



Class Twelve

Urban Policy ***4211/6606***

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Class Ten

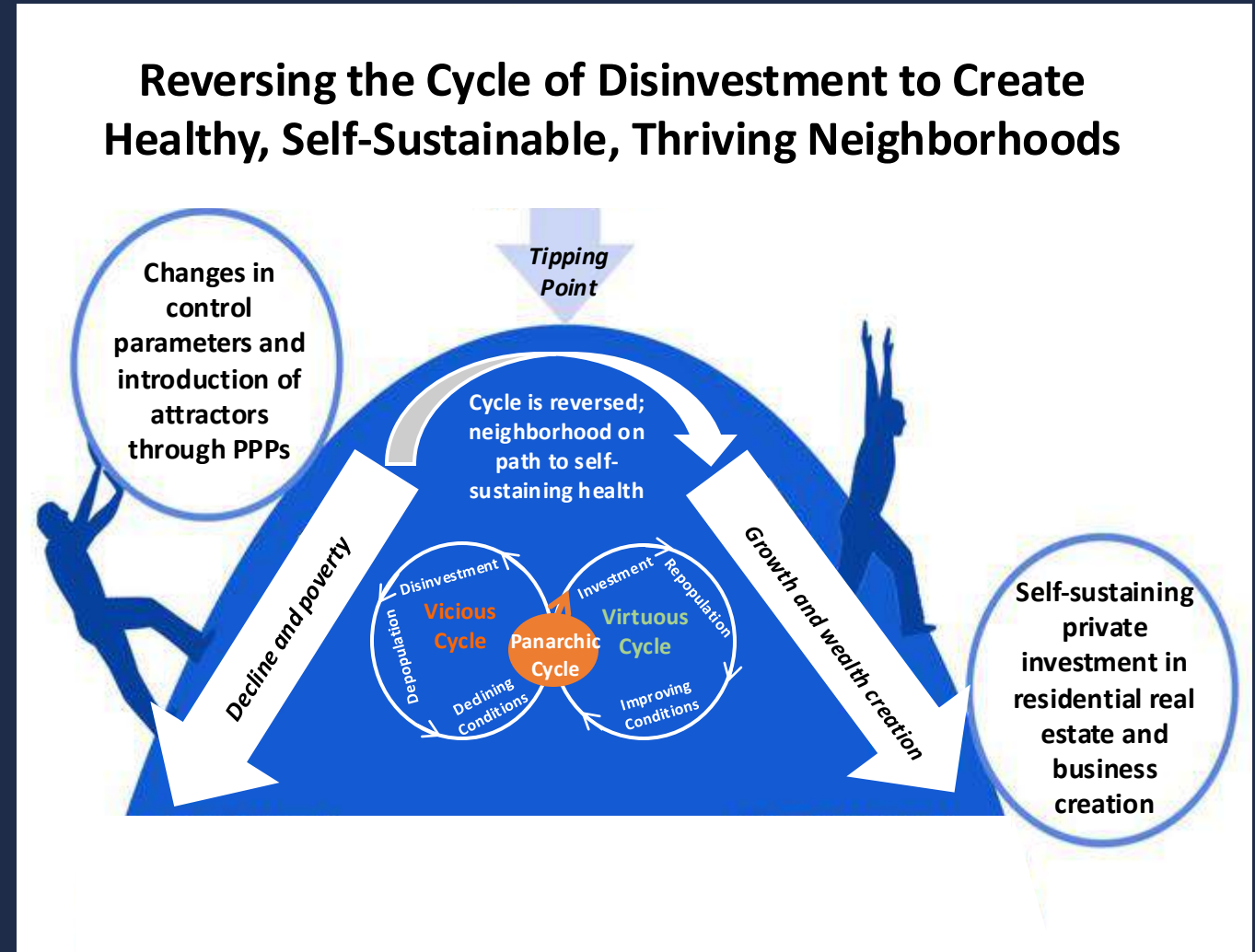
Housing Markets and the Role of Government in Making Cities Accessible

We have established that city governments are in the neighborhood business

- Healthy neighborhoods are the “product” of city government; it is what residents and business invest in
- The neighborhood is the critical layer within the urban hierarchy because it is the conditions within neighborhoods that impact the neurological and physiological development of children
 - It is where individual schema are formed and evolve over time
- The central goal of city government is to improve neighborhood health
 - Primarily through changes in control parameters, which are the contextual factors that impact the overall trajectory of a neighborhood, and through the introduction of attractors, that drive behavioral changes internal to the neighborhood
- However, neighborhoods need to be accessible to people of all incomes, which is why housing policy is critical

The central goal is to reverse the cycle of disinvestment

- “Neglect of low-wealth neighborhoods .. denies those residents the opportunity to see steady and predictable appreciation in home values and the **resulting increase in home equity and associated wealth**. As the neighborhoods’ **decline fuels even further decline**, residents become easy prey for marginal and questionable business establishments, as well as various criminal elements.” - Egbert Perry
- Focusing capital and operating decisions toward the **improvement of neighborhood health**
 - And aligning partners around the same objective
 - The goal of advancing neighborhood health cannot be achieved without private partners, because it is private sector that drives the **vicious and virtuous cycles of investment**
- Healthy neighborhoods are **self-sustaining**, driven largely through returns on private investment
 - This is how most wealth is created since ~70% of family wealth is in residential equity



City government plays a significant role in influencing the size and character of private investment

- As an owner of land
- As a regulator of land uses
- As a tax collector
- As a distributor of tax incentives
- As a provider of public infrastructure (streets, parks, transit, etc)
- As a service provider
 - Schools (and determiner of school attendance zones)
 - Public safety
 - Code enforcement
 - Housing subsidies
 - Building codes



The Gulch redevelopment plan pulls just about every lever available in public-private partnerships

Public-Private-Partnerships are not a zero sum game, and the government's role is not to extract as much public value as possible

- The key questions:
 - how much public investment (if any) is needed to make a private investment happen?”
 - How much of a city's contribution to the venture **reflects shrewd, bottom-line negotiations** and concessions?
 - How much of the transaction's structure reflects overly friendly relations among elites and accordingly poor negotiations that unnecessarily cost the city money in foregone taxes, that cause the publicly unbeneficial nature and location of the development project, i.e., a soft form of corruption?

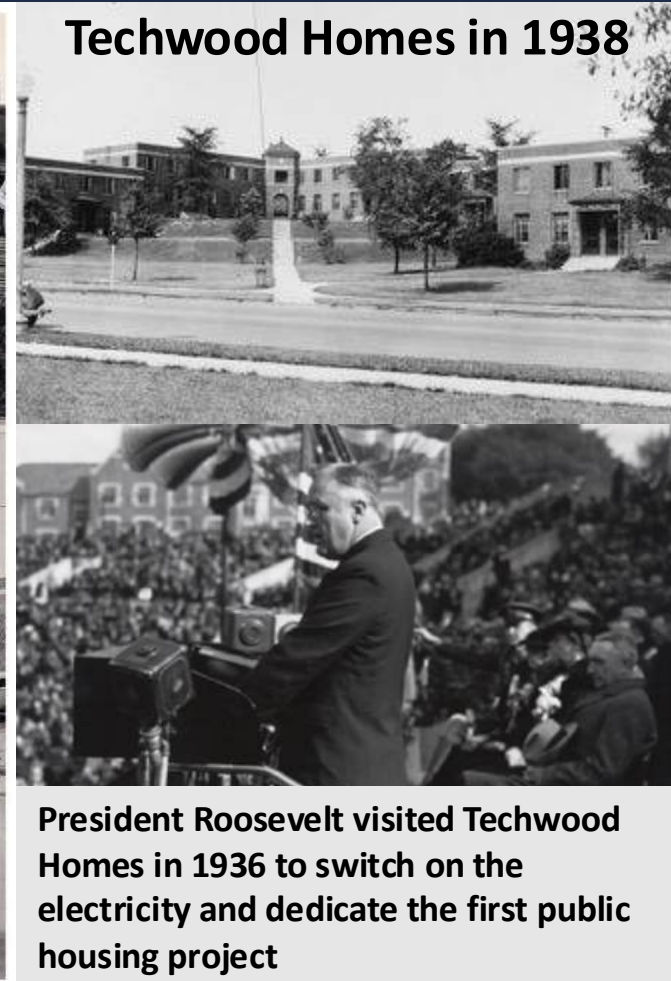
For PPPs, always ask:

- What is the public policy goal?
- Is it inclusionary in its process?
- Is the benefit worth the effort (dollars and bandwidth)?

From “Putting the “Public” Back into Public-Private Partnerships for Economic Development” Audrey McFarlane

In 1936, Techwood Homes became the first public housing project built in the United States

- Housed 604 White families on what was a land formerly occupied by 1,600 low income residents, **28% of whom were Black**
- Most of the **former residents were never rehoused** (many were **too poor** to qualify for housing)
- Techwood Homes served as the basis for the Housing Act of 1937, which permanently created federally sponsored public housing



President Roosevelt visited Techwood Homes in 1936 to switch on the electricity and dedicate the first public housing project

By the 1990s, Techwood Homes had become deeply distressed

- Techwood Homes remained an **all-white housing project** until 1968
- Fair Housing Act of 1968 required housing integration and Techwood Homes became **~100% Black by the 1980s**
- Economic decline in Atlanta led to deteriorating conditions at Techwood Homes
- By the early 1990s chronic drug trafficking and gang violence had taken over



In the mid 1990s, Techwood Homes was redeveloped into Centennial Place

- AHA hired Renee Glover who intended to **reinvent** public housing in Atlanta
 - Emphasis on **mixed-income** communities in healthy neighborhoods
 - No more than 40% of units dedicated to public housing
- Partnered with **Egbert Perry (CEO of Integral)** and McCormack Baron Salazar
 - More than 700 mixed-income rental units and 40 mixed-income for-sale townhomes
 - YMCA , early learning center, pools and playgrounds
 - Centennial Academy (Atlanta's first conversion charter school)



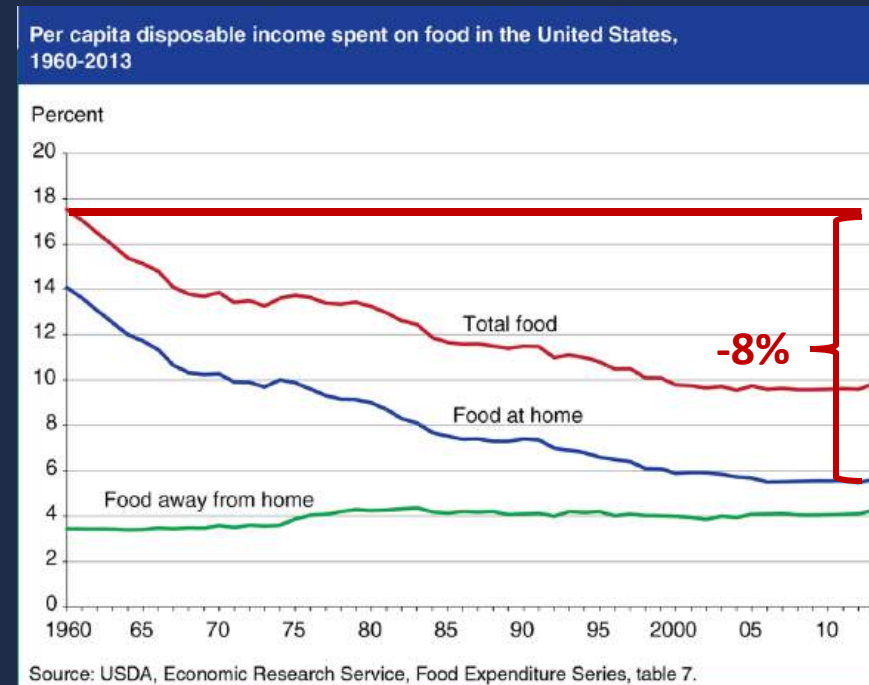
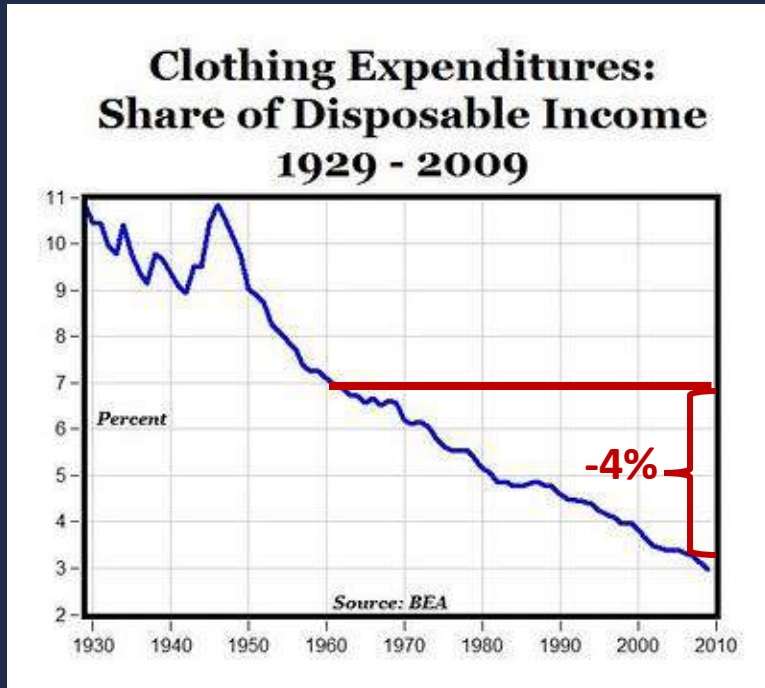
Home Midwest Northeast Southeast Texas Western

Egbert Perry and Affordable Housing: How One Man's Vision Launched a National Movement



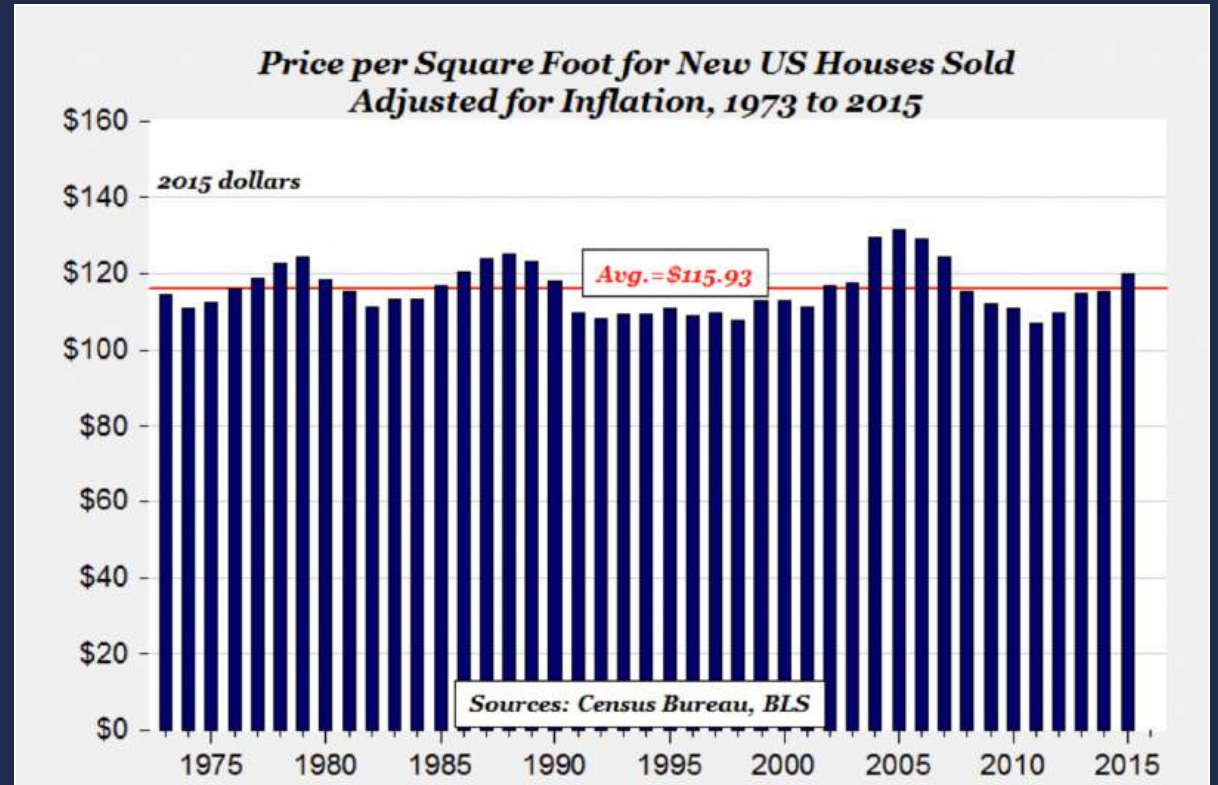
What does it mean for housing to be “affordable”

- HUD defines set a standard in the 1960s that people should pay no more than **30%** of their income on housing
- But what if consumption patterns have changed?
 - Clothing consumption as a percent of income has dropped from **7% to 3%**
 - At-home food consumption as a percent of income has dropped from **17% to 9%**
 - Total household-related consumption as a percent of income has dropped from **53% to 34%**
- What if Americans **just want more housing**?



Americans appear to be opting for more housing

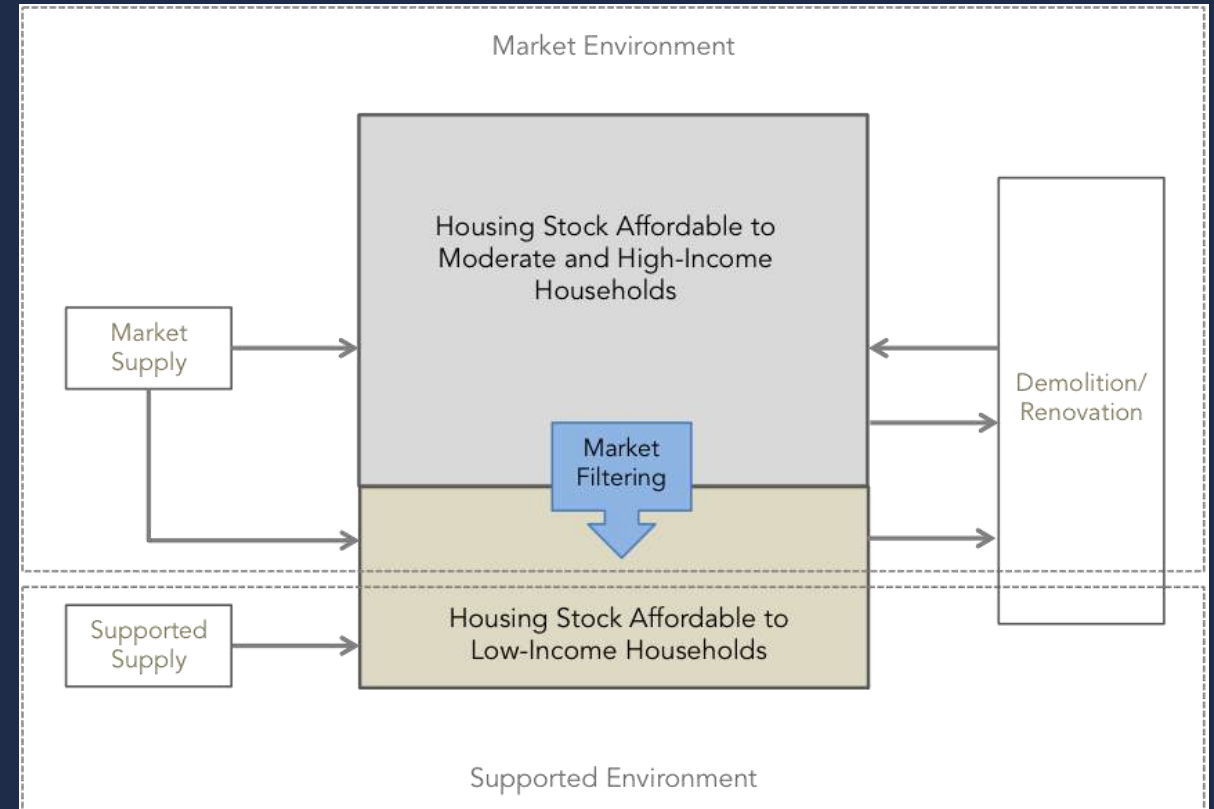
- Average home size in 1960 was 983 square feet
- In 2020, the average home was 2,484 square feet
- Houses are bigger, but families are smaller
 - the average household in 1960 had 3.3 people in it, compared to 2.5 in 2021
 - So the average square feet per resident has increase from 300 in 1960 to 990 in 2020: **it has tripled**



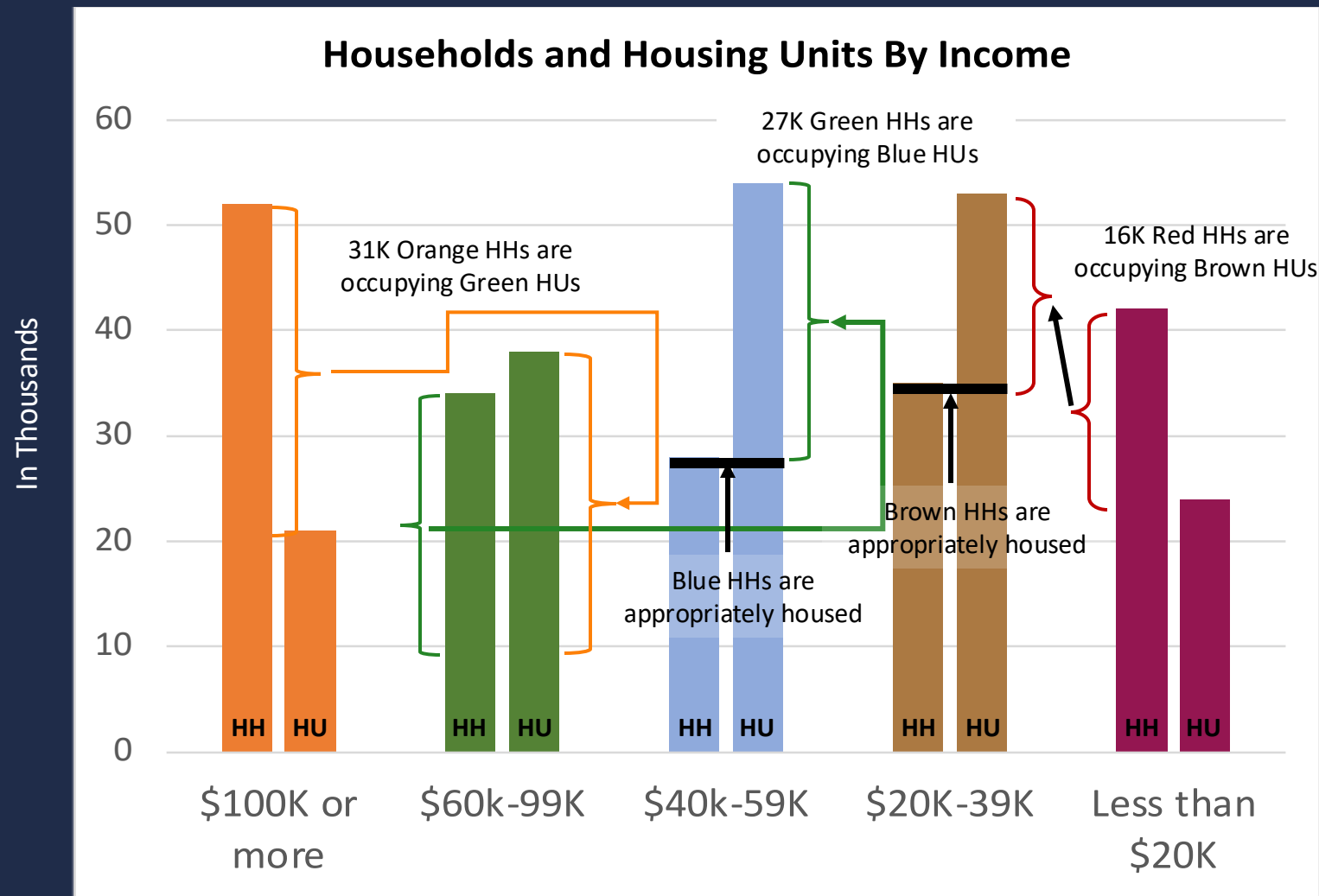
The inflation-adjusted price per square foot for new houses (in 2015 dollars) has been relatively stable since 1973

One of the biggest concerns is around housing affordability and neighborhood accessibility

- The law of supply and demand **applies to housing markets**
 - Studies show that **increasing the supply** of housing – at any price point – **reduces overall housing** prices
 - One affordable housing unit has the same impact on lowering market prices as two market rate units
- But it is filtering — the process by which properties depreciate in quality and price over time — that is the **primary means** by which the housing market secures affordability
- Subsidized housing can “crowd out” demand for low-cost private housing
 - 18% of Atlanta residential housing units are vacant



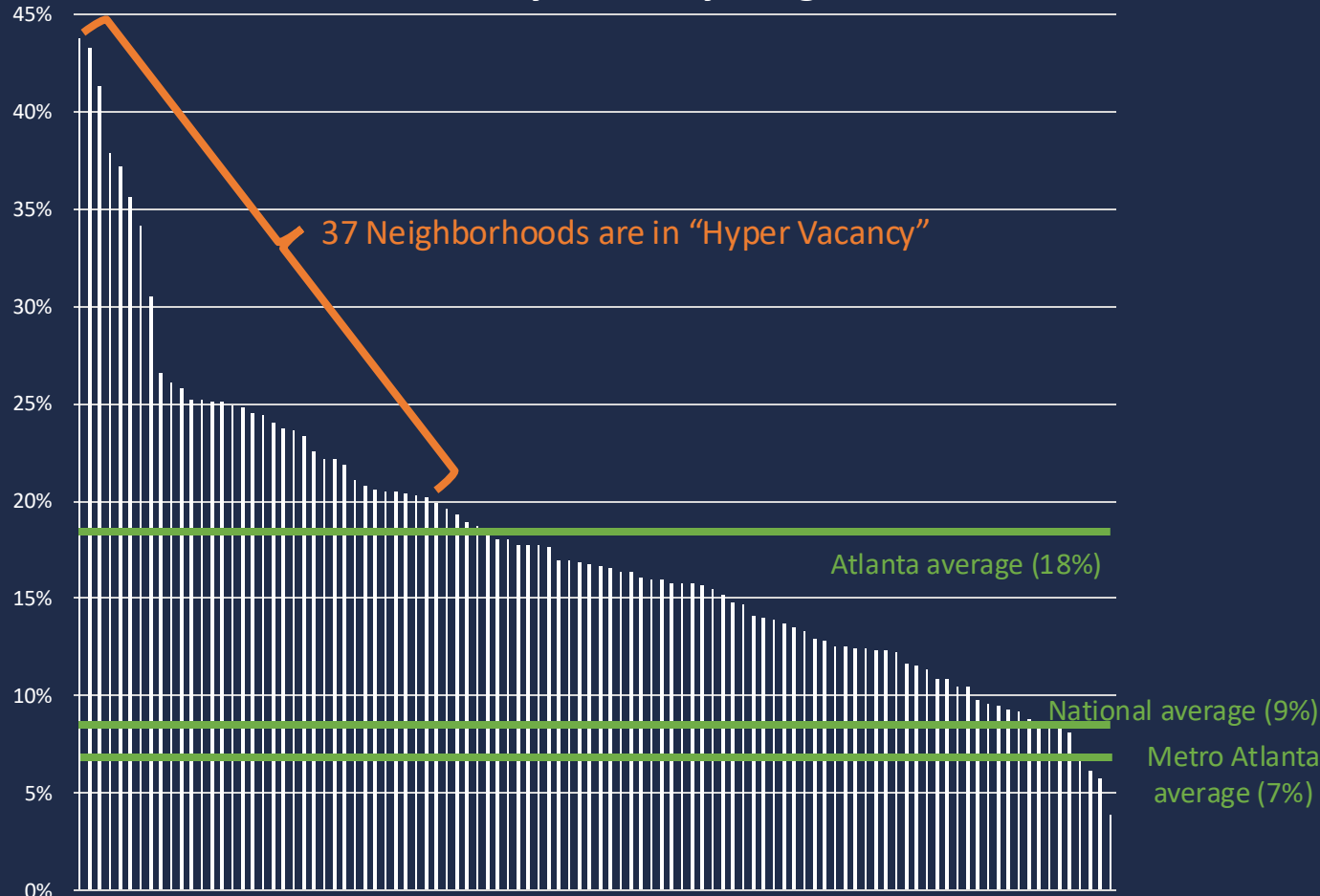
Upward filtering in the housing market is reducing affordability at the bottom end of the market



Number of Households at each Income Level and the Number of Housing Units
Affordable for Households with those Incomes

The goal of affordable housing policies should be to secure access to healthy neighborhoods

Atlanta Vacancy Rates By Neighborhood

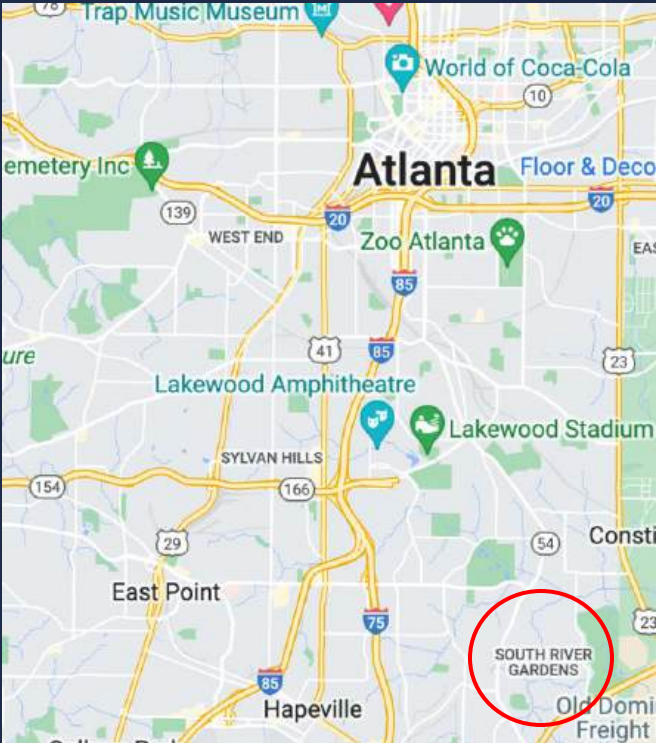


Source: City of Atlanta Neighborhood Change Report; US Census

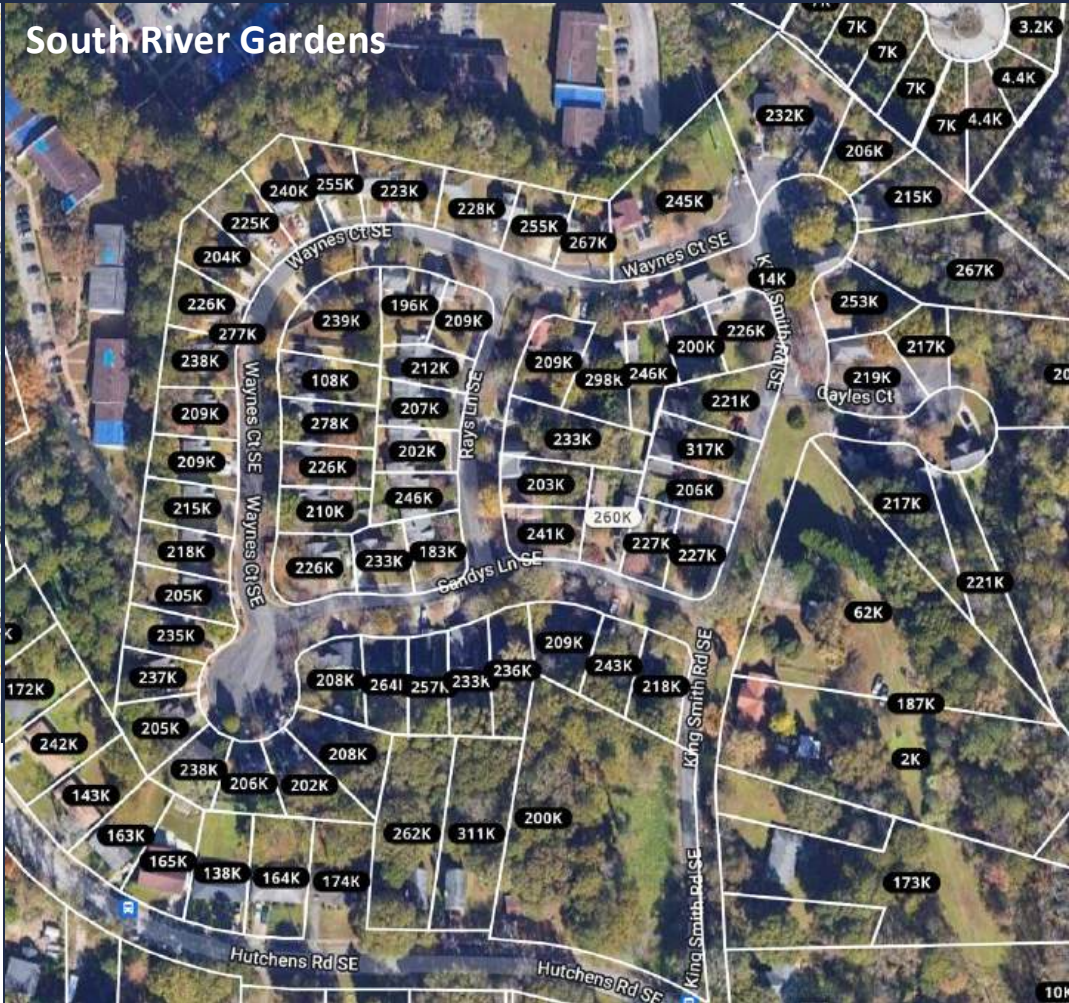
Per Egbert Perry:

- "A sustainable neighborhood is one that has access to job centers; contains essential quality-of-life infrastructure such as good schools, parks, and health care; and contains enough households with **disposable income to attract retailers and other providers of neighborhood goods and services.**"
- "It should be clear that, in isolation, **an affordable housing unit does not align with the affordable housing goal unless it is located in a currently or emerging healthy and sustainable neighborhood.**"
- "The lack of commitment to community development by some public-sector leaders has been largely **responsible for the severity and tension surrounding the gentrification battles playing out across the country today.**"
 - "As an example, a heightened and sudden emphasis on the need to house police officers in gentrifying neighborhoods and step up police presence highlights the sense that safety and security are reserved for certain citizens but not for others."

South River Gardens is a somewhat distressed neighborhood but highly affordable



Schools	State Ranking
Humphries Elementary	93 rd percentile
Long Middle	98 th percentile
South Atlanta High	92 nd percentile

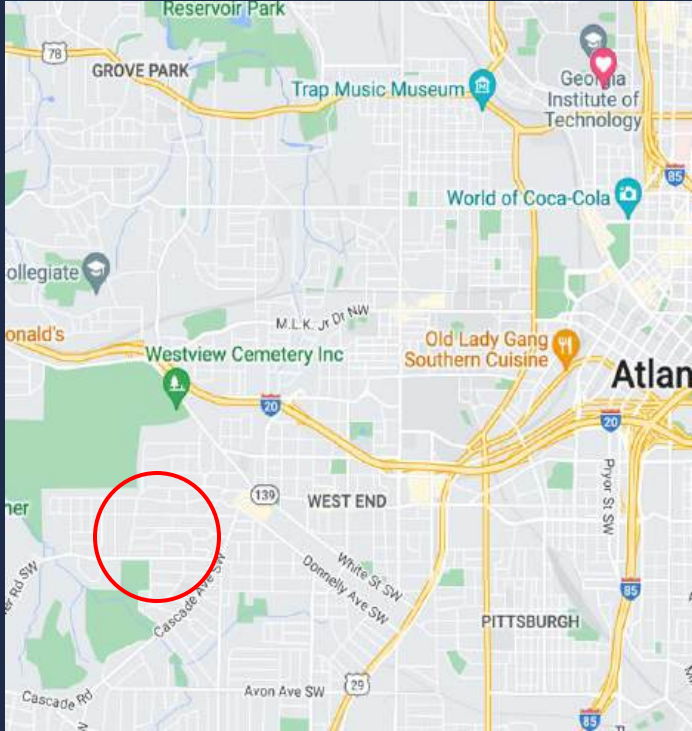


\$246,000
4 BR, 2 Bath 1,600 Sqft



\$239,000
3 BR, 3 Bath 1,360 Sqft

Cascade Road is stable neighborhood with relatively low-performing but improving schools



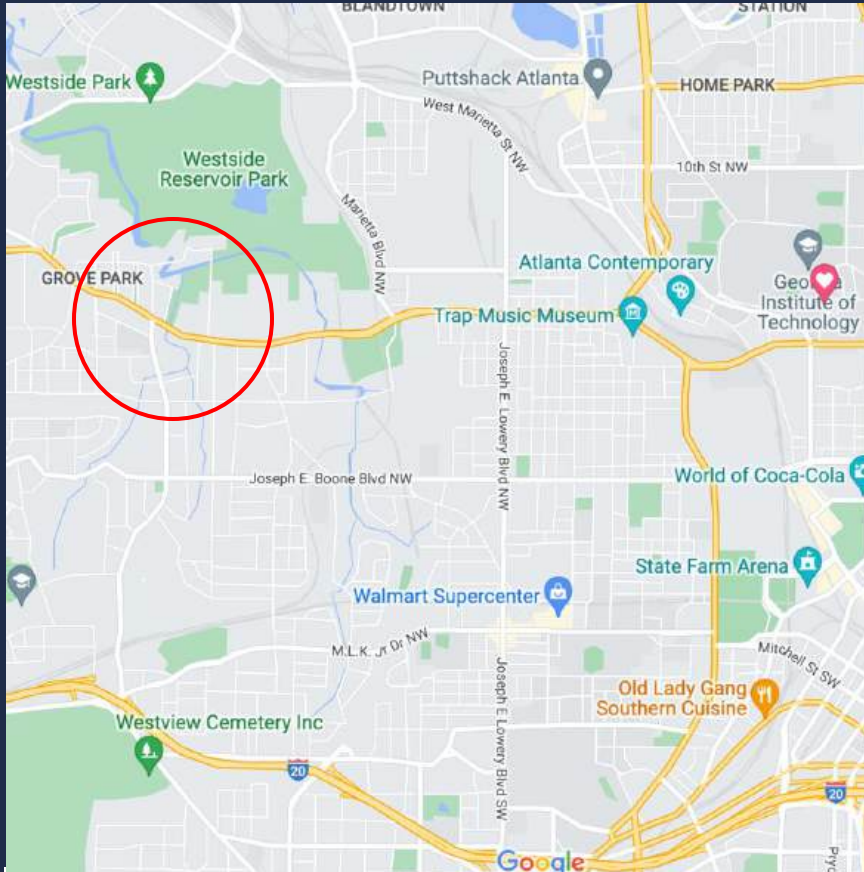
\$235,000
3 BR, 2 Bath 1,500 Sqft



\$229,000
3 BR, 2 Bath 1,300 Sqft

Schools	State Ranking
Beecher Elementary	91 rd percentile
Young Middle	93 th percentile
Mays Atlanta High	82 nd percentile

Grove Park is generally affordable but is threatened with gentrification pressures



\$285,000
2 BR, 2 Bath 1,470 Sqft



\$275,000
4 BR, 2 Bath 1,580 Sqft

Schools

Woodson Park Academy (K-8)
Douglass High

State Ranking

99th percentile
92nd percentile

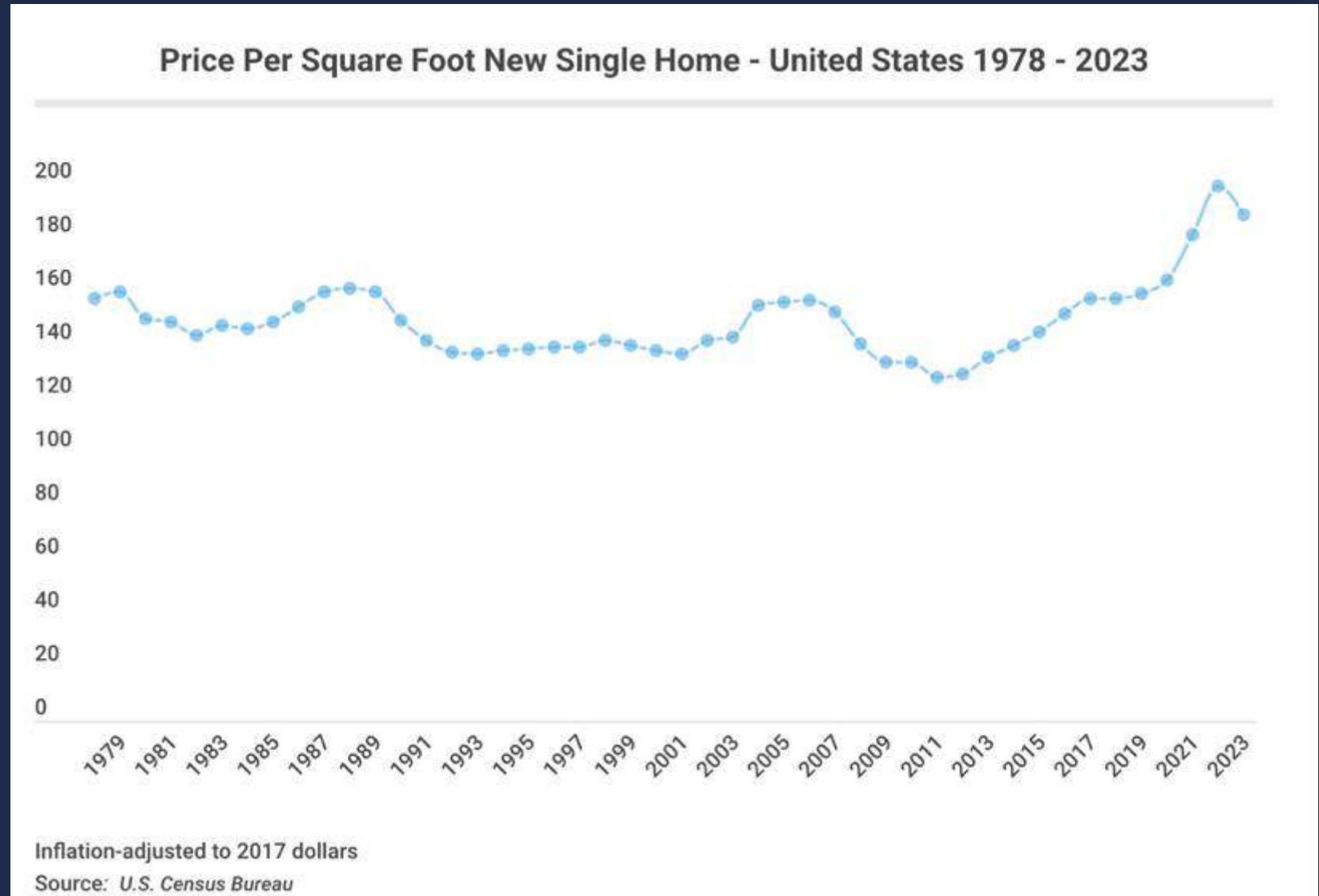
Eric L. Pinckney is President Urban Program Management at The Integral Group



- Eric has been affiliated with Integral since the company's inception in 1993
- He has more than 30 years of real estate industry experience, including \$1.5 billion in multifamily development and \$1 billion in public improvements
- His know-how encompasses engineering design, construction management, project management, real estate development, and both private and public finance
- Eric has a strong command of the community building process, which he gained as a member of the team that developed the mixed-income, mixed-use model utilized to implement the Housing Authority of the City of Atlanta's Olympic Legacy Program, heralded as "The Atlanta Model"
- Mr. Pinckney earned a Bachelor of Science in Mechanical Engineering and a Masters in City Planning from the Georgia Institute of Technology
- He is a Professor of Real Estate Development at Georgia State University

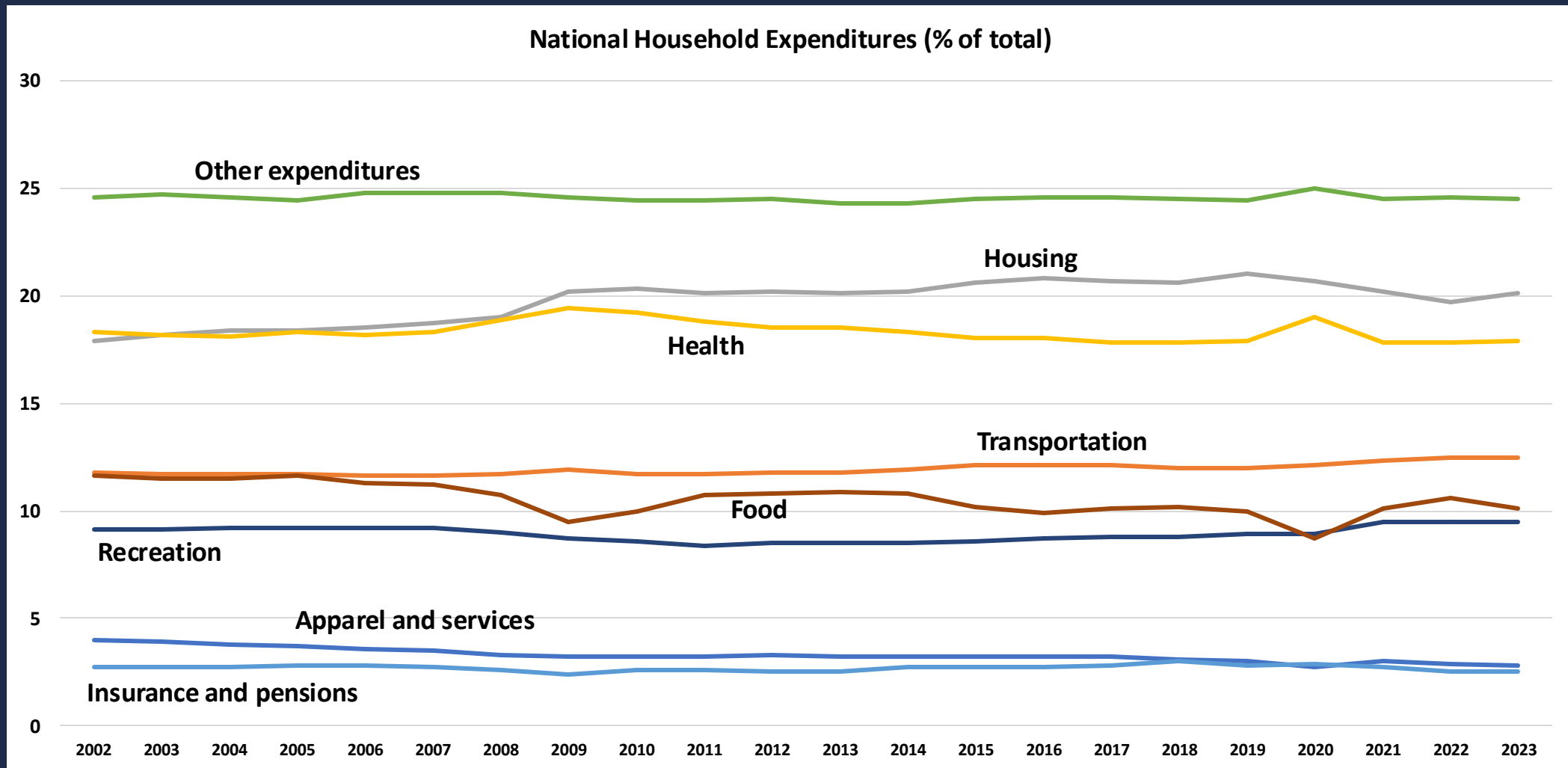
Housing costs per square foot have not increased dramatically over time, although the pandemic had an effect

- Work from home practices increased demand for larger homes
- Supply chain disruptions increased costs of housing construction
- Increase in interest rates increased housing costs
- Recent downturn in prices may suggest a return to normalcy



- Work from home practices increased demand for larger homes
- Increase in interest rates increased housing costs

Expenditures on various categories of household spending have remained relatively flat



Source: Bureau of Economic Analysis . Data at <https://data.bts.gov/stories/s/Transportation-Economic-Trends-Transportation-Spen/gyuh-ipsr/>