

Housing Savannah

City Council Workshop

March 12, 2020

What is “housing affordability”?

Housing in good condition that is affordable to rent or purchase regardless of income.

What is “affordable housing”?

Housing that costs no more than 30% of gross household income to rent or purchase.

(Source – HUD & Industry Standard)

What is “workforce housing”?

Housing that costs 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 – Urban Land Institute)

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

Households with incomes below \$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.

In other words Savannah needs . . .

**A range of housing options for all Savannah residents
regardless of financial or other circumstances.**

Challenges

Gap between Incomes & Housing Costs

Housing for many in Savannah becomes difficult when . . .

- ❑ Rents/mortgages exceed \$400 monthly per working adult household member.
- ❑ Households earn less than \$50,000 annually or \$24 hourly fulltime.
- ❑ Households rely on \$7.25 minimum wage jobs and have to work 90 to 140 hours weekly.
- ❑ Housing is located away from places of employment or public transit—adding to costs.

Making Housing Affordable

Simply put . . .

- Increase incomes.
- Decrease housing costs.
- Fund the gap between the two.
- A combination of one or more of the above.

Savannah housing costs have outpaced incomes at a rate of at least 2-to-1 over past 30 years.

Income & Housing Costs	1990	2000	2010	2020	Increase
Median Annual Household Income	\$21,579	\$29,038	\$38,011	\$41,093	90%
Fair Market Rent <u>Averaged</u>	\$410	\$564	\$876	\$1,147	180%
Sale Price for Single Family House	\$54,300	\$78,000	\$127,000	\$173,000	218%

Notes:

1. Data shown above is based upon Census and American Communities Survey (ACS) data.
2. Data in the 2020 column, lines 1 and 2, is based upon the most recent, 2018, ACS data calculations.
3. Data for Sale Prices in 1990 & 2000 is from ACS house values; and 2010 & 2020 from Zillow actual sale prices.
4. Data is for Savannah only—not for the Savannah MSA which includes Bryan, Chatham and Effingham Counties.

22,505 (42%) of Savannah Households are Cost Burdened --paying more than 30% of their income for housing.

Cost Burdened Households	1990	2000	2010	2020	Increase
# Savannah Households	51,890	51,375	52,545	53,187	1,297
# Cost Burdened Households	16,381	17,618	22,840	22,505	6,124
% Cost Burdened Households	32%	34%	44%	42%	

Notes:

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Income & Housing Affordability

Hourly Income	Annual Income	% Sav Median Income	House Payment Maximum Afforded	House Payment Shortfall Needed	House Price Maximum Afforded	House Price Shortfall Needed
\$ 7.25	\$15,080	37%	\$ 377	\$823	\$ 0	\$170,000
\$10.00	\$20,800	51%	\$ 420	\$680	\$ 4,230	\$165,770
\$12.00	\$24,960	61%	\$ 624	\$576	\$ 47,376	\$122,624
\$14.00	\$29,120	71%	\$ 728	\$472	\$ 69,372	\$100,628
\$16.00	\$33,280	81%	\$ 832	\$368	\$ 91,368	\$ 78,632
\$18.00	\$37,440	91%	\$ 936	\$264	\$113,364	\$ 56,636
\$20.00	\$41,600	101%	\$1,040	\$160	\$135,360	\$ 34,640
\$22.00	\$45,760	111%	\$1,144	\$ 56	\$157,356	\$ 12,644
\$23.00	\$48,000	117%	\$1,200	\$ 0	\$170,000	\$ 0

Notes:

1. Savannah median income is \$41,093.
2. Maximum monthly house payment that can be afforded is based on 30% of gross income.
3. Monthly house payment required is based on \$1,200 (\$800PI-PMI and \$400TI)
4. House price of \$170,000 represents the sale price and/or development cost of the house.

Estimated Annual Investment Required To Impact 25,000 Dwellings/Households

Number of Years to Accomplish	Dwellings Impacted Per Year	Total Investment Per Year	City Investment Per Year	Private Investment Per Year
1	25,000	\$1.5B	\$200M	\$1.3B
10	2,500	\$150M	\$ 20M	\$130M
25	1,000	\$ 60M	\$ 8M	\$ 52M
50	500	\$ 30M	\$ 4M	\$ 26M

Contextual Notes:

1. Investment figures based upon averages from past 20 year history for dwelling repair, construction, development and purchase.
2. Investment figures will likely increase with inflation and if housing costs continue to outpace incomes.
3. City Investment includes about \$2M annually from HUD's CDBG and HOME programs and related Program Income.
4. City Investment in the SAHF has averaged just under \$200,000 annually for past 9 years—the high being \$500,000 in 2019.
5. ½ percent of the City's current General Fund budget equals about \$1M.

Blighted Abandoned Property

There are about 2,600 properties, with values under \$20,000, within a 3 mile radius of Forsyth Park.



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

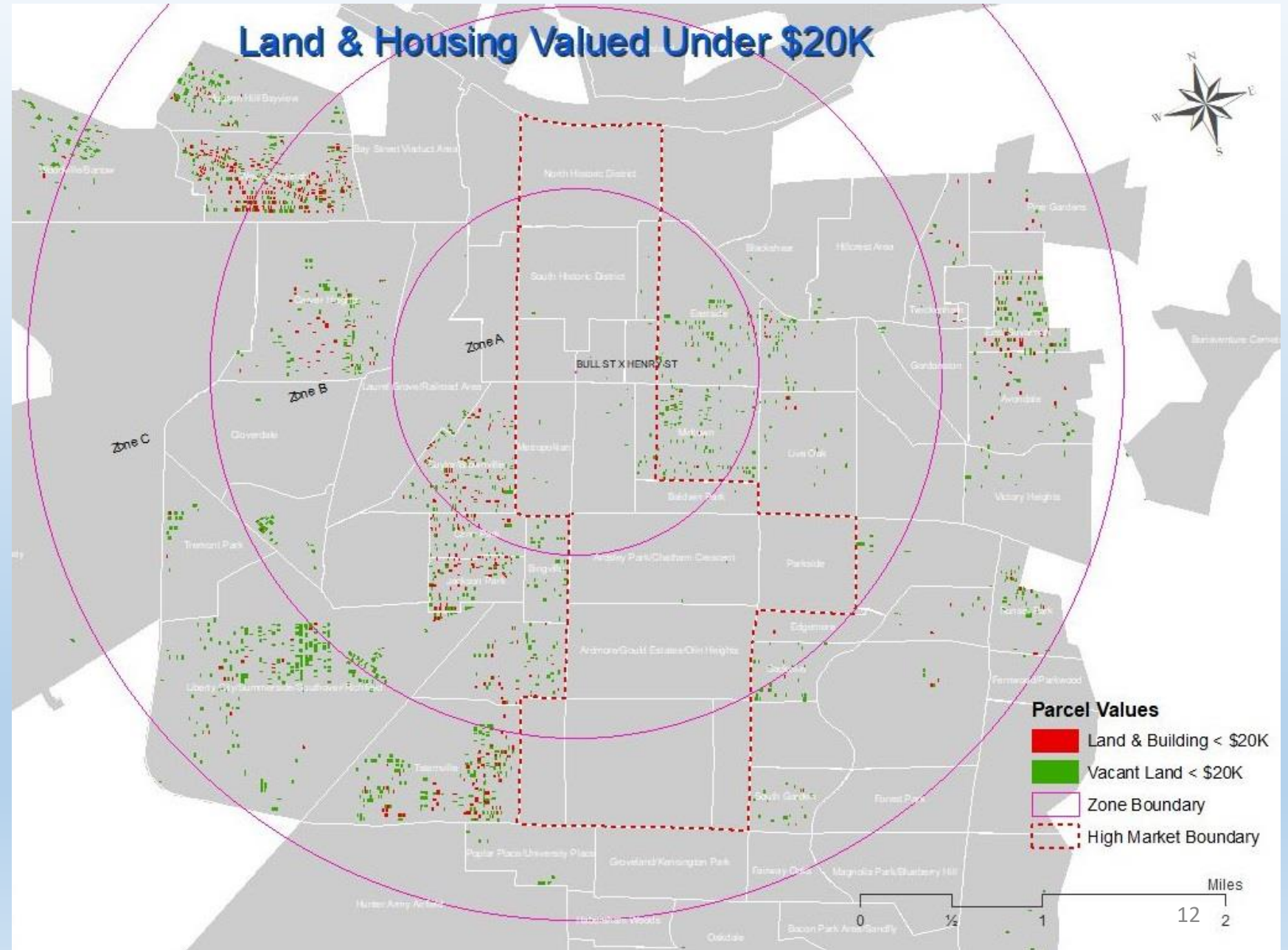
1,205 Properties

916 Lots

289 Houses

Figures from upon April 2019 Data

Blighted Abandoned Property



Blighted Abandoned Property: Impact on Wealth

- ❑ **Lowers property values.**
 - ✓ For example, from 2013-2019, Cumming Street properties collectively lost 53% of their value while blighted abandoned houses collectively lost 77% of their value.

- ❑ **Strips financial value (“wealth”) away from those who inherit the property and nearby property owners.**
 - ✓ For example, owners of Cumming Street properties in good condition collectively lost 45% of their home values.

- ❑ **Provides the City with less than \$100 annually per property in property tax revenue.**

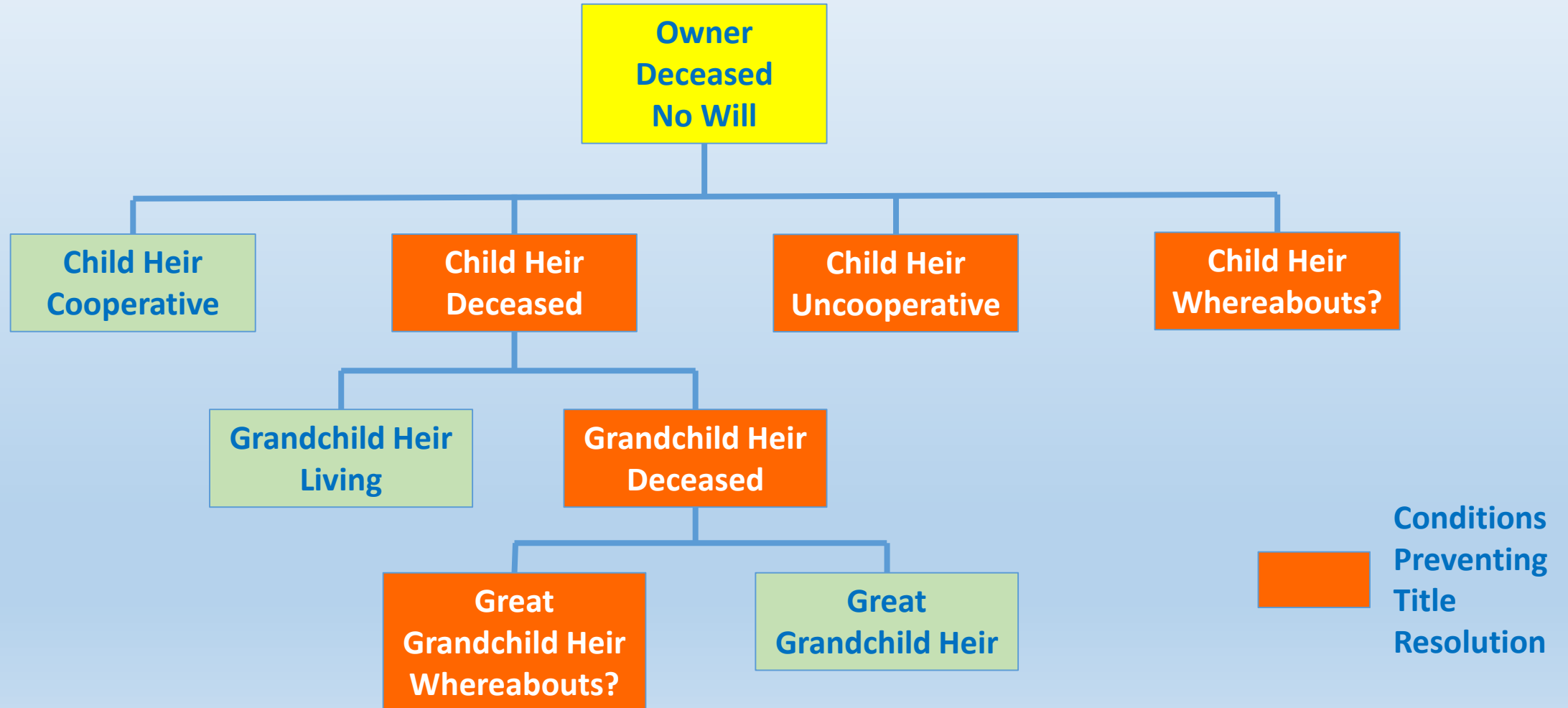
- ❑ **Costs tax payers about \$1,300 annually per property in lost property tax revenue and weed cutting, board up, demolition, police, fire, legal and court costs.**

Blighted Abandoned Property: Impact on Families

- Lowers the quality of life for those living next door, nearby, and in the neighborhood.**
- Makes it difficult for nearby property owners to obtain home improvement or construction financing.**
- Makes it difficult for nearby property owners to rent or sell their property.**
- Makes it difficult to promote neighborhoods as attractive places to live.**
- Attracts crime and criminal behavior both on the property and nearby.**
- Creates fire and other hazardous conditions on the property and nearby.**

Blighted Abandoned Property

Many such properties belong to owners who died without Wills and heirs have been unable to resolve ensuing title problems—resulting in years of property deterioration and abandonment.



Blighted Abandoned Property: Property Owners

What can a property owner do to help avoid their property becoming uninhabitable, blighted and abandoned?

- Seek home improvement assistance from the City and/or its partners before it becomes uninhabitable.

- Have a “will” prepared.
Georgia Legal Services, in partnership with the City, offers free “will” preparation to income eligible homeowners.

Blighted Abandoned Property: Heirs

What can heirs of property owners who died without a “will” do to resolve title issues, access inheritance, and improve or sell a property in which they have a legal interest?

- ❑ Hire an attorney to try and resolve the matter.
 - ✓ Georgia Legal Services may be a source of guidance/help to income-eligible heirs.

- ❑ If unsuccessful and the City acquires a property using eminent domain to remedy blight:
 - ✓ Superior Court will issue a check to each heir for their share of funds paid by the City for the property.
 - ✓ If interested, an heir can offer to acquire the property, with clear title, from the Land Bank Authority, following the eminent domain process.

Results

Savannah Housing Partnerships

Savannah Housing Partnerships



Home Repairs
& Volunteers

Home Construction
& Home Purchases

Traditional & Non Traditional
Rental Housing

Acquisition, Blight Removal &
Local Investment

Savannah Housing Partners

☐ City of Savannah

- Savannah Affordable Housing Fund (SAHF)
- SPLOST Funds for Infrastructure & Acquisition
- General Funds for Property Acquisition
- W&S Fee Waivers for HOME Infill Housing
- Enterprise Zones

☐ State Government

- Low Income Housing Tax Credits—9% & 4%
- Georgia Dream

☐ Federal Government

- HUD CDBG, HOME, NSP, ESG
- HUD Section 202
- HUD FHA

☐ Housing Authority of Savannah

- Bonds issued in conjunction with 4% LIHTCs
- HUD RAD, Housing Choice (Section 8) Vouchers, Public Housing

☐ Business Partners & Investors

- Banks and Mortgage Companies
- Federal Home Loan Bank of Atlanta and Member Institutions
- Hospitals Including St. Joseph's/Candler Health Systems & Memorial Health

☐ Developers & Builders

- Non-profit and profit single family houses
- Non-profit and profit LIHTC, Bond and similar financing for multifamily housing

Savannah Housing Partners

☐ Non-Profit & Authorities (Alphabetically)

- Chatham County/City of Savannah Land Bank Authority
- Chatham Savannah Homeless Authority
- CHSA Development
- Coastal Empire Habitat for Humanity
- Coastal Empire Disaster Recovery Committee
- Community Help
- Community Housing Services Agency (CHSA)
- Consumer Credit Counseling
- Economic Opportunity Authority
- Georgia Legal Services
- Hope Works
- Mercy Housing
- National Church Residences
- Neighborhood Improvement Association
- Private Citizens and Businesses
- Savannah Widows Society
- Senior Citizens Inc.
- StepUp Savannah
- United Way

☐ Volunteers (Alphabetically)

- Businesses and religious organizations
- Carolina Mission Team
- Chatham County Housing Coalition
- Georgia Southern – Armstrong Campus
- Group Cares
- Gulf Stream
- Home Depot Foundation
- Isle of Hope United Methodist Church
- Mission Serve
- Naval Auxiliary
- Prayer in Action
- River of Life
- Savannah State University
- Wells Fargo
- World Changers
- Youth Works
- Zeta Phi Beta Youth Auxiliary

Savannah Affordable Housing Fund 2012-2020

Investors (Alphabetically)

Ameris Bank
BB&T Bank
Bank of Ozark
Bank South
Carver State Bank
City of Savannah
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
SunTrust
Synovus Bank
United Community Bank
United Way
Wells Fargo

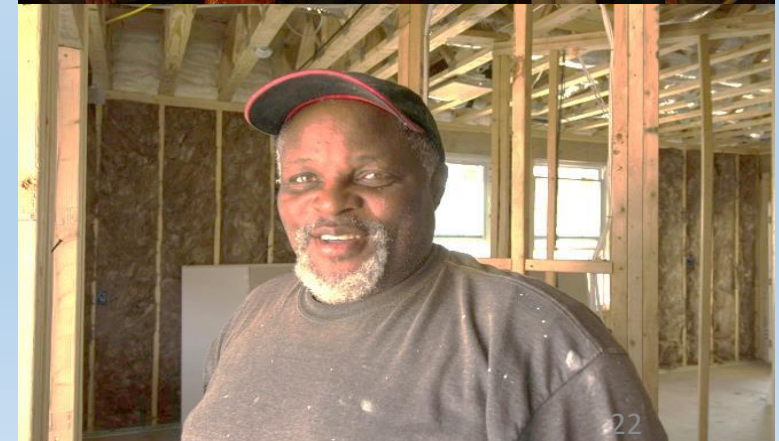
Results

- ❖ \$18 million investments
 - ✓ \$ 2.0M deposits
 - ✓ \$ 2.9M revolved loans and grants
 - ✓ \$13.1M leveraged investment

- ❖ SAHF leveraging
 - ✓ \$1 to \$8

- ❖ 316 funded projects
 - ✓ 194 houses repaired
 - ✓ 43 houses built
 - ✓ 79 houses purchased

- ❖ 218 construction contracts
 - ✓ 179 (82%) minority contractors
 - ✓ 15 (7%) non-minority contractors
 - ✓ 24 (11%) non-profits



20 Year Summary City of Savannah Housing Investments

Amount	City of Savannah Investments
\$ 85,970,000	CDBG, HOME, NSP, PI (HUD)
\$ 1,750,000	Savannah Affordable Housing Fund (GF -- 9 Years from 2012-2020)
\$ 19,580,000	Infrastructure & Parks (SPLOST, GF, W&S)
\$ 1,070,000	Water & Sewer Tap Fee Waivers for HOME SF Houses
\$ 1,536,000	Enterprise Zone 10 Year City Property Tax Abatement for SF & SG (Estimated)
\$ 10,000,000	1K-in-10 Abandoned Property Acquisition & Redevelopment (SPLOST)
\$ 119,906,000	City Investment in Support of Housing

NOTE: Does not include housing for the homeless or public housing.

20 Year Summary

Housing Authority of Savannah

Bond Issues for Savannah Apartments

Amount	Apartments	Projects	City of Savannah Investments
\$ 138,500,000	2,249	10	Bonds Issued
\$ 72,500,000	371	2	Bonds Pending Issuance in 2020
\$ 211,000,000	2,620	12	Housing Authority of Savannah Bonds

NOTE: Does not include housing for the homeless or public housing.

20 Year Summary

Savannah Housing Partnerships

City Administrations	2000-03	2004-07	2008-11	2012-15	2016-19	Total	
Dwellings Impacted	1,936	2,632	1,919	1,482	2,483	10,452	Percent
Home Repairs	1,138	1,264	773	624	733	4,532	43%
Home Purchases	254	345	357	305	345	1,606	15%
Home Construction	99	222	168	105	81	675	7%
Rental Repairs & New	445	801	621	448	1,324	3,639	35%
Annual Average	484	658	480	371	622	523	
Investment in Million Dollars	\$ 65.96	\$131.21	\$123.92	\$ 97.50	\$219.35	\$637.94	Percent
Public Investment	\$ 15.84	\$ 23.91	\$ 23.30	\$ 13.30	\$ 11.37	\$ 87.72	14%
Private Investment	\$ 50.12	\$107.30	\$100.62	\$ 84.20	\$207.98	\$550.22	86%
Annual Average	\$ 16.49	\$ 32.80	\$ 30.98	\$ 24.38	\$ 54.84	\$ 31.90	

NOTE: Does not include housing for the homeless or public housing.

2020 Housing Partnership Goals & Challenges

❑ **685 Dwellings/Households Impacted by Partners**

- 75 Homes Repaired for Home Owners
- 75 Homes Purchased by First Time Buyers
- 35 Homes Constructed on Infill Lots in LMI Neighborhoods
- 500 Homes Constructed and Repaired for Renters

❑ **\$82 Million Investment**

- \$ 1.00 Million City SAHF Investment
- \$ 1.50 Million City HUD Investment
- \$ 79.50 Million Leveraged & Private Investment

❑ **Major Challenge: Out of CDBG Funding for Home Improvements**

- 2019 and earlier CDBG funding for home improvements has been spent.
- 2020 CDBG allocation and Program Income will be about \$500,000, will not be available until November, and is about ½ of funding amounts available in recent years.
- Production is expected to drop from 180 annually in recent years to about 75 homeowners in 2020.

Housing Savannah

Major Opportunities for 2020

- 1. Increase Savannah Affordable Housing Fund Contributions to \$1+ Million Annually**
- 2. Implement 1K-in-10 Abandoned Property Acquisition & Development Initiative**
- 3. Explore Opportunities to Attract a Modular Housing Plant to Savannah**
- 4. Prepare a Comprehensive Housing Plan**

Opportunity #1

Increase Savannah Affordable Housing Fund Contributions to \$1+ Million Annually

City Contributions

- City investments have come from the General Fund.
- Except for \$500,000 in 2019, City investment has typically been \$150,000 annually since 2012.
- For context, ½ percent of the City's current General Fund budget is about \$1M.

Other Contributions

- Private investments have come from two hospitals, banks, non-profits and individuals.
- For the past 3 years, private contributors have invested an average of about \$75,000 annually.



Opportunity #2

Implement 1K-in-10 Abandoned Property Acquisition & Development Initiative

The recent voter approved SPLOST allocates \$10 million to help the City acquire and bring about the redevelopment of 1,000 blighted abandoned properties, like those shown below, with quality housing in 10 years.

Between 2013 and 2019, properties like these contributed to causing owners of properties in good condition on Cumming Street to collectively lose 45% of their home values.



\$3,000 Tax Value

\$16.08 Annual COS Tax Revenue



\$7,300 Tax Value

\$39.13 Annual COS Tax Revenue



\$16,300 Tax Value

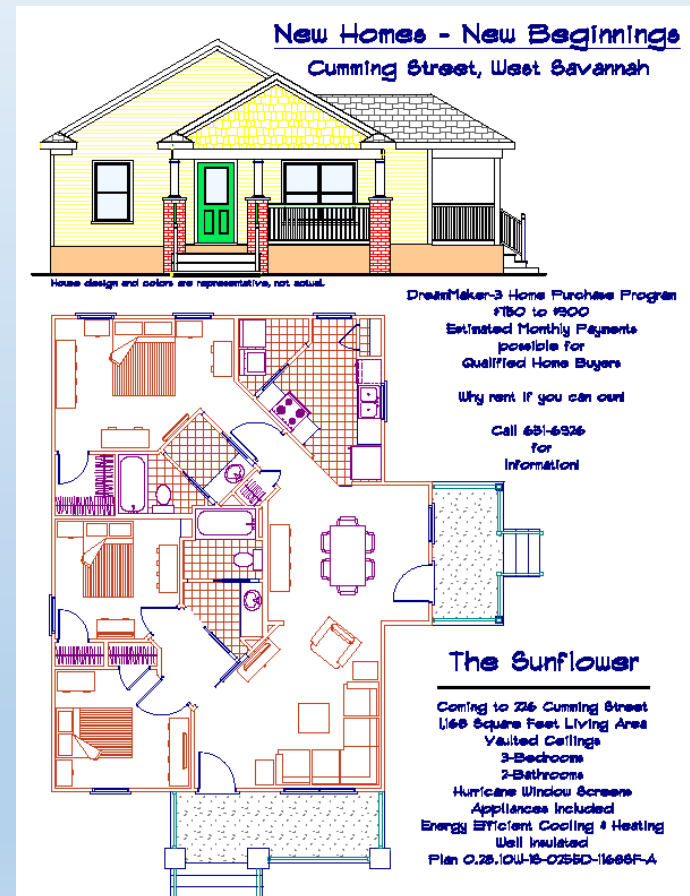
\$87.37 Annual COS Tax Revenue

\$1,300 = Estimated annual average cost per blighted property to City tax payers in lost tax revenue and in weed cutting, debris removal, board up, demolition, police, fire, legal and court costs.

Opportunity #2

Implement 1K-in-10 Abandoned Property Acquisition & Development Initiative

Below is an example of a new Cumming Street house developed by the non-profit CHSA Development, Inc. on blighted, abandoned, property previously owned by the City that was transferred to the Land Bank Authority and sold to CHSA.



The \$150,000 value for this new infill house at 228 Cumming Street is expected to generate about **\$800** annually in City tax revenue compared to about **\$150** previously generated by two abandoned houses³¹

Opportunity #2

Implement 1K-in-10 Abandoned Property Acquisition & Development Initiative

On February 27, 2020 the City Approved Transferring Property Below to the LBA for Non-Profit Housing Development

Non-Profit Seeking LBA Assistance	Property Address	Neighborhood	Purpose	District
CHSA Development	231 Cumming St	West Savannah	Construct new house for home buyer	1
	236 Cumming St	West Savannah	Construct new house for home buyer	1
	238 Cumming St	West Savannah	Construct new house for home buyer	1
	242 Cumming St	West Savannah	Construct new house for home buyer	1
Family Promise of Greater Savannah	218 Cumming St	West Savannah	Renovate for transitional family housing	1
	220 Cumming St	West Savannah	Renovate for transitional family housing	1
Neighborhood Improvement Association	743 East Bolton	Eastside	Construct new house for home buyer	2
	2504 Louisiana Av	Avondale	Construct new house for home buyer	3
Historic Savannah Foundation	2205 MLK Jr. Blvd	Cuyler-Brownville	Historic renovation for rent or sale	1
	2207 MLK Jr. Blvd	Cuyler-Brownville	Historic renovation for rent or sale	1
	620 W 42 nd St	Cuyler-Brownville	Historic renovation for rent or sale	1

1K-in-10 will need increased participation by new and existing non-profits, developers and individuals. Interested parties may contact the Housing & Neighborhood Services Department at 651-6926.³²

Opportunity #2

Implement 1K-in-10 Abandoned Property Acquisition & Development Initiative

Abandoned Blighted Property Evaluation and Determining Best Course of Action

Steps	Determining Best Course of Action for Acquiring Blighted Abandoned Properties
1	Determine if a property has delinquent property taxes
2	Determine property maintenance code violation and special assessment history
3	Determine property title conditions – order title report
4	Determine property value – order appraisal
5	Select best Course of Action

Course of Action/Months to Clear Title	1	2	3	4	5	6	7	8	9	10	11	12	18
Clear Title Acquisition (COS or LBA)	Light Green	Light Green	Light Green	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue
Delinquent Tax In Rem Sale (COS or LBA)	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange	Light Orange
Marshal/Sheriff Tax Sale & Quiet Title (COS or LBA)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Nuisance Abatement Ordinance In Rem Sale (COS)	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange	Dark Orange
Eminent Domain Acquisition (COS)	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue

Opportunity #3

Explore Opportunities to Attract a Modular Housing Plant to Savannah

A field trip to a modular housing plant in Lakeland, Georgia, (near Valdosta) revealed it has a 6 to 12 month waiting list and ships houses to customers as far away as the Florida Keys and Louisiana.



Opportunity #3

Explore Opportunities to Attract a Modular Housing Plant to Savannah

If feasible, doing so could:

- Provide 80 to 100 good paying year-round jobs with benefits and training to a semi-skilled workforce.
- Reduce construction costs by 1/3 (\$150 to \$100 SF)--perhaps more depending upon ownership and incentives.
- Speed up the production of quality single and multi-family housing.
- Fill the void being left by retiring builders.
- Offer opportunities for small development businesses and non-profits to flourish.
- Provide an income stream to help support the Savannah Affordable Housing Fund.

Ownership structure to be explored includes:

- Non-Profit.
- Public.
- Private.
- Joint Venture with one or more of the above.

Incentives being explored include the use of:

- City owned land through a long-term ground lease.
- New Market tax credits.
- Opportunity Zone investments.
- Enterprise Zone incentives.
- Bonds to help finance plant construction and equipment.
- Job creation tax credits incentives from the State and Federal governments.



Opportunity #4

Prepare a Comprehensive Housing Plan

A Plan that might include . . .

- Identification of existing and future housing needs, challenges and opportunities.
- Identification of resources available including, but not limited to:
 - Funding/financing – public, non-profit, private and philanthropic.
 - Incentives – public, non-profit, private and philanthropic.
 - Local and state policies, laws, ordinances and regulations that could benefit housing if created or amended.
- Identification of realistic strategies including, but not limited to:
 - Housing strategies – chronically homeless, transitional homeless, renters, homeowners and home buyers.
 - Funding strategies – SAHF growth, currently available, longer term sources requiring state legislative action.
 - Planning, zoning & other regulatory strategies – permissible uses, development standards, IZ, density, parking.
 - Production strategies – stick built, panelized, modular, new generation of builders/developers.
 - Community Benefit strategies – business community investment in housing and neighborhood improvement.
- Identification of realistic goals, expectations and implementation time tables.
- Participation of a task force, consultant(s), the Chatham County Housing Coalition, practitioners, business leaders, government leaders, legal counsel, advocacy groups and, importantly, citizens.

Housing Savannah

City Council Workshop

March 12, 2020