Making The Case
FOR MIXED INCOME AND MIXED USE COMMUNITIES:
AN EXECUTIVE SUMMARY
Expanding Choices
Solutions to the Emerging Affordability Crisis

- Housing should cost no more than 30% of a household’s income
- Key Reasons for rapid growth of Metro Atlanta:
  - Our position (nexus of rail, highway, and aviation networks)
  - The abundance of low-cost land
- Affordable Homes (< $120,000) near a job center for the 1/3 of our families who earn at or below $40,000 or less per year are harder to find:
  - Prices for existing housing are skyrocketing
  - Almost no one is building new housing at these prices (near job centers)
Making the Case for Mixed Income and Mixed Use Communities

Quality of Life, Competitive Advantage at Risk

- Our teachers, police, office staff and retail workers are having a nearly impossible time finding housing close to work
- Demand is driving up housing prices in closer-in neighborhoods that once were affordable
- Without good public policy...affordable housing will not “just happen”

Solutions:
- Planning high-quality, town-style neighborhoods that include homes suitable for people in various stages and stations of life.
- Governments will need to encourage and assist the private sector...in providing affordable homes for purchase and rent
The Emerging Affordability Crisis
How We Know It Exists - and Is It Likely to Get Worse?

Scope of the Current Problem

(1) 1/3 of households earn a total of $40,000 or less.

(2) 63% of the jobs in metro Atlanta pay under $40,000 a year.

(3) There is over a 185,000 unit shortage of housing units for those at and below this income level.

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Who are these Families?

- Recent graduates living on entry-level wages
- Young families saving for a house
- Senior citizens living on Social Security
- Carpenters
- Electricians
- Office support
- Retail staff
- Janitors, cooks, waiters and waitresses
- Maintenance workers
- Healthcare providers
- Store clerks
- Child care providers
Who are these Families?
(Continued)

- Housing prices here are well above those of neighboring states and are very close to the national average

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Who are these Families? (Continued)

- Average house price City of Atlanta: $243,000
- Metro average: $180,000 (2002)

<table>
<thead>
<tr>
<th>Monthly Rent or Mortgage Expense</th>
<th>Admin Asst</th>
<th>Teacher</th>
<th>Fire Fighter</th>
<th>Police Officer</th>
<th>Retail Sales</th>
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<td>$27K</td>
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<tr>
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<td>$890</td>
<td>$770</td>
<td>$680</td>
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<td>$2500</td>
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<td>CITY OF ATLANTA 2002 AVERAGE HOME PRICE: $243,000</td>
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<td>METRO ATLANTA 2002 AVERAGE HOME PRICE: $180,000</td>
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RECOMMENDED HOUSING EXPENDITURES BY INCOME

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

Some families are making their housing “affordable” by:

- Doubling up with others
- Settling for substandard units
- Relocating into an undesirable neighborhood.

Total shortage in affordable housing at more than 305,000 units.

Arthur C. Nelson, Ph.D., FAICP
Place Matters
The Lack of Housing Near Jobs

- Jobs & Housing Densities are out of sync
- The farther you are from work:
  - the more time and money you must spend commuting
  - the less time you have for family and community commitments
- For lower-income workers, jobs can be nearly impossible to get and keep when these are located well beyond the reach of Atlanta’s limited bus or rail service
- In several districts where...most of the new condo and apartments being built are well beyond the means of most people who already work in these districts.
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Place Matters

The Lack of Housing Near Jobs

- More than 1 in 10 metro households have income that is 30% or less of the median - under $19,000
- Only 6% of the region’s housing units are affordable to them

- The Atlanta region would have to build more housing for households with annual earnings less than $35,000 than for any other category.
- Over the long term metro Atlanta’s economic competitiveness could suffer.
- Highly mobile corporations, employers are tending to choose to locate in places w/good planning and a high quality of life.

**Figure 6: Current Housing Deficits and Surpluses by Job Center**

<table>
<thead>
<tr>
<th>JOB CENTER</th>
<th>&gt;$11,000</th>
<th>$13,000</th>
<th>$16,000</th>
<th>$20,000</th>
<th>$25,000</th>
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<td>Buckhead</td>
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<td>-4,965</td>
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<td>Decatur</td>
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<td>Downtown</td>
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<td>-5,133</td>
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<td>Norcross</td>
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<td>-6,028</td>
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<td>-5,747</td>
<td>1,421</td>
<td>4,846</td>
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</table>

Source: Fair Share Housing in the Atlanta Region Report, Georgia Institute of Technology, City & Regional Planning
Paying the Price for Distance: The Transportation Cost of Housing

- The annual traffic delay per person has more than tripled since 1992, from 11 hours to over 34 hours.

- From 1990 to 2001, the average number of vehicles per household in the region jumped more than 30 percent, from 1.75 cars to 2.27 per household.

  - The average number of vehicles per household increases in suburbanizing areas.

- For a working family earning between $20,000 and $35,000, the average costs of transportation in an in-town location near the core is $5,446; but it's over 45 percent higher in suburbanizing areas.

- The average family earning less than $40,000 a year are paying nearly two-thirds of their income on housing and transportation costs combined.

<table>
<thead>
<tr>
<th>Figure 7: Average Number of Vehicles Per Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.25 or more</td>
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<tr>
<td>1.75 to 2.25</td>
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<td>1.25 to 1.75</td>
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<tr>
<td>0.75 to 1.25</td>
</tr>
<tr>
<td>0.27 to 0.75</td>
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</table>

Other Factors Driving the Affordability Crunch

Rapid Growth

- In the 1990s metro Atlanta added 1.2 million people
- 626,000 jobs (1992 & 2002)
- Rapidly declining supply of buildable land near job centers

- Atlanta is the least dense major US metro area (2.8 people/acre)

- Housing has been skewed toward the high end - by 2000 there was:
  - a surplus of some 60,000 units for households earning more than $50,000
  - a deficit of 185,000 units for those making under $35,000

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Regulatory Practices

Practice of “Exclusionary Zoning” include:

- Minimum lot sizes, driving up the land costs per house
- Minimum house sizes
- Bans on multifamily construction
- Requiring fewer homes per acre
- Mandating expensive exterior finishes
- Impose zoning regulations that lead to income segregation
“Gentrification” and the Loss of Affordable Housing

(1) grueling commutes,
(2) demographic change
(3) reawakened interest in urban life

Has led to the rediscovery of close-in or in-town areas

• The resulting “gentrification” - a long overdue reinvestment in city neighborhoods

• The result:
  ✓ Conversion of existing apartments to condos or demolished to build upscale housing
  ✓ Displacement of existing residents who are hard-pressed to find similarly affordable homes with access to transit
A Look Ahead
Achieving a Vision

The Outlook

• By the year 2030, metro Atlanta is projected to have 2.3 million more people and a total of 4.2 million jobs

• Atlantans over age 65 will likely triple

• Households with children will continue to drop

• 1 in 3 current residents of conventional suburbs would prefer to living in a mixed-use neighborhood where they could walk to work, stores, restaurants, or libraries
A Vision for the Future

A complete community:

- Mixes housing types and prices
- Has office and other jobs, places to shop, and walk-to neighborhood schools.
- It can have a single downtown or a series of neighborhood commercial districts
- It has a place for everyone, at every stage of life – from the high chair to the rocking chair

More families need the option of living in a location where transportation costs won’t swallow the family budget
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Creating Housing Opportunities for all Incomes in Communities for Everyone

Reasons for Optimism

- Our task is to retool our regulations & policies so the private sector can serve an enormous, unmet demand in already-developed areas

- We have a regional transportation agency, (GRTA)

- We have MARTA, the only high-capacity rail system in the Southeast.

- North Georgia has a regional water agency that is looking at ways to limit the proportion of our watersheds covered with development (impervious) surfaces

Where Do We Go From Here?
Defining Success
Key Principals to Consider

Location

Housing not only must be affordable to buy or rent, it also must be accessible to jobs, services, and daily needs.

Mix

- Mixing uses in walkable neighborhoods can:
  - Allow some people to use a car less often
  - Support high-frequency public transportation service
- Mixing incomes within jurisdictions can:
  - Make development of more affordable homes economically viable with higher densities and higher-priced dwellings and commercial space. This mix helps defray infrastructure, land, and other costs

Design

Affordable housing doesn’t have to look cheap...it should be indistinguishable from other types.
Making the Case for Mixed Income and Mixed Use Communities

Fairness

Whatever solutions we pursue must not perpetuate inequities, or create new ones

- **Fairness to individuals:**
  - Working families of any race and income deserve a chance to live near their jobs in safe, well planned and cared-for neighborhoods

- **Fairness among jurisdictions:**
  - Resources are scarce and should be treated as such, perhaps by having localities compete for them based on how well they plan and perform on factors such as affordable housing, walkability, and transportation

A Look Ahead
Where Do We Go From Here?

Recommendations - Solutions

- Regional Housing Resource Center
- Regional Housing Coalition
- Regional Fair-Share Plan
- Inclusionary Zoning
- Connect Housing with Local Land Use Plans
- Account for the Transportation Cost of Housing
- Housing Trust Funds for Metro Atlanta
Conclusion

- How can we add 2.3 million people to our region in the coming decades while creating affordability and a better quality of life for all of the region’s citizens?

2030

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

2.3 million new Atlantans