

Affordable Housing & Regulatory Reform Task Force Report



Savannah, GA
August 2008

A REPORT BY THE AFFORDABLE HOUSING & REGULATORY BARRIER TASK FORCE

Presented to the Mayor & Aldermen of the City of Savannah

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AUGUST 2008

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TABLE OF CONTENTS

Executive Summary.....	1
Section 1—Affordable Housing & Regulatory Reform.....	4
Acknowledgement of Current National Housing Crisis.....	5
Affordable Housing – What is it?	6
Subsidy Layering & Leveraging Private Investment.....	8
Section 2—Primary Barrier to Affordable Housing: MONEY	11
Section 3—Local Barriers and Recommended Actions.....	15
Overview.....	15
Housing Expectations.....	17
Zoning & Subdivision Regulations.....	18
Inclusionary Zoning.....	25
Property Taxes.....	27
Building Regulations.....	28
Property Values & Availability.....	29
Regional Public Transportation Plan.....	31
Construction Workforce.....	32
Property & Building Maintenance.....	33
Consumer Money & Asset Management.....	34
Non-Profit Housing Development Organizations.....	35
Section 4—State Barriers & Recommended Actions.....	38
State, Non-Federal, Housing Funds.....	38
Municipal Government, Non-Federal, Housing Funds.....	38
DCA Home Purchase Financing.....	39

Eminent Domain.....	40
Property Maintenance.....	42
Property Taxes.....	43
Section 5—Federal Barriers and Recommended Actions.....	46
CDBG/HOME Program Consistency & Flexibility.....	46
National Housing Trust Fund.....	47
DOI Section 106 Historic Preservation Requirements for Private Property Owners...	48
Lead Based Paint Regulations.....	49
Davis-Bacon Regulations.....	51
Section 6—Implementation Schedule & Responsible Parties.....	52
Short Term Implementation Schedule.....	52
Long Term Implementation Schedule.....	54

Appendices

Executive Summary

This report is the result of a year long study conducted by the Affordable Housing & Regulatory Reform Task Force (Task Force). The Task Force, established by the Mayor and Aldermen of the City of Savannah on June 21, 2007, includes a diverse group of local government, housing, development, lending and citizen representatives. The Task Force was aided by the work of nine equally diverse Focus Groups.

One of the first questions addressed by the Task Force was—what is “affordable housing” in Savannah? This term means different things to different people. The Task Force agreed that:

Affordable housing in Savannah, GA is privately or publicly owned housing, in good condition, for households who generally earn less than \$48,000 a year and who pay no more than 30% of their gross household income to rent or purchase a dwelling.

This report also identifies barriers to affordable housing—including local, state and federal government regulatory barriers. It recommends possible solutions to these barriers which, if implemented, could help reduce housing development and operating costs. It also reveals how complex it is to provide quality affordable housing and how much more of this housing is needed.

The report also outlines a schedule for implementing recommendations. The schedule groups together recommendations that could be addressed within two years and those that will likely take longer to address. It also identifies the entity or entities that should be responsible for taking the lead in implementing recommendations.

The Task Force report finds that the primary barrier to quality affordable housing is MONEY! It recommends the establishment of a local, non-federal, affordable housing fund that could be used to leverage additional private investment necessary to help more households secure and retain quality affordable housing.

The single biggest obstacle to persons being able to live in affordable housing is household income—or the lack thereof. Households earning less than \$48,000 are likely to find it increasingly difficult to keep pace with the rising cost of living in Savannah—including rising housing, real estate and construction costs. This means that a household making less than \$23 per hour, 40 hours per week, may experience difficulty purchasing or renting quality housing.

Many of these households are likely to find themselves cost burdened. This means paying more than 30% of gross income for mortgage or rent payments. The 2000 Census revealed that 20,425 (about 40% of) Savannah households were cost burdened. The same Census revealed 37,785 (about 74%) of Savannah households earned less than \$50,000 annually—making them potentially susceptible to cost burdening today if their incomes have not kept pace with the rising cost of living. It is likely that the

2010 Census will reveal that the number of cost burdened Savannah households has increased since the 2000 Census.

In a report prepared by the University of Georgia, Carl Vinson Institute of Government (CVIOG), (Appendix 4) for the Task Force, CVIOG estimates that 23,696 Savannah households find themselves cost burdened in 2008. CVIOG estimates that this number will grow to 24,513 by 2018 and to 25,208 by 2023.

Year	Savannah Households	# Cost Burdened	% Cost Burdened
2000	51,375	20,425	40%
2008	57,456	23,696	41%
2018	65,057	24,513	40%
2023	66,014	25,208	40%

Source: U.S. Census and Carl Vinson Institute of Government

To keep the number of cost burdened Savannah households from increasing beyond current estimated levels over the next 10 years, Savannah will need approximately 817 new affordable housing units in the next 10 years. Even if these new units could be developed, there would still be about 23,000 cost burdened Savannah households.

Creating 5,000 units of new affordable housing over the next 15 years would reduce the number of cost burdened Savannah households by 20%. The cost of developing 5,000 units of new affordable housing in today's dollars would be about \$550,000,000 at average per unit cost of \$110,000. The gap financing necessary to make this housing affordable to those earning an average of \$30,000 per year would be about \$50,000,000—an average of about \$10,000 per household. Providing the City continues to receive about \$1 million per year in HOME funds from the U.S. Department of Housing and Urban Development, the overall gap could be reduced to about \$35,000,000. The City's CDBG funds would continue to be used to help existing low-income homeowners maintain their homes in livable conditions.

The Task Force recommends that the City of Savannah and Chatham County governments take the lead in filling this gap. It could be filled through various forms of local funding and/or development cost relief from the City, County, foundations, employers, etc. This funding and/or relief could help pay for and/or lower property acquisition, demolition, infrastructure and building construction costs. A \$35,000,000 City and County investment would likely leverage \$500,000,000 in private investment.

This investment could lead to improved neighborhoods which could, over a period of time, lead to reduced costs for City and County services such as police, fire, property maintenance, etc. It would also lead to increased property values and property taxes to help support other needed public improvements. The investment would be beneficial to all of Savannah and Chatham County—not just those most in need of quality affordable housing.

Over the years, Savannah has revealed itself as a community concerned with the provision of quality, affordable, housing and neighborhoods. This report will, hopefully, help guide Savannah as it continues its efforts to promote quality housing and neighborhoods for all of its citizens.

RECOMMENDATIONS

Adopt Affordable Housing Policy

The first recommendation offered by the Task Force is that the City Council adopt an Affordable Housing Policy. This would include taking the August 16, 2007 Affordable Housing Policy Statement adopted by the Mayor and Aldermen to the next level of detail and commitment. The first step, perhaps, in establishing such a Policy would be to adopt the Affordable Housing & Regulatory Reform Task Force Report and support its recommendations.

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

Overview

The U.S. Department of Housing and Urban Development (HUD) reports that government regulations can be barriers to affordable housing. As a result, HUD created America's Affordable Communities Initiative: National Call to Action for Affordable Housing Through Regulatory Reform.

On June 21, 2007 the Mayor and Aldermen of the City of Savannah passed a resolution supporting HUD's National Call to Action for Affordable Housing Through Regulatory Reform. On August 16, 2007, the Mayor and Aldermen resolved to adopt an Affordable Housing Policy Statement. Both of these documents can be found in Appendix 1.

The passage of these resolutions resulted in the formation of an Affordable Housing & Regulatory Reform Task Force (Task Force) that met regularly beginning September 20, 2007. The purpose of the Task Force has been to review local, state and federal regulations and other conditions that are barriers to the occupation, production and retention of affordable housing in Savannah. The Task Force also sought, where possible, to identify and recommend solutions to these barriers.

Nine Focus Groups were formed by the Task Force to help it identify affordable housing barriers and recommend solutions. The Groups focused on:

1. Renters
2. Home Buyers
3. Homeowners
4. Special Need Populations
5. Workforce Populations
6. Housing & Community Organizations
7. Home Builders/Developers/Design Professionals
8. Neighborhood Commercial & Mixed Use
9. Financing & Funding

Task Force and Focus Group participants are listed in Appendix 2. A complete summary of barriers and possible solutions identified by the Task Force and Focus Groups can be found in Appendix 3.

Additionally, the Task Force called upon the University of Georgia, Carl Vinson Institute of Government, to help it:

1. Define affordable housing
2. Identify existing supply and location of affordable housing
3. Identify existing demand for affordable housing
4. Project future demand for affordable housing
5. Identify affordable housing barriers and solutions in collaboration with Task Force

*A copy of the CVIOG report can be found in Appendix 4.

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

ACKNOWLEDGMENT OF CURRENT NATIONAL HOUSING CRISIS

While this report was not prepared in response to the growing national housing crisis, the local Task Force is familiar with some of the problems that helped create the crisis. As a general observation, the national housing crisis, the slowing economy and credit tightening appear to have slowed home sales and housing development in some parts of the Savannah housing market. This is particularly true for housing being developed in conventional new subdivisions and/or for higher priced housing.

A looming concern for blue-collar and lower-income households is that falling property values and tightening credit by lenders and the federal government could prevent hard working, responsible, households from being able to borrow money to improve or purchase housing. Should this happen, the neighborhoods in which these persons live may be negatively impacted making even more difficult to lend and/or borrow money for neighborhood home improvements and purchases.

The demand for affordable housing under \$130,000, however, remains strong. In 2008, the City's DreamMaker home purchase programs had their highest production ever—100 houses purchased. Through the first six months of 2008, DreamMaker programs have helped 37 families purchase homes compared with 50 families during the first six months of 2007. This drop in sales activity is very likely related to the slowing economy, increase in cost of living and ever changing and tightening credit requirements.

Easy credit, predatory lending and/or over building all seem to play a role in the crisis. Low- and moderate-income buyers with marginal credit were offered predatory 2-28 sub-prime mortgages in which interest rates were fixed for the first two years and variable for the last 28 years of 30 year mortgages. These hurt low- and moderate-income buyers.

Some realtors and mortgage brokers pushed this financing at buyers with marginal credit in order to earn their commissions quickly. Impatient buyers, unwilling to take the time necessary to repair credit problems, jumped at the opportunity to purchase homes with low monthly payments—not understanding or accepting that payments would rise significantly after the first two years.

After the first couple years, these mortgages can lead buyers to file for Chapter 13 bankruptcy protection and, ultimately, foreclosure as monthly payments and interest rates dramatically increase. In 2004 and 2005, there were 170 and 174 Chapter 13 filings, respectively, in Chatham County. This number has dropped to 97 in each of 2006 and 2007 as a result of changes to the law that make it more difficult to file for Chapter 13 bankruptcy protection.

A search of Superior Court records indicate that mortgage foreclosures in Chatham County, including Savannah, have increased. In 2006 there were 366 recorded foreclosures. In 2007 foreclosures increase to 582—a 59% increase. Through the first four months of 2008, there have been 294 foreclosures—a pace that, if maintained, could lead to 882 foreclosures by the end of 2008. This would be a 140% increase over the 366 foreclosures that occurred in 2006. These foreclosures would have included

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

a range of transactions including permanent and/or development financing for owner-occupied property, investment property, spec homes, lots and land—not just homeowners.

On a positive note, the City's Department of Housing reports that only about 2.7% or 13 of 471 of its home purchase program loans have ended in foreclosure since January 2000 through April 30, 2008. This low rate is, in large part, due to the pre-purchase counseling, City underwriting requirements and 0% interest deferred payment and forgivable loans provided by the City. The Department proactively mails letters to DreamMaker-3 home buyers asking them to contact the Department immediately if they run into problems making their mortgage payments. When the Department is notified by a homeowner, or a first mortgage lender that one of its customers is in trouble, it immediately contacts the homeowner to schedule a meeting to identify the problem and, where possible, develop a plan to resolve the problem.

Consumer education, both pre- and post-occupancy, is essential to avoiding these types of problems. While national and state level mortgage and real estate industry reform are necessary to prevent these types of practices from occurring in the future, the problem now is that new lending and credit regulations may have swung too far the other direction—making it increasingly difficult for those producing and/or occupying affordable housing to secure financing.

Finally, appraisals for housing being sold in some inner-city Savannah neighborhoods appear to be a bit lower and more conservative than they have been in recent years. Short and foreclosure sales for less than the original purchase price of a house can negatively impact values of homes in a neighborhood. The cost of purchasing vacant lots and vacant houses in Savannah's inner-city neighborhoods, however, appears to be holding steady.

While the national housing crisis and related problems are impacting Savannah, the full impact is not yet known. There is, however, a sense of optimism that Savannah has not been as severely impacted as other communities and that it is a matter of time until these problems correct themselves. Recommendations contained in this report should help ensure that Savannah continues and expands its aggressive affordable housing initiative.

AFFORDABLE HOUSING – WHAT IS IT?

The Task Force quickly learned that the term “affordable housing” means different things to different people. A summary of some different meanings associated with this term can be found in Appendix 5.

Government and lending officials often associate the term with housing payments that do not exceed 30% or some other percentage of gross household income. Persons paying more than 30% of gross household income are considered cost burdened—that is, paying more than they can afford for housing. Landlords felt that low-income tenants were more likely able to pay only 10% to 15% of their gross income for rent.

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

Renters, home buyers and homeowners viewed it as the amount of money they felt comfortable paying for housing. This was often far less than the amount of money required to produce and maintain such housing. Public housing tenants felt that \$300 a month for rent was about as much as they could afford. While these residents said they were willing to pay this for rent, they wanted to make sure the housing was in good condition and in a safe neighborhood.

Homeless and very poor persons who occupy unsubsidized housing often view affordable housing as basic shelter, generally in poor condition or abandoned, that does not cost very much, if anything, to occupy. Aggressive enforcement of property maintenance codes that result in the demolition, board-up and/or repair of substandard housing is viewed as a threat by some of those occupying this type of shelter.

Those involved in the production of quality affordable housing for rent and/or ownership report development costs of ranging between \$90,000 and \$130,000 per unit.

Housing in this price range results in monthly payments, including principal, interest, taxes and insurance, between \$800 and \$1,200—depending upon amenities, material package and whether the property is being rented or purchased. Fair market rents published by HUD for Savannah in April 2008, list \$769 per month for 2-bedroom units and \$1,020 per month for 3-bedroom units. Landlords felt that \$1,200 per month rents were necessary to produce and maintain 3-bedroom units in good condition at a modest profit.

This means that gross annual household incomes would have to range between \$32,000 and \$48,000 to avoid paying more than 30% of income toward rents or mortgage payments ranging between \$800 and \$1,200 a month. Minimum wage earners making \$5.85 per hour would have to work between 105 and 158 hours a week to afford housing that costs between \$90,000 and \$130,000. To work only 40 hours a week, without being cost burdened, would require an hourly rate of pay ranging between \$15.40 and \$23.07.

The 2000 Census documents that 20,425 (about 40%) Savannah households were cost burdened. If incomes for these and other Savannah households have not significantly increased since 2000, it is likely that the number of cost burdened Savannah households has increased.

The 2000 Census also reveals that 29,530 (about 57%) Savannah households make less than \$35,000 a year and another 8,225 (about 16%) households make between \$35,000 and \$50,000 for a total of 37,785 (about 74%) households making less than \$50,000 a year.

All of this leads the Task Force to conclude that some form of subsidy is necessary if households making less than \$48,000 a year—certainly less than \$32,000 a year—are to afford quality housing without being cost burdened. Therefore:

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

Affordable housing is privately or publicly owned housing, in good condition, for households who generally earn less than \$48,000 a year and who pay no more than 30% of their gross household income to rent or purchase a dwelling.

To avoid being cost burdened, especially for quality housing, households making less than \$48,000 annually are likely to require housing assistance. Housing assistance typically includes investment from federal, state and local governments; foundations; employers; volunteers; etc. that is often used to leverage private and other necessary investment. Another form of subsidy can be cost savings associated with the removal of affordable housing barriers. Savannah affordable housing initiatives would benefit from both increased subsidy sources and amounts, and from removing affordable housing barriers.

SUBSIDY LAYERING & LEVERAGING PRIVATE INVESTMENT

A key to producing and retaining affordable housing is maximizing the use of public and other subsidies to leverage necessary private investment. This includes layering existing resources.

For example, in order to provide quality, affordable, rental housing it may be beneficial to layer federal and state low income housing tax credits, federal CDBG funds, Federal Home Loan Bank grants, City infrastructure improvements and Housing Authority of Savannah Section 8 project based certificates. Adopting urban redevelopment plans and enterprise zones can also help secure funds and provide property tax relief that is important to affordable rental housing. Coordinating City and other services can also aid affordable housing development. Designing and building “green” and energy efficient housing can also leverage operating and maintenance cost savings. Layering resources not only leverages private investment for affordable housing, but also improves the quality of life in adjoining neighborhoods and the City as a whole.

The City of Savannah and its affordable housing partners have done an admirable job leveraging private investment to create and retain affordable housing in Savannah during the past decade.

For the eight years between January 1, 2000, and December 31, 2007, the City and its housing partners have successfully used HUD programs, low income housing tax credit programs and other similar federal and state programs to leverage private and other investment, including volunteer labor for home repairs. This investment has helped produce, improve and/or retain more than 4,500 housing units--an average that exceeds 550 housing units per year. Approximately \$40 million of public investment has been used to leverage approximately \$157 million in private investment.

The table below helps document affordable housing progress from 2000 through 2007.

2000-2007 HOUSING PRODUCTION SUMMARY

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

Activity	2000	2001	2002	2003	2004	2005	2006	2007	Total
Home Buyer Programs	54	58	71	71	75	87	83	100	599
Homeowner Programs	156	279	434	269	300	350	320	294	2402
Rental Programs	50	105	252	38	440	110	211	40	1246
Infill Construction	6	28	42	23	30	59	76	57	321
Total	266	470	799	401	845	606	690	491	4568
Public Investment (Millions)									
Private Investment (Millions)	\$ 4.53	\$ 3.10	\$ 4.50	\$ 3.71	\$ 9.03	\$ 4.40	\$ 4.72	\$ 5.76	\$ 39.75
Total Investment (Millions)	\$ 1.84	\$ 3.80	\$26.49	\$ 7.99	\$42.65	\$19.80	\$23.81	\$21.04	\$157.42
	\$ 6.37	\$ 6.90	\$30.99	\$11.70	\$51.68	\$24.20	\$28.53	\$26.80	\$197.17
% Public	71.11%	18.34%	14.52%	31.71%	17.47%	18.18%	16.54%	21.49%	20.16%
% Private	28.89%	81.66%	85.48%	68.29%	82.53%	81.82%	83.46%	78.51%	79.84%

Source: City of Savannah, Department of Housing

To accomplish this, the City and its housing partners have utilized the following types of government programs and funds to leverage private investment.

- a. CDBG, HOME, Shelter Care Plus and other HUD funded programs
- b. HUD Public Housing programs including HOPE-VI
- c. HUD Section 8 Voucher and Project Based Certificate programs
- d. HUD Section 202 and other elderly housing programs
- e. State and Federal low income housing tax credit & bond programs
- f. State Housing Trust fund programs
- g. Historic tax credit programs
- h. Federal Home Loan Bank Affordable Housing programs
- i. Urban Redevelopment Act programs
- j. Enterprise Zones programs
- k. SPLOST and General Fund programs
- l. Foundation funded programs
- m. Volunteer programs

In addition to traditional HUD programs, the City has demonstrated its leadership and commitment to affordable housing by establishing a \$2.45 million dollar revolving general fund account in 2004/2005 to acquire property for affordable housing development.

The City also allocated \$250,000 of general funds in 2006 to implement an employer assisted home purchase program that provides down payment assistance to City employees as part of its employee benefit program. The City hopes this innovative benefit program will serve as a model for other

SECTION 1: AFFORDABLE HOUSING & REGULATORY REFORM

employers interested in attracting and retaining good employees while, at the same time, offering employees an opportunity to secure affordable housing. In its first 24 months of operation, this program has helped 34 City employees purchase a house. Savannah State University is the first major employer to approach the City's Department of Housing about helping it establish and administer an employer assisted home purchase program for its employees. While this program is not yet operational, SSU expects to implement it within the next 12 months.

The City of Savannah is playing a leading role in neighborhood revitalization by using SPLOST and other related funds to help fund infrastructure improvements in support of affordable housing development and neighborhood improvement—most notably in Cuyler-Brownsville, Benjamin Van Clark (Garden Homes) and West Savannah (Fellwood Homes). Its initiative to redevelop Savannah Gardens (Strathmore Estates) shows the City's continued commitment to use its funds for property acquisition, infrastructure improvement and affordable housing development.

A City ordinance enables the City to pay for the installation of new water and sewer laterals in public rights-of-way when housing is being built or renovated in adopted Urban Redevelopment Areas or when housing is being developed with HOME funds.

In 2007, the City approved an Enterprise Zone (EZ) to facilitate the redevelopment of the Fellwood Homes public housing site. The EZ designation will provide developers of affordable rental housing and neighborhood retail with financial incentives, including relief from City property taxes over a ten year period.

While this financial commitment and layering has been excellent, more is needed to address the growing gap between many Savannah residents and quality, affordable, housing.

SECTION 2: PRIMARY BARRIER TO AFFORDABLE HOUSING

MONEY

The single largest barrier to the occupation, production and/or maintenance of quality housing at an affordable price in Savannah is money—or the lack thereof. There appear to be two ways one achieves occupancy of quality affordable housing—1) sufficiently high income or 2) housing subsidies.

The lack of money for many low-income Savannah households is due, in part, to low paying service industry wages associated with Savannah being a major tourist destination. Savannah's blue collar workforce also needs to become better educated and trained so it is attractive to prospective high-tech, manufacturing and green industries that offer better paying jobs.

Without sufficiently high incomes that make quality housing affordable, households have to rely on housing subsidies to offset housing costs and make their housing costs affordable or they live in lower quality, sometimes substandard, housing. Like elsewhere in this country, the provision of housing subsidies to fill this gap often falls on local, state and federal governments; foundations; employers; etc. Unfortunately, these subsidies, while significant, often fall short of closing the gap between income and housing costs.

As described above, being able to afford quality housing, without subsidy, is becoming increasingly difficult when gross annual household income drops below \$48,000 or \$23 per hour per 40 hour work week. The table below helps illustrate Savannah's economic demographics and the large number (37,785 or 74%) of Savannah households making less than \$50,000 a year.

Household Income	Households
Less than \$5,000	4,123
\$ 5,000 - \$ 9,999	4,768
\$ 10,000 - \$ 14,999	4,768
\$ 15,000 - \$ 19,999	4,383
\$ 20,000 - \$ 24,999	4,507
\$ 25,000 - \$ 34,999	6,981
\$ 35,000 - \$ 49,999	8,255
\$ 50,000 - \$ 74,999	7,253
\$ 75,000 - \$ 99,999	3,414
\$100,000 - \$149,000	1,678
\$150,000 or more	1,296

Source: 2000 Census

In order to increase the supply and maintenance of quality affordable housing in Savannah:

1. household incomes have to increase; and/or
2. subsidies that leverage private investment have to increase and expand beyond traditional federal housing programs and funds.

SECTION 2: PRIMARY BARRIER TO AFFORDABLE HOUSING

The establishment of a local, non-federal, source of funds for affordable housing has been a recommendation of the City's Housing & Community Development Plan (2003 and 2008); the Gentrification Task Force (2004); and StepUp Savannah's Anti Poverty Reduction Program.

Despite an admirable commitment to support affordable housing, Savannah lacks a local, non-federal, funding source for housing that can leverage private investment and subsidize the cost of housing. There simply is not enough HUD or other federal funding to adequately address affordable housing needs in Savannah. As a result, a local, non-federal, source of affordable housing funds needs to be established.

RECOMMENDATIONS

1. **Establish Local Affordable Housing Fund** The City of Savannah and Chatham County governments need to establish a local affordable housing fund that can be used to help subsidize the production and maintenance of affordable housing. This funding could be used to help leverage additional private investment for a variety of housing initiatives including, but not limited to, increasing home ownership, providing more funds for home improvements, increasing the supply of affordable rental housing and supporting special needs housing.

The initial capitalization and annual allocation of funding thereafter could come from property tax revenue and could take place as part of the annual City and County budget processes. Each government should make affordable housing a part of their respective work programs--as they do for police, fire, public works, sanitation, etc. The United Way, foundations and Savannah's business community should also be called upon to contribute to this fund. The City should investigate and identify other potential sources of funding and dedicated revenue sources.

StepUp has suggested establishing a \$50 million dollar fund over a 10 year period that would be used to leverage approximately \$500 million of private investment that would help support the creation and maintenance of about 5,000 housing units. As illustrated on page 2 above, spreading the development of 5,000 new housing units over the next 15 years could lower the local affordable housing fund to \$35 million dollars providing the City continues to receive \$1 million per year in HOME or similar funds from HUD.

The Task Force recommends that the local affordable housing fund be administered by the City of Savannah Bureau of Public Development. The Bureau has the expertise to administer this fund as it currently administers the City's housing programs through its Department of Housing. These programs include the administration of HUD funded

SECTION 2: PRIMARY BARRIER TO AFFORDABLE HOUSING

housing programs and City funded initiatives in support of affordable housing. It also helped create and provides oversight to the Chatham County-City of Savannah Land Bank Authority and Community Housing Services Agency, Inc.

2. Provide City of Savannah and Chatham County Funding for Acquisition, Demolition & Infrastructure Improvements in Support of Affordable Housing

The City should continue to use general funds, SPLOST funds, GO Bonds and other funding mechanisms that can be used for property acquisition, demolition and infrastructure improvements that support and lower the cost of affordable housing development. The County should increase its participation. Toward this end, the City and County should also establish administrative policies that provide financial and other incentives for the development of affordable housing.

The City's \$2.45 million revolving property acquisition account is a great start to providing funding for property acquisition. The City and the Chatham County – City of Savannah Land Bank Authority have used approximately \$2.2 of this fund to acquire more than 100 properties. The City should continue to allocate non-federal money to this fund each year through its annual budget process. Non-federal funds for property acquisition are important because they can be used to facilitate mixed-income development. Property acquisition by the City should be viewed as an opportunity to invest in its future. Both the City and the Chatham County – City of Savannah Land Bank Authority would utilize these funds to acquire property that can be developed with affordable housing.

A more significant and consistent investment by Chatham County in the Chatham County-City of Savannah Land Bank Authority (LBA) could pave the way for an affordable housing program in the county. Chatham County currently pledges about \$30,000 a year to the LBA for operating and property acquisition. This payment, however, is not made consistently. In order to initiate an acquisition program in the county that would lead to affordable housing opportunities, the LBA would need about \$200,000 from Chatham County.

The City has also been aggressive in using millions of dollars in general, CIP and SPLOST funds to make infrastructure and green space improvements in support of new affordable housing and neighborhood revitalization. This funding has been used successfully in several inner-city neighborhoods and public housing redevelopment projects including, but not limited to, Cuyler-Brownsville, Benjamin Van Clark/Garden Homes and West Savannah/Fellwood Homes. This funding will also be instrumental in the redevelopment of Savannah Gardens/Strathmore Estates.

SECTION 2: PRIMARY BARRIER TO AFFORDABLE HOUSING

3. Provide Project Based Section 8 Certificates for New Affordable Rental Housing Development

The Housing Authority of Savannah (HAS) should dedicate project based Section 8 certificates for affordable rental housing developed with the support of the City of Savannah using the low-income housing tax credit or similar programs that have deed restricted affordable rents for at least 20 years. Priority should be given to rental development projects that are part of City of Savannah neighborhood revitalization initiatives.

4. Establish County & School Board Support for Enterprise Zone Incentives

In addition to existing City support and participation, seek County and School Board support and participation in Enterprise Zones for major developments like Fellwood Homes and Strathmore Estates—reducing all, not just City, property taxes for 10 years in return for the development of affordable housing, job creation and neighborhood revitalization. City, County and School Board participation could provide the largest property tax relief incentive to affordable rental housing developers. This would enable rents to remain affordable as property values increased.

5. Establish Employer Assisted Housing Programs

The City of Savannah established an Employer Assisted Home Purchase Program for its employees in July 2006. In its first two years, 32 City employees have utilized this down payment assistance program to purchase their homes. The City uses this creative employee benefit program to attract and retain good employees. Other area employers should be encouraged to establish similar programs that would be mutually beneficial to employees and employers. Funding for such programs could be supplemented by funding provided through the aforementioned Local Affordable Housing Fund.

6. Establish A Public/Private Steering Committee

Establishing a steering committee represented by the public and private sectors could be helpful in identifying housing and financial development strategies that would help implement and build upon those described in this report. This committee could include public officials/employees; business/foundation leaders; lenders/bankers; developers/builders; realtors; designers; non-profits; and citizens.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

Overview

Local, state and federal regulatory reform could help remove barriers and help narrow the gap between low incomes and housing costs.

Several local barriers that impact the development, retention and occupation of affordable housing include:

- housing expectations
- zoning and subdivision regulations
- inclusionary zoning
- property taxes
- building regulations
- property values and availability
- regional public transportation plan
- construction workforce
- property and building maintenance
- consumer money and asset management
- non-profit housing development organizations

These barriers are described in more detail below along with recommended actions.

Adopting smart growth and green/LEED building principals to address some of these barriers—particularly housing expectations, zoning and subdivision regulations, and site development standards—could dramatically lower the cost of housing as shown in the table below. Increasing density in both single family and multifamily neighborhoods; allowing mixed housing types; and allowing mixed uses and neighborhood retail in new residential neighborhoods will be important to reducing housing costs—including those related to transportation and government services.

The example in the table below shows that one could expect to save approximately \$23,100 (16%) to \$29,800 (21%) when building a single family detached “smart growth” house with 3-bedrooms and 2-bathrooms using smart growth, traditional neighborhood and green/LEED techniques including:

- down sizing the building lot from 60’x100’ to 50’x 100’ or 40’x100’
- down sizing the house by 5% from 1,200 square feet to 1,140 square feet
- eliminating the garage

These savings would lower mortgage payments by \$164 to \$209 per month. They would make housing affordable, without subsidy, to households earning between about \$33,000 and \$34,900 annually or \$15.89 to \$16.76 hourly. The traditional house shown in the table would require an annual income of approximately \$41,400 or about \$19.92 hourly.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

New Subdivision	Traditional	Smart Growth	Smart Growth
Single Family Detached House	House	House	House
3-Bedroom 2-Bathrooms	60' Wide Lot 1,200 SF	50' Wide Lot 1,140 SF	40' Wide Lot 1,140 SF
Undeveloped Land	60'x100' Lot \$8,000	50'x100' Lot \$6,700	40'x100' Lot \$5,300
Infrastructure Construction	27' Wide St \$20,000	27' Wide St \$16,700	27' Wide St \$13,400
House Construction @ \$60 per SF	1200 SF \$72,000	5% Smaller \$68,400	5% Smaller \$68,400
Garage Construction @ \$20 per SF	400 SF \$8,000	0 SF \$0	0 SF \$0
Soft Costs @ 10%	\$10,800	\$9,180	\$8,710
Developer/Builder Gross Profit @ 20%	\$23,760	\$20,196	\$19,162
Sale Price	\$142,560	\$121,176	\$114,972
Estimated Savings on Sale Price	\$0	\$21,384	\$27,588
Down Payment & Closing Costs	8% \$11,405	8% \$9,694	8% \$9,198
Estimated Savings on DP & CC	\$0	\$1,711	\$2,207
Total Estimated Savings	\$0	\$23,095	\$29,795
Amount Financed (95% Financing)	\$135,432	\$115,117	\$109,223
Estimated P&I Payment 6.25% @30 Yr	\$834	\$709	\$673
Estimated Property Taxes	\$121	\$103	\$97
Estimated Insurance	\$81	\$60	\$56
Estimated Monthly Payment	\$1,036	\$872	\$826
Estimated Savings Per Month	\$0	\$164	\$209
Estimated Annual Income of Buyer	\$41,428	\$34,864	\$33,054
Hourly Wage 40 Hour x 52 Weeks	\$19.92	\$16.76	\$15.89

Source: Department of Housing, City of Savannah

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

The table and information provided on page 16 seek to demonstrate that the cost of developing housing can be significantly lowered when basic smart growth, traditional neighborhood and green/LEED principals are employed. This report does not, however, seek to recommend that the lot sizes and lot widths used above to demonstrate cost savings be adopted by the City of Savannah. They and other development components should be, however, carefully thought through by the City of Savannah, the MPC and others involved in preparing the Unified Zoning Ordinance and related development standards.

HOUSING EXPECTATIONS

The production of affordable housing is sometimes hampered by consumer and societal expectations that desire lots, houses, rooms and amenities greater than renters and home buyers can afford. To satisfy consumer and societal expectations that bigger is better, developers sometimes have to use materials that are less costly and less durable. Some Task Force members suggested that materials and systems need to be durable and energy efficient in an effort to lower maintenance and energy costs—which could enhance long term affordability. Some Task Force members suggested that affordable houses and their amenities be down sized—making houses more affordable to rent or purchase. Using high quality, durable and low maintenance materials; energy efficient and “green/LEED” environmentally friendly materials and construction techniques; quality architectural design; and smaller lot, house and room sizes seem to provide opportunities to reduce housing costs without sacrificing quality and functionality.

RECOMMENDATIONS

Design Smaller, More Energy Efficient & Greener Starter Housing

Without sacrificing quality, consider down sizing starter houses to save development and construction costs. For example, if a 1,200 square foot 3-bedroom 2-bathroom house with a living/dining area and kitchen was down sized by 5% to 1,140 square feet, the construction costs could be reduced by about \$3,600 to \$5,400 depending upon the material package. Offering carports, garages, dens, family rooms, etc. as options rather than standard features can also help reduce dwelling sizes and, therefore, costs for those households who cannot afford such amenities.

Additionally, designing houses with future expansion in mind, enabling the house to grow up or out as the family and its income grows, is another way to reduce housing costs. Using durable, energy efficient and environmentally friendly building materials and products can also help enhance long term maintenance and energy costs without sacrificing quality and functionality.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS



Employing “traditional neighborhood” design features, including smaller lots, maximizing street frontage and designing more pedestrian friendly streets, as described above, can further reduce costs and make housing more affordable. These types of cost savings and neighborhood benefiting design features are recommended below in the discussion on zoning and subdivision regulations.

ZONING & SUBDIVISION REGULATIONS

The current Zoning and Subdivision Ordinances were adopted in the early 1960’s when Euclidean Zoning (separation of uses) and Urban Renewal (rebuilding urban areas on the suburban model) were the guiding principles of planning. Implementation of these principles has resulted in development patterns that encourage automobile use and sprawl; separation of residential, work, and shopping areas; and increased development and housing costs. However, the suburban model has also created quality-of-life issues that have resulted in a renewed appreciation for mixed use, denser urban development such as is prevalent in many of the older neighborhoods in Savannah. Over time, Savannah’s zoning and subdivision regulations, based on the suburban model, have been amended to reflect the renewed appreciation for the urban model. This has resulted in ordinances that are complex, sometimes contradictory, and occasionally illogical.

Additionally, development standards often reflect the prerequisites of modern infrastructure. For example:

- utility providers prefer to locate utilities in unpaved areas to save money and reduce disruption when utilities must be repaired and therefore resist proposals to reduce the width of rights-of-way and setbacks;
- emergency operators require wide streets and generous setbacks for fast, convenient access by fire trucks and ambulances;
- traffic engineers insist that wide streets and clear rights-of-way reduce accidents while others believe that narrow streets have a traffic calming effect;
- local government officials prefer larger setbacks along major thoroughfares to reduce acquisition costs when road widening becomes necessary.

Such prerequisites of modern infrastructure can also have the unintended consequence of encouraging low density that increases housing costs. For example, the R-6 zoning district is the primary single family

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

district for detached residences. This zone allows up to six detached units of single family housing per net acre (equivalent to approximately 7.5 units per gross acre). However, because of development standards (i.e. setbacks, road widths, and lot size requirements) most single family subdivisions end up with a density of less than 4 units per gross acre. Most “smart growth” guidelines encourage single family residential density of at least 7 units per gross acre which is essentially the density permitted under the current ordinance.

Developers seeking to produce affordable housing are often concerned about density, lot size, lot width, setbacks, lot area coverage, parking and street width requirements. Planned Unit Developments tend to provide developers with the most flexibility with regard to these requirements and with regard to housing types, mixed-use and retail.

Most new single family detached affordable housing is built in R-6 one-family residential zones. This zone allows up to six detached units of single family housing per net acre. The description of the R-6 and other residential zones states that the zone and its requirements are established, in part, “to protect property in this district from depreciating effects of more densely developed residential uses.” One could read into this that high density single family housing is not viewed as a good thing.

Interestingly, the R-I-P-A-1 residential urban district allows up to 70 units per net acre and recognizes detached, semi-detached and townhouses as appropriate housing types. This zoning district is intended to be compatible with the “unique physical conditions of Old Savannah” and is bounded by the Savannah River, East Broad Street, Martin Luther King Jr. Boulevard and Park Avenue. One could argue that housing in this area is some of the most valuable in Savannah and that high density does not have a “depreciating” effect when applied correctly.

The R-6 zone requires minimum lot sizes of 6,000 square feet and minimum street frontage of 60'. Many of the traditional lots in older Savannah neighborhoods are only 3,000 square feet and 30' wide.

In older neighborhoods, developers can construct houses on pre-existing 30' wide lots—if the developer does not own adjoining vacant lots. When a developer owns adjoining lots, he/she is required to combine and subdivide the lots into new lots that are closer to 60' wide. Technically, developers cannot subdivide single lots into lots smaller than 60' wide or 6,000 square feet. This reduces the number of houses that can be built in older neighborhoods, increases the cost of these houses and does not maximize the use of pre-existing infrastructure. In some instances, single lots are approved to be subdivided into lots no less than 40' wide or 4,000 square feet when the development pattern in an existing neighborhood includes 30' to 50' wide and 3,000 to 5,000 square foot lots. Using 60' x 90' or deeper lots rather than 30' x 90' or deeper lots doubles the cost of land—adding between \$10,000 and \$15,000 to the cost of a house.

Front yard setbacks from residential streets in R-6 zoning districts specify that no residential structure shall be closer than 25' to the street right-of-way or front property line. Fortunately, when building

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

new housing built on vacant lots in existing neighborhoods, the front setback can be reduced to the average front setback of adjoining houses along 200' of street frontage. This helps reinforce and enhance established development and architectural patterns and makes it easier to fit new housing on smaller lots. This calculation can become skewed when there are vacant lots in the 200' of frontage. Currently, the vacant lots must be calculated as though they contain houses with 25' front setbacks rather than the traditional block face front setback. The only burdensome thing about this requirement is calculating and submitting the average front setbacks. The good news, however, is that zoning staff can grant the proposed front yard setback without having to go to the Zoning Board of Appeals (ZBA). Having to obtain this approval from ZBA, as is the case with other variances, would add 30 to 60 days to the development process.

Side yard setbacks are 5' for interior lots. These can be reduced in older neighborhoods with staff, rather than ZBA, approval providing fire code requirements are met.

Corner lots require 15' side yard setbacks for the side of the house that runs along the side street. This makes 30' wide traditional lots almost impossible to develop with new housing because the maximum building width is reduced to 10' without staff and/or ZBA approval. The ZBA typically approves reducing the corner lot side yard setback to 5' or less along the side street in order to make the lot developable. In some instances, the side of the house facing the side street may need to be closer to the side street than 5' in order to maintain historic development patterns or to maximize the building width and usefulness of the house plan.

Rear yard setbacks in R-6 zones are 25' feet from rear property lines. The ZBA typically approves lesser rear yard setbacks for small lots. Smaller rear yard setbacks may be required when lots are less than 100' deep or when there are no lanes behind the lot—requiring off-street, rather than off-lane parking.

Building lot area coverage is 30% in R-6 zoning districts. This is more likely to be between 40% and 50% on smaller lots. The ZBA typically approves lot area coverage variances when requested.

Current residential street paving widths, lane widths and ROWs for new residential subdivisions in Savannah are viewed, by some, as excessive. They are said to drive up development and, therefore, housing costs; encourage unsafe traffic speeds; and make residential neighborhoods less pedestrian friendly. In many instances, Residential Streets, Third Edition, developed and published jointly by the American Society of Civil Engineers, Institute of Traffic Engineers, Urban Land Institute and National Home Builders Association supports this sentiment and suggests that smaller is better for neighborhood livability and safety. In a time when soaring energy costs are forcing Americans to downsize and conserve energy—including downsizing to smaller more fuel efficient vehicles—it would appear that there is merit to taking another look at subdivision regulations that govern street width and pavement requirements.

Some city officials are likely to support wider lanes because they feel the extra width allows cars to

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

pass without having to significantly slow down and without side swiping or knocking mirrors off cars parked along curbs. They also feel that wider streets have a better chance of allowing passage by vehicles when sections of the road or infrastructure below it are being repaired.

Additionally, Section 503.2.1 of the 2006 International Fire Code adopted by the City of Savannah requires unobstructed street widths of no less than 20' on any street to allow the passage of fire trucks. Residential Streets, page 14, states that 10' to 13' of unobstructed passage way on local residential street should provide plenty of room to serve the types of fire trucks that would respond to most fires in single family residential neighborhoods. It also suggests that municipalities begin purchasing smaller fire fighting and sanitation vehicles.

The location of underground public utilities (ie water lines, sanitary sewer lines, storm sewer lines) in new subdivisions is also of concern to public officials and developers. Developers tend to want these utilities located under the street pavement to reduce ROW requirements and costs. Public officials tend to be concerned about the cost of digging up streets to repair utility lines.

Off-street parking requirements for most forms of single family and multifamily housing are two spaces per dwelling unit. Time and again, valuable land is paved and development costs are increased to provide parking spaces for affordable housing that are never used. It is more likely that 1 to 1.5 parking spaces per apartment would be sufficient in affordable rental properties. Many tenants do not own vehicles and rely on public transportation. Consideration in meeting parking space requirements should also be given for on-street parking. Single family parking can be accomplished, in most cases, by single wide driveways that are two vehicles deep. When lot widths for single family detached houses are less than 36' wide it becomes necessary to have a lane behind the house to accommodate on-site parking. Some existing small lots without lanes may require on-street parking.

Accessory Dwelling Units (ADU) also known as granny flats, in-law suites, garage apartments, or carriage houses are independent, complete living units located on the same lot with primary, usually single-family, detached units. These types of housing units are not always allowed or encouraged in residential neighborhoods. ADUs can be a source of supplemental income for homeowners who may have difficulty paying for utilities and upkeep. They can also be an affordable housing alternative for students, young workers, and the elderly. ADUs are a sensible, practical solution to increasing the affordable housing supply without a significant need for property and infrastructure investment. ADUs address issues of sprawl in that they decrease the need to construct housing on previously undeveloped tracts of land.

Savannah's housing stock includes a large number of ADUs which are located in some of its most desirable neighborhoods. Experience with ADUs indicates the need for regulations that include owner-occupation of the primary residence, limits on the size of the ADU relative to the primary residence, and additional parking and access requirements.

These conditions and barriers will be explored during the Unified Zoning Ordinance update process.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

Support Zoning Ordinance Changes With Smart Growth Principals & Incentives

Support the inclusion of “smart growth” principals in the Unified Zoning Ordinance as described below. In order for this to be successful all interested and impacted parties, both inside and outside government, must work cooperatively together. This includes listening to, appreciating, understanding and trying to integrate differing viewpoints and needs into smart growth zoning, subdivision and development standards. In the end, the Mayor and Aldermen must be willing to adopt nationally recognized and locally refined smart growth principals related to planning, engineering and architecture.

Some suggested “smart growth” principals are listed below.

1. Revising zoning and development standards/regulations to reflect development patterns in existing neighborhoods and to create opportunities for new neighborhoods with “traditional neighborhood” features.
2. Allowing a range of densities, setbacks, lot sizes and lot widths including smaller, more affordable, lots for single family detached homes.
3. Allowing a range of housing types and sizes including multifamily, single family attached, semi-detached, detached and accessory dwelling units.
4. Allowing mixed-use residential-office-retail areas within new developments.



Traditional Neighborhood: Single-Family Setbacks
P'On, Mt. Pleasant, SC



Traditional Neighborhood: Single-Family Setbacks
Habersham Place, Beaufort, SC

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS



Traditional Neighborhood: Multi-Family Setbacks
Savannah, GA



Traditional Neighborhood: Multi-Family Setbacks
Habersham Place, Beaufort, SC

5. Developing innovative and high quality design standards for right-of-way, street widths, traffic calming, infrastructure, green space, parking, lot, building design, housing design and other improvements.
6. Developing standards that minimize pavement and maximize permeable surfaces.
7. Providing incentives for quality public and/or semi-public green space and/or recreational amenities.
8. Providing incentives for low impact development including on-site storm water retention.
9. Adopting design and material standards that ensure high quality construction that reflects the architectural style of the neighborhood or development pattern.
10. Providing incentives for Energy Star, EarthCraft and/or LEED certification for buildings and the overall site.



Traditional Neighborhood: Live-Work-Retail
Habersham Place, Beaufort, SC



Traditional Neighborhood: Retail
Forsyth Park, Savannah, GA

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS



Traditional Neighborhood: Square
Savannah, GA



Traditional Neighborhood: Square/Green Space
Habersham Place, Beaufort, SC

11. Allowing Accessory Dwelling Units (ADU) also known as granny flats, in-law suites, garage apartments, or carriage houses are independent, complete living units located on the same lot with primary, usually single-family, detached units.
12. Uncoupling parking requirements from residential units in urban areas to allow innovative solutions to parking problems.
13. Permitting 1.5 parking space per dwelling unit for low-income housing tax credit or other affordable rental housing for families that includes 20 year or longer deed or IRS restrictions that the housing remain affordable and where public transportation is within walking distance.



Traditional Neighborhood: Traffic Calming Street
New Pointe, Beaufort, SC



Traditional Neighborhood: Service/Parking Lanes
New Pointe, Beaufort, SC

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS



Traditional Neighborhood: Parking Off Lane
P'On, Mt. Pleasant, SC



Traditional Neighborhood: Parking Off Lane
P'On, Mt. Pleasant, SC

14. Permitting 1.0 parking space per dwelling unit for low-income housing tax credit or other affordable rental housing designated for senior citizens that includes 20 year or longer deed or IRS restrictions that the housing remain affordable and where public transportation is within walking distance.
15. Providing incentives for including affordable housing in market-rate developments or, alternatively, allowing affordable housing in lieu fees that can be paid into a local affordable housing fund when the City of Savannah determines that development costs, property taxes and/or other conditions prohibit the inclusion of affordable housing in market-rate developments. See recommendations in Inclusionary Zoning section.
16. Permitting administrative approval of minor variances that avoid time delays associated with seeking Zoning Board of Appeals approval.

INCLUSIONARY ZONING

Inclusionary zoning links the production of affordable housing units to the production of market-rate units. Inclusionary zoning can either be mandatory (i.e. a percentage of units must be affordable) or incentive-based (i.e. if a percentage of units are affordable, additional units may be built or parking requirements may be reduced, etc.). This is applicable for development in new and existing neighborhoods and/or subdivisions.

Although well over 300 jurisdictions have inclusionary zoning ordinances, the strategy cannot be considered a success or a failure, due to the number of specific factors that influence the program.¹ These factors include whether or not incentives are included in the ordinance, the composition of the population and housing stock, the regulatory framework, and flexibility of the ordinance.

¹ The Effects of Inclusionary Zoning on Local Housing Markets: Center for Housing Policy (Furman Center for Real Estate & Urban Policy) pg 1.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

Some of the benefits of inclusionary zoning are:

- from a local government perspective, it requires minimal public subsidy and may therefore be more fiscally sustainable;
- it usually requires a mix of market-rate and affordable units and thus promotes economic and social integration;
- it creates a level playing field in that all developers are required to provide the same percentage of affordable units.

Some of the drawbacks of inclusionary zoning are:

- it restricts development of market rate housing by encouraging developers to build in jurisdictions that do not require inclusion of affordable units;
- it causes an increase in the price of market rate units in order to offset losses on affordable units and therefore may be counterproductive;
- it places the entire burden of providing affordable units on developers and the purchasers of new market-rate units.

Even in jurisdictions where inclusionary zoning ordinances have produced a significant number of affordable housing units, inclusionary zoning alone has not solved the community's housing challenges.²

RECOMMENDATIONS

Support Zoning Ordinance Changes With Affordable Housing Incentives

It is the general feeling of the Task Force that Savannah would be better served if local government and developers could reach consensus on a set of development incentives that would make it mutually beneficial to include affordable housing in market rate developments or, alternatively, allow developers to pay affordable housing in-lieu fees into the local affordable housing fund when the City of Savannah determines that development costs, property taxes and/or other considerations prohibit the inclusion of affordable housing in market-rate developments. The City, not the developer, determines whether or not the developer will be permitted to pay "in-lieu" fees into a City of Savannah affordable housing fund.

2 Ibid, pg. 9

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

Incentives may include, but are not limited to:

- a. Increased density
- b. Smaller lot frontages
- c. Smaller lot area
- d. Public ROW improvements

Mandatory inclusionary zoning is a contentious subject that is likely to be challenged by developers in court if the City of Savannah were to seek to establish such zoning. The local government, however, may determine that this is a necessary course of action if government and developers cannot reach mutual agreement on incentives and other courses of action that can lead to the development of affordable housing.

PROPERTY TAXES

Stephens-Day, homestead, senior and disabled homeowner property tax relief and exemptions help keep property taxes affordable for Savannah homeowners. Stevens-Day is not, however, transferable to “heirs” who inherit and live in the family home. This creates a situation where property taxes could become unaffordable for future generations who inherit and occupy the family home. For many low-income families, extended family living and inheriting the family home for continued occupancy is typical.

Landlords and low-income tenants do not enjoy these types of property tax relief. As a result property taxes and, therefore, rents are likely to increase as property values increase.

Tax credit and other rent restricted affordable housing developments are hurt if the tax assessor does not or cannot recognize that rent restrictions limit income below market rates and, therefore, should lower the taxable value of the property.

IRS, deed and other affordable housing program requirements that purposely restrict rents and sale prices below market conditions should also be recognized by the tax assessor when assigning property values to both rental and ownership housing. These restrictions should lower the taxable value of the property.

Finally, the current method of taxing vacant lots and structures provides vacant property owners and speculators with an incentive not to improve their property. This not only hurts adjoining property values and owners, but also helps contribute to a host of costly neighborhood problems including blight, crime and disinvestment. It makes it difficult for responsible and willing property owners to borrow money and invest in the development and improvement of their property.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

1. **Tax Vacant Structures & Lots At Highest & Best Use** --The City should ask the tax commissioner and assessor to value vacant lots and structures at their highest and best use value, regardless of condition, to prevent property owners and speculators from hurting neighborhoods and property values of adjoining property owners. The Board of Equalization should not lower these values on appeal.
2. **Reduce Taxable Value Of Deed Restricted Affordable Housing** -- The City should ask the tax commissioner and assessor to reduce the taxable value of affordable housing that contains one or more of the following components:
 - a. deed restrictions limit sale prices to the FHA limits
 - b. deed restrictions limit occupant income to HUD HOME/CDBG limits
 - c. deed restriction limit rents to HUD Fair Market Rent limits
 - d. developed utilizing the low-income housing tax credits, bonds or other programs that restrict rents and occupant incomes
 - e. owned by 501(c)3 non-profit housing organizations
3. **Property Tax Relief For Deed Restricted Affordable Housing** -- The City should request that Savannah's State legislative delegation create legislation that exempts or lowers property taxes for affordable housing that contains one or more of the following components:
 - a. deed restrictions limit sale prices to the FHA limits
 - b. deed restrictions limit occupant income to HUD HOME/CDBG limits
 - c. deed restriction limit rents to HUD Fair Market Rent limits
 - d. developed utilizing the low-income housing tax credits, bonds or other programs that restrict rents and occupant incomes
 - e. owned by 501(c)3 non-profit housing organizations

BUILDING REGULATIONS

Construction and renovation costs, like land costs, typically increase from year-to-year making it difficult to produce and maintain affordable housing without subsidy. These costs are often associated with government regulations intended to make buildings and neighborhoods safe. While it is hard to argue with the intent of such regulations, the cost of implementing them drives up the cost of housing and makes it less affordable to persons with modest and low-incomes. For example, the cost of making buildings more wind resistant in hurricane zones like Savannah, while necessary, can add between \$5,000 and \$10,000 to the cost of producing a housing unit. This cost must be passed onto the buyer or renter.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

While builders and developers willingly comply with building code requirements, they have expressed concern about the plan review and approval process and about the field inspection process. Builders and developers were concerned about the time and cost involved with having to submit plans multiple times in response to plan reviewer comments. They wanted one review with all comments being issued at the same time. City officials pointed out that designers need to do a better job preparing plans and making sure they are complete when submitted for review. Both parties agreed that repeated reviews and corrections add time and cost to the development process. With regard to construction inspections, builders, developers and City officials felt that improved communication between inspectors, contractors and subcontractors would save time and money once construction begins.

RECOMMENDATIONS

Improve Plan Review & Construction Inspection Process

Designers need to do a more thorough job preparing and reviewing plans before submitting them to building officials for review. Attendance by developers and their design professional at one of the weekly site plan review meetings would be very helpful as a means of improving communication and cutting down on resubmissions.

Public officials need to do a more thorough job of reviewing and commenting on plans before sending them back to designers for correction.

Establish a better line of communication between contractors, subcontractors and building inspectors to cut down on the time each wastes waiting on the other when scheduled inspection times cannot be met or when construction work to be inspected is incomplete and requires additional site visits.

PROPERTY VALUES & AVAILABILITY

Property values have been increasing in Savannah—which is generally a good thing for property owners. On the other hand, this is making it increasingly difficult to acquire property for affordable housing. For example, in 2000, the City acquired vacant lots for about \$1 per square foot as part of the Cuyler-Brownsville revitalization initiative. Eight years later, similar property is selling for between \$3 and \$10 per square foot depending upon its location. Lots that were 30' wide by 100' deep had been selling for \$3,000. They are now selling for \$12,000 to \$30,000 depending upon the location within Savannah's older and historic neighborhoods.

The recent and sudden rise in real estate value in Savannah may be traced to several events. Its history, charm, beauty, squares, trees, climate and proximity to the ocean are all factors. The growth of the Savannah College of Art & Design (SCAD) resulted in the renovation of older, dilapidated, buildings—including schools, motels and warehouses--and houses throughout the inner City. The

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

attention that Midnight in the Garden of Good and Evil brought to Savannah has also helped make Savannah a popular destination for tourists and real estate investors. City of Savannah and Housing Authority of Savannah redevelopment initiatives in Cuyler-Brownsville, Benjamin Van Clark, Eastside and West Savannah have also helped revitalize poor neighborhoods, create a climate for private investment and resulted in increased property values.

As once dilapidated housing and neighborhoods became of interest to investors of upscale housing, low income renters and squatters have been displaced. While much of this has been single-house or single-building conversions, in 2007 two multiple family affordable housing developments--Robbie Robinson in Beach Institute and Abercorn Terrace south of Ardsley Park on Abercorn Street--were purchased for conversion into condominiums and town homes that will not be affordable to current residents.

The City of Savannah established a \$2.45 million general fund revolving loan account in 2004/2005 that it uses to acquire property for affordable housing development. Through December 31, 2007, the City had used approximately \$2.2 of this fund to pay acquisition and other costs associated with the acquisition. This has enabled the City and the Chatham County-City of Savannah Land Bank Authority to pursue the acquisition of more than 100 properties that affordable housing development.

The City had been focusing on vacant property—buildings and lots—acquisition as part of its neighborhood supported Urban Redevelopment Plans. Unfortunately, many of these are “heir” properties that do not have clear title and cannot easily be acquired or developed due to title problems. The City had been successfully, and carefully, using its Eminent Domain powers to acquire this type of property for affordable housing until 2006 when state lawmakers amended Eminent Domain laws—bringing acquisition and redevelopment of blighted vacant structures and vacant lots to a virtual standstill. In Cuyler-Brownsville, about 2/3 of the property acquired by the City for affordable housing development was “heir” property and/or had cloudy title that prevented its development and caused problems for the neighborhood.

The City, the Chatham County / City of Savannah Land Bank Authority (LBA) and other affordable housing organizations continue efforts to purchase vacant and blighted property. The City supported the LBA's efforts to acquire a tract of vacant land in the Summerside neighborhood in 2007 that, once developed, will result in the construction of at least 15 single family houses. It also assisted the LBA acquire a similar parcel of vacant land in the Hudson Hill neighborhood that, once developed, will provide about 18 new infill houses.

The Vacant Property Inventory recently completed by the City of Savannah Bureau of Public Development is likely to be a helpful tool in identifying properties with residential development potential. A portion of VPI is located in Appendix 6 and a complete copy of the inventory can be obtained from the Bureau of Public Development. The VPI will need to be regularly updated in order to track the availability of vacant property that may be available for development.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

The City's most ambitious property acquisition endeavor to date was orchestrating the sale of the 44 acre Strathmore Estates property to CHSA Development, Inc. in November 2007. A \$5.5 million City investment helped leverage a \$7.5 million bank loan to make the initial acquisition possible. The City anticipates that Strathmore's 380 units of substandard rental property will be replaced with 600 to 650 units of affordable and mixed-income, family and senior, rental and home ownership housing over the next five years. It also anticipates that the redevelopment will include mixed-use and neighborhood benefiting retail development that, when combined with the new housing, will help stabilize and revitalize east Savannah and the Pennsylvania Avenue corridor. The development is also expected to incorporate "green" design principals including EarthCraft House, EarthCraft Communities and/or LEED.

RECOMMENDATIONS

Develop Ambitious Property Acquisition Plan

It is important to purchase property for future development before the cost of property becomes too costly for affordable housing. Toward this end, the City should develop an ambitious affordable housing property acquisition plan that includes acquiring property in traditional city neighborhoods and acquiring property in emerging neighborhoods. This may include acquiring land now for future development. It may also include acquiring property in the Chatham County that could reasonably be expected to be annexed and developed in the future. This plan may include using the Chatham County / City of Savannah Land Bank Authority and the Housing Authority of Savannah as an entity to acquire and hold the property until it is time to develop it with affordable housing.

This plan should consider the merits of requiring that property purchased for affordable rental housing development be leased or sold with the City having a right of first refusal to purchase the property back if the property ceases to meet City affordable housing goals in future years. This would help prevent affordable housing from being converted to expensive housing (causing tenant displacement) when the property becomes desirable to upscale developers. It may also be beneficial to investigate the possibility of establishing a Land Trust that could hold title to land developed for rental or home ownership.

This plan should also include the development of an administrative policy that provide for and streamlines the disposition of City of Savannah property for affordable housing development.

REGIONAL PUBLIC TRANSPORTATION PLAN

Currently, most affordable housing in older neighborhoods is near a Chatham Area Transit (CAT) bus route with good service to downtown and some other destinations such as the south side (via Abercorn Route 14). However, many of the new well paying jobs in distribution and other industries

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

are located in areas outside of the downtown area where the CAT service is poor or no service is provided. Further, as property and development costs increase in older Savannah neighborhoods those in need of affordable housing may seek such housing in outer laying portions of the Chatham and adjoining counties. Unless this housing is close to its occupant's place of employment, shopping, etc., this new affordable housing will quickly become unaffordable due to rising transportation costs.

Recent increases in the price of gasoline from about \$2 per gallon a year ago to about \$4.00 a gallon in June 2008 (with no end to increases in sight), is putting a strain on low- and moderate-income households who don't live within walking distance of work or near a bus route that takes them to and from their place of employment. Some households who sought less expensive, affordable, housing in outer laying new subdivisions and communities are likely to see mortgage and rent payment savings absorbed and surpassed by the rising cost of transportation. For example, at the IRS calculated rate of \$0.49 per mile to operate and maintain a car, a 20 mile daily commute to work, shopping, etc. could add \$200 a month to the cost of living away from work, shopping, etc. Having frequent bus service over a longer span of the day (and night) and connecting neighborhoods to where jobs are is critical to the community and the most cost-effective transportation choice for lower income workers.

RECOMMENDATIONS

Prepare And Implement A Regional Transit Plan

This should include identifying and improving existing private and public transit systems to ensure that Savannah and surrounding areas have effective, affordable, local and regional transit services.

CONSTRUCTION WORKFORCE

There is concern that as long-time skilled tradespersons begin to retire that there will not be a supply of younger skilled construction workers to replace them. If this were to happen, it would, likely, drive up housing production costs. Construction training programs like those offered by the City of Savannah's YouthBuild program, Savannah State University's HBCU program and StepUp's partnership with local home builders and Chatham County are seeking to introduce young adults to construction trades and employment opportunities. These programs also provide participants with life skill and GED training. The City's Economic & Community Development Department offers a "Contractors College" program that helps existing and new contractors gain a better understanding of the requirements of running a successful business. These types of programs are beneficial and, where possible and practical, should be expanded and made permanent.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

1. **Attract A Manufactured Housing Plant To Savannah** – A manufactured housing plant in Savannah could provide a controlled environment in which young adults could be trained and employed in various construction related skills. This type of training environment could be a better first step for learning about construction than on a job site. These types of manufacturing plants are typically “green” in nature because they waste less material than site-built housing. Some also use recycled materials (ie recycled metal for steel frame housing). Plants can produce whole houses or components of houses (ie walls, floor, roofs, etc.) that can be assembled on site. The quality of housing is equal to, if not better than, stick built housing. Reducing construction waste and lowering transportation costs by having a manufactured housing plant in Savannah should make such housing less costly to construct than traditional stick build housing. City, CHSA and Land Bank staff traveled to Mobile Alabama in November 2007 to tour a steel framing plant established by the Volunteers of America (VOA). This plant uses recycled metal from four to six junk cars to produce a framing package for a 2,000 square foot house.
2. **Establish A Construction Trade School For High School Students** - While it may be difficult to fund, students entering 9th or 10th grade who are not interested in college or who are not showing signs of being academically capable of entering college should be offered opportunities in high school to learn trade skills, including construction skills, that could lead to employment or a vo-tech degree after high school.

PROPERTY & BUILDING MAINTENANCE

Compliance with property and building maintenance codes are not that difficult to achieve—unless the building is severely dilapidated and in need of major repair. In such instances, compliance can be difficult for owner-occupants with limited income. Compliance by landlords can result in increased rents to cover associated maintenance costs—making it difficult for renters with limited incomes to afford rents that cover maintenance costs.

Most property maintenance inspections are done from the public right-of-way and address site and building envelope conditions. Failure to meet these basic requirements places occupants, owners, the property, adjoining properties and neighborhoods at risk. City services required to address property maintenance violations and related issues like crime, fire, blight etc. are a financial burden on the City and its tax payers. Property owners and occupants have a responsibility to maintain housing in good, safe, condition.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

1. **Continue To Expand Volunteer Home Repair Programs For Homeowners** -- The City should continue to fund and expand its volunteer home repair programs that help owner-occupants repair major house components. Volunteer labor helps the City reach about 3 times as many homeowners each year as would otherwise be possible if contractors provided the labor. HUD CDBG funds are the principal source of funds for these programs.
2. **Develop Rental Property Repair Programs In Support Of Property Maintenance Program** -- The City should continue its work to link its rental property repair program to its property maintenance program—providing small affordable grants and loans to help rental property owners make it possible to improve site and building envelopes without having to significantly increase rents.
3. **Develop Programs That Help Educate Property Owners & Renters About Importance Of Property Maintenance** -- The City and real estate community should establish programs that help educate property owners and renters about the importance of maintaining their property and about resources available to do so.
4. **Support Efforts To Establish A Derelict Rental Property Ordinance** – This ordinance will, among other things, hopefully require a Certificate of Occupancy for vacant properties or occupied rental properties that have had utilities (electric, gas, sewer or water) disconnected for more than 60 consecutive before such utilities can be reactivated. The CO will ensure that the property meets not only property maintenance codes but also appropriate building codes. This ordinance will target vacant property and rental property owners/managers that have not maintained their properties in good condition as evidenced by repeated property and building code violations, criminal activity and health or safety problems.
5. **Require Building Envelopes Be Maintained In Good Condition** – Current property maintenance and building codes allow property owners to board-up properties without making any improvements to the building envelope. These codes need to be changed to require that the building envelopes of both occupied and unoccupied property be weather tight. At a minimum, codes should require that roof coverings, siding/trim and exterior paint be in good condition and capable of protecting the structure from moisture damage. If necessary, Savannah’s State legislative delegation should be called upon to help create such legislation.

CONSUMER MONEY & ASSET MANAGEMENT

A major barrier to the occupation and retention of quality affordable housing and wealth building is the lack of money and asset management by renters and homeowners. This is particularly important for persons living on modest and low incomes with little savings. These persons are often inundated

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

with credit opportunities both before and after moving into their dwelling that, if accepted, ultimately hurt them. High debt and poor credit payment histories negatively impact persons seeking to rent or purchase housing and other goods and services. This is a primary reason why low-income households have a difficult time being approved to rent or purchase quality, affordable, housing.

Ignoring or not understanding the importance of routine home maintenance can lead to expensive repairs for landlords and homeowners that jeopardize investment and housing quality. Unfortunately, low-income households are typically confronted by a host of other problems that easily divert their attention away from routine home maintenance.

Failing to manage money responsibly and to maintain assets in good condition can reduce the likelihood that renters and homeowners will build wealth. Renters typically do not understand the importance of carrying renters insurance and can easily lose all of their possessions in a fire. Consumers fortunate enough to become homeowners too often do not understand how important estate planning is to asset and wealth protection.

RECOMMENDATIONS

1. **Establish Pre- And Post-Occupancy Financial Management Counseling Programs** -- There needs to be a more extensive pre- and post-occupancy counseling program to help renters and homeowners manage their money, debt, credit and assets. Consider tying forgiveness of secondary home purchase financing or rent subsidies to participation in this program.
2. **Establish Home Maintenance Counseling & Inspection Program** -- Create a home maintenance training program that provides ongoing guidance to new homeowners including semi-annual inspections and technical assistance in maintaining homes. This may include establishing a YouthBuild type home inspection and maintenance company that offers affordable home maintenance to buyers. Consider tying forgiveness of secondary financing to participation in this program.
3. **Establish Pro-Bono Estate Planning Program** -- Work with the local Bar Association and Georgia Law Schools to create a pro-bono or nominal cost estate planning program. Consider tying forgiveness of secondary financing to participation in this program.

NON-PROFIT HOUSING DEVELOPMENT ORGANIZATIONS

While there are several local non-profit organizations in the city that have affordable housing components, most are under staffed and financially strapped. This has resulted in heavy reliance on the City for funding and technical support for some and has limited their effectiveness.

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

The most effective non-profit housing developer in Savannah has been Mercy Housing Southeast. Mercy benefits from being part of a financially and technically strong national non-profit organization. It does not require or depend upon the City for administrative or operating funds. Its local, regional and national management is capable and strong. In Savannah, Mercy Housing Southeast has focused on the development of affordable rental housing. It has been very successful competing for State low-income housing tax credits, historic tax credits and other complex funding.

Neighborhood Improvement Association, Inc. (NIA), New Legacy Community Development Corporation (NLCDC) and the Coastal Empire Habitat for Humanity (Habitat) are smaller local non-profits that have also been successful in their efforts to produce affordable housing—although on a smaller scale and for homeownership. NIA and Habitat also offer home buyer training and counseling programs in support of their and City housing programs. NIA has also diversified and is actively and successfully offering income tax and earned income tax credit preparation services to low-income households. The housing development components for these non-profits, however, suffer from being understaffed, having staff with limited housing development experience and having limited operating resources. They are also hampered, like private developers, by the lack available property with clear title to purchase and develop. All three rely heavily on the City of Savannah for development financing and, in the case of NIA and NLCDC, administrative funding. Only Habitat has financial and construction/technical management personnel on their staff.

CHSA Development, Inc. a wholly owned subsidiary of Community Housing Services, Inc. (CHAS) is emerging as a viable non-profit housing developer. CHSA and CHSA Development, Inc. were created in 1989 and 1991, respectively, by the City of Savannah, local lending institutions and interested citizens. Beginning in 2005, it began developing and selling single family infill housing to first time buyers and, in November 2007, it purchased the 44 acre, 374 dilapidated apartment, Strathmore Estates Apartment community with support from the City of Savannah and Regions Bank. It anticipates demolishing and redeveloping this property with 600 to 650 mixed-income, mixed-housing type, housing units and neighborhood retail. Its emerging success is tied, in part, to the strength of its Board of Directors and a businesses development plan it commissioned several years ago, the housing knowledge of its Director, its almost 20 year longevity and the willingness of its Board and Director to embrace partnerships with and support from the City of Savannah. Like NIA, NLCDC and Habitat, CHSA Development, Inc. receives financial and technical support from the City of Savannah. Unlike the other non-profits mentioned above, CHSA Development, Inc. receives very close financial management technical assistance from the City of Savannah.

RECOMMENDATIONS

Build Capacity of Existing & Attract New Non-Profit Housing Developers

NIA, NLCDC, Habitat and, perhaps other non-profit developers, need help strengthening and building the capacity of their Board of Directors, Executive Directors and their financial, construction and housing development functions. These organizations could also benefit from

SECTION 3: LOCAL BARRIERS AND RECOMMENDED ACTIONS

a business plan that provides each organization with a road map for future growth, activity, fund raising, staffing, etc. While the City of Savannah could be partner in this process—it should not be solely responsible for the process.

Non-profit developers like Mercy Housing Southeast and CHSA Development should continue to receive City support as they become increasingly effective in developing affordable housing. This support should include both financial and technical assistance.

The Task Force also recommends that the City of Savannah continue to recruit new non-profit housing developers to establish offices and develop housing in Savannah. This includes supporting the emergence of new local non-profit housing developers and recruiting nationally recognized non-profits, like The Enterprise Foundation and NeighborWorks, to open offices and develop housing in Savannah. The creation of a major new nationally recognized and supported non-profit housing developer and/or a housing finance authority could help increase the production of, and funding for, affordable housing.

It will, likely, continue to be necessary for the City of Savannah to provide technical and/or financial assistance and/or other incentives to all non-profits. This is most easily accomplished by providing land, infrastructure improvements, construction financing, etc. While the City may have to provide some administrative funding to these non-profits for a period of time, the non-profits must be capable of administrative funding from other sources including foundations, developer fees, etc.

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

Overview

State legislation can have a dramatic impact on a local government and/or a community and its ability to provide quality, affordable, housing and neighborhoods. Removing what have become State government barriers to affordable housing can be very difficult and time consuming. Below is a description of several barriers and recommended solutions.

STATE, NON-FEDERAL, HOUSING FUNDS

The State's Department of Community Affairs (DCA) administers several federal housing programs including the federal low-income housing tax credit and a state low income housing tax credit program to encourage the development of affordable rental housing. State authorized property tax incentives, including tax freezes, for the renovation of historic housing can also be helpful when renovating historic housing for use by low-income households. The State's Enterprise Zone legislation can also encourage and provide incentives for the development of affordable housing.

DCA administers federal HOME and CDBG programs for projects in communities that do not receive similar funding directly from HUD. It also offers attractive permanent financing for qualified low-income home buyers.

The State of Georgia has also established a Housing Trust Fund. This fund, however, is generally limited to initiatives for housing the homeless and the special needs population.

While these are all very important and useful programs, the State does not have a significant source of non-federal funding to help create and maintain affordable housing in Georgia.

RECOMMENDATIONS

Establish A Significant, Dedicated, Source of Non-Federal State Funding for Affordable Housing

The State of Georgia should establish a significant, dedicated, source of non-federal funding for housing. It should look at other States, including Florida, that have established large, dedicated, affordable housing revenue sources. These funds should be available to help local governments implement affordable housing strategies and produce affordable housing that meet local needs and conditions. State funds for affordable housing would, over time, likely benefit the overall economy, security and marketability of the State.

MUNICIPAL GOVERNMENT, NON-FEDERAL, HOUSING FUNDS

State law and/or the State Constitution is often cited as a reason why the City of Savannah cannot establish a local housing fund capitalized and funded annually with tax revenue. The State, however, funds an affordable housing trust fund that is used primarily by homeless providers. The City of

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

Savannah has provided tax revenue to the Savannah Development and Renewal Authority (SDRA) for several years to operate a façade improvement loan program for private business owners. The City of Augusta recently approved using a portion of their hotel/motel room tax to fund a program that permits housing development and repair. There appears to be precedent for local governments making local tax revenue available for private property improvements.

Emory University Law Professor, Frank Alexander, has written extensively on the establishment of local housing trust funds and feels that local governments in Georgia can create and capitalize these funds with tax revenue—providing the funds are loaned and repaid. Attorney Alexander also points out that he is not representing cities and that they should rely on their respective City Attorney for guidance.

RECOMMENDATIONS

Resolve Question About Legality Of Local Housing Fund Capitalized With Local Tax Revenue

Apparently, the single biggest barrier to establishing a local, non-federal, housing fund capitalized and funded annually by local tax revenue may be determining the legality of such a fund. If this is a concern, the Task Force recommends that the State's Attorney General should be asked to render an opinion. There is a need to find out what is and is not permissible under State law and resolve, once and for all, conflicting opinions—including whether or not general funds, hotel/motel room fees, car rental fees, etc. may be used to capitalize such a fund.

If such a fund is not currently permissible by State law or constitution, the City should seek assistance from its State legislative delegation to remove this barrier so it can establish such a fund.

DCA HOME PURCHASE FINANCING

The State of Georgia, Department of Community Affairs (DCA), offers very attractive financing and down payment incentives for home buyers. The City of Savannah partnered with DCA to create the DreamSavannah home purchase program several years ago. This has been a good partnership that has helped households with stellar credit obtain low-interest first mortgage financing. Unfortunately, buyers with less than stellar credit are not likely to benefit from this important financing. Instead, they are led by realtors and others to loan products with higher interest rates and higher fees. These products tend to place the home buyer at higher risk for losing their homes to foreclosure.

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

Create New DCA “B” Credit Home Purchase Mortgage Product

While the timing may be difficult given the current national mortgage crisis and tightening mortgage underwriting requirements, DCA should seek to develop a “B” credit mortgage lending product with terms that reflect a buyer’s lower credit standing without setting the buyer up for failure. This product could require buyer participation in a local government home purchase program, extensive pre-purchase counseling (including enrollment and completion of a Consumer Credit Counseling Agency or similar credit and budget counseling program), post purchase counseling, etc. This would provide a quality, alternative, “B” credit lending product for buyers who are on the road to credit recovery and who have demonstrated the commitment and responsibility necessary to earn a shot at homeownership.

EMINENT DOMAIN

Eminent Domain law changes in 2006 through HB1313 and a Constitutional Amendment severely hampered the City of Savannah’s neighborhood revitalization and affordable housing programs. It has hampered City of Savannah efforts to fight crime, blight and disinvestment in troubled neighborhoods. It also hurts responsible property owners and neighborhood residents. Over the objections of neighborhood association leaders and City officials, Eminent Domain law changes have brought the acquisition and redevelopment of vacant and dilapidated properties—lots and structures—to a virtual standstill. The amended law protects the rights of irresponsible property owners at the expense of responsible property owners.

Prior to changes in State law, the City of Savannah had used its Eminent Domain powers only as a means of last resort to acquire vacant and severely dilapidated property in distressed neighborhoods. These neighborhoods and their residents worked with City officials and others to create Urban Redevelopment Plans that replaced abandoned properties and associated problems with quality affordable housing. Based upon past experience, virtually 2/3 of all such property in distressed and high crime Savannah neighborhoods is “heir” property or other property with cloudy title that prevents it from being sold or developed. As a result, this property becomes littered, blighted, attracts criminal behavior, lowers adjoining property values and discourages or makes it difficult to investment in adjoining property with good title. The problems that are created by these properties—structures and lots—are a cost burden not only for adjoining property owners/residents and the neighborhoods in which they are located, but for the entire City of Savannah including police, fire, emergency and health care officials and institutions. Additionally, the tax payer is charged with paying for services associated with vacant and dilapidated property.

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

Some very simple amendments to HB 1313 could provide needed relief and enable the City of Savannah to, once again, use eminent domain as a catalyst for neighborhood revitalization and affordable housing. It would also reduce the cost burden placed on adjoining property owners/residents, neighborhoods, and the City and its tax payers as a whole.

Amend HB 1313 – Three amendments to HB 1313 would pave the way for the City of Savannah to once again use eminent domain in a responsible manner to provide affordable housing and to rid troubled neighborhoods of crime, blight, devaluation and disinvestment. These amendments include:

1. Amend Section 3.1(A)(i) from “Uninhabitable, unsafe, or abandoned structures” to “Uninhabitable, unsafe, or abandoned properties”. If necessary, abandoned lots could be further defined as “lots of 10,000 square feet or less in residential neighborhoods”. This would allow the City to acquire abandoned lots that contribute to the blight and overall distress of neighborhoods. Many of these lots once contained substandard houses that were demolished after becoming abandoned and falling into further decay.
2. Amend HB 1313 to include a new component to the definition of blight at Section 3.1(A)(vii) that includes “Property with clouded title.” Abandoned property with clouded title frequently contributes to the blight and overall distress of neighborhoods. Experience shows that approximately 60% of abandoned property in distressed Savannah neighborhoods has had cloudy title.
3. Amend HB 1313, Section 4.(b) “All condemnations shall not be converted to any use other than a public use for 20 years from the initial condemnation.” to “All condemnations shall not be converted to any use other than a public use for 20 years from the initial condemnation except that properties acquired for public use as described in Section 3.9(A) paragraphs (iv), (v) and (vi) may be sold for the development of affordable and workforce housing.”

It may be helpful to work with law enforcement agencies to gain their support for the use of eminent domain regarding vacant properties as an effective and necessary crime and domestic terrorism fighting tools. This might provide lawmakers with the justification they need to amend the law without reprisal from voters and others who lined up against the use of eminent domain for affordable housing and neighborhood revitalization purposes.

It may also be helpful to involve and gain the support of the Chamber of Commerce, Home Builders Association and Board of Realtors. The latter two organizations led the charge in Georgia that brought about eminent domain law changes that have hurt Savannah’s efforts to provide affordable housing and revitalize distressed neighborhoods. There are signs, however, that some local members of these organizations may be willing to support modest change that addresses issues described above without harming private property rights.

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

PROPERTY MAINTENANCE

Property owners and occupants have a responsibility to maintain housing in good, safe, condition. Compliance with property maintenance codes are not that difficult to achieve—unless the building is severely dilapidated and in need of major repair. In such instances, compliance can be difficult for owner-occupants with limited income. Compliance by landlords can result in increased rents to cover associated maintenance costs—making it difficult for renters with limited incomes to afford rents that cover maintenance costs.

Most property inspections are done from the public right-of-way and address site and building envelope conditions. Failure to meet these basic code requirements place occupants, owners, the property, adjoining properties, neighborhoods and communities at risk. City services required to address property maintenance violations and related issues like crime, fire, blight etc. are a financial burden on the City and its tax payers.

Article IX, Section II, Paragraph VII, (d)(3) of the State of Georgia Constitution supports this assessment for “blighted property”. This portion of the Constitution permits municipalities to establish a “community redevelopment tax incentive program” by ordinance to encourage rehabilitation of “blighted property”. It also requires the municipality to “specify ascertainable standards which shall be applied in determining whether property is maintained in a blighted condition”. In theory, this program permits municipal governments to charge blighted property owners higher ad valorem taxes through a millage rate increase. This increase must be related to the additional cost that the municipal government experiences as a result of the blighted property. This is not something that is easy to calculate and does not necessarily result in a large enough tax increase to motivate the property owner to correct the blighted conditions. Further, once the blighted condition has been removed, the municipality is required to lower the mileage rate so the property is “taxed at a lower rate than the millage rate generally applied in the county or municipality”. Finally, the increased taxation does not apply to property that “is a dwelling house which is being used as the primary place of residence of one or more persons”. This would appear to limit the use of this law to only vacant, blighted, properties. While well intended, this law does not appear to provide the end result that was hoped for when passed.

Property owners should be required to maintain their property in good condition. Property maintenance laws, codes, property taxes and related programs need to help municipalities ensure that properties are maintained in good condition. They should not reward irresponsible property owners and speculators who do little or nothing to maintain their properties. Speculators are sometimes motivated by acquiring property at low prices, doing nothing to the property in an effort to drive down adjoining property values with the hope of purchasing additional property when values hit rock bottom.

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

RECOMMENDATIONS

1. **Make Article IX, Section II, Paragraph VII, (d)(3) of the State of Georgia Constitution More Effective** – The problems identified above need to be resolved. The best way to provide blighted property owners with a property tax penalty for maintaining property in a blighted condition would be to allow and/or require the tax assessor to appraise the value at its highest and best use. Additionally, blighted property owners, particularly vacant blighted property owners, should not have the value of their property and, therefore, taxes reduced because they don't maintain it in good condition. This provides little or no motivation for the property owner to maintain their property.
2. **Establish Time Limits For Boarded-Up Structures** – To avoid the types of problems described above, there need to be time limits established for boarding-up structures. State law does not currently permit local governments to establish ordinances that place limits on how long a property can be boarded-up. Perhaps these should be based upon the conditions of the block in which the property is located. For example, if 80% or more of the properties in a block are occupied or occupiable, then the economic conditions of the block indicate that there is no reason for properties to be boarded up for more than a short period of time. Longer periods for board-ups may be permitted if more than 20% of the property in a block is unoccupied—indicating that market conditions (ie appraisal, financing, etc.) may prevent the property owner from securing renovation funding and/or occupants/tenants. Other indicators could be used to establish conditions and time frames for board-ups. If necessary, Savannah's State legislative delegation should be called upon to help create such legislation or to modify and include this change in Article IX, Section II, Paragraph VII, (d)(3) of the State of Georgia Constitution.

PROPERTY TAXES

Stephens-Day, homestead, senior and disabled homeowner property tax relief and exemptions help keep property taxes affordable for homeowners. Pre-existing Stevens-Day values are not, however, transferable from the current property owner to "heirs" who inherit and live in the family home. This creates a situation where property taxes could become unaffordable for future generations who inherit and occupy the family home. For many low-income families, extended family living and inheriting the family home for continued occupancy is typical.

Landlords and low-income tenants do not enjoy these types of property tax relief. As a result property taxes and, therefore, rents are likely to increase as property values increase. This can hurt one of a community's most vulnerable populations—low income renters.

Tax credit and other rent restricted affordable housing developments are hurt if the tax assessor does not recognize that rent restrictions limit income below market rates and, therefore, should lower the taxable value of the property.

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

Unfortunately, under current State law, IRS, deed and other affordable housing program requirements that purposely restrict rents and sale price limits below market conditions are not recognized or considered by the tax assessor when assigning property values to both rental and ownership housing. These restrictions should lower the taxable value of the property—but do not under current State law.

Valuing vacant lots and vacant blighted structures at lower values than occupied property on a block provides vacant property owners and speculators with an incentive not to improve their property. If property taxes are lower for vacant blighted property, there is little incentive to maintain them in good condition. Vacant property should be taxed at the same value as the overwhelming majority of occupied property in a block—unless they have affordable housing restrictions described above. This not only hurts adjoining property values and owners, but also helps contribute to a host of costly neighborhood problems including blight, crime and disinvestment. It makes it difficult for responsible and willing property owners to borrow money and invest in the development and improvement of their property.

Irresponsible and absentee vacant property owners also receive a benefit by not having to pay special assessments when their property taxes are due each year. This is costly to the Savannah tax payers whose tax dollars are used repeatedly to cut the grass, board-up or demolish derelict properties when owners are unwilling to do so and maintain their property in code compliance.

RECOMMENDATIONS

1. **Property Tax Relief For Deed Restricted Affordable Housing** -- The City should request that Savannah's State legislative delegation create legislation that exempts or lowers property taxes for affordable housing that contains one or more of the following components:
 - a. deed restrictions limit sale prices to the FHA limits
 - b. deed restrictions limit occupant income to HUD HOME/CDBG limits
 - c. deed restriction limit rents to HUD Fair Market Rent limits
 - d. developed utilizing the low-income housing tax credits, bonds or other programs that restrict rents and occupant incomes
 - e. owned by 501(c)3 non-profit housing organizations
2. **Elevate Status Of Special Assessments To Status Of Property Taxes** – If necessary, the City should seek assistance from Savannah's State legislative delegation and Chatham County to elevate the status of City of Savannah special assessments for weed cutting, boarding up and demolishing structures in violation of local codes to the same status of property taxes. Property tax bills would include unpaid special assessments. This would require that both

SECTION 4: STATE BARRIERS AND RECOMMENDED ACTIONS

property taxes and special assessments are paid each year. It would allow the City to recoup tax revenue spent maintaining derelict, vacant property, in code compliance when property owners are unwilling to do so. Property owners who fail to pay their taxes, including special assessments, would run the risk of having their properties sold at tax sales to parties who will maintain the property in good, code complying, condition. This would be a major benefit to adjoining property owners and all Savannah property owners who maintain their property in good condition. It would also help revitalize neighborhoods by reducing blight and crime and increasing investment and property values.

SECTION 5:

FEDERAL BARRIERS AND RECOMMENDED ACTIONS

Overview

While federal housing assistance is essential and much appreciated in Savannah, it does not come without its own set of strings and affordable housing barriers.

The CDBG, HOME, Section 8 and other federally funded programs are crucial to the success of Savannah's affordable housing and neighborhood revitalization initiatives. While these programs provide the City and Housing Authority of Savannah with some flexibility to design programs that meet needs in Savannah, more flexibility would be helpful. So, too, would the removal of barriers that come with these programs.

CDBG/HOME PROGRAM CONSISTENCY & FLEXIBILITY

The CDBG and HOME programs are critical to the success of Savannah's affordable housing initiatives—past, present and future. While they provide considerable consistency and flexibility, there is room for improvement that would better enable local governments to design and implement programs that meet their needs.

Savannah uses its CDBG funds to offer home improvement grants and loans to low-income homeowners and landlords. The primary reason it does this is because CDBG funds, unlike HOME funds, can be used to make improvements that do not result in whole house rehabilitation. The demand for CDBG funds for basic home improvements and ongoing maintenance to owner-occupied or renter-occupied housing far exceeds CDBG allocations. Low-income homeowners with leaky roofs or other home maintenance problems need an affordable source of funds that can address their specific problem. They do not need to be saddled with the cost and inconvenience of a whole house renovation. Many low-income homeowners are elderly and purchased their houses 50 years or more ago for \$10,000 to \$15,000. A whole house renovation, including lead abatement or interim controls, could cost upwards of \$100,000. This causes homeowners considerable stress. Savannah is better off helping provide new roofs for 20 families than providing a whole house renovation for one family. The same is true for landlords and low-income tenants. Major repairs would result in the need to increase rents to cover debt service—making whole house renovations unaffordable to low-income tenants. HOME funds used for rental housing renovation or construction also burden the local government and property owner with long term tenant/income monitoring that is time consuming and a disincentive.

Savannah uses its HOME funds to help construct new infill housing and to provide down payment assistance to home buyers. CDBG funds cannot be used to construct new housing unless the housing is being built by a Community Based Development Organization. HOME funds cannot be used to develop or improve housing that is occupied by households making more than 80% of median income, adjusted for household size. CDBG funds can be used to improve mixed-income housing providing 51% or more of the housing units are for households making 80% of median income, adjusted for household size. Being able to offer financial incentives to moderate income households is important to cities that are trying to encourage mixed-income development and neighborhood

SECTION 5:

FEDERAL BARRIERS AND RECOMMENDED ACTIONS

revitalization. Most involved with affordable housing have concluded that it is not a good idea to concentrate poor families in one place—that mixed income development and redevelopment of inner city neighborhoods is good.

RECOMMENDATIONS

Recommend Revisions to CDBG, HOME and Other Programs that Would Help Local Governments Produce and Retain Affordable Housing

Too often, practitioners using CDBG, HOME and other HUD funded programs are told and/or under the impression that these programs cannot be easily changed—even though HUD field staff may agree with the benefit or recognize the need of doing so. The old adage that it would take an “Act of God” (or Congress) seems to be the attitude about changing HUD programs, rules and regulations. As practitioners, this is distressing, HUD needs to take a look at its own programs through the eyes of practitioners, identify barriers and identify solutions. This should be a frequent and ongoing process—regardless of how long a program has been in effect. Each community receiving CDBG, HOME or other HUD funding should be asked to evaluate these programs for barriers and solutions. These results should be collected, tabulated, shared with practitioners and, most importantly, be included in revisions to program guidelines, rules, regulations, etc. The end result should be to give local jurisdictions as much flexibility as possible in designing and implementing programs that meet their needs.

NATIONAL HOUSING TRUST FUND

A National Housing Trust Fund was established as part of the Housing and Economic Recovery Act of 2008. This is one of the most important pieces of federal housing legislation in the last 30 years. Funds will be available to State government and, hopefully, local communities beginning in 2010.

While significant and likely to be very helpful, the range of housing activities that can be carried out by municipal governments is limited. Of funding available for housing programs, 90% of the funding must be used for the production, preservation, rehabilitation and/or operation of affordable rental housing. Of this rental housing, 75% must benefit renters with incomes below 30% of median income adjusted for household size or below the poverty level. The remaining 25% can be used to help renters earning up to 50% of the median income adjusted for household size. Only 10% of the funds can be used to assist first time home buyers.

While few would dispute the need for affordable rental housing for very low income households, this fund provides municipal governments with little flexibility in addressing its housing needs and priorities.

SECTION 5: FEDERAL BARRIERS AND RECOMMENDED ACTIONS

Funding also appears tied to the success of Fannie Mae and Freddie Mac. Given their recent financial troubles, one must also wonder if the National Housing Trust Fund will be funded at initially planned levels and within initially planned time frames.

RECOMMENDATIONS

Support Funding and Implementation of National Housing Trust Fund

Support the funding and implementation of the National Housing Trust Fund. However, seek, where possible, changes that provide municipal governments with more flexibility in using funds to meet locally identified affordable housing needs and challenges.

DOI SECTION 106 HISTORIC PRESERVATION REQUIREMENTS FOR PRIVATELY OWNED PROPERTY

Department of Interior Section 106 historic preservation requirements are burdensome and unfairly target low-income homeowners and providers of affordable housing for low-income families. It is unfair, perhaps discriminatory, that low-income homeowners and those who provide housing for low-income households, are required to have proposed improvements reviewed and changed by State Historic Preservation Office (SHPO) or its designee simply because they are using CDBG, HOME or other federal funds. Higher income property owners and developers of housing for higher-income households are not bound by these federal requirements. Neither are those utilizing FHA mortgage insurance programs or the thousands of households who deduct mortgage interest from their federal and state income taxes.

The City of Savannah, like other cities across the country, has designated historic neighborhoods and developed improvement review requirements that all citizens, regardless of income, must adhere to when renovating, adding onto or building new housing in these districts. These locally adopted requirements are generally limited to the exterior of buildings and do not require archeological surveys.

CDBG, HOME and other federally funded housing programs (except FHA programs) require that all proposed improvements—both interior and exterior—be reviewed for properties 50 years of age or older. Additionally, if using federal funds to build new housing in neighborhoods that are generally 50 years or older, the new construction plans have to be reviewed. Any ground disturbing work, such as digging new footings or utility trenches on private property for housing renovation or new construction projects require an archeological survey. The cost of obtaining an archeological survey on a new single family house on a single lot ranges between \$5,000 and \$10,000.

The SHPO does not routinely permit the replacement of high maintenance historic materials like wood

SECTION 5: FEDERAL BARRIERS AND RECOMMENDED ACTIONS

siding and trim with low maintenance contemporary materials of similar dimensional proportion like cement (Hardie) siding and trim. In Savannah's coastal climate, older homes with wood siding and trim undergo more frequent repair and repainting than do houses that utilize Hardie siding and trim. It is more cost effective to replace wood siding and trim (much of which also contains lead paint) on older houses with Hardie siding and trim that will never rot and that rarely needs painting. Older houses with wood siding and trim need repair and repainting about every five years at a cost of about \$5,000 for a single story house and \$10,000 for a two story house. This is a huge, ongoing, cost burden for low-income homeowners, renters and landlords. Replacing wood siding and trim with Hardie siding and trim is about \$5,000 for one story and \$10,000 for two story houses.

Section 106 reviews and requirements for publicly owned property—including buildings, roads, right-of-ways, green space, etc.—should remain intact when federal funds are being used to improve those properties. Section 106 review and requirements should not, however, be required for privately owned property improvements.

RECOMMENDATIONS

Eliminate SHPO/Section 106 Requirements For Affordable Housing Repair And Construction On Privately Owned Property

SHPO/Section 106 requirements for improvements to privately owned property should be eliminated. Instead, they should be replaced by historic preservation requirements established by local governments for their communities. Locally adopted historic zones and improvement requirements must be followed by all citizens improving their property in designated historic neighborhoods or zones. Current SHPO/Section 106 requirements for private property improvements essentially single out and target poor and minority persons, regardless of where their home and neighborhood are located—providing the home and/or neighborhood is at least 50 years old or older. This places undue financial hardships on low-income households, those providing housing for low-income households and municipal governments.

LEAD BASED PAINT REGULATIONS

These regulations are very complex, confusing and, in many instances for privately owned housing, unrealistic. Full lead paint abatement is not financially feasible or practical without huge and ongoing increases in federal funding. The regulations acknowledge this by providing less comprehensive, more realistic, options for addressing lead paint. Given the absence of sufficient federal funding for abatement, and given the large number of persons in need of basic home repairs, the best course of action for Savannah is to try and do as little as possible to disturb intact painted surfaces that could create lead hazards in pre-1978 houses.

Making sure that moisture does not penetrate the building envelope (roof, siding, foundation) and

SECTION 5: FEDERAL BARRIERS AND RECOMMENDED ACTIONS

cause interior paint failure is a good lead paint hazard prevention strategy that also helps ensure that basic comfort needs of housing occupants are met. Under lead based paint regulations at 24CFR35 for CDBG and HOME funded home repair programs, the most cost effective option for accomplishing these basic types of improvements on pre-1978 houses that contain lead paint, without triggering expensive and unrealistic lead paint requirements, is when:

1. All proposed improvements are “general repairs” that do not disturb painted surfaces, or
2. General, non-paint disturbing, repairs do not exceed \$5,000 on projects that also include paint disturbing improvements.

Item one is the best scenario as there is no limit on the amount of general repairs that can be accomplished and all improvements are exempt from 24CFR35 requirements. This places no additional cost or administrative burden on property owners or the City.

However, it is very rare that all work is “general repair” work that does not disturb painted surfaces. An older house might need exterior siding repair/replacement and painting—considered paint disturbing improvements. It may also need a new roof, insulation, bathroom/kitchen floor repairs, new water heater and/or plumbing/electrical/heating repair/replacement—all of which are considered “general repairs”. Providing the collective cost of all “general repairs” is \$5,000 or less, very practical safe work practices and paint stabilization can be used to address paint disturbing improvements. When “general repairs” exceed \$5,000 less practical interim control (\$5,000.01 to \$25,000) or lead paint abatement (\$25,000.01 and above) requirements must be met and make projects infeasible.

Unfortunately, when lead based paint regulations at 24CFR35 were adopted in year 2000, they apparently did not take into consideration building cost inflation in setting financial limits for safe work practice, interim control and abatement projects. As a result, it is becoming virtually impossible to fund safe work practice and paint stabilization projects in which painted surfaces are disturbed and “general repairs” don’t exceed \$5,000. This is becoming a serious barrier to the provision of basic home repairs.

RECOMMENDATIONS

1. **Revisit Lead Paint Requirements At 24CFR35 For Privately Owned Single Family (1-4 Unit) Housing Improvements Funded With CDBG Or HOME Funds** – Emphasize and require “safe work practices” only for pre-1978 privately owned buildings containing 1 to 4 housing units when work includes both paint disturbing and “general repairs”. Increase allowable “general repair” costs per unit from \$5,000 to \$25,000 when paint disturbing improvements are also being performed. Simplify the requirements so they can be easily understood and adhered to by property owners, contractors and local government officials.

SECTION 5: FEDERAL BARRIERS AND RECOMMENDED ACTIONS

- 2. Revise 24CFR35 To Include Adjustments For Construction Cost Inflation For Housing Improvements Funded With CDBG Or HOME Funds** – When “general repair” benchmarks were established in year 2000 for projects triggering safe work practices and paint stabilization (\$5,000 or less), interim controls (\$5,000.01 - \$25,000) and lead abatement (\$25,000.01 or more) an construction cost inflation factor was not included. As a result, carrying out projects that require only “safe work practices and paint stabilization” or “interim controls” is become increasing difficult if not impossible. This is ultimately forcing projects to costly and impractical full lead paint abatement. HUD adjusts limits from year-to-year for a number of program requirements including household income, fair market rents, FHA sale prices; etc. It should do the same for the “general repair” benchmarks associated with 24CFR35.

DAVIS-BACON REGULATIONS

Davis-Bacon is not required when developing housing without federal assistance. Davis-Bacon requirements differ for CDBG and HOME funded projects. When CDBG funds are used they are triggered when 8 or more housing units are included in a project. For HOME are used they are triggered when 12 or more housing units are included. Savannah’s experience has been that the Davis-Bacon wage rates for the Savannah area are typically less than wage rates paid by contractors. We find that Davis-Bacon paperwork and documentation required of contractors and local government staff is burdensome and discourages the development of affordable housing.

RECOMMENDATIONS

- 1. Eliminate Davis-Bacon Requirements For Privately Owned & Developed Affordable Housing Using CDBG And HOME Funds** – This would make developing affordable housing more attractive to developers who, by all accounts, are already paying more than Davis-Bacon wages and who find the paperwork and documentation required by Davis-Bacon a barrier to their participation in the production of affordable housing.
- 2. Increase Davis-Bacon Threshold Requirements To Privately Owned Affordable Housing Development Projects That Include More Than 100 Housing Units** -- Eight and 12 unit CDBG and HOME housing development projects are hardly large enough to warrant Davis-Bacon status. They discourage small and medium sized developers from utilizing CDBG and HOME funds to produce affordable housing. Davis-Bacon status for privately owned housing development projects should be triggered when the number of housing units constructed or renovated exceeds 100 per parcel of land. This type of project involves a much more sophisticated developer who is more likely to have the ability, staff and overhead to handle Davis-Bacon documentation and reporting.

SECTION 6: IMPLEMENTATION SCHEDULE & RESPONSIBLE PARTIES

This report identifies a number of affordable housing barriers, including regulatory barriers, and recommends actions for helping overcome these barriers and/or furthering the cause of affordable housing. This Section seeks to group the recommendations into two groups—recommendations that could be implemented within 24 months and those that would take longer to implement. It also seeks to identify the entities that would be responsible for investigating and implementing the recommendations. In all most all cases, the Mayor and Aldermen of the City of Savannah and other elected officials and government institutions would have to play a proactive role in supporting and implementing the recommendations. Implementing recommendations that require State and Federal government support may be difficult, if not impossible.

SHORT TERM IMPLEMENTATION SCHEDULE

While not all of the recommendations shown in the table below will be easy to implement and sustain, they represent some of the most important and, perhaps, easiest to implement within the 24 months after the completion of this report. Successful implement the recommendations will, in large part, rely upon the support of the Mayor and Aldermen.

	Recommendations & Short Term Implementation Schedule	Lead Entity	Pg
1	Adopt Affordable Housing Policy	City Council	3
2	Establish Local Affordable Housing Fund	City Council	12
3	Provide City of Savannah and Chatham County Funding for Acquisition, Demolition & Infrastructure Improvements in Support of Affordable Housing	BPD	13
4	Provide Project Based Section 8 Certificates for New Affordable Rental Housing Development	HAS	14
5	Establish County & School Board Support for Enterprise Zones Incentives	BPD	14
6	Establish Employer Assisted Housing Programs	BPD	14
7	Establish A Public/Private Steering Committee	BPD	14
8	Design Smaller, More Energy Efficient & Greener Starter Housing	BPD/ Designers/ Developers/ Contractors	17

SECTION 6:

IMPLEMENTATION SCHEDULE & RESPONSIBLE PARTIES

	Recommendation & Short Term Implementation Schedule	Lead Entity	Pg
9	Support Zoning Ordinance Changes with Smart Growth Principals & Incentives	BPD/MPC	22
10	Support Zoning Ordinance Changes with Affordable Housing Incentives	BPD/MPC	26
11	Improve Plan Review & Construction Inspection Process	BPD/MPC/ Designers/ Developers/ Contractors	29
12	Develop Ambitious Property Acquisition Plan	BPD	31
13	Continue to Expand Volunteer Home Repair Programs for Homeowners	BPD	34
14	Develop Rental Property Repair Programs in Support of Property Maintenance	BPD	34
15	Develop Programs that Educate Property Owners & Renters About Importance of Property Maintenance	BPD/ Realtors	34
16	Support Efforts To Establish A Derelict Rental Property Ordinance	BPD	34
17	Require Building Envelopes be Maintained in Good Condition	BPD	34

SECTION 6:

IMPLEMENTATION SCHEDULE & RESPONSIBLE PARTIES

LONG TERM IMPLEMENTATION SCHEDULE

The following recommendations are likely to take more than 24 months to implement. Several will require changes at the State and Federal government level—which may be difficult, if not impossible, to implement. They are, however, worthy of pursuing and of bring to the attention of State and Federal officials.

	Recommendation & Long Term Implementation Schedule	Lead Entity	Pg
1	Tax Vacant Structures & Lots At Highest & Best Use	BPD/ Revenue/Tax Commissioner/ Assessor	28
2	Reduce Taxable Value of Deed Restricted Affordable Housing	BPD/ Revenue/Tax Commissioner/ Assessor	28
3	Property Tax Relief for Deed Restricted Affordable Housing	BPD/ Revenue/ Legislative Delegation	28 44
4	Prepare and Implement a Regional Transit Plan	MPC/MPO	32
5	Attract a Manufactured Housing Plant to Savannah	BPD	33
6	Establish a Construction Trade School for High School Students	BOE	33
7	Establish Pre- and Post-Occupancy Financial Management Counseling Programs	BPD	35
8	Establish Home Maintenance Counseling & Inspection Programs	BPD	35
9	Establish Pro-Bono Estate Planning Program	BPD/ Local Bar	35
10	Build Capacity of Existing & Attract New Non-Profit Housing Developers	BPD United Way	36
11	Establish a Significant, Dedicated, Source of Non-Federal State Funds for Affordable Housing	BPD/ Legislative Delegation	38
12	Resolve Question about Legality of Local Housing Fund Capitalized with Local Tax Revenue	BPD/ City Attorney/ State Attorney General	39

SECTION 6:

IMPLEMENTATION SCHEDULE & RESPONSIBLE PARTIES

	Recommendation & Long Term Implementation Schedule	Lead Entity	Pg
13	Create New DCA “B” Credit Home Purchase Mortgage Product	BPD/ DCA	40
14	Amend HB 1313	BPD/CC/ Legislative Delegation/ HBA/BOR	41
15	Make Article IX, Section II, Paragraph VII, (d)(3) of the State of Georgia Constitution More Effective	BPD/ Legislative Delegation	43
16	Establish Time Limits for Boarded-Up Structures	BPD/ Legislative Delegation	43
17	Elevate Status of Special Assessments to Status of Property Taxes	BPD/ Tax Commission/ Legislative Delegation	44
18	Recommend Revisions to CDBG, HOME and Other Programs that Would Help Local Governments Produce and Retain Affordable Housing	BPD/HUD	47
19	Support Funding and Implementing of National Housing Trust Fund	BPD/HUD	48
20	Eliminate SHPO/Section 106 Requirements for Affordable Housing Repair and Construction on Privately Owned Property	HUD/DOI	49
21	Revisit Lead Paint Requirements at 24CFR35 for Privately Owned Single Family (1-4 unit) Housing Improvements Funded with CDBG or HOME Funds	HUD	50
22	Revise 24CFR35 to Include Adjustments for Construction Cost Inflation for Housing Improvements Funded with CDBG or HOME Funds	HUD	51
23	Eliminate Davis-Bacon Requirements for Privately Owned & Developed Affordable Housing Using CDBG & HOME Funds	HUD	51
24	Increase Davis-Bacon Threshold Requirements for Privately Owned Affordable Housing Development Projects that Include More Than 100 Housing Units	HUD	51

APPENDIX 1

APPENDIX 2

APPENDIX 3

APPENDIX 4

APPENDIX 5

APPENDIX 6

APPENDIX 7
