



# LOCAL HOUSING STRATEGIES TO PROMOTE RACIAL EQUITY

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## Strategy – Zoning Reform to Reduce Segregation

### TACTIC – ELIMINATE EXCLUSIONARY ZONING

Develop policies to regulate and decrease exclusionary zoning practices. Enact policies that would eliminate single family zoning, height and density restrictions, and parking minimums. Allow Accessory Dwelling Units (ADUs) and conversion of single-family units into multifamily units through design and redevelopment assistance.

- The City of Atlanta's City Design Plan suggests decreasing single-family zoning to support "missing middle" housing types, such as 2 – 4 unit structures. Owner-occupied multifamily units could provide housing units at affordable rents. Upzoning that allows for more than 6 – 8 units should have an expectation of inclusionary units.
- Eliminate single-family zoning; rezone to allow for multi-family housing on previously single-family lots as in the City of Minneapolis' plan or other statewide proposals (i.e., Oregon, Maryland). While changing ordinances will create the legal environment to increase housing, approaches must be combined with financing options for developers to pursue developments with lower numbers of units.

### TACTIC – MANDATORY INCLUSIONARY ZONING

Zoning tool that requires developers to include affordable housing in new construction within mandated zoning areas.

- In 2017, the Atlanta City Council unanimously approved legislation that required developers building new residential rental units near the Beltline or Westside District to set aside 10 percent of those units for households at 60 percent Area Median Income (AMI) or below OR 15 percent of those units for households at 80 percent AMI or below. Meaningful levels would need to mandate 10 percent at 60 percent AMI or below PLUS another 10 percent at 80 percent AMI or below across the city, not just in designated areas. Affordability measures also need to take into account the full cost of housing (rent and utilities).

## Strategy – Increase Black Homeownership to Create Lost Wealth

### TACTIC – INCREASE ACCESS TO MORTGAGE CREDIT

Develop equitable mortgage programs for the first-time buyers and refinancing to alleviate disproportionate lending rates for Black households.

- Employ Mortgage Revenue Bonds (MRBs), issued by local or state Housing Finance Agencies (HFAs), as tax-free bonds to investors. Funding from the sale of these bonds is used to finance affordable mortgages for low- and middle-income people.
- Update Community Reinvestment Act to provide federal assistance for loans and mortgages in formerly redlined neighborhoods.

### TACTIC – FIRST TIME HOMEBUYER CLASSES & LOANS

Providing financial incentives and educational opportunities for first-time homebuyers can increase homebuyer access and retention.

- Pair consumer education with financial incentives and require a workshop or course prior to receipt.

### TACTIC – CREDIT REPAIR COUNSELING

Resolving outstanding credit problems increases the likelihood of mortgage approvals and a reasonable rate.

- Free or low-cost credit counseling would steer citizens away from predatory credit repair companies offering a “quick and easy” relief from bad credit.

### TACTIC – RESTITUTION/REPARATIONS FUND FOR IMPACTED PERSONS

Provide housing assistance as mechanism toward restorative justice: Black homeownership assistance and tax abatements for long-term, local residents.

- Cities such as Evanston, IL, have developed Restorative Housing Reparations Initiative paid for by cannabis tax revenue.

### TACTIC – HEIR PROPERTY/TITLE WORK

Informal path to landownership through inherited land or housing which often results in clouded titles, instability associated with multiple owners, and potential forced sales by real estate speculators.

- Client representation and education can streamline title transfer.
- GA Heirs Property: [www.gaheirsproperty.org](http://www.gaheirsproperty.org)
- Advocacy and lobbying, and policy development at the governmental and legislative levels:  
Ex. UPHPA – Georgia, Appleseed and the Heirs' Property Retention Coalition

### TACTIC – ALTERNATIVE HOUSING TENURE OPTIONS

Affordable homeownership does not require traditional single-family residency. Tiny Homes, Habitat for Humanity Homes, and ADUs offer opportunities for affordable homeownership. Several initiatives could employ diverse housing tenures to accommodate different needs of households. Also reduce or overturn development requirements like parking minimums.

- Encourage micro living – MicroLife Institute, [www.microlifeinstitute.org](http://www.microlifeinstitute.org)
- Facilitate ADU construction – ATL ADU CO, [www.atladuco.com](http://www.atladuco.com)

### TACTIC – DOWN PAYMENT ASSISTANCE (DPA)

Qualified homebuyers or refinancers receive a percentage or set amount of the loan debt-free. Partnerships with local financial institutions create community economic relationships.

- DPA programs often require pre-purchase counseling. Post-purchase counseling should also be leveraged as a tool to help homeowners remain in their homes by reviewing up-to-date information on local and state housing programs. Larger down payments can provide families access to non-FHA loans with no PMI, leading to more wealth accumulation for homeowners over time.

## **TACTIC – FAIR HOUSING LITIGATION AND ENFORCEMENT**

Develop local fair housing commission which provides tenants with rights to counsel as well as to review discrimination complaints.

- The Atlanta 2020 Joint Analysis of Impediments to Fair Housing Choice revealed several issues related to fair housing. At the state level, there is no meaningful entity charged with fair housing enforcement. Local government can fund local fair housing groups to do testing across metro area. New state legislation should expand fair housing rights to LGBTQ individuals and families and source of income protections. Current state law preempts local ordinances that go beyond minimum state and federal law.

## **TACTIC – STANDARDIZATION OF APPRAISAL PROCESS**

Deracialize appraisal methods and valuation of home values.

- Automated appraisal processes should be carefully evaluated for biases in method. Manual appraisals have been found to be even more biased through appraisers' perceptions of neighborhoods based on racial composition. Implementing widespread testing and review of appraisals by state and/or local government alongside fair housing groups could curb value extraction from homebuying processes.

## **Strategy – Subsidy Reform and Accountability Measures to Reduce Segregation**

### **TACTIC – ENHANCED HOUSING VOUCHER PROGRAM**

The Housing Choice Voucher program is the largest federal housing subsidy program in the US. Provides renters with a subsidy to find a suitable unit in the private market. City should require any landlord of any building receiving any sort of local or state subsidy to accept vouchers. Could also provide first-time homeownership vouchers to buy a home and receive assistance for monthly homeownership expenses.

- Local municipalities need managerial and monetary support for the voucher program to prevent underutilization and maldistribution of the vouchers. For areas with lower rents and low landlord involvement, local government can provide aid to landlords in exchange for longer lease terms for tenants.

### **TACTIC – CONSUMER INCOME PROTECTIONS**

Some states and local municipalities offer legal protections for housing voucher holders and renters with other sources of income.

- In February 2020, the Atlanta City Council passed a measure prohibiting landlords from rejecting people applying to rent a home based on the applicant's source of income, including denying applicants who use federal housing vouchers. Atlanta is the first municipality in the state to prohibit landlord discrimination against applicants intending to use a housing voucher.<sup>14</sup> Current local ordinance is undercut by state preemption. State needs a new form of SOI/consumer protection law AND a modernized fair housing statute.

### **TACTIC – LOW-INCOME HOUSING TAX CREDIT (LIHTC)**

Incentivize developers to set aside rental units for lower-income tenants, in exchange for subsidies for construction or revitalization.

- DCA administers LIHTC to developers seeking some tax benefits for new development. Since smaller unit buildings do not require set asides, local government could impose an in-lieu fee commensurate with number of units (e.g., fee per unit). Targeting neighborhoods at the earlier stages of gentrification provides affordable housing before increased land values push lower-income residents out and restrict lower-income residents from moving into these neighborhoods.

### **TACTIC – NEW MARKET TAX CREDIT (NMTC)**

Similar to LIHTC, NMTC subsidizes development in specific areas. NMTC cannot be used for rental housing but can be used with for-sale housing. NMTC aims to attract private investment to underserved communities. Total project costs must be \$5 million or greater to be eligible for the NMTC program.

- Add a State Affordable Housing Tax Credit paired with NMTC-approval to increase affordable for-sale housing. Should be leveraged more as a tool of rehab and sales of single-family homes for homeownership.

## TACTIC – INCREASED ENTERPRISE CAPITAL

Create more enterprise capital, especially low-cost, long-term capital for increased production of affordable homes. Developers could be tied to local Community Development Financial Institutions (CDFIs) through lending agreements.

- Atlanta's new affordable housing proposal envisions borrowing up to \$100 million to establish "nearly 3,500" affordable residences. To make a meaningful dent in affordability, some of the repayment dollars will have to come from general property tax revenue. Current tax structure heavily favors affluent homeowners and commercial property owners whose assessed values are too low.

## TACTIC – COMMUNITY BENEFIT AGREEMENTS (CBAs)

Mechanism for communities to extract concessions from private developers planning to build large-scale, impact-heavy project. Examples of conditions and demands may include community amenities, affordable housing and local hiring requirements, living wage guarantees, and more.

- Atlanta's Turner Field Area was the result of an agreement with Georgia State University for the benefit of the five communities around the stadium. However, CBAs need to be legally binding so that agreements are not lost after redevelopment begins.

## TACTIC – COMMUNITY LAND TRUSTS (CLTs)

CLTs are a cooperative, non-profit land ownership model to maintain affordability in the long term. The land is owned collectively while property on the land is held individually. Housing is offered at below-market rates to buyers who otherwise may not be able to afford ownership.

- Atlanta Land Trust focuses on areas around the Beltline with multiple homes in the Pittsburgh neighborhood and an apartment building under construction in the Oakland City Historic District. The CLT should be operating citywide, especially since land is so expensive to acquire around the Beltline now.

## Resources

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- <sup>2</sup> "Inclusiveness Required for Prosperity," Dan Immergluck, *The Atlanta Journal-Constitution*, September 23, 2016.
- <sup>3</sup> "Supporting Residential Housing Development," *Invest Atlanta*, 2020.
- <sup>4</sup> "Georgia Dream Program," *Georgia Department of Community Affairs*, 2020.
- <sup>5</sup> "DCA's Approved Housing Counseling Agencies in Georgia," *Georgia Department of Community Affairs*, 2020.
- <sup>6</sup> "Restorative Housing Reparations Initiative," City of Evanston, IL, 2020.
- <sup>7</sup> "Evanston Moves Forward with Housing Reparation Plan; Some Residents Advocate for Direct Payments," *Chicago Tribune*, December 22, 2020.
- <sup>8</sup> "Understanding Heirs' Properties in the Southeast," *Federal Reserve Bank of Atlanta*, March/April 2016.
- <sup>9</sup> "Atlanta Voters Approve Measures Expected to Support Affordable Housing Nonprofits," WABE, November 4, 2020.
- <sup>10</sup> "DCA Fair Housing Statement," *Georgia Department of Community Affairs*, 2020.
- <sup>11</sup> "It's Still Too Hard for Most Americans to Get a Mortgage," *Urban Institute*, July 29, 2015.
- <sup>12</sup> "A Five-Point Strategy for Reducing the Black Homeownership Gap," *Urban Institute*, February 14, 2019.
- <sup>13</sup> "Atlanta City Council Approves Measure to Prohibit Source-of-Income Discrimination," *National Low-Income Housing Coalition*, February 24, 2020.
- <sup>14</sup> "Ordinance 17-0-1080," City of Atlanta, April 17, 2017.
- <sup>15</sup> "National Examples of Community Benefit Agreements (CBAs)," *The Partnership for Working Families*, n.d.
- <sup>16</sup> "Community Land Trusts in Atlanta, Georgia: A Central Server Model," *Department of Housing and Urban Development PD&R Edge*, 2020.
- <sup>17</sup> "Near Beltline's Westside Trail, Affordable Housing Venture to Take Modular Approach," *Curbed Atlanta*, April 4, 2019.