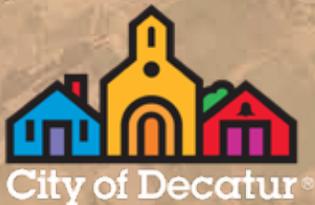


08. HOUSING ADDENDUM

CONSULTANT TEAM:
COOPER CARRY
Bleakly Advisory Group

DRAFT: December 3, 2019



HOUSING ADDENDUM

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01. Introduction

This addendum encompasses additional study of affordable housing for the North and South Housing Villages, initially adopted in the Decatur Legacy Park Master Plan. The Master Plan was a culmination of a months long planning process where several land use themes emerged for the 77-acre site formerly occupied by the United Methodist Children's Home. Of those themes, affordable housing was one of the top responses and two locations for housing villages developed out of the community design charrettes. The Master Plan process looked at the overarching goals of Decatur Legacy Park. It was decided that to successfully implement the housing goals, further study and input was necessary to refine the scale, building placement, and building types of affordable housing of each housing village.

The process began with initial housing stakeholder meetings. The meetings with the stakeholders provided valuable insight into the feasibility of an affordable housing project on the site as well as number of units or product types.

A facilitation housing workshop was also held with the community, gaining valuable feedback and insight. The activities engaged participants to creatively think about scale and building types as well as thoughtfully consider who the housing could serve once completed.

A neighborhood discussion was also hosted by the Winnona Park Neighborhood Association in which the team gathered information regarding scale, housing types and architectural features that the surrounding neighbors would like to see.

In conjunction with these efforts, Bleakly Advisory Group conducted a financial feasibility analysis on a few of the housing scenarios. Going into the project, a concern arose about whether or not different housing scenarios would be financially feasible for a developer and what incentives may need to be provided in order to attract the right developer for the project.

The massing and plans were presented at a public work session of the Decatur City Commission for further engagement and input. Comments and questions helped round out the topics covered in this Housing Addendum to the Decatur Legacy Park Master Plan.

The Housing Addendum is anticipated to be used by the City of Decatur in its request for qualifications and request for proposals (RFQ/RFP) process when seeking future development partners. The Housing Addendum should be used as a framework by potential development partners in their design proposals as it sets forth a certain level of expectations for how the housing villages would be implemented to further the goals for affordable housing in the city of Decatur.

02. Public Outreach

The Decatur Legacy Park master planning process is a pivotal, hands-on opportunity for affordable housing stakeholders and the broader Decatur community to make a substantive contribution to our city's long-term affordability, as well as to the related diversity and inclusion ambitions that inform it.

The public outreach goals for this process were to design an inclusive process and provide opportunities for interested community members to participate in the process. The Public Outreach plan used a similar approach as the master plan process to inform the community of upcoming input opportunities through social media platforms, online news publishings, e-mail, and printed hand-out materials.

A combination of social media platforms (Twitter, Facebook, Nextdoor) were used to post workshop and meeting information and reach the broad community who maintain an online presence. Those platforms provided a link to blog posts on the City's DecaturNext website with more detailed information.

DecaturNext and the Decatur Minute were used to post detailed information about workshop and meeting information. Both DecaturNext and the Decatur Minute have e-mail

listservs with followers that are immediately notified of new postings. Posts were, in turn, released by local on-line media groups, such as Decaturish and Patch. The Champion Newspaper released an article following the workshop.

The City e-mailed invitations to all individuals who have participated in the Decatur 101 program, as well as community partners listed in the Better Together Advisory Board community asset list. These e-mail lists combined have over 700 contacts that were notified of opportunities to participate.

Special recognition is given to the Winnona Park Neighborhood Association (WPNA) for preparing and delivering additional public outreach materials to neighbors. WPNA hosted a neighborhood meeting in which the Legacy Park Housing Study was an agenda item. The City's Children and Youth Services staff were on hand to care for children of families that could make it to the meeting.



Housing Stakeholders

April 10, 2019

Stakeholders are important in the implementation of the Decatur Legacy Park Master Plan. This meeting provided input from those experienced in the development and financial components on the viability of certain housing types within the context of Decatur Legacy Park.

- Decatur Housing Authority
- Collaborative Housing Solutions
- MicroLife Institute
- L'Arche Atlanta
- Better Living Together
- Lifelong Community Advisory Board

Housing Workshop

April 13, 2019

The Housing Workshop took a closer look into the housing options, scale and configurations within the Legacy Park Master Plan.



Community Workshop to Address Legacy Park Housing Affordability

Winnona Park Neighborhood Association Meeting

May 21, 2019

The WPNA gave neighbors an opportunity to voice their ideas concerning the scale and architectural preferences within the context of the immediate neighborhood pockets and existing development patterns.



03. Housing Workshop

As a follow-up on the Decatur Legacy Park Master Plan, the Housing Workshop gave greater depth to the discussions for affordable and workforce housing on the 77-acre site.

A Housing Workshop was held on April 13, 2019 in the gymnasium at Decatur Legacy Park. Upon arrival, a presentation was conducted to remind individuals of the previous planning efforts for Decatur Legacy Park, followed by an overview of regional and local affordable housing challenges and common terminology that would be used during the course of the workshop.

Before the group activity, the attendees were divided into two groups and invited to tour the sites where the North and South Housing Villages would be located. This gave attendees the opportunity to experience the context, visually taking in the site and understanding factors like topography, notable landscapes, visibility, and relationships to adjacent properties and land uses.

Once back at the gymnasium, attendees formed into smaller roundtable groups and experimented with housing density and configurations for each site. Each table had site plans, LEGO® blocks, and construction paper to help them visualize not only the placement of buildings but also the height and scale relative to its context.

While working on the LEGO® block activity, participants engaged in thoughtful discussions on who is presently underserved in the Decatur housing market. Discussions were also had about missing or decreasing supply of housing options for the underserved. Through these discussions emerged appropriate housing types and households that would benefit the most from development opportunities at Legacy Park. should live at Legacy Park and what type of housing should be provided. Ideas ranged from single-parent families to service-oriented workforce to local government employees. Housing types consisted of single family cottages, multiplex housing, and co-housing. For-sale and rental housing options are preferred, provided that they are permanently set aside as affordable.

The discussion led the groups coming to a general consensus for a plan that targeted a mix of incomes from 60% to 120% area median income, household needs, and also provided a variety of housing alternatives.



Attendees at the Housing Workshop



"Dense multi-family housing"



"Mix of low-income and under-served population"



"Emphasis on housing those with needs"





Housing Workshop Top Suggestions



Density along Katie Kerr



Safe, vibrant



Active in the day, quiet at night



Inclusive, livable, beautiful, and attractive



Pedestrian, bike, public transit friendly



Non- institutional feel



Provide less parking



Buffers between sidewalk and buildings



Don't group people based on type -intermix



Not too much senior housing



Multi-generational



Flexible to meet the needs of different incomes

*This accounts for the top voted suggestions, for more extensive tabulation please refer to the appendix



Lego Exercise

The Lego exercise gave the attendees at the Housing Workshop the opportunity to brainstorm the types of housing they imagined being developed in the North and South Villages. This allowed the consultant team to gain further clarification of what the community envisioned in terms of scale and type.

Who do you imagine living here in 10 years?

1 Break the Ice! (5 minutes)

Introduce yourself to your table mates, tell them where you live, and share who you imagine living at Legacy Park.

2 Brainstorm and Build! (50 minutes)

We want you to tell us what sort of housing types you imagine being here in 10 years. What fits? What are your priorities? Who will live here?

- Hear everyone's ideas
- In your packet, you have Legos and construction paper housing options. The Legos illustrate the typical size for each type of housing, so you can quickly see how much space they take up on the site as well as a typical building form. The construction paper footprints show the footprints of the coordinating Lego building.
- Play around with laying out the Lego building and its associated footprints. See what fits and discover what scale and type building works best.
- There is a cheat sheet in your packet that tells:
 1. The type and form of housing
 2. A Lego and Footprint key so you know just what these items represent.
- Feel free to play around with as many options and alternative as you like.
- Write down any thoughts or ideas on the map or pad at your table.
- Create a consensus plan of ideas for your table to answer the question, "Who do you imagine living here in 10 years?"

3 Report to the group (2 minutes for each table)

Appoint a spokesperson for your table to share your housing plan with the larger group.

Legacy Park Housing Workshop

1. Who do you imagine living here?

2. What types of housing do you imagine in the North Village?

South Village?

3. I live in the _____ neighborhood

Sample Feedback Card

Attendees to the Housing Workshop and gave feedback on who they imagined living in this community and what type of housing they envisioned using the "Feedback Card". This card provided participants one more opportunity to share their individual ideas and preferences.



Who Do You Imagine Living Here

The community was largely focused on providing housing for a diverse population. They targeted individuals in Decatur that no more than 120% area median income (or \$66,960 for a household of one, as published by HUD for 2019 Metro Atlanta area media income).

	People with Disabilities	16.7%
	Diversity	16.7%
	Workforce	12.5%
	Inclusive	12.5%
	Seniors	8.3%

What Type of Housing

The community expressed that smaller cluster housing options are preferred in the North Housing Village, such as a pocket neighborhood of cottages and small courtyards, along with cooperative housing in the existing historic Glenn and Sam Bell buildings. The input was based on the context of detached single-family residences in the immediate area along Derrydown Way and S. Columbia Drive.

In the South Village, the context was noted as being different in that Columbia Theological Seminary, Columbia Presbyterian Church, Hargrove Subdivision, Friends School are neighbors at the intersection of Katie Kerr Drive, Kirk Road, and S. Columbia Drive. As such, there is a greater openness for multiplexes.

Overall, participants expressed a desire for a variety of affordable housing options.

North Village:

- **CoOp Housing**
- **Cottage Court**
- **Community Space**

South Village:

- **Duplex**
- **More Density**
- **Multiplexes**

Winnona Park Community Meeting

Fitting within the context of the neighborhood

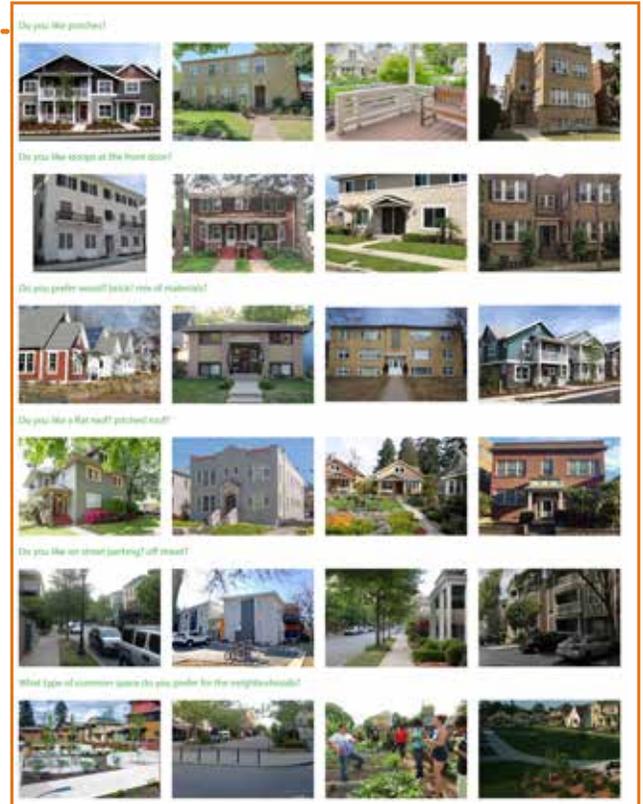
The Winnona Park Neighborhood Association hosted a discussion at their meeting on May 21, 2019, held in the auditorium at Decatur Legacy Park. An overview of the adopted master plan and its housing villages was provided. A summary of input received at the Housing Workshop and Stakeholder meeting was also shared. The attendees of the neighborhood meeting gave more insight on how to approach the design of the affordable and workforce housing within the North and South Housing Villages.

Following the presentation, the consultant team and city staff solicited feedback from the neighborhood. After answering questions about parking considerations, circulations and connectivity, and neighborhood context, attendees voted for specific design features of housing in a visual preference survey and filled out feedback cards with the question: who do you imagine living here in 10 years?



Visual Preferences

The housing preference survey gave the attendees an opportunity to choose which housing types they preferred to see within the Legacy Park master plan. Housing types from which to select included single-family cottages, duplexes, multiplexes in a variety of heights, scale, roof forms, massing and materials.



Legacy Park Housing Workshop

1. Who do you imagine living here?

2. What types of housing do you imagine in the North Village?

South Village?

3. I live in the _____ neighborhood

Sample Feedback Card

Attendees at the Winnona Park Neighborhood Association meeting gave feedback on who they imagined living in the future housing village and further collected individual ideas of the housing types they envisioned using the "Feedback Card."



Who Do You Imagine Living Here

The Winnona Park neighborhood prioritized housing for seniors and local government agency employees.

	Local government & School staff	23.9%
	Seniors	21.7%
	Lower Middle Class Families (60-80% area median income)	8.7%
	Local Workforce (80-120% area median income)	8.7%
	People with Disabilities	7.6%
	Young Families	6.5%

What type of Housing

Small cottage style housing was preferred for the North Village while the South Village gravitated towards multi-family complexes. There was a general consensus that the North Village would be considerably less dense than the South Village.

North Village:

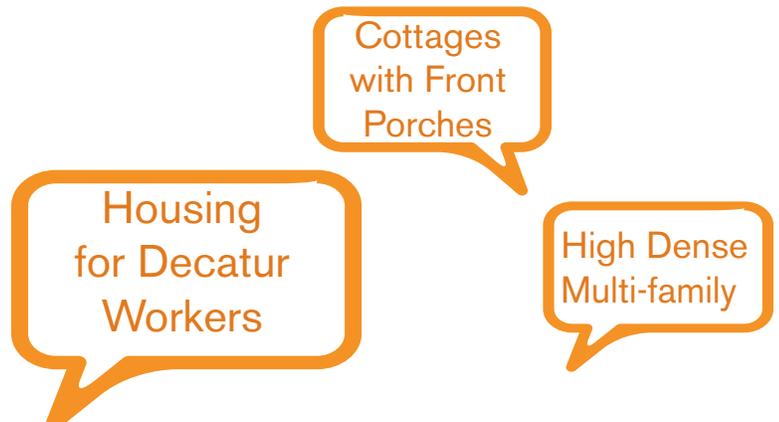
- Cottages
- Single Family
- Duplex

South Village:

- Multifamily
- Duplex
- Walkup Flats

Summary of what we heard

The Winnona Park Neighborhood Association meeting gathered more input and preferences on the look and scale of housing for both the North and South Housing Villages, along with preferences for future neighbors being seniors and staff of local government and the local school system.





Do you like porches?

Attendees were asked to vote on their preference for housing and residential community elements. The options presented were housing with just a front door and housing with a front porch. From the preference boards the community prefers porches.

100%
voted
Porch



Do you like stoops at the front door?

Pictures depicted housing with a prominent stoops and housing with just a front door entrances. From the responses, a prominent stoop is preferred at the front door.

94.1%
voted
Stoops

Do you prefer wood? brick? mix of materials?

The attendees were presented options of housing with wood siding, bricks, or a mixture of materials. Out of the options of wood, brick, or mixed materials, wood was the chosen material for the facade of the housing.

84.4%
voted
Wood



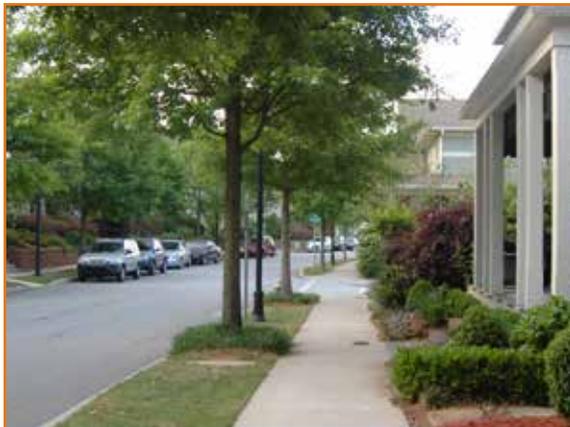


Do you like a flat roof? pitched roof?

The preference board contained images of houses with various roof types included pitched and flat. In terms of this housing feature, the attendees at the community meeting overwhelmingly favored pitched roofs over flat roofs.

92.7%

voted
Pitched Roof



...Do you like on street parking? off street?

Attendees favored on street neighborhood parking over off street parking in large lots for the housing developments.

81.5%

voted
On Street Parking

What type of common space do you prefer for the neighborhoods?

Images of hardscape common spaces, small plaza space in between streets, a community garden, and grass courtyards were presented. From the responses, it was of equal importance to the community to have a community garden and open passive green space.

80%

voted
Green Space





04. Stakeholder Meetings

Local not-for-profit developers and agencies who understand constraints and opportunities in affordable housing are key to viable solutions.

In order to create a viable development plan, 14 stakeholders very well versed in implementing affordable housing in the Decatur area and the greater Atlanta region convened on April 10, 2019. The majority of the attendees participated in the previous Decatur Legacy Park Master Plan process, which allowed the consultant team to uncover a deeper level of feedback on what is needed to successfully implement housing at Decatur Legacy Park from the standpoint of financial feasibility and regulations affecting affordable and workforce housing.

At the stakeholder meeting, discussions revolved around how to make affordable housing a feasible option for the Decatur Legacy Park Master Plan. One of the discussions was how the City of Decatur could contribute to the development of affordable housing through contribution of developable land, installation of certain infrastructure (internal drives, sidewalks, stormwater and sewer upgrades), and monetary subsidies.

There was further discussion on who is envisioned living in the housing villages and what housing options are needed to support those that are envisioned.

Stakeholders discussed how affordable and workforce housing would be defined at Decatur Legacy Park and the constraints to provide housing at different income brackets based on financial resources available to produce housing. For instance, low income housing tax credits are for units set aside for families making less than 60% area median income. Financial resources for units providing housing for families making greater than 60% area median income are limited to local incentives and subsidies, or off-setting costs with a mix of market-rate units within the development to be financially viable and fulfill the community's vision.

Housing Stakeholders included:

- Better Living Together
- Collaborative Housing Solutions
- Decatur Housing Authority
- L'Arche Atlanta
- Lifelong Community Advisory Board
- MicroLife Institute
- Tapestry Development Group

05. Final Concepts for Housing Villages

Detailed housing concepts for the Decatur Legacy Park Master Plan is necessary to provide greater guidance to any future development partner of the expectations held by the community as a whole.

After the input from the community and housing stakeholders, Cooper Carry worked closely with Bleakly Advisory Group to refine the plan for the North and South Housing Villages.

The North Housing Village includes a greater number and more variety of cottage type housing than the previous concept. The concept could support a combination of up to 25 detached single-family cottages and duplexes, with each unit no greater than 1,500 square feet and no greater in height than 25 feet. The historic Sam Bell and Glenn building together have the potential to house and additional 16 co-housing units.

The South Housing Village includes walk-upflats, multiplexes, and duplexes that could support a combination of these different building types with up to 130 units, depending on bedroom count and unit size.

Both villages share great access to bike paths, community gardens, and the variety of amenities found at Decatur Legacy Park.





Cottages

Pecan Grove

Cottages

Courtyard

Rehabilitated Glenn and Sam Bell Cottages

- Existing Buildings
- New Buildings



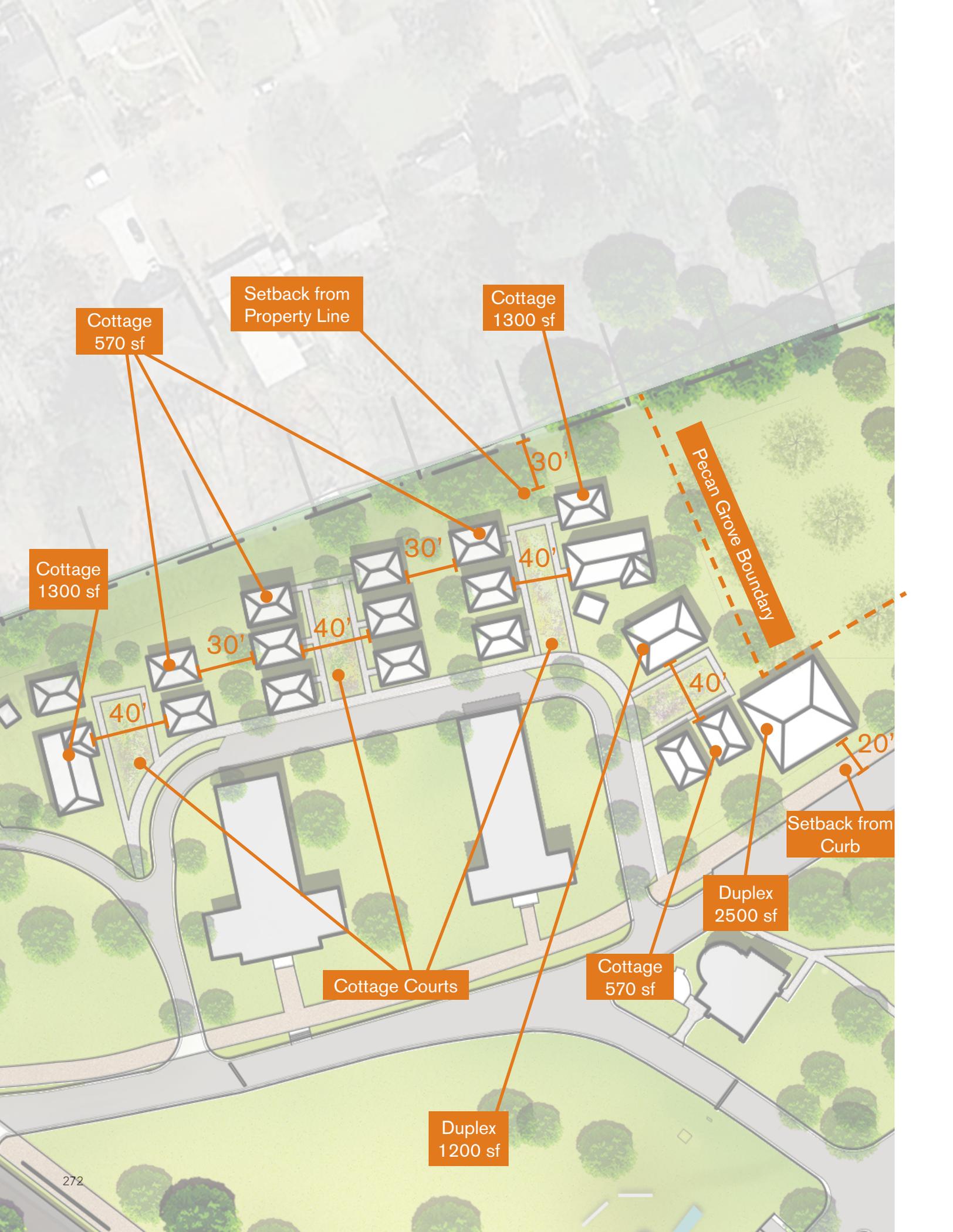
north housing village

“We have to think in terms of community- the whole spectrum of life!” - Housing Workshop participant

The northern portion of the property is designed for a unique pocket neighborhood with community gardens, courtyards, and on-street parking. The concept supports up to 25 cottages, both single-family and duplexes of various sizes that would maintain a minimum 30-ft. setback from the rear property line, typical of single-family zoning requirements. Glenn and Sam Bell

buildings would be rehabilitated for additional residential uses or co-housing. The new and existing housing would share public space creating a sense of community. This village benefits from being adjacent to the bike path, orchard, and community garden and reflects the lower density and scale of the adjacent neighborhood, while increasing affordable housing.





Cottage
570 sf

Setback from
Property Line

Cottage
1300 sf

Cottage
1300 sf

Pecan Grove Boundary

Cottage Courts

Setback from
Curb

Duplex
2500 sf

Cottage
570 sf

Duplex
1200 sf



General Limitations

Parking

- .6 space per unit parking ratio

R-Zone Districts

- 30' setback from adjacent single family R- Zone Districts
- 15' Landscape buffer R-Zoned Districts

Building Setback

- 30' setback from property line
- 40' setback within courtyard
- 30' setback between "courts"
- No construction within Pecan Grove Boundary

Building Types and Maximum Footprint

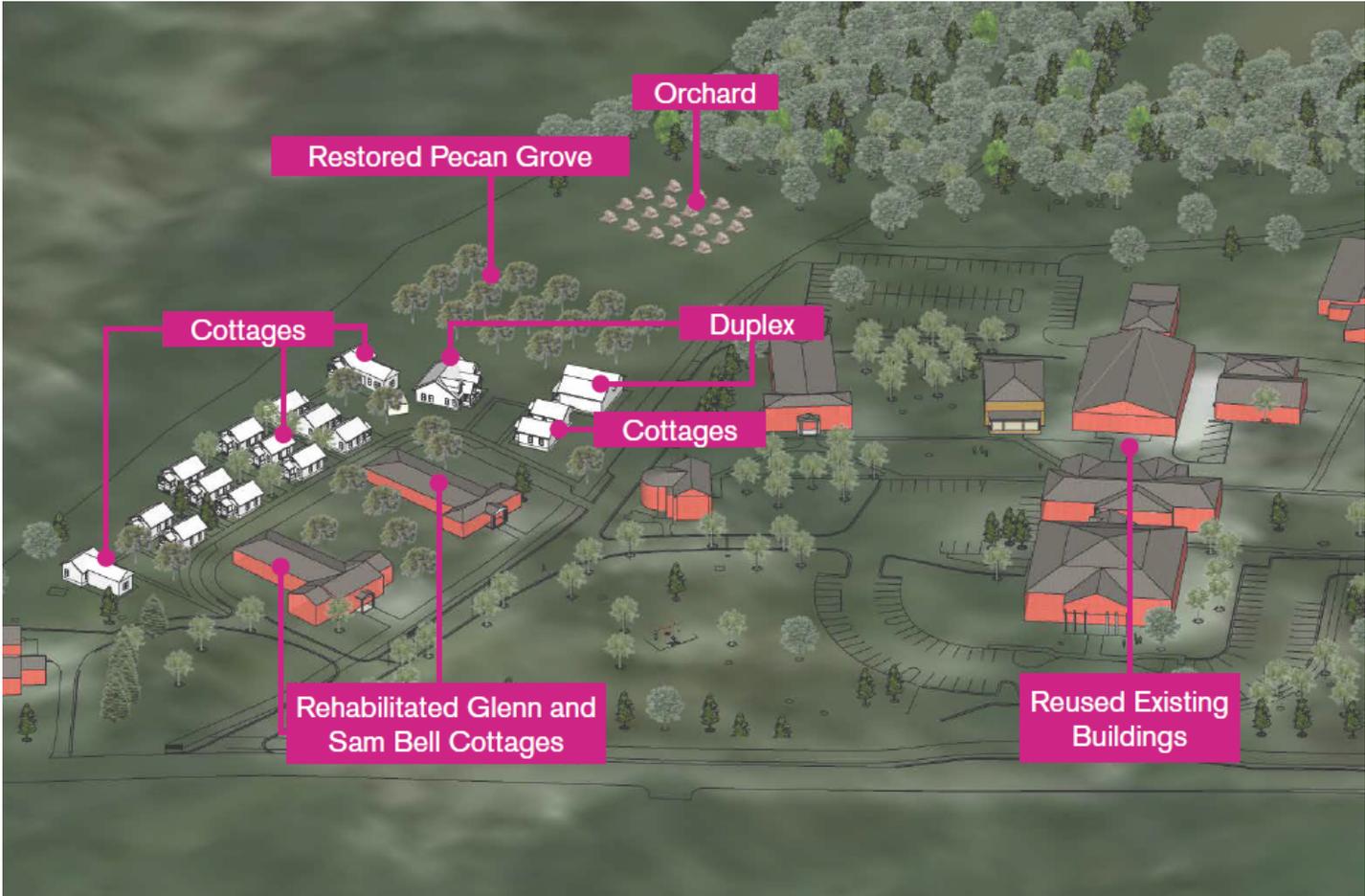
Cottage

- 25' building height
- 1.5 stories
- 1500 square feet max floor area

Duplex

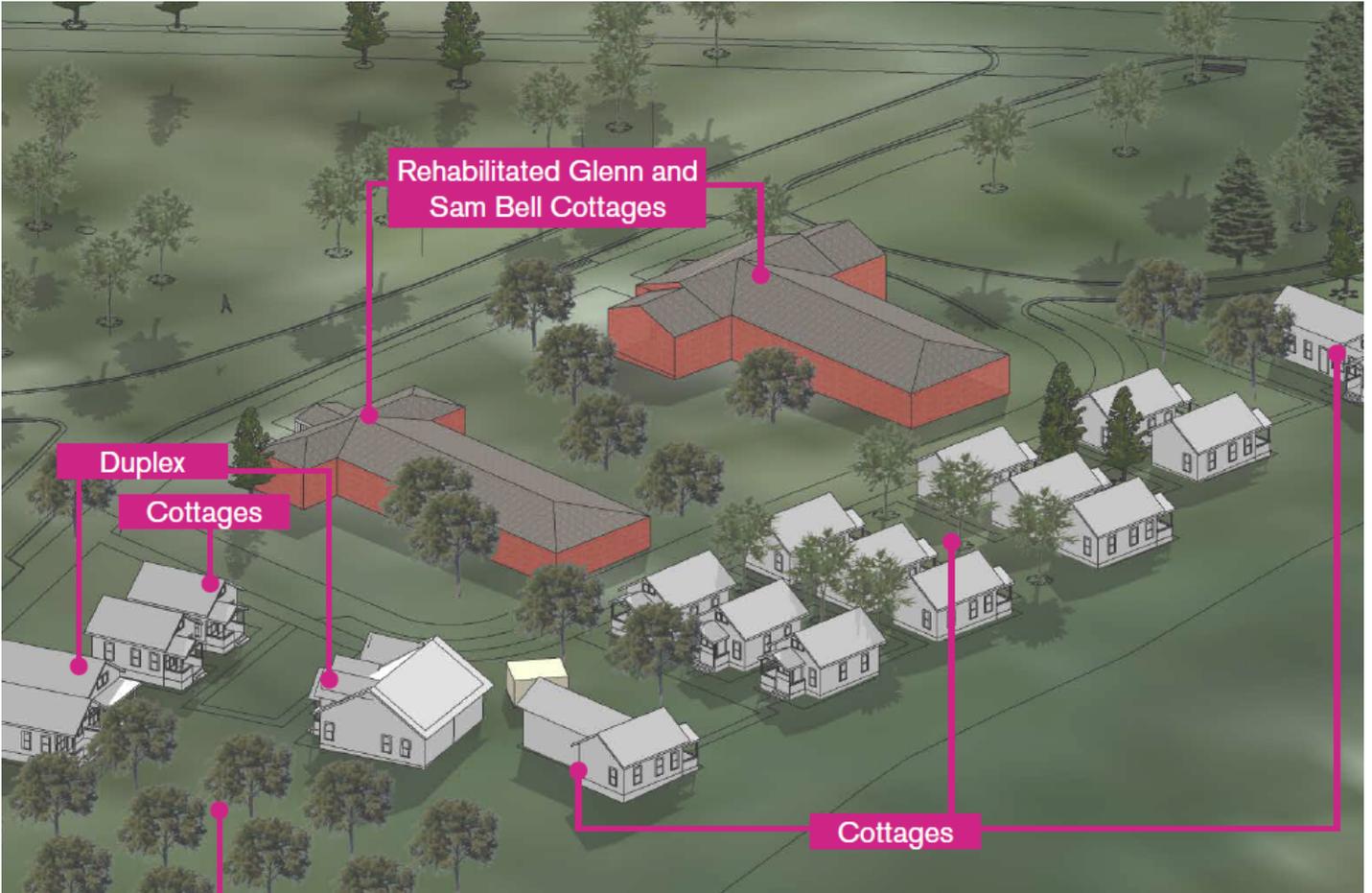
- 25' height
- 1.5 stories
- 2500 square feet max floor area

north housing village





north housing village



Restored Pecan Grove

Duplex
Cottages

Rehabilitated Glenn and
Sam Bell Cottages

Cottages



- Existing Buildings
- New Buildings



south housing village

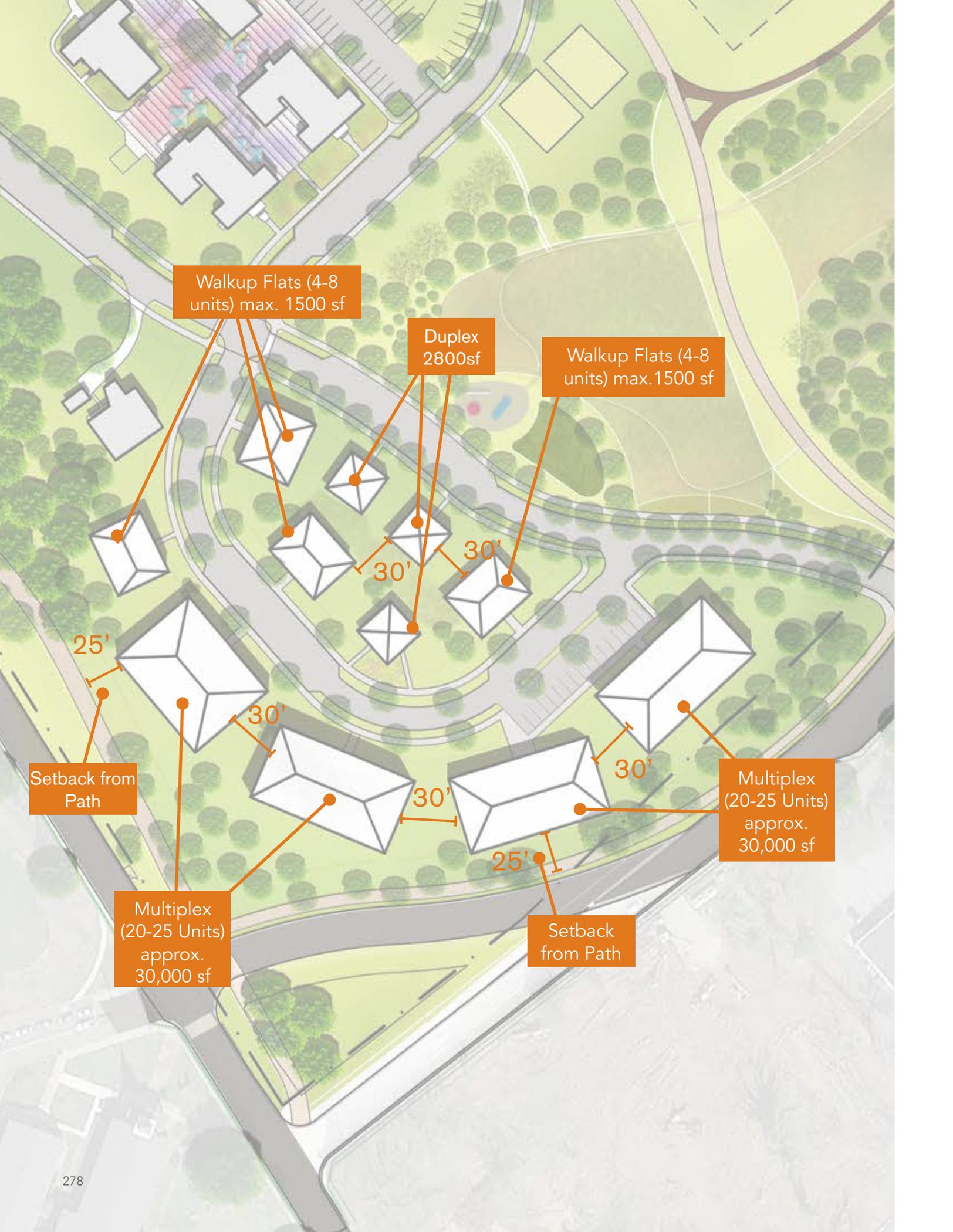
“There should be a particular emphasis on housing those in particular need.” - Housing Workshop participant

The South Housing Village is a larger community composed of duplexes, walk-up flats, and multiplexes situated across from the arboretum and near the pine forest. The concept offers a building transition from the larger developments at the intersection of Katie Kerr into Decatur Legacy Park, taking into

account the scale, massing and height of surrounding development patterns.

It also has access to the MARTA bus stop and East Decatur Greenway, making it easy for residents to stay connected to Decatur amenities.





Walkup Flats (4-8 units) max. 1500 sf

Duplex 2800sf

Walkup Flats (4-8 units) max.1500 sf

Setback from Path

Multiplex (20-25 Units) approx. 30,000 sf

Multiplex (20-25 Units) approx. 30,000 sf

Setback from Path



General Limitations

- .6 space per unit parking ratio

Building Setback

- 25' from realigned right of way along Katie Kerr and S. Columbia
- 30' from adjacent buildings

Building Types and Building Forms

Duplex

- 35' height
- 2 Stories
- 2,800 square feet per unit

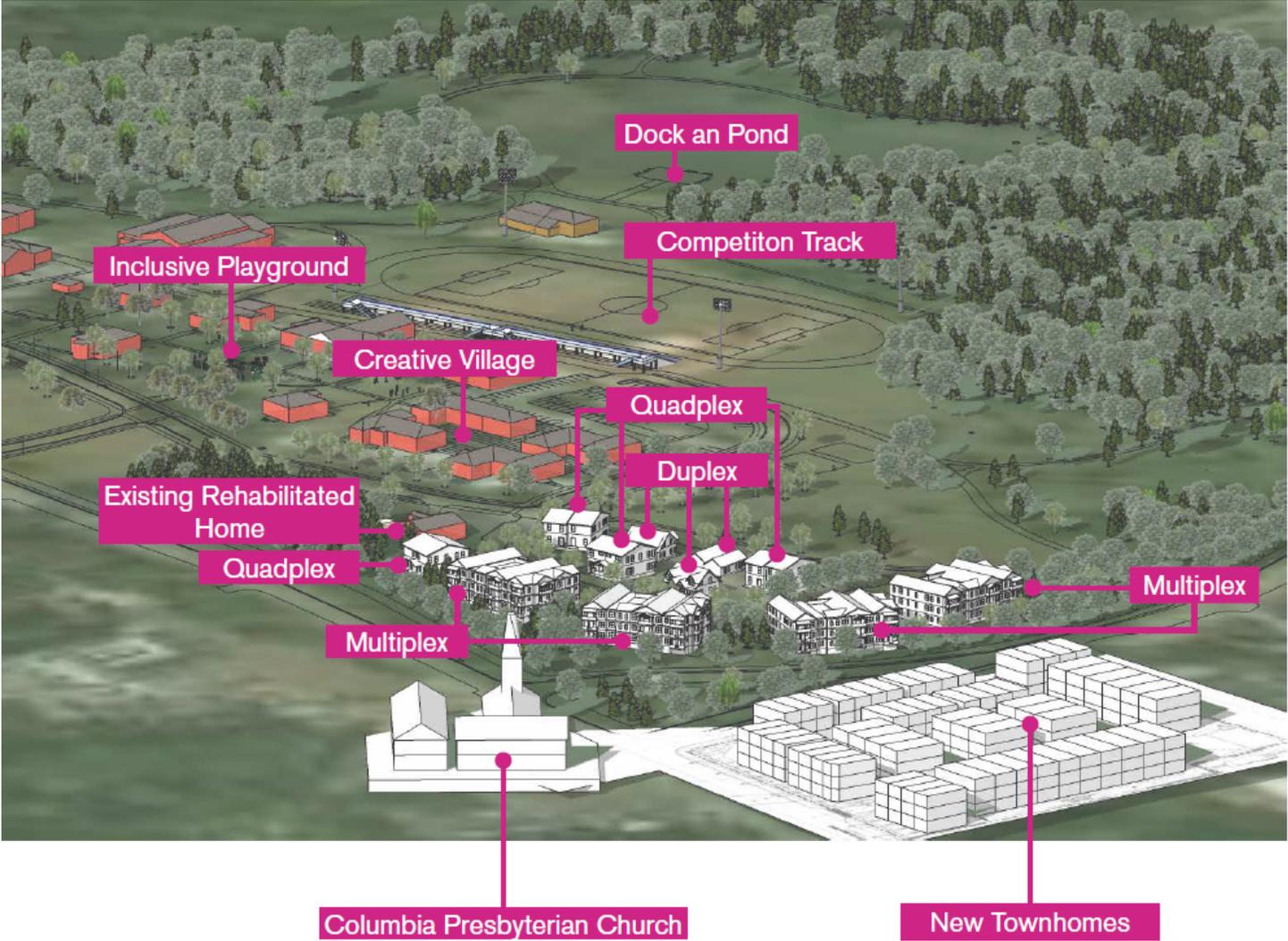
Walk-up Flat (4-8 units)

- 40' height (3 Stories)
- 1,500 square feet per unit, max.

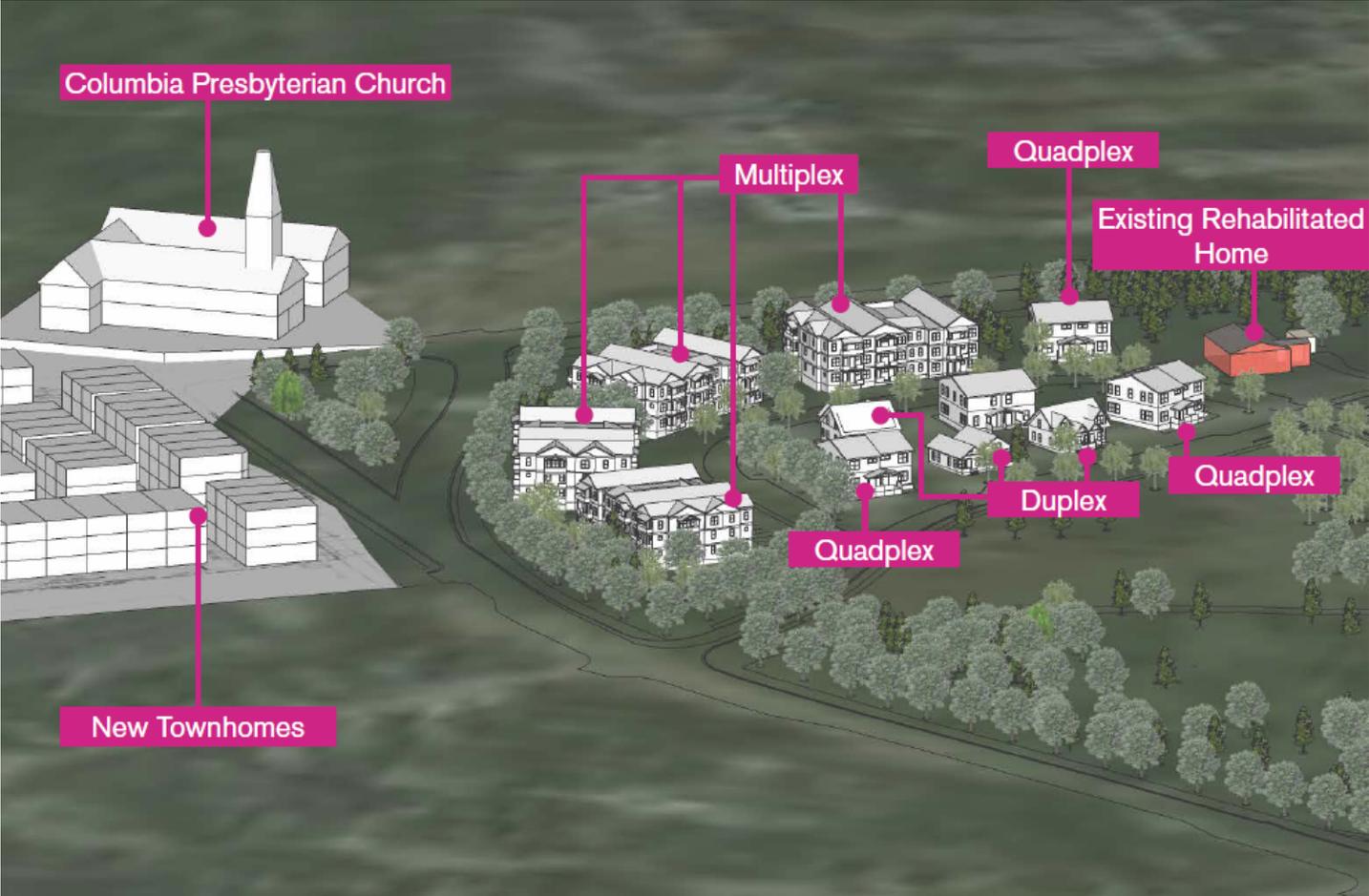
Multiplex (up to 25 units per multiplex)

- 50' height (4 Stories)
- 1,200 square feet per unit, max.
- approx. 30,000 square feet per building

south housing village



south housing village



06. Market Analysis

Any conceptual housing plan in the final housing study should be tested for financial feasibility and grounded in reality.

It is logical to think that everyone needs a home that they can afford. Affordable as defined by the U.S. Department of Housing and Urban Development (HUD) is if the occupants pay no more than 30% of their gross income on housing costs, including utilities.

The term "affordable housing" generally refers to housing options for households that make less than the Area Median Income (AMI). Affordable housing programs typically target households that earn 30-80% AMI. the term "workforce housing" refers to households that earn 80-120% AMI.

In order for new "affordable housing" developments to be constructed there is usually some sort of subsidy required to offset construction costs and provide a unit this is affordable to a certain level of AMI.

A financial analysis was prepared based on the concept plans, current construction costs, and typical development assumptions and variables. The objectives of the financial analysis were to:

1. Estimate the cost to develop the proposed conceptual plan.
2. Estimate revenues under various affordability scenarios.

The objectives of the Proforma Analysis were to:

1. Assess affordability scenarios to estimate revenues and the financial impact of affordability and other requirements.
2. Estimate the necessary public subsidy required to achieve minimum levels of financial performance and feasibility for each scenario.



affordability levels

The chart below summarizes what it looks to live at a certain affordability level and attempt to live in the city of Decatur. Teacher's Aides and School Maintenance Workers with a family of three have no market-rate options inside the city while a mid-career teacher with a master's degree (80% AMI) can only afford a 540 sf studio apartment.

As AMI decreases the likelihood that a household is cost burdened becomes even greater. As of 2017, 31% of households in the city of Decatur are cost burdened.

AFFORDABILITY AND INCOME

	Audience	Affordability Level	HH Income	Affordable Monthly Shelter Costs (Rent / Potential Home Value)	Market-Rate Options in City of Decatur, GA
	Teacher's Aide (5-years experience)	30% AMI	\$21,000	\$525 (\$375 / \$60,500)	NONE
	School Maintenance Worker	50% AMI	\$35,000	\$875 (\$750 / \$130,000)	NONE
	City of Decatur Early-Career Police Officer	60% AMI	\$43,000	\$1,075 (\$925 / \$170,000)	1 / 1 391 sq. ft. 843 S Candler St APT C
	City of Decatur Health & Wellness Coordinator	60% AMI	\$48,000	\$1,200 (\$1,005 / \$190,000)	1 / 1 650 sq. ft. 424 E Ponce De Leon
	City Schools of Decatur Mid-Career Teacher with Master's	80% AMI	\$57,400	\$1,435 (\$1,285 / \$240,000)	For Rent: Studio 540 sq. ft. The Arlo

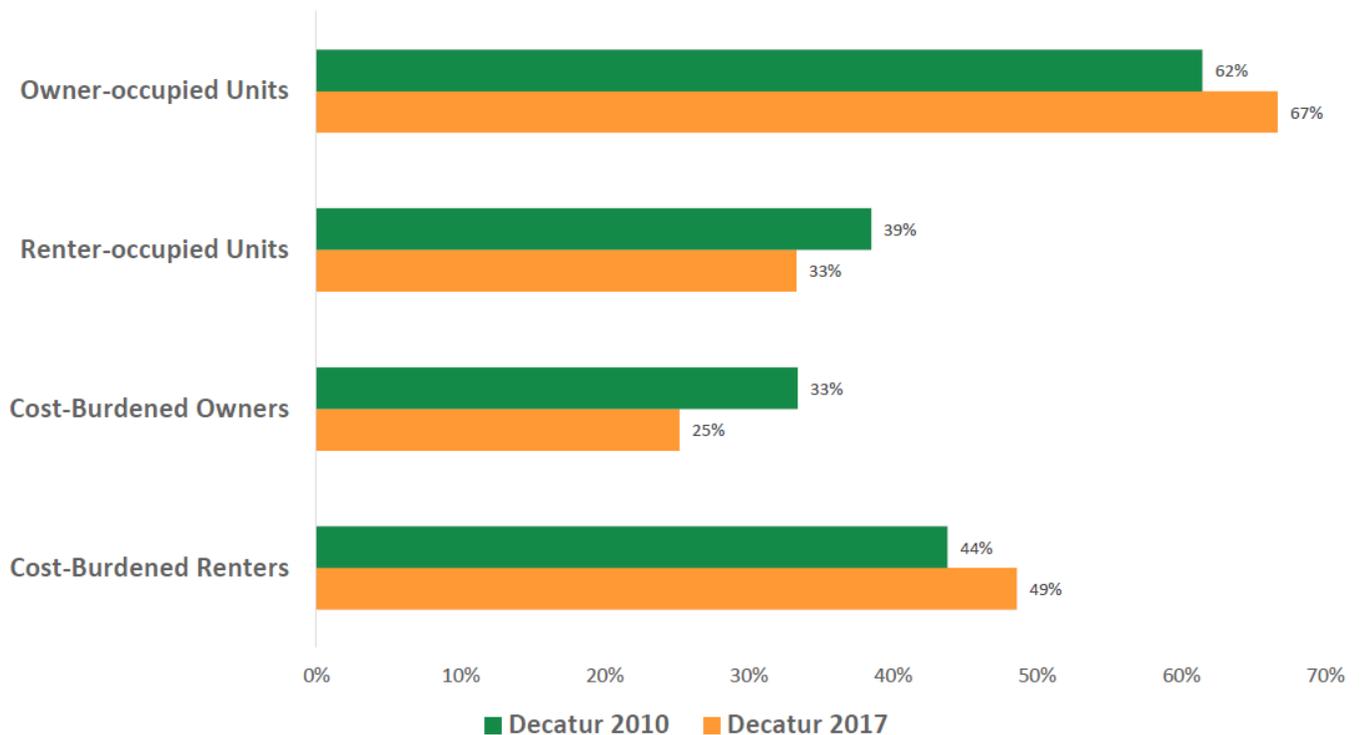
*The Average Median Income was calculated for a household of 3 persons
Based on 30-year mortgage at 5% interest and 3% down-payment
Source: HUD: FY 2019 Income Limits Documentation System, BAG*

affordability analysis

Decatur's population is growing at a faster rate than the Atlanta Metropolitan Statistical Area (MSA) overall. However, Decatur's annual growth rate of households and housing units is not keeping up with the region. Children under the age of eighteen make up a large percentage of Decatur's population growth.

Decatur households at current 100% AMI increased from 37% of residents in 2010 to 50% of residents in 2017. The share of owner-occupied homes increased, while cost-burdened owners decreased. The share of renter-occupied homes decreased, while cost-burdened renters increased.

COST BURDENED HOUSEHOLDS 2010-2017: DECATUR, GA

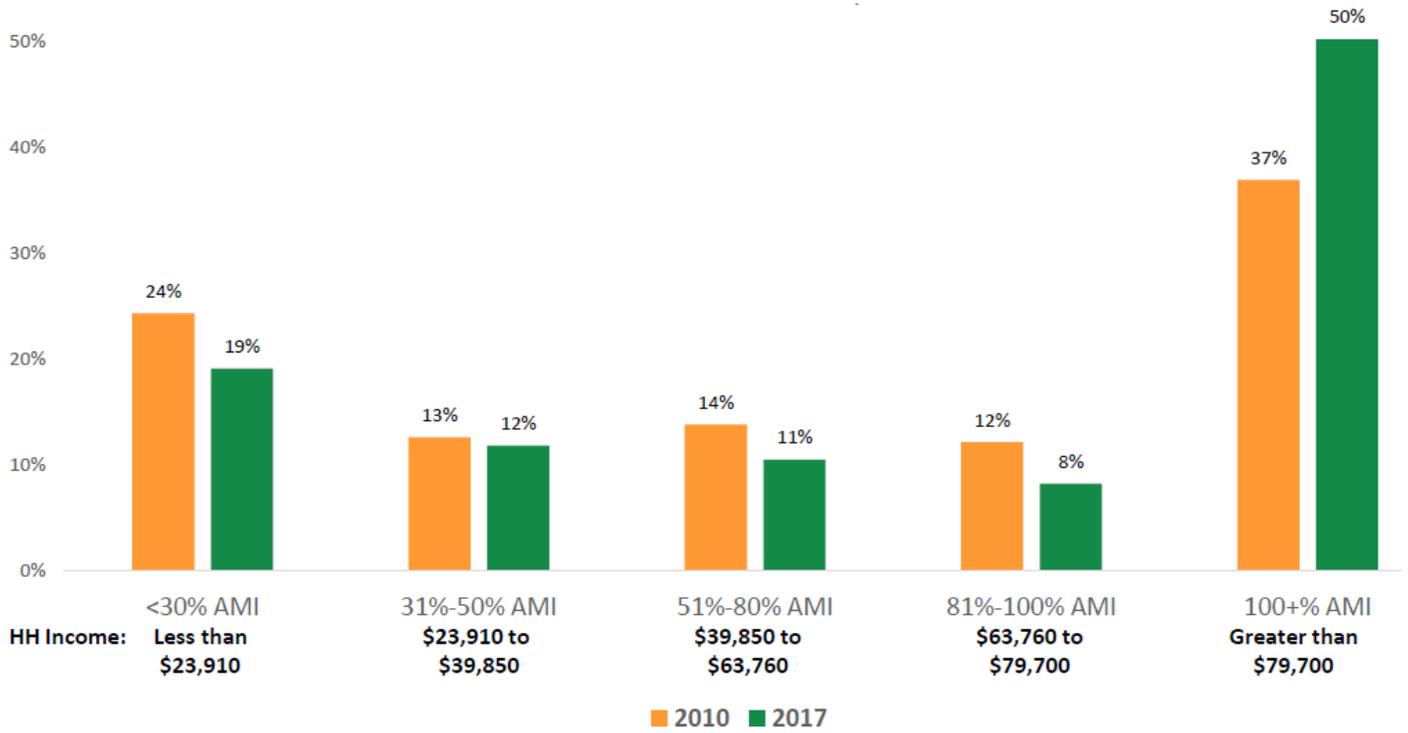


NOTE: Up to approximately 750 multifamily residential units have been added in the City of Decatur since the US Census made these estimates.

Source: Bleakly Advisory Group based on data from US Census American Community Survey 2017 & HUD

household income distribution

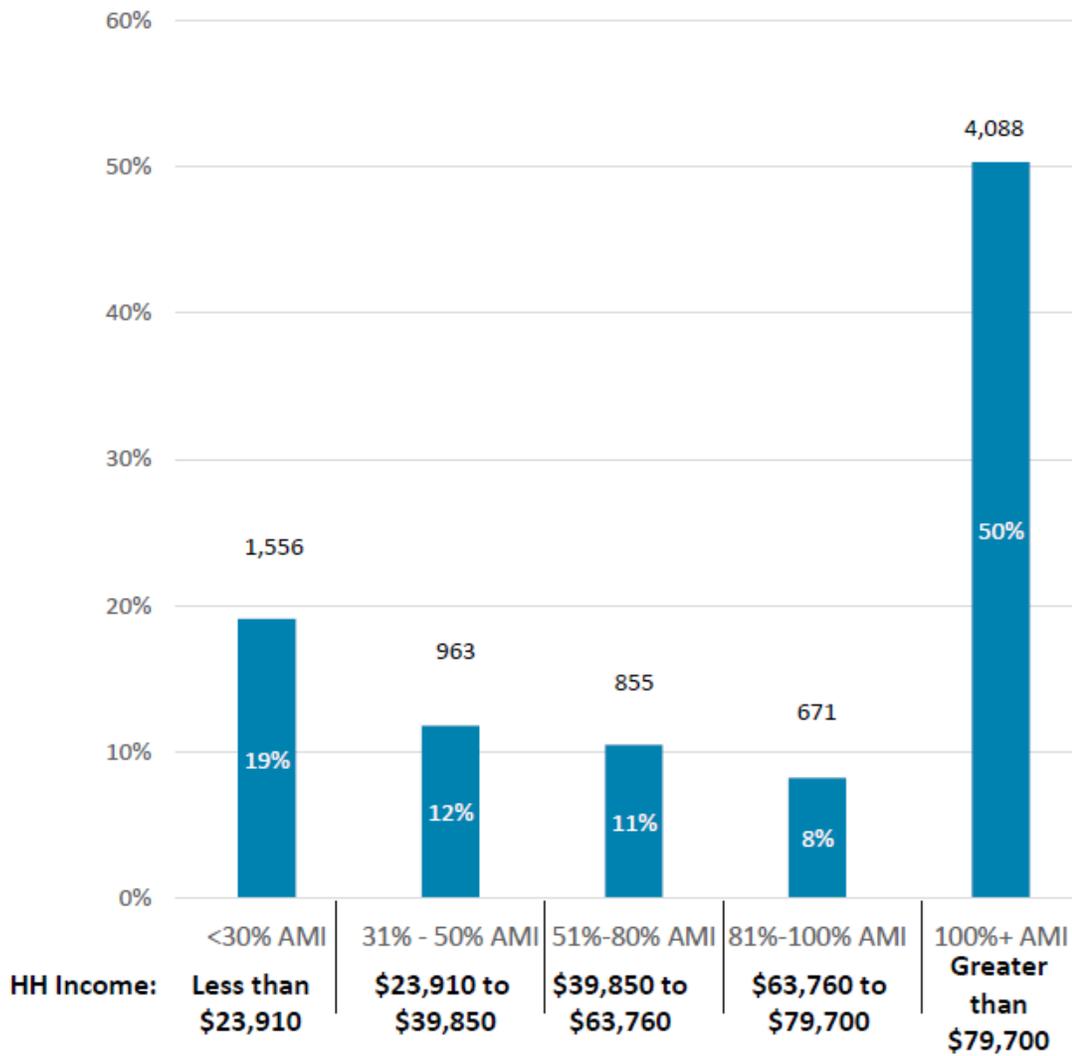
DISTRIBUTION TRENDS 2010-2017: DECATUR, GA



Source: Bleakly Advisory Group based on data from US Census American Community Survey 2017 & HUD using current AMI.

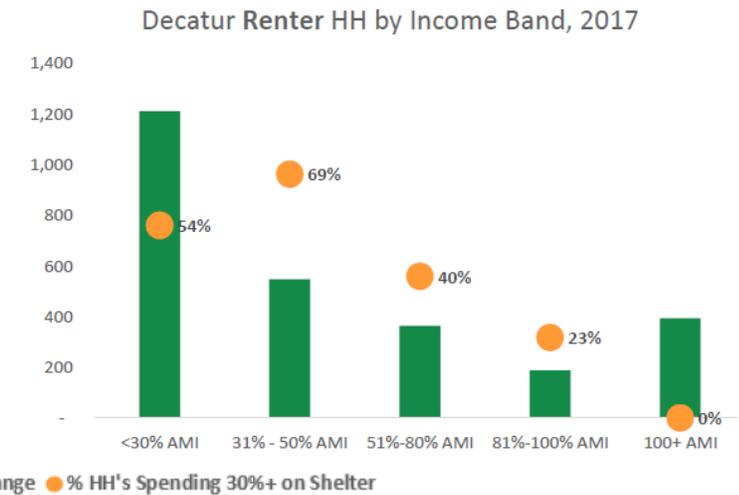
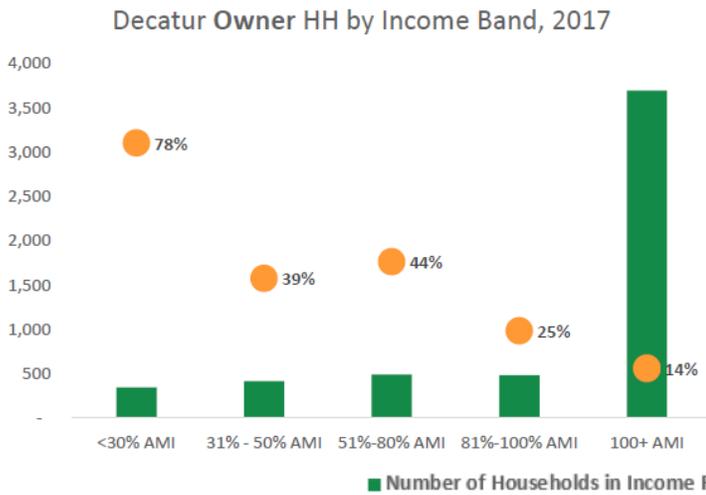
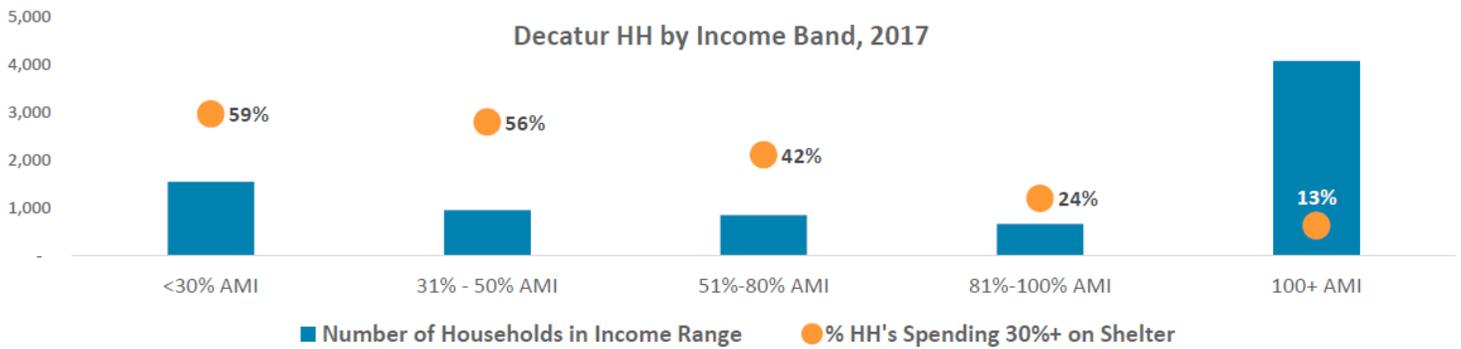
household income distribution

HOUSEHOLD INCOMES 2017: DECATUR, GA



household income distribution

COST BURDENED HOUSEHOLDS BY INCOME 2017: DECATUR, GA



Source: Bleakly Advisory Group based on data from US Census American Community Survey 2017 & HUD

Decatur Legacy Park with housing villages





housing village variables

- **Unit Count:**
 - 100 units
 - 175 units
- **Unit size (Avg. Size):**
 - 750 SF (1 & 2 Bedroom units only)
 - 950 SF (Likely 3B as part of the mix)
- **Average Unit Affordability by AMI**
 - Using appropriate HH size by unit type:
 - 1 Bedroom = 1 Person HH AMI affordability
 - 2 Bedroom = 2 Person HH AMI affordability
 - 3 Bedroom = 3 Person HH AMI affordability

PROFORMA ASSUMPTIONS

- **Site/infrastructure costs: \$2 million**
- **Land Costs: \$0**
- Parking Cost per Space: \$7,000
- **Parking Spaces per Unit: .6**
- Hard & Soft Costs per SF (Less Parking, Site Development & Site Development Costs): \$165/SF
- Operating Expenses: 30% of gross revenue
- Replacement Reserves: 2% of gross revenue
- Development Fee & Project Contingency (combined) as % of Construction Cost: 6%
- Investment hurdle measurement: Return on Cost @ 6%

Solving for Residual Land Value = The amount of money a developer could likely pay for land in order to make an acceptable return on investment.

This assessment allows for the ability to determine possible affordable housing subsidy.

Items in **RED** can be influenced/determined by City of Decatur

affordability averaging method

The averaging method considers the offsets needed to provide affordable units for households earning less than AMI with units for households earning more than AMI. The averaging method results in highly desired mixed-income developments and attracts potential development partners. However, it will lead to fewer affordable units.

For example, a 100-unit development that includes:

a mix of floorplans with an average market-rate rent can provide up to approx. **62% of units with 60%-80% AMI affordability.** (AMI based on 3-person household)



Hypothetical 100-Unit Mix @ 100% AMI				
Floorplan	% of Mix	Rent	SF	Rent \$/SF
Studio (60% AMI)	7%	\$1,200	600	\$2.00
1Bed (80% AMI)	55%	\$1,400	750	\$1.87
2Bed (105% AMI)	29%	\$2,000	1,150	\$1.74
3Bed (130% AMI)	9%	\$2,400	1,350	\$1.78
Wtd. Average	100%	\$1,650	910	\$1.81

- only one and two bedroom units, with a average rent at 100% AMI affordability can provide up to approximately **58% of units with 80% AMI affordability.** (AMI based on 3-person household)



Hypothetical 100-Unit Mix @ 100% AMI				
Floorplan	% of Mix	Rent	SF	Rent \$/SF
1Bed (80% AMI)	58%	\$1,400	750	\$1.87
2Bed (105% AMI)	42%	\$2,000	1,150	\$1.74
Wtd. Average		\$1,650	917	\$1.80

- In order to achieve similar revenue as the above scenarios with similar floorplans, but require that **all** units are at:
 - 80% AMI**, it would be necessary to allow 130-140 +/- units.
 - 60% AMI**, it would be necessary to allow 170-180 +/- units.

proforma analysis sample

	SCENARIO 1 100% Market-Rate	SCENARIO 2 100% AMI	SCENARIO 3 80% AMI	SCENARIO 4 60% AMI
Program				
Avg Unit Size Average	750	750	750	750
Monthly Rent	\$1,650	\$1,339	\$1,042	\$746
	\$2.20	\$1.79	\$1.39	\$0.99
Total Units	100	100	100	100
Unit Cash Flow Analysis				
Average Monthly Rent PSF	\$2.20	\$1.79	\$1.39	\$0.99
Rent as % of Total Revenue	96%	96%	96%	96%
Gross Annual Revenue Potential	\$1,900,800	\$1,542,456	\$1,200,096	\$858,816
Market Vacancy	3.0%	3.0%	3.0%	3.0%
Effective Gross Income	\$1,843,776	\$1,496,182	\$1,164,093	\$833,052
Operating Expenses	30% of gross revenue	30% of gross revenue	30% of gross revenue	30% of gross revenue
Net Operating Income	\$1,330,560	\$1,079,719	\$840,067	\$601,171
Replacement Reserves	2% of gross revenue	2% of gross revenue	2% of gross revenue	2% of gross revenue
Net Cash Flow	\$1,292,544	\$1,048,870	\$816,065	\$583,995
Unit Project Costs ("Uses")				
Hard & Soft Costs per SF (Less Parking)	\$165	\$165	\$165	\$165
Hard & Soft Costs per Unit	\$123,750	\$123,750	\$123,750	\$123,750
Parking Cost per Space	\$7,000	\$7,000	\$7,000	\$7,000
Spaces per Unit	0.6	0.6	0.6	0.6
Total Parking Cost per Unit	\$4,200	\$4,200	\$4,200	\$4,200
Total Construction Cost per Unit	\$127,950	\$127,950	\$127,950	\$127,950
Land Development Cost	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Total Construction Cost	\$14,795,000	\$14,795,000	\$14,795,000	\$14,795,000
Development Fee as % of Construction Cost	3.0%	\$443,850	\$443,850	\$443,850
Project Contingency	3.0%	\$457,166	\$457,166	\$457,166
Total Cost Less Land	\$15,696,016	\$15,696,016	\$15,696,016	\$15,696,016
Residual Land Value				
Return on Cost Hurdle	6.00%	6.00%	6.00%	6.00%
Max Developer Can Pay per Unit for Land	\$58,464	\$17,852	-\$20,949	-\$59,628
Max Land Price per Acre	\$899,444	\$274,639	-\$322,297	-\$917,349

Source: Bleakly Advisory Group

affordability analysis

It can be expected that providing land at no cost, but asking the developer to pay for the estimated \$2 million in site development costs, would necessitate a subsidy/incentive to develop a project with all units affordable to households earning 80% AMI or below. If no land cost and no site infrastructure costs are incurred by a developer, it is likely that a financially feasible development could be initiated at 80% AMI affordability if no 3-bedroom floorplans are required. Subsidy and incentive levels decrease as the number of units in the development increase, such as 175 units, similar to as shown in the conceptual plans.

Developer Pays Site Development Costs

Market-Rate		Average Rent: \$1650	
Scenarios	100 units	175 units	
Include Larger Units	No Subsidy Necessary		
No Larger Units	No Subsidy Necessary		
100% AMI		Average Rent: \$1340	
Include Larger Units	Subsidy: \$8K-\$18K/unit		
No Larger Units	No Subsidy Necessary		
80% AMI		Average Rent: \$1050	
Include Larger Units	Subsidy: \$45K-\$55K/unit		
No Larger Units	Subsidy: \$11K-\$21K/unit		
60% AMI		Average Rent: \$740	
Include Larger Units	Subsidy: \$85K-\$95K/unit		
No Larger Units	Subsidy: \$50K-\$60K/unit		

Includes site/infrastructure development costs, estimated for this analysis at \$2 million.

Developer DOES NOT Pays Site Development Costs

Market-Rate		Average Rent: \$1650	
Scenarios	100 units	175 units	
Include Larger Units	No Subsidy Necessary		
No Larger Units	No Subsidy Necessary		
100% AMI		Average Rent: \$1340	
Include Larger Units	No Subsidy Necessary		
No Larger Units	No Subsidy Necessary		
80% AMI		Average Rent: \$1050	
Include Larger Units	Subsidy: \$30K-\$35K/unit		
No Larger Units	No Subsidy Necessary		
60% AMI		Average Rent: \$740	
Include Larger Units	Subsidy: \$70K-\$75K/unit		
No Larger Units	Subsidy: \$35K-\$40K/unit		

Source: Bleakly Advisory Group



housing village conclusions

South Housing Site will need subsidies in most cases to achieve affordability with average unit costs attainable only to households at 80% AMI and below.

- Additional, significant, subsidy will be necessary if all units are attainable only to households at 60% AMI and below.
- **Low-Income Housing Tax Credits (LIHTC)** are the most-used type of subsidy to achieve average rents for 60% AMI levels.
 - The federally-funded LIHTC program is very competitive, without guarantees of obtaining the funds at any point.
 - While this option should be considered, other financing options should be explored.
- Building new housing attainable to households at 30% AMI and below is very difficult and likely would only be reasonably accomplished in partnership with the Decatur Housing Authority.

North Housing Site offers additional opportunity; the current plans call for renovation of the existing buildings and the addition of approximately 25 units.

- The current assumption is that the new units will address the needs of specific population(s) that often finds appropriate housing difficult.
- This type of mission-driven housing development is typically not accomplished through standard market-rate and affordable housing development, but rather with philanthropic partners seeking atypical (often non- or reduced-monetary) returns.