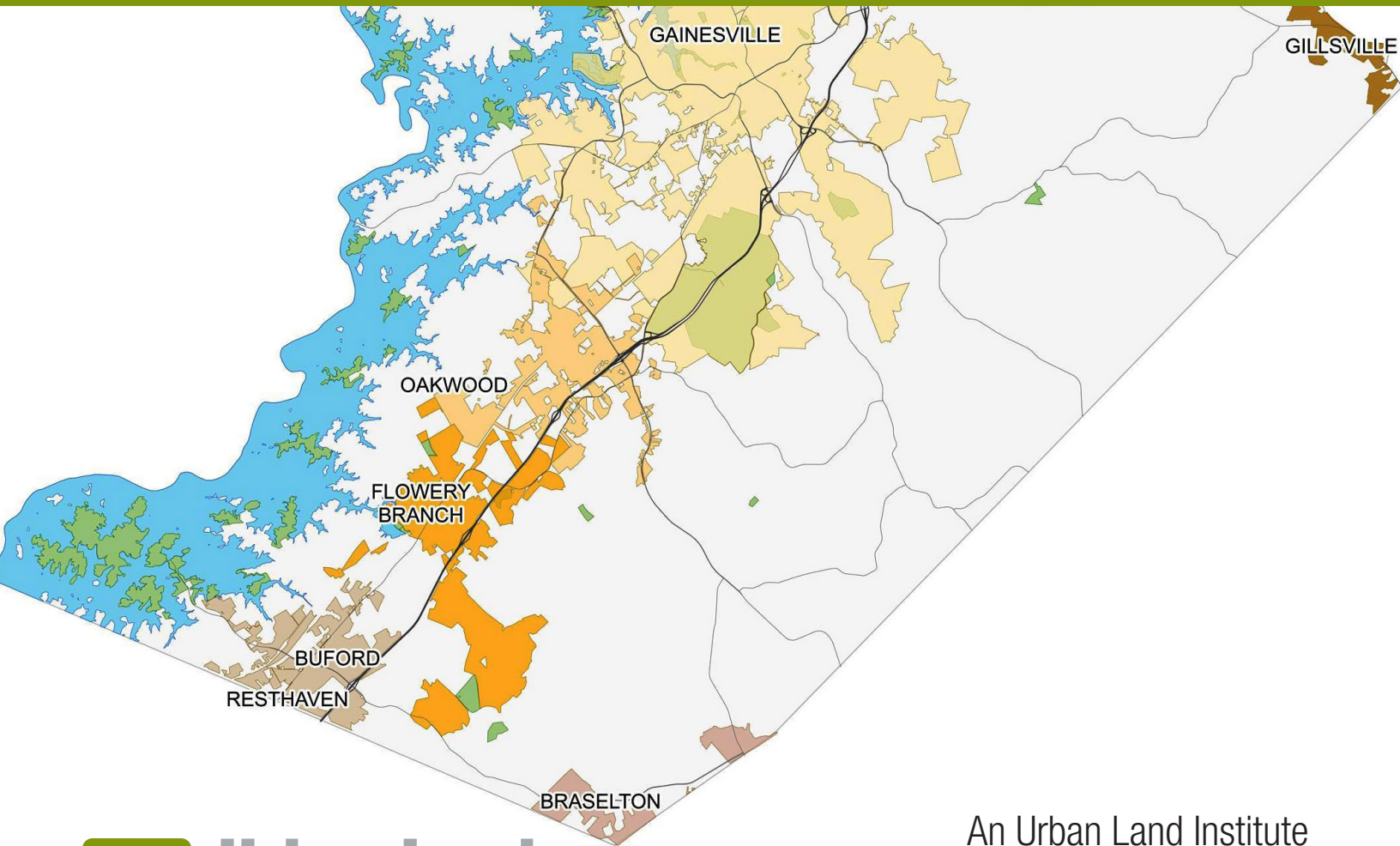


# Affordable Housing Strategies for Gainesville and Hall County



**Urban Land  
Institute**  
Atlanta

An Urban Land Institute  
Technical Assistance Panel  
March 11-12, 2019







# Contents

6

[Introduction: The Panel's Assignment](#)

8

[Executive Summary](#)

13

[Description of Technical Assistance Panel](#)

16

[Understanding Affordable Housing](#)

18

[Reframing the Issue](#)

20

[Understanding the Lay of the Land \(SWOT Analysis\)](#)

22

[TAP Recommendations](#)

36

[An Informal Recommendation](#)

38

[Implementation Plan](#)

39

[Panelists Biographies](#)



## ABOUT ULI – URBAN LAND INSTITUTE

THE URBAN LAND INSTITUTE is a global, member-driven organization comprising more than 42,000 real estate and urban development professionals dedicated to advancing the Institute's mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific region, with members in 81 countries.

ULI's extraordinary impact on land use decision-making is based on its members' sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns. Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate.

In 2018 alone, more than 2,200 events were held in about 330 cities around the world. Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at [uli.org](http://uli.org). Follow ULI on Twitter, Facebook, LinkedIn, and Instagram.

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## TECHNICAL ASSISTANCE PROGRAM (TAP)

Since 1947, the Urban Land Institute has harnessed the technical expertise of its members to help communities solve difficult land use, development, and redevelopment challenges. Technical Assistance Panels (TAPs) provide expert, multidisciplinary, unbiased advice to local governments, public agencies and nonprofit organizations facing complex land use and real estate issues in the Atlanta Region. Drawing from our seasoned professional membership base, ULI Atlanta offers objective and responsible guidance on a variety of land use and real estate issues ranging from site-specific projects to public policy questions.

The sponsoring organization is responsible for gathering the background information necessary to understand the project and presenting it to the panel. TAP members typically spend two days developing an understanding of the problem, coming up with recommendations, and presenting those findings and recommendations to the sponsoring organization.





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*TAP Panelists*



## Introduction: The Panel's Assignment

### Scope of Project

Since becoming a “Georgia Initiative for Community Housing (GICH)” community in 2012, it has been the goal of the City of Gainesville to strengthen quality of life through coordinated and sustained efforts to: improve existing housing conditions, create new housing opportunities, and to connect people to housing resources. Gainesville’s approach integrates owner compliance through diligent code enforcement with the acquisition/demolition of dilapidated properties, homeowner housing rehabilitation assistance, down-payment assistance, and new (instead of reconstruction) using federal and state grant funds. The city also has used HOME grant funds to create housing opportunities through new construction of owner-occupied single-family homes on scattered sites and as part of two small pocket neighborhoods.

Most of the city’s efforts have been focused within its central core, an area encompassing Downtown, Gainesville’s Midtown Redevelopment Area, and surrounding traditional residential neighborhoods. A vision was cast over 20 years ago to encourage the development of new housing opportunities within the central core to invigorate and restore a live-work-play-learn-shop environment. Since that vision was conceptualized, the city has been making strategic public investments to bolster owner confidence and spur private reinvestment such as offering \$1 million of the city’s Community Development Block Grant (CDBG) entitlement funds towards the redevelopment of Green Hunter/Atlanta Street Homes.

The Gainesville Housing Authority (GHA), in partnership with the City of Gainesville, has been successful in the redevelopment of public housing through the low-income housing tax credit program, receiving three 9% awards in the past three years. GHA demolished 131 physically obsolete public housing units and is in the process of building 252 mixed-income (public housing, tax credit and market rate) units. GHA also is in the process of establishing a strategic plan to address the physical needs of existing public housing and the highest-and-best use of its properties. This plan may include additional 9% tax credits and use of 4% credits for rehab. GHA is redefining its role as an affordable housing provider/developer in the community.

Hall County has participated since its inception in the Neighborhood Stabilization Program, which has been a critical asset to meeting the housing needs of the residents of Hall County. Hall County government also administers the CHIP rehab program.

While housing opportunities are being created or restored through rehabilitation, much of the work completed under previous efforts has been done so within “silos.”

United Way of Hall County is serving as the “backbone” organization of ONE HALL, a coalition of 40-plus partners working to create pathways out of poverty through collective action. This effort is working to breakdown the silos that exist between City of Gainesville Government, Hall County Government, Gainesville Housing Authority and joint service providers.

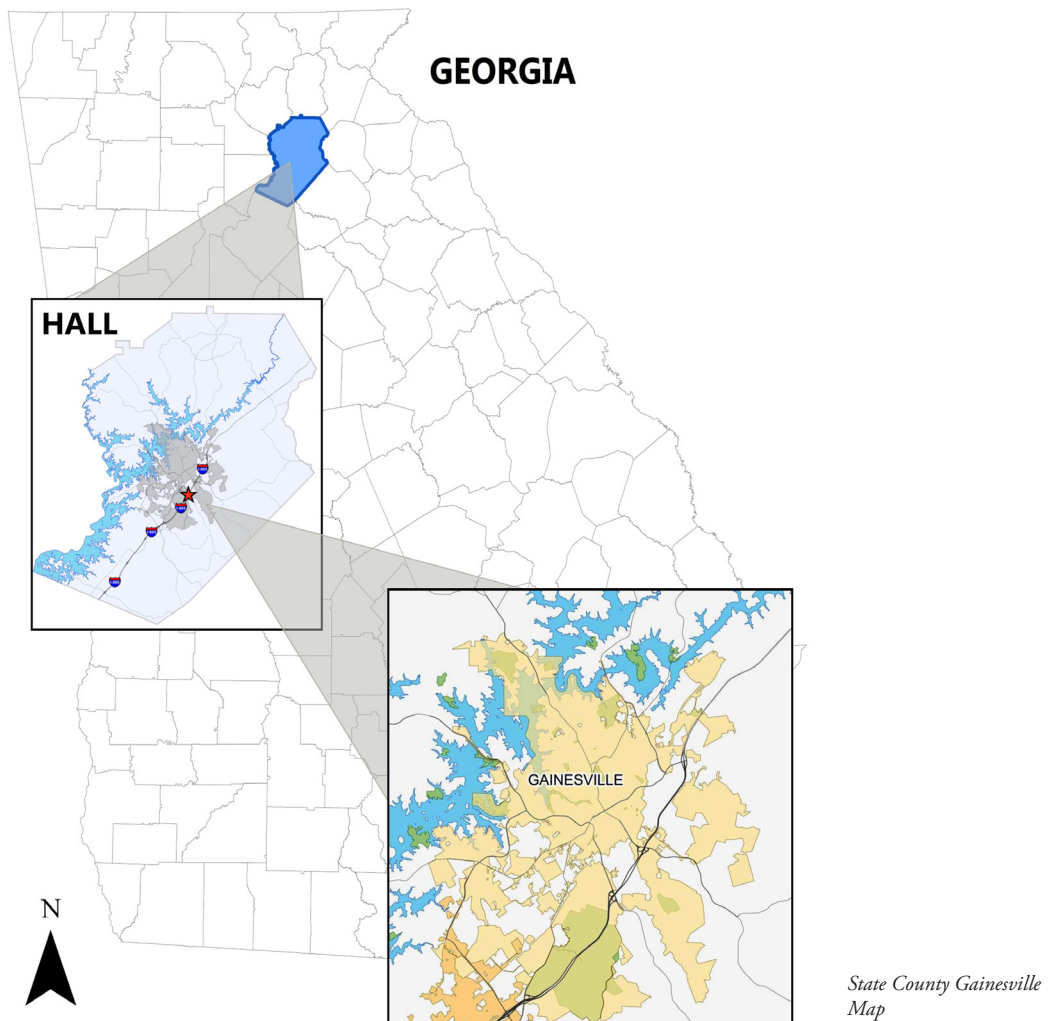
ONE HALL consists of three committees that meet monthly around Education, Financial Stability and Health. The Financial Stability committee has four areas of focus – Housing, Financial Stability, Transportation and Basic Needs. The committee is chaired by Beth Brown, Executive Director, Gainesville Housing Authority. Members of the committee include representatives from the City of Gainesville, Gainesville Housing Authority, Hall County government, local nonprofits and faith-based community leaders.

ONE HALL is working to create solutions that support adequate, affordable and available housing for those households with annual income that is 250 percent above the federal poverty guideline (\$60,000 for a family of four) and below, transitional housing (non-permanent) solutions that provide assistance to access housing, and solutions that provide quality housing for rent of \$892/month or less. The group is also seeking to develop a greater understanding of housing needs for the community’s general population and business community while seeking to engage property managers for mutually beneficial solutions. ONE HALL advocates for public-private partnerships to address housing affordability and availability and is working to convene key educational institutions and community-based agencies to exchange ideas, leverage resources and drive collective action.



## Questions for the Panel

1. How do you define cost-burdened and, in broad terms, what kind of housing is the community lacking?<sup>1</sup>
2. How do you define workforce housing? What pent-up demand is there for workforce housing and at what product types? What creative solutions or zoning changes would be required to achieve housing at 80% AMI and below?
3. How do you define affordable housing and recalibrate and reframe the conversation in Hall County to put a “face” on the issue?
4. What does a public-private-nonprofit solution look like and how does the collaborative work in terms of roles and responsibility?
5. How to optimize existing resources and tools and leverage their use for a mutually beneficial solution to community members and business owners.



<sup>1</sup> Input on this question will not take the place of a detailed housing needs assessment.



## Executive Summary

You don't have to look far to find a policy expert who contends we're in the middle of an affordable housing crisis in this country. For every 100 extremely low-income households in need of an affordable apartment, only 29 units are available, according to the Urban Institute. Researchers at the Harvard Joint Center for Housing Studies found 38.9 million households are cost-burdened, paying more than the accepted threshold of 30 percent of their income for housing. At a time when government budgets are tightening, drying up housing subsidies and rental assistance, construction costs are increasing, rents are rising and adequate housing is becoming harder for more Americans to afford. It's a problem shared by nearly every city across the country, and Gainesville- Hall County is no exception. And there are no silver bullets to fix the problem.

In many ways, Gainesville-Hall County might be further along the road toward workable solutions than other communities. For the past 20 years, Gainesville leaders have pursued a vision to develop new housing opportunities within the city's core. The Gainesville Housing Authority has made steady progress in redevelopment of public housing; Hall County has made effective use of the Neighborhood Stabilization Program to renovate and rehabilitate blighted and foreclosed properties; and the One Hall collaborative shows local leaders have a vision and strategies to lead people out of poverty in a community where more than half of all residents are financially burdened and two of every five people struggle to meet their basic needs such as food, clothing and shelter.

Clearly, this community has the visionary thinking and can-do-ability to address the lack of affordable housing in a meaningful way. The key question for Gainesville and Hall County is this: Does the civic, business, and political leadership have the collective willpower to address this very tough and complicated issue?

### Understanding the issue

One question asked of this Technical Assistance Panel ("TAP") was to define affordable housing and reframe the conversation to put a "face" on the issue in Hall County. Federal guidelines define "affordable" as paying no more than 30 percent of household income for housing. Anyone

paying above 30 percent is classified as "cost-burdened." According to Harvard University's Joint Center for Housing Studies, 43.2 percent of Hall County households are cost-burdened by housing. For more than half the population—those earning \$60,000 or less—there simply aren't a lot of options for housing they can afford in this county. That may explain why 55 percent of all workers in the county commute from elsewhere. One anecdote the panel learned during the stakeholder interviews was that hundreds of workers are being bussed daily from DeKalb County to work in the poultry processing plants. And it helps explain why hundreds of school-age children of the working poor are homeless or living in extended-stay motels.

For a family of four with a household income of \$60,000, housing costs (for rent or for a mortgage) should total no more than \$1,300 monthly, equivalent to a maximum home sales price of \$200,000. In November, according to the Georgia Multiple Listing Service, just 3 percent of new construction homes in Hall County were priced under \$200,000.

But those are just numbers. What is the face of those who cannot afford to live in Hall County? It could be your child or grandchild's teacher. It could be the healthcare worker who cares for your elderly parent ... your favorite waitress at the restaurant your family frequents ... the sales clerk who helped you pick out a new suit ... or one of the community's police officer who make an average salary of \$35,000 to \$41,000. Not to mention one of the thousands of workers in the poultry processing plants that fuel the county's economic wellbeing ... a veteran who is trying to transition to civilian life ... a senior citizen whose Social Security barely meets her monthly expenses ... or a young professional strapped with student loans and trying to make ends meet.

Those are the faces of people who need affordable housing in Hall County. The issue extends far beyond preconceived and antiquated notions of affordable housing as a breeding ground for crime, drugs, urban blight and extreme poverty. Multiple types of housing are needed to address a broad spectrum of the population. In reality, Gainesville and Hall County need to focus not so much on providing "affordable housing" but rather finding solutions

to promote housing affordability for households with a wide range of income levels. This panel's recommendations are geared toward helping determine what those solutions might be. And in the process, we believe more and better housing options will pay community and economic dividends for the communities in the form of more stable neighborhoods, reduced traffic congestion, more spending in the local economy, improved quality of life for workers and more effective employee and talent recruitment and retention for businesses.

## Recommendations

One of the questions posed to this panel was to define cost-burdened households and the types of housing the community may be lacking. That is perhaps the central question in this issue, and our report touches on it from many different angles. Ultimately, however—as the footnote to that question attests—our input represents merely our best thinking on the subject. It cannot take the place of a detailed housing needs assessment, which along with the creation of a strategic housing plan for the community, constitutes one of our six formal, and a seventh informal, recommendations. Broadly speaking, our recommendations seek to define the context and solution sets, provide for a broad educational campaign, and tangibly execute on a priority project and policies.

The panel's first two recommendations are designed to create a framework for addressing housing issues and generate near-term success that can catalyze further development. The remainder address questions around zoning, housing types, public-private-nonprofit solutions and how to optimize existing resources and tools for the mutual benefit of community members and business owners.

The remainder of this executive summary offers a brief overview of the panel's formal recommendations. In most cases, the full recommendations include an overview of the issue, stakeholder input and the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis that informed our recommendations, and action steps or key information to push the idea forward.

### **Recommendation 1—*Create a shared vision, goals and public purpose***

The Gainesville-Hall County community's leadership and achievement on issues related to poverty represent an

encouraging starting point in the effort to create more affordable housing for not only low-income earners but also for entry-level home ownership, as well as traditional middle-class families. However, while there appear to be pockets of influence committed to addressing this issue, no real, sustained progress will occur without first gaining buy-in from the community and building the broad platform. The challenge is simply too large and encompassing to address otherwise. As a result, our first recommendation is to create a shared vision, goals and public purpose for providing housing options that are affordable for both low-income families and households that find affordability of starter homes increasingly out of reach. The panel identified four specific action steps to support this goal:

1. Invest in an education and outreach campaign on the benefits of housing at multiple price points that contributes to economic and community development.
2. Engage the business community to champion this effort and engage other sectors.
3. Continue supporting the Housing Authority and overall staff leadership.
4. Implement a formal housing taskforce that meets regularly and includes stakeholders from the business community, public agencies, private sector, philanthropy and nonprofits to create one vision and aspirational "north star."

To make a serious, effective run at this goal of making housing more affordable for more people in Gainesville and Hall County, you will have to educate your leadership and the public on the need for and benefits of affordable housing for all. United Way of Hall County and One Hall have put the issue in the spotlight, but success will require a champion to drive the issue and engage "the power brokers." The panel believes the business community is best suited to be this champion who could build an effective coalition to broker effective solutions. Ultimately, we foresee a formal housing task force that meets regularly to evaluate progress and opportunities and makes commonsense recommendations that can be implemented at both the public and private level.



**Recommendation 2—Focus resources on a designated area that has potential to catalyze further development.**

One of the most exciting learnings from the TAP’s work was the overwhelming support for an effort that revitalized a blighted area. The revitalization of Walton Summit, for example, offered a positive story about rehabilitating an eyesore and creating a desirable mixed-income community. And the project’s effective use of a broad range of financing options and subsidies showed a way forward in these days of rising construction costs. We believe this model could be replicated for an even more innovative mixed-income project that incorporates increased density, multiple development partners and financing options, and different types of housing. An area near the Midtown Greenway and possibly the jail site in Gainesville could be an ideal spot for this demonstration project. We chose this area because it is located in the Midtown Tax Allocation District and also within one of the few Opportunity Zones in Hall County, making it an ideal option to attract equity investment. With adequate backing and leadership, we believe a site could be identified and a Request for Proposals issued to development partners within six months.

**Recommendation 3—Evaluate existing barriers, incentives and tools that will determine the overall success of the effort.**

Inducing the private sector to build affordable housing is the thrust of this recommendation, the idea being to align existing locally available public resources with the public objective of creating more housing options. As a starting point, we propose a review of county zoning to surface barriers relative to housing options; a review of existing incentives with housing goals; and consideration of new sources of funding such as a Housing Trust Fund (outlined in detail in the full recommendation).

It’s frankly hard to see the potential for multifamily housing in unincorporated Hall County, given the lack of sewer service, the lack of existing zoning laws and almost certain localized opposition to the idea. We even doubt a market study could validate a way forward that would be cost-effective for both developers and renters. Yet, Hall is blessed with a dedicated housing staff that has made steady progress by utilizing available financing options to repair and rehabilitate dilapidated homes, and their creativity may yield unexpected solutions. For example: Given the large number of workers bussed into the region to serve

the poultry industry’s workforce needs -- presumably at a material transportation cost -- it would seem there is a real need to incentivize housing options for these employees. The Georgia Port Authority’s planned new inland terminal in Gainesville could create a similar opportunity.

When thinking about reviewing incentives for consistency with housing goals, the most obvious option would be to implement “by right” property tax abatement to owners or developers to spur the development of more multifamily, affordable and mixed-income housing. Another tool already used effectively would be Tax Allocation Districts, while Opportunity Zones are an as yet underutilized tool that should attract investment in housing. This recommendation includes a thorough list of tools, both utilized and underutilized, that could be used to provide more and better housing options.



*Midtown Greenway/Focus Area (before)*



*Midtown Greenway (after)*

**Recommendation 4—Create an action plan to produce missing middle housing.**

As we mention throughout this report, it's not just families at the lowest ends of the income scale that are finding it increasingly difficult to locate adequate housing. The missing housing product for entry level homeowners, first responders, teachers and other lower-paid professionals also must be addressed. In recent years, most housing starts in the community have been either detached single-family or largescale multifamily, with few options in between. As the same solution will not serve all types of users noted above, enabling a range of product types to be preserved or constructed will be necessary. With this recommendation, we outline a variety of housing types—the missing middle—and ideas that could facilitate their use, including zoning modifications, proactive zoning, proactively acquiring key sites and leveraging publicly owned assets and incentives. The idea is to have your community prepared for and more welcome of developers. This will speed up the development process and keep transaction costs lower—an absolute necessity for building affordable housing.

**Recommendation 5—Create a community land trust (complimenting the land bank model).**

Both the city and county are to be commended for the creation of the new Hall County-Gainesville Land Bank as an entity to rehabilitate blighted, abandoned properties. The land bank has the ability to acquire, manage, and sell vacant property, which may be sitting idle due to issues such as foreclosure, title complications, tax delinquency, or code violations. To complement the land bank, we recommend the creation of a community land trust.

Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land. To do so, the trust acquires land and maintains ownership of it permanently. When affordable housing is a goal, the trust enters into a long-term, renewable lease with prospective homeowners instead of a traditional sale. When the homeowner sells, the family earns only a portion of the increased property value. The remainder is kept by the trust, preserving the affordability for future low- to moderate-income families. Our recommendation offers a more detailed explanation of the process as well as short overviews of land trusts that have long-term success in providing affordable housing.

**Recommendation 6—Develop housing needs assessment and strategic plan.**

A comprehensive Housing Needs Assessment would identify the number of housing units needed in the market by tenure (rentals vs. for-sale), price point, bedroom type and market segment (e.g. families, seniors, disabled, young professionals, etc.). It would give community leaders the necessary information to develop a strategic housing plan that aligns resources, ensures a unified strategic direction (as for example, in particular location), and facilitates partnerships to achieve a shared vision of housing affordability in a cost-effective manner. A clear strategic plan with shared goals between the public and private sector is critical to attract developers and private partners.

**Informal recommendation – A model path to affordable housing**

In the panel's search for answers to affordable housing issues in Gainesville and Hall County, we consulted with Margy Stagmeier, a highly respected developer who contends a socially responsible landlord can build community by delivering social services to its residents, while also maintaining affordability and making a profit for investors. Her model incorporates a housing partnership with a services nonprofit—to reduce transiency in the local school system and thereby improving students' academic success due to affordable housing that reduces turnover, free access to on-site after-school programming, gardening and affordable medical care. If the right location could be identified, the panel fully believes Stagmeier's approach to affordable housing could provide sustainable results for the Gainesville-Hall County community and urges officials to consult with her on potential development opportunities.

**Conclusion**

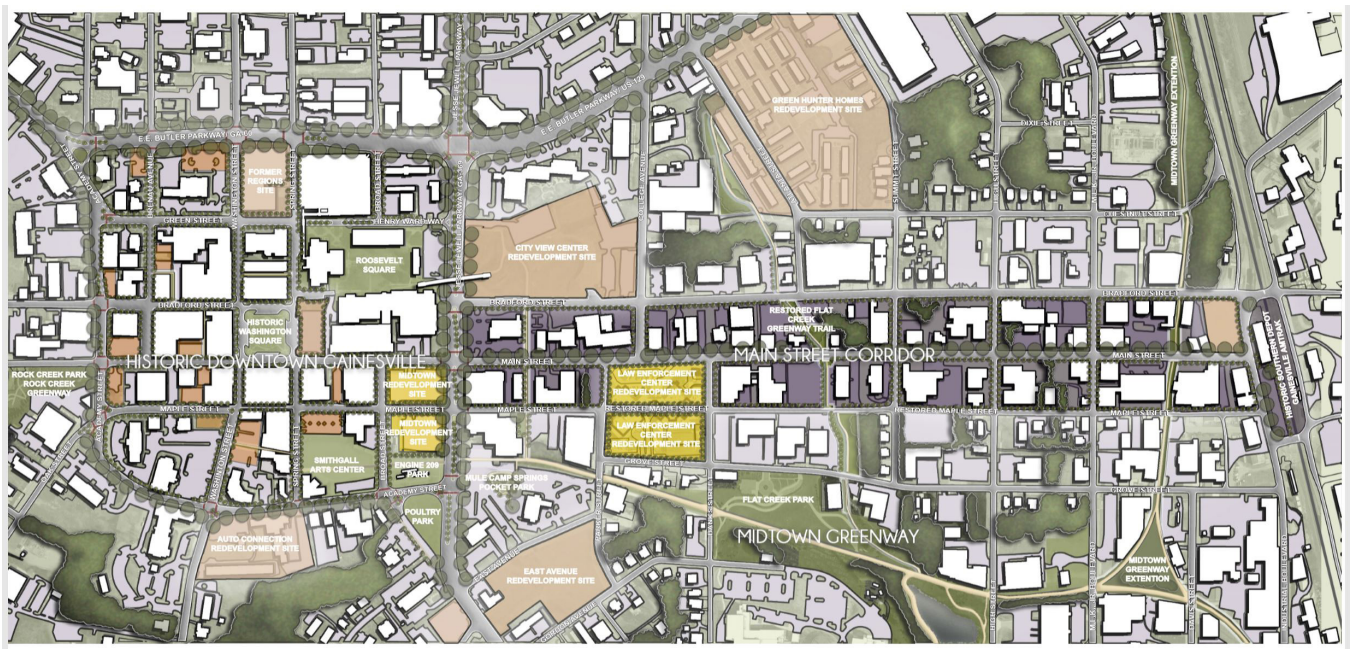
All across the United States, cities are searching for innovative ways to find more homes for more people. Innovative and creative solutions do exist, and we hope this report sparks imagination and crystallizes a few thoughts on how to make housing more affordable in Gainesville and Hall County. It won't be an easy task by any means, but it's doable—assuming the community's power brokers in business, government and philanthropy can get on board with a vision, already cast in many ways, set specific goals, and identify the necessary resources, tools and incentives to carry out the plans. And, to set that stage, it will be



necessary to make the case to a large segment of Hall County’s leadership and general population the community benefits when everyone—the plant worker making \$15 an hour, the teacher making \$45,000 a year and the executive making \$250,000 a year—has access to housing they can afford without sacrificing other necessities like food, clothing and healthcare.

The way to housing affordability for everyone in Hall County must begin with an education and outreach campaign on the benefits of having housing at multiple price points. It must avoid barriers like restrictive zoning and low-

density development; rely on tried-and-true tools like Tax Allocation Districts; and point toward new incentives such as Federal Opportunity Zones and creative housing types such as co-housing that maximize land use to expand the housing choices of the Hall County and Gainesville communities. With more than half your population financially burdened overall and almost half cost-burdened by their monthly housing costs, now is the time to find a way to provide quality housing that is attainable for the entire spectrum of workers in the county.



*Downtown Gainesville Master Plan*

## Description of Technical Assistance Panel

### Sponsor Presentation

The two-day Technical Assistance Panel (TAP) convened March 11-12 with the first day kicking-off at Lanier Technical College. The panel began with an overview of the housing challenges in Gainesville and Hall County from Joy Griffin, president of United Way of Hall County, with key input from Beth Brown, executive director of the Gainesville Housing Authority, Joy Walker, Hall County's housing information specialist, and other members of the project and planning staff for this assignment. From the get-go, it was evident this leadership team has considerable knowledge and passion for enriching the housing market at all levels in Gainesville and Hall County. While affordable housing may be their number one priority, the leadership team demonstrated a deft understanding of the importance and need to bolster housing at affordable levels for varying income segments to make their community a more desirable place to live and work.

This initial overview did a great job of setting the stage for the panel's forthcoming work. Joy Griffin struck the appropriate tone by noting that United Way's Compass Center—a one-stop community resource center connecting individuals and families in poverty with existing services and providers throughout Gainesville and Hall County—received more than 300 requests for housing assistance in the first two months after it opened in March 2017. Meanwhile, we also learned the Gainesville Housing Authority has a waiting list of 1,400 families who need access to low-income housing and that this list has officially been closed for over two years. The need in Gainesville and Hall County is acute.

The overview presentation established the character of Gainesville and Hall County, portraying the community as rich in resources and compassionate—if perhaps a bit out of touch to the lack of affordable housing in the community. We heard how the community's reputation as the "Poultry Capital of the World" shapes the county's workforce, including an estimate that as many as 1,000 workers are bussed in daily from Clarkston, Georgia, to meet the labor requirements for the many chicken processing plants. We also received a broad understanding of regional divides within the county, including competing interests of the mostly rural and wealthier North Hall County, overcrowded schools and Millennial housing needs in Gainesville proper,

and a South Hall County population that more closely identifies with Gwinnett County and the city of Atlanta than other parts of Hall County.

TAP members also learned about existing and planned affordable housing developments, including Walton

Summit, a mixed-income community built on an old dilapidated public housing site. Now in its third phase, Walton Summit will ultimately have 252 apartments. Built with a mixture of public housing funds, Low-Income Housing Tax Credits (LIHTC) and Community Development Block Grant (CDGB) funding, about 80 percent of the units meet various affordability requirements and 20 percent are market rate. While Walton Summit is hailed as a success story, it is worth noting not everyone sees it that way. In subsequent stakeholder interviews, the panel heard complaints that the redevelopment caused the displacement of the families who lived in the public housing that was demolished and was poorly implemented without building a community-wide vision for the project. While we cannot validate these claims, it underscores the difficulty in bringing together different viewpoints and competing interests, even for a good cause, as well as the importance of clear communication with all parties.

### Other notable learnings included:

- Hall County has used the Neighborhood Stabilization Program (NSP) to renovate more than 77 blighted and foreclosed properties since 2009. The purpose of the NSP is to help stabilize neighborhoods where foreclosure and abandonment of houses is most prevalent. Owners in such neighborhoods experience diminishing property value due to abundant



*ULI's TAP panel being briefed during the opening sponsor presentation*





*Hall Co. CHIP program, before and after images.*



*Hall Co. Neighborhood Stabilization Program, before and after images.*

foreclosures. NSP helps stop this trend by purchasing, rehabilitating and reselling those units and getting vacant properties re-occupied.

- The program brings existing units up to code and then sells them for the appraised property value or the renovation cost, whichever is lower. Between four to six houses are rehabilitated each year.



*The Enclave.*

- As of June 25, 2019, NSP 1 has 55 projects completed and NSP 3 has 22 projects completed, for a total of 77 homes. The program will close out by July 2020.
- Hall County has received the Community Housing Investment Program (CHIP) grant since 1998.
- Hall County's CHIP set aside new funding this year for three new constructions and two rehabilitation projects for the disabled, elderly and veterans. The program targets homeowners who cannot afford necessary updates to their property.
- As of 2018, Hall County has completed 18 rehabilitation projects and 543 Down Payment Assistance projects.
- The funds provide eligible low- and moderate-income households assistance with home rehabilitation.
- The goal of the program is to help homeowners by facilitating and funding much needed repairs to their homes.
- Another success story is The Enclave, the only development in Gainesville to utilize Tax Allocation

District (TAD) incentives. The project sits on a four-acre site that was previously 13 dilapidated homes, and is now 45 three-bedroom, two-bath units that rent for \$1,200 a month and are fully booked. The units may be converted to private ownership in the future, and act as a good demonstration project (along with Walton Summit) for the types of “missing middle” housing product types that could be built utilizing tax incentives like TADs.

- About 230 students are homeless in the Gainesville city school system.

## Stakeholder Interviews

Following the overview presentation, the panel moved into an intensive round of eight stakeholder interviews. The interviews allowed us to gather valuable input from a wide range of individuals and perspectives with vested interests in ensuring the community offers adequate housing at all income levels. We heard from city and county political leaders, law enforcement, school officials, nonprofit and faith-based organizations, nonprofits, and business leaders. As might be expected, it was clearly evident the issue of affordable housing stirs mixed emotions. From political concerns to infrastructure limitations such as the lack of sewer service through much of the county; from questions about the availability of financial incentives to even the palatability of using a term like “affordable housing;” and from worries about rising crime and overcrowded schools to differing viewpoints on the need for affordable housing and its effect on existing home values; it became very clear very quickly that this is a controversial and touchy issue for many, and a clearly identified need and consuming passion in the minds of many others.

From all these competing interests, several distinct themes emerged from our stakeholder interviews:

- Where dilapidated, blighted and substandard housing exists, especially in crime-ridden areas, it will be easier to get the interested parties to work together to address the issue, especially when subsidies can be identified to assist with financing.
- Affordable housing is much costlier in Gainesville and Hall County than in other nearby areas, because housing in general is significantly higher-priced, requiring a greater percentage of a worker’s income.

- Political will and business support—or “power brokers who have a vision for this,” as one stakeholder put it—must be galvanized to produce real and sustainable progress.
- County and city leaders must have effective dialogue, working relationships and mutually agreed-upon goals to make a dent in the lack of affordable housing.

The significant themes represent just the tip of the iceberg in the wealth of information accumulated from our stakeholder interviews. Throughout this report, we will reference the key opinions, realities and anecdotal evidence from stakeholder input that informed and influenced our thinking and recommendations.

Following the stakeholder interviews, the panel took an extensive tour of key sites in the city and county. These included many of the multifamily redevelopment projects, renovated homes, and innovative projects such as turning a church into apartment units. In addition, we saw potential housing opportunities associated with industrial and retail development, as well as the Midtown Greenway, the centerpiece of Gainesville’s redevelopment efforts in a blighted 300-acre area located south of the Downtown Square. The Greenway, which includes a five-acre trailhead and park, follows a half-mile, paved, north-south route along an abandoned CSX railroad corridor and will one day stretch over three miles. Repeatedly, the panel heard stakeholders assert the greenway could be a catalyst for significant commercial development and mixed-income housing.

All told, this extensive information download provided much-needed context and understanding to help the TAP conduct an effective SWOT (strengths, weaknesses, opportunities, threats) analysis and develop subsequent recommendations.



*Stakeholder Interviews*

## Understanding Affordable Housing

Affordable and well-located housing options are at the heart of individual economic opportunities and strong local economies, not to mention strong families. Research “has shown the value of quality, affordable housing well beyond the provision of shelter: It improves school performance, diminishes health problems for both children and adults, and decreases psychological stress—among other benefits,” according to HowHousingMatters.org, an online resource managed by the Urban Institute with the latest housing research and trends.

And yet, despite mounting evidence that supports the importance of affordable housing, it has become a need increasingly slipping further away for more Americans. Over a recent 10-year period, the demand for affordable housing increased 38 percent, but affordable options increased only 7 percent. It’s what a 2015 Urban Land Institute report labeled the “worst housing crisis for lower- and middle-income renters (the country) has ever known.”

### What is affordable housing?

The rule of thumb is a monthly mortgage or rent payment should cost no more than 30 percent of a family’s income. This definition is a longstanding federal housing metric based on the assumption that maximum housing costs at 30 percent leaves enough income to pay for other essentials of living (primarily transportation, healthcare, and food).

Another key concept in affordable housing is determining the number of cost-burdened households in a region. This is the most widely used standard in national research on affordable housing.

A **cost-burdened household** is any household that is spending more than 30 percent of total income on housing costs. **Severely cost-burdened** households have been described as those spending at least half of their income on housing costs (greater than 50 percent).

One of the questions the panel was asked to answer was to define cost-burdened and its relativity to Gainesville and Hall County, where 40 percent of the population already struggles to meet their basic needs such as food,

clothing, shelter and healthcare, according to the 2016 Federal Poverty Guideline outlined in the United Way of Hall County’s Community Game Plan.

To do this, the panel developed a four-tiered, income-based guideline to define the maximum rent and mortgage payments, and home sale prices, that households could afford before moving into the cost-burdened category. At the lower end, someone making \$12 an hour in income could afford a maximum rent or mortgage payment of no more than \$600, or a home that costs no more than \$85,000. At the higher end, a household with an annual income of at least \$80,000 would be eligible for a monthly mortgage or rental payment of \$1,700 and a home price of \$275,000.



*Community Game Plan*

With a population estimated at 200,000 and continuing to grow, approximately 54 percent of Hall County’s population is financially burdened, earning \$60,000 or less for a family of four and falling into the first three tiers below. The remaining 46 percent are considered self-sufficient, with household income for a family of four exceeding \$60,000, which is 250 percent above the federal poverty level.

Using Zillow’s online real estate database, the TAP searched for home availability in these various tiers and came up with a grim picture. Of the 1,071 homes available for sale in Hall County, only 10 percent were priced at levels that Tier 3 households could afford and none were priced for households in Tiers 1 and 2. In addition, there were no two-bedroom units available to accommodate Tier 1 and 2 household incomes. (The panel accessed the Zillow information on March 12, 2019).



**Minimum Housing Costs to Avoid Cost-Burdened Classification\***

Tiers*	Income	Rent/ Mortgage	Sale Price
<b>Lower-Income Households<sup>1</sup></b>			
1 (18.3 percent of Hall County population)	\$12 an hour	\$600	\$85,000
2 (21.8 percent of population)	\$35,000 annually	\$875	\$135,000
<b>Middle-Income Households<sup>1</sup></b>			
3 (14.3 percent of population)	\$60,000 annually	\$1,300	\$200,000
4 (45.6 percent of population)	\$80,000 annually	\$1,700+	\$275,000

\*While not exact, the panel's tiers generally adhere to levels of poverty defined by the 2016 Federal Poverty Guideline and outlined in the United Way of Hall County's Community Game Plan.

<sup>1</sup> The household classifications of lower-income and middle-income are based on definitions used by The Pew Research Center. The definitions are based on 2016 income data and are adjusted for cost of living in the Gainesville-Hall County area specifically.

**Business making a difference: Disney donates \$5 million to help fund housing for homeless**

In Orange County, California, the business community has partnered with a nonprofit housing trust to raise money to build housing for the homeless and other low-income residents. Disney Resort recently kick-started the campaign with a \$5 million donation to the trust fund.

The fund's goal is to make "last-mile" loans available to affordable housing projects that already have secured most of their funding, providing enough capital to push developments across the finish line.

The trust has already committed to funding a four-story, 102-unit, affordable housing development, using money from Disney's contribution, and Disney Resort President Josh D'Amaro hopes the company's contribution to the housing trust will spur more companies to donate, saying when Disney acts, others take notice.

The new partnership "will really expand our capacity to help local developers build affordable and permanent supportive housing, which is really much needed," said Helen O'Sullivan, the housing trust's executive director.

A UC Irvine study found the vast majority of Orange County's homeless are longtime residents who ended up on the streets mainly due to evictions, foreclosures, insufficient income or lost employment.

**Why is housing so expensive?**

Although not necessarily in the TAP's scope of work, the panel felt compelled to explore and help the various stakeholders in this project understand why housing is becoming increasingly unaffordable for so many. The short answer is significant rises in construction costs that have caused housing costs to significantly outpace income gains in recent years. It's worth mentioning that the increased costs have occurred at all price levels as real estate prices recovered from the Great Recession.

Consider the costs to develop a Class A multifamily rental unit. In 2007, the development cost was \$93,000, with a required monthly rent of \$875 to support the financing. By 2016, those costs had climbed to \$135,000 and \$1,189, respectively. Two years later, they stood even higher, at \$160,000 and \$1,399 a month, putting new rental units out of the hands of any household that is financially burdened to even a modest degree.

Similarly, the construction costs for a suburban surfaced parked garden development nearly doubled during the same 2007-2018 timeframe, rising from \$68 per square foot to \$120 per square foot. That does not include increases in associated land costs and operational expenses.

While much of this discussion has focused on affordable housing for lower-income households, it's worth noting again that the shortages are not limited to just those people who are barely getting by. With the notable exception of high-end, expensive homes, housing affordability and supply are critical issues for multiple sectors of Gainesville and Hall County's populations. Millennials, lower-paid professionals such as teachers, nurses and law enforcement, the elderly, and workers who want housing near their work have a hard time finding it. This is not an issue limited to Gainesville and Hall County, but is reflective of trends occurring across metro Atlanta and in many other parts of the nation as well.

## Reframing the Issue

At its core, the term “affordable housing” comes with a preconceived notion about what it is and is not. For many people, affordable housing is a buzzword that suggests crime, drugs, urban blight and extreme poverty. The truth of the matter is that we all need affordable housing, as missing middle housing continues to decline and Hall County and Gainesville’s workforce gets squeezed further out. The need for affordable housing is real, especially in Hall County where 43.2 percent of all households are rent-cost-burdened, spending over 30 percent of their income on housing, according to data from the Joint Centers of Housing Studies at Harvard University. Indeed, the number of cost-burdened households “demonstrates just how unaffordable housing is in the Gainesville-Hall County community,” as one stakeholder noted during the interview process.

“There are not a lot of options if you’re making \$35,000 a year,” the stakeholder continued. “And housing prices keep going up, making it difficult to rent at the very least and making home ownership unobtainable for more and more people. The rising prices make getting a down payment all that more difficult, even for people in professional jobs who we do not tend to classify, or think of, as impoverished in any way.”

That stakeholder statement, coupled with the understanding that multiple types of housing are needed to address the needs of a broad spectrum of the population, highlights a need to reframe this conversation. The issue becomes not so much about providing affordable housing but rather finding solutions to promote *housing affordability* for households with a wide range of income levels. The panel believes the community must commit to adopting new development patterns and practices that will provide more affordable housing options—both for sale and rent—that expand the housing choice of the Hall County and Gainesville communities.

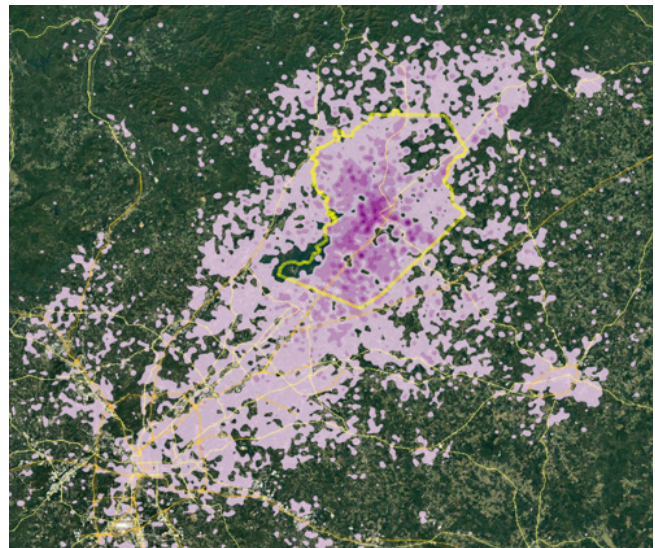
In reframing the issue to housing affordability, the TAP identified three guiding principles:

- Quality housing that is attainable for the entire spectrum of workers in the county.
- Providing attainable housing allows workers to live within the county, which boosts the local economy.
- When people live close to work and are not cost-burdened, it improves quality of life and increases productivity.

## Community and Economic Benefits

A growing body of research clearly demonstrates how housing matters to other pivotal drivers of individual and community success. More and better housing options could help Gainesville and Hall County:

- **Reduce traffic congestion.** Fifty-five percent of all workers in Hall County commute from out of the county, and we heard anecdotal evidence that Gainesville’s worst traffic frequently occurs during lunch hour when the city’s daytime population swells to over 100,000. More housing that meets workforce demands would eliminate commute trips and reduce traffic.



Where workers commute from. Source: US Census Data.

- **Capture a higher share of economic activity from local workers.** The average U.S. household spends 17 percent of their income on food, apparel/services, and entertainment in the communities where they live. Having more workers reside within the county would increase the opportunity to capture this economic activity and increase the tax base.
- **Improve quality of life for workers.** Quality affordable housing leads to less crime, healthier populations and stronger school performance, as well as promotes more stable, less transient lifestyles.
- **Help area businesses strengthen employee recruitment and retention.** Greater housing variety

attracts and retains talent at all job levels. Research shows that workers are more likely to accept and stay at jobs that are close to where they work. In addition, a broad spectrum of housing ensures communities have workers at varying income levels and job types.

## A good foundation

Before moving into the SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) section of this report, it's imperative that we begin with an overwhelming strength that influenced the panel's review of the issue and, ultimately, its final recommendations.

As noted previously, the lack of affordable housing—as well as housing affordability—is not unique to Gainesville and Hall County. Communities throughout Georgia and the United States face similar issues.

What sets this community apart from others, in this panel's assessment, is a lengthy list of existing work and ideas already being implemented. The TAP viewed the community's impressive body of work as an incredible strength that has Gainesville and Hall County potentially poised to make real progress in addressing housing issues.

The body of work begin with the United Way *Community Game Plan* and collaboration of One Hall. To bring together more than 250 community members to address what can be done for those experiencing poverty is both a huge undertaking and remarkable achievement. The Compass Center, a one-stop resource center to help

residents identify resources for their needs, gives the county a unique insight into the needs of residents experiencing poverty. And the establishment of One Hall, which is focused on Education, Financial Stability and Health solutions, clearly demonstrates local leaders are willing to help those struggling to make ends meet and break the cycle of generational poverty, a prerequisite for finding solutions for affordable housing.

Those good works are merely the tip of the iceberg. Throw in the E-SLOST (2020), the Gainesville Vision 2030 plan, the Good News Clinic and the tremendous collaboration between the Gainesville Housing Authority, city planners and county housing staff, and it clearly shows the community has the visionary thinking and can-do ability to make a serious run at addressing affordable housing in a meaningful way.

The key question for Gainesville and Hall County is this: Do you have the collective willpower to address this very tough and important issue? In short, what kind of community do you want to be?



## Understanding the Lay of the Land

The SWOT (strengths, weaknesses, opportunities, threats) analysis is a crucial tool for every TAP to evaluate an issue and make subsequent recommendations. In some ways, this TAP required a lengthier evaluation and study of the issue than is typical of other panels to achieve the necessary context and understanding to do an effective SWOT analysis. The panel's collective thinking and absorption of the issue is reflected in the preceding pages of

this report, all of which was designed to help answer the key questions and develop effective recommendations.

The boxed information on the following page contains the TAP's complete list of Gainesville and Hall County's strengths, weaknesses, opportunities and threats to consider in addressing both the lack housing affordability. All of these conclusions are expounded upon in greater detail in the recommendations contained in the report.



## Strengths

- Longstanding civic leaders with strong ties to the community
- Many job opportunities
- Financial tools – tax allocation districts, opportunity zones
- Walton Summit – a positive example, offering political coverage
- Housing Authority, City Planning and County Staff
- GICH – Georgia Initiative for Community Housing – helps to compete for Department of Community Affairs (DCA) programs funding
- Engaged nonprofit community
- Active transportation system with fixed and flexible route
- Midtown Greenway and plans for further connectivity
- Downtown character and amenities
- Lifestyle amenities, lake and outdoor offerings
- Local universities – Brenau University, Lanier Technical College, University of North Georgia
- Inland Port will bring opportunity for more jobs and industries

## Weaknesses

- Lack of consensus and understanding among local leadership around affordable housing challenges
- Development community has had limited exposure to all available financing tools
- Sewer infrastructure lacking in large areas of the county
- Limited housing stock and inventory at all price points
- NIMBY-ism – Reflexively against density, citing impacts on schools and traffic
- County code enforcement is lacking
- Lack of interest and participation from lake communities and North Hall
- Lack of/little funding for housing
- Lack of Hispanic representation – make up 40 percent of population but no visible representation at the table. Reflects a lack of comprehension of diversity within the community.
- 43.2 percent of county population is cost-burdened, according to U.S. Census numbers.
- Implications of job growth (i.e. Inland Port and other industries) could increase existing pressures on housing affordability, utilities, and infrastructure

## Opportunities

- Common vision and goals amongst leadership – a table where business and elected leaders are working together
  - Role for the broader business community
  - Harness dollars/philanthropy/Rotary/Chamber/Kiwanis
- Lanier Technical College – job training and brings economic activity
- Sites available for denser development
- Leverage new city land bank
- 1,400-person wait list for Gainesville Housing Authority (been closed for two years)
- Flexibility in public transportation system
- Midtown Greenway/downtown – land acquisition strategy
- Engage Hispanic population and other community segments (active community developers)
- Engage current active developers
- Missing middle housing for entry level/first responders/teachers
- Investigate nexus between housing, transiency and school performance
- Education about SPLOST – on ballot for 2020

## Threats

- Schools lack capacity in the city
- County lacks focus and priority for housing and managing growth
- Leadership doesn't necessarily reflect diversity of community
- NIMBY-ism
- City vs. county – different perspectives and understanding
- Neighboring counties do not have the same programs or amenities, which can work against priorities city of Gainesville
- Retaining talent without housing and retail
- Stigma of “affordable” terminology

## TAP Recommendations

### Recommendation 1—Create a shared vision, goals and public purpose

As noted earlier in this report, the Gainesville-Hall County community’s leadership and achievement on issues related to poverty represent an encouraging starting point in the effort to create more affordable housing for not only low-income earners but also for entry-level home ownership, as well as traditional middle-class families. One Hall has done a commendable job of defining the need, which is to support adequate, affordable and available housing for those living at 250 percent of the federal poverty guideline (\$60,000 for a family of four) and below—defined as quality housing for rent at \$892 per month or less (30 percent of a \$60,000 income).

While there appear to be pockets of influence committed to addressing this issue, no real, sustained progress will occur without a shared vision, goals and public purpose dedicated to identifying and implementing solutions.

FIGURE 3-1

### Elements of a Successful Project



Source: SB Friedman Development Advisors.

A shared vision that is created and embraced by key stakeholders will stand the test of time and will persevere through implementation.

Ten Principles, 9.

Source: ULI’s report *Successful Public Private Partnership: From Principles to Practices*

## Oxnard, California’s outreach program for affordable housing

Oxnard, California’s housing authority and Steadfast Residential Properties proposed to provide more affordable housing in the city by replacing a dilapidated, pre-World War II Section 8 housing project with a modern, mixed-use residential community. To conduct an outreach program that would build support for the public-private project, they hired the Los Angeles-based Consensus Planning Group, which specializes in communicating controversial and complex issues to community stakeholders, elected officials and the media.

The proposal, which will triple the density on the site, includes townhouses, single-family homes and apartments. The outreach project has presented a number

of challenges. The current tenants needed to be assured that their living spaces would improve but that their costs would not rise. Nearby residents had to be convinced that the higher-density development would provide benefits to them.

Consensus Planning Group, which has been building community support for more than 20 years in some of California’s most NIMBY-centric and antidevelopment neighborhoods and cities, developed a strategy for proactive communication from project conception to project completion.

Designed to build trust, the outreach plan focuses on building grassroots

support and engaging not only tenants and neighbors, but also community institutions and opinion leaders. Cultural sensitivity to the bilingual community was critical. It was important to do more than provide informational materials in English and Spanish. The plan incorporates respectful means to build relationships, for example, plugging into church leaders and community elders who can become gateways to gaining broad support.

This public-private affordable housing initiative has begun with a deep base of community support, which bodes well as the initiative moves toward the development phase.



## Strengths and opportunities

Based on our stakeholder interviews, general observations and analysis, three important strengths stood out that informed our recommendation in this area:

- **Longstanding civic leaders with strong ties to the community.** We heard repeatedly that Gainesville-Hall County is a “caring community.” When community leaders understand an issue and see a need, they will willingly address it in some form or fashion. For example, Gainesville’s Good News clinic is the largest free clinic in the state, addressing a direct need for healthcare for impoverished citizens.
- **Housing Authority, City Planning and County Staff.** Staff members demonstrated incredible understanding and expertise that needs to be mined in the search for solutions. With a waiting list of more than 1,400 people who need housing assistance, HA staff sees how this issue affects people and the community on an everyday basis. Their passion can help others understand what the issues are and potential solutions.
- **Engaged nonprofit community.** Nonprofits appear to be leading the way on identifying this issue, but their lack of resources is a barrier to developing effective long-term solutions. Moving the issue to the next level will require political and business leadership.

Strengths lend themselves to opportunities and the TAP identified significant areas that could pay dividends in addressing the affordable housing issue. The first opportunity stems directly from the strong civic leadership. We see significant opportunity for an individual to champion housing issues within the community, backed by a strong group of business leaders and elected officials who can unite around a common cause. Likewise, in complimentary fashion, the Chamber of Commerce can play a key role in educating and securing support from the business community. At the very least, it seems business leaders would recognize the positive impact more housing options could have on the recruiting and retention of a strong workforce, especially when we heard anecdotal data that some chicken processing plants have to import as many as 1,000 workers by bus on a daily basis to meet their workforce needs. A shared vision and common goals between the public and private sectors and the philanthropic community could also harness the funds necessary to implement real solutions to this issue.

The conundrum that Gainesville-Hall must confront is that the upfront direct costs are easily quantified, but the indirect benefits for both the community and the individual households over time are much more difficult to quantify. This dynamic poses a stiff challenge to making the economic case, but it must be addressed.

## Weaknesses and threats

For every strength identified, there appears to be a corresponding weakness or threat to making any meaningful progress on providing housing over a spectrum of prices, especially at the lower end of the market and for first-time homeowners. These areas of concern begin with the lack of consensus and understanding around among local leadership around affordable housing challenges. **The panel felt a general consensus in our stakeholder interviews appears to be that most top-level business leaders simply aren’t convinced that lack of affordable housing exists or presents significant problems.** Simply put, they do personally not struggle with it and therefore do not see the challenges faced by much of Hall County’s workforce. Compounding this issue are the political realities faced by elected officials who face **NIMBY-ism** (Not In My Backyard) from residents who fear lower-end housing and higher-density development, especially if they are rental units, will lower property values, overcrowd the schools, cause more traffic congestion, and create more problems than they solve.

As one stakeholder put it, “Our power brokers don’t have a vision for this, and no single entity with clout seems to have a common way of looking at the issue. We have school buses in Gainesville picking up 30 kids at a time at some extended hotels, and yet, we’re in a culture where our leaders and the rank and file don’t even want to use the word affordable housing.”

“No plan will work—indeed, we don’t even have a common plan—but no plan will work without agreement on what the issue is and buy-in from our political and business leaders,” another stakeholder added.

A final weakness in understanding this issue was the **lack of Hispanic representation.** The Hispanic population makes up 40 percent of Hall County’s population, but this important demographic was not represented in our stakeholder interviews, despite being invited to attend. Regardless of the reasons for their lack of participation, we suspect their lack of engagement in the issue will hamper efforts to find the best solutions to the housing problems.

## Action Steps

The TAP pinpointed four specific action steps that are critical to creating a shared vision, goals and public purpose for providing housing options that are affordable for both low-income families and households that find affordability of starter homes increasingly out of reach. The steps are:

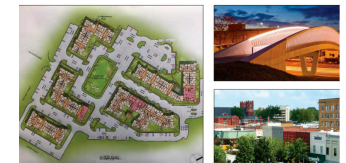
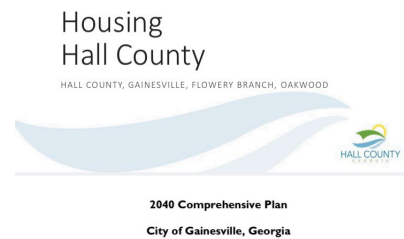
1. Invest in an education and outreach campaign on the benefits of housing at multiple price points that promotes economic and community development.
2. Leverage the influence of the business community to be the leading advocate and champion of this effort.
3. Continue supporting the Housing Authority and overall staff leadership.
4. Implement a formal housing taskforce that meets regularly and includes stakeholders from the business community, public agencies, private sector, philanthropy and nonprofits to create one vision and aspirational “north star.”

The first step in creating a shared vision is truly understanding the issue. As a working panel, we undertook a crash course in looking at a wealth of statistics and anecdotal data driving this issue. We consulted resources like the Hall County and Gainesville Comprehensive Plans, Housing in Hall County, the Norton Forecast 2019 and a market study from Noell Consulting, among other resources. The data makes obvious that many people have a hard time finding places to live in the county. Indeed, standard federal housing guidelines show that 43.2 percent of all households are cost-burdened, meaning they spend more than 30 percent of their income on housing, according to U.S. Census numbers. And more than 55 percent of all workers in Hall County actually live elsewhere and commute into the county, with evidence suggesting many of them are low-income employees in the poultry industry.

Unfortunately, Gainesville and Hall County have a high-share of cost-burdened households—from those at the lowest end of the income scale, all the way to young families, teachers, first responders and the elderly. This community must ultimately decide who it believes should be able to afford to live here—and what kind of community it wants to be. Our report outlines the benefits—economic, workforce recruiting and retention, quality of life, etc.—of providing accessible housing for everyone, and we believe having a spectrum of housing prices is the best way forward.

For this idea to flourish in Gainesville and Hall County, you will have to educate your leadership and the public on the benefits of affordable housing, making every effort to erase negative stereotypes and gaining the critical buy-in on the belief that good, affordable housing can be a catalyst for your community to become an even better place to live for more people. Research also shows that when people live close to work it increases their quality of life and productivity. United Way of Hall County and One Hall have put the issue in the spotlight, but success will require a champion to drive the issue and engage “the power brokers.” The panel believes the business community is best suited to be this champion. This influential entity can help reassure the greater

## Other Studies Consulted



## AUSTIN STRATEGIC HOUSING BLUEPRINT



community that there is a concerted focus on housing affordability, and it is necessary to create a community for everyone. In some communities, this has been led by major employers and in others, it's been led by the local Chamber of Commerce or a special appointed blue-ribbon commission on housing affordability. The most important element in forming a coalition is developing a clear strategic plan with shared goals between the public and private sector. If it could build on the work already done and tap into the passion of United Way, the platform of One Hall and the expertise of the public sector (Housing Authority, city planners and county staff), we believe an effective coalition can be built to broker sustainable solutions. Indeed, the business community may be the one entity that can pull together the many different perspectives and self-interests that present barriers to moving forward. Ultimately, we foresee a formal housing task force that meets regularly to evaluate progress and opportunities and makes commonsense recommendations that can be implemented at both the public and private level.



*Atlanta Street Public Housing (before)*



*Atlanta Street Redevelopment - Walton Summit (after)*

## Recommendation 2—Focus resources on a designated area that has potential to catalyze further development.

One of the most exciting learnings from the TAP's work was the overwhelming support for any effort to revitalize a blighted area. The revitalization of Walton Summit, for example, offered a positive story about rehabilitating an eyesore and creating a desirable mixed-income community. Moreover, the effective use of a broad range of financing options and subsidies also showed a way forward in these days of rising construction costs. While there may be legitimate concerns about the displacement of poor families, the TAP sees more positives than negatives and believes success stories like Walton Summit, The Enclave and New Holland Springs need to be replicated.

## Strengths and Opportunities

As just noted, the positive developments that have already occurred represent a significant strength as proven models. They offer an opportunity to put a face on affordable housing, hopefully eliminating some of the negative stigmas associated with it. Moreover, they provide political cover, as examples that can be pointed to where dilapidated homes have been transformed and areas made more livable. Few people will argue effectively with success stories.

Other strengths that can be exploited to catalyze further development include an array of financial tools, including existing Tax Allocation Districts and Opportunity Zones (see a more complete listing later in this document), city owned and/or controlled land and the Georgia Initiative for Community Housing, a state initiative that offers communities a three-year program of collaboration and technical assistance related to housing and community development. The objective of the initiative is to help communities create and launch a locally based plan to meet their housing needs. More than 65 communities have benefited thus far, and the program could afford Gainesville and Hall County a specific opportunity to finance low-income housing.

In addition, Gainesville's active transportation system, with both fixed and flexible route options, would seem to indicate opportunities exist to mesh housing with public transportation, while the city's downtown character and amenities make it an attractive place to live. And restoring blighted areas within the city limit would seem to be an attractive option. Finally, the Midtown Greenway and



plans for further connectivity represent a key development opportunity, similarly to the way the Atlanta BeltLine is transforming Atlanta’s connectivity and trail network, not only with housing but new commercial development as well.

## Weaknesses and Threats

While there are weaknesses and threats that could put this idea at risk, the TAP fully believes these are minimal. Chief on the list may be a lack of understanding about the plethora of financing tools available to the development community for the creation of affordable housing. Many tools exist and, as noted in the strengths above, we have tried to identify a good starting point of options. Certainly, the lack of funding for housing is a considerable detriment to moving forward, but the TAP firmly believes willpower and creative approaches can overcome this threat. Another legitimate concern is the impact of new housing on already overcrowded city schools. However, our stakeholder interviews indicated as many as 200 students are homeless at any given time in the city and county, and that school buses routinely pick up 30 students who are living in extended stay hotels. These kinds of statistics, coupled with the two-year wait list for accommodations at the Gainesville Housing Authority, point out a severe need for increased public housing and suggest it would not necessarily burden the schools. Indeed, as statistics show, providing stable homes for these families could reduce

transiency and improve overall school performance. The TAP offers an informal recommendation along these lines later in this report.

## Action Steps

1. Identify site.
2. Develop inventory of available resources to support the project.
3. Engage consultant to develop/issue RFP for development partners.

The TAP does not want to understate the challenges of building any type of new housing, or even refurbishing existing housing. With the exception of housing at the upper end of the price spectrum, the increasing cost of construction, the emphasis on return on investment and the overall lack of public/private funding make securing financial backing for many types of homes difficult—and all the more so at the lower ends of the market. Still, there are opportunities for consideration, which we’ve outlined in the chart on the following page.

As you work to identify the best site to build affordable housing and catalyze development at the same time, the TAP urges you to consider these observations:

- Gainesville offers a terrific downtown area. The TAP believes the large population of downtown workers,

## Creative approaches to affordable housing

In Bethlehem, Pennsylvania, the South Side Lofts offer **affordable housing for artists**. Funded through a low-income housing tax credit, the development includes an art gallery and workspace in the apartment community. To develop the complex, two blighted buildings were demolished and a century-old church was adaptively reused to create two buildings containing a total of 46 one-, two- and three-bedroom apartments. An art gallery and workspace are among the features in this apartment community. Anyone may apply for residency at South Side Lofts, but income-qualified applicants who participate in the arts are given preferential placement on the waiting list.

In Joliet, Illinois, a 67-unit **apartment complex for struggling veterans** has been

built on an eight-acre site on a former hospital campus. Volunteers of America of Illinois—a faith-based service organization—teamed with public and private financial partners to build the complex, which is 100 percent occupied. The three-story complex includes a computer lab, community room and play areas for kids. An Army veteran who is sick, along with his wife and three kids, are among the many who are benefitting from the affordable complex.

In Lancaster, Pennsylvania, Brunswick Farms Apartments contains 44 two-bedroom units and 16 three-bedroom units in a well-established neighborhood. Six apartments are **wheelchair ready** and two apartments are **hearing-vision impaired ready**. Six apartments will be set aside for permanent housing for homeless families. This 11-acre community

features an untouched wooded lot, walking path and small stream.

In Minneapolis, developers have embarked on a long-term mission to **bring sustainable living to affordable housing**. The Rose, a 990-unit mixed-income development, features an array of green amenities and features usually found in more expensive buildings: locally sourced and chemical-free building materials, a community garden, solar panel-ready roofs, and a super-tight building envelope (the units are 75 percent more energy efficient than those in traditional buildings). Why does this matter? Developers Aeon and Hope Community managed costs and created a healthy, energy-efficient and low-maintenance environment that sets a template for future affordable projects.

Example Project	Partners
New Construction Multifamily – Large Scale (rental)	<ul style="list-style-type: none"> <li>• Tax-credit developers</li> <li>• Local nonprofits</li> <li>• Opportunity Zone (OZ) investors</li> </ul>
Small Rehab/Infill and Adaptive Reuse (rental or for sale)	<ul style="list-style-type: none"> <li>• Local developers</li> <li>• Local nonprofits</li> <li>• OZ Investors</li> </ul>
Rehab Existing Multifamily (rental)	<ul style="list-style-type: none"> <li>• Gainesville City School System</li> <li>• Developer</li> <li>• OZ investors</li> </ul>
Single Family Scattered Site – Rehab or New Construction (for sale)	<ul style="list-style-type: none"> <li>• Habitat for Humanity</li> <li>• Land Bank</li> <li>• Hall County</li> </ul>

### Recommendation 3—Evaluate existing barriers, incentives and tools that will determine the overall success of the effort.

How do you induce the private sector to build affordable housing, or even housing that meets the needs of families in the lower middle of the economic spectrum? It is an incredibly difficult question, because there are not pat answers at hand.

Our TAP contained a lot of experts who are well versed in virtually the entire spectrum of housing issues, and we understand fully the limitations that make providing affordable housing such a difficult proposition for almost every community. We could easily start this discussion about barriers with a simple statement about necessary political will: If you don't have it, you won't succeed.

Our recommendation in this area, however, seeks to align existing locally available public resources with the public objective of creating more housing options. Without a full understanding of the laws and tools in Gainesville and Hall County, this goal is really a suggestion for further study, as well as some ideas that could spark the debate further down the road. In every case, we see these recommendations as

especially Millennials, public service employees and even retired couples who are looking to downsize would benefit from housing at lower price points than what can be delivered through creative partnerships.

- There may be a definite need to preserve the rural character of parts of the county.
- Even if you pick an area for development that seems somewhat isolated now, the opportunity exists to create specific criteria that could be used as a revitalization tool and direct investment dollars.

The TAP identified one area where we believe public-private partnerships could implement a successful demonstration project (see map). We chose this area because it is located in the Midtown Tax Allocation District and also within one of the Opportunity Zones in Hall County, making it an ideal option to attract equity investment. Furthermore, the site is located next to the Midtown Greenway and one of the areas targeted by the city for redevelopment.



Midtown Greenway demonstration project rendering

occurring in the midterm—one to two years down the road. And they will be driven by success in creating a housing champion who can continue to push the needle for further progress, someone who can bring everybody to the table on a regular basis and set defined goals and objectives.

## Action Steps

- Review county zoning relative to housing options.
- Review incentives for consistency with housing goals.
- Consider new sources of funding (i.e. Housing Trust Fund).

## Review county zoning relative to housing options

It's frankly hard to see the potential for multifamily housing in unincorporated Hall County. For starters, there is no sewer service, which makes the idea almost dead on arrival. Moreover, the lack of existing zoning laws and the almost certain opposition to multifamily housing make the idea seem even more implausible. And we suspect it will be extremely hard for any market study to validate a level of rent that would make multifamily housing attractive for investors and affordable for residents, especially given the likelihood of very limited or no incentives or subsidies to support such development. Yet, this is an outsider's perspective, essentially ignorant of the county's willingness to address an issue that becomes a pressing need.

Had it not been for the strength of the County Staff dedicated to housing, we probably would have ignored this recommendation around county zoning. However, one of the many positive stories that emerged from our fact-finding efforts was the Hall County Neighborhood Stabilization Program, which makes affording housing available for purchase for eligible low-to-moderate income homebuyers. The county uses federal housing funds to purchase vacant foreclosed homes throughout the county, make necessary repairs on the homes, and resell these properties to income-eligible homebuyers. Since receiving funding in 2009, the program has renovated 85 units and is expected to continue the work through 2020. Similarly, the county's Community Housing Investment Program (CHIP), is earmarked for people who cannot afford needed repairs to their homes.

Though small in number, the programs support an ambitious and lofty goal to rid the county of vacant, dilapidated homes that often harbor criminal activity and

constitute a danger to public safety. Given the pride and expertise demonstrated in administering these programs, it leads the TAP to conclude more can be done, henceforth our recommendation to review how changes in county zoning laws might spur more housing options.

Two ideas struck us in this regard. One concerns the location of poultry processing plants in the county. Given the large number of workers bussed into the region to serve meet this workforce needs, it would seem there is a real need to incentivize housing options for these employees. Unfortunately, our work did not grant us access to representatives of the Hispanic community, so we are unable to more fully flesh out this idea. But it would appear to be an area for further study.

One exciting development in Gainesville is the Georgia Port Authority's recent decision to build a new inland terminal in Gainesville that will link Northeast Georgia to the port of Savannah by rail. Scheduled to open in 2021, the new terminal will be an economic boom to the region and mean lots of new jobs. The port is a tremendous opportunity but will also put new pressure on the housing market as these new workers look for a place to live. One bright spot is that the blueprint for the inland port has a multifamily housing development programmed into its plans, but there are no concrete details at the moment to draw any conclusions.

## Review incentives for consistency with housing goals

The most obvious option at the moment would be to implement property tax abatements—at both the city and county level—that would incentivize the development of more multifamily, affordable and mixed-income housing, all tied to specific goals.

Two other options merit serious attention: **Tax Allocation Districts (TADs)**, which have been utilized effectively in the community, and **Federal Opportunity Zones**, which are a relatively new tool.

**TADs** are a redevelopment and financing tool that allows local governments to provide financial assistance to eligible development within an officially designated area or TAD. The assistance can be used to pay infrastructure costs or certain private development costs and is primarily done through the issuance of tax allocation district bonds. As public improvements and private investment take place in a TAD, the taxable value of property increases. The city/county collects those tax revenues, putting the incremental increase



in funding generated by the new development into a special fund to pay off the bonds or loans that financed the public improvements in the district. This funding mechanism proved useful in the development The Enclave, the new 45-unit, mixed-income site that sits on a four-acre site in Gainesville that previously accommodated 13 dilapidated homes.

When TADs are created, school systems have to decide whether to commit their portion of the future property tax revenue increases to the endeavor. School systems are naturally reluctant to give up future tax income, and our stakeholder interviews indicated this was especially true of the Gainesville city system, whose leaders believe more housing would exacerbate their overcrowded schools and rob them of desperately needed future tax receipts. Given the effectiveness of TADs to spur redevelopment, we hope the school system can be persuaded to change its opposition. We would urge community leaders to look for allowable agreements that would earn the school system's blessing in exchange for guarantees such as a minimum tax income, investment in new school facilities, or other ways to offset some of the lost income.

A new tool with real promise is the **Federal Opportunity Zone** distinction, which allows investors to defer federal taxes by taking capital gains from other investments and investing in economically distressed communities. Census tracts in Gainesville and Hall County are among the areas designated.

The following incentives are offered to investors for putting their capital to work in these qualified Opportunity Zones:

1. Temporary, capital gain tax deferral:
  - The period of capital gain tax deferral ends Dec. 31, 2026 or an earlier sale.
2. A step-up in basis:
  - Investment held for five years – basis increased by 10 percent of deferred gain (90 percent taxed).
  - Investment held for seven years – basis increased by another 5 percent of deferred gain (85 percent taxed).
3. Forgiveness of additional gains:
  - Investment held for 10 years – Basis equal to fair market value; forgiveness of gains on appreciation of investment of sale or exchange of Opportunity Fund investment. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

## Consider new sources of funding (i.e. Housing Trust Fund).

While our efforts did not focus on the homelessness, we heard a lot of anecdotal information about the community's homeless population. As noted earlier, we were told more than 200 students in the Gainesville City school system are homeless at any given point. In its Community Game Plan, United Way of Hall County actually cited 587 students identified as homeless in the city and county school systems, and also reported homeless adult counts outnumber emergency shelter and transitional housing beds available. Not to mention the previously cited five-year, 1,400-family waiting list for public housing with the Gainesville Housing Authority.

One potential funding source for helping this issue might be the creation of a Housing Trust Fund (HTF). About 400 HTFs exist in the United States today at the state, local and county level, according to the U.S. Department of Housing and Urban Development. These funds are established as sources of funding for affordable housing and other related purposes such as housing the homeless. HTFs are funded through dedicated revenues like real estate transfer taxes or document recording fees to ensure a steady stream of funding rather than being dependent on regular budget processes. Funding sources at the local level may include:

- General Funds
- Capital Improvement Project Funds
- Tax Increment Financing Funds
- Impact Fees
- Hotel Occupancy taxes
- Condominium Conversion Fees
- Real Estate Transfer Taxes
- Sales Taxes
- Housing Excise Taxes
- Sales of City Surplus Land (land purchased by the city that is no longer needed)
- Parking Garage Proceeds (revenue from city-owned parking garage operation)
- Developer Proffers (fees paid to make a development more appealing for government approval)
- Permit Fee

As with all identified actions in this recommendation, this is an aspirational goal to consider as the community's grasp of the issue evolves.

## Tools and Incentives

Here is a comprehensive list of tools and resources that will assist efforts to provide more and better housing options. The TAP sorted them based on their usage in Gainesville and Hall County.

### Utilized

- Tax Allocation Districts
- Housing Authority
- Community Block Development Grant (CBDG)
- Neighborhood Stabilization Program
- Community Housing Investment Program (CHIP)
- City-owned Land
- Gainesville Non-Profit Development Foundation Inc.

### Underutilized

- Opportunity Zone
- Land Bank
- Tax Abatement
- Impact/Permit Fee Waiver
- Philanthropy
- Zoning Update
- Historic Tax Credits
- Low-Income Housing Tax Credits

## Recommendation 4—Create an action plan to produce missing middle housing.

According to a November 2018 Georgia Multiple Listing Service report, inventory, or the lack of it, has been the driving force in residential home sales in Northeast Georgia, a 14-county area including Hall County. “This year is no different as we continued to see lack of new construction and the decrease in affordable housing throughout Northeast Georgia,” the report said. “Only 15 percent of new construction is under \$250,000 and less than 3 percent is under \$200,000. Resales are no different with only a 4.2 months’ supply across all price points.”

In Hall County, the average selling price was \$291,000, so even if inventory existed, it would be out of reach for the vast majority of Hall County residents, who have a median household income of \$55,622, according to the U.S. Census Bureau. To avoid being cost-burdened homeowners, a household would need an annual income of \$87,300 to afford the average selling price of homes in Hall County.

Even as the region enjoys tremendous job growth and low unemployment (3.1 percent in November 2018), housing affordability is becoming out of reach for more and more of the county’s residents. “With this growth brings a tremendous demand to the housing market,” the GAMLS report noted. “Because of this need, there will have to be a push by builders, developers and local governments to work together to find solutions to affordable housing as well as demand for executive housing as industries continue to relocate to the I-85, I-985 and 365 corridors.”

To put this issue of affordability in perspective, consider who cannot afford the average home price in Hall County. They include:

- More than 10,700 workers in the food manufacturing industry with an average annual salary of \$34,746.

- More than 12,600 workers in health care and social assistance with an average salary of \$53,958.
- More than 9,000 workers in retail trade with an average salary of \$27,444.
- Teachers make an average salary ranging between \$49,554 in elementary school to \$56,725 in high school, according to Teachersalryinfo.com. Preschool teachers make an average salary of \$20,141.
- Deputy sheriffs and police officers have average salaries ranging from \$35,000 to \$41,000.

As we have mentioned at various times in this report, it’s not just families at the lowest ends of the income scale that are finding it increasingly difficult to locate adequate housing. The missing housing product for entry level homeowners, first responders, teachers and other lower-paid professional also must be addressed. In recent years, most housing starts in the community have been either single-family or largescale multifamily, with little options in between. The same solution will not serve all types of users above, so enabling a range of product types to be preserved or constructed will have a more comprehensive impact. With this recommendation, we outline a variety of housing types—the “missing middle”—and ideas that could facilitate their use.

## Defining the “missing middle”

Older neighborhoods typically provided a better range of housing type and affordability scales. From the 1920s through the 1960s, single-family homes and duplexes were common, along with rooming houses and small apartment buildings. As urban neighborhoods were abandoned, allowable zoning density also decreased, and those zoning policies have not been updated to reflect a return to urban centers. This results in the problem of the “missing middle,” with more affordable housing options concentrated in very low-density neighborhoods, or high-density apartment

towers and nothing in between. The social stigma associated with affordable housing creates opposition from these very central neighborhoods that could provide a more equitable mix of housing. Additionally, the concept of co-living, which had been common for centuries and is still common in many high-cost cities, became less popular as the dream of a single family home-ownership dominated the landscape. In our stakeholder interviews, we learned this type of household is occurring organically in Hall County, as households share a residence, or multiple single employees room together, sometime in non-conformance with zoning codes.

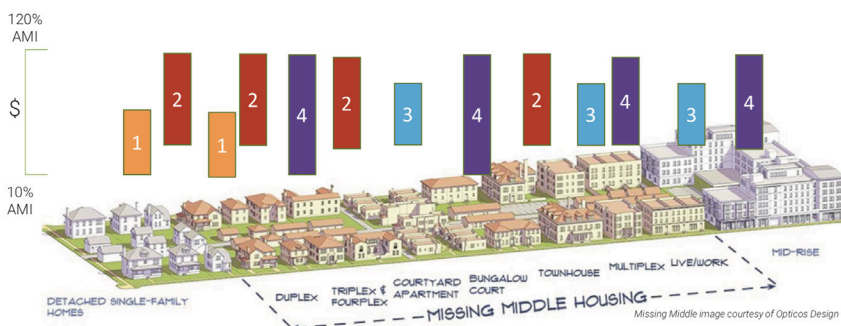
The ULI report identifies several types of housing that could provide units across a spectrum of price points and types of households in Hall County.

### Types of Missing Middle housing

Whether you call it a carriage house, granny flat, or an Accessory Dwelling Unit (ADU), a small, detached rental unit with a full kitchen is one way that single-family homeowners traditionally accommodated aging parents or employees. Extending this idea to more single-family lots could create affordable units for the city, while providing a second income for the main home.

But ADUs are not the only way to add density to a single-family lot. Single-family homes can be converted to duplexes or quads to create instant density. Townhome developments typically provide a greater return for developers, because there are multiple units to sell at a lower price point instead of one large home. Quad townhomes can fit on traditional single-family lots and provide higher returns for developers

- 1 Single Family Co-Living: subdivision of single family homes into rentable bedrooms (PadSplit model)
- 2 Increasing Density on Single Family Lots
- 3 Micro-units in Multi-Family Developments
- 4 Multi-family Co-Living



while creating more affordable units either as rental or fee-simple for-sale.

Another option builds on the idea of **shared living**, or the traditional rooming-house. The panel would urge Gainesville and Hall County to explore a concept pioneered by the Atlanta company, PadSplit Inc. In the PadSplit model, an existing single-family home, ideally with five to six bedrooms, is rented out on a per-bedroom basis. The kitchen and common areas are shared. The home is managed by the LLC. The per-bedroom rent allows three main advantages:

- The landlord has an above-market return, compared to renting out the home to a single family.
- The rent can be restructured to include utilities and cable, and can be billed weekly to match pay periods.
- Rates for residents are cheaper than apartments and closer to jobs and public transit.

These types of products can be realized on single family lots, can be provided without public subsidy, provide a financial benefit to the property owner in terms of higher net rental income. Using these products mean a great number of units can be added to the market very quickly, because there is less time spent on entitlement and development of a larger parcel.

### Strengths and Opportunities

The list of strengths in Gainesville and Hall County are remarkable and make the community an attractive place for business and people. The many job opportunities are a testament to the community’s strength as the “Poultry Capital of the World,” a mecca for retirees and a beacon for homeowners looking for the lifestyle amenities offered by Lake Lanier. Add in the city’s downtown character and the lure of local universities, and it’s easy to see why the local housing market could be squeezed, at all price levels.

As noted previously, housing pressure can also showcase opportunities. One feature that can be leveraged is the Midtown Greenway and the related plans for further connectivity. Given the eventual plans for the Midtown Greenway to one day



stretch over three miles and foster the development of a 15-mile loop trail in Hall County, comparisons to the Atlanta BeltLine are irresistible. Yet, Gainesville has an opportunity to do what Atlanta has thus far failed to do—ensure there is room for the development of mixed-income housing along the Greenway. Now is the time to begin planning that development, including the incentives that could catalyze a variety of housing options at all price spectrums.

## Weaknesses and threats

The most obvious weakness is lack of funding for affordable housing, as well as subsidies and incentives that could push development. Recommendations three and five address funding opportunities. The TAP realizes this is a significant issue and would like to offer a real solution. However, given that communities all across the United States face this same issue, it will take time and thorough investigation to find the necessary funding sources and methods.

In considering the Greenway’s potential to catalyze development, two concerns immediately come to mind. First, is NIMBY-ism, and second are the different perspectives and understanding of the housing issues held by the city and the county and different segments of the population as well. We have touched on these differing perspectives elsewhere in this report and our first recommendation emphasizes the importance of education for everyone on this issue. In our stakeholder interviews, few people minced words in explaining opposition and resistance to the location of affordable housing, or even housing that would accommodate hardworking professionals with good jobs who still cannot afford to live in the county.

As one person put it, the general sentiment is “we don’t want to bring chicken workers into our neighborhood.” Without significant support from the public, the business community and elected officials, expect little progress.

With regards to the Greenway, one official noted that while significant support for the project exists within the city limits, the story starts to change as you move into the county. “Up until now, it has been welcome, accepted and everyone is thrilled. When you see an abandoned railroad spruced up, everyone celebrates. When you try to take it through an already beautiful area, the tone changes and the opposition mounts.”

The TAP doesn’t underestimate these challenges by any means, but we do believe they can be overcome by focusing on the first recommendation to create a shared vision, goals and public purpose for improved housing opportunities.

## Action Steps

1. Zoning modifications.
2. Proactive zoning.
3. Proactively acquire key sites.
4. Leverage publicly owned assets and incentives.

From a developer’s perspective, there are two significant issues that make it challenging to supply missing middle housing. First, there is little existing land already zoned for multifamily housing, especially in the county. Second, our stakeholder interviews and past practices suggest local government would not approve requests for zoning changes to accommodate multifamily development.

The panel understands some of the reluctance—we see it in many other communities as well. However, to supply the missing middle market, Gainesville-Hall County will need **zoning modifications** to existing codes that allow for smaller square-footage homes and higher-density, as well as innovative options for single, low-income earners that would meet a housing need without additional pressure on already overcrowded schools. We also encourage **proactive zoning** now of existing land that could be used for multifamily development. For example, there may be a plot zoned for industrial at the moment but city planners see potential for a multifamily development in that area. We would urge you to tap into the Housing Authority staff’s expertise to identify potential opportunities.

When thinking about the types of homes we’ve defined as the missing middle, here are two changes that would be needed. First, to accommodate ADU construction or preservation, the zoning codes for Hall County jurisdictions would need to be reviewed and updated for considerations such as which zoning categories allow detached accessory dwelling units (with full kitchens), the size and lot coverage limitations for the ADU, and the rental term requirements. Similarly, for duplexes or quads, the zoning code would need to consider the creation of a two-family residential category if it does not exist, how a household is defined so that it does not preclude well-managed shared living households, and again address lot coverage and setbacks.

Change the zoning now, so that it's ready and waiting for developers. This will speed up the development process and keep costs lower—an absolute necessity for building affordable housing.

Likewise, we would encourage the community to use the planning process to identify favorable parcels and **proactively acquire key sites** as soon as possible. Given the current climate of rising land prices, acquiring land now could help keep costs lower in the future. Coupled with this idea is the need to **leverage publicly owned assets and incentives**. We encourage city planners to examine their inventory of publicly owned lands and decide now which parcels would be suitable for multifamily development. Indeed, when we consider the city's history since becoming a Georgia Initiative for Community Housing community in 2012—its use of HOME grant funds and the Community Development Block Grant entitlement funds—it appears you have the forward-thinking approach needed to make effective use of existing public property to maximize affordable housing opportunities. Again, as noted elsewhere, community leaders will have to decide if this is an action worthy of prioritizing among their many goals and objectives.

#### **A word on building codes**

While not officially part of the TAP's recommendations, we would urge consideration of the effect building codes and their enforcement can have on affordable housing. In our stakeholder interviews, we heard several instances of families who were living in affordable housing that the county required to be modified. Once the properties were brought up to code, these families could no longer afford the rents required to cover the increased costs.

In no way would we advocate unsafe living conditions for anyone, but it probably would be wise to examine how the current codes affect housing. A recent HUD report notes that building codes can adversely affect housing production and increase housing costs through both substantive (technical) and administrative impediments. Examples of the former include restrictions of cost-saving materials and technologies and barriers to mass production; the latter encompasses such barriers as administrative conflicts among different administering parties (for example, building and fire departments) and inadequately trained inspectors. While building codes have much less impact on housing costs compared to other regulations such as zoning and subdivisions requirements, they do merit further study to

## An innovative approach to financing affordable housing

As housing costs continue to rise, leaving more low- and moderate-income families with limited options for affordable housing, the search is on for financing mechanisms that preserve affordable rental housing with less reliance on public subsidies.

One option is the Housing Partnership Equity Trust (HPET), a nonprofit real estate investment trust (REIT) that utilizes private capital to acquire, preserve and improve affordable rental housing units across the country.

The Housing Partnership Network (HPN), a Boston-based membership organization of more than 100 housing and community development nonprofits throughout the country, launched HPET in 2013 in response to the challenges many housing organizations were facing in preserving affordable rental housing.

HPET was established as a Real Estate Investment Trust (REIT), a financing structure that, although unique for nonprofit housing developers, is a commonly used vehicle in traditional capital markets.

HPN served as the sponsor of HPET, with 12 initial members that made capital contributions and share collaborative management and ownership. The cost-effective capital that enables HPET to do this is raised by institutional investors motivated by both financial and social returns on their investments. These investors include foundations such as MacArthur and Ford, and financial institutions such as Prudential, Citibank and Morgan Stanley. To date, HPET has raised more than \$150 million and has a current portfolio of 2,605 units totaling \$244 million in acquisition value.

The units in HPET's portfolio of multifamily rental housing properties are not subsidized or deed-restricted affordable housing. Rather, they are housing units with a regular rental rate that is affordable to someone earning 60 percent to 80 percent of the area medium income.

A key component of the HPET approach is to strategically acquire properties that are in close proximity to job opportunities, quality schools, adequate transportation and other community amenities that allow families and individuals to thrive. Properties are typically located in gentrifying neighborhoods and are often in need of significant renovations.

HPET strives to increase cash flow through tax abatements, energy improvements, and other operating efficiencies and enhancements without increasing rent for residents. HPET also achieves financial returns by making strategic investments in portfolio properties that improve resident satisfaction, decrease operating costs and reduce tenant turnover.

access their impact. In addition, you may find that changes to building codes could make it easier to rehab older buildings. Programs such as the U.S. Department of Natural Resource's historic tax credit program is also a method to preserve older properties while off-setting development costs.

### Recommendation 5—Create a community land trust (complimenting the land bank model).

Both the city and county are to be commended for the creation of the new Hall County-Gainesville Land Bank as an entity to rehabilitate blighted, abandoned properties. The land bank has the ability to acquire, manage, and sell vacant property, which may be sitting idle due to issues such as foreclosure, title complications, tax delinquency or code violations. The ultimate goal of the land bank is to take an abandoned property and turn it into a home that benefits the surrounding neighborhood.

The land bank provides a great tool for the community to use in addressing housing needs. To complement the land bank, we recommend the creation of a community land trust.

Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land. Community land trusts can be used for many types of development (including commercial and retail), but are primarily used to ensure long-term housing affordability. To do so, the trust acquires land and maintains ownership of it permanently. With prospective homeowners, it enters into a long-term, renewable lease instead of a traditional sale. When the homeowner sells, the family earns only a portion of the increased property value, resulting in an affordable sales price for the subsequent homebuyer.

The length of the lease (most frequently, 99 years) and the formula used to calculate the amount of equity earned by the homeowner vary. Ultimately, by separating the ownership of land and housing, this innovative approach prevents market factors from causing prices to rise significantly, and hence guarantees that housing will remain affordable for future generations. Today, there are over 225 community land trusts across the United States.

Often, in the past, land banks and land trusts have a history of mutual misunderstanding and different objectives. However, in the case of Gainesville and Hall County, the land bank already has an objective to transform blighted property into a home that benefits the surrounding

neighborhood. Given that objective, a complementary land trust could facilitate a coordinated approach to the housing shortage, providing new units at a range of affordable prices. A symbiotic relationship would allow both entities to avoid common problems that have plagued both types of organizations: Land trusts face difficulty acquiring quality properties while land banks have trouble disposing of properties to responsible owners.

While there are currently few land bank and land trust collaborations across the United States, the good news is that we see a lot potential for an effective partnership to more efficiently leverage existing resources and magnetize funding.

### Success stories

Found in 1994, Athens Land Trust (ALT) was established by two women involved in the development of a single-family neighborhood located on 139 acres. In the course of that project, the women discovered an apparent conflict between their two goals: to protect open spaces, and to keep the housing lots affordable. Believing that both problems required an integrated solution, ALT's founders created one of the few organizations in the country that is both a conservation and community land trust. Today, ALT approaches sustainable development with a look toward addressing environmental economic, and community needs. Their work focuses in four primary areas: affordable housing, land conservation, community agriculture, and credit and financial growth. Among a wealth of services in the area of affordable housing, ALT's goal is to help people buy homes so that renting is not their only option. The monthly payments (including taxes and insurance) on ALT homes run between \$450 to \$675. As part of each sale, ALT provides the homebuyer with a 99-year renewable ground lease, which ensures that ALT houses will never turn into rental houses with absentee landlords and expensive rents. The ALT homeowner has full use of the land just like any other homeowner, and can even pass the home on to his or her children. If the homeowner decides to sell the house, ALT will buy the house back from them or find another low-to-moderate income family or individual to purchase the home. ALT preserves the historic character of neighborhoods by fixing up older homes that would otherwise be destroyed. The renovation of vacant houses brings life back into the neighborhood and reduces crime. It helps families and individuals stay in the neighborhood where they have grown up and strengthens the community by empowering



“ We don’t think about the land and the role that it plays in our lives. It’s essentially the basis of our shelter and our housing, and it’s how we grow food. The value of having forests and river corridors that are not developed means that we have clean air, clean water. All those things are really important, but we tend not to think about it. We tend to not realize how important it is. ”

– Nancy Stangle, Co-Founder of Athens Land Trust

permanent homeowners to take care of their investment and look out for the best interests of their neighborhood.

The Durham (North Carolina) Community Land Trust was started in 1987 by a group of neighborhood residents in response to rising housing prices, absentee landlords and housing disrepair in their community. They wanted to preserve homes that low-income owners and renters could continue to afford as neighborhood property values increased. They also wanted to restore the community to the vibrancy of years past. The group’s initial house was donated. Four houses were subsequently purchased and renovated by DCLT at different times in an effort to target impact on the initial street. Most houses were duplexes that were converted to single-family housing units and sold to first-time homebuyers using the land trust model. A 2005 initiative funded by Duke University enabled the group to land-bank over 100 parcels of land for future development.

## Recommendation 6—Develop housing needs assessment and strategic plan.

The panel’s first two recommendations are designed to create a framework for addressing housing issues and generate near-term success that can catalyze further development. Ultimately, however, for long-term, sustained success, this effort will require the development of a housing needs assessment and strategic plan.

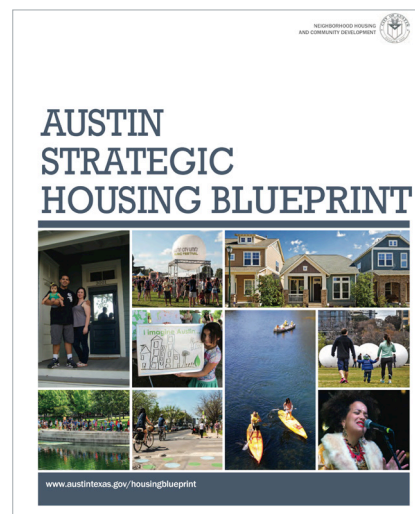
A comprehensive Housing Needs Assessment would examine a variety of demographic data, economic characteristics and trends, current housing inventory and characteristics, as well as government policies and incentives. The assessment would evaluate the adequacy and availability of selected community services, as well as collect the input of area stakeholders and residents. Unlike the TAP’s general

observations, a true housing needs assessment would identify the number of housing units needed in the market by tenure (rental vs. for-sale), price point, bedroom type, and market segment (e.g. families, seniors, disabled, young professionals, etc.). The assessment would give community leaders the necessary information to develop a strategic housing plan.

A strategic housing plan would enable the community to align resources, ensure a unified strategic direction, and facilitate partnerships to achieve a shared vision of housing affordability in a cost-effective manner.

To better understand how this plan could help your community, the TAP recommends a review of the strategic blueprint for affordable housing developed by the city of Austin, Texas. Fueled by a growing economy and steady gains in population, the city has identified the need for 60,000 housing units affordable to households at 80 percent median family income (MFI) and below, and another 75,000 units for households earning greater than 80 percent MFI. In addition, the plan includes five community values with key recommendations the city could implement.

For more information, we encourage you to review the plan at: [http://www.austintexas.gov/sites/default/files/files/NHCD/Strategic\\_Housing\\_Blueprint\\_4.24.17\\_\\_reduced\\_.pdf](http://www.austintexas.gov/sites/default/files/files/NHCD/Strategic_Housing_Blueprint_4.24.17__reduced_.pdf).



## An Informal Recommendation

### TriStar, Star-C offer model path for affordable housing

In the TAP's search for answers to affordable housing issues in Gainesville and Hall County, we consulted with Margy Stagmeier, affectionately dubbed the "compassionate capitalist" and the author of "Real Estate Management: Executive Strategies in Profit Making," an industry standard.

The TAP fully believes Stagmeier's approach to affordable housing could provide sustainable results for the Gainesville-Hall County community and urges officials to consult with her on potential development opportunities in your community.

Stagmeier, a managing partner at TriStar contends a socially responsible landlord can build community by delivering social services to its residents and not escalating rents. All while making a profit for investors.

Stagmeier began developing her model in 1996 when her company acquired the blighted Madison Hills apartment complex in Marietta. It was a crime-infested, drug-riddled community where people lived in chaos and moved elsewhere as soon as possible. Of the 446 units in the complex, almost half were filled with mold and 75 were burned out.

Conditions were so deplorable that Cobb County officials refused to give her the necessary permits to fix the complex. They wanted to condemn it and tear it down, citing its effect on making nearby Brumby Elementary School, which was on the Federal Watch List for Failing Schools.

The rejection hit Stagmeier hard, helping her see for the first time the impact apartment living can have on schools. In addition, as she pored over rental applications, she realized many of the applicants were single moms raising multiple kids on jobs that paid \$8-\$10 an hour, and she wondered how they made ends meet.

The next morning, Stagmeier showed up at Brumby Elementary, where 200 students from the Madison Hills complex accounted for 30 percent of the student population.

### A vicious cycle

In working with Brumby, Stagmeier saw firsthand the vicious cycle that limits the housing options for low-income

earners and how even monthly rent increases of \$50 can force them to move. She discovered the link between transiency and education – how changing schools hurts a student's education, and how schools suffer as well with low test scores and increased behavior problems.

Stagmeier vowed to address the situation, and her company funded an afterschool program for students living in the housing complex. The program yielded dramatic results as students enjoyed structure, safety and connection. Crime decreased, student behavior improved and the apartment's transiency natured stabilized. Brumby Elementary transformed from a failing school to a Title 1 school of distinction.

Madison Hills presented a dramatic success story, but after five years, contractual agreements forced Stagmeier to sell the complex in 2012. It brought an abrupt end to a model that was creating value for the community.

The new owners promptly raised rents and shut down the afterschool program. The same old problems started to resurface. At Brumby Elementary, test scores started declining and the school once again is listed on the watch list for failing schools.

Stagmeier was disappointed but not deterred by the outcome, convinced her model could meet the need for affordable housing and earn a profit in the process.

She created Star-C, another endeavor that works closely with TriStar to provide affordable housing. Star-C is a nonprofit with the mission to reduce transiency in the local school system and improve students' academic success with affordable housing, free access to on-site after-school programming, gardening and affordable medical care. The organization's ultimate goal is to help residents move from apartments to their own single-family homes.

### Sustaining success and building community

Stagmeier is now implementing her model at the Willow Branch apartment complex in the DeKalb County city of Clarkston. Built in 1972, Willow Branch has 186 one-, two- and three-bedroom units. It primarily serves a refugee population living on an average annual household income of \$18,750. The average monthly rental is \$703, or about 34 percent of the renters' average monthly income.

At Willow Branch, Star-C is providing the funding for the afterschool program rather than the landlord, but the efforts are intricately linked. And, once again, their producing great results.

Through Star-C, 65 students participate in afterschool programs and they also have access to a summer program that provides a safe environment. Residents garden and have access to medical care, dental care and mental health counseling as part of a project with Emory University to study what wellness could do for low-income families and apartment living.

Nearby Indian Creek Elementary School has gone from being one of the worst schools in Georgia to becoming a recipient of the Governor's Office of Student Achievement's Platinum Award winners for having the great gains in test results for three consecutive years.

On the profitable side, Willow Branch maintained a 95 percent occupancy rate in its most recent fiscal year and, of \$1.5 million billed in rent, TriStar wrote off just \$700 of lost income.

"As a landlord, you have so much control over how people live their lives," Stagmeier told the TAP panel. "You're the mayor of their community, and you have an obligation to do right by them. Ultimately, you reap the benefits."

## TriStar Impact Fund

In addition, Stagmeier's company recently created the TriStar Impact Fund, a debt offering seeking to raise \$10 million from accredited investors to buy workforce housing apartment communities suffering from urban blight and situated near schools performing in the bottom third of state performance standards.

The fund's other objectives are to make rents affordable for mixed-income families, with at least half of the units affordable for families at the poverty line or earning 60 percent of the area median income (AMI) as defined by the U.S. Department of Housing and Urban Development.

The impact fund will work in concert with Star-C programs to create measurable social impact in the surrounding communities in education improvement, health care, gardening and other initiatives.



## Implementation Plan

### Short-term Actions (6-12 months)

1. Invest in education and outreach on the benefits of housing at multiple price points
2. Business community leadership on housing – must engage multiple sectors (public, private, and philanthropic)
3. Continue supporting housing authority and overall strong staff leadership
4. Focus resources on a designated area that has potential to catalyze further revitalization.
  - a. Identify site
  - b. Develop inventory of available resources
  - c. Engage consultant and issue RFP for development partners

### Mid-term Actions (12-24 months)

1. Review county zoning relative to housing options = opportunities to better serve aging population and workforce
2. Review incentives for consistency with housing goals
3. Implement a formal housing “taskforce” that meets regularly

### Long-term Actions (24 months-plus)

1. Develop housing needs assessment and strategic plan for housing
2. Consider new sources of funding (i.e. Housing Trust Fund)
3. Creation of a community land trust (complimenting the land bank model)
4. Actions to produce missing middle housing:
  - a. Zoning modifications
  - b. Proactively zone property
  - c. Proactively acquire key sites
  - d. Leverage publicly owned assets and incentives

## Panelist Biographies



### **Derrick Barker** **Managing Partner, Civitas Communities**

Derrick Barker is a Southwest Atlanta native and began his career at Goldman Sachs trading municipal bonds and managing a \$100m collateralized Lending portfolio. While at Goldman, Derrick built Civitas Communities into a conventional multi-family development and asset management company, that he left Goldman to run full time in 2013. Since its founding, Civitas has invested in over two dozen communities, rehabbed over 1000 units in over \$50M of multifamily development and has managed a third-party portfolio with an asset valuation of more than \$250M in assets throughout the Southeast United States. Civitas' mission is to increase the supply of housing for working- and middle-class buyers, renters and travelers. Prior to Civitas, Barker attended Harvard University where he was an All-American football player, Ivy League Champion and co-founded the largest pre-professional student organization on campus, Veritas Financial Group. He also worked to revive a program mentoring middle school youth in a housing project in Roxbury. Derrick is a graduate of Westlake High School and currently resides in Atlanta with his wife Brittany and their two daughters.



### **Sarah Butler (Project Manager)** **Architect, Praxis 3**

As a registered architect and registered interior designer, Sarah brings over 20 years of experience to her work at Praxis3 Architecture and Multidisciplinary Design. As a Project Manager, Sarah supervises a project team for design and production of housing/mixed use, retail, adaptive reuse, and higher education projects across Georgia and the region. As Senior Associate, Sarah assists the firm with outreach, mentorship and business development, and she is the Account Executive for one of the firm's oldest clients.

Sarah has a Bachelor of Arts in Design from Clemson University (1997) and a Master's in Architecture from The Ohio State University (2000). She worked for 5 years in Ohio for a design/build firm and an A/E firm before moving to Atlanta in 2003. As a project architect for Pimsler Hoss Architects for almost 10 years, she had the opportunity to work in Atlanta's diverse neighborhoods, communities, and for a variety of project types. Her projects benefit from the holistic perspective afforded by dual registration in architecture and interior design. Sarah's initial training in residential construction (both historic and contemporary) provides a unique lens for larger-scale projects where resiliency, detailing, and accessibility are key project considerations. Sarah brought these skills to Praxis3 in 2014, was promoted to Associate in 2015, and then Senior Associate in 2018.

In 2016, Sarah was a graduate of The Urban Land Institute's Center for Leadership, and remains involved in ULI as a member of the Technical Assistance Program and the Creative Development Council. She recently co-chaired a document for TAP related to private market solutions for providing affordable housing ("Design for Affordability"). Ms. Butler has presented for the Atlanta Preservation Center, Georgia Trust for Historic Preservation, AIA Regional Conventions, and is a tour guide at the historic Shrine for the Immaculate Conception in downtown Atlanta. She is a mentor in the AIA NOMAS program for Georgia Tech, and enjoys living on the Beltline with her two children.



**Alan Ferguson**  
**Senior Vice President, Community Development, Invest Atlanta**

Alan Ferguson currently serves as Invest Atlanta’s Senior Vice President of Community Development and is responsible for leading the team dedicated to “building vibrant communities and increasing economic prosperity for all Atlantans.” This includes bringing together policy, strategy, and innovative tools to create and deliver diverse housing, development, and revitalization opportunities in the City of Atlanta. Prior to Invest Atlanta, Alan served as Senior Business Manager for Fannie Mae’s Lender Channel, responsible for customer relationships with lenders headquartered in the Northeast, Mid-Atlantic, and Southeast. Alan’s real estate career spans nearly 25 years and Alan has completed transactions valued at over \$4.5 billion. Alan holds a Bachelor of Arts in Banking & Finance from Morehouse College, an MBA from The Goizueta Business School at Emory University, and a Master of Science in Real Estate from the J. Mack Robinson School of Business at Georgia State University. Alan Ferguson has also completed doctoral studies in Real Estate Finance at Georgia State University.



**Bruce Gunter (Panel Moderator)**  
**CEO, Civitas Housing Group**

Bruce is a leader in housing and community development in Atlanta. He has founded and led organizations that have developed a wide range of housing, from affordable rental apartments to luxury condominiums. He has served on numerous boards related to housing and social policy.

A native Atlantan, Bruce graduated with high honors from Georgia Tech and, a few years later, earned an MBA on a Scottish Rite Fellowship at George Washington University in Washington, D.C. After bicycling across the country, he began his career with the First National Bank of Atlanta.

Reflecting what became a career-long obsession with directing business means toward social ends, Bruce left the bank after four years to co-found the investment advisory firm, Social Responsibility Investment Group. Shortly thereafter, he began to volunteer with a nonprofit organization that would change his life—Habitat for Humanity. Finding his passion and a match for his financial skills, Bruce eventually joined the board of Habitat Atlanta and later served as Treasurer of the board of the parent Habitat for Humanity International. His experiences with Habitat, both locally and globally, prompted him to co-found Progressive Redevelopment, Inc. (PRI), which evolved from a small, neighborhood-based organization into the largest nonprofit developer of affordable housing in Georgia. At its peak, PRI owned 27 apartment complexes and employed 150 people. The company developed and managed more than 4,000 units of affordable housing.



**Stacy Patton**  
**Real Estate Director, Atlanta BeltLine**

Stacy Patton is the Real Estate Director of the Atlanta BeltLine. In this capacity, Ms. Patton is responsible for overseeing all real estate-related activities for ABI as it pertains to parks, trails, transit right-of-way, affordable workforce housing and economic development. Ms. Patton joined ABI from her most recent position as Managing Director of Development for Minerva USA where she was responsible for land acquisition, planning, design, entitlement and project management for residential ventures in both suburban and urban infill markets. She has over 20 years’ experience in real estate, including acquisition, planning, design, real estate development and market analysis, with a diversity of projects including mixed-use, residential, industrial, brownfield, recreational and land conservation. Stacy is a graduate of the University of Georgia with a Masters in Landscape Architecture (with an emphasis on real estate development). Stacy serves on numerous boards and professional organizations, including The Governor’s Land Conservation Council, Atlanta Neighborhood Development Partnership and Fulton County Commission on the Environment.





**Amanda Rhein**  
**Executive Director, Atlanta Land Trust**

Amanda Rhein is Executive Director of the Atlanta Land Trust, a non-profit committed to creating and preserving housing in Atlanta that will remain affordable in perpetuity. Prior to joining the Atlanta Land Trust Ms. Rhein led the transit-oriented development (TOD) initiative at MARTA, the nation's ninth-largest public transit system, resulting in the redevelopment of over 35 acres of underutilized surface parking at eight heavy rail stations. Ms. Rhein spent almost 10 years at Invest Atlanta, Atlanta's Development Authority and the economic development agency for the City of Atlanta. While at Invest Atlanta, Ms. Rhein managed the City's primary economic development tools which catalyzed over 30 projects, resulting in the investment of \$3.5 billion in Atlanta's most underserved communities. A native of Cincinnati, Ohio, Ms. Rhein graduated from Boston College with a bachelor's degree in sociology in 2002. She earned a Master of City and Regional Planning from the Georgia Institute of Technology in 2004. Ms. Rhein is a regular guest lecturer at the School of City and Regional Planning and has presented at numerous national and local conferences on TOD and economic development and, in 2015, gave a TED talk at the TEDxAtlanta Conference. She has also authored articles in Urban Land Magazine, the Atlanta Business Chronicle, the Atlanta Journal Constitution and contributed to several best practice case studies for the Council of Development Finance Agencies. Ms. Rhein is active in the Urban Land Institute where she is Chair of the Livable Communities Council and a member of the Atlanta District Council Advisory Board. During her tenure as the inaugural co-chair of the ULI Atlanta Center for Leadership, she designed and implemented an innovative leadership program for real estate professionals, which now serves as a national model. Ms. Rhein served on the Board of Directors' Dad's Garage Theater Company from 2010 to 2015. She is presently a member of the Board of Directors of Rebuilding Together Atlanta and serves on the Board of Trustees of the Atlanta Preservation Center, for which she also serves as a Downtown tour guide. In 2016, Ms. Rhein was named one of ULI's Global 40 Under 40 and named to the Atlanta Business Chronicle's annual 40 Under 40 list. She was also named one of Atlanta's 40 Power Women in Real Estate and the Atlanta Business Chronicle's Commercial Real Estate Who's Who. In 2015, Ms. Rhein received the Longleaf Award from the Georgia Conservancy's Generation Green for her work to promote and implement sustainable growth and multi-modal transportation options in Atlanta. Ms. Rhein is a member of the Regional Leadership Institute Class of 2017, the Outstanding Atlanta Class of 2011 and the 2006 class of Leadership Atlanta's LEAD Atlanta program, which she co-chaired from 2008 to 2009 and co-chaired the inaugural Alumni Steering Committee.



**Jordan Rowe**  
**Senior Associate, Noell Consulting Group**

Jordan Rowe is a Senior Associate for Noell Consulting Group, an Atlanta-based real estate advisory services firm that provides both private and public sector clients with strategic real estate advisement. Jordan's primary role has been in providing market analysis for clients across the country, utilizing quantitative and qualitative research and analysis in order to assess and understand the market opportunity for a variety of product types.



**Chuck Young (Panel Chair)**  
**Partner and Executive Vice President, Prestwick Companies**

As Executive Vice President of Development for Prestwick Development Company, Chuck Young is responsible for sourcing Class A and workforce multi-family development opportunities throughout the country. Fifteen years of experience in both the public and private real estate sectors, LEED Certification and involvement with the Urban Land Institute, combined with a degree in Professional Studies (Architecture) from SUNY Buffalo and a Master's Degree in City and Regional Planning from Georgia Tech provide a unique background and range of experience that benefits both Chuck's team and the company's clients.

Some of the positions Chuck has held include:

- Development Manager for York Residential
- Investment Manager for Cortland Partners
- Senior Project Manager, Atlanta Housing Authority (AHA)
- AHA Liaison, Atlanta BeltLine, Inc
- AHA Liaison, Atlanta Development Authority
- AHA Liaison, Central Atlanta Progress



**Jay Silverman, Chair, TAPs Committee**  
**Managing Principal, Dwell Design Studio**

Jay Silverman has more than 20 years of experience working on a wide variety of project types including housing and mixed-use, retail, government, office, interiors, and single-family residential design in Atlanta and the southeastern United States. He is a Managing Principal with Dwell Design Studio. Jay has a reputation for quality design of high-rise mixed-use towers and multi-building residential projects, as well as urban infill mixed-use developments, including new construction and the rehabilitation and adaptive use of older buildings. He takes pride in directing all phases of a project from master planning and schematic design through construction and completion, as well as finding creative solutions to complex design challenges associated with mixed-use and urban-infill development. Jay currently serves as President of the Atlanta Chapter of the American Institute of Architects. He is active in the Urban Land Institute, and as a graduate of the ULI Center for Regional Leadership, has served as co-chair of the Technical Assistance Program Committee and the ULI Atlanta Housing Council. Jay holds licenses to practice architecture in Tennessee and Georgia. He lives in Dunwoody with his wife and two sons. In his spare time he enjoys running and coaching his sons' soccer teams.

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