Redevelopment

Units: 715-875 (183 at 30% AMI / $24,420 for a family of four)
Clinic: 8,000 – 11,000 Square Feet (SF)
Active Uses and Services: 49,000 – 69,000 SF
Phase I Costs: $49.8 Million ($22M LIHTC, $11M local funding, $11M private loan, $4M GA DCA, $1M developer)
Other Local Funding: $39M in site infrastructure (SPLOST)

Note: The project is still in process, so only Phase I costs are available at this time.



Landlord Registry

Encourage landlords to register and pay a fee for rental units and provide regular reports.

DEFINITION

Local governments can create a process (registry) by which landlords register and pay fees for rental units and provide regular reports. Reporting includes the registry of rental units, updates on repairs, and business license fees.

In places where a landlord registry cannot be mandated, voluntary partnership programs can be tied to funding such as availability of funds for repairs, streamlining voucher application processes, and providing other support such as risk mitigation.

IMPACT

A landlord registry creates accountability for landlords to provide quality housing units, pay taxes, and meet other expectations; the registry can also be an important source of data for ACCGov on the number, price, and attached services of existing rental housing in their community.

CONTEXT

76% of affordable rental units in ACC are over 20 years old, creating an aging stock in need of repairs. Tenants in ACC would benefit from additional accountability for landlords to improve oversight and ensure timely and effective repairs. There is no landlord registry in ACC currently, and ACCGov can not establish a mandatory registry per Georgia law. However, ACCGov can create a voluntary registry and provide incentives for participation.

RECOMMENDATIONS

ACCGov should consider establishing a voluntary registry that provides meaningful incentives to landlords for participation. This would likely involve allocating two to three ACC HCD staff members to conduct landlord outreach and maintain the registry.

Program Design	Promote to Landlords	Operate
• Establish program guidelines and identify funding to support improvements	• Highlight incentives for landlords, which might include access to funding programs for repairs and renovations, streamlined voucher application processes, expedited inspections, and more	• Develop an efficient and streamlined reporting system for landlords to submit updates using technology • Use data to monitor and evaluate program effectiveness, regularly assessing participation rates, repairs and maintenance, tenant satisfaction, and other factors

Strategic Code Enforcement

Strategic code enforcement improves housing quality by incentivizing property owners to make needed improvements or sell noncompliant property.

DEFINITION & CONTEXT

Strategic code enforcement can be effective at improving housing quality for residents and incentivizing property owners to make needed improvements or sell noncompliant property. The process provides a mechanism to address neighborhood quality and safety concerns, while positively impacting the investments made by existing homeowners. It is important that code enforcement activities do not displace or penalize individuals who cannot afford to make repairs on their homes, by linking code enforcement activities with resources (financial, technical, or educational) for property owners (including owner occupants and often small landlords or landlords of low-income tenants) to make needed repairs.

For example, code enforcement agencies can work together with property owners between notice of a code violation and seizure of the property to support them in repairing and leasing the property (known as a vacant blighted property workout).

The recommended strategic approach typically contains three scenarios for the resolution of code compliance cases:

1. Owners can comply with building codes through publicly funded rehab programs ("fix it up");
2. The government can make repairs on behalf of owners who do not make required repairs and apply fines and liens to the property ("pay it up"); or
3. If the owner fails to pay liens or maintain the property, the property can be foreclosed and returned to the market under ownership that will invest in and maintain the property.

IMPACT

Strategic code compliance supports neighborhood reinvestment goals by reducing blight, improving property values, and increasing quality of housing for residents.

RECOMMENDATIONS

Developing a strategic code enforcement initiative typically requires two first steps:

1. First, to create a robust database of all properties with a history of code violations, including information on physical housing conditions, ownership, liens, foreclosure, past code activity, and heir status. This will assist in the prioritization of eligible properties for rehabilitation.
2. Second, local governments should develop outreach materials and community liaisons to help owners gain awareness, make repairs, and navigate the process while retaining ownership.

Strategic Code Enforcement

Strategic code enforcement works best when code enforcement officers work proactively with community members to prevent violations and get resources to resolve violations.

Case Study | Code Enforcement Partnership, Cleveland OH

In 2008, Cleveland listed 8,009 blighted and vacant homes as public nuisances. This blight was exacerbated by the ongoing foreclosure crisis, a national problem that grew to have strong local impacts. Given the considerable number of citywide properties to address, Cleveland's Building and Housing Department partnered with 19 neighborhood organizations to share information and coordinate enforcement.

This communication allowed the City to establish a code enforcement strategy that was responsive to community needs and complaints. They achieved this responsiveness by assigning Building & Housing inspectors to specific neighborhoods.

By leveraging the community groups' daily involvement with neighborhood residents and geographic expertise with local properties, the City was able to tailor its enforcement to properties that were priorities for the community. It charged its code enforcement officers not just to report violations in their assigned neighborhoods, but also to work with community groups and residents to identify and fix minor problems before they became violations. As a part of this proactive approach, code enforcement partners transferred information about City rehabilitation programs to community groups. As a result, leaders of these groups were better able to shepherd their neighbors through the rehabilitation programs, to prevent and resolve issues of substandard housing.

This partnership has resulted in a significant increase in the City's ability to quickly react to neighborhood concerns and nuisance properties. Since the program was enacted, demolitions increased by 484%, and board-up acquisitions within the City increased by 187%, suggesting the effectiveness of a strategic approach with community input can have on the availability of land or homes for infill development and renovation, and the quality of housing for existing neighbors.

Wealth Building

Housing costs are just one aspect of affordability. ACCGov can further help affordability by connecting low-income households with programs that increase incomes.

DEFINITION

Household wealth is essential for both household financial stability and economic mobility. Assets provide protection from financial shocks, such as a temporary job loss, an unexpected health care bill, or car repair expense. Households can also invest assets to help them build a better future. A study by the FINRA Foundation and SaverLife found that a household savings balance of over $250 is correlated with a 12 percent reduction in housing insecurity. Similarly, according to the Consumer Financial Protection Bureau, even a small amount of money in a savings account earmarked for education increases the likelihood that a child will enroll in and complete post-secondary education.

IMPACT

A wealth building program can support the nearly 16,000 households who make $35,000 or less (approx. 40% AMI for a family of four) in Athens-Clarke County, even when excluding university students. Nearly three out of every four of these households (72%) are renters, meaning they do not have the same access to wealth as the nearly 4,500 low-income homeowners.

CONTEXT

Several CDCs, including the Inner East Athens Development Corporation (EADC), focus on wealth building. EADC recently applied for ARPA funds to build two rental homes that come with an escrow account to support upward mobility and homeownership. ACCGov should monitor this program's progress and identify opportunities to advance similar efforts.

RECOMMENDATIONS

ACCGov needs to first assess the program goals and design it should prioritize to advance wealth building efforts.

- **Program Goals:** What households to target?
- **Program Design:** Will ACCGov create a new program or leverage existing programs? If creating a new program, will have to undergo programmatic design. If using an existing program, it will have to assess potential constraints.

ACCGov should encourage public housing residents to participate in the Family Self-Sufficiency Program or create new programs modelled off the Self-Sufficiency Program. The Family Self-Sufficiency (FSS) program is a federal program administered by public housing agencies to help households accrue savings if their rent increases. The program is designed to direct rent increases into a savings account for residents.

Under the FSS program, any rent increase caused by an increase in income will be held in an escrow (savings) account. The escrow account will accrue interest, allowing the household to build savings that they can access once they have met certain criteria. To access the funds, the program requires households to meet a set of goals they establish when entering the program, be employed, and no longer be receiving cash welfare.

Sources: FINRA Foundation and SaverLife, Consumer Financial Protection Bureau

Wealth Building

Many programs throughout the country help low-income renters build assets to position them for homeownership opportunities.

Case Studies | Homewise

Homewise is a New Mexico CDFI working with people pursuing homeownership throughout the state. The CDFI offers financial education designed to improve potential homebuyers' financial profiles, to help them access homeownership. Financial coaches help create and execute a financial action plan that includes goals such as increasing credit scores, decreasing monthly debt, and increasing savings. Homewise also offers access to the Homewise Mortgage and downpayment assistance to low- and moderate-income homebuyers, which reduces monthly mortgage payments for borrowers, who otherwise would have to pay mortgage insurance.

Compass Working Capital's Family Self Sufficiency (FSS) Program

The Compass FSS programs serve families living in federally subsidized housing. Compass partners in Massachusetts, Rhode Island, Connecticut, and Pennsylvania operate the programs. Similar to traditional FSS programs, Compass FSS participants have an escrow account that increases in value as their income and rent payments increases. Participants also receive financial coaching that helps them build their financial capability and savings, reduce high-interest debt, progress toward employment goals, and improve their credit scores.

Cornerstone Renter Equity Program

Cornerstone is a Cincinnati-based organization that helps low-income renters build wealth. Each month that residents fulfill their lease agreement, they earn "equity credits" toward a cash payment. Participants can earn additional equity credits by attending community meetings, actively engaging in family coaching, and making a community contribution. After five years, residents are vested, and the credits can be converted to a cash payment through Cornerstone. Residents average about $3,500 in Renter Equity credits in five years.

Sources: Local Housing Solutions

Single-Family Rehab and Infill

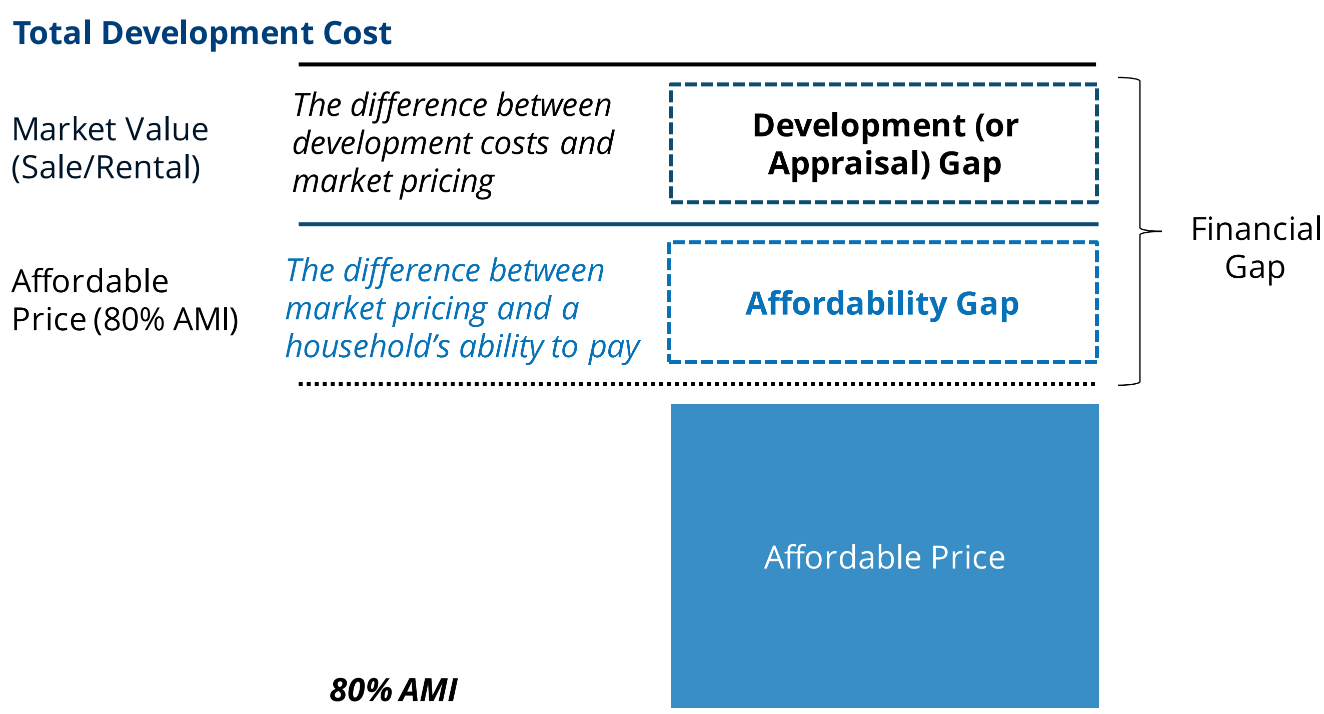
ACCGov should support large-scale rehabilitation and new construction of single-family housing in target areas to create a pipeline of move-in ready units for new homeowners.

DEFINITION

A single-family rehabilitation and infill program supports the large-scale rehabilitation and new construction of infill single family (or soft density) homes on vacant lots in target areas. **Single-family rehab and infill programs create a pipeline of move-in ready units for new homeowners and are often paired with down payment assistance.**

Houses in poor condition may require substantial renovation, and the market price of the renovated home in weaker markets may be less than the cost of renovation, requiring a subsidy. Local governments can provide this subsidy both (i) to incentivize development in neighborhoods with high vacancy, low home values, and a large supply of older housing, and (ii) to create homeownership opportunities for income-qualified households.

Developing affordable single-family housing can result in a large financial gap, comprised of the "development gap" and "affordability gap," which single-family infill programs address by providing subsidy, regulatory, or technical assistance.



IMPACT

By producing a pipeline of high-quality for-sale homes for new income-qualified homeowners, ACCGov can **increase access to homeownership** and **help residents build wealth** while **supporting housing quality in its neighborhoods.** By integrating infill affordable housing within existing neighborhoods, ACCGov **can encourage mixed-income communities of homeowners.**

Single-Family Rehab and Infill

ACCGov should support large-scale rehabilitation and new construction of single-family housing in target areas to create a pipeline of move-in ready units for new homeowners.

CONTEXT

ACCGov has been partnering with nonprofits including Athens Area Habitat for Humanity (AAHFH) and Athens Land Trust (ALT) to support the development of infill housing in existing single-family neighborhoods, but it can create a standard competitive process to provide support through consistent programs rather than individual projects.

In the case of market-rate for-sale homes, when the appraised value equals the total development costs (TDC), the homeowner does not need financial support. However, **income targeting results in an "affordability gap" between the appraised value/TDC and what a household can afford to pay.** In Figure 1 below, an 80% AMI household ($61,520 for a four-person household, HUD 2022) in ACC has a purchase capacity of $230,000, creating an affordability gap of $45,000. This example assumes a TDC of $275,000 which is at the lower end of the range of single-family TDC.

In some cases, as in weaker markets, **if TDC exceeds appraised value, it leads to a "development gap" in addition to the "affordability gap,"** as shown in Figure 2 below where the TDC is $340,000, exceeding appraised value by $65,000. In this case, the development will not happen without subsidy to fill the development gap.

Figure 1: Appraised Value Equals Total Development Costs

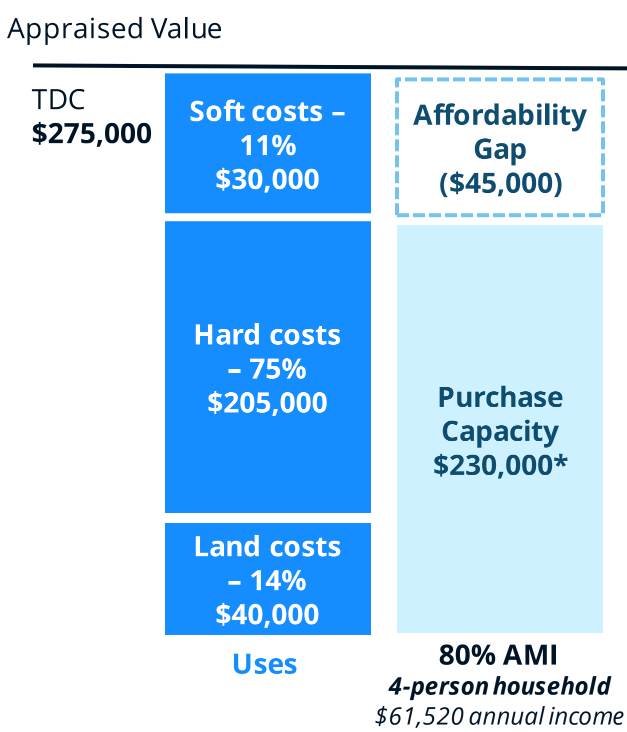
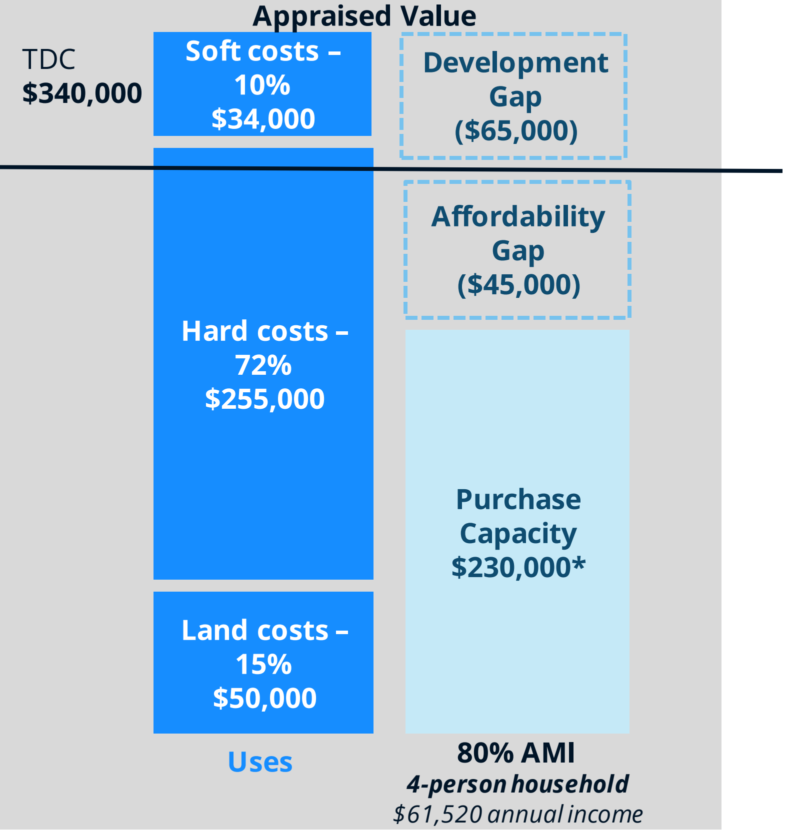


Figure 2: Total Development Costs Exceed Appraised Value



* Assuming 0% MIP, 3.5% down payment, 6.3% interest rate, 32% mortgage cost ratio, 30-year fixed rate mortgage.

Single-Family Rehab and Infill

A successful rehab and infill program will require Local Housing Fund support, greater local contractor capacity, and pairing the program with other forms of homeownership assistance.

RECOMMENDATIONS

ACCGov should support private and nonprofit developers working on single-family infill development and rehabilitation in existing neighborhoods. **Public support can include providing land, regulatory relief, technical assistance, and funding subsidies in the form of land, grants, and low-cost loans.** New homes should be sold at market value to income-qualified homeowners who receive counseling and down payment assistance.

ACCGov should establish a formal program that uses Local Housing Fund dollars, builds local contractor capacity, and pairs the initiative with down payment assistance and other homeownership support.

1. **Create a standard competitive process** to provide support (public land, subsidy, regulatory relief, etc.) through a standalone program rather than individual projects.

2. **Explore dedicated (local) funding source**, with fewer compliance requirements than federal funds. Provide up to $50K subsidy to cover the affordability gap of single-family development.

3. **Create partnerships between for-profit and nonprofit stakeholders** for greater scale and reach. ACCGov can strengthen the capacity of the program by investing in local contractors. Given their smaller scale, infill projects are naturally aligned with the skill sets of small businesses, particularly those who are already established in a given city or region. ACCGov can provide technical assistance (such as help with navigating City permitting processes) to contractors interested in becoming qualified for home repair projects. This will support neighborhood reinvestment goals through consistent and focused rehabilitation of properties, while also aiding in workforce development in ACC by providing a pipeline of construction employment opportunities and building more small businesses in the area.

4. **Pair with the down payment assistance program** to create a pathway to ownership.

Single-Family Rehab and Infill

Successful programs often target specific neighborhoods, offering programs for homebuyer support alongside subsidy for rehab and infill.

Case Studies | Baltimore Vacants to Value

Baltimore's Vacants 2 Value program is an example of how cities can use City-owned land and properties to promote renovation and infill development, while decreasing the barriers to homeownership in areas with declining population and limited housing stock. While the program began in a few select neighborhoods, as its impact on Baltimore's housing became more noticeable it received the public support necessary to scale up over time to meet growing interest in neighborhoods across the City.

In 2010, the City of Baltimore launched the Vacants to Value initiative with the goal of raising property values, attracting new residents and businesses, and increasing local tax revenue. At the time of the program's launch, Baltimore had over 16,000 known vacant properties and a declining population.

The program has helped streamline the disposition of City-owned properties and used the City's code enforcement process to promote rehabilitation without court action in stronger neighborhoods. The program also connects potential homebuyers with rehabbed homes to buy vacant properties to rehabilitate and provides properties to large and small private developers and nonprofit developers through a competitive bidding process. The program has seen success in many neighborhoods, and as of late 2018, Baltimore had rehabilitated 4,200 vacant buildings and demolished more than 2,700.

New Orleans Construction Lending Program

The New Orleans Redevelopment Authority provides land, construction financing, project subsidy, and homebuyer subsidy for the development of affordable homeownership units through its Residential Construction Lending programs.

The Redevelopment Authority provides financing and discounted land at 10% of appraised value to approved developers to eliminate blight and develop housing on vacant and delinquent lots.

The Redevelopment Authority purchased hundreds of vacant and delinquent lots in target neighborhoods and sold them to vetted developers through a competitive RFP process. Each home was eligible to receive up to $30,000 in subsidy as well as a construction loan. Developers were limited to 5 properties each. Homes were sold to qualified homebuyers at or below 120% of AMI.

Title Clearance/ Heirs Property

ACC has many older homeowners who may not have the means to navigate the legal system to pass home titles to descendants.

DEFINITION

Unclear legal ownership of a property — also called a tangled or cloudy title — most often occurs when homeowners die, and their heirs do not record new deeds for the homes. The chief concern with this is that many property maintenance assistance programs necessitate that the resident seeking help be the legal owner of a property in order to obtain assistance. To resolve and prevent tangled titles, there must be education about the problem and its consequences, funding for legal services to create tangled-title programs, and financial support to cover the out-of-pocket costs of these cases.

IMPACT

Facilitating the passing of titles from older, existing homeowners to heirs will promote intergenerational wealth transfer. The effort to resolve tangled titles is crucial to preserving ACC's housing stock and neighborhood quality. By moving home titles into the names of heirs, local programs and partnerships will support increased homeownership in ACC, build community and generational wealth, and address property maintenance issues that could have perpetuated an unsafe living environment or resulted in resident displacement.

CONTEXT

Approximately 35% of ACC's 19,370 homeowners are 65 or older, meaning **nearly 6,800 homes are eligible to be passed down to future generations in the next couple of decades**.

RECOMMENDATIONS

Untangling a title takes a tremendous amount of time and resources but is essential. ACCGov can help address heir title assistance through the following measures:

- **Identify a local partner who can support educational programs** to ensure that homeowners know what a tangled title is, how probate works, and why a will is important. Require attending courses for programs such as down payment assistance and homeowner rehabilitation.
- **Increase funding for legal assistance and title clinics** to help prevent and resolve tangled titles for those without the means to pay. In addition to title assistance, legal services can provide comprehensive will and estate planning, which is one of the most effective ways a homeowner can prevent a tangled title.
- **Develop resources for applicants turned away from support programs** for lack of a deed demonstrating ownership, and, where possible, allow provisional participation in these programs while the tangled title is being remedied.
- **Foster partnerships with local organizations** to help reduce case-costs, which may include: i) probate and estate administration fees, ii) inheritance tax, iii) transfer taxes, iv) recording fees, v) advertising fees, and vi) delinquent utilities and real estate taxes. These costs are one of the primary reasons low-income residents do not resolve their title cases; they cannot afford them.

Title Clearance/ Heirs Property

Successful programs offer funding to partners who support homeowners to resolve cases and take proactive measures to avoid tangled ownership.

Case Studies | Philadelphia's Tangled Title Fund

In recent years, the City of Philadelphia has been making efforts to prevent and solve tangled titles. With the City's Tangled Title Fund program, legal service attorneys and their clients apply to the fund for grants to cover the costs of their tangled title cases. The average fund recipient receives $1,200 toward the costs of resolving a case.

This aid empowers elderly homeowners to prepare wills so that the title to their property remains clean after their passing, and their homes do not eventually become vacant or blighted. Recently passed legislation has also required funeral service providers to tell people how to avoid muddled legal ownership of a property after an owner dies.

Athens-Clarke County Affordable Housing Investment Strategy

HR&A

Athens-Clarke County
UNIFIED GOVERNMENT

August 2023

Appendix

Appendix

The appendix provides supplementary information and background research conducted during the plan development process.

Developing the Affordable Housing Investment Strategy (AHIS) was a months-long process that included intentional community engagement and a quantitative assessment of the housing trends impacting ACC. While this information informed the entire AHIS, the detailed findings are placed in the appendix to ensure that the main body of AHIS report focuses on the recommendations and implementation steps. The appendix provides a more detailed breakdown of the community engagement process, housing conditions assessment, and supplemental explanation of the down payment assistance program.

Community Engagement

HR&A Advisors and ACCGov engaged local stakeholders and residents throughout the entire process to ensure as many voices as possible were incorporated in the AHIS' findings and subsequent recommendations. This section provides a detailed overview of the community engagement process and a snapshot of feedback received.

Housing Conditions

HR&A conducted a Housing Needs Assessment, informed by community engagement, to understand the current housing conditions in ACC. While this information is summarized in the main portion of the AHIS, the Housing Conditions section in the appendix functions as a standalone document, providing an in-depth look at the housing conditions in ACC.

Down Payment Assistance Structure

This section provides a more in-depth description of how down payment assistance programs are structured. The recommendations section of the AHIS prioritizes detailing the recommendations and implementation steps, so a more detailed understanding of the program structure is placed in the appendix for those who want to understand more specific and nuanced information.

Area Median Income Table

This section provide a table of AMI levels per HUD's 2023 income limits and a detailed explanation of the AMI definitions.

Glossary

Provides a definition of all key terms used throughout the AHIS.

Community Engagement

Community Engagement

The Affordable Housing Investment Strategy was developed over a 9-month planning process to evaluate conditions in ACC today and prioritize strategies for the future.

Developing the Affordable Housing Investment Strategy

In response to a growing need for affordable housing, Athens-Clarke County Unified Government (ACCGov) undertook a 9-month housing planning process to evaluate conditions in ACC today and create a plan to have enough housing for all. To begin, HR&A conducted an in-depth review of previous affordable housing plans and strategies produced for ACC, including the 2021 Consolidated Plan, 2019 Georgia Initiative for Community Housing (GICH) report, 2017 Envision Athens Action Agenda, 2016 Workforce Housing Study, and more. The Affordable Housing Investment Strategy (AHIS) was then completed in four major phases: (i) review and analysis of changing market conditions, (ii) discussion of community goals and priorities (throughout all phases), (iii) development of strategies, and (iv) completion of the final plan.

Planning Process

Existing Conditions Review → **Strategy Development** → **Plan Drafting & Approval**

Stakeholder Engagement

Committee Meeting #1: Overview of the Study **December 2022**	Committee Meeting #2: Housing Needs **February 2023**	Committee Meeting #3: Housing Goals and Tools **April 2023**	Committee Meeting #4: Recommendations **July 2023**

23 Interviews with ACCGov Staff and Local Stakeholders, including affordable housing developers, continuum of care and advocacy organizations, and other institutions.
January – May 2023

Community Meetings
May – September 2023

83
Survey Respondents

~17
Organizations Engaged

28
Meetings with Stakeholders

Advisory Committee Meetings: Key Themes

In Advisory Committee meetings, participants expressed interest in new ways to provide affordable housing and highlighted the lack of affordable options in ACC. There was interest overall in adjustments to current programs to better meet housing needs, as well as new programs to meet some of the more pressing housing challenges in ACC.

Community Engagement

Community engagement was central to developing the Affordable Housing Investment Strategy. There were three engagement components over 9 months.

Advisory Committee

ACCGov staffers, housing experts, residents, and elected officials

Public Outreach

Diverse audience of ACC residents and housing professionals

Individual Interviews

Interviews and meetings with ACC community members and housing experts

Advisory Committee: HR&A engaged ACCGov's Affordable Housing Advisory Committee throughout the process.

Public Outreach: HR&A prepared materials and helped coordinate over two public meetings in the community, hosted by ACCGov staff. Additionally, feedback was gathered through a survey, offered in Spanish and English.

Individual Interviews: HR&A conducted interviews and held targeted meetings throughout the process to ground-truth findings and gather feedback on housing tools and potential implementation challenges. Over the course of the 9-month period, HR&A spoke with over 15 local housing experts to understand the full picture of housing need in ACC.

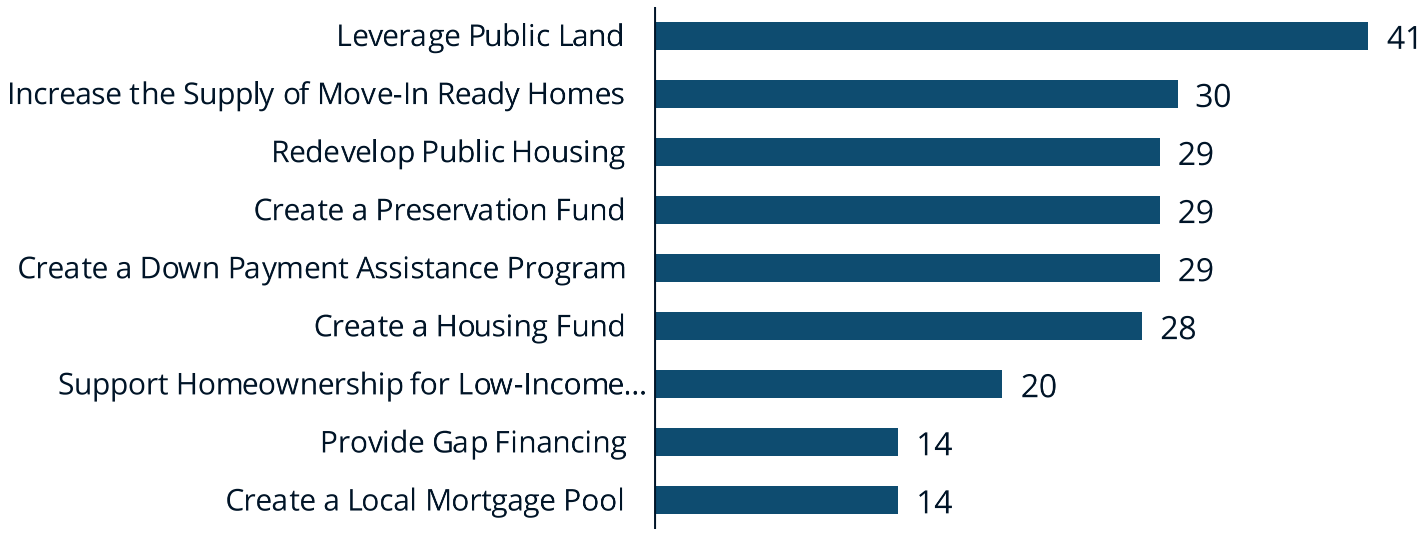
The following community organizations were engaged during this process:

- Advantage Behavioral Health
- Athens Area Chamber of Commerce
- Athens Area Council on Aging
- Athens Area Habitat for Humanity
- Athens Homeless Coalition
- Athens Housing Authority
- Athens Justice and Memory Project
- Athens Land Trust
- Athens Pride and Queer Collective Acceptance Recovery Center
- Churchill Mortage
- Columbia Residential
- East Athens Community Development Corporation
- Envision Athens
- Extra Special People
- Hancock Community Development Corporation
- Historic Athens
- Inner East Athens Neighborhood Association
- JNS Realty, LLC
- UGA Archway Partnership

Community Engagement

Survey respondents showed high levels of support for many of the recommendations in the AHIS.

PROPOSED SOLUTIONS RANKING: NUMBER OF TIMES RANKED AS TOP THREE PRIORITY (78 TOTAL REPONDENTS)



The survey was provided as a link on the ACCGov website for two months and participants in community meetings were encouraged to respond.

- **71%** of renter respondents experienced rent increases of over $100 in the past five years.
- **29%** of renter respondents experienced rent increases of over $300 in the past five years.
- **39%** of respondents said high prices have prevented them from becoming a homeowner.

"A number of units of any new housing development should be assigned to people experiencing homelessness in ACC."

"People working full time often cannot afford to live in Athens."

"Artists, musicians, and other creatives can no longer afford to live in the city."

"This issue cannot be solved without taking into account the growth of UGA's undergraduate student population and their need for student housing, which developers take advantage of and ask above market prices."

"I am concerned about not only actual low-income ACC residents, but also concerned about middle-income residents in ACC, like me. I don't qualify for subsidized housing, but I can't afford a house here."

Note: There were 83 total responses from community members.

Housing Conditions

Housing Conditions Overview

Athens-Clarke County does not have enough affordable homes to meet the need of its residents.

Based on data analysis, community engagement, and interviews with impacted individuals and those who provide services to those households, **ACC's most pressing housing needs can be understood in three major categories:**

Rental Affordability

Athens-Clarke County has many low-income renter households who primarily rely on lower-quality, market-rate, small multi-family rental properties for affordable homes. Steady population growth and limited housing development has reduced vacancy and pushed up rents faster than incomes, leading to growing affordability challenges. Additionally, student housing competes with families for rental homes, driving up prices for single-family rental homes.

Access to Homeownership

Athens-Clarke County has a low homeownership rate: 47% compared to 64% in Georgia. Multiple factors contribute to the low homeownership rate including the higher mortgage denial rate for middle-income Black households, and the limited supply of quality move-in ready homes for sale. Further, a significant portion of existing homeowners are lower income and appear to be struggling to maintain their properties. Due to recent increases in sales prices and interest rates, the median household cannot afford the median house price. Additionally, anecdotal evidence suggests investors have been purchasing homes from existing owner-occupants and converting them to rental housing for UGA students, decreasing the stock of for-sale housing.

Systems

ACCGov works with several local partners to address a variety of housing needs but does so with a modest amount of federal funding (averaging $1.7 million annually). Large affordable housing development has relied on partnerships with developers from outside the region. Improving housing affordability will require expanded funding and building mission-driven affordable housing capacity in ACC.

Racial disparities impact all aspects of housing. A history of segregationist and exclusionary housing policies at both the local and national levels have contributed to ACC's current challenges, including racial disparities in homeownership. These policies also limited access to mortgages and homeownership opportunities for Black, Indigenous, and People of Color (BIPOC) households and have kept property values depressed in BIPOC communities.

Rental Affordability

Athens-Clarke County has 11,000 renter households making less than $35,000 and not enough homes to house them, impacting both sides of the affordability coin.

Low-Income Renters	The high number of lower-income renter households in Athens-Clarke County creates a need for an equally large number of affordable rental homes.	**62%** of renters make less than $50K
Market-Rate Affordable Homes	The reliance on market-rate affordable homes means that rents and property conditions are directly impacted by market pressure.	**80%** of affordable homes are market-rate affordable, older properties
Increasing Market Pressure	ACC has experienced sustained growth, but limited housing development to accommodate that growth has led to declining vacancy rates (5% in 2021) and rising rents.	**15%** increase in average rent from 2020 to 2022
Limited Subsidized Housing	The number of subsidized rental homes is a small fraction of the need and development of new affordable homes is not keeping up with growing need.	**56** Subsidized affordable homes built from 2019 to 2021

Source(s): 2010-2020 American Community Survey, CoStar

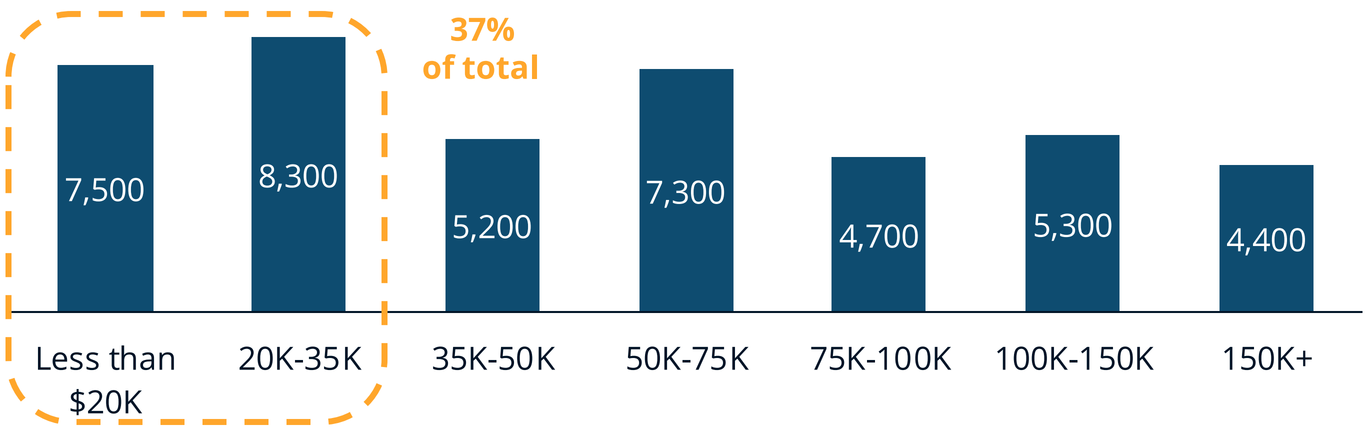
Rental Affordability

The high number of lower-income renter households in Athens-Clarke County creates a need for an equally large number of affordable rental homes.

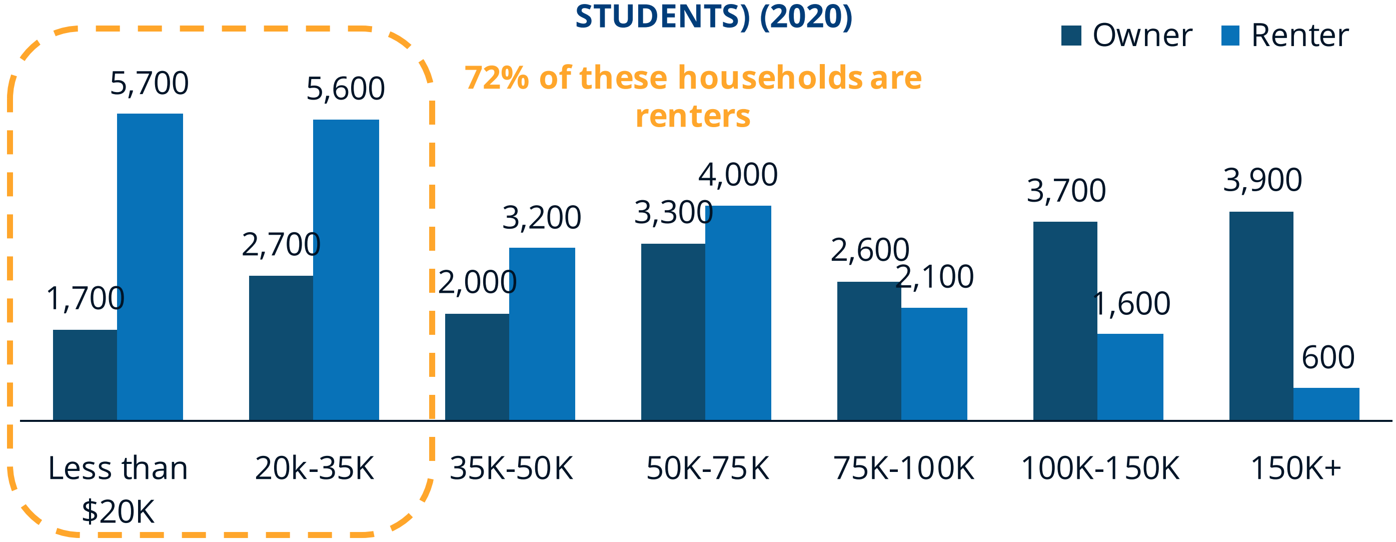
Household Incomes

Athens-Clarke County has nearly 16,000 low-income households (earning <$35K), equaling 37% of all households. This proportion is far higher compared to the State of Georgia where 29% of all households earn <$35K. The majority of ACC's low-income households – 11,300 or 72% – are renters.

POPULATION BY HOUSEHOLD INCOME (NUMBER OF HOUSEHOLDS, EXCL. STUDENTS) (2020)



POPULATION DISTRIBUTION BY INCOME AND TENURE (NUMBER OF HOUSEHOLDS, EXCL. STUDENTS) (2020)



Note: Chart excludes students
Source(s): ACS 2020 5-year estimates

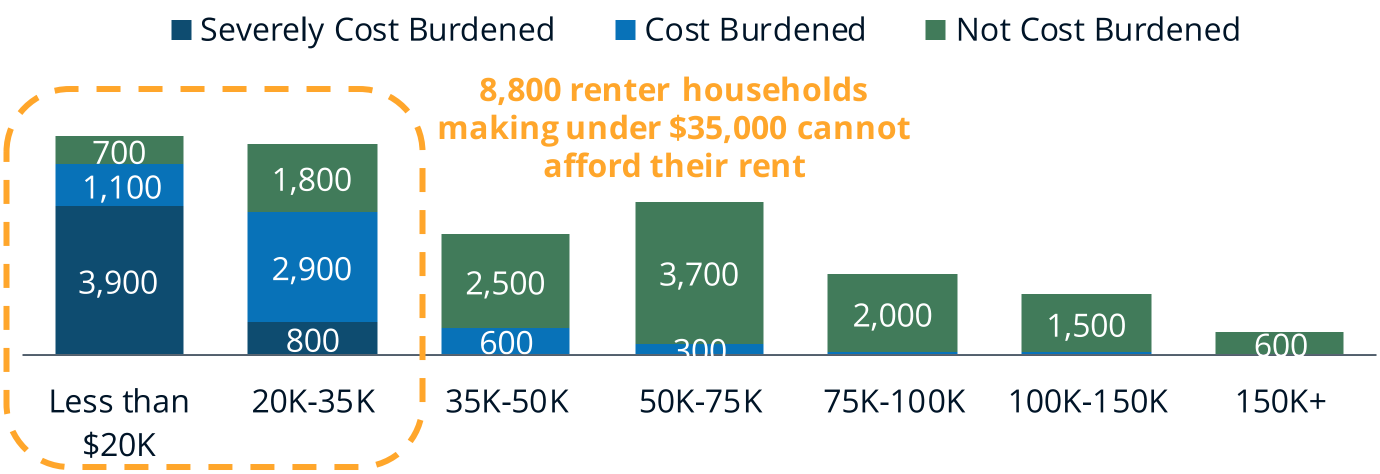
Rental Affordability

Renter households making less than $35,000 a year, single-income households, and senior households are the most likely to be cost-burdened.

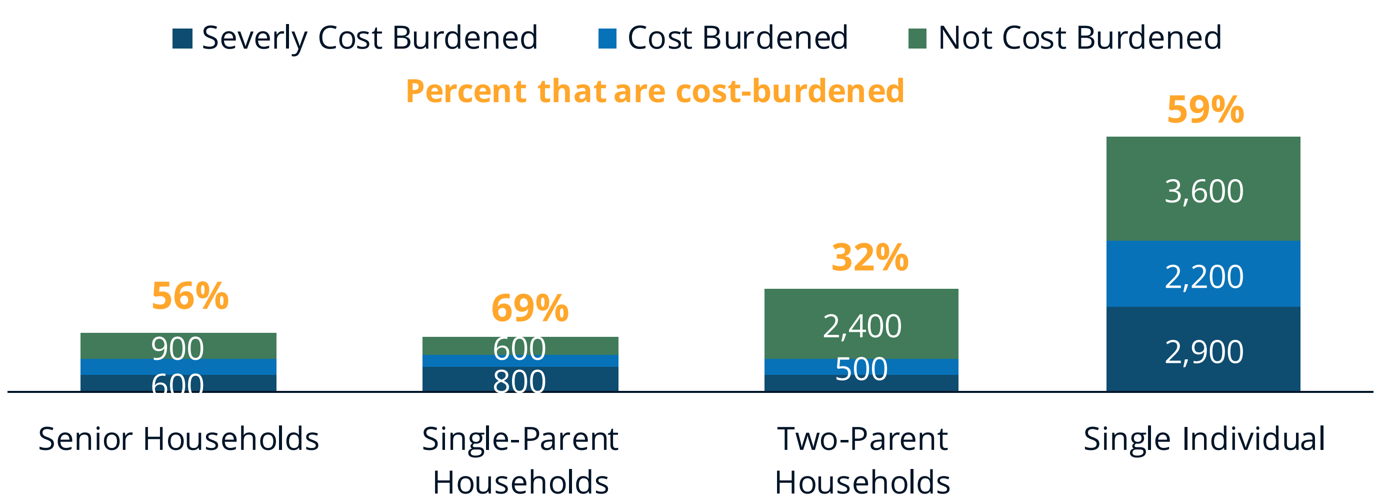
Cost Burden

The vast majority (89%) of households that are cost burdened in Athens-Clarke County earn less than $35,000. Over half of single-person households, single-parent households, and senior households are cost burdened (almost 7,500 households).

RENTER COST BURDEN BY INCOME (EXCLUDING STUDENTS) (2020)



SHARE OF COST BURDENED RENTER HOUSEHOLDS BY HOUSEHOLD TYPE (EXCLUDING STUDENTS) (2020)



Note: Chart excludes students
Source(s): ACS 2020 5-year estimates

Rental Affordability

New and existing renters are equally as likely to be cost-burdened, despite new renters having higher incomes than existing ones.

Cost Burden

While new renters in Athens-Clarke County have higher median incomes, by $9,000, they are just as likely to be cost burdened as long-time households. Cost-burdened renters are concentrated to the southeast of downtown Athens, adjacent to the University of Georgia.

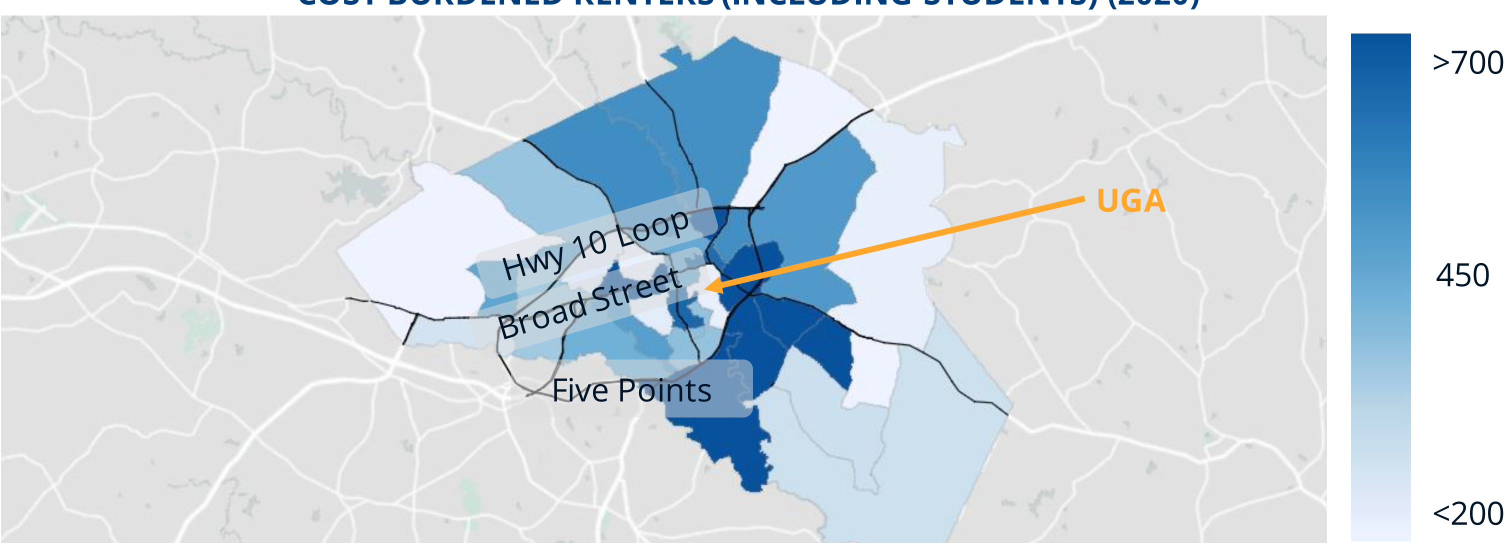
RENTER PROFILE (2020)

	New Renters *(Moved into current unit within last 2 years)*	**Existing Renters** *(Longer term residents)*
Total Households	10,500	12,200
Median Income	$39,700	$30,700
Share Cost Burdened	45%	45%
Share Non-White	44%	59%
Average Rent Paid	$920	$830

Despite having incomes higher than those of existing renter households, new renter households are spending more than they can afford on rent, likely because they are more likely to move in to newer, higher cost housing.

Note: Chart excludes students
Source(s): ACS 2020 5-year estimates

COST-BURDENED RENTERS (INCLUDING STUDENTS) (2020)



Note: Chart includes students
Source(s): ACS 2020 5-year estimates

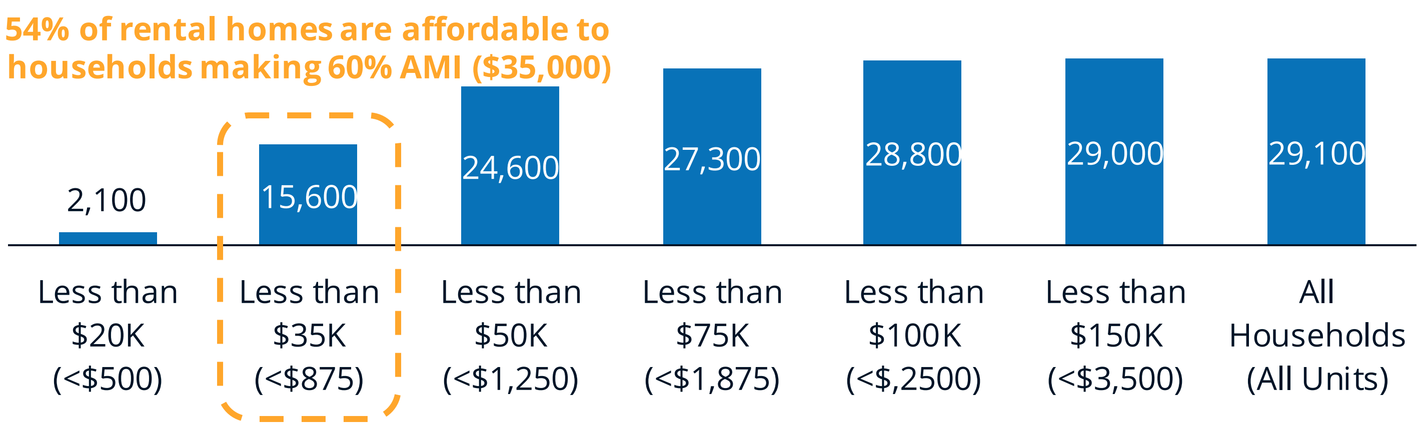
Rental Affordability

While over half of the rental homes in ACC are affordable to households making $35,000, there is still a shortage of these homes, particularly for households making $20,000.

Housing Gap

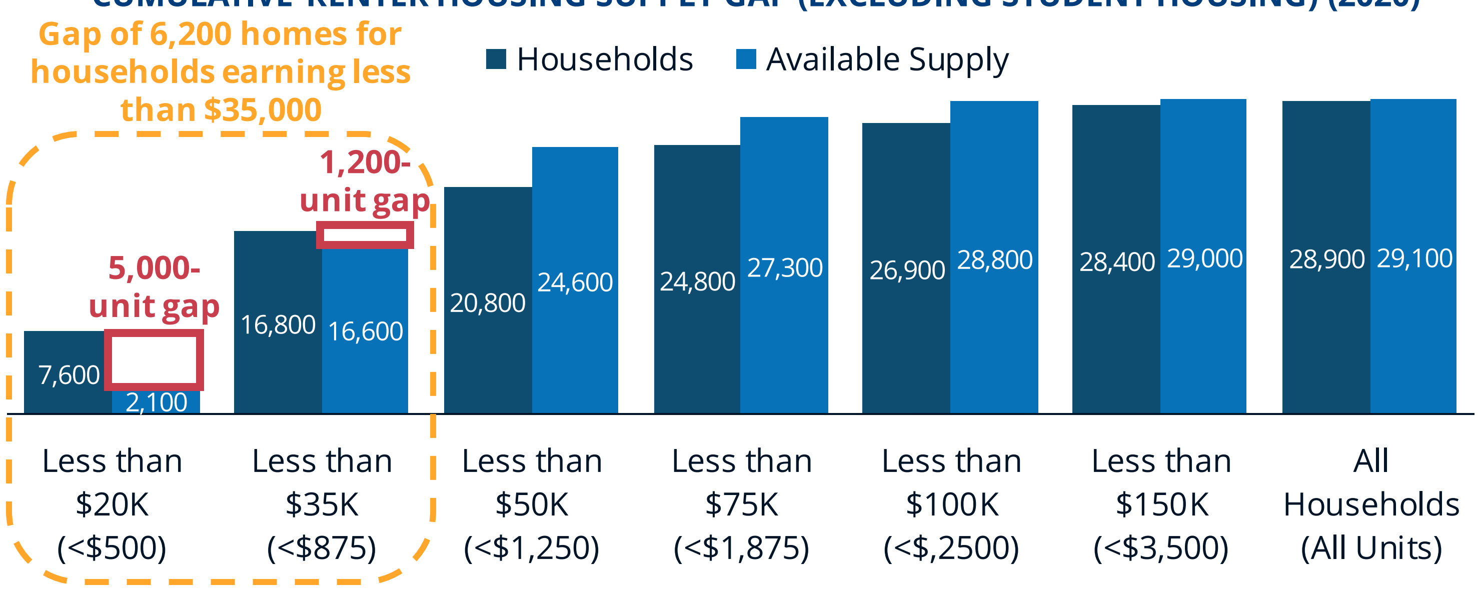
More than half of the available housing stock is affordable to households earning <$35,000. Despite this, there is still not enough affordable housing to meet the need, especially for those earning <$20,000.

CUMULATIVE RENTAL HOUSING SUPPLY (EXCLUDING STUDENT HOUSING) (2020)



Note: Chart excludes on-campus student housing, which is counted as “group quarters” per the Census.
Source(s): ACS 2020 5-year estimates

CUMULATIVE RENTER HOUSING SUPPLY GAP (EXCLUDING STUDENT HOUSING) (2020)



Note: Available housing excludes on-campus student housing, which is counted as “group quarters” per the Census. Students are included in households.
Source(s): ACS 2020 5-year estimates

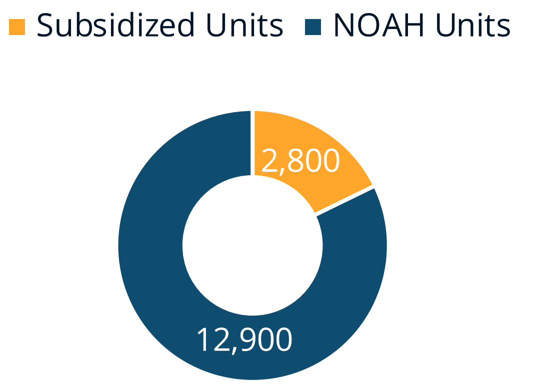
Rental Affordability

The vast majority of affordable housing in ACC is market-rate housing, meaning it is vulnerable to rent increases, making it no longer affordable.

Affordable Housing Stock

Of the affordable rental homes in Athens-Clarke County, 78% are naturally occurring affordable housing (NOAH), and only 22% are subsidized. NOAH homes are located primarily within the Highway 10 Loop.

CUMULATIVE RENTAL HOUSING SUPPLY (EXCLUDING STUDENT HOUSING) (2020)



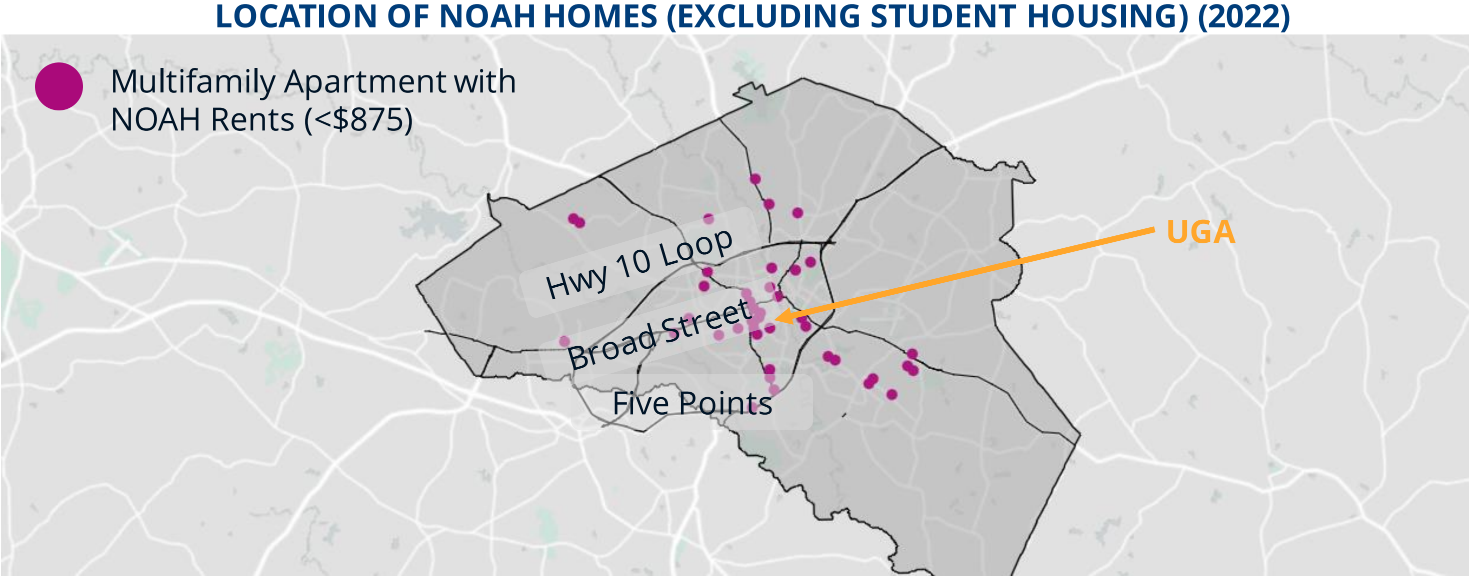
Note: Excludes on-campus student housing, which is counted as "group quarters" per the Census.
Source(s): ACS 2020 5-year estimates, NHPD

What is 'Affordable Housing'?

Naturally Occurring Affordable Housing (NOAH)
A rental home where the market rent is affordable to low-income residents, in this case less than under $875/month, and there is no public subsidy reducing the rent.

Subsidized Housing
Housing that is funded in part with public funding in exchange for a below market rent. Common public affordable housing subsidy programs include - the Low-Income Housing Tax Credit (LIHTC) program, Public Housing, or other local, state, or federal subsidy.

LOCATION OF NOAH HOMES (EXCLUDING STUDENT HOUSING) (2022)



Note: Map excludes all student housing (both on and off-campus), which is designated separately from multifamily apartments in CoStar.
Source(s): CoStar

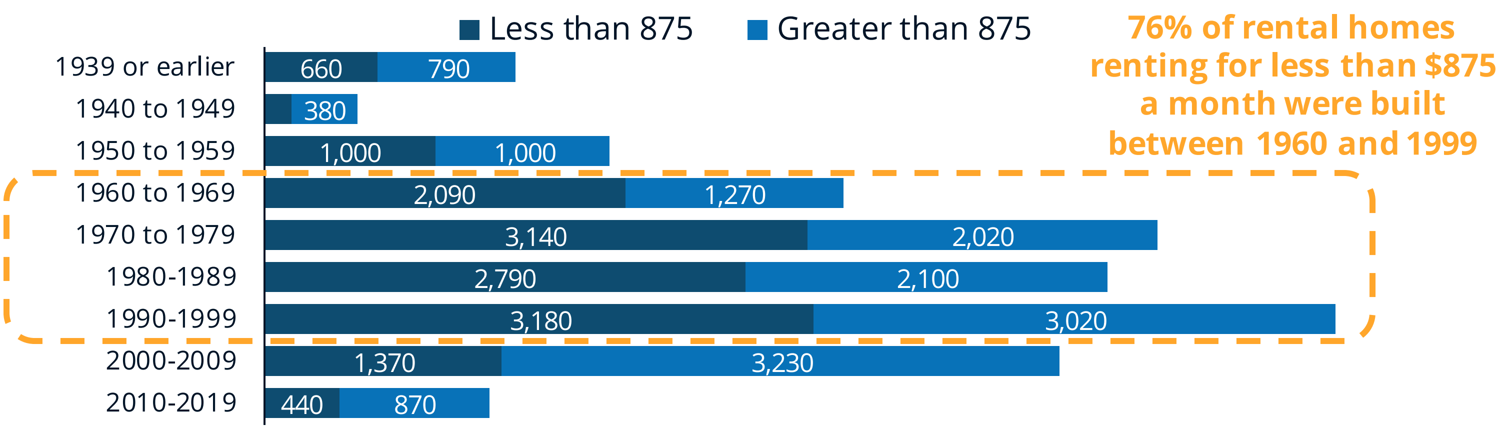
Rental Affordability

Most of the market-rate homes were built between 1960 and 1999 and are small multifamily affordable structures (two-to-nine-units).

Naturally Occurring Affordable Housing

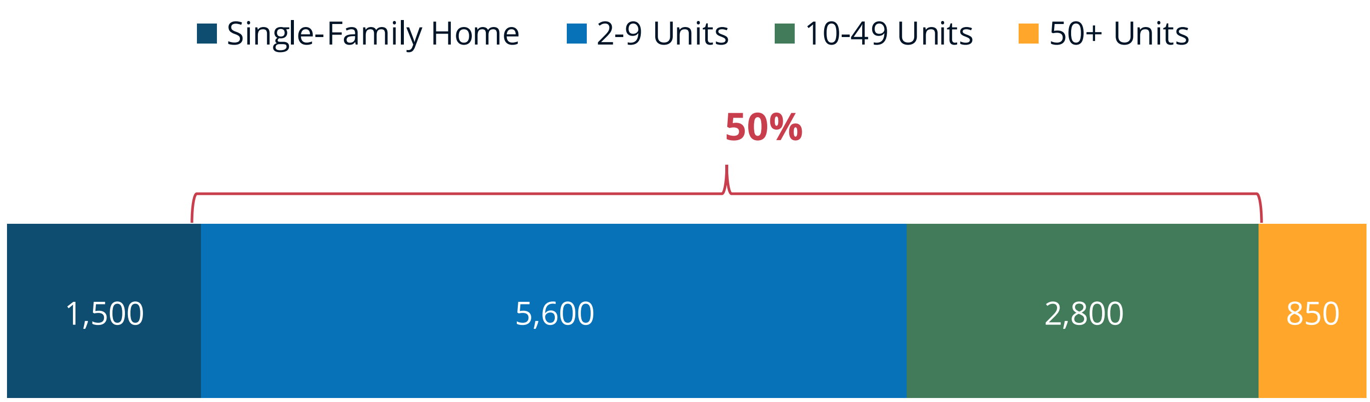
The NOAH rental homes are primarily older housing stock, built before 1999. Half of the NOAH rental homes in Athens Clark County are in small-scale multifamily buildings (2-9 units).

RENTAL HOMES WITH RENTS UNDER $875 BY DECADE BUILT (2020)



Note: The chart includes NOAH and subsidized homes. Excludes on-campus student housing.
Source(s): ACS 2020 5-year estimates

HOMES BUILT BETWEEN 1960 AND 1999 WITH RENTS UNDER $875 BY TYPOLOGY (2020)



Note: Excludes on-campus student housing, which is counted as "group quarters" per the Census.
Source(s): ACS 2020 5-year estimates

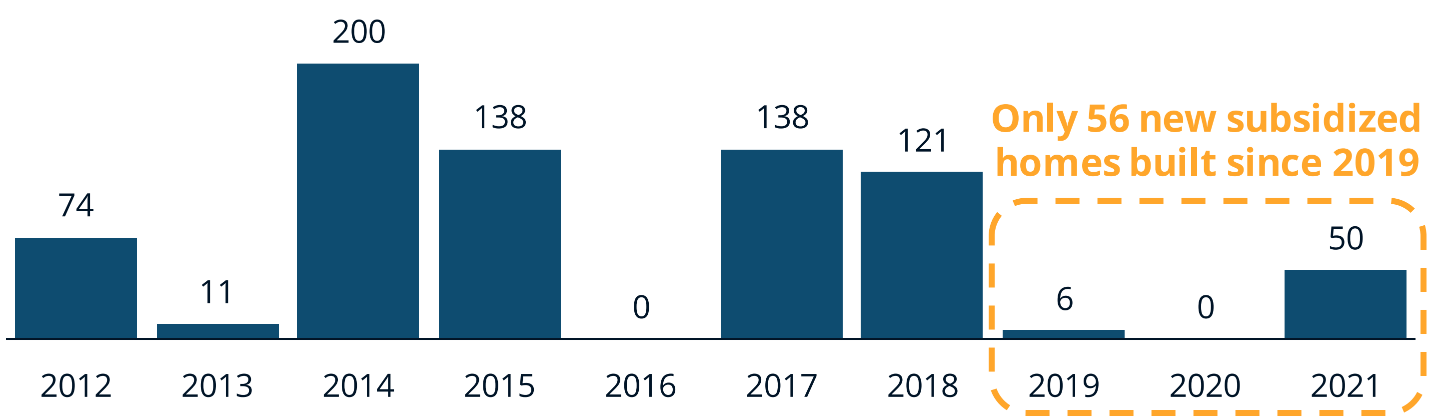
Rental Affordability

ACC has not built enough subsidized housing in recent years, contributing to the reduction in affordable housing options.

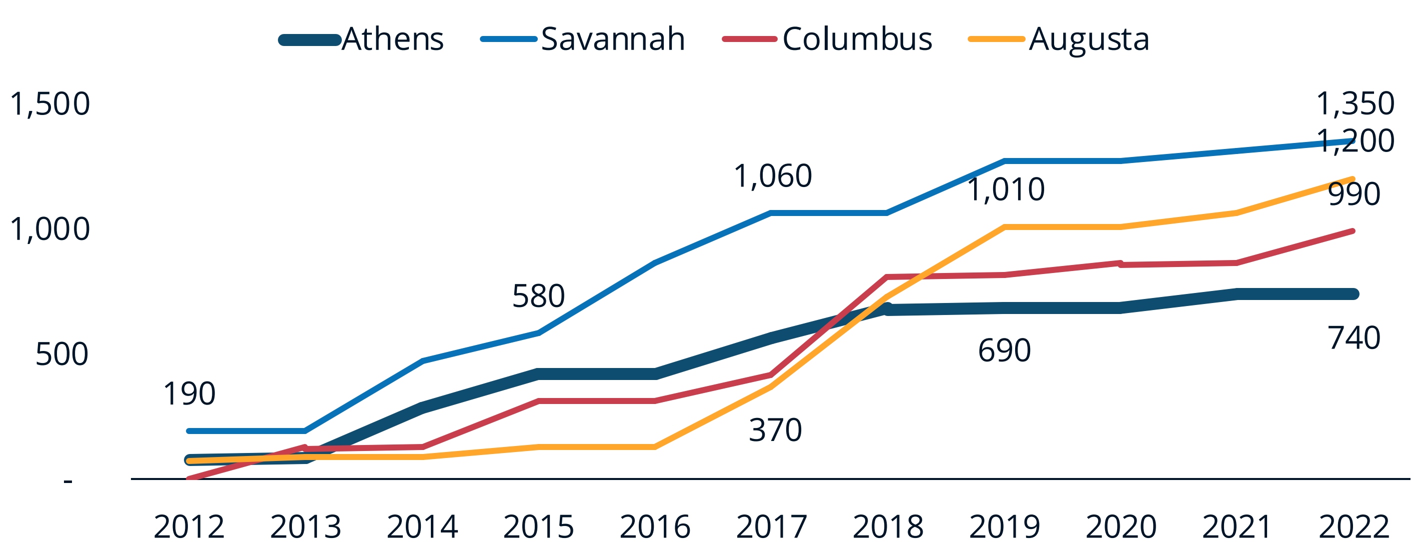
Subsidized Housing

Subsidized rental homes in Athens-Clarke County are primarily Section 8 and Public Housing that serves those at the lowest income levels. Subsidized housing unit production has declined in Athens-Clarke County, with less than 60 new homes built since 2019. Over the last decade, ACC has added less subsidized housing compared to other cities in Georgia.

SUBSIDIZED UNIT PRODUCTION (2012 – 2022)



CUMULATIVE SUBSIDIZED HOMES PRODUCED SINCE 2010 (2012-2022)



Source(s): National Housing Preservation Database, 2022

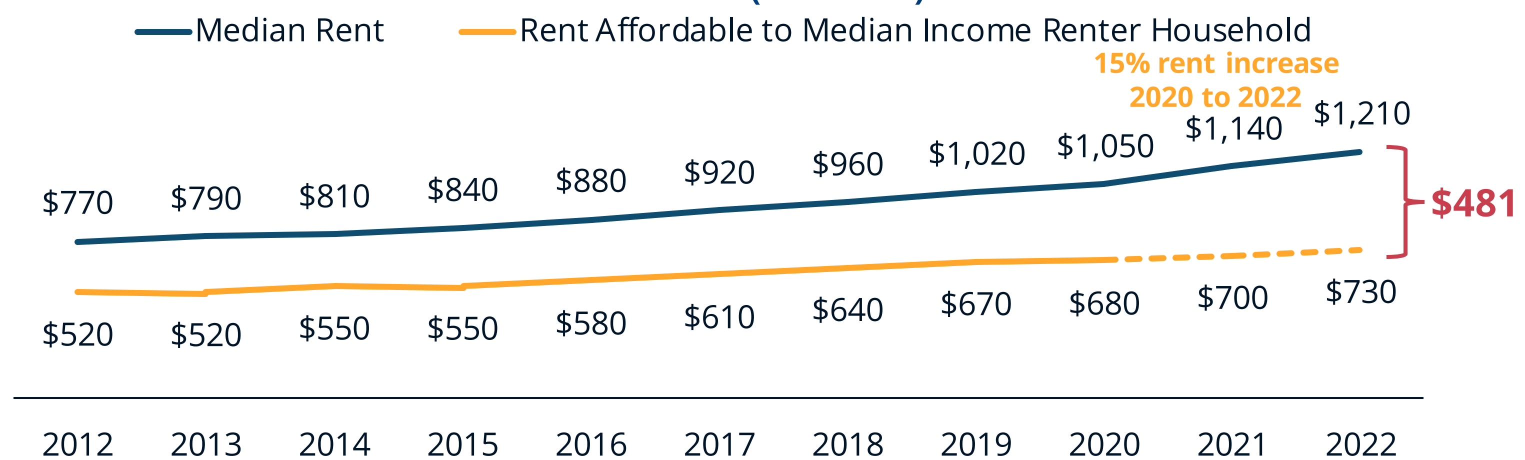
Rental Affordability

Rent growth has exacerbated the problem, with a 15% rent increase from 2020 to 2022 contributing to a widening gap between market rents and affordable rents.

Rent Growth

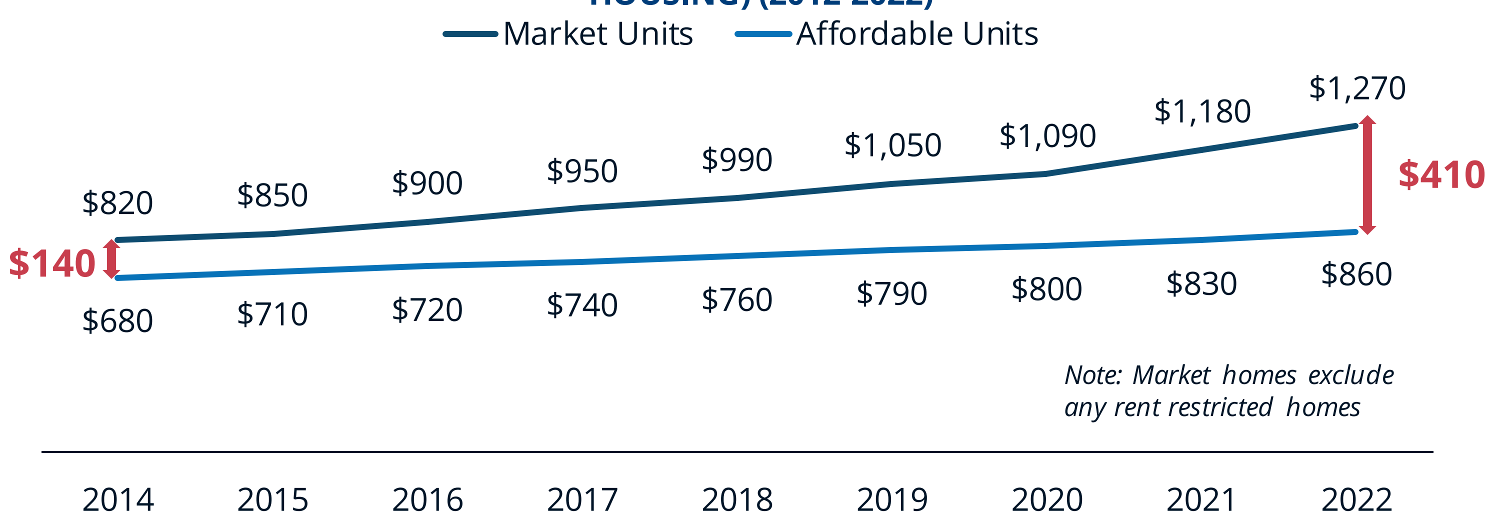
Household growth has outpaced the development of new homes in Athens-Clarke County, leading to decreased vacancy rates and increased price pressure. Rents have increased steadily over the last decade, accelerating during the pandemic, leading to a widening gap between median rent and what is affordable to the median renter. The rent gap between market rate homes and subsidized homes has tripled since 2014, reflecting the impact of growing market pressure on housing affordability.

MEDIAN RENT (2012-2022)



Note: Median renter income data from Social Explorer, last available data is from 2020. Data beyond 2020 are projections. Students are included.
Source(s): ACS 2010-2020 5-year estimates, CoStar

RENTS OF MARKET HOMES COMPARED TO RENT RESTRICTED HOMES (EXCLUDING STUDENT HOUSING) (2012-2022)



Note: Chart excludes all student housing, which is designated separately from multifamily apartments in CoStar.
Source(s): CoStar

Homeownership Access

Athens-Clarke County's homeownership challenges are related to one's ability to access homeownership opportunities and their ability to sustain homeownership once attained.

Low Home-ownership Rate	Despite adding 3,100 homeowners over the last five years, the homeownership rate in Athens-Clarke County has decreased and is 17% less than in Georgia and the US.	**47%** ACC homeownership rate compared to 64% in the state
Access to Mortgages	Black households are denied mortgages at higher rates than households of other races, hindering access to homeownership.	**2 - 4x** Black households are 2-4x as likely to be rejected for a mortgage compared to white households, regardless of income
Housing Quality	The vast majority of owner-occupied housing is older, single-family housing stock built before 2000, which have low home values.	**79%** Of homes were built prior to 2000
Low-Income Home-owners	Nearly half of low-income homeowners pay more than 30% of their income on housing costs and are vulnerable to rising maintenance costs and property taxes.	**33%** of homeowners are low-income (earning <$50,000)

Source(s): 2010-2020 American Community Survey

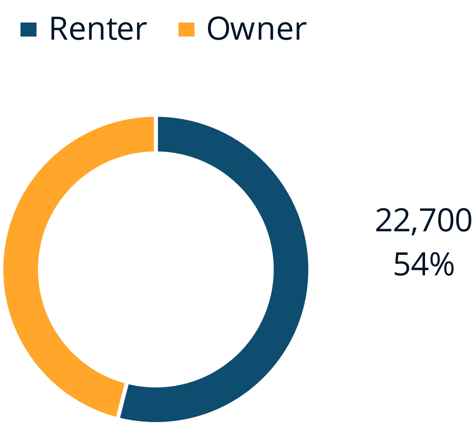
Homeownership Access

Most residents in Athens-Clarke County are renters, and the number of renters is increasing at a faster rate due to limited access to homeownership.

Housing Tenure

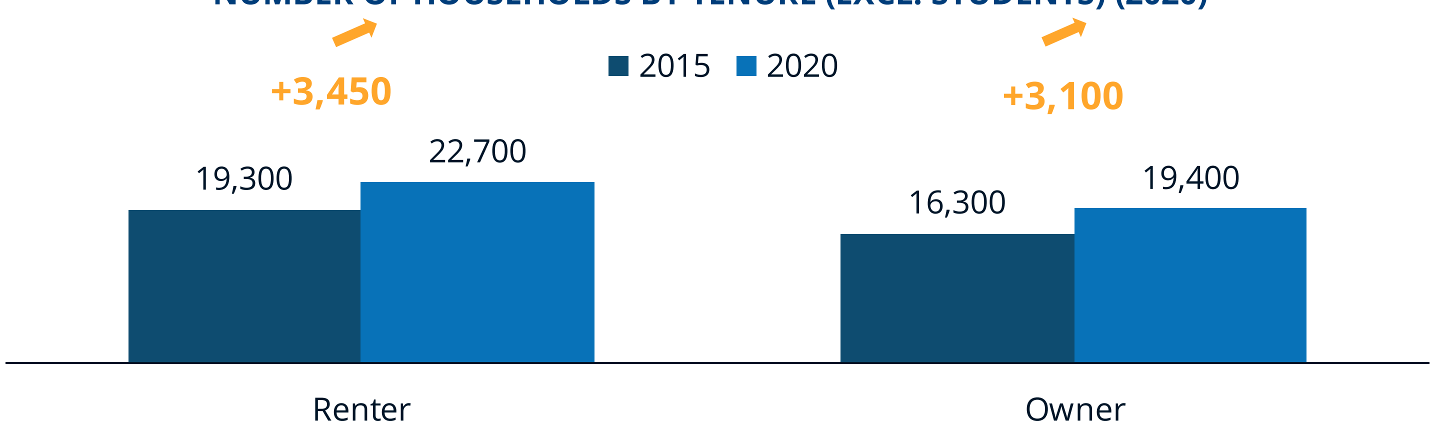
54% of households in Athens-Clarke County are renters, while only 46% are homeowners, even when students, who rent at very high rates, are excluded from data. ACC has a lower proportion of homeowners compared to the state of Georgia (64%), the US (64%), and other comparable cities in Georgia like Columbus (49%) and Augusta (51%). ACC also has a lower homeownership rate than comparable university towns like Chapel Hill, North Carolina (51.8%, including students) and Dayton, Ohio (47.1%, including students). While ACC is adding homeowners, it is adding renters at a slightly faster rate.

HOUSING TENURE (NUMBER OF HOUSEHOLDS, EXCL. STUDENTS) (2020)



Source(s): ACS 2020 5-year estimates
Note: Chart excludes students

NUMBER OF HOUSEHOLDS BY TENURE (EXCL. STUDENTS) (2020)



Note: Chart excludes students
Source(s): ACS 2015 and 2020 5-year estimates

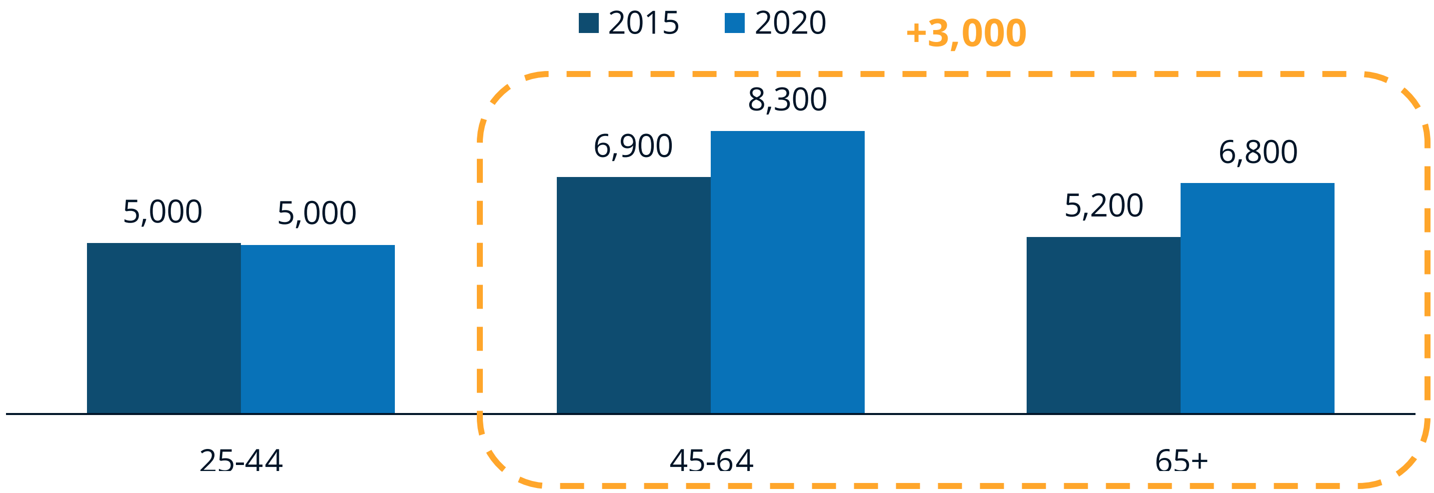
Homeownership Access

Homeownership has become less accessible to young residents and low- to moderate- income households due to rising home prices and other factors.

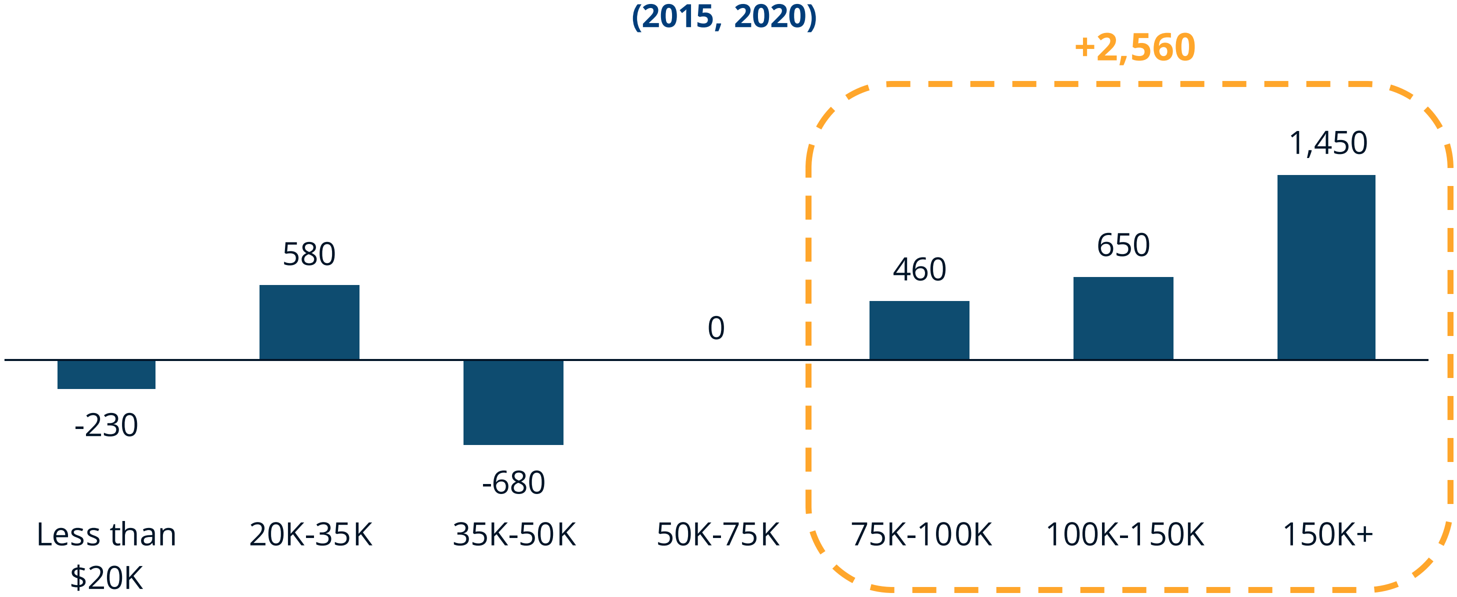
Homeownership by Age

As home prices increase, homeownership becomes out of reach for younger, less affluent residents who might be first-time homebuyers. In ACC, the increase in homeowners is comprised primarily of older (45+) and moderate- to high- income (earning more than $75,000) households.

NUMBER OF HOMEOWNERS BY AGE (2015, 2020)



CHANGE IN OWNERS BY HOUSEHOLD INCOME (NUMBER OF HOUSEHOLDS, EXCL. STUDENTS) (2015, 2020)



Note: Chart excludes students
Source(s): ACS 2015 and 2020 5-year estimates

Homeownership Access

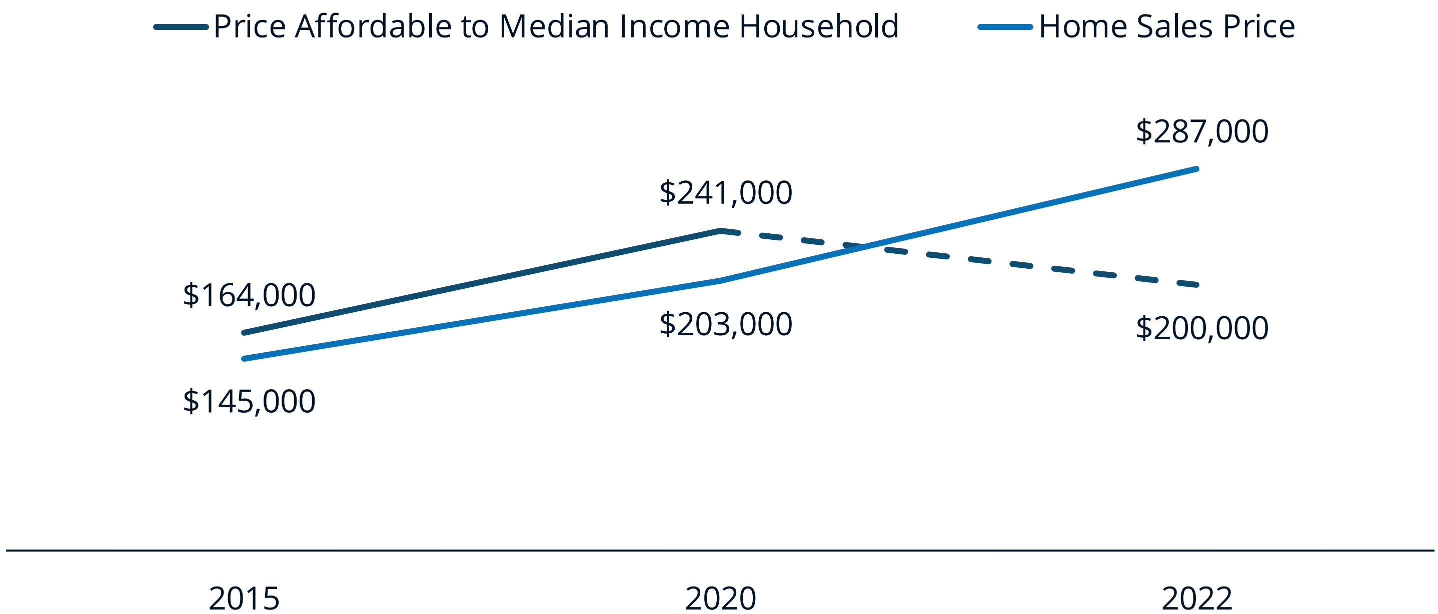
Homeownership in ACC, once relatively affordable, is strained by market pressures that drive up home prices and make purchasing a home accessible to few.

Sales Price

ACC has long been a relatively affordable homeownership market. Over the last two years, however, rising home prices and interest rates have driven up the cost to own and become a significant barrier to accessing homeownership.

Until 2020, the home price affordable to the median income homeowner household was lower than the median home sales price. In 2022, the gap between what the median household could afford versus price had grown to nearly $100,000.

SALES PRICE (2010, 2022)



Note: Assumes incomes continue to increase at the same rate they did from 2015 to 2020. The affordable price to the median income households in 2022 assumes a 6% interest rate. Excludes students.
Source(s): ACS 2015-2020 5-year estimates, Zillow, HR&A Analysis

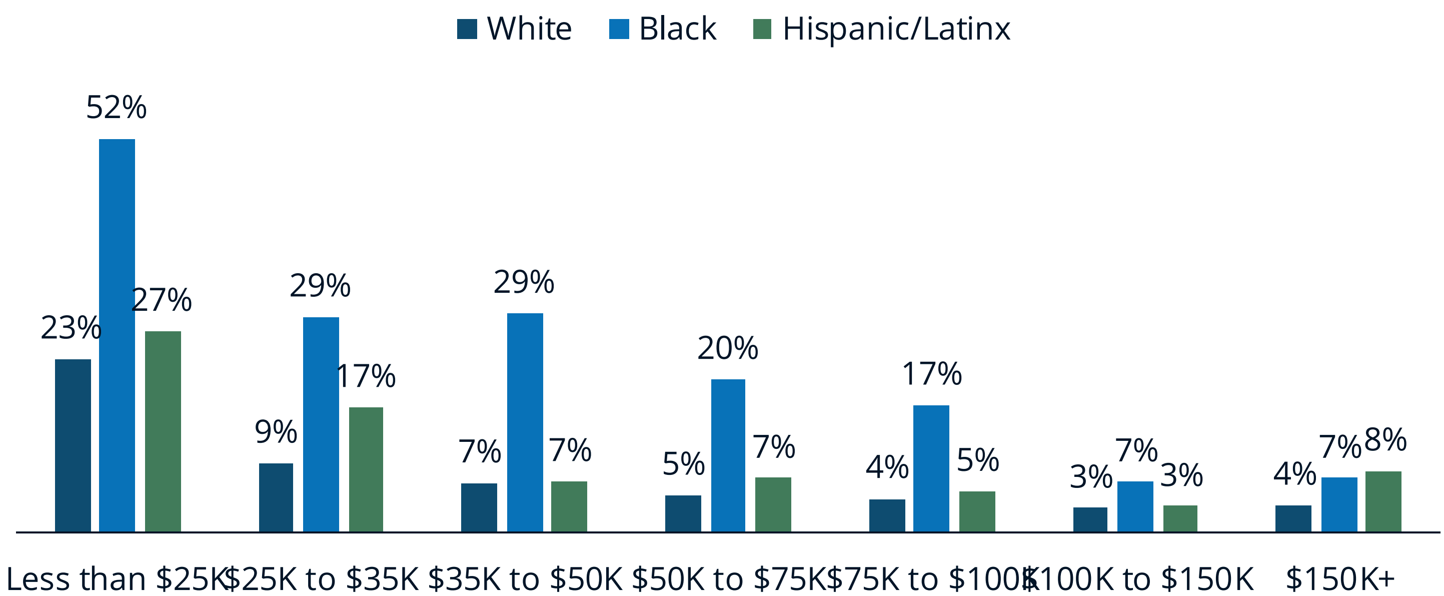
Homeownership Access

Mortgage access, a critical factor in achieving homeownership, is disproportionately denied to Black and Latinx households in ACC.

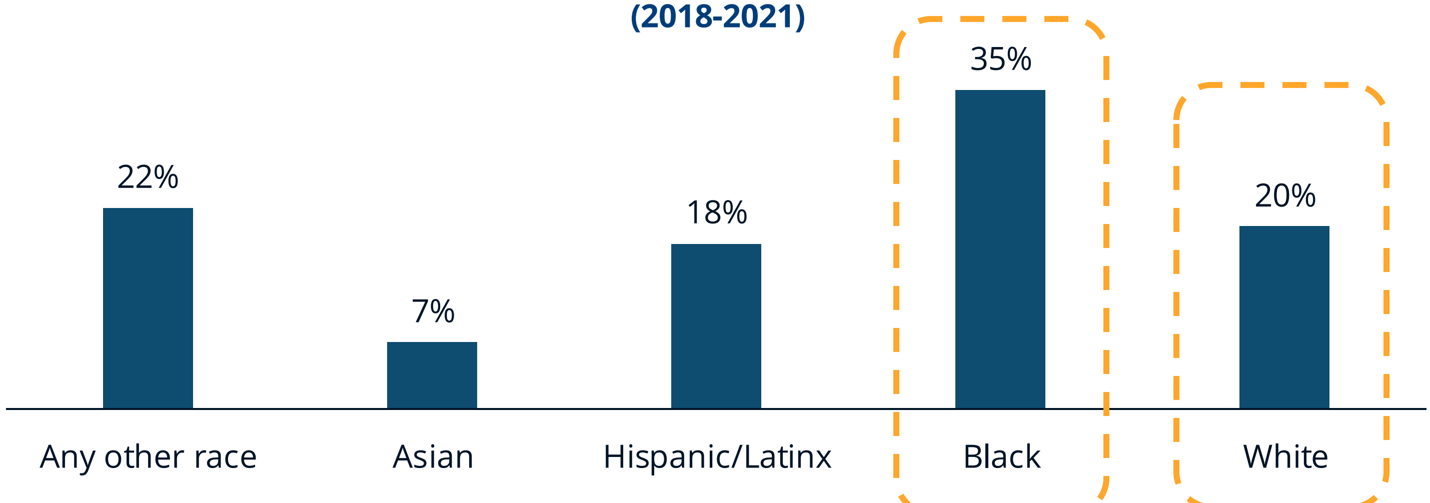
Mortgage Access

Black and Latinx homeowners are disproportionately denied mortgages, creating systemic lack of access. Black households earning $100,000-$150,000 are denied mortgages at nearly the same rate as white households earning $35,000-50,000. In 35% of cases, Black households are denied mortgages due to credit history.

MORTGAGE DENIAL RATE BY INCOME AND RACE (ATHENS-CLARKE COUNTY) (2018-2021)



HOME MORTGAGE LOAN DENIED FOR CREDIT HISTORY (2018-2021)



Source(s): Home Mortgage Disclosure Act Data, 2018-2021

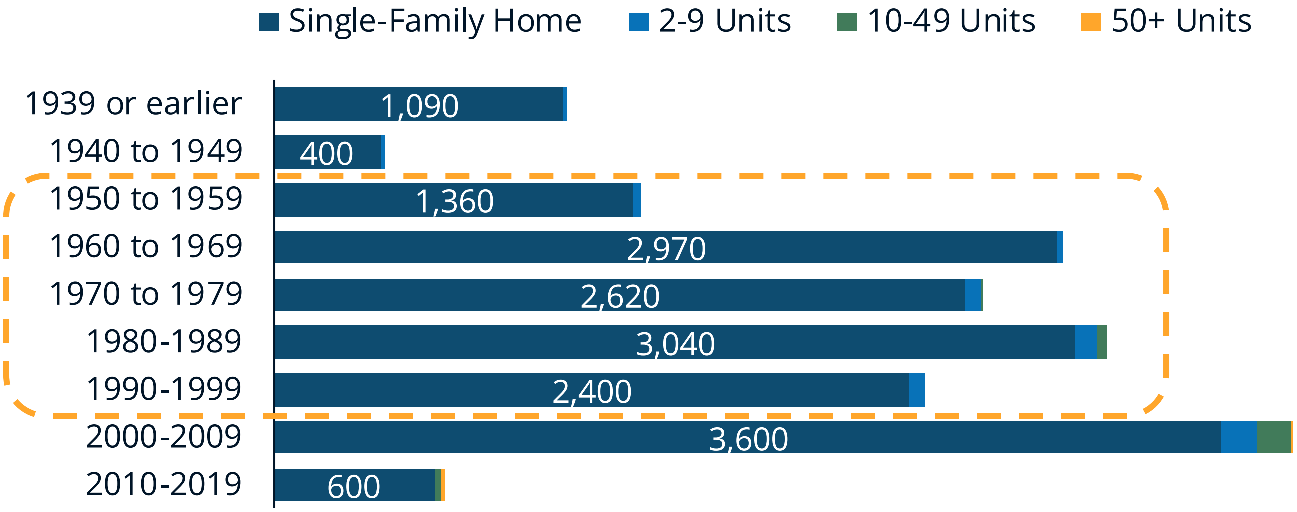
Homeownership Access

The majority of ACC's housing stock is older, creating a lack of quality, move-in-ready homes that can support a variety of housing needs, preferences, and affordability levels.

Homeownership Stock

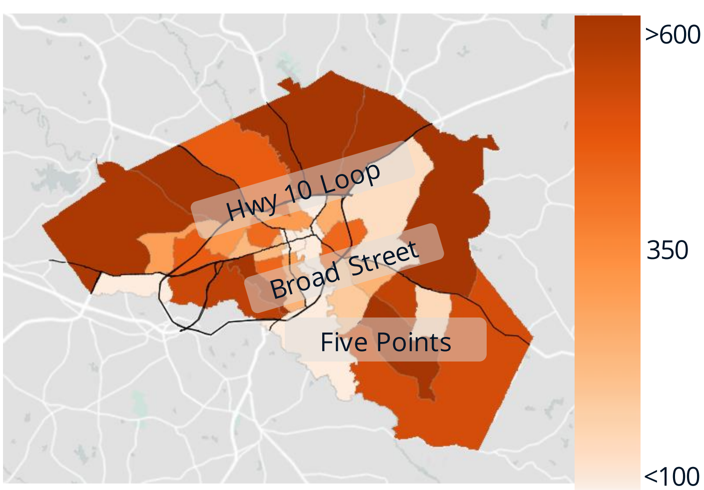
Most owner-occupied housing is older, single-family homes built before 2000. The older owner-occupied housing stock is concentrated outside of the Highway 10 Loop and overlaps with areas with low median home values in Athens-Clarke County.

OWNER-OCCUPIED HOMES BY TYPOLOGY AND DECADE BUILT (2020)

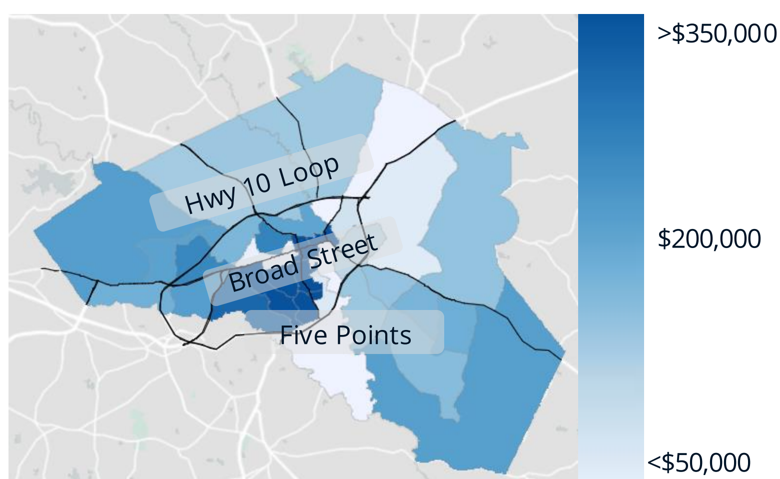


Source(s): ACS 2020 5-year estimates

NUMBER OF OWNER-OCCUPIED HOMES OVER 30 YEARS OLD (2020)



MEDIAN HOME VALUE BY CENSUS TRACT (2020)



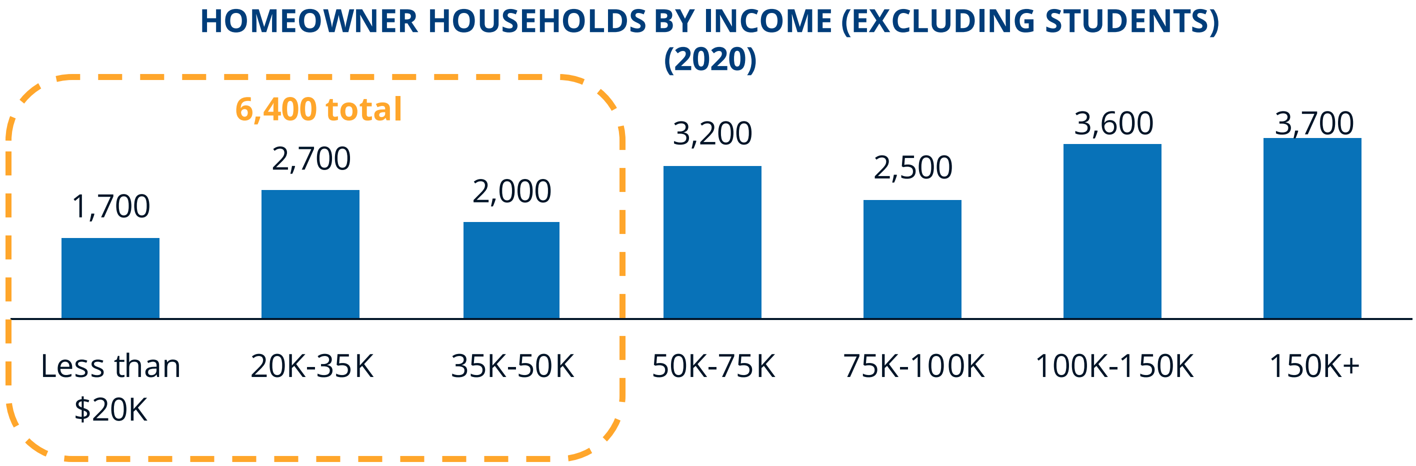
Note: Chart includes students
Source(s): ACS 2020 5-year estimates

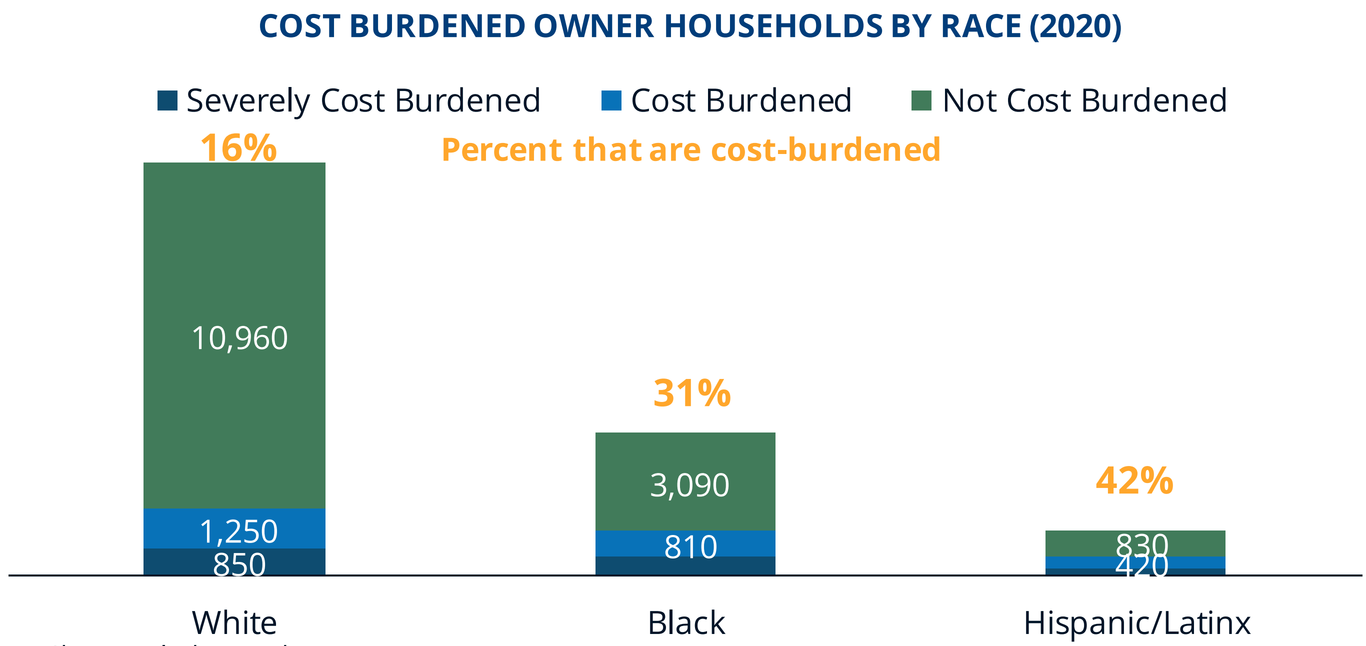
Homeownership Access

ACC has a significant number of low-income homeowners who face housing cost burden.

Homeowner Cost Burden

Athens-Clarke County has a significant percentage – 33% – of low-income homeowners, i.e., earning less $50,000. The vast majority (77%) of homeowner households that are cost burdened in Athens-Clarke County earn less than $50,000. Black and Latinx, single-parent, and single individual households face higher cost burdens than other homeowners. 16% of white households are cost-burdened compared to 31% of Black households and 42% of Hispanic/Latinx households. 18% of two-parent households are cost-burdened compared to 46% of single-parent households and 36% of single individual households.





Note: Chart excludes students
Source(s): ACS 2020 5-year estimates

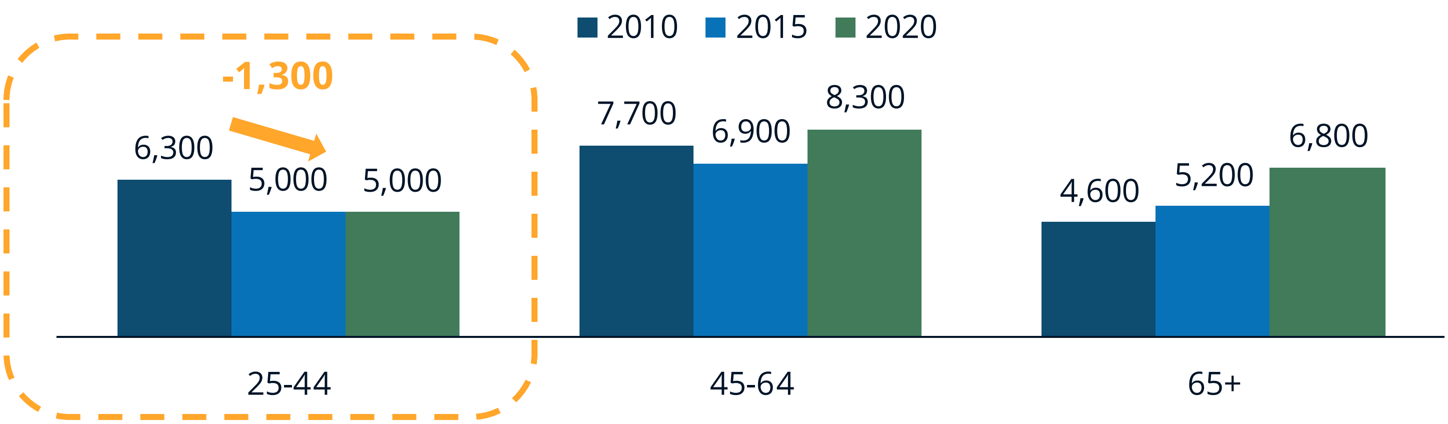
Homeownership Access

Many senior homeowners face housing cost burden, which creates challenges for aging in place.

Homeowner Cost Burden

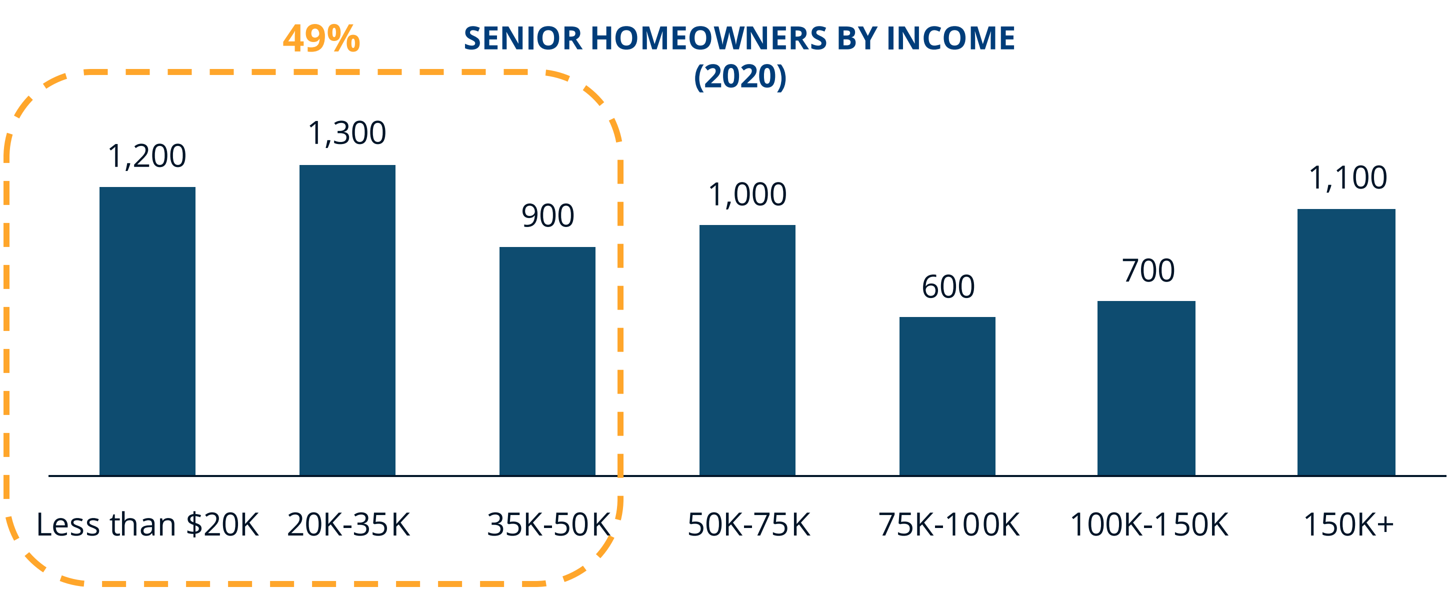
The County's homeowner population is increasingly older. ACC has lost one-fifth of owners less than 44 years old over the last decade. A significant number of senior households are low-income, with nearly half of all senior homeowners earning $50,000 annually or less, leading to higher cost burden and other challenges associated with aging in place.

HOMEOWNERS BY AGE (2010, 2015, AND 2020)



Source(s): ACS 2010, 2015, and 2020 5-year estimates

SENIOR HOMEOWNERS BY INCOME (2020)



Source(s): ACS 2020 5-year estimates

Affordable Housing Systems

Athens-Clarke County's affordable housing system is constrained by limited public funding and a lack of strong regional partners.

Limited Public Funding	Athens-Clarke County relies on federal entitlement programs for the vast majority of the public funding available for affordable housing.	**$1.7M** Federal dollars entitled annually to Athens-Clarke County
Few Regional Housing Organizations	Athens-Clarke County is not near other cities that support affordable housing organizations with strong capacity outside of Atlanta.	
History of Partnering to Augment Capacity	Nearly all affordable housing development in Athens-Clarke County relies on partnerships with developers and organizations outside of the region.	
Strong Advocacy Commitment	Athens-Clarke County has a number of advocacy organizations that work with other stakeholders (ACCGov, developers, etc.) to represent the housing needs of vulnerable and underserved populations.	

Source: ACCGov

Affordable Housing Systems

Affordable housing is a complex ecosystem of players, all of whom work in collaboration to fund, develop, and manage affordable housing.

The Unified Government of Athens-Clarke County impacts housing affordability by **setting the regulatory environment** in which developers make investment decisions and **deploying public funds** for infrastructure, amenities, and development.

Regulatory Approaches

Information Dissemination

ACCGov sets regulations pertaining to land use code; zoning code, including density bonuses and inclusionary zoning; development review and approval processes, design guidelines; and the building permit process.

Infrastructure Approaches

Monetary Approaches

ACCGov disburses federal and state dollars to local organizations to fund: parks, transit, streetscape improvements and other public infrastructure; affordable rental and homeownership homes; mixed-income and mixed-use neighborhoods; tenant-based rental assistance; and housing counseling.

The Unified Government of Athens-Clarke County and its partners operate several programs to address a variety of housing needs.

Affordable Rental Housing	Gap financing through annual HOME and CDBG allocation and one-time ARPA funds; public housing program managed by AHA (approximately 1,200 units); affordable multi-family rental via ReNew Athens program managed by Habitat (approximately 126 units).
Homeownership	Long-term affordable homeownership via ALT community land trust (approximately 49 homeowners); affordable single-family homes for households earning 60-80% AMI via AHA's ACT I Homes Program; affordable homeownership opportunities through Habitat's Affordable Homes program.
Repair and Rehabilitation	Maintenance and repairs via Hands On Historic Athens (partially funded by the CDBG program); Brush with Kindness and Emergency Handicap Access Ramp Program (EHARP) managed by Habitat; job training through owner-occupied rehabilitation via ALT's Young Urban Builders Program.
Housing Counseling	Credit counseling, mortgage counseling, homebuyer delinquency and predatory lending counseling, foreclosure prevention assistance, home maintenance and financial management; rental housing counseling and fair housing counseling; offered by ALT, East Athens CDC, Hancock CDC, and UGA ASPIRE Clinic.

Affordable Housing Systems

Athens-Clarke County operates housing programs almost entirely with federal entitlement funds, which provide a modest amount of funding.

ACCGov receives a modest amount of federal entitlement dollars annually that fund affordable housing programs. In recent years, ACCGov received American Rescue Plan Act (ARPA) and Special Purpose Local Options Sales Tax (SPLOST) funds, which provided for a significant amount of funding for affordable housing, totaling $50M.

Funding Sources	Funding Amount
2023 to 2024 Federal Entitlements	
HOME Investment Partnerships Program (HOME): The Department of Housing & Community Development (HCD) creates affordable housing for low-income households through activities including new construction and rehabilitation for homebuyer and rental programs.	$767,000
Community Development Block Grant (CDBG): ACC HCD uses CDBG to fund eligible programs in public services, affordable housing, economic development, and public facilities and improvements.	$534,000
Continuum of Care (CoC): ACC HCD and the ACC Homeless Coalition provide support for self-sufficiency for the homeless.	$407,000
TOTAL	**$1,708,000**
One-Time	
American Rescue Plan Act (ARPA): In ACC, part of the funding has been set aside to create and preserve affordable housing.	$15,000,000
HOME-ARP: Under the American Rescue Plan (ARP), local governments received a supplemental, on-time allocation of federal funds to support housing stability and homelessness prevention efforts.	$1,300,000
Special Purpose Local Options Sales Tax (SPLOST): Local jurisdictions in Georgia are allowed to use sales tax proceeds to fund capital improvement projects.	$44,000,000
TOTAL	**$60,300,000**

Note: For funding sources with annual allocations (HOME, CDBG, CoC), the funding amount represents FY24 data.
Source(s): Athens-Clarke County Unified Government

Affordable Housing Systems

Over the past decade, local organizations have partnered with private developers from outside ACC to build large-scale, mixed-income housing projects.

A considerable portion of ACCGov's affordable housing funds were focused on two large-scale, mixed-income projects, the Columbia Brookside Redevelopment (completed in 2018) and the North Downtown Athens Redevelopment (under construction). Both projects received considerable SPLOST funding, and the North Downtown Athens Development received ARPA funding.

Columbia Brookside Redevelopment
- Completed in 2018
- Partnership between the Athens Housing Authority and Columbia Residential
- 370 homes
- Funding sources: LIHTC, HOME, SPLOST, and AHA funding

North Downtown Athens Development
- Under construction
- Public-private partnership between AHA, Columbia Residential, and Jonathan Rose Companies, with support from ACCGov
- Funding sources: LIHTC, SPLOST, ARPA, and AHA funds

ACCGov has relied on a modest amount of federal entitlement funds, rather than making a sustained commitment of local dollars. Therefore, these significant one-time funding sources became essential vehicles to address housing needs in the form of large-scale projects. While both projects are considered a success and will deliver many homes, ACCGov could maximize the impact of funds – and large influxes of one-time funds in particular – by expanding local capacity to execute projects and by pursuing a greater number of smaller-scale projects.

In considering strategies for expanding local capacity, ACCGov should look to its extensive local network of advocacy organizations. ACC's strong advocacy community represents vulnerable and underserved populations and works closely with housing service providers.

ACCA
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EAST ATHENS
DEVELOPMENT CORPORATION

AHAT
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Inner East Athens
NEIGHBORS

dia
Dignidad Inmigrante en Athens

family connection
OF ATHENS

Communities In Schools
Athens

HCDC

Down Payment Assistance Structure

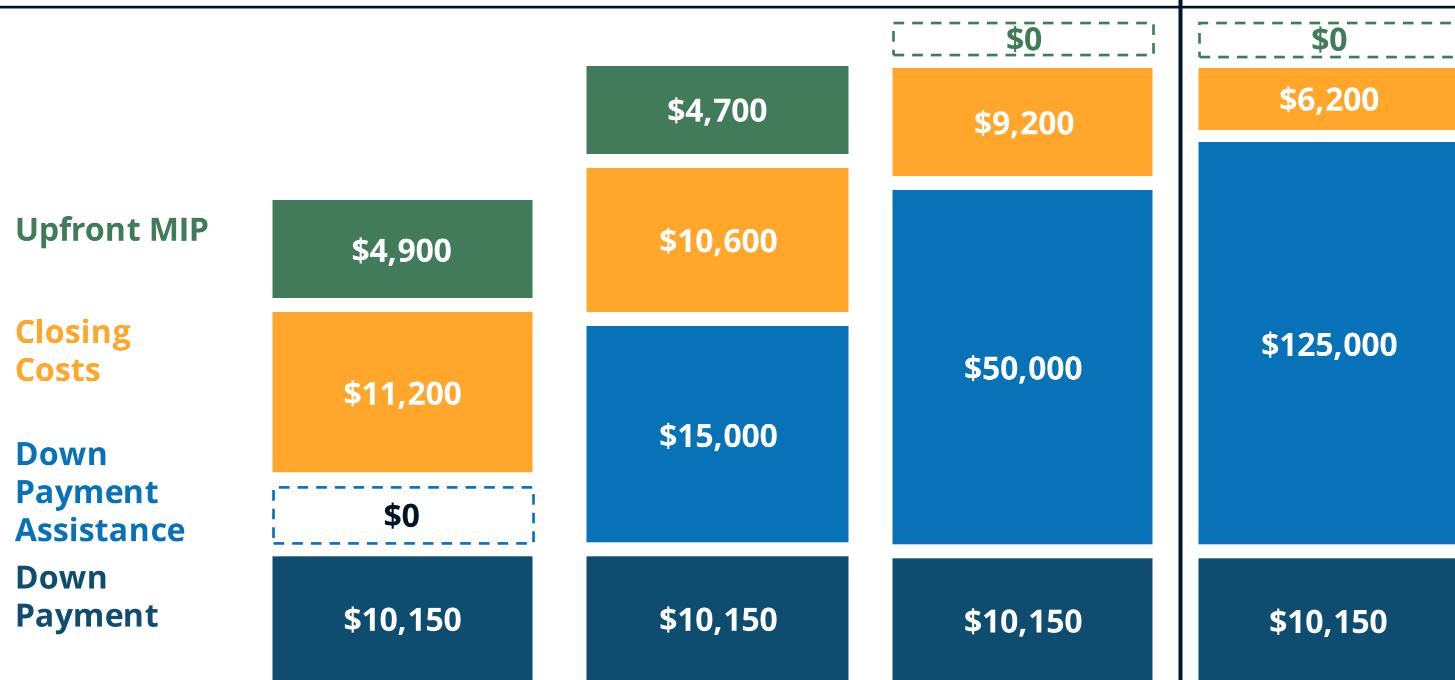
Down Payment Assistance

Down payment assistance programs improve access to homeownership by reducing upfront costs through grants/ forgivable loans to income-qualified households.

Lower Upfront Cost

DCA offers DPA of (minimum) $10,000 but providing additional assistance can lower upfront costs (mortgage insurance premiums and closing costs). When DPA amounts to 20% of home purchase price, upfront mortgage insurance premium drops to $0.

	80% AMI			60% AMI
Down Payment Assistance	$0	$10,000 *DCA Dream* $5,000 *AHA/ALT DPA*	$10,000 *DCA Dream* $5,000 *AHA/ALT DPA* $35,000 *Local DPA*	$10,000 *DCA Dream* $5,000 *AHA/ALT DPA* $110,000 *Local DPA*
Upfront costs	$26,200	$25,400	$19,350	$16,300



Note: Calculations based on the following assumptions – purchase price $290,000 (2022 median sales price, Zillow data); household DP = 3.5%; mortgage interest rate = 6.3%; loan term = 30 years; upfront MIP = 1.75%; MIP = 0.55%; assessed value = 40% of market value; property tax rate = 0.96% | For a 60% AMI household, the household's down payment contribution combined with the projected DPA amounts to nearly 50% of the purchase price; this is required to bring down the monthly payments to an affordable level. However, the DPA can be lowered if the home purchase price is lower or if monthly payments are subsidized | Calculation uses HUD 2022 AMI data, i.e., $61,520 for a four-person household at 80% AMI and $46,140 for 60% AMI

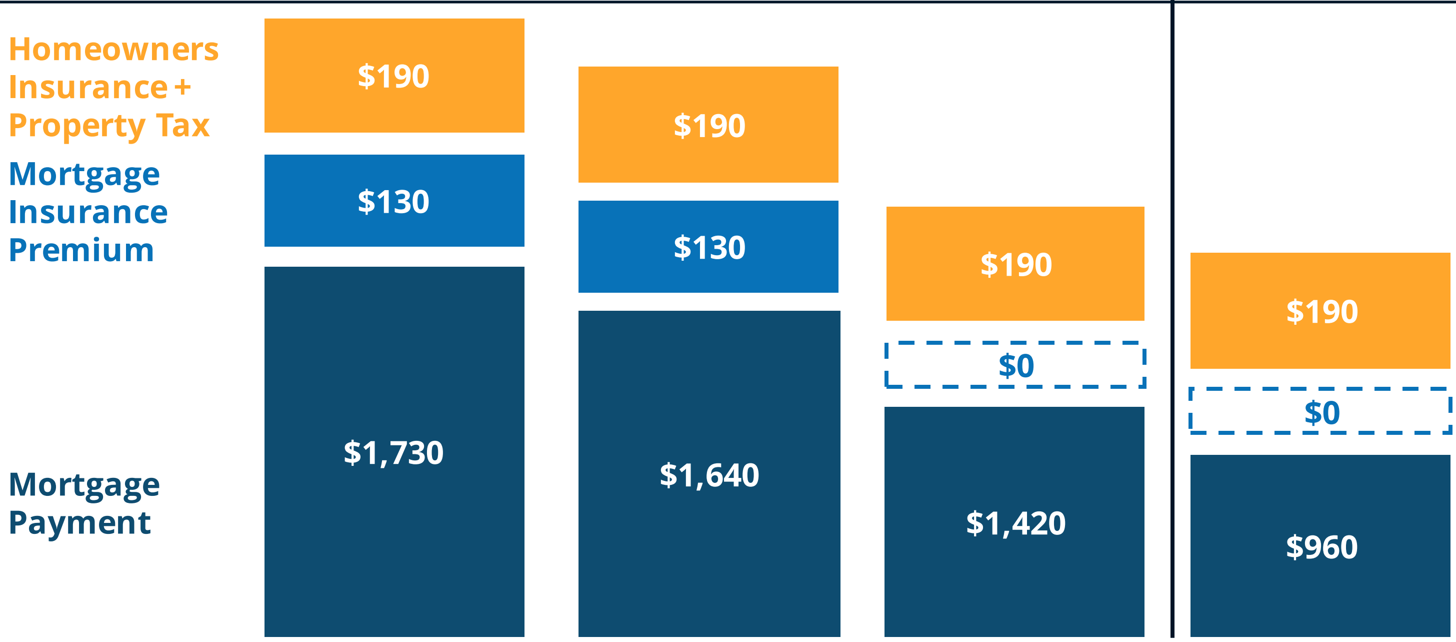
Down Payment Assistance

Down payment assistance programs also support homeowners on an ongoing basis by reducing monthly mortgage payments.

Lower Monthly Payment

DCA offers DPA of (minimum) $10,000 but providing additional assistance can lower monthly payments (mortgage insurance premiums and mortgage payments). When DPA amounts to 20% of home purchase price, monthly mortgage insurance premium drops to $0.

	80% AMI			60% AMI
Down Payment Assistance	$0	$10,000 *DCA Dream* $5,000 *AHA/ALT DPA*	$10,000 *DCA Dream* $5,000 *AHA/ALT DPA* $35,000 *Local DPA*	$10,000 *DCA Dream* $5,000 *AHA/ALT DPA* $110,000 *Local DPA*
Total Monthly Payment	$2,050	$1,960	$1,610	$1,150



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Area Median Income Table

Area Median Income Table

Clarke County, GA MSA AMI (2023)					
AMI	**30%**	**50%**	**60%**	**80%**	**100%**
1 Person	$17,100	$28,500	$34,200	$45,600	$57,000
2 Person	$19,560	$32,600	$39,120	$52,160	$65,200
3 Person	$21,990	$36,650	$43,980	$58,640	$73,300
4 Person	$24,420	$40,700	$48,840	$65,120	$81,400
5 Person	$26,400	$44,000	$52,800	$70,400	$88,000
6 Person	$28,350	$47,250	$56,700	$75,600	$94,500
7 Person	$30,300	$50,500	$60,600	$80,800	$101,000
8 Person	$32,250	$53,750	$64,500	$86,000	$107,500

Area Median Income (AMI) represents the midpoint in the distribution of household incomes within a certain geographic region. However, AMI can be complicated to describe based on how one measures AMI. For example, median household income per the U.S. Census for ACC is approximately $51,000, median family income per HUD for the Clarke County MSA is $100,100, and AMI for a family of four is $81,400 per HUD. What accounts for these differences?

When referencing AMI throughout **this report, we a referring to the HUD AMI levels,** because these are the AMI levels most affordable housing programs must follow. Several key factors determine the AMI level set by HUD:

- HUD measures AMI by metropolitan statistical areas (MSAs), which are geographies that combine multiple adjacent counties based on commuting patterns and population size. Because of this, counties with significantly different median incomes can be grouped in the same MSA. For example, median family income in ACC in 2022 was $69,000 and in Oconee County was $121,000. Oconee County's median family income increased the overall median family income of Clarke County MSA to $82,300.
- HUD determines AMI by median family income, whereas this report often discusses median household income. Median family income only includes family households, which are defined as having multiple individuals related by birth or by marriage. Median household income in ACC was $44,000 in 2021 (including students) compared to a median family income of $69,000.
- **HUD makes multiple adjustments to its AMI metrics.** The most important adjustment when accounting for the difference between HUD's measure of ACC's median family income being $100,100 and the four-person income for 100% AMI being $81,400 is the "ceiling or floor adjustment." This adjustment ensures that AMI does not increase faster than the national family income from year to year, which prevents families from experiencing rapid rent increases. HUD makes this adjustment by comparing the AMI level from the previous year to the current year. In 2022, the HUD income limit for a family of four at 100% AMI was $76,900. By 2023, median family income had increased to $100,100. If HUD adjusted its AMI levels to account for that increase, households in HUD-funded or LIHTC homes could have experienced nearly 30% rent increases. However, by making the adjustment to make median family income $81,400 for a family of four, HUD ensured households in HUD-funded or LIHTC homes only experience a 6% increase in rent.

Source(s): Novogradac Rent and Income Calculator, HUD

Glossary

Glossary

Area Median Income (AMI)

AMI represents the midpoint in the distribution of household incomes within a certain geographic region. HUD publishes annual AMI levels for regions, adjusted for family size. The HUD-provided AMI is used to determine applicants' eligibility for both federally and locally funded housing programs where participation is dependent on income levels.

American Rescue Plan Act (ARPA)

ARPA is a stimulus package passed by the federal government in March 2021. It includes several provisions aimed at supporting housing and homelessness initiatives, such as funding for emergency rental assistance, homeless assistance grants, and homeowner assistance. Additionally, the ARPA provides funding for the construction and preservation of affordable housing, as well as resources for fair housing enforcement and rural housing programs.

Community Development Block Grant (CDBG)

The Community Development Block Grant program, authorized by the federal government in 1974, provides annual grants to participating state and local jurisdictions, called "non-entitlement" and "entitlement" communities, respectively. HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

Community Reinvestment Act (CRA)

The CRA became law in 1977 and is intended to address systemic inequities in accessing credit. The CRA encourages banks to help meet the credit needs of the entire community in which they do business, with a particular focus on low- and moderate- income (LMI) communities, consistent with safe and sound operations.

Cost-Burdened

A household is considered cost-burdened when 30% or more of their household income is spent on gross housing costs (can apply to renters or homeowners).

Down Payment Assistance

Down Payment Assistance improves access to affordable homeownership by reducing the upfront cost of homeownership through grants or forgivable loans provided to income-qualified households to cover a portion of the down payment and closing costs for a home. Down Payment Assistance helps low- and moderate-income households secure stable housing and build wealth. It is often paired with homeownership counseling to help first-time homebuyers learn the homebuying process and plan for the costs of buying and owning a home.

Extremely Cost-Burdened

A household is considered extremely cost-burdened households when 50% or more of their household income is spent on housing costs (can apply to renters or homeowners), often leaving them with very little to cover remaining household costs.

Family Self-Sufficiency (FSS) Program

The FSS is a federal program administered by public housing agencies to help households build savings. If a household's rent increases in response to an income increase, the additional rent is held in an escrow (savings account) that accrues interest.

Glossary

Gap Financing

Due to high development costs, building housing often requires additional subsidy. Public entities can increase the development of affordable housing by providing below-market “gap financing” loans to bridge the gap between the cost of development and the funding sources available through typical sources including equity, developer contributions, and the traditional debt that can be supported by rental income. Gap financing can be used to meet specific housing priorities, such as longer affordability terms, more units at deeper levels of affordability, or targeting development in high-opportunity areas.

Housing Trust Fund (Local Housing Fund)

A pool of funding, usually public, that is dedicated to addressing housing issues. The focus an operations of housing trust funds vary widely across communities. As Federal funding for housing programs has declined nationally, and the need for affordable and stable housing has been growing, housing trust funds have expanded to help address growing housing insecurity. Locally-funded and controlled Housing Trust Funds can help replace lost federal funding and can help flexibly meet a range of local housing needs.

HOME Investment Partnership (HOME)

HOME was authorized by the federal government in 1990. It is a federal block grant to participating jurisdictions, which then use the funds to provide affordable rental and homeownership housing to low- and moderate-income families. When HOME funds are used for rental activities, at least 90% of the units must be occupied by households with incomes at or below 60% of AMI, with the remaining 10% are to be occupied by households with incomes at or below 80% of AMI. In rental properties with five or more HOME units, 20% of the units must be set aside for households with incomes at or below 50% of AMI. Depending on the amount of HOME subsidy per unit, HOME funding applies 5- to 20-year affordability restrictions on units.

Housing Choice Voucher

The Housing Choice Voucher (HCV) Program, also known as Section 8, is a federal program administered at the local level. These vouchers are Tenant-Based Vouchers, in which the voucher moves with the tenant, and the tenant is responsible for finding rental housing. Administered by HUD and managed at the local level by public housing agencies (PHAs), it is the largest HUD rental assistance program.

Individual Development Account

An Individual Development Account (IDA) is a type of savings account designed to help low-income individuals build assets and achieve financial stability and long-term self-sufficiency. People use IDAs to save money to start a business, pay for education, or buy a home. The JP Morgan Chase Institute found that reducing the amount of down payment while increasing the amount of reserves a household held in the bank to three months' housing costs greatly reduced the risk of foreclosure.

Landlord Registry

Local governments can create a mandatory process (registry) by which landlords register and pay for fee for rental units and provide regular reporting. In places where registry cannot be mandated, voluntary partnership programs can be tied to funding such as availability of funds for repairs, streamlining voucher application processes, and providing other support such as risk mitigation. A landlord registry creates accountability for landlords to provide quality housing units, pay taxes, and meet other expectations; the registry can also be an important source of data for cities on the number, price, and attached services of existing rental housing in their community.

Glossary

Low Income Housing Tax Credit (LIHTC)

The LIHTC Program is a federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. The LIHTC program distributes federal income tax credits to developers through state housing finance agencies, which are responsible for determining which projects receive tax credits under the state's allocation. There are two general types of credits that can be awarded. 9% LIHTC are higher-value credits that cover a greater percentage of projects' development costs and are awarded on a competitive basis. 4% LITHC cover a lower percentage of projects' development costs and are generally awarded to any projects that meet specific programmatic requirements and are financially feasible. 4% credits are usually paired with tax-exempt bond financing to make up the difference.

Market-Rate Affordable Housing or Naturally Occurring Affordable Housing (NOAH)

Market-rate affordable housing is housing that is priced by market forces at levels that are affordable to low-income residents. Housing is traditionally considered affordable if the total housing cost (rent or mortgage plus utilities) for the household represents no more than 30% of its income. NOAH housing often makes up a significant portion of a jurisdiction's affordable housing stock, in addition to publicly-subsidized housing.

Mortgage Loan Pool

A mortgage loan pool allows participating financial institutions and funders to jointly fund a program that originates mortgages with favorable terms to help low-income first-time homeowners access homeownership. Such a program both expands options and access for these homeowners and helps to minimize risk to banks who participate in offering nonconforming mortgages, such as those with lower down payment and other flexible guidelines.

Owner-Occupied Rehabilitation

Owner-occupied rehabilitation programs help maintain the affordability of homeownership by ensuring that income-qualifying homeowners can make necessary repairs to make their homes safe. These programs typically provide low-cost loans or forgivable loans or grants for qualifying homeowners (often low-income households and low- to moderate-income seniors) to make necessary repairs to major systems, weatherization or energy efficiency upgrades, and accessibility improvements.

Public Housing

Public housing is a type of affordable housing that has been traditionally owned by a local government agency or authority. In most places, this is a public housing authority. HUD provides federal aid to local housing authorities to operate housing for residents, who pay rents that they can afford. In the United States today, there are approximately 1.2 million households living in public housing units, managed by some 3,300 housing authorities (Source: HUD).

Public Land Disposition

Planning for the disposition of public land to support affordable housing can take several forms, including identifying suitable sites for affordable housing and making them available at a subsidy to developers, and selling some sites (including those not suitable for affordable housing) at market price and using proceeds to support other affordable housing efforts.

Glossary

Public-Private Partnership
A collaboration between a government entity and a private sector organization to jointly develop and finance affordable housing projects. The government often provides land, funding, tax incentives, or other forms of support, while the private sector partner can contribute financing, expertise, and resources to design, build, and manage the housing development.

Single Family Infill
A single-family infill program creates a pipeline of move-in ready single-family units for new homeowners. The program produces new construction of infill single family (or soft density) homes on vacant lots in existing neighborhoods.

Strategic Code Enforcement
Strategic code enforcement can be effective at improving housing quality for residents and incentivizing property owners to make needed improvements or sell noncompliant property. Strategic code compliance supports neighborhood reinvestment goals by reducing blight, improving property values, and increasing quality of housing for residents. Strategic code enforcement typically requires building a robust database of properties and developing an outreach process to help owners gain awareness, make repairs, and navigate processes to retain homeownership.

Tax Allocation District
In Georgia, a tax allocation district (TAD) is a public financing tool that allows local governments to designate a specific area for redevelopment and dedicate a portion of the increased property tax revenue generated by the redevelopment to finance public infrastructure improvements, such as roads, sidewalks, parks, and public facilities, within the district. TADs can be structured to include specific requirements for affordable housing development, such as setting aside a portion of the housing units for low- and moderate-income households or requiring that a percentage of the funds generated by the TAD be used to support affordable housing.

Title Clearance/Heirs Property
When elderly homeowners pass homes to their descendants, they often create tangled title issues when heirs do not record new deeds to a home. Without a formal deed, residents with inherited properties are often unable to access rehabilitation funds. Title clearance facilitates the passing of homeownership titles from older, existing homeowners to heirs to maintain low-income homeownership and promote intergenerational wealth transfer.

Athens-Clarke County Affordable Housing Investment Strategy

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