

Savannah City Council
Work Session

Housing Strategies

April 25, 2019

What is “affordable” housing?

Housing, in good condition, costing no more than 30% of gross household income to rent or purchase.

(Source – HUD)

What is “workforce” housing?

Housing, in good condition, costing no more than 30% of gross household income to rent or purchase **and that is occupied by working persons/households earning up to 120% of median income.**

(Source – ULI)

Who, in Savannah, typically needs access to this housing?

Households with incomes below \$26 an hour or \$50,000 annually, including:

- Modest and low wage workers—individuals and families
- Senior citizens relying upon social security as their primary source of income
- Homeless persons

Housing Challenges

23,533 or 44% of Savannah households cannot afford quality housing.

Residents Often Experience Housing Affordability Challenges When:

1. Housing costs outpace incomes.
2. Households pay more than 30% of their income for house payments.
3. Incomes drop below \$26/hour fulltime per household.
4. Rents/mortgages exceed \$400 monthly per adult household member.
5. Housing is not located near employers or public transit, resulting in costly commuting expenses.
6. Nearby abandoned, blighted property makes it hard to improve, construct, finance, market and live in adjoining housing.
7. Zoning and development standards make it hard to improve, construct & finance housing.

Summary: Housing Challenges

Households	Number of Households Living in Savannah	53,664
Potential Housing Needs	Number of Households Earning Less Than \$50,000 Annually and Potentially Cost Burdened	32,344
Identified Housing Needs	Number of Census Identified Cost Burdened Households Paying 30% or More of Income for Housing	23,533
	Approximate Number of Households on Housing Authority of Savannah Waiting Lists	10,000
	Chronically Homeless Persons	638

Household Income	Median Gross Annual Household Income for Savannah	\$39,386
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Fair Market Rents & Required Incomes to Avoid Being Cost Burdened	1-Bedroom	2-Bedroom	3-Bedroom
Fair Market Rents for Housing in Good Condition (Similar for home purchase mortgages)	\$ 870	\$ 996	\$ 1,364
Annual Household Income Required to Avoid Cost Burden	\$34,800	\$39,840	\$54,560
Hourly Household Income Required to Avoid Cost Burden	\$ 16.70	\$ 19.15	\$ 26.23

Fair Market Rents & Required Hours Per Week @ \$7.25 Minimum Wage to Avoid Being Cost Burdened	1-Bedroom 92 Hours	2-Bedroom 106 Hours	3-Bedroom 143 Hours
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Financing Shortfall for an 800SF, 1-BedRm \$80K Apt Assuming 40HrWk/52WkYr Wage	\$10 Hourly	\$12 Hourly	\$14 Hourly	\$16 Hourly	\$18 Hourly	\$20 Hourly
Gross Rent @ 30% of Income to Avoid Cost Burden	\$520	\$624	\$728	\$832	\$936	\$1,040
Financing Shortfall (Gap Financing Required)	\$35,028	\$27,603	\$20,178	\$12,754	\$ 5,329	\$ 0

Existing Housing	Number of Dwellings in Savannah	62,355
	Number of Occupied Dwellings	52,818
	Number of Vacant Dwellings (Between occupancy, not habitable, abandoned, etc.)	9,537

Affordable Housing	Housing that is Affordable and has Benefitted from Public Investment	11,643
	Housing Authority of Savannah Public Housing Dwellings	988
	Housing Authority of Savannah Housing Choice (Section 8) Vouchers Dwellings	2,434
	Tax Credit, Bond. HUD 202 & Other Privately Owned Subsidized Rental Dwellings	5,716
	Owner-Occupied Modest Condition Homes Repaired Past 10 Years with COS Help	1,716
	Homes Bought by Modest Income Home Buyers During Past 10 Years with COS Help	789

Housing Authority of Savannah Dwellings	
Public Housing & Housing Choice (Section 8) Vouchers	3,422
2018 Housing Authority of Savannah Waiting Lists	
Families on Public Housing Waiting List	4,468
Families on Housing Choice Voucher Waiting List	8,715
Total (Some families may be on both waiting lists)	13,183
% of Families Seeking 1-Bedroom <u>Public Housing</u> Apts	61%
2016 Savannah Renter Evictions (Evictionlab.org)	
Percentage of Renter Households Evicted Annually	4.9%
Renter Households Evicted Annually	1,559
Renter Households Evicted Per Day	4.25

2018 Homeless Conditions	
Chronically Homeless	638
Persons Homeless for at Least 1 Day	4,198
Homeless SCPSS Students	1,001
Homeless Shelter / Beds	306
Transitional Housing Beds	393
Permanent Supportive Housing Beds	689
Tiny Homes Under Construction	24
Homeless Camps	17

Challenges Also Occur When Abandoned, Blighted, Properties:

1. Negatively impact streets, blocks, neighborhoods and the community at large.
2. Contribute to crime and disinvestment
3. Are significantly undervalued.
4. Lower the value and marketability of adjoining and nearby properties.
5. Place a large, ongoing financial burden on the City and responsible tax payers.

Financial Burden of Blighted Abandoned Property

\$670 Annual COS Tax Revenue Per Property in Good Condition with \$125,000 Tax Value



\$3,000 Tax Value
\$16.08 Annual COS Tax Revenue

\$7,300 Tax Value
\$39.13 Annual COS Tax Revenue

\$16,300 Tax Value
\$87.37 Annual COS Tax Revenue

\$1,300 = Estimated Annual Average Cost To City of Savannah Per Blighted Property

Based upon assumptions made in following slide.

Addressing about 1,000 of these properties cost the City about

\$1.3 Million Annually

in lost revenue and expenses

Cost	Item
\$ 423,000*	COS property tax revenue lost to under valued blighted property
\$ 402,000**	COS property tax revenue lost to devaluation of adjoining properties
\$ 288,342***	Cost of Police services related to blighted property
\$ 163,727***	Cost of Fire services related to blighted property
\$ 18,555***	Cost of Code Enforcement services related to blighted property
\$ <u>12,886</u> ***	Cost of Recorders Court services related to blighted property
\$ 1,308,510	Total Annual Cost of 1,000 blighted properties

- Estimated difference between current property tax revenue for 1,000 blighted properties and additional revenue that could be generated if these properties were replaced with 750 (75% of 1,000) dwellings having assessed values of \$125,000. (750 x \$564 = \$423,000)
- ** Estimated property tax revenue lost to devaluation of 1,500 adjoining properties as a result of proximity to blighted property. (1,500 x \$268 = \$402,000)
- *** Estimated cost of City Departmental services associated with blighted property—used 1/2% of 2019 Budget as placeholder

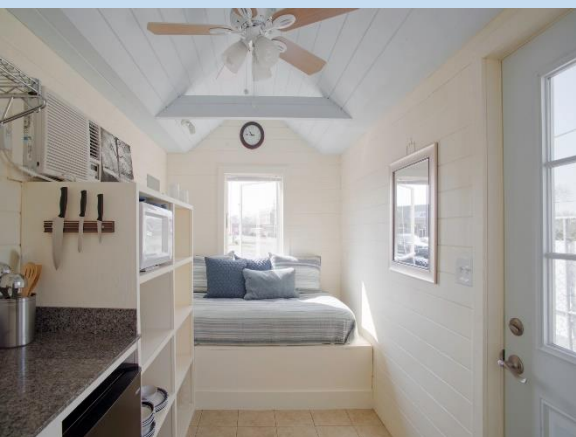
Housing Strategies

Local housing investment, partnerships, code enforcement and zoning can help leverage millions of dollars to retain and create needed housing.

Housing Affordability Solutions Occur When:

1. Financial and other resources are available to address challenges.
2. Partnerships are created and sustained to address challenges.
3. Local resources and partnerships leverage private and other investment.
4. Property maintenance codes and ordinances are enforced.
5. Zoning and other regulatory requirements support housing development.
6. Opportunities for innovation emerge and are embraced.

Savannah Housing Strategies



Home Repairs & Volunteers

Home Construction & Home Purchases

Traditional & Non Traditional Rental Housing

Acquisition, Blight Removal & Local Investment

Housing & Neighborhood Services Department & Partner Activities

10 Year Summary

Activity	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total	%
Home Repairs	239	191	213	121	162	154	166	144	171	155	1,716	37%
Home Purchases	97	90	97	73	85	71	70	79	79	48	789	17%
House Construction	46	49	32	39	38	28	21	21	11	18	303	7%
Rental Ret/Rep/New	149	120	215	134	87	135	76	150	333	407	1,806	39%
Total Dwellings	531	450	557	367	372	388	333	394	594	628	4,614	100%

Investment/Millions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total	%
Public	\$ 5.1	\$ 4.2	\$ 4.0	\$ 6.0	\$ 3.8	\$ 3.0	\$ 3.4	\$ 3.2	\$ 2.7	\$ 2.6	\$ 38.0	11%
Private	\$29.9	\$27.8	\$38.1	\$23.2	\$10.6	\$22.8	\$17.7	\$33.6	\$40.0	\$64.2	\$307.9	89%
Total Investment	\$35.0	\$32.0	\$42.1	\$29.2	\$14.4	\$25.8	\$21.1	\$36.8	\$42.7	\$66.8	\$345.9	100%

Source: Housing & Neighborhood Services Department, City of Savannah

Savannah Affordable Housing Solutions Fund

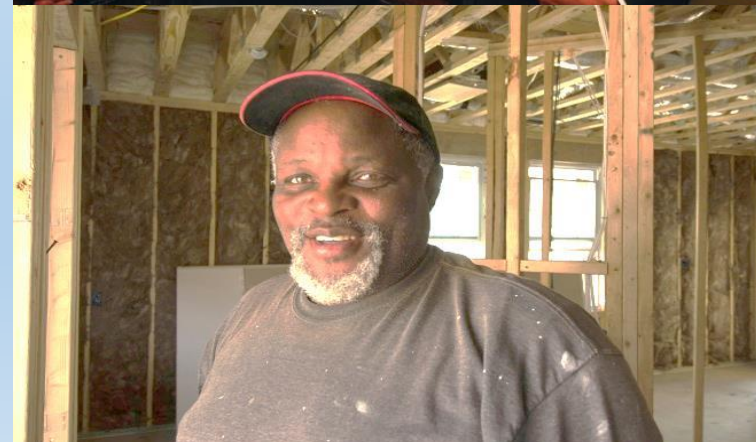
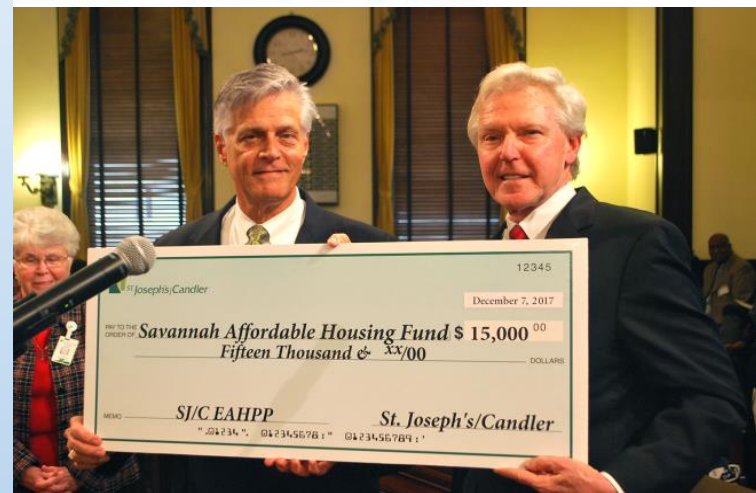
Historical Summary

Investors (Alphabetically)

Ameris Bank
BB&T Bank
Bank of Ozark
Bank South
Community Housing Services Agency
First Chatham Bank
Group Cares
Home Depot Foundation
Memorial Health
St. Joseph's/Candler Health System
Savannah Woman's Club
Senior Citizens, Inc.
South State Bank
Synovus Bank
United Community Bank
United Way
Wells Fargo

Results (2012-2018)

- ❖ \$13.9 million investments
 - ✓ \$1.4M deposits
 - ✓ \$2.6M loans and grants
 - ✓ \$9.9M leveraged investment
- ❖ SAHSF to Leveraged Ratio
 - ✓ \$1 to \$8
- ❖ 256 Projects
 - ✓ 160 houses repaired
 - ✓ 36 houses built
 - ✓ 60 houses purchased
- ❖ 196 Construction Contracts
 - ✓ 161 (82%) minority contractors
 - ✓ 15 (8%) non-minority contractors
 - ✓ 20 (10%) non-profits



Code Compliance Strategies

1. Enforce local property maintenance codes and ordinances to ensure:
 - housing is habitable and maintained in good condition
 - grounds are maintained in good and safe condition
 - residential parking is code compliant and safe
 - blight cannot negatively impact neighborhoods and property values
2. Codes and ordinances enforced include:
 - The International Property Maintenance Code
 - Local Ordinances Addressing:
 - Overgrowth
 - Debris
 - Residential Parking
 - Derelict Vehicles



Top Right – Unsafe front yard parking before adoption of residential parking ordinance.



Bottom – Landlords installing driveways for safer parking following adoption of residential parking ordinance.



Code Compliance Strategies

Community Engagement and Partnerships . . .

1. Encourage property owners to improve and maintain their properties in good condition.
2. Encourage renters and neighborhood residents to report property maintenance and housing code violations.
3. Refer homeowners to the Housing & Neighborhood Services Department for possible grants and loans.
4. Work with the landlords to help improve rental properties as part of Savannah Shines and similar initiatives.

Top – Savannah Shines duplex before partnership with landlord, CoS Housing & Neighborhood Services, Community Housing Services Agency (CHSA) and Code Compliance.

Bottom – Duplex renovation after partnership



Code Compliance Strategies – Moving Forward

1. Adopt Chapter 1 of the International Property Maintenance Code.
2. Rigorously inspect and cite all visible property maintenance code and ordinance violations for yards and structures of abandoned properties and occupied properties with serious violations.
3. Document and take action to correct blighted conditions.
4. Support “Blight Tax” and Eminent Domain initiatives to remedy blight.
5. Pursue the use of property maintenance special assessment lien foreclosures as permitted by State law when property owners refuse to maintain their properties to code requirements—causing the City and taxpayers to bear the financial burden of addressing these problems.
6. Pursue adoption of a Vacant Property Registration ordinance as a disincentive to purchase and leave properties vacant and in disrepair.

NewZO

Development standards were revised to reduce housing development costs in traditional neighborhoods through more efficient land use.

Lot Development Criteria	Current Zoning (R 6 & 4)	NewZo (TR 1, 2 & 3)	NewZO (RSF 4 & 5)
Minimum Lot Size	6,000 SF	3,000 SF	4,000 – 5,000 SF
Minimum Lot Frontage	60 LF	40 LF	40 – 50 LF
Front Set Back	25 LF	5 – 10 LF	15 – 20 LF
Side Set Back	5 LF	3 LF	5 LF
Rear Set Back	25 LF	20 LF	20 LF
Lot Coverage	30 – 50%	50%	40%
Parking Spaces per Dwelling	2	1	1
Dwellings per Acre	6 – 12	14.5	10.9 – 8.7
Dwellings per Lot	1 - 4	4	1

NewZO

Residential Manufactured Home Park District (RMHP)

- Permits the location and installation of manufactured homes in land-leased manufactured home parks
- Includes a limited number of nonresidential uses that are harmonious with RMHPs

Accessory Dwelling Units (ADUs)

- Defined as an individual residential unit located on the same lot as the principal dwelling unit
- Provides more flexibility for the use in certain districts
- Contains no more than one bedroom
- Allows for minimum 400 square feet of heated space
- Provides off-street parking exemption

Inclusionary Zoning

- Consider City of Atlanta as a model.
- Applies to Beltline Overlay District.
- Pertains only to new multifamily structures with 10+ units.
- Used as a tool to promote affordable housing by keeping rents relatively affordable for working individuals.
- Requires developer of residential rental developments to set aside:
 - 10% of their units for incomes at or below 60% of AMI;
 - 15% of their units for incomes at or below 80% of AMI; or
 - Pay a one-time in-lieu fee (\$70,000 to \$180,000) instead of setting aside affordable units.
- If developer builds affordable units, they select from a list of incentives:
 - 15% additional FAR.
 - Reduced minimum parking requirement.
 - Streamlined project meetings.
- If in-lieu fees are collected, developers would pay into a Trust Fund.

New Proposal

Acquire and sell 1,000 abandoned, blighted, properties over 10 years to facilitate the renovation and construction of housing for families and individuals.

1,000 Properties : 10 Years

Acquisition, Renovation & Development Strategies:

1. Existing Property Owner Assistance in Lieu of Acquisition

- Help owners renovate and redevelop blighted property.
- Help families clear title so they can legally own, redevelop, occupy, rent or sell the property.

2. Property Acquisition

- Utilize a variety of acquisition approaches and partners.
- Diversify acquisitions by location, value, property type and marketability.
- Acquire properties that can immediately benefit from nearby investment and revitalization.
- Acquire clusters of properties to achieve the critical mass needed to attract investment.

3. Property Sale & Redevelopment

- Utilize a variety of sale and development approaches and partners.
- Utilize the Land Bank Authority to assist with acquisition, banking, maintenance and sale.
- Diversify sale of property to help encourage mixed income neighborhoods where possible.

2,591 Blighted Properties Likely Within 3 Miles From Intersection of Bull & Henry Streets

75% Lots
25% Houses

Zone A – 0 to 2 Miles

459 Properties

❑ 366 Lots

❑ 93 Houses

Zone B – 2 to 4 Miles

927 Properties

❑ 618 Lots

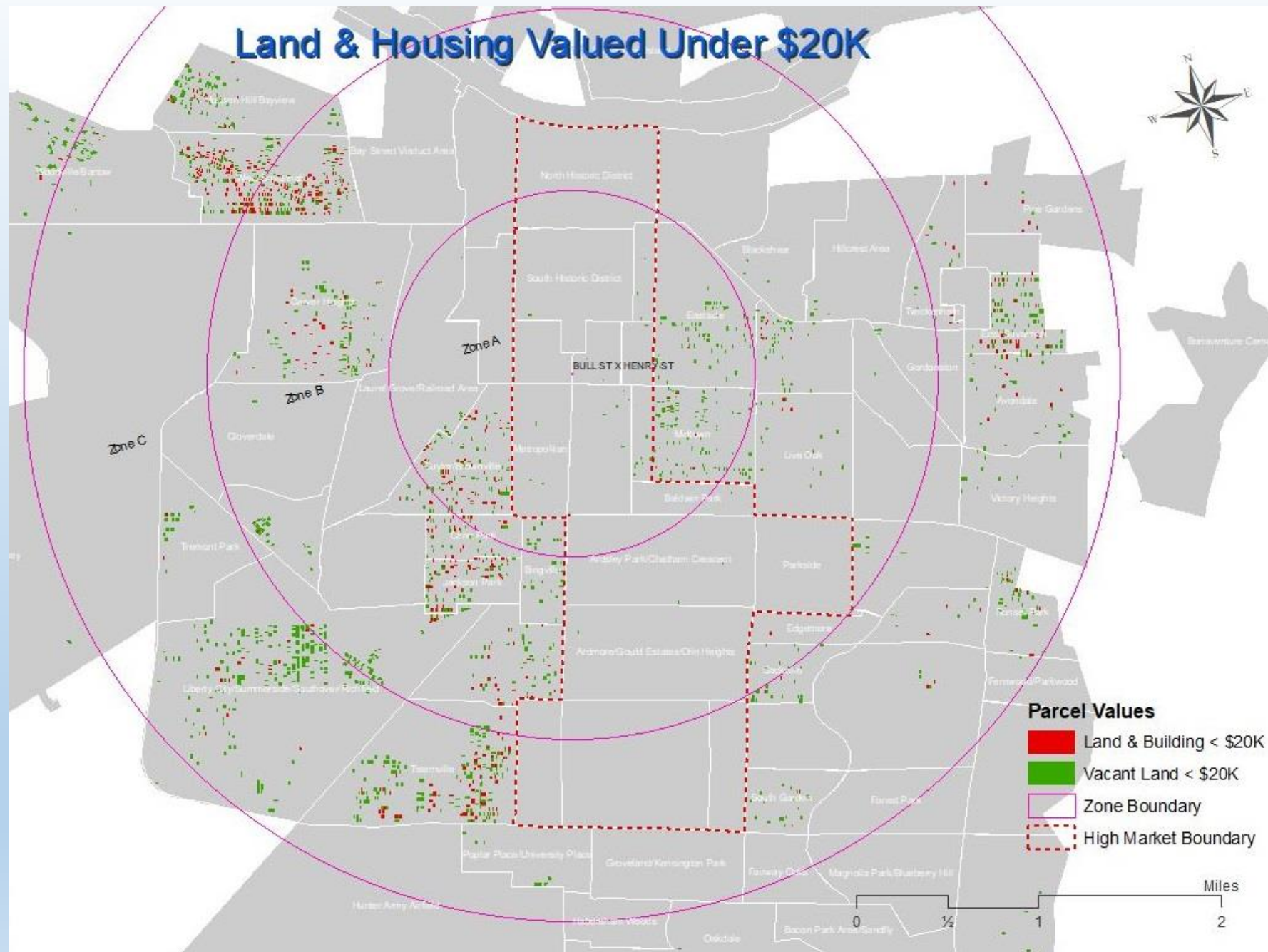
❑ 309 Houses

Zone C – 4 to 6 Miles

1,205 Properties

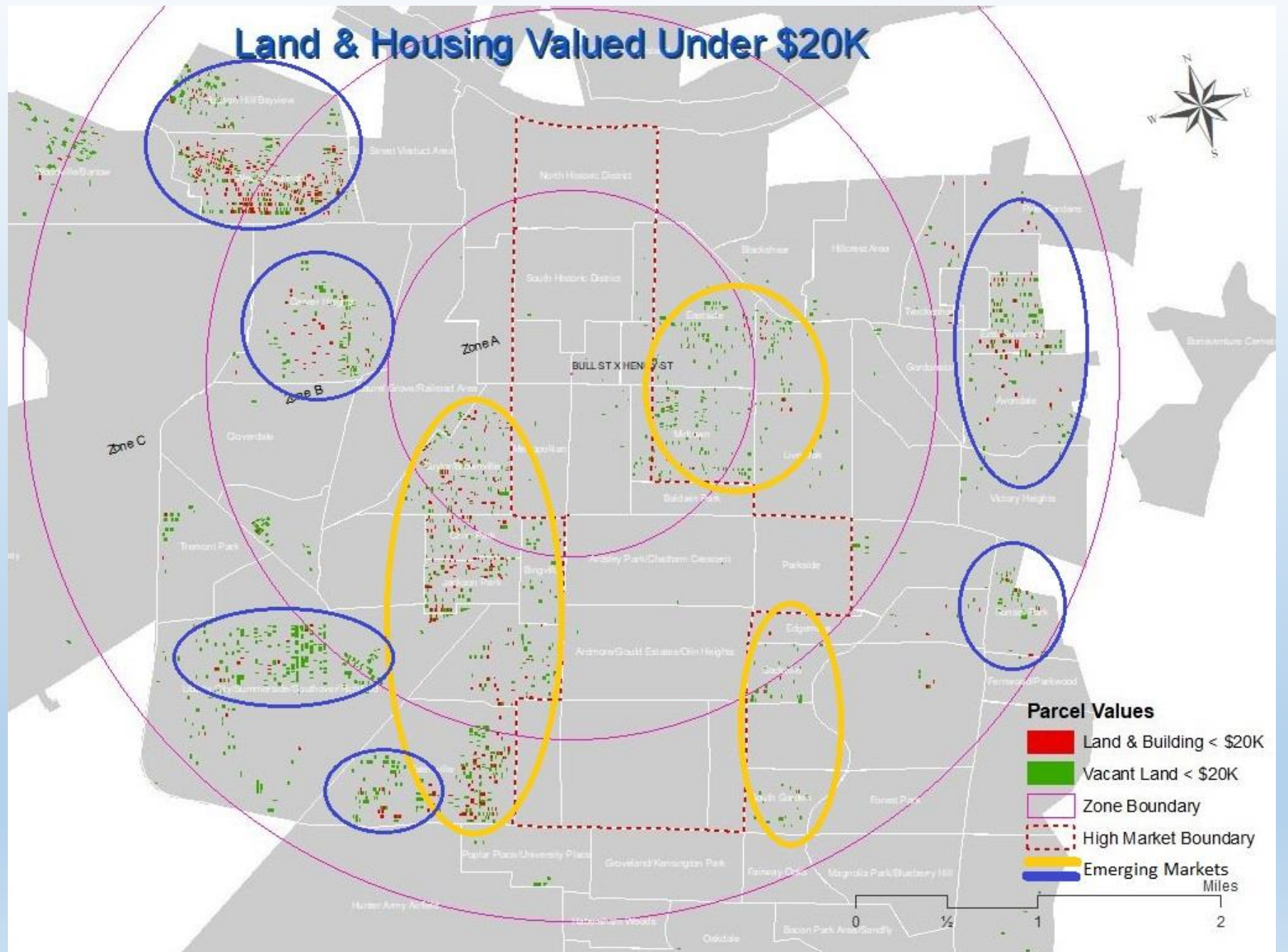
❑ 916 Lots

❑ 289 Houses



Acquisition Strategies

- ❑ The area in red dashed lines—generally bounded by Bay Street (N), MLK Blvd (W), Price & Waters (E) and Derenne (S)—is experiencing a resurgence in marketability.
- ❑ Capitalize on this by targeting properties in areas to the immediate East and West—in neighborhoods like Cuyler-Brownville, Bingville, Feiler Park, Eastside, Midtown, Live Oak, Ben Clark, Edgemere-Sackville and South Garden.
- ❑ Build upon and spur investment in West Savannah, Carver Village, Taterville and East Savannah where future investment potential is good.



1,000 Property : 10 Year Acquisition Investment Proposal

Year	FY Year	Properties Acquired	Acquisition Funding @ \$20K Ave	Estimated Sales Revenue @ 80% Acq	Net New FY Budget Investment	New COS Property Tax Revenue	Departmental Blight Services Savings	Potential Return On Investment
0	2019	15	\$ 300,000	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 0
1	2020	25	\$ 500,000	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ 0
2	2021	50	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 0	\$ 0	\$ 0
3	2022	75	\$ 1,500,000	\$ 400,000	\$ 1,100,000	\$ 20,625	\$ 0	\$ 20,625
4	2023	100	\$ 2,000,000	\$ 800,000	\$ 1,200,000	\$ 61,875	\$ 0	\$ 61,875
5	2024	100	\$ 2,000,000	\$ 1,200,000	\$ 800,000	\$ 123,750	\$ 0	\$ 123,750
6	2025	100	\$ 2,000,000	\$ 1,600,000	\$ 400,000	\$ 206,250	\$ 0	\$ 206,250
7	2026	125	\$ 2,500,000	\$ 1,600,000	\$ 900,000	\$ 288,750	\$ 0	\$ 288,750
8	2027	125	\$ 2,500,000	\$ 1,600,000	\$ 900,000	\$ 371,250	\$ 0	\$ 371,250
9	2028	150	\$ 3,000,000	\$ 2,000,000	\$ 1,000,000	\$ 474,375	\$ 0	\$ 474,375
10	2029	150	\$ 3,000,000	\$ 2,000,000	\$ 1,000,000	\$ 577,500	\$ 0	\$ 577,500
11	2030	0	\$ 0	\$ 2,400,000	\$ -2,400,000	\$ 701,250	\$ 483,509	\$ 1,184,759
12	2031	0	\$ 0	\$ 2,400,000	\$ -2,400,000	\$ 825,000	\$ 483,509	\$ 1,308,509*
Total		1,000	\$ 20,000,000	\$ 16,000,000	\$ 4,000,000	\$ 3,650,625	\$ 967,018	\$ 4,617,643

* Recurring annual revenue and savings projection.

Proposed Participants

Chief Community Services Office
General Oversight

Attorney & Paralegal
CSO Legal Staff Assigned to Project

COS Housing & Neighborhood Services
Coordinating Entity

Chatham County – City of Savannah
Land Bank Authority
Property Acquisition, Title, Banking, Maintenance & Sale

Court Participants

Recorders Court

Superior Court

City / County Participants

COS Code Compliance Department

COS Public Safety Departments

COS Revenue Department

County Tax Commissioner

COS Real Estate Department

COS Legal Department

Housing Participants

Property Owners

Non-Profits

Authorities

Developers

Banks & Mortgage Companies

Savannah Affordable Housing
Solutions Fund

FY 2020+ Funding Support

1,000 Property : 10 Year Acquisition, Renovation & Development Strategy

- Upcoming SPLOST 7 Referendum Request:

\$10 Million for Revolving Property Acquisition & Maintenance Fund

- Upcoming 2020 Service Enhancement Request

\$500,000

Savannah Affordable Housing Solutions Fund

\$200,000 (+benefits)

Dedicated Program Personnel (4): *Program Attorney (1), Property Coordinator (1), Paralegal (1), Technician (1)*

Thank you for your time and
consideration.

Any final comments or questions?