Responding to a Crisis: Lessons from Atlanta's Housing Strike Force

By Josh Humphries and Bruce Katz

Summary

Localities across the country have recognized that they need to use their own tools and powers to address the housing crisis in their communities. This is true in big, coastal cities, small towns, rural communities, and even in cities that have, traditionally, been considered affordable. Bringing together other local public agencies, quasi-public agencies, and the civic sector to address the housing crisis is a necessary step to bringing an all-of-the-above approach to addressing a housing shortage.

Atlanta's Housing Strike Force provides a model for how localities can organize for success.

The **Housing Strike Force** is Atlanta's housing crisis response team. It is led by Mayor Andre Dickens and includes the senior executives of every major public agency that touches housing or has public land that could be developed for housing. Together, this group has reformed lethargic systems, deployed cutting edge housing innovations, and begun reshaping what affordable housing delivery can look like at the municipal level.

The public sector, at all levels of government, has developed tried and true methods to respond to crises whether it's a pandemic or a weather-related disaster: establish a centralized command structure, set a clear mandate, and empower an interdisciplinary team of officials to take on the task at hand. Atlanta's innovation is to take the crisis response model and apply it at the local level to the housing crisis.

The Challenge this tool solves

Cities, counties, and states across the country have become the front lines of efforts to address the current housing crisis. These are the places where innovation is bubbling up, new models are forming, and a pathway out of the crisis is being engineered. However, many of these innovations fall outside the purview of the Mayor's Office. They come from public housing authorities, economic development agencies, the civic and private sectors, and more. They require the buy-in of other public agencies, including the transit authority and the local school district. Bringing together public agencies in a monthly meeting to help meet a local goal of housing production and preservation is meant to address the challenges of siloes and fragmentation at the local level.







Types of Communities that could use this tool

We strongly believe that the Atlanta strike force model can be adapted by dozens if not hundreds of localities in the United States and provide a new, common platform for addressing housing challenges. Given the regional nature of housing markets, Atlanta's efforts could also inform the creation of multi-jurisdictional, county or regional strike forces that enable collaboration on this critical issue.

Expected Impacts of this tool

By providing an organizing blueprint for localities across the country, we believe this tool could impact the production and preservation of hundreds of thousands or even millions of net new affordable housing units. The Atlanta strike force has already resulted in considerable progress towards the City's goal of creating 20,000 units of affordable housing.

Background

When Mayor Andre Dickens took office in 2022, the housing crisis in Atlanta was hitting a fever pitch. Rapid population growth was continuing to outpace housing production. More and more residents were facing a housing market that was <u>increasingly out of reach</u>. Mayor Dickens had just campaigned on creating 20,000 units of affordable housing over eight years. However, his team told him that the rosiest projections would only generate about 15,000 affordable units.

As in other cities, the housing ecosystem in Atlanta in 2022 was not creating enough housing quickly or affordably enough to meet the needs of its residents. Permitting, operating subsidies, entitlements, gap funding, resident emergency resources and land ownership were all managed by different public agencies. Public landownership alone was split across more than a dozen public entities. The public sector was overly fractured and wrought with bloated timelines, conflicting requirements, and a general lack of coordination that often led to significant delays and added costs to projects.

Atlanta residents were becoming the victims of this broken housing ecosystem, and the Dickens Administration knew that falling short of their housing goal was not acceptable. A true crisis response effort was needed. Queue the **Housing Strike Force**.

Proposed Solution: Housing Strike Force

Atlanta officially launched its **Housing Strike Force** in early 2022. The nuance and complexity of the housing ecosystem and regulatory process requires intentional coordination across public entities to quickly move projects forward. The Strike Force is led by the mayor and includes 13 members, including the senior executives of all local public entities that impact the housing







ecosystem. Some members have direct responsibility for preserving or expanding housing supply, including the leadership of the public housing authority and the planning department. Some have indirect impacts on the housing system, including the leadership of the school system and the transit authority. A list of members can be found in the Appendix. The full Strike Force meets quarterly. The meetings focus on progress towards the 20,000-unit goal, upcoming projects that will require deeper coordination, and challenges agencies are facing. In addition to the quarterly meeting with the mayor, there is a biweekly project pipeline meeting where staff at strike force agencies work together to assess and advance new projects as well as a monthly strike force checkin meeting. The greater magic of this strike force model is the work that happens outside of those meetings. The strike force has cultivated a collaborative environment where the relevant agencies work hand in hand, often on calls or meetings multiple times a day, problem solving and coordinating resources to move projects forward. Just three years into the mayor's eight-year affordable housing goal, Atlanta has over 11,000 of the 20,000 units delivered or under construction.

The **Housing Strike Force** has been enhanced by a new centralized housing team inside city government and reporting directly to the mayor. For the first time, there is now a whole team in the Mayor's Office laser-focused on advancing one goal: create 20,000 units of affordable housing in Atlanta before 2030. While the city's Housing Department is focused on existing programs and policies, this new team is focused on this goal. The team operates across all strike force agencies, incubating new initiatives and coordinating implementation of the mayor's housing agenda. It is comprised of urban planners, architects, policy wonks, and, most importantly, people who know how to get things done. This team has been empowered to think differently, push the envelope, and find new ways to create the housing Atlanta needs, working alongside the **Housing Strike Force** to deliver with pace and scale. The one-two punch of the strike force and a "housing central command" in the Mayor's Office has become the organizational backbone of the city's crisis response.

The **Housing Strike Force** places a high premium on goal setting and continuous measurement. The housing team built an <u>interactive tracker</u>, publicly available and sourced from every agency delivering affordable housing. Each strike force meeting starts with a status of the path to 20,000 units.

Scaling the Housing Strike Force

With the strike force in operation for several years, Atlanta's leadership has learned eight signature lessons that can guide other cities if they choose to bring a unified, crisis response approach to housing policy and implementation.







Set the North Star

Every successful initiative starts with the end in mind. You need to know where you're trying to go before you chart the course to get there. For Atlanta, the affordable housing "north star" was to create or preserve 20,000 affordable housing units over eight years. The goal was informed by a recent housing needs assessment and cemented as the north star when then-Councilman Andre Dickens campaigned on hitting this number in his bid for mayor.

Once Mayor Dickens took office, his team had to assess their ability to meet that goal with the tools and housing delivery systems available to deploy. The last several years in Atlanta had seen significant progress, with new local housing funds and compulsory affordability requirements installed. But it did not take long to realize that, despite the progress, the city was on pace to fall well short of the goal within the existing system. The city's housing team dug into the numbers, looked at what they could do to close the gap if current housing delivery systems like the Low-Income Housing Tax Credit program and the city's Inclusionary Zoning Ordinance were maximized. But even with an aggressive pursuit of those programs (and some optimistic estimates), the team kept running up against statutory or market ceilings. Initial estimates had the city on pace to be 4,000-5,000 units short of the 20,000-unit goal. A clear-eyed, data-driven assessment of the challenge freed city leaders to think differently and embrace that drastic, systems-level change would be required to meet the newly established north star.

Unleash the coalition and move fast

Next, the city had to unleash the full coalition of housing stakeholders. Mayor Dickens often calls Atlanta a "group project." Nowhere is this truer than when it comes to affordable housing. Unleashing a committed coalition that includes public, private, and philanthropic partners has been critical to the early successes of the housing crisis response. The housing coalition had been building for several years prior to 2022; local housing advocacy group HouseATL had grown in size and influence since its founding in 2017, and the previous Atlanta Mayor Keisha Lance Bottoms built on their plan with one of her own.

Instead of spending the first year working on a new plan, the Dickens Administration decided to work on the best, and most immediately actionable elements, of the previous plans. Even though the crisis response would eventually require the city government to go above and beyond those plans, delivering on the good ideas that already had broad support helped to quickly unite the coalition and get things moving right away.

Leverage public land

With the coalition engaged and a new structure in place, the strike force got started on its biggest opportunity: unlocking public land. Building affordable housing on public land has been included in every affordable housing plan released in Atlanta for the last 20 years. The problem was that, prior to 2022, very little new housing development on public land was actually underway. The city







government had little granular understanding of what the public sector owned. The Strike Force started by categorizing actionable real estate assets as either "Ready-to-build" or "Catalytic" opportunities. The catalytic opportunities tended to be larger and more complex, so the city team got to work on those in the background while easy those that were site-ready were advanced right away.

The city team also began feverishly looking into how the best cities in the world manage their public land assets. Housing staff talked to cities all over the globe and centered in on the century-old successes found in many European cities and one inspiring story of the recent revitalization of the port in Copenhagen. It became clear that Atlanta needed to level-up its public land game to accomplish the Mayor's housing goals. To do this, the Mayor's team partnered with the housing authority to build a public development corporation to lead development of key publicly owned assets with mixed-income housing. The new corporation was given a small portfolio of land, the power to provide tax exemptions, and access to a \$38 million construction financing fund. Less than a year after launch, the new corporation is one of the leading edges of innovation in Atlanta, with initial projects including one of the first office-to-residential conversions in the city and a fire station and mixed-income housing project in Midtown Atlanta.

Reset the toolbox, steal if you can

Treating the crisis like a crisis meant putting every existing tool the city government had on the table. Evaluating each one. Improving each one. Painstakingly, the city's housing team worked with each agency to assess the efficacy of the tools the city was deploying and identify gaps that were holding back Atlanta's housing production. When the team found a gap, it looked around to see if another community was dealing with the same issue and already deploying a solution that worked.

One such tool was construction financing. Many of the projects stalling out in the pipeline were not able to get the secondary (mezzanine) construction loans they needed to close on their deals. It turned out that the Housing Opportunities Commission in Montgomery County, Maryland had faced the same issue and had recently created a <u>successful mezzanine construction loan product</u>. So, the housing team called them up, learned everything it could, and built Atlanta's own loan fund modeled after theirs. When you're in a crisis, you use what works and worry about who gets credit later.

Leverage the powers you forgot you had

The government in the U.S. used to do things. Big things. In the 1930s and then again in the 1950s, the local, state, and federal government collectively delivered new housing *en masse*. To do this, significant powers were conveyed to housing agencies to enable housing production. And most of them are still on the books.







Georgia passed the Housing Authorities Law in 1937 and last amended it in 1951. It has been practically ignored for the last 70 years. But that law bestows incredible powers to housing agencies, including the power to provide tax exemptions for affordable housing and the ability to innovate with building code regulations. With a little research and a decent amount of creativity, the housing team has been able to leverage what's already on the books to solve the problems of today. The first modern usage of these powers was used by the new public development corporation to unlock the first post-COVID office-to-residential conversion in Atlanta.

Get some early wins

Getting a few early wins was critical. Public opinion and a swelling coalition were behind the Dickens Administration, but without a few signs of progress, momentum could have easily stalled out. The Administration had to show that it could deliver. With Atlanta facing an increase in unsheltered homelessness, the most visceral and tragic symptom of our national housing crisis, the new Administration needed to rethink the supportive housing delivery model. Traditional construction wasn't moving fast enough to meet the urgency of the moment.

The Dickens Administration decided to try modular construction, leveraging donated shipping containers to build faster, and identified a city-owned site that could be immediately deployed. The team got to work quickly, completing the 40-unit project in just four months, the fastest multifamily delivery in Georgia history. The Melody showed that the city agencies can move faster and cheaper while maintaining quality. The city government paid for full project costs on a bet that the coalition would engage if the project could prove the model worked. The response has been overwhelming, and the Dickens Administration is now moving forward with an effort to deliver several similar projects by the end of 2025.

Raise your risk profile

Atlanta's new tools and early wins were made possible, in large part, because of a deliberate decision to take risks. Atlanta had traditionally played around the edges when it came to affordable housing: the private market led the way while the public sector offered up limited risk gap financing to keep projects moving. That had worked to an extent, but it proved insufficient to the level of need and depth of this crisis. The public sector needed to raise its risk profile, better utilize its ability to be more patient, and consider other public benefits than pure profit when making a real estate investment.

To take on the cratering office market downtown Atlanta (and build more housing), the strike force knew it needed to raise the public sector risk profile. 2 Peachtree is a 41-story empty office building downtown. The current state of downtown and the sheer size of the building made it risky to redevelop. The private market needed to see that the new administration was serious about turning things around downtown before they were willing to invest. So, the Dickens Administration, in partnership with Invest Atlanta, the city's economic development authority, bought the building.







It is now set to become 600+ units of housing and has spurred half a dozen other office conversions nearby. Each new office conversion in Atlanta has pointed to the city's level of commitment to 2 Peachtree as a key driver behind their own office conversion projects.

Build a new way forward (while you put out the fire)

In a crisis, it is easy to spend all of your time and energy doing triage. When the house is on fire, you must put out the fire. But if you don't also focus on what caused the fire and what changes are needed to prevent the next one, you are bound to spend your time jumping from one fire to the next.

Rising interest rates and runaway inflation stalled dozens of affordable housing projects in early 2023. The Administration recognized that it needed a new model for how to finance housing deals, but it also knew that it could not afford to let these projects die. So, a remarkable partnership was created; the city government worked with the Community Foundation of Greater Atlanta to raise \$300 million of public and philanthropic funds. The strike force used the capital infusion to close every gap in the pipeline. Together, the team closed on over 2,000 previously stalled affordable units in less than six months.

But this was more than one-time, emergency gap closing; these new funds are being used to build a new way of financing affordable housing. The philanthropic funding seeded a mezzanine construction financing program and opened up public land sites by providing critical infrastructure financing. The city also launched a common application and expedited permitting process for affordable housing deals, drastically reducing bureaucratic timelines. A crisis response requires that you triage what is immediate while also holding space to build a new, more sustainable system to avoid the fire altogether next time.

Building a Strike Force

Atlanta's actual **Housing Strike Force** didn't cost anything to build. It leveraged existing agencies and city departments to get started. The real initial cost was time and redirection of existing resources. Mayor Dickens committed much of his own time, as did his senior team, and asked for a commitment of time and existing resources (i.e., land, tools, staff availability) from strike force participants. Building the 12-person housing team in the mayor's office allowed the work to get started while the Dickens Administration made the case for the funding needed to move projects forward.

Since the launch of the Strike Force, the city government in Atlanta has generated substantial new resources to the crisis response: it has issued \$150 million in city-backed bond funding, allocated \$37 million from housing trust funds, partnered on a \$200 million philanthropic raise, allocated over \$75 million in tax increment financing to affordable housing, and supported multiple tax







incentives to help with operating subsidy to enable long-term affordability. Each of these new commitments, as well as the use of other sources, are deployed in tight coordination through the collaboration of the strike force. Without first putting the strike force in place, it would have been difficult to build adequate political support or effectively deploy new resources.

Even more will be needed to meet Atlanta's north star of 20,000 affordable units by 2030, but with a high-functioning strike force in place and a mayor committed to the task at hand Atlanta is well on its way.

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Appendix: List of Positions and Agencies Involved in the Housing Strike Force

- 1. Mayor of Atlanta
- 2. City of Atlanta COO
- 3. City of Atlanta Chief Policy Officer
- 4. City of Atlanta Senior Housing Policy Advisor
- 5. City of Atlanta Planning Commissioner
- 6. MARTA General Manager & CEO
- 7. Atlanta Fulton County Recreation Authority Executive Director
- 8. Atlanta Public Schools Superintendent
- 9. Atlanta BeltLine President & CEO
- 10. Atlanta Housing President & CEO
- 11. Invest Atlanta President & CEO
- 12. Metro Atlanta Land Bank Executive Director
- 13. Atlanta Land Trust Executive Director





