

# Cobb County Neighborhood Revitalization Analysis

## *First-time Homebuyer and Workforce Housing Viability*



May 2008

Cobb County Community Development Agency  
Planning Division  
191 Lawrence Street  
Marietta, GA 30060  
[www.cobbcounty.org](http://www.cobbcounty.org)



*Cobb County...Expect the Best!*



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Prepared for:  
Cobb County Board of Commissioners

Prepared by:  
Cobb County Community Development Agency  
Planning Division



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## 1. INTRODUCTION

Homeownership has been the focus of American policy since the 1930s and continues to be the quintessential image of American lifestyle. Not only has the idea of homeownership spurred economic growth by increasing demand, but it also provides social and economic benefits such as neighborhood stability. Furthermore, homeownership serves as a means for individuals and families to build wealth, it enables people more control over their living environment, and it helps generate jobs through the “trickle down” effect. Thus, for many communities, homeownership is a long-term investment. However, housing affordability and attainability for people in all income levels has become a challenge that is being addressed at the national and local levels. Many civic leaders and communities value homeownership in their respective areas and are supportive of making provisions for buyers of different income levels. But, preserving or allocating housing that is affordable for middle-income earners and first-time homebuyer is a challenge as home values rise.

In a rapidly growing region, like metropolitan Atlanta, a number of factors contribute to rising real estate values. For example, the cost of land increases as demand increases and supply decreases; in turn, the costs are passed on to the buyer. Typically, housing prices are cheaper the further away you are from the core of the metropolitan region; hence the phrase common amongst real estate agents: “drive ‘til you qualify.” Consequently, first-time homebuyers looking to enter the housing market face many hurdles when searching for homes close to the city center, employment centers, or other desirable areas. According to the 2030 Comprehensive Plan, travel patterns in Cobb are largely determined by where people live and work. The 2000 Census revealed that 60.3 percent of Cobb County work trips were to places inside the County, and 39.7 percent were to trips outside Cobb. Since 2000, the numbers have probably changed due to moderate employment gain and real estate prices have substantially increased in Cobb.

Atlanta Neighborhood Development Partnership’s 2004 *Making the Case* report noted the lack of moderately priced housing closer to the inner core of the region. This has resulted in middle-income families being pushed to the exurban fringe, causing potential social issues and long commutes which allow for higher volumes of pollutants to be emitted. Moreover, many cities reaction to long commutes and the uniformity of new suburbs has motivated a rediscovery of traditional neighborhoods, driving up prices in previously “affordable” neighborhoods. Although housing prices in metro Atlanta, including Cobb County, remain affordable, compared to other regions in the U.S., reports have shown that housing prices have slightly outpaced income. As a result, this affects the ability of potential homebuyers to enter the housing market. Cobb County prides itself on its quality of life, low taxes, and housing affordability, but an assessment of the County’s ability to provide housing for middle-income earners and first-time homebuyers is needed.

In an effort to reduce traffic congestion and balance job-housing proportions, many cities and counties are reinvesting and redeveloping older, aging areas that have been passed over by suburban growth. Neighborhoods with smaller, outmoded homes are prime candidates for revitalization through rehabilitation. It is important to watch how the revitalization occurs as it can lead to gentrification, which typically is accompanied by an extreme increase in property values. As a result, the neighborhood becomes unaffordable to many middle-income, working

families. Thus, allowing for a variety of improvements to rehabilitate older homes can provide another option for first-time homebuyers.

Realizing the importance homeownership has on the stability of the community, District 1 Commissioner Helen Goreham requested that the Planning Division of Community Development study neighborhood revitalization, workforce housing in relation to middle-income households, and first-time homebuyer viability in Cobb County. The purpose of this study is three-fold: 1) identify marketable areas geared towards middle-income and first-time homebuyers; 2) identify places where new construction is located that targets middle-income households and first-time homebuyers; and 3) identify established areas appropriate for neighborhood rehabilitation. Understanding the seriousness and pervasiveness of this challenge is important before we assess the market conditions for this type of housing in Cobb.

Planning Division staff realized early in the process that different jurisdictions are exploring and using a variety of methods to address this issue. Staff wanted to understand the pervasiveness of housing affordability and its relationship with first-time homebuyers as part of this study. The following is a breakdown of each individual section of the report:

- **Workforce Housing and First-time Homebuyer Challenges:** Provides general background and overview of homeownership issues and challenges on a national and local level.
- **Demand for Targeted Housing:** Through previous research and assumptions, the need for housing that targets middle-income households and first-time homebuyers in Cobb is described.
- **Assessment of First-time Homebuyer Viability in Cobb County:** Provides an explanation of the methodology used by staff to conduct the windshield survey that assesses the current state of first-time homebuyer and workforce housing options. Survey results of the three areas of focus are also explained.
- **Tools/Resources to assist first-time homebuyers and neighborhood revitalization/rehabilitation:** Provides an overview of the resources available in Cobb County for first-time homebuyers or other workforce housing programs.
- **Best Practices:** Describes first-time homebuyer and workforce housing related practices being employed by other jurisdictions or strategies that have been successful in implementing programs.

## **2. WORKFORCE HOUSING AND FIRST-TIME HOMEBUYER CHALLENGES**

Historically, real estate values and home prices in metropolitan Atlanta, and other cities in the South, have been significantly below those in the Northeast and West Coast. But, in the early-1990s, as the U.S. average home sales price rose, so did home values in metro Atlanta and the rest of the South. Atlanta started outpacing the South's average in the mid-1990s, catching up with the U.S. average. Moreover, research indicates that 63 percent of jobs in the Atlanta region pay under \$40,000, which makes homeownership a challenge. Several lending institutions have noted that some of the biggest challenges for first-time homebuyers (hereinafter referred to as FHBs) and other middle-income earners are having enough money for down payment and closing costs; typically, FHBs have to pay for current housing expenses, which reduces money available for savings.

### **Southeast Region**

The Center for Housing Policy (CHP) released a study in 2004 reporting on the serious affordable housing shortages in 136 metropolitan areas, with emphasis on the South. The median incomes of elementary school teachers, police officers, licensed practical nurses, retail salespersons and janitors are inadequate to qualify for a median-priced home in Atlanta, GA; Baton Rouge, LA; Birmingham, AL; Charleston, SC; Charlotte, NC; Columbia, SC; Greensboro, NC; Jackson, MS; and Melbourne, FL. Many vital community workers are facing limited homeownership options as disparities relating to affordability continue to grow.

On a county level, CHP conducted a survey in April 2004 that also focused on the occupations listed above and covered issues concerning housing for working families. The survey was completed by 30 of the largest and fastest growing counties in America. Approximately 85% of the county officials noted that most new housing in their counties is geared to middle- and upper-income households, not working families. "The most pervasive barriers to creating affordable housing, reported by three-quarters of the counties, were Not in My Backyard attitudes (NIMBY-ism) and lack of public funding," the report said.

Seven out of 10 officials participating in the National Association of Counties poll said that affordable housing for working families was a "very big" or "fairly big" issue for their community. Housing shortages, they said, have been accompanied by such related problems as long commutes (45%), difficulty among local businesses in attracting and retaining workers (40%) and traffic congestion (30%).

### **Cobb County**

In the 2007 *Atlanta-Journal Constitution's* Home Sale Report, the data indicates that entering the housing market for the first time is not so easy in Cobb County. Cobb made the "ZIP codes with highest new starter home or existing starter home sales price" lists. But, Cobb did not make the top 10 list of "Best ZIP codes for new starter or existing starter homes." The criteria for making this list includes the following: low median sale price in 2006, at least a 5 percent sales price growth from 2005, and sales of 75 or more in 2005 and 2006.

Nearby Paulding and Douglas County made the “Best ZIP codes for new starter homes” list holding the number two and nine positions, respectively. Paulding’s 30179 zip code reported a 2006 median sale price of \$129,900 with 146 sales; comparatively, Douglas’ 30134 zip code reported a median sale price of \$170,119 with 296 sales. Comparatively, metro Atlanta’s median sale price for an existing home reached \$169,900 in 2006; the median sale price for a new home reached \$221,990 in 2006.

### 3. DEMAND FOR TARGETED HOUSING

#### The Need is Present

When scouting new residential developments in Cobb, entry prices of many new construction developments seem out of reach for your typical FHB and middle-income earner, most starting well over \$200,000. New homes that are under \$200,000 are concentrated in south and southwest Cobb. For the purposes of this study, staff used data from the August 2007 Analysis of Impediments Fair Housing Choice report for Cobb County (hereinafter referred to as AI report). The numbers revealed a shortage of 6,500 workforce housing units for households who earn between \$40,000 - \$49,999 and \$60,000 - \$74,999.

Figure 1 describes four cost of living scenarios and monthly expenditure budgets in relation to paying for a \$150,000 home (based on assumption made in AI report). The cost of living scenarios detail the average cost of living for Cobb County families at three distinct income levels — 80, 100, and 120 percent of Cobb’s median income. A detailed summary of the cost of living scenarios can be found in the Appendix. As explained in the AI report, the purpose is to detail true “affordable” costs of living snapshots for families in various working situations at different income levels. Therefore, to provide a diverse range of housing options, this study focuses on homes between \$100,000 and \$200,000. Homes less than \$100,000 were not considered because of the replacement cost of the structure would be too high for FHBs.

**FIGURE 1. Cost of living scenarios - Income levels**

Family Size	% Median Income	Annual Gross Income	Annual Net Income	Monthly Net Income	Avg. Monthly Expenditure	Budget Surplus (+)/ Deficit (-)
Family of 4 (2 employed)	100	\$71,187	\$43,424	\$3,619	\$4,175	-\$556.00
Family of 4 (2 employed)	80	\$56,950	\$40,435	\$3,370	\$3,550	-\$180.00
Family of 4 (1 employed)	100	\$71,187	\$43,424	\$3,619	\$3,825	-\$206.00
Family of 4 (1 employed)	120	\$85,424	\$52,109	\$4,342	\$3,880	+\$462.00
Family of 1	100	\$49,812	\$30,385	\$2,532	\$2,550	-\$18.00

*Each assumption is based on a family that owns \$150,000 home and is paying a monthly note on a six percent/30-year mortgage. Source: AI Fair Housing Report*

By looking at the numbers in Figure 1, it is very evident that paying for a \$150,000 is challenging (unless the homeowner has a large down payment or a unique loan). Thus, at the given income level, paying for a home \$200,000 is almost unthinkable. In four scenarios, the average monthly expenditures exceeds the monthly net income, which means that each family will need extra funds each month to pay for expenses. For example, a family of four earning 100 percent of the median income needs an additional \$556.00 to pay for all monthly expenses. The family of 1 scenario shows a deficit of \$18.00, which seems insignificant but can contribute to utility or emergency expenses. However, a family of 4 earning 120 percent of the median income earns more income than they spend on expenses, but a more expensive home could easily allow

for a monthly budget deficit.

The U.S. Dept of Housing and Urban Development uses a standard which states that a home is considered affordable if no more than 30 percent of a family's gross income on housing expenses. Such a standard allows for sufficient income for basic element of living, but does not automatically mean that a family spending more than 30 percent of their income has economic hardship. Of the four scenarios, three fall slightly under the 30 percent threshold except the family of 1 scenario, which is approximately 33 percent.



As mentioned before, the AI report indicates the shortage of 6,500 home for certain income groups, but it also revealed that 30 percent of Cobb households cannot afford a \$120,000 entry level (starter home) home in Cobb. [This figure includes low income residents, which requires resources that are not within the scope of this study.] A variety of agencies and programs, including the Cobb Development Block Group program, are assisting individuals and families earning less than 80 percent of the median income.

By examining homes within the \$100K— \$200K price range, staff was able to conduct a reasonable analysis to identify areas for potential revitalization, new construction developments targeted to FHBs, and established areas that can be marketed to FHBs. Historically, metro Atlanta's home values have appreciated at a moderate rate; therefore, current values should not fluctuate rapidly in the near future.

### **First-time homebuyers & starter homes**

A starter home is generally defined as the first home which a person or family can afford to purchase. Small, older homes or low-cost new developments are common starter home choices. As the homeowner's income increases and/or home appreciates, they usually upgrade to a larger home with more upgrades/amenities or a wealthier neighborhood.

A first-time homebuyer is someone who has not previously owned real estate property. The first-time buyer will need to consider how much they can borrow from a lender, how much they can allocate to a mortgage out of their monthly expenses, down payment amount, and other initial expenses.

### **FHB Preferences**

In August 2005, International Communications Research, on behalf of Century 21 LLC, conducted a first-time homebuyer survey that showed some interesting results regarding ideal living environments and home purchase decisions. Approximately, 1,200 first-time homebuyers participated in the study and here are some of the results:

- Most respondents want a new home as new construction is more appealing
- 46 percent prefer suburban areas, compared to 15 percent prefer urban areas
- Almost 50 percent expect to move out of their first home in less than seven years

## 4. ASSESSEMENT OF FIRST-TIME HOMEBUYER VIABILITY IN COBB COUNTY

To understand the affordability challenge that FHBs have in Cobb, staff conducted a survey in the unincorporated areas of the County. The purpose of the survey was to identify established neighborhoods that could be marketed to first-time home buyers (FHB), identify neighborhoods for potential rehabilitation, and locate new construction that target FHBs. This study is based on development trends and age of housing stock.

Due to the limited scope of the survey there were some limitations including, but not limited to, data accuracy in home sales/fair market values and thorough assessment of established areas. Also, areas in Cobb County's cities were not included because the County does not control land use decision making in those areas; however, if they were, the study would have identified other potential areas with new and existing workforce housing stock.

### Methodology

Planning Division staff compiled data by completing a windshield survey of various areas in unincorporated Cobb from January— March 2008. The following criteria was used to determine the characteristics when deciding if an area is considered marketable to FHB or middle-income households as is, in need of rehab, or new construction:

- *Established areas marketable for FHB:* an area/neighborhood is comprised of a variety of homes that vary in size (e.g., one – story ranches, two story, split level, etc.); homes/neighborhood appears to be well maintained; and homes offer features to attract a diverse homebuyer population (i.e., two car garage, basement, ample outdoor space, etc.)
- *Areas in need of revitalization through rehabilitation:* an area/neighborhood is heavily concentrated with small, one-story ranch style homes; no garage, one-car garage, or carport; and many of the homes could use some basic rehabilitation to improve the visual quality of the structures. Also, many homes appear to lack amenities that are expected in a newer/modern home, and the homes are built on smaller lots, which limits room for expansion.
- *New Construction that target middle-income wage earners:* new developments advertised within the \$100,000 to \$200,000 range. Developments where marketing sign is still visible and development may not be 100 percent built-out.

Data from the Cobb County Board of Tax Assessors provided a starting point for the survey. More specifically, 2006 and 2007 home resale values and fair market values inputted into GIS for visual mapping. As mentioned earlier, values that fell within the range of \$100,000 and \$200,000 were selected as a point of measurement, which is based on the five cost of living scenarios. Also, to get an idea of current home values/selling prices, agent listing sheets were used to gauge the asking price of homes that were for sale (even though prices are subject to change with the housing market).

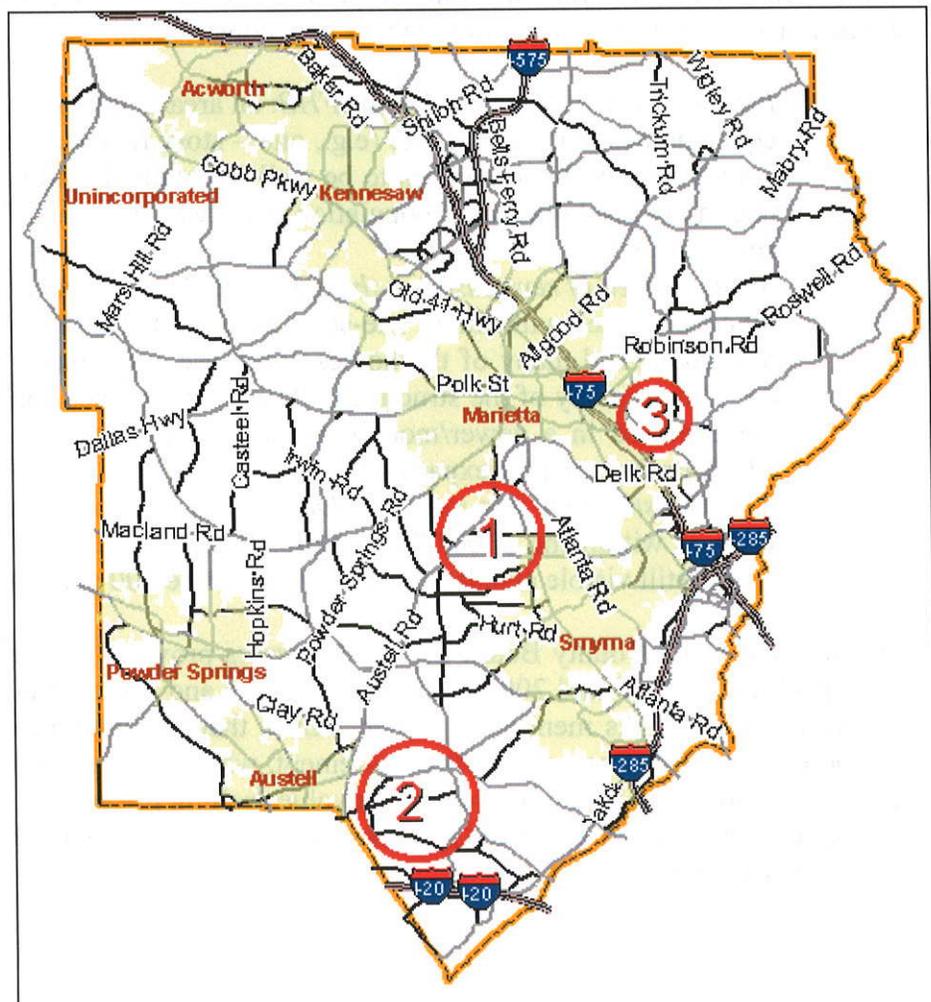
## SURVEY RESULTS

### **Areas for Rehabilitation**

Although many areas in Cobb did not begin to urbanize until the 1970s, it faces similar challenges as inner-ring suburbs face (built post-World War II, 1940 to 1970) that are closer to an urban city center, outmoded housing and increased rental housing. Considering a diverse group of potential FHBs, families, married couples with no children, young professionals, etc., there will be a variety of features/amenities that each buyer is looking for. Families are most likely looking for homes with a two-car garage, large bedrooms, and ample closet space. There is an abundance of older neighborhoods and housing stock that can be revitalized through rehabilitation. Rehabilitating older homes will provide the majority of affordable dwelling units in the future.

Three areas that are prime candidates for rehabilitation are: Area 1- west of Dobbins ARB, between Marietta and Smyrna; Area 2 - Mableton Pkwy and north of I-20, between Smyrna and Austell, and Area 3 - Powers Ferry corridor — see **Figure 2**. A common theme among the three areas is they are located near major corridors and/or employment centers; also, the housing stock has comparatively low home values (low \$100Ks to mid \$100Ks). However, there is an opportunity to rehabilitate a number of homes to meet the demands of current homebuyers. In turn, buyers who are looking for a majority of the amenities/features that meet today's standards but cannot afford that type of home in Cobb, will not automatically choose Paulding or Douglas County to find a comparable, but cheaper home.

**FIGURE 2. Areas for Revitalization through Rehabilitation**



## Characteristics of area

### 1. Dobbins ARB Area

Since the 1940s, Lockheed Martin has been a landmark and strong employer in Cobb. In the 1950s, Dobbins Air Force Base was added to the campus making the area a magnet for employment. Post-World War II population growth spurred the suburban housing boom around Dobbins. Most of the homes are ranch style, in need of rehab, and have a carport or do not include a garage. As a result, home values are lower and investors, or owners, are able to market their homes as rental property.



Today, most of the home can be labeled as “outdated.” The homes are smaller than most homes being built now (or those built post-1970) and lack upgrades that are desired by current homebuyers. Therefore, the area is prime for revitalization through rehabilitation.

### 2. Mableton Parkway/Veterans Memorial/ South Gordon Area

For many years, this area has struggled to attract new investment leaving which has left many properties in a deteriorated condition. Today, the areas surrounding the Mableton Parkway/Veterans Memorial corridors are experiencing a renaissance as new residential and commercial properties fill-in the gaps and replace old structures.

Despite its location and easy access by I-285 and I-20, there are pockets of neighborhoods that are reminiscent of rural Georgia with small homes on large lots. Also, new two-story homes and subdivisions are sprouting up next to some of these older homes, giving the area a hodge-podge look.



### 3. Powers Ferry

Neighborhoods along the Powers Ferry corridor, north and south of Marietta Parkway, have characteristics similar to the Dobbins ARB area — post World War II ranch-style homes, no garage or carport, many small lots, etc. Also, the area is adjacent to the City of Marietta, the county seat. Given Marietta's prominence in the county, most residential development occurred around the city limits. In addition to the single-family homes, the Powers Ferry corridor also supplies older townhome and condominium communities that are considered more affordable for FHBs.

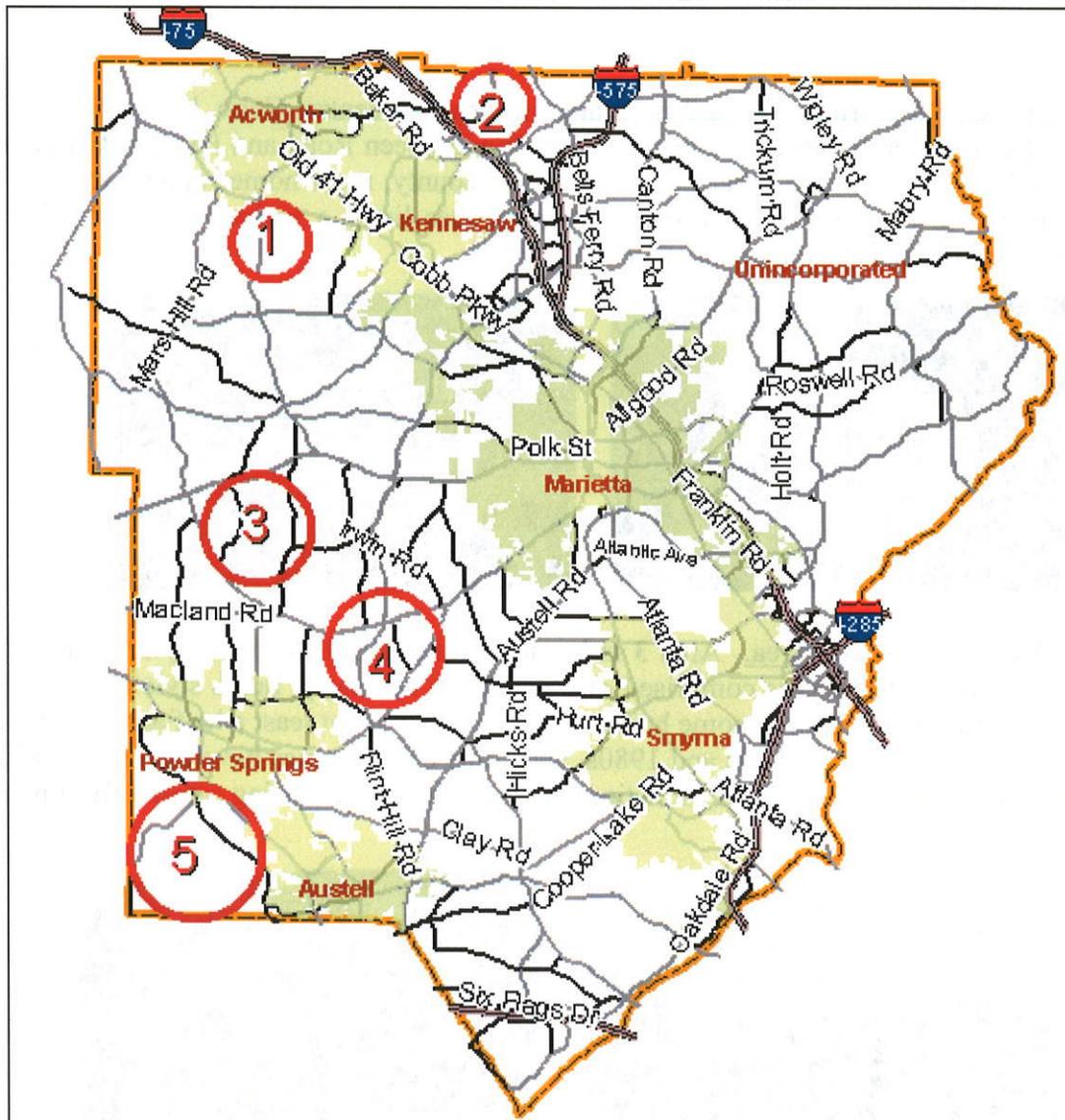
Powers Ferry is considered a western boundary of East Cobb, which has a reputation for high quality schools. The corridor also has great access to I-285, I-75, and the business centers along Powers Ferry and in the Galleria. New townhome communities have starting prices in the \$300s which proves that demolishing and rebuilding would be unaffordable for a FHB.



**Established Areas Marketable for FHBs**

Based on windshield survey observations, five areas fit in the category of established areas marketable for FHBs. These following areas are: Area 1 - Acworth Due West Rd corridor; Area 2 - Wade Green Rd corridor; Area 3 - Bells Ferry Rd corridor; Area 4 - Powder Springs Rd (south of Macland and North of East-West connector); and Area 5 - Hiram-Lithia Springs corridor — see Figure 3. Characteristics of this group are: area/neighborhood is comprised of a variety of homes that vary in size (e.g., one – story ranches, two story, spilt level, etc.); homes/ neighborhood appears to be well maintained; and homes offer features to attract a diverse homebuyer population (i.e., two car garage, basement, ample outdoor space, etc.).

**FIGURE 3. Established Areas Marketable for FHBs**



1. Acworth Due West Rd corridor. The Acworth Due West Rd area is located directly south of the Acworth city limits. The area south of U.S. 41, in the Mars Hill Church Road vicinity, has a supply of homes that were built in the 1970s and 1980. Also, through observation and information on listing ads, several homes have been renovated. For homebuyers looking for space, several homes sit on half acre (or more) lots.



2. Wade Green Rd corridor. Area 2 is located in far north-central Cobb, between I-75 and I-575. The neighborhoods are accessible from Wade Green Road and Hickory Grove Road. Due to its location in the outer periphery of the county, most homes appear to have been constructed in the 1980s. This area contains homes listed at various prices but there are more in the upper \$100s than the other study areas.



3. Lost Mountain Estates Area. Area 3 is located south of Dallas Highway and east of Lost Mountain Rd. This area is comprised of a variety of one story, ranch style and split-level/two-story traditional homes; some homes sit on lots that are at least a half acre. Many of the homes were built in the 1970s and 1980s, and some of the homes have undergone different degrees of renovations. Based on listing ads, most homes are being offered from the mid-\$100s.



4. Powder Springs Rd. Area 4 is located in central-west Cobb, in the East-West Connector and Ernest Barrett Pkwy vicinity. Similar to the other established areas, the area is dominated by single-family detached homes. There are also a variety of split level and one-story homes for sale that are listed in the mid-\$100s. The housing stock is approximately 25 - 30 years old as several homes were built in the 1980s.



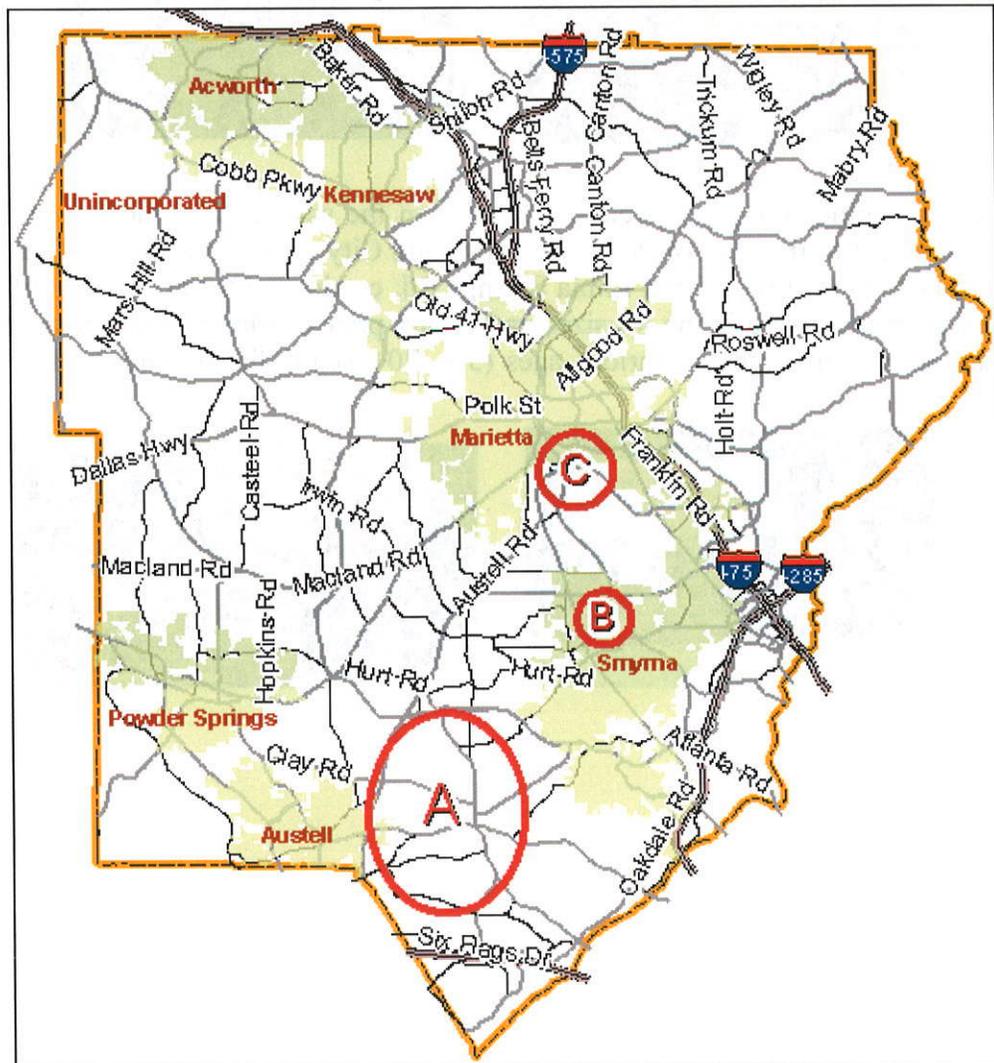
5. Hiram-Lithia Springs corridor. Area 5 is located in the southeastern most corner of Cobb County, adjacent to the City of Powder Springs and City of Austell. Many of the observed neighborhoods are off the Hiram Lithia Springs Rd. corridor. One noticeable difference in this area from the others is the lot sizes and listing prices. Many homes have lot sizes at least half acre with homes of various ages (5 - 20+ years) listed from the low-, to mid-\$100s.



### New-home Construction Targeted to FHBs

New-home construction homes in development, or recently completed, that seemingly target FHBs looking for starter homes are scarce in Cobb. This can be attributed to a combination of factors such as rising land prices in areas closer to job-rich centers, development regulations, and market demand. (Prices are current as of April 2008).

**FIGURE 4. New Construction Areas**



Area A: The three properties are located in Area A which is in the south Cobb vicinity. The new townhome developments are priced in the mid-\$100s. The Longbranch and Chimney Hill developments are built by the same developer and offer similar amenities: 2 and 3 bedroom plans, brick and siding exteriors, and 2-car garages. Limited information was available for Cottage Villas, but the units include one-car garages, not two car.



Longbranch Townhomes—From \$140s



Cottage Villas—From \$130s



Chimney Hill Townhomes— From \$144,900s

Area B: Area B is located just inside the Smyrna city limits off Atlanta Road. This area consists of one unique development that is an apartment-to-condominium conversion project called Villas of Vinings. Advertised with a starting price from the \$160s, it is priced to target middle-income earners or FHBs. It The property consists of 38 units and unlike the properties in Area A, there is no covered parking or garage accommodations.



Villas of Vinings (Smyrna)— From \$160s

Area C: Properties in Area C are centrally located within the County which allows for easy access to major thoroughfares. The new townhome developments are priced from the mid-, to high-\$100s. In addition, all three developments offer similar amenities: 2 and 3 bedroom plans, brick and siding exteriors, and 2-car garages.



Enclave at Booth's Farm (Condominiums Homes)—From \$169,900



Magnolia Chase Townhomes—From the \$190s



Highland's at Booth's Farm Townhomes— From the \$180s

## **5. RESOURCES TO ASSIST WITH HOMEOWNERSHIP & NEIGHBORHOOD REVITALIZATION**

There are various programs available through organizations in Cobb County and State of Georgia agencies that provide homeownership assistance. Cobb Housing Inc, Cobb's Community Development Block Grant Program office, and the Georgia Department of Community Affairs provide financial assistance related to homeownership.

### Cobb Housing Inc.

In the early 1990s, Cobb County leadership took initiative to assess affordable housing needs by appointing a committee called Cobb County Affordable Housing Task Force to investigate housing needs. Cobb Housing Inc was created in 1992 and offers a variety of programs and services to help potential buyers find affordable housing.

The following are financial assistance programs that are offered through Cobb Housing Inc.:

#### *First Home Down Payment Assistant*

Financial assistance up to \$7,500 to qualified first time homebuyers. 0% interest rate, with no amortization, due upon conveyance of the deed. Maximum purchase price is \$170,000.

#### *Individual Development Account Program*

Grant from United Way. Provides first time homebuyer with pre-purchase counseling, economic literacy classes and down payment assistance.

#### *Section 8 (Voucher Homeownership) Program*

This program allows subsidies once applied to rental payments to be utilized for mortgage payments. This program is designed to increase wealth, build stronger communities and help renters realize the dream of homeownership. CHI provides credit counseling, life skills training, financial/literacy training, budget counseling and lending. We make second mortgage loans up to \$25,000 for 10 years. Maximum purchase price is \$160,000.

#### *American Dream Down Payment Assistance*

We will receive grant money from The American Dream Down Payment Initiative in November. This program will give down payment assistance up to \$10,000 to qualified first time homebuyers.

#### Community Development Block Grant Program

The Community Development Block Grant (CDBG) Program is a flexible, income-driven program that provides states and local governments with resources to address a wide range of unique community development needs. The overarching goal of the CDBG program is to develop viable communities by providing decent housing, a suitable living environment, and to expand economic opportunities, principally for low- and moderate-income persons. The target audience is individuals who earn less than 80 percent of the median household income (low- and moderate-income persons).

The Housing Rehabilitation program strives to eliminate substandard housing conditions of homes owned by very low to moderate income residents in Cobb County. Assistance is offered

to individuals based on income and the request of the homeowner and the conditions of the home. The type of assistance are: Emergency Assistance Grants, Emergency Assistance Loans, Lead Paint and Asbestos Abatement Loans, and Deferred Payment Loans.

Georgia Department of Community Affairs

On a state level, the Georgia Department of Community Affairs (DCA) works with local governments and strives to build healthy communities. DCA oversees a number of programs that relate to homeownership. The following is a list and description:

*Georgia Dream Homeownership Program*

Purpose: To make purchasing a home more affordable for low-to-moderate income families by offering fixed, low-interest rate mortgages loans and assistance with down payment and closing costs.

- **First Mortgage Loan Financing:** 30-year fixed rate mortgages with interest lower than market rate. Loans originate under FHA, VA, conventional or USDA/Rural Development guidelines from a network of participating lenders. Primary for first-time home buyers; home must be primary residence.
- **Georgia Dream Second Mortgage:** Up to \$20,000 available from down payment, closing costs and prepaid escrow expenses for eligible first time buyers, single parent families and displaced homemakers to be used in conjunction with First Mortgage Loan.

**Second Mortgage Loan:** \$5,000 delayed repayment loan at 0 percent interest rate.

*Buyers:* must contribute at least 1 percent of cost of purchase price and are required to attend homebuyer education classes.

Other programs within the Georgia Dream Second Mortgage program are:

**PEN (Protectors, Educators, and Nurses):** Offers \$7,500 at 0 (zero) percent interest to use for down payment, closing costs or other loan related expenses for military, law enforcement and fire department staff, educators and school personnel and healthcare workers.

**HONORS Program:** Offers a \$10,000 second mortgage for a surviving spouse of a military service person or other “protector.”

**EV (Efficient or Visitable) Program:** Offers \$7,500 at 0 percent interest for purchasers of homes that are certified by EarthCraft Homes, ENERGY STAR Homes, or EasyLiving Homes and are visitable by persons with mobility impairments.

**CHOICE (Consumer Home Ownership for Independence, Choice and Empowerment):** For individuals with disabilities or households with disabled members. Loans range from \$7,500 for households with incomes of \$30,000 or more to \$20,000 for households with incomes of less than \$20,000.

**Affordable Advantage:** Offers a 35-year fixed rate mortgage with up to 100 percent financing and below market interest rates. The first five years of the loan are interest only,

resulting in lower monthly payments. In the sixth year, monthly payments increase to fully amortize the loan over the remaining 30 years.

## 6. BEST PRACTICES

This section looks at best practices being employed in other areas of the country. Small cities and major metropolitan regions share the same goal of providing affordable housing for their respective residents. Each respective city utilized different methods and tools to help mitigate the rising home prices; methods and tools include Community Development Block Grants, Employer Assisted Housing, Revolving Loan Funds, and Private-sector Partnerships.

### Community Development Block Grants - Pottsville, PA (from Comprehensive Plan)

Pottsville is the largest city and county seat of Schuylkill County, PA with population of 15,549 (2000 Census); it is located 97 miles northwest of Philadelphia. The advanced age of the housing stock is a major challenge in Pottsville. Nearly six out of every ten homes in the City were built before 1940. Well constructed homes that are carefully maintained often provide very desirable housing. More often, older neighborhoods indicate a need for housing rehabilitation. The northeastern corner of Pottsville contains the City's highest concentrations of substandard housing. Blighting conditions and widespread deterioration were evident along many streets in this sector during the windshield survey conducted for this Comprehensive Plan.

Pottsville's Housing and Neighborhood Revitalization Goals are:

- Attract more market rate, owner-occupied housing construction.
- Stabilize the housing stock of marginal, "borderline" neighborhoods.
- Reduce blight and disinvestment in declining neighborhoods.
- Ensure that municipal services fully complement the City's housing-related initiatives.

### *Neighborhood Revitalization Initiatives*

The City of Pottsville allocates a significant portion of its Community Development Block Grant entitlement each year to housing rehabilitation. Loans of up to \$7,500 per home are available to low-moderate income homeowners Citywide for eligible rehabilitation activities. The loans are virtually grants in that liens are placed on the subject properties and removed after a 5-year period. The City uses its HUD HOME program funds for substantial housing rehabilitation, where grants of up to \$25,000 are made to eligible projects. In conjunction with Schuylkill County, Pottsville funds a demolition program under which four to five blighted homes are razed per year. In past years, the City has also set aside funds to help eligible first-time homebuyers pay their closing costs.

The City of Pottsville works closely with the Economic Opportunity Council of Schuylkill County (EOC), a non-profit organization that offers an array of housing services to Schuylkill County residents. Under its Affordable Home Ownership program, the EOC purchases abandoned homes, rehabilitates them, and resells the homes to low-moderate income, first-time homebuyers. In addition to managing a housing rehab program similar to Pottsville's, EOC offers weatherization assistance, homebuyer education courses, and other forms of emergency assistance and housing-related counseling.

Pottsville supports its housing assistance programs with a balanced program of neighborhood

revitalization initiatives. Traditionally, the City targets Community Development Block Grant funds to street, sidewalk, playground and other infrastructure improvements in residential areas. To intensify its code enforcement efforts, Pottsville recently hired an assistant code enforcement officer to assist the City's existing code enforcement officer. The City has also begun a rental housing inspection program under which all the City's rental units will be inspected once every five years. The assistant code enforcement officer is conducting these inspections.

Employer Assisted Housing - Chicago, IL (from Chicago Metropolis 2020 report)

Businesses and larger not-for-profit organizations such as hospitals should actively consider Employer Assisted Housing (EAH) programs. The Metropolitan Planning Council has successfully launched a local EAH initiative and can assist interested parties with EAH planning. The State of Illinois, via its Illinois Affordable Housing Tax Credit, has set aside \$2 million per year for the next five years to encourage businesses and others to invest in EAH-type projects.

Cities and counties should partner with businesses willing to split the cost of forgivable first-time homeowner loans on a 50/50 basis. Would-be home or condominium owners, who could be given loans ranging in size from \$5,000 to \$10,000 dollars, could be given priority over other applicants. By getting businesses involved in housing subsidy programs, local and county governments could expand the size and funding of current first-time homeowner programs.

Businesses and private individuals should consider direct contributions to affordable housing projects which have been declared eligible for State Donations Tax Credits. Such contributions will lead to a \$0.50 tax deduction for each \$1.00 given to a project. The business community should actively support local efforts to increase the supply of attainable workforce housing. A strong business "voice" at local meetings in support of workforce housing can be pivotal in terms of getting communities to take positive action. The use of location efficient mortgages currently being tested in several locations should be expanded.

Revolving Loan Funds

A Revolving Loan Fund (RLF) is a pool of public- and private-sector funds that recycles money as loans are repaid. Funding sources are the Department of Housing and Urban Development (HUD), Economic Development Administration (EDA), Appalachian Regional Commission (ARC), U.S. Department of Agriculture (USDA), State and local governments, and nonprofit philanthropic foundations. Funding recipients are State or local government agencies and nonprofit entities structured to make loans. They must demonstrate economic need and have a plan that both meets program requirements and spurs growth. ([www.ers.usda.gov](http://www.ers.usda.gov))

Here are some examples of how the funds are used:

- Wisconsin Revolving Loan Fund ([www.commerce.state.wi.us](http://www.commerce.state.wi.us))  
CDBG funds that are lent to low- and moderate income households for home repairs are repaid to the community when the borrower moves, or the units cease to be the borrower's principal residence. When owner-occupied or tenant-occupied loans are repaid to the community, the funds adopt the revolving loan status.

- *Institute for Community Economics (www.iceclt.org)*  
Institute for Community Economics (ICE) developed a Revolving Loan fund to provide financing to community land trusts and other innovative community organizations. Created in 1979, the fund has placed more than 370 loans totaling more than \$35 million.

ICE's principal lending goes to community land trusts, limited equity cooperatives, and community-based nonprofit organizations creating housing that is permanently affordable to people with lower incomes. Funds from the RLF are commonly used to finance land acquisition and the acquisition, construction and rehabilitation of housing. Other frequent uses include the acquisition of office space or other property by a nonprofit community service organization.

- *Fridley, Minnesota (Minneapolis-St. Paul suburb)*  
For single-family home rehabilitation, the revolving loan program offers loans up to \$35,000 at 6 percent (interest rate subject to change). The program is available to any homeowner with an income up to \$80,000 per year. Some credit restrictions apply. Loans can be used to improve owner-occupied properties with up to four units. Other programs can be used in conjunction with this program. This program is funded through the Fridley Housing & Redevelopment Authority.

Private-sector Partnerships - Minneapolis, MN (from National Housing Conference, June 2004, Volume 3, Issue 2)

The Phillips neighborhood, just south of downtown Minneapolis, has been the longtime home of the Honeywell Corporation, as well as Abbott-Northwestern Hospital and Children's Hospital. The neighborhood also was home to a badly deteriorating housing stock and one of the city's lowest income populations—a classic urban inner core, spiraling downward with poverty, crime and disinvestment.

In the spring of 1997, some of the larger local employers and major public entities (City of Minneapolis and Hennepin County) along with other neighborhood supporters and investors (notably, Fannie Mae, US Bank, Norwest Bank and the Minneapolis Foundation) banded together to address neighborhood issues and formed the Phillips Partnership. The Partnership focused on three interconnected concerns: safety, jobs and housing.

For years, Honeywell and Abbott-Northwestern Hospital had provided funding for local nonprofit housing developers to address the housing needs of the community. The goals were to improve the physical condition of the neighborhood and increase homeownership rates. Toward that end, most of the projects were scattered site, single family construction and sales. The hospital also offered a program that provided downpayment assistance grants for any employee purchasing a home within a specified radius of the hospital. But neither of these approaches was making headway into the entrenched deterioration occurring on a much larger scale in the area.

Honeywell decided to take a focused, concentrated and more radical approach to solving the problem. The company had been making acquisitions for some time in two blocks adjacent to

their headquarters, managing the properties in anticipation of an opportunity to make a larger impact improvement. Honeywell began discussions with a citizen advisory group consisting of residents from the neighborhood immediately surrounding the two block target area. Portland Place, as a concept, was born.

With the support of a local nonprofit, Project for Pride in Living (PPL), and an architectural firm (LHB), this advisory group developed a new vision for those two blocks. Nearly all existing structures were to be demolished. The idea was for the neighborhood to be restored to its original condition—single family and duplex homes with porches and small lots. This New Urbanism approach to city planning was embarked upon, though this might more properly have been described as “Old Urbanism.” As a new feature, smart new townhouses were added to the mix.

The plan called for common space on the interior of each of the two blocks for a playground and green space. The group wanted this development to achieve the goal of increased homeownership rates, but they also believed that an owners’ association was needed to ensure that the exterior and grounds of Portland Place were maintained at a consistent and professional standard. The advisory group also wanted the development to be available to a mix of incomes, so six of the 51 units were devoted to Habitat for Humanity participants and very low-income homebuyers.

Honeywell continued to play an instrumental role, providing more than a million dollars in grant funds, financing the tax increment proceeds of this planned unit development, and providing grants for playground equipment and the owners’ association fees for the Habitat for Humanity participants for a number of years (to assure true affordability).

As developer, PPL took over the lead in coordinating public input, securing the technical approvals for the planned unit development, participating with the city in the establishment of a tax increment financing district, overseeing the relocation of the persons still in residence in the two blocks and finalizing the master plan and individual unit plans. PPL secured construction financing, below-market mortgage rates for prospective homebuyers and developed a marketing plan that included efforts by other local nonprofits.

Construction began in September 1998 on the first block and the second block began in September 2000. In the first phase, sixty-five percent of the new owners had incomes at or below 80 percent of the area median income; the average sale price was \$99,320. High sales rate and popularity of the first phase helped build interest for the second phase, which had an average sale price of \$130,700 — 32 percent more than the first phase.

## 7. APPENDIX

A. **Cost of Living Scenarios** (source: 2007 Analysis of Impediments to Fair Housing Choice—Cobb County Report)

Family of four @ 100% of median income (2 employed)

Expected Monthly Expenses	Average Monthly Expenditure
Mortgage/Utilities*	\$1,375
Car Payment (2)	\$400
Life/Auto Insurance	\$100
Food	\$250
Entertainment	\$100
Transportation *	\$200
Credit Card Payments	\$150
Day Care	\$650
Savings	\$100
Clothing	\$100
Healthcare	\$500
Misc.*	\$150
Cell Phone(s)	\$100
<b>TOTAL</b>	<b>\$4,175</b> <b>(-\$556.00)</b>

Family of four @ 100% of median income (1 employed)

Expected Monthly Expenses	Average Monthly Expenditure
Mortgage/Utilities*	\$1,375
Car Payment (2)	\$500
Life/Auto Insurance	\$100
Food	\$250
Entertainment	\$150
Transportation*	\$200
Credit Card Payments	\$200
Savings	\$100
Clothing	\$150
Healthcare	\$500
Misc.*	\$200
Cell Phone(s)	\$100
<b>TOTAL</b>	<b>\$3,825</b> <b>(-\$206.00)</b>

Family of 4 @ 80% of median income (2 employed)

Expected Monthly Expenses	Average Monthly Expenditure
Mortgage/Utilities*	\$1,375
Car Payment (1)	\$250
Life/Auto Insurance	\$100
Food	\$300
Entertainment	\$75
Transportation*	\$150
Credit Card Payments	\$100
Day Care	\$500
Savings	\$50
Clothing	\$50
Healthcare	\$350
Misc.*	\$150
Cell Phone(s)	\$100
<b>TOTAL</b>	<b>\$ 3,550</b> <b>(-\$180.00)</b>

Family of 1 @ 100% of median income

Expected Monthly Expenses	Average Monthly Expenditure
Mortgage/Utilities*	\$1,375
Car Payment (1)	\$250
Life/Auto Insurance	\$75
Food	\$100
Entertainment	\$75
Transportation*	\$75
Credit Card Payments	\$200
Savings	\$75
Clothing	\$50
Healthcare	\$100
Misc.*	\$125
Cell Phone(s)	\$50
<b>TOTAL</b>	<b>\$2,550</b> <b>(-\$18.00)</b>

Family of four @ 120% of median income (1 employed)

<b>Expected Monthly Expenses</b>	<b>Average Monthly Expenditure</b>
Mortgage/Utilities*	\$1,375
Car Payment (1)	\$350
Life/Auto Insurance	\$80
Food	\$300
Entertainment	\$175
Transportation*	\$200
Credit Card Payments	\$250
Savings	\$100
Clothing	\$100
Healthcare	\$600
Misc.*	\$250
Cell Phone(s)	\$100
<b>TOTAL</b>	<b>\$3,880</b> <b>(+\$462)</b>

*\*Mortgage/Utility expenses include: gas, electric, water/sewer, cable/internet, telephone, garbage; Transportation expenses include: gas, public transportation costs; Miscellaneous expenses include: car/home repair/emergency costs.*

