

CITY OF ATLANTA – SURPLUS PROPERTY DISPOSITION FOR AFFORDABLE HOUSING DEVELOPMENT

The City of Atlanta is currently considering an ordinance, introduced by City Councilmember Michael J. Bond, that would compel the sale of certain surplus city properties to affordable housing developers for one dollar (\$1.00). If enacted, Ordinance 17-O-1463 (the “Ordinance”) would amend the City of Atlanta’s Procurement and Real Estate Code to require the City to sell for one dollar “any city-owned real property that is deemed surplus and is deemed feasible for use as affordable housing” to a Pre-Qualified Nonprofit Developer (“PQND”), a nonprofit developer, or a for-profit developer “for the purpose of developing new affordable housing units or rehabilitating existing affordable housing units.”

To be eligible to purchase the property, the developer must commit to renting a *proportion* of multi-family properties at rates affordable to extremely low-income families (at or below 30% AMI) for at least 50 years, or selling single-family properties to extremely low-income families (at or below 30% AMI). The Office of Housing will determine a minimum requirement for the proportion of affordable units for each multi-family project constructed or rehabilitated, such that the project will be feasible considering the costs of construction, rehabilitation, and operations of the developer.

The Ordinance requires the City’s Office of Housing to review a list of surplus properties and determine whether any are feasible for use as affordable housing. To be feasible for affordable housing, the properties must (1) be large enough and of an appropriate shape for the development of one or more housing units; (2) have utilities such as water, gas, and electricity available to one or more new housing units at the site; and (3) have a *current* zoning or land use designation that allows for residential uses.

After determining which surplus properties are feasible for use as affordable housing and the proportion of affordable housing units required, the Office of Housing will solicit proposals from PQNDs, providing them with a sixty-day period to respond with proposals to produce or rehabilitate housing units on the surplus property. If one PQND proposes to produce the required affordable housing units, then that organization shall be selected to carry out the proposed project. If more than one PQND proposes the same number of affordable units, then a lottery will be held to select a PQND among those who are tied with the highest proposed number of affordable units. If no PQND responds or satisfies the Office of Housing’s unit criteria, then the same parcels with the same unit requirements will be available for one dollar to for-profit and nonprofit developers.

The City estimates that it owns over 1,400 parcels, with several hundred that may be feasible for affordable housing development. This incentive for affordable housing creation places a strong tool in the City’s toolbox, not only by eliminating developers’ land acquisition costs, often the second largest cost in residential development after sitework and building construction, but also by negating the need for extensive infrastructure buildout and the rezoning process. Currently, the sale of real property by the City of Atlanta below its appraised fair market value is disallowed without prior City Council approval. The Council for Quality Growth applauds the City’s determination to address its need for affordable housing development by offering incentive-based policies that would reduce the burden placed on affordable housing developers and ensure project feasibility, and will continue to work with the City to ensure that deed restrictions are of a reasonable

PROPOSED CITY PROPERTY DISPOSITION PROCESS

1. Office of Housing (“OOH”) receives list of surplus city properties from Chief Financial Officer;
2. OOH evaluates what parcels are suitable for affordable housing and determines a minimum proportion of affordable units that must be built on each parcel;
3. OOH receives bids from Pre-Qualified Nonprofit Developers. If affordable housing unit requirements are met, property is sold to PQND for \$1.00. If affordable housing unit requirement is not met, bid process is opened to for-profit and nonprofit developers. If affordable housing unit requirement is met, property is sold to for-profit or nonprofit developer for \$1.00.



CITY OF ATLANTA PROPOSED AFFORDABLE HOUSING DEVELOPMENT ORDINANCE

time to attract this development, among other issues. The Ordinance is currently held in the Community Development/Human Services Committee pending recommendation, and will be the focus of a work session on September 28, 2017.

Please contact Taylor Morison at tm@councilforqualitygrowth.org or 770-813-3374, or James Touchton at jt@councilforqualitygrowth.org if you have questions or comments or if you have property or projects that may be affected.