



Report of the
Gentrification Task Force

October 2004



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Preface

Gentrification in Savannah was the subject of a series of roundtable discussions held between July, 2003 and March, 2004. The discussions, which were initially organized by the Metropolitan Planning Commission and Savannah Development and Renewal Authority, included participants from state and local government agencies, non-profit organizations, educational institutions, the private sector, and neighborhoods affected by gentrification.

Following consultation with City Council, the MPC established the Gentrification Task Force in April, 2004. Participants in the earlier roundtable discussions were asked to serve as members of the Task Force. The purpose of the Task Force was to examine the process of gentrification and to identify ways to guide community revitalization without displacing existing residents and businesses. The Task Force was specifically tasked to address the following: identification of neighborhoods vulnerable to gentrification; assessment of the Thomas Square area proposed rezoning vis-à-vis gentrification; and guidance on the issue of gentrification in drafting the new Chatham County-Savannah Comprehensive Plan.

The Task Force followed three basic principles during its deliberations: 1) *preservation* – retaining the historic and cultural character of the existing community; 2) *non-displacement* – maintaining neighborhood diversity by retaining the long-term, often low to very low-income residents typically at risk in revitalizing areas; and 3) *sustainability* – linking mixed-income residential development to sustainable economic growth, thereby creating an environment where families can be self-sufficient.

Bernetta Anderson served as the Chair of the Task Force, and Timothy Mackey, Chair of the MPC, served as an ex-officio member. The Task Force was staffed by Thomas Thomson, Thomas Wilson, Alan Bray, and Courtland Hyser. Alexander Ikefuna and Brian White of the City of Savannah's Community Development and Neighborhood Planning Development Department provided invaluable assistance to MPC staff in each phase of the process.

This report is the culmination of hours of hard work and constructive debate on the part of 34 volunteers who participated in the roundtable discussions and the Task Force. The report contains recommendations identified by the Task Force to mitigate the negative effects of gentrification while at the same time, stimulating both residential and commercial revitalization in Savannah's vulnerable neighborhoods. The recommendations cover five areas of concern: 1) land use and zoning, 2) affordable housing, 3) economic development, 4) education and training, and 5) redevelopment programs. The recommendations in this report are not offered as a finally solution to gentrification, but as a first step in addressing a complex and difficult policy challenge. It is with a great desire to work toward creating "One Savannah" that the Task Force submits this report.

Gentrification Task Force Participants*

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1.1 Establishment of the Gentrification Task Force

Savannah has prospered in recent years, but all its residents have not equitably shared its prosperity. Increasingly, two Savannahs are emerging. One is prosperous and reaping ever-greater benefit from the city's location and physical assets. The other is marginalized from the city's economic vitality and increasingly displaced from its revitalized neighborhoods.

This inequitable and unsustainable trend is often termed *gentrification*. However, definitions of gentrification are elusive, and assessments of the process are complex and difficult. Consequently, periodic discussions of gentrification have yielded little useful policy guidance, and have often been counterproductive. For this reason, the formation of a Task Force was endorsed by City Council and implemented by the Metropolitan Planning Commission.

The MPC formally established the Gentrification Task Force on April 14, 2004. Task Force membership was comprised of participants of the roundtable discussions on gentrification that took place between July 2003 and March 2004. Representatives on the Task Force included state and local government agencies, non-profit organizations, educational institutions, private investors, and residents of neighborhoods affected by gentrification.

The MPC charged the Task Force with the following three tasks:

- Task 1: Identify areas in the city that are vulnerable to gentrification.**
- Task 2: Study and review the draft Thomas Square plan and provide additional recommendations necessary to mitigate the negative effects of gentrification and displacement in that area.**
- Task 3: Provide guidance on the development of long-range goals and strategies to address gentrification in the new Chatham County-Savannah Comprehensive Plan.**

The Task Force held 12 meetings between April, 2004 and September, 2004, since first convening as a roundtable to discuss the issue of gentrification in July, 2003. To guide its research, deliberations, and recommendations the Gentrification Task Force adopted the following statements of its vision and its mission:

VISION STATEMENT

The Task Force envisions a vibrant and inclusive community in which change enhances the desirability of neighborhoods without exclusion or involuntary displacement of responsible residents or businesses.

MISSION STATEMENT

The Mission of the Task Force is to examine gentrification (as defined in this report) in neighborhoods and to recommend policies and practices to mitigate the negative effects of gentrification while stimulating both residential and commercial revitalization.

The Vision Statement and Mission Statement guided the Task Force as it addressed the three tasks assigned to it by the Metropolitan Planning Commission.

1.2 Defining Gentrification

One of the first challenges the Task Force undertook was identifying a suitable definition for *gentrification* that would apply in Savannah. The term has been widely used to describe a process of neighborhood transformation. It is a term that can be defined in positive terms (such as revitalization* and redevelopment) or negative terms (such as displacement and dislocation). Recognizing that there is no formal or precise content to the concept of gentrification, the Task Force elected to utilize the following definition†:

Gentrification is the process whereby relatively affluent homebuyers, renters, and investors move into a neighborhood thus increasing property values, rents, or taxes resulting in an involuntary displacement of long-term residents and business owners, the loss of neighborhood diversity, or a change in the overall character of that neighborhood.

Gentrification can result in the loss of neighborhood identity, one of Savannah's most precious assets. Gentrification can also result in greater or less cultural and economic diversity in the city's neighborhoods. This report and its recommendations are predicated on the belief that neighborhood identity and diversity are essential to the city's future prosperity and quality of life.

1.3 Effects of Gentrification

Gentrification disrupts a community's social and economic fabric. The disruption of the economic fabric occurs as revitalization increases profit potential. Property owners (particularly landlords) in neighborhoods vulnerable to gentrification understand that there is a large discrepancy between what current low-income residents pay and what they can expect from higher income residents recently willing to move into the neighborhood. This concept is known as the "rent gap." Recognizing the ability to raise rents and still meet market demand for housing, landlords have an incentive to evict low-income residents in favor of higher-income tenants who can afford higher rent. Hence, as housing costs rise, the neighborhood demographics change.

From the perspective of most local governments, there can be a benefit to the rising costs. A positive effect of economic transformation engendered by gentrification is an increase in the municipal tax base. This economic benefit to the city occurs as new higher-income residents or businesses buy and improve property, which rises in value and pay higher income taxes due to higher incomes. However, this occurs at the expense of low income residents or

* The definition of "revitalization" adopted by the Task Force is the same as the definition developed by the Brookings Institution. (See Glossary)

† The difficulty of defining *gentrification* was brought home to the Task Force by persistent efforts to revise or replace the definition. As new members and observers joined the Task Force, each one articulated a new perspective on gentrification, and each one advocated a new definition.

business owners who are displaced, a consequence that is no longer acceptable in Savannah.

The disruption of the social fabric occurs on three levels. First, there is a process of displacement whereby lower income residents or businesses are forced to relocate to other housing or other neighborhoods. Second, there is a change in the demographics of the community as businesses or residents of higher income, often white and affluent, displace existing residents or businesses. Third, new cleavages emerge between the different groups in the neighborhood. For example, cleavages may form between renters and owners as renters face displacement and owners try to maximize their property values. Additional cleavages may form between old and new residents.

There are many different perceptions associated with gentrification. From community members to politicians, opinions about gentrification are controversial and varied. These varied opinions are problematic in solving community problems, as well as in maintaining good community and governmental relations. Without a collective understanding about what gentrification is and how it will impact a community, city officials may falter in serving the community and its best interest.

While the exact consequences of gentrification vary depending on the neighborhood and city, Table 1 presents some of the pros and cons normally associated with the gentrification process.

Table 1. Positive and Negative Sides of Gentrification	
Positive	Negative
<ul style="list-style-type: none"> • Improved Viability of Neighborhood • Redevelopment or Renovation of Housing Stock • Attraction of New Businesses • Revitalization of Tax Base • Increased Homeownership Rate • Economic Opportunity: New Jobs in Low-Income Areas • Improved Vibrancy of Downtown and Urban Neighborhoods 	<ul style="list-style-type: none"> • Displacement of Original Residents and Businesses • A Change in Neighborhood Character and Identity • The Loss of Neighborhood Diversity • Lack of Affordable Housing • Decrease in Multi-Family and Rental Units • Conflict Between Old and New Residents • Conversion of Residential Units to Commercial Property

Gentrification may be associated with revitalization of the housing stock, an increased tax base, the attraction of new businesses, and a broader income mix among residents. However, gentrification can also be associated with loss of the neighborhood’s existing cultural and social character, involuntary displacement, a loss of traditional neighborhood

services, and a lack of housing affordability. Intervention by local government is necessary to harness the positive aspects of gentrification (i.e., “revitalization”) while mitigating the negative effects.

1.4 Voluntary and Involuntary Displacement

Gentrification is associated with both voluntary and involuntary displacement. Once started, gentrification becomes a difficult process to stop. In a market economy, owners and developers with available financial resources respond to an increased demand for space by acquiring, renovating or developing properties in less expensive areas and renting or selling them for higher prices to those with the most disposable income. Other owners in these areas also start to charge higher rents or ask a higher selling price. In turn, new owners of rental properties raise rents in order to cover higher purchase prices. Existing residents and businesses, unable to afford these higher prices are forced to move. Although the physical conditions may improve, the human fabric of the old neighborhood vanishes, leaving in its wake the destruction of long standing social and economic relationships.

During the process of gentrification newcomers who have more money often replace low-income residents. However, it should be noted that the reasons why residents move out, may or may not be involuntary. For many homeowners, the decision to sell a house may be a purely voluntary one based on appreciating property values and the desire to profit from the sale of their home. This is clearly a voluntary decision, but it is a very different situation for renters and low-income homeowners.

For renters, if the value of rental property goes up dramatically within a short period of time, landlords may choose to sell their property and make a profit. While this is not an unusual step to take, it serves to reduce the availability of affordable rental properties and may cause people in the neighborhood to move elsewhere. If the property owner raises the rent because demand for a rental is increasing as the neighborhood revitalizes, the results are the same. Renters are still left to find other housing, often in a different neighborhood.

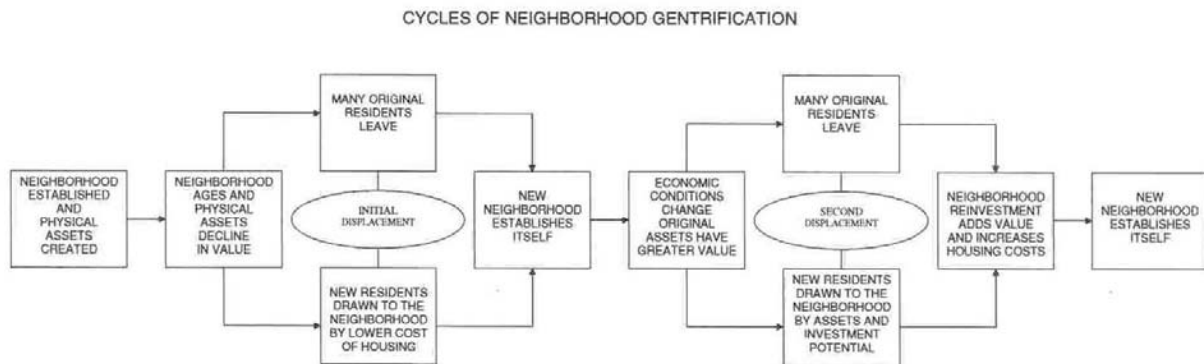
For low-income homeowners, a number of possible situations arise. The tax burden may increase to the point they can no longer afford to keep their home. Often as neighborhoods gentrify, code enforcement becomes stricter and longtime residents may lack the means to bring their properties up to code. Even if a home sells, homeowners may not be able to afford a comparable home in another neighborhood.

1.5 Gentrification in Savannah

In Savannah, gentrification is an issue that can divide a neighborhood and ensure opposition to development efforts that many would consider essential to its improvement. In fact, many people argue the very term “gentrification” is often politicized and counterproductive. Most agree, however, that if left unchecked, gentrification will harm the city by forcing lower income residents to move to less desirable and less valuable areas with a resulting disruption of lives, loss of community identity and diversity, and diminished ability to build wealth.

There are three stages of gentrification identified in social science literature. The Task Force saw evidence of each of these three stages in many of Savannah’s neighborhoods. The first stage is the attraction of higher income investors to an area because of lower housing prices, as well as the demographic diversity, historical character, or architectural quality of an area. In the second stage new residents begin to renovate, bringing more money into the community. This in turns leads to a third stage by attracting even more affluent people who see the area as an investment. Another important factor in this process is that those with higher incomes are often moving closer to their places of employment, and the central business districts. As a result of the improvements to property, the locality raises property taxes, which drives up housing cost and displaces the earlier residents. Intervention must occur as early as possible in the process if positive outcomes are to be secured for existing residents and businesses as well as future residents and investors.

Gentrification in Savannah, as elsewhere, occurs in cycles of disinvestment and reinvestment. Downtown Savannah has gone through at least two of these cycles since the mid-19th century. The diagram below shows the cycles of neighborhood gentrification that have occurred in Savannah’s downtown neighborhoods. Most of the neighborhoods have not remained consistently the domicile of one social, racial, or economic group. Parts of the Victorian District that were formerly black neighborhoods are now increasingly white neighborhoods. In other parts of the Victorian District, the reverse is true. In Section 1.7, the Task Force identified 14 neighborhoods in Savannah where gentrification is occurring or may occur in the future.



For example, successful revitalization sometimes causes gentrification in long-distressed communities, whose amenities, such as ease of commute and architectural resources, become apparent and therefore, highly valued. This is an example of how gentrification produces both positive and negative consequences for residents and businesses. In Savannah, the challenge for local government, the business community, and neighborhood residents is to ensure that revitalization is equitable: that its benefits are shared among all community members in the city. Moreover, the adverse consequences of gentrification in Savannah, which are primarily increases in property taxes and displacement of families and businesses, must be anticipated and effectively addressed or avoided.

1.6 Types of Gentrification

In Savannah, gentrification is long term and may assume many open and hidden forms. The two main types of gentrification easily identified in Savannah are residential and commercial. Residential gentrification occurs when people once living comfortably in a neighborhood are involuntarily uprooted as the neighborhood changes. As property values increase in response to improvements in the area, real estate speculation, property taxes and rents increase in tandem. Landlords in the community often seize this financial opportunity, evicting renters, and increasing the rent on apartments for which incoming residents are willing to pay more money. As a result current residents, many of whom have spent their entire lives in the community, suddenly find themselves without homes and forced to move to less desirable locations.

The consequences of residential gentrification are widespread and can be felt in many other sectors as well. As a result of residential gentrification, people may also be forced to move so far away that it is no longer feasible for them to keep their jobs. Similarly, businesses catering to the neighborhood's traditional demographic may be forced to close or relocate as they lose their loyal customer base.

Gentrification in the commercial sector is caused primarily through increased competition from new businesses as well as increases in commercial rent. In both cases, previously stable businesses are forced to either relocate to a less desirable location or to close completely. These established and otherwise viable businesses are valuable to the communities in which they operate, providing not just jobs but also a sense of community and continuity. Development programs should have proactive approaches that limit the disruptive effects of economic development on already established businesses. Several local housing and economic development programs as shown in Appendix D address the issue of gentrification.

Unfortunately, many development programs around the country lack measures dealing with this issue, and thus unnecessarily displace many otherwise viable neighborhood businesses. Some city governments for instance, encourage "big box" development and other large retail formats creating an ultra-competitive market. Big box stores will generate increased tax revenues and widespread publicity, as well as introduce higher quality goods and services to often under-served communities. However, big box development can devastate the local business community, leaving local residents with less rather than more choice. It is difficult for small businesses to compete against superstores under any circumstances, but their situation is made worse by zoning and tax advantages often used by cities to lure such chains to the area. Thus, when organizing a development program, planners at all levels – state, city and community – must ask whether a currently depressed area or neighborhood would be better served by a thriving business district with a high incidence of local ownership, or by mostly national superstores providing the majority of retail goods and services. The relative benefits of the former are clear, both for the economic benefits derived by local ownership and reinvestment, but also for the social good of maintaining a sense of community identity.

Rapid rent increases are an equally challenging threat for businesses in a developing area. Ideally, viable businesses are able to absorb moderate rent increases, but in reality many

independent businesses need assistance if they are to successfully adapt to a new economic environment. Also, depending on the particular situation, the development pressures on an area may be causing far more than moderate increases in rent. Thus, strategies that assist established local businesses during an adjustment period can greatly increase business retention.

In addition to direct assistance to smaller local businesses in such form as counseling and loans, local government needs to assess the background influences of licensing, permitting, and zoning. Savannah's 1960 Zoning Ordinance, for example, encouraged larger scale business with larger minimum lots sizes and other suburban-style development standards. While those standards were corrected for the downtown area, they remain in effect in most of the city's urban neighborhoods.

1.7 Task 1: Identification of Vulnerable Neighborhoods

Identifying areas in the city that are vulnerable to gentrification can be accomplished by establishing indicators to measure the process of gentrification. Gentrification is a long-term process, and therefore, some effects may not be detected until an area has already gentrified. There has been much research done in the area of gentrification. However, none of this research has come up with a universal way to quantify or precisely predict gentrification. In other communities that have put together a Gentrification Task Force or had a study done on their city, none have used the exact same method to statistically look at gentrification.

For the purposes of this study, the Task Force used the following list of indicators, derived from the Urban Institute and the Brookings Institution Center on Urban and Metropolitan Policy, to identify what data needed to adequately monitor the process of gentrification in Savannah. The Task Force felt that these indicators were the best way to identify neighborhoods that could be vulnerable to gentrification. The worksheet for identifying neighborhoods that are vulnerable to gentrification can be found in Appendix C.

- a. *Leading Indicators* act as predictors of areas most likely to experience gentrification in the future.
 - High Rate of Renters
 - Ease of Access to Downtown
 - Significant Decline in Population
 - Historic Architecture
 - Comparatively Low Housing Cost

- b. *Primary Indicators* signify strong signs that gentrification is occurring.
 - Lack of Affordable Housing
 - Shift in Housing Tenure
 - Increase in Household Income
 - Increase in Home Values
 - Increase in Redevelopment Activities

Indicators of gentrification are measurements to observe short-term physical renovations, and long term shifts in the socio-economic demographics. Immediate neighborhood revitalization may be apparent in the restoration of parks, municipal facilities, and housing projects while longer term changes are ones that occur in the population demographics. There are several other indicators of gentrification. However, data was not readily available within the timeframe of the Task Force's operation.

Guided by the leading indicators, the Task Force identified nine neighborhoods that were most likely to experience gentrification in the future. The neighborhoods were:

Benjamin Van Clark Cuyler/Brownville	
Dixon Park	Live Oak
Metropolitan	Midtown
Eastside	Hudson Hill
West Savannah	

Guided by the primary indicators and collective knowledge of Savannah neighborhoods, the Task Force identified five additional neighborhoods that are currently experiencing effects of gentrification. The neighborhoods were:

Baldwin Park
Beach Institute
East Victorian
West Victorian
Thomas Square

Commercial gentrification associated within vulnerable neighborhoods most frequently occurs along corridors. Gentrification is being addressed in the following Targeted Corridors by Savannah Development and Renewal Authority and the City of Savannah Economic Development Department.

Broughton Street	Habersham Street
MLK-Montgomery*	Henry Street
37th Street	Ogeechee Road*
Abercorn Street	Pennsylvania Avenue
Anderson Street	Price Street
Augusta Avenue*	Waters Avenue*
Bull Street	West Bay Street
Drayton Street	Wheaton Street*
East Broad Street	Whitaker Street
Gwinnett Street	

*** Priority Corridors for the City of Savannah**

1.8 Task 2: Review of Thomas Square Land Use and Zoning Plan

The Thomas Square Streetcar Historic District Land Use and Rezoning Plan addresses gentrification through 14 strategies successfully employed by other cities around the

country, including Atlanta, GA, Charleston, S.C., and Oakland, CA. Table 2 shows the land use and zoning strategies that are already included in the Thomas Square plan.

Table 2. Land Use and Zoning Strategies to Address Gentrification	
Strategies used by other cities	Thomas Square Plan
<ul style="list-style-type: none"> Revise land development policies and regulations to focus on compatible mixing of building types. Permit a variety of housing, services, workplaces, and civic institutions in neighborhoods. 	✓
<ul style="list-style-type: none"> Accommodate the full spectrum of housing for all income levels by permitting a range of building types compatible with the neighborhood setting. 	✓
<ul style="list-style-type: none"> Revise land development regulations, approval processes, and capital planning priorities to make infill and redevelopment as easy as possible. 	✓
<ul style="list-style-type: none"> Provide density incentives for affordable housing 	✓
<ul style="list-style-type: none"> Identify potential sites for new affordable housing development. 	✓
<ul style="list-style-type: none"> Approve neighborhood design standards that reinforce established development patterns 	✓
<ul style="list-style-type: none"> Encourage mixed use development, smaller units, and higher density housing 	✓
<ul style="list-style-type: none"> Preservation of existing housing stock through demolition restrictions and appropriate zoning. 	✓
<ul style="list-style-type: none"> Reduce zoning barriers to affordable housing 	✓
<ul style="list-style-type: none"> Restructure permitted use schedule 	✓
<ul style="list-style-type: none"> Development of neighborhood plans to guide development- push for requirement that plan be followed as a city ordinance. 	✓
<ul style="list-style-type: none"> Protect current residential and commercial tenants 	✓
<ul style="list-style-type: none"> Maintain important rental or single-room-occupancy (SRO) housing stock 	✓
<ul style="list-style-type: none"> Retain owner-occupied housing 	✓

The Task Force found these strategies to be important measures to counter the negative effects of gentrification. However, the Task Force bolstered the strategies with two additional recommendations:

- Mandatory *inclusionary zoning* (see Glossary) for larger developments (possibly more than 25 units).
- Strengthen language needed to ensure continued production of affordable housing through purchase and set-asides.

1.9 Task 3: Review of Comprehensive Plan Goals and Strategies

The Task Force discussed whether to draft goals, objectives, and strategies for the Comprehensive Plan or provide a set of specific recommendations. The former approach might result in the work of the Task Force being diluted over time as new drafts of the Comprehensive Plan are produced. The latter approach would ensure that the work of the Task Force would remain intact through the process. Additionally, the Task Force concluded that specific recommendations would be more useful to policy makers, who could then direct staff to incorporate any or all of the recommendations into the more complex policy structure and work program of the Comprehensive Plan. The 2003-2007 City of Savannah Housing and Community Development was also consulted in the drafting of the recommendations to ensure consistency. The Task Force offers the following recommendations in Section 1.10 as guidance to city officials and fulfillment of Task 3.

1.10 Recommendations

The following recommendations are specific actions that can be used to mitigate the negative effects of gentrification and build sustainable, diverse neighborhoods. Each recommendation covers new ground or strengthens existing programs, rather than repeating a list of programs, activities, or policies that already exist. No single recommendation alone will ensure the diversity of neighborhoods as new investment flows into the city. However, instituting an array of measures such as these will provide a strong defense against the negative consequences of gentrification.

It is suggested by the Task Force that the adoption of this report be followed by a selection and prioritization of the following recommendations for implementation. To ensure success, this process must include the identification of agencies/organizations to implement each strategy, resources for the successful implementation of the recommendation, and assignment of time frames implementation.

A. Land Use and Zoning

Recommendation 1. Adopt an inclusionary zoning provision in the Zoning Ordinance for neighborhoods vulnerable to gentrification. Require developments with 25 residential units or more to provide 15 percent low-moderate affordable units or make an optional (“in lieu”) payment to a Housing Trust Fund.

Recommendation 2. Establish density bonuses in the Zoning Ordinance to encourage production of affordable housing. Density bonuses should be in the range of 10 to 20 percent to have a significant impact without exceeding the range of acceptable density in a given neighborhood.

Recommendation 3. Remove unnecessary regulatory barriers to affordable housing in vulnerable neighborhoods. Such barriers include excessive lot size and lot coverage requirements, density requirements that are lower than necessary and suburban parking requirements. Another significant barrier is the limited range of permitted housing types. Housing types that should be permitted in many urban neighborhoods include: garage apartments, accessory units, mews and lane cottages, over-under duplexes, single room

occupancy facilities, residential-retail mixed use, and single family to multi-family conversions. Permitting room rentals and accessory rental units can also assist residents on limited incomes to maintain their residence in revitalized neighborhoods (accessory units include garage apartment, carriage houses, cottages, and small additions).

Recommendation 4. Prevent non-residential encroachment in established neighborhoods. Do so by identifying stable residential areas and zoning them with districts that protect them from intrusion by more intensive commercial, industrial, or institutional uses. Limit non-residential uses to those that are compatible with neighborhoods rather than presenting a threat to their stability. Physical buffering and transition zoning can sometimes be used in conjunction with neighborhood rezoning. Where heavy industry abuts an established residential neighborhood, light industry zoning uses and standards should apply within 100 feet. A plan should be developed for each neighborhood that maximizes the long-term viability of established residential areas.

Recommendation 5. Increase property maintenance and code enforcement monitoring in neighborhoods identified as being vulnerable to gentrification in order to prevent neighborhood decline, lower property values, an exodus of residents, and speculator acquisitions.

Recommendation 6. Encourage adaptive reuse of existing structure within neighborhoods vulnerable to gentrification by permitting expansion of non-conforming uses in traditional neighborhoods, provided they meet all development standards without variances.

Recommendation 7. Require consistency between the Comprehensive Plan and the zoning ordinance to ensure that public policy in areas such as gentrification is effectively implemented.

B. Affordable Housing

Recommendation 1. Develop new local financial resources and, where necessary, seek changes to state legislation, facilitating the leveraging of private, state and federal investment for affordable housing including one or more of the following:

1. a local housing trust fund capitalized and funded annually by the City
2. inclusionary zoning “in lieu” fees (See Rec. 1 under Land Use and Zoning)
3. new development “linkage” fees
4. documentary stamp fees
5. tax increment financing districts (See Rec. 2 under Redevelopment Programs)

Recommendation 2. Expand and develop new housing programs that make it possible for responsible homeowners and renters, and new home buyers and renters, to co-exist, afford and occupy housing in neighborhoods that have gentrification potential.

Recommendation 3. Expand educational opportunities, technical assistance and counseling for homeowners, home buyers, renters, landlords, contractors, developers, realtors and

others involved with affordable housing in neighborhoods that are vulnerable to gentrification.

C. Economic Development

Recommendation 1. Provide greater access to capital for small businesses that are at risk of displacement as market forces drive up commercial space costs.

Recommendation 2. Create business retention team consisting of business owners, economic development organizations, and neighborhood representatives for the Targeted Corridors to administer surveys, identify and publicize vacant commercial properties, coordinate outreach to business owners, identify businesses facing closure, coordinate resources and technical assistance, facilitate networks, monitor business performance, and advocate for infrastructure improvements.

Recommendation 3. Establish additional tools which include but are not limited to credit enhancements or loan guarantees equity programs, peer to peer lending programs, mentoring programs, training and technical assistance programs, and other innovative programs such as special State or Federal economic development zone designations to foster business startup and expansion.

Recommendation 4. Support the development of cooperative or collective micro-enterprise operations and CDCs that will create job opportunities for inner city residents and lessen initial start-up, as well as, operating costs.

Recommendation 5. Increase employment opportunities for low-moderate income people by linking inner-city neighborhoods to employment growth areas. This can be accomplished through improved, adequate public transportation system and the promotion of affordable housing, public transportation and access to job opportunities through regionalism.

D. Education and Training

Recommendation 1. Provide training to key City staff and neighborhood association leaders on the process of gentrification and practices that can build diverse neighborhoods rather than displaced neighborhoods.

Recommendation 2. Appoint a technical study committee to evaluate the effectiveness of the Stephens-Day exemption, which appears to be an effective tool for protecting neighborhoods against gentrification. The study committee should investigate potential refinements to Stephens-Day as well as the potentially harmful impact on lower income homeowners if it is reversed or amended on equal protection or other grounds.

Recommendation 3. Enhance knowledge of the value of older properties on the part of neighborhood residents through educational programs of community development corporations and neighborhood associations. Strengthen programs such as apprenticeships that involve youth in neighborhood redevelopment and engender an appreciation of the value and potential of established neighborhoods.

E. Redevelopment Programs

Recommendation 1. Promote neighborhood identity based on diversity and pluralism. Historically, neighborhoods have evolved through a process of “succession” where a lower or higher income segment of the population displaces the other. A new model should replace this where neighborhoods support and even encourage income and cultural diversity.

Recommendation 2. Establish a Tax Increment Finance (TIF) redevelopment district for areas that are vulnerable to gentrification. TIF districts permit local governments to capture increased tax revenues in areas where the tax base is growing as a result of new investment. TIF revenues could be used to fund affordable housing, neighborhood facilities, and business incubators in areas vulnerable to gentrification. A TIF district could be a significant funding mechanism for the Housing Trust Fund. Lobby for an amendment to State enabling legislation to provide for local government approval of TIF districts without a local referendum. Increase the use of Investment Revenue Bonds until TIF redevelopment districts are established.

Recommendation 3. Strengthen the Land Bank Authority to obtain property for affordable housing and commercial development in neighborhoods threatened by gentrification.

Recommendation 4. Incorporate these recommendations to the extent possible into the goals, objectives, and strategies of the new Comprehensive Plan in order to make them official City policy and to identify responsible agencies and timetables.

1.11 Conclusion

This report examines the issue of gentrification in Savannah, recognizing both the tremendous value that new residents and businesses can bring to the city and its neighborhoods, and the significant change and dislocation that gentrification can mean for lower income residents. Moreover, by attempting to reframe the issue of gentrification in a productive way, by examining the socio-economic dynamics of gentrification, and by listening carefully to residents facing it in their neighborhoods, the Task Force sought to produce the most effective recommendations possible.

Based upon its deliberations, the Task Force offers the following conclusions:

- Due to a lack of clarity on the process of gentrification, it has become a politically loaded term that generally has not been useful in resolving debates over growth and change in the city’s neighborhoods. Recognizing this, the Task Force worked to produce a definition for gentrification that would further constructive discussion on this important issue as it affects Savannah.
- The process of gentrification disrupts the economic and social fabric of the vulnerable neighborhoods. Even though gentrification is coupled with the beneficial process of revitalization, its negative consequences should no longer be ignored.

- Gentrification arguably produces both positive and negative consequences for communities, businesses and families. The Task Force focused on mitigating the negative effects, while preserving the benefits of revitalization.
- Understanding and monitoring the effects of gentrification requires establishing indicators to measure the process of gentrification.
- Successful revitalization sometimes causes gentrification in long-distressed communities whose amenities, such as ease of commute and architectural resources are highly valued.
- The two main types of gentrification easily identified in Savannah are residential and commercial, and the involuntary displacement of long-term residents and business owners is the most significant adverse consequence of gentrification.
- Effectively addressing the adverse consequences of gentrification requires a strong resolve, effective policies based on a rational assessment of the problem, and multiple programs in the areas of housing, economic development, redevelopment, education, and land use and zoning.
- Finally, the challenge for local government, the business community, and neighborhood residents is to help ensure that revitalization is equitable: that its benefits are shared among all community members.

APPENDIX A. BIBLIOGRAPHY

Dozens of resources describe in greater detail many of the topics and strategies outlined in this report. These documents, many of which are available on the world wide web, include but are not limited to:

Atlanta City Council's Gentrification Task Force: A City For All. September, 2001.

Braconi, F. & Freeman, L. (2004). Gentrification and Displacement. *Journal of the American Planning Association*, 70, (1), 39-51.

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Harvey, Todd. (1999). Gentrification and West Oakland: Causes, Effects and Best Practices. Submitted to the Department of City and Regional Planning, University of California at Berkeley.

Lang, Michael. (1997). Measuring Economic Benefits from Gentrification. *Journal of Urban Affairs*, 8, (4), 773-781.

Lees, Loretta. (1994). Rethinking gentrification: beyond the positions of economics or culture. *Progress in Human Geography*, 18, (2), 137-150.

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National Civic League, Denver: The Community Visioning and Strategic Planning Handbook. March, 1995.

Rose, Kalima (2001). Beyond Gentrification: Tools for Equitable Development. National Housing Institute.

The Brookings Institution Center on Urban and Metropolitan Policy: Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices. April, 2001.

Urban Institute, D.C. Policy Forum: Leading Indicators of Gentrification in D.C. Neighborhoods. June, 2001.

APPENDIX B. GLOSSARY

Affordable Housing. Affordable housing is frequently defined in terms established by state and federal government for program administration purposes. For such purposes it is assumed that housing is affordable when rents or mortgage payments do not exceed 30 percent of a household's income. For local government needs assessment and planning purposes, the 30 percent standard is most effectively applied at the census tract or block group level where it can be associated with neighborhood level geography.

Commercial Gentrification. Commercial Gentrification is caused primarily through increased competition from new businesses and increases in commercial rent. In both cases, previously stable businesses are forced to either relocate to a less desirable location or to close completely.

Density Bonus. An incentive in the zoning ordinance to encourage the development of affordable housing by effectively reducing land cost per unit.

Gentrification. The process whereby relatively affluent homebuyers, renters, and investors move into a neighborhood thus increasing property values, rents, or taxes resulting in an involuntary displacement of long-term residents and business owners, the loss of neighborhood diversity, or a change in the overall character of that neighborhood.

Housing Trust Fund. A special fund for financing production of affordable housing with one or more dedicated sources of revenue.

Inclusionary Zoning. A requirement in the zoning ordinance for developers in designated areas to produce a specified percentage of affordable housing as part of a market rate residential development project. The developer may alternatively pay an “in lieu” fee.

Land Use-Zoning Mismatch. A situation where established land use patterns of an area are different from the zoning standards that applies to the area. For example, if there is an established building setback pattern of five feet or less and a zoning requirement of 20 feet or more, there is a “land use-zoning mismatch”.

Linkage Fee. A fee charged to commercial or industrial real estate development for the purpose of off-setting negative impacts of such development on the housing market. Such fees typically are revenue sources for a Housing Trust Fund.

Reinvestment. The flow of capital into a neighborhood primarily to upgrade physical components of the neighborhood, although reinvestment can also be made in human capacity.

Rent Gap. The gap between rent levels that are affordable to residents of a neighborhood and higher rent levels caused by gentrification.

Residential Gentrification. Residential gentrification occurs when people once living comfortably in a neighborhood are involuntarily uprooted as the neighborhood changes.

Revitalization. The process of enhancing the physical, commercial and social components of neighborhoods and the future prospects of its residents through private sector and/or public sector efforts. Physical components include upgrading of housing stock and streetscapes. Commercial components include the creation of viable businesses and services

in the community. Social components include increasing employment and reductions in crime.

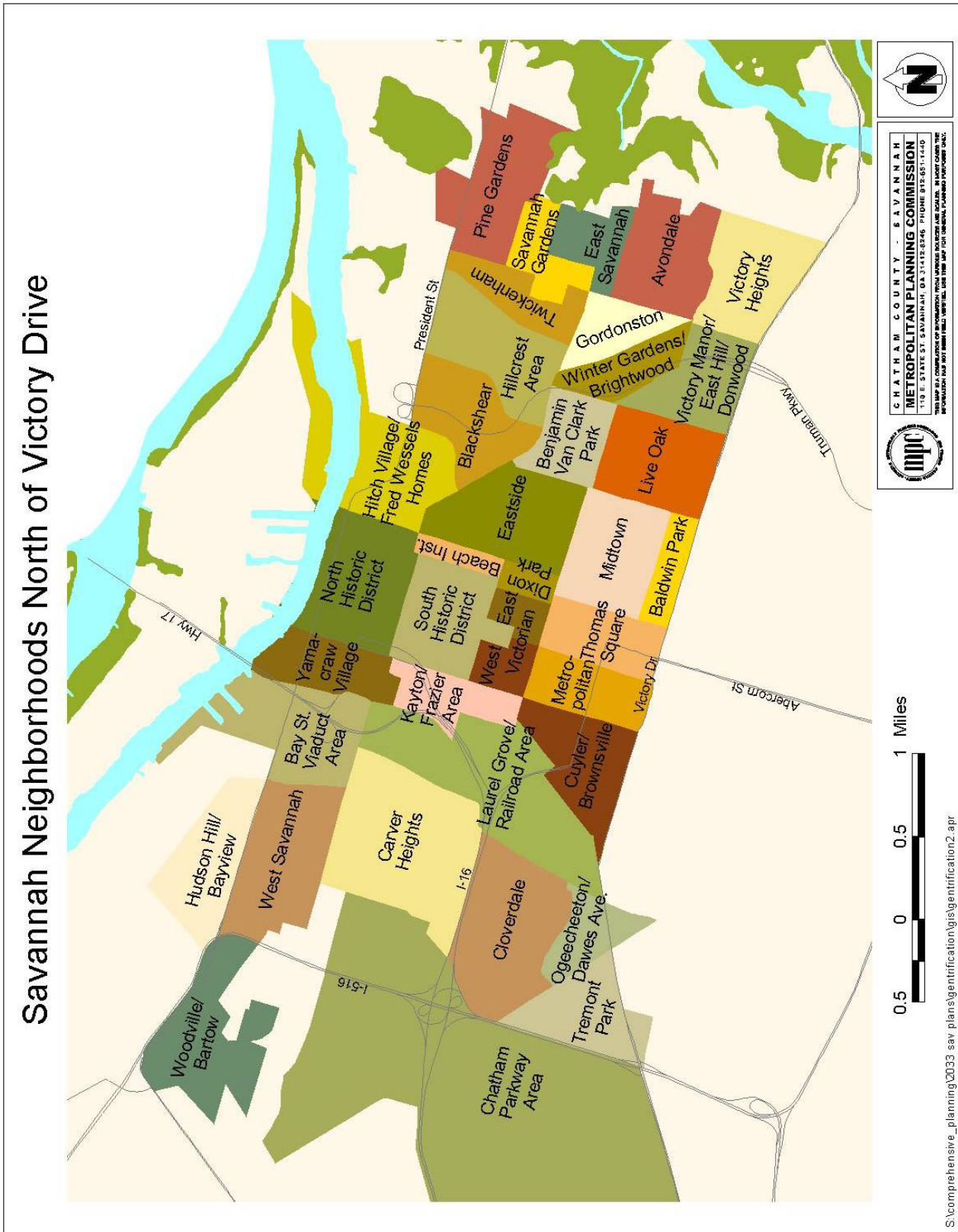
Tax Increment Financing. Financing of affordable housing and other designated redevelopment objectives through higher taxes (increments from a base year) that are generated as a result of revitalization in a specified redevelopment district.

APPENDIX C. INDICATORS OF GENTRIFICATION AND NEIGHBORHOOD MAP

	Leading Indicators					Total
	High rate of Renter	Ease of Access to Downtown	Significant Decline in Population	Historic Architecture	Comparatively Low Housing Cost	
1	Abercorn Heights		X			1
2	Ardmore			X		1
3	Ardsley Park			X		1
5	Avondale	X			X	2
7	Baldwin Park	X	X	X		3
8	Bay Street Viaduct	X	X		X	3
9	Beach High School				X	1
10	Beach Institute	X	X	X		3
11	Benjamin Van Clark	X	X	X	X	5
13	Bingville	X			X	2
14	Blackshear	X	X		X	3
16	Cann Park	X		X	X	3
17	Carver Heights		X	X	X	3
18	Chatham Parkway				X	1
20	Cloverdale		X			1
23	Cuyler/Brownsville	X	X	X	X	5
24	Dale Terrace	X			X	2
25	Dixon Park	X	X	X	X	4
26	East Savannah		X		X	2
27	East Victorian District	X	X	X		3
28	Eastside	X	X	X	X	4
29	Edgemore	X				1
31	Feiler Park	X			X	2
32	Fernwood				X	1
33	Forest Park					0
34	Gordonston			X		1
38	Hillcrest Area	X	X		X	3
39	Hitch Village	X	X			2
40	Hudson Hill	X	X	X	X	4
42	Jackson Park				X	1
43	Kayton/Frazier	X	X	X	X	4
45	LaRoche Park					0
46	Laurel Grove/Railroad	X	X	X	X	4
48	Liberty City/Summerside					0
49	Live Oak	X	X	X	X	4
53	Medical Arts			X		1
54	Memorial Hospital	X		X		2
55	Metropolitan	X	X	X	X	5
56	Midtown	X	X		X	4

		Leading Indicators					
Urban Neighborhoods		High rate of Renter	Ease of Access to Downtown	Significant Decline in Population	Historic Architecture	Comparatively Low Housing Cost	Total
58	North Historic District	X	X		X		3
61	Oakland Park					X	1
62	Ogeecheeton	X				X	2
64	Parkside				X		1
65	Pine Gardens	X			X	X	3
68	Sackville	X				X	2
69	Savannah Gardens	X		X		X	3
70	Savannah State	X		X		X	3
72	South Garden	X				X	2
73	South Historic District	X	X		X		3
74	Sunset Park					X	1
75	Sylvan Terrace						0
76	Tatemville					X	1
77	Thomas Square	X	X		X		3
78	Tremont Park	X				X	2
79	Twickenham	X				X	2
80	Victory Heights	X				X	2
81	Victory Manor	X				X	2
82	West Savannah	X	X	X		X	4
83	West Victorian District	X	X		X		3
87	Winter Gardens	X					1
88	Woodville	X				X	2
89	Yamacraw	X	X			X	3

1. High rate of Renter – Any neighborhood with 40 percent or more renters.
2. Ease of Access to Downtown – Any neighborhood within a 2 mile radius of Downtown.
3. Significant Decline in Population – Any neighborhood who experienced more than a 20 percent decline in population between 1990 and 2000.
4. Historic Architecture – Any neighborhood located in an existing and pending National Register Historic District.
5. Comparatively Low Housing Cost – Any neighborhood with a median home value less than 80 percent of the median home value of the county.



APPENDIX D. LOCAL PROGRAM TOOLKIT

<u>Existing</u> Economic Development Programs			
Business Start-up, Relocation, Expansion Tools			
Tool	Source	Description	Administering Agency
MLK Revolving Loan Fund	HUD, EDA	Loans for land and building acquisition; facility construction/renovation; equipment/inventory purchases; working capital up to \$150,000. Terms from 3-10 years, debt equity ratio of 5:1. For enterprises located within the City of Savannah.	City of Savannah's Business Development Office
Micro Loan Fund	HUD - Section 108	Loans for working capital; equipment/inventory purchases; supplies and fixed assets - up to \$25,000, terms up to 3 years, debt equity ratio up to 25:1. For enterprises located within the City of Savannah.	City of Savannah's Business Development Office
Business Improvement Loan Fund	HUD - Section 108	Loans for commercial, industrial and mixed-use property improvement and/or purchase of fixed assets - up to \$150,000. For enterprises located within the City of Savannah.	City of Savannah's Business Development Office
Business Incubator and Savannah Entrepreneurial Training	HUD - Economic Development Initiative (EDI)	Shared facilities and office equipment to lower start-up costs and increase networking opportunities for small businesses; provide training opportunities for small to mid-sized businesses and future entrepreneurs.	City of Savannah's Economic Development Department
Small Business Growth Companies Tax Credit	State	For companies with 20% increases in net taxable income for the past 2 years, tax credits equal to the excess over 20% in the current taxable year.	State of Georgia
Individual Development Account (IDA) Program	HHS, CDBG	Participant savings and interest matched 4:1, maximum contribution of \$4,000/individual	EOA and City of Savannah's Business Development Office
Redevelopment Area Designation	Georgia Redevelopment Law	Designation of Urban Redevelopment Area and adoption of Land Use Plan provides opportunity to target public resources leveraging private investment for redevelopment purposes. Permits the use of eminent domain.	City of Savannah
New Market Tax Credits (NMTTC) - PENDING	HUD - Section 108, Treasury Dept, EDI	Individual and corporate investors receive tax credits for equity investments from a qualified Community Development Entity	Small Business Assistance Corporation (SBAC)

	Grant	(CDE)	
SBAC Microloan	SBA Loan	Working capital, machinery and equipment, inventory, etc.	Small Business Assistance Corp. (SBAC)
Minority Retailers Loan Program	SBAC and donations	Inventory, leasehold improvements, business acquisition	Small Business Assistance Corp. (SBAC)
Minority/Women Owned Business Enterprise Program		Assists minority and women-owned businesses to obtain city contracts and provides information, training and opportunities for growth.	City of Savannah Economic Development Department

Property Development Tools

Tool	Source	Description	Administering Agency
MLK Revolving Loan Fund (for enterprises located within the City of Savannah)	HUD, EDA	Loans for land and building acquisition; facility construction/renovation; equipment/inventory purchases; working capital up to \$150,000. Terms from 3-10 years, debt equity ratio of 5:1.	City of Savannah's Business Development Office
Sprinkler Cost Assistance Program	City's Water and Sewer Capital Fund	Provides low interest financing to encourage the redevelopment of upper story spaces and promote infill construction through the installation of fire suppression systems.	Savannah Development and Renewal Authority (SDRA)
Business Improvement Loan Fund (for enterprises located within the City of Savannah)	HUD - Section 108	Loans for commercial, industrial and mixed-use property improvement and/or purchase of fixed assets - up to \$150,000.	City of Savannah's Business Development Office
Facade Improvement Program (FIP)	HUD - CDBG, City	Loans up to \$25,000, terms of 8 years and 3.5% for facade improvements on targeted corridors	Savannah Development and Renewal Authority (SDRA)
Property Acquisition Fund	City	Fund the development of residential and commercial properties in CDBG neighborhoods and targeted corridors.	City of Savannah's Bureau of Public Development
New Market Tax Credits (NMTC) - PENDING	HUD - Section 108, Treasury Dept, EDI Grant	Individual and corporate investors receive tax credits for equity investments from a qualified Community Development Entity (CDE)	Small Business Assistance Corporation (SBAC)
Rehabilitated Historic Property Tax Assessment Freeze		The State of GA provides a property tax freeze for historic building renovation projects. This program is administered by the county tax assessor's office. The program allows property owners to fix property tax assessments for renovated buildings at the pre-renovation rate for	Georgia Department of Natural Resources/ County Tax Assessor

		eight years. The tax assessment rate is then graduated to its full-assessed value by the tenth year. Certain restrictions apply.	
Rehabilitation Investment Tax Credit Program		The federal government administers an investment tax credit program through the National Parks Service and the GA Department of Natural Resources. For substantial rehabs, building owners may qualify for up to a 20% ITC on qualified rehab expenditures. Only available for income producing buildings.	Georgia Department of Natural Resources
Preservation Easement Program		The Preservation Easement Program was established to preserve properties while offering a tax incentive to the property owner. Property owners donate an easement to HSF and the property owner receives income, gift and estate tax advantages.	Historic Savannah Foundation
Revolving Fund Program		The Revolving Fund is a nationally recognized program developed to save historic buildings from demolition. The Fund provides resources for HSF to purchase endangered historic structures and hold them for resale to a new owner committed to restoration. Restrictive covenants are retained on the property to assure its future preservation and maintenance.	Historic Savannah Foundation
Design Consulting Service		HSF offers a low-cost service providing design suggestions and plans for restoration, rehab and new construction. Members of HSF receive two hours of design consultation free of charge. Fees are incurred for non-members and for members who exceed the two hours of free service.	Historic Savannah Foundation
SBA 504 Loan Program	50% bank (first mort); 40% SBAC; 10% equity-business owner	Use in real estate acquisition, construction, renovation, machinery and equipment	Small Business Assistance Corporation (SBAC)
Minority Retailers Loan Program	SBAC and donations	Inventory, leasehold improvements, business acquisition	Small Business Assistance Corp. (SBAC)

Potential Economic Development Programs *(TABLE BELOW IS NOT PRIORITIZED)*

Financial Tools	
Tool	Description
Community Design Center	To provide technical assistance for façade improvement and rehabilitation of structures along targeted corridors; paired with façade improvement programs and potentially implement through partnership with local construction technology and historic preservation degree programs.
Façade Improvement Program	Model existing loan program for façade improvement for the City's Economic Development Department's priority corridors and tie to Community Design Center.
Local Tax Freeze on Property Rehabilitation	Used as incentive for low-moderate income housing or mixed-use development.
Development/Impact Fee Waiver Program	Offered to new businesses that fit the vision for the redevelopment area.
Infrastructure Grant Program	Grant program funded by private sector to support streetscape improvements along targeted corridors.
Business Security Grant or Loan Program	Modeled after the Home Security Program, grant funds enable businesses to upgrade security measures.
Business Tax Breaks	Offered to businesses and entrepreneurs in return for providing trade training and instruction to target populations.
Wage Subsidies	Offered to employers that offer on the job training or an apprenticeship.
Revolving Property Fund	Purchase and redevelop abandoned and condemned properties combined with tax delinquent properties.
Rent Subsidy Program	Assistance would be provided to qualified new/existing businesses on a percentage scale meeting redevelopment area goals to offset increases in rent, utilities and taxes for a defined period of time.
Gap Financing Program	Provide a small percentage of financing for qualified projects or businesses meeting redevelopment goals to fill the financing gap which exists after an equity injection and commercial financing have been committed.
Corner Store Program	Loan program allowing for owners of historic commercial or mixed-use corner store properties up to \$30,000 for renovation of cross-street facades; includes forgiveness on 25% of principal and interest Yr2+
Peer Lending Circle	Credit circle to lessen barriers to capital, allowing undercapitalized business owners and entrepreneurs to maximize resources.
Negative Sandwich Lease Program	Economic development agency, through a grant or other funding source, rents a space and sublets it to new, small businesses at less than the square foot costs, subsidizing a portion of the space with annual increases.
Patient Investment Capital Program	The economic development community establishes an equity pool. Local businesses that face potential extinction unless they expand, upgrade and/or purchase new inventory/equipment, could receive investments for a return on a time-deferred basis.
Percentage Lease Program	A rental agreement that includes a base monthly amount plus a percentage of the volume of sales over a given amount. It provides incentives for the owner to provide support for success and lowers risk for the renter.

Land Write-Down Program	City targets properties for acquisition, write-down and re-conveyance; properties targeted include properties with absentee owners and/or neglectful landlords, long-term vacancies, artificially high rents or purchase prices, significant locations and historic properties in peril.
Façade Matching Grant Program (Pending)	Expand existing façade loan program (and model for other redevelopment areas) to allow deferred forgivable loan up to \$2,500 for qualified businesses seeking minor exterior improvements.
Site Edge Matching Grant Program (Pending)	Expand existing façade loan program to allow deferred forgivable loan up to \$2,500 for qualified businesses seeking site improvements (i.e.: buffering of car lots, etc.) to meet redevelopment and land-use goals.

Revitalization Tools

Common Parking Easement	Business owners allow common use of private parking lots and interconnected driveways and the lots would then be reconfigured and connected with lots on adjacent properties to increase the number of parking spaces as well as provide an interconnected circulation system; private company or group of owners assumes responsibility for maintenance; proportional fee for usage.
Streetscape Design / Engineering	Through meetings with neighborhood residents, develop and get approval for a Streetscape Design Plan for each commercial corridor.
Housing Cooperatives and Lease Purchase Programs	Provides an alternative to traditional home ownership, allowing occupants to build assets; lowers tax assessments and maintenance costs.
National Store Mentoring and Assistance	Inclusion of national chains in local business associations and as mentors for current and future small business owners.
Succession Planning	Availability of succession planning assistance for business owners who may retire/end their careers within 10 years. Offers transfer of skills and sustainability option rather than the closure of a business.
Parking garages and incubators	Piggyback on existing City projects and provide space for incubators and other development entities.
Space adjustment	Identify small spaces with lower rents for small business start-up, use properties owned by economic development entities to provide varying square footage availability.
Targeted Incentives	Use existing attraction and retention programs, such as the City's loan programs, to target those businesses with the greatest threat of closure, securing other financial partners to assist, and providing flexible options for repayment.
National retailer protocol	Encourage national chains but develop zoning and long-range plans that encourage/require the chain to fit into the character of the district.
Business Improvement District (BID)	To lessen the impact of blight on business development, increase in property tax to fund specific needs for a defined area such as parking.
Community Improvement District (CID)	Variation of BIDs, additional property tax assessment for specific services and capital project financing.
Tax Increment Financing (TIF)	Following designation of redevelopment area, TIF district is established allowing for a base assessed property valuation for area, City borrows funds to fund public investments and improvements within the district and repays with increased tax revenue generated by improvements and resulting property value increases.
Special Service Area (SSA)	State-authorized financing program administered by municipalities that

provides financing resources for a specific area funded through a separate property tax levy paid by property owners in a designated area.

Existing Publicly Funded Business and Property Resource Centers

Center	Address	Purpose	Oversight
Savannah Entrepreneurial Center	801 E. Gwinnett Street	Offer Entrepreneurial Training and Business Incubator	City of Savannah Economic Development Department
City of Savannah Business Development Office	801 East Gwinnett Street	A function of the city's department of economic development providing information regarding resources and tools for business start-up, expansion and relocation, and overseeing the city's loan programs. The Department of Economic Development oversees redevelopment planning and revitalization efforts for designated community development block grant corridors.	City of Savannah Economic Development Department
Greater Downtown Business and Property Resource Center	518 Martin Luther King, Jr. Boulevard	Provides local, state and federal information regarding business start-up, relocation and expansion tools and listings of available properties and spaces for Greater Downtown Savannah. SDRA oversees redevelopment planning and revitalization efforts for the Broughton Street Urban Redevelopment Area and the MLK and Montgomery Corridor, including the façade improvement loan fund and the sprinkler cost assistance program and offers technical assistance to Greater Downtown Savannah in guiding and coordinating development activities with city departments.	Savannah Development and Renewal Authority
Small Business Assistance Center (SBAC)	111 East Liberty Street	Houses the Small Business Assistance Corporation, University of Georgia Small Business Development Center, Senior Corps of Retired Executives (SCORE); and the regional offices of the Department of Community Affairs. Center provides services related to business planning, lending and marketing.	Small Business Assistance Center (SBAC)

Comprehensive Economic Development Tool

City of Savannah <i>Guide to Doing Business in Greater Downtown Savannah</i>	Available through SDRA, City, SBAC and on-line at www.sdra.net	Provides contact information and guidance regarding business start-up, expansion, relocation, site development, zoning, signage, taxes, licensing, etc.	Joint project of Savannah Development and Renewal Authority (SDRA) and Bureau of Public Development
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Local Housing Tools Supporting Economic Development

Tool	Description	Administering Agency
Dream Maker 1 Program	Provides down payment and closing cost assistance to qualified home buyers purchasing houses outside CDBG target neighborhoods. Assistance is capped at \$4,000 and can be forgiven at the end of 5 years if the buyer continues to own and occupy the house.	City of Savannah Housing Department 912/651-6926
Dream Maker 2 Program	Provides down payment, closing cost and gap financing assistance to qualified home buyers purchasing houses in CDBG target neighborhoods. Assistance is capped at \$8,000 and can be forgiven at the end of 5 years if the buyer continues to own and occupy the house.	City of Savannah Housing Department 912/651-6926
Dream Maker 3 Program	Provides incentives to qualified buyers purchasing houses built and/or renovated as part of a planned neighborhood revitalization initiative. Buyers may qualify for as much as \$40,000 toward the purchase of a one-story house and \$60,000 toward the purchase of a two-story house. Interest rates are low; payments are deferred for five years; and portions of the loan are forgiven at the end of 5 to 15 years if the buyer continues to own and occupy the house. Partial construction financing available to developers at 0% interest with no payments for 12 months.	City of Savannah Housing Department 912/651-6926
Homeowner Programs	Provides volunteers, grants and loans to low income homeowners for exterior and/or site improvements. Grants range from \$2,500 - \$15,000 and loans range from \$1,000 - \$50,000 depending on the size and location of the house. Loans to elderly homeowners are 0% interest with no payments during the homeowner's life.	City of Savannah Housing Department 912/651-6926

<p>Community Housing Services Agency (CHSA)</p>	<p>Assists qualified rental property investors to finance the construction, repair and/or renovation of substandard property into safe, affordable rental housing for low income households. Financing available for acquisition, new construction, site improvements, and/or renovation.</p>	<p>CHSA 912/651-2169</p>
<p>Fair Housing Technical Assistance</p>	<p>The Fair Housing Council provides all Savannah and Chatham County citizens, within constitutional limitations, fair housing services that will result in the protection of equal housing opportunities from discrimination based on race, color, national origin, sex, religion, familial status or disability</p>	<p>Savannah-Chatham Fair Housing Council 912/651-3136</p>

APPENDIX E. DISSENTING OPINION & RESPONSE

The Metropolitan Planning Commission
c/o Thomas Thomson, Executive Director
P.O Box 8246/110 East State Street
Savannah, Georgia 31412

Dear Commissioners (and staff),

As a member of the Metropolitan Planning Commission, I respectfully submit the following dissent narrative to you and the Commission. It is in response to the report/recommendations on gentrification that have been presented to the Commission and then will be presented as the MPC's planning recommendation to the Savannah City Council as part of the ongoing Tricentennial/Comprehensive Planning effort.

I also hereby request that this dissenting opinion and any/all attachments be entered into the record and forwarded to the City Council along with the gentrification report/recommendations. This dissent will provide the City Council with a more balanced view of the recommendations promoted by the MPC's taskforce and the Commission itself.

Major points of this dissenting opinion include:

- *Poor record-keeping / documentation of meetings confounded the process:* There is no standing record of the many ideas, solutions presented by individuals and agency representatives. Only one set of minutes were submitted to the Taskforce for a vote approval.
- *Refusal to define important discussion concepts and terms* such as redevelopment, and "affordable housing". Participants were left to assume their meaning. No clarification was made to help inform the discussion.
- *No clarification of geographical focus.* Data was presented on neighborhoods and public housing area within the city limits. However, the third task of the taskforce takes into account that the Tricentennial plan involves Chatham County as well.
- *No discussion of extant city policies that may conflict with recommendations* such as the "phasing out" lane housing, garage apartment in historic neighborhoods. Such a discussion would only serve to strengthen final recommendations.
- *No discussion of immediate mitigations needed* in area identified as currently experiencing involuntary displacement due to "condo-ization" for rental property, and skyrocketing property valuations due to real estate speculation. The City council may appreciate being able to act now rather than react later.
- *Refusal to examine recommended solutions for implementability* such as the recommendation of inclusionary zoning for newly constructed housing, 25 units or more in a historic neighborhood where land is scarce. In order to meet the unit requirement, a developer may feel forced to demolish surrounding contributing structures.

As a gentrification roundtable participant, I found the discussion heavy with corporate and bureaucratic perspectives. Over the one year period, I attempted to balance the discussion with a layman's point of view. As a MPC commissioner, I endeavor uphold my creed by avoiding unilateral action that does not comply with exist mission and policy of the Metropolitan Planning commission.

Respectfully,
Signed/Melissa Jest

Dissenting Opinion
To
“One Savannah: Report of the Gentrification Task Force”, October 2004
Submitted by Melissa Jest, Commissioner
(Term beginning April 6, 2004)
Chatham County- Savannah Metropolitan Planning Commission

A look at how [American] cities have managed their economic transformation reveals that sometimes there are still opportunities for building decent communities in the inner cities. But such attempts often are frustrated by the politics and economics of dependency. - Paul Kantor, *The Politics of Decline and Conversion: Central Cities*, 1995

As Savannah seeks to meet the challenges of its recent population and job loss and the resulting threat to its market position within a competitive system, its leaders take this opportunity to investigate the important issue of gentrification which is viewed as both a tool and a consequence of requisite economic restructuring of urban cities.

The ensuing report on gentrification from the Metropolitan Planning commission’s taskforce represents a noble attempt to examine gentrification here in Savannah. The contributions of those volunteers and participants are to be commended. This discussion was long overdue. However, it is this dissenter’s opinion that the deadline pressure to produce recommendations for the pending Thomas Square rezoning/land use plan and the looming Tricentennial Comprehensive city-county plan and the strong political influence of privatism has possibly misspent the public’s chance to grow closer to realizing “One Savannah” as alluded to in the title of this report.

Most topic discussions begin with an assessment of current conditions. Here, that would mean a report of current residential and commercial displacement and an evaluation of those programmatic responses to it. However, this foundational information came too late in the process. The indicators of gentrification and the specific neighborhoods with those characteristics were presented to the taskforce three months before its September draft deadline. It is my opinion that this break from normal protocol tainted the process. The unanswered questions of what public efforts were being made now and what was working (or not working) and why served confuse me, at least and several others, at worst. If such a discussion has been allowed to unfold, I believe unique features of Savannah displacement problem could shed much needed light on a process we all knew was happening but we hadn’t quite put our collective finger on.

It is this dissenter’s opinion that the specific experiences of the participants, especially the long-term residents, were not noted or used to guide the strategies or recommendations. While the identity of Savannah’s neighborhood is touted as “one of Savannah’s most precious assets”, not enough value was given to the long-time residents’ view. Often such grassroots input was met with the retort, “that issue can not be dealt with through land use and zoning.” I disagree. The history of zoning and land use is grounded in people’s desire to produce or protect their quality of life. “The land use decisions made by a community shape its very character,” writes John Levy of Virginia Polytechnic Institute and State University. “... [S]uch decisions may directly affect human life and health.” With that, I contend that zoning is tied to who lives where and also *how* we live. However, repeated requests to have quality of life concerns translated into zoning/land use strategies went unanswered.

As it is fitting that the Savannah City Council made the call a community-based discussion of involuntary

displacement brought on by reinvestment, it is also fitting that the discussion include the contributions of public redevelopment projects to the gentrification process. Examples such as the displacement of working-class poor in the former Garden Homes public housing complex and their replacement with moderate to middle income residents are disallowed because it is not a local project. Yet there are some current redevelopment efforts that are local and that do mark the beginning of involuntary displacement within those respective areas. The redevelopment of Cuyler-Brownville cleared out the slums that lined Grapevine Avenues and constructed new single-family housing. It also involuntarily displaced residents who had secured affordable, albeit substandard, housing that continues to be scarce in Savannah. Homesteaders in Eastside received city correspondence that urged them to “consider a change of ownership” for their homes (see attachment) as their contribution to the redevelopment planned for that neighborhood.

As it was with the urban renewal of the 1960’s, this current urban redevelopment has not checked the forces that give this program its highly development thrust, to the neglect of other socio-economic considerations. “[T]he ability of urban renewal agencies to successfully redevelop land they cleared was tied to private market...and not to the publicly defined social priorities,” writes political scientist Paul Kantor about the previous urban review movement. But this observation can still be made today as hundreds of Savannah’s working class is forced to scatter to substandard or more expensive housing because no adequate alternatives have been developed.

In its recommendation, the taskforce presents inclusionary zoning as a premiere strategy for providing affordable housing in Savannah’s neighborhoods. This tactic will provide incentives to developer who agreed to reserve some units in their new housing units for low-moderate income residents. In order to strike a balance between the developer’s right to profit and the city’s obligation to provide adequate house, the recommendation only call for 15 percent of the total units be “affordable”. In the inner city where more than a third of the population earns less than \$25,000 annually, this requirement is inadequate. The construction aspect of this recommendation rings true to development objective of government renewal policy. But it conflicts with preservation of existing housing/building stock found in Thomas Square and throughout historic Savannah. In order to meet the unit requirement and gain the incentive, a developer may feel forced to demolish surrounding contributing structures.

The relegation of the task of defining “affordable housing” to a side-subcommittee cheated the taskforce out of the benefits of that discussion. Housing affordability is relative; therefore it must be defined according to the context. The taskforce’s report uses the federal definition, “30 percent of a household’s income.” But it is this dissenter’s opinion that this definition does not deal with Savannah’s wage/income challenges. The median household income for the city of Savannah is \$29,038, according to recent census data. That translates into \$725 per month for housing. In northern Thomas Square, the median income is about \$8,000 less which means \$525 per month for housing. There are very few market rentals available in Thomas Square at \$500 to \$800 per month. And those that may exist are disappear, thus the involuntary displacement that has triggered this very study.

The above scenarios do not mention the growing population of Savannah that earn \$18,000 annually or less. In one section of Thomas Square, they are the majority. And census data shows that they are not receiving public assistance. They are the “responsible working poor”, description coined during the first urban renewal movement.

So, the comment by taskforce staff that the housing needs of this population are best served by project-

based public housing was not only shocking but very much out of touch with Savannah's current reality. If economic diversity and inclusion are goals of this planning effort, the housing needs of the working class must be met within Savannah's neighborhoods.

In that side discussion on affordable housing, various creative solutions were presented. However, any ideas that may have survived the scrutiny of attending staff did not make the final cut that lies before the Commission today. Ideas such as providing strong incentives to city employees who purchase the newly constructed houses in city redevelopment areas and financing affordable housing construction with increase tax revenue produced when existing housing is rehabilitated show great promise.

The process of creating an attractive city and a viable service economy requires physical and demographic changes to the central business district and surrounding neighborhoods. And if the vision of presented by this report and accepted by this commission is of a vibrant, inclusive community, the question remains, "How will we know when we get there?" Other questions were: How will more city bureaus and programs translate into less displacement? Can Savannah's infrastructure support denser development? Will a housing trust fund create competition between neighborhoods and/or exacerbate the existing uneven development? But the taskforce participants were told that specific were not their concern. Vocal requests for specific and measurable outcomes/recommendations were deflated by the repeated instruction that those will be created by the policymakers and their respective agencies. But if these groups knew the specific answers already, why was the taskforce convened? Most important, how can the grassroots public (as opposed to the corporate public) be assure that a new perspective will be used to create new initiative. Will it be business as usual?

This dissenter offers for your consideration that these resultant involuntary displacements of residents and small business are not natural outcomes of market forces or an inevitable consequence of entrepreneurial endeavors but reflects Savannah's politics of uneven development supported by local government policy and planning.

Writers of America's welfare policies stated "[I]f public support of any kind is to be given, it must be tied to commitments for 'responsible' behavior on the part of the recipient." (Squires, 1994) This same sentiment and the concomitant enforcement must apply to the development (or redevelopment) of Savannah.

In closing, I note the following observation by Kantor:

The most pernicious flaw in this system of dual government-one side for the business of generating money/growth; the other concerned with social/municipal services-is that it seriously limits the chance that rebuilding central cities will benefit everyone. A government responsible only for finding money is less likely to be responsive to the problems [and needs] of citizens who appear marginal to their purposes.

I urge the commission and the Savannah City council to end this duality. Your serious consideration is a first step to possibly achieving "One Savannah".

-End-

MPC – CITY OF SAVANNAH COMBINED STAFF RESPONSE TO MPC
COMMISSIONER MELISSA JEST’S DISSENTING OPINION

The following is a combined staff response based on comment from the City of Savannah Housing Department and from MPC staff.

The Gentrification Task Force was formed by the MPC in conjunction with City Council in an effort to address the complex issue of gentrification in a formal manner for the first time. The Task Force was not formed to produce a solution for gentrification or to draft the final word on the subject. It was understood that an issue of this magnitude will require considerably more research, an expanded geographic study area, significant efforts at community outreach and education, careful deliberation on the potential effectiveness of new strategies, and ultimately a change in the culture of many organizations and institutions.

The Task Force has offered the MPC and City Council a first report on gentrification so that both bodies may begin considering the next steps available to them. Commissioner Jest’s comments, perhaps along with those of others, might well augment those submitted by the Task Force. The Task Force sought to present positive recommendations, knowing that constructive thought on the part of many others will ultimately be required to produce effective strategies to counter the negative effects of gentrification. Before the Vision Statement of the Task Force can truly be achieved, many people will need to participate in constructive debate and problem-solving.

The following is a response to the six major points identified in the cover letter of the dissenting opinion:

- *“Poor record-keeping/documentation of meetings confounded the process.”* MPC staff provided agendas, minutes, materials, and numerous drafts of the report to the members of the Task Force. Minutes were presented at every meeting, and participants were given time to review them and offer corrections as necessary.
- *“Refusal to define important discussion concepts and terms...”* Contrary to this assertion, the definition of concepts and terms was a major point of discussion in Task Force meetings. For example, defining the term “gentrification” was a task that took several meetings. In addition, when participants suggested adding a glossary of terms to the report, it was added and accepted by the Task Force. New terms were added as participants requested them. When Commissioner Jest suggested relating the definition of affordability to income figures at the neighborhood level, the definition was written accordingly.

In particular, Ms. Jest takes issue with the definition that was chosen for “affordable housing”. The definition used in the report is not linked to county income levels as alleged in the dissenting opinion. The 30% threshold used in the report is a standard that is used by the federal government, as well as by government at all levels, the banking/lending industry, and grassroots housing groups alike. This definition is not without its limitations but it provides a common context in which to discuss and address issues of housing affordability.

- *“No clarification of geographic focus.”* Geographic focus was the subject of lengthy discussion in the initial meetings of the Task Force. The consensus was to focus on urban neighborhoods that may now or soon be experiencing gentrification. This decision was influenced by many factors:
 - Urban neighborhoods immediately facing gentrification provide the opportunity to “test” the ideas that resulted from the Task Force’s discussions;
 - Gentrification looks very different in the greater county than it does in the inner city, thus requiring different approaches and strategies that are not necessarily interchangeable;
 - Federal funds (CDBG/HOME) available to address gentrification are currently limited to neighborhoods that are inside of the City’s boundaries;
 - Given the short time frame provided to produce the report, it was decided that the task force’s time would be best spent by concentrating its efforts on the handful of neighborhoods that are most likely to gentrify in the future. It is understood that the Task Force’s recommendations would need to be expanded and adapted in order to address gentrification in the greater community, or in the county as a whole.
- *“No discussion of extant city policies that may conflict with recommendations...”* In Section 1.8, the gentrification report cross-references the need for “a full spectrum of housing for all income levels” with the Thomas Square Area land use plan and rezoning proposal. The recommendations that follow in Section 1.10, Land Use and Zoning Recommendation 4, contain references to lane cottages and garage apartments as earlier requested by Ms. Jest. During its final meetings, the Task Force fully discussed the feasibility and appropriateness of each recommendation, including compatibility with existing policies and programs. City staff members reviewed the report to ensure that it was consistent with the City’s existing programs, future endeavors, and planning documents (such as the Housing and Community Development Plan). City staff then suggested several revisions to the report. These were accepted by the Task Force, and are present in the final report.
- *“No discussion of immediate mitigations needed...”* Complex problems do not always have easy or immediate solutions. However, many Task Force recommendations contain recommendations that can be implemented on a fast tract. Policy makers must make the decisions necessary to expedite such actions.
- *“Refusal to examine recommended solutions for implementability...”* Before the Task Force accepted the report, the recommendations were critiqued and revised, and some were even struck based on their feasibility, appropriateness, or effectiveness.

Regarding the comment that inclusionary zoning would encourage demolition of adjacent structures, it is not clear in the critique just how inclusionary zoning would lead to demolition since there is no incentive to attain the 25-unit level. The report does include a separate recommendation that would grant a density bonus to

developers who produce affordable housing, but this also would not threaten adjacent properties with demolition because the bonus would allow the developer to construct more units on the same amount of land; acquisition of adjacent land would not be required.

Specific to the comment regarding the inadequacy of requiring developers to provide 15% affordable units in larger developments, further analysis and discussion would be necessary if the recommendation were to be pursued in any form. Inclusionary zoning ordinances must consider the economic impact on developers. Inclusionary zoning programs typically require developers to make 10 to 20 percent of the units in residential projects affordable. Two primary concerns with setting a higher requirement would be: 1) that it would create a strong economic disincentive and hinder residential development, and 2) that a higher requirement would be without legal precedent, meaning that the ordinance would be on less certain ground to withstand a legal challenge (a regulation that goes too far can constitute a taking).

In response to the dissenting opinion, the City of Savannah's Department of Housing drafted the following material:

Page A-17 Paragraph 1 -- "The redevelopment of Cuyler-Brownsville cleared out the slums that lined Grapevine Avenues and constructed new single family housing. It also involuntarily displaced residents who had secured affordable, albeit substandard, housing that continues to be scarce in Savannah."

The Cuyler-Brownsville Urban Redevelopment Plan (URP) was developed over several years involving the Cuyler-Brownsville neighborhood association, neighborhood residents and other interested parties. It was adopted by City Council in 1997. A property acquisition plan (often referred to as a land use plan) was subsequently developed and adopted in 1999 with neighborhood support. Since that time, a land use plan was adopted for Phase-II of the URP and the Planned Neighborhood Conservation District designation with its design guidelines, standards and required development review process have been expanded to include the entire neighborhood—again with overwhelming support.

In the year 2000 when the URP was implemented, Grapevine Avenue (Lane) between Ogeechee Road and Burroughs Street contained two dilapidated houses and a concrete block structure. One of the houses and the concrete structure were owned and occupied by the same person. His properties were purchased at an agreed upon amount and then demolished to make way for the new square. He used the sale proceeds to purchase one of the new infill houses. When his house was demolished, it was discovered that it had been built around an old Volkswagon bus. The second house was owned by the county and occupied illegally by squatters. The squatters were paying the aforementioned property owner "rent" to live in the house—even though he did not own the house. While the City was not obligated to do so, it paid the moving expense of the squatters.

The City has acquired approximately 125 properties in Cuyler-Brownsville between Anderson Street, West 37th Street, Ogeechee Road and Martin Luther King Boulevard. Of these, seven were occupied (including the two mentioned above)—two by owners and five by renters. The City paid approximately \$37,000 in relocation assistance to the five renter households to help them move from poor quality housing to housing in better, standard,

condition. It also paid property owners fair market value for their property. Two owner-occupants and one tenant used payments they received to purchase new infill houses built in the neighborhood.

The City and its partners have built and sold 35 new single family infill houses on vacant lots in Cuyler-Brownsville in the area described above. Additionally, it is helping to fund the construction and sale of 10 additional houses for sale to low and moderate income buyers. The City has also provided grants and low-interest loans to existing low-income homeowners to help improve their homes in this area and help them be able to more comfortably remain in their homes.

The City has worked with the United House of Prayer to help it develop two new single family rental houses around the new square. Additionally, the City helped Mercy Housing Southeast secure \$8 million of funding (including low-income housing tax credits, historic tax credits, Federal Home Loan Bank grants and \$500,000 of City funds) to renovate the old Charity Hospital and Florance Street School into 80 units of high quality, affordable, rental housing. It has also helped Mercy Housing secure approximately \$7 million of similar funding to renovate and/or construct 70 additional units of high quality, affordable, housing at Kline and Ogeechee Road and in the 600 block of West 41st Street. This last renovation project has resulted in 19 renter households being permanently relocated at a cost of approximately \$200,000. Some residents have moved down the block, others have moved several blocks away, yet in the same neighborhood, while others have elected to move to other neighborhoods. Nine households have been temporarily relocated and will move back into the housing once renovated. The City is currently lobbying the State to change the low-income housing tax credit rules to permit the development of high quality, affordable, single family rental housing on non-contiguous lots in neighborhoods undergoing redevelopment. The City and CHSA, Inc. have also helped finance the repair of 16 additional rental units in this area since redevelopment efforts began in 2000. Prior to 2000, the City and CHSA, Inc. had helped fund the renovation of historic row housing on Anderson Street, West 32nd Street and West 33rd Street.

Page A-17 Paragraph 1 -- "Homesteaders in Eastside received city correspondence that urged them to "consider a change of ownership" for their homes (see attachment) as their contribution to the redevelopment planned for that neighborhood."

Not all departments have yet received or reviewed a copy of the attachment and are, therefore, unable to respond to the content and/or intent of the correspondence. While the City has, with the support of the Eastside Concerned Citizens, Inc. neighborhood association, adopted an Urban Redevelopment Plan for the neighborhood, it has not adopted a vacant property acquisition (land-use) plan and has not, therefore, sought to exercise its eminent domain powers in this neighborhood. It has, however, worked with ECCI support to identify and redevelop vacant lots in the neighborhood with new infill housing. Non-profit developers have sent correspondence to vacant property owners encouraging them to develop their property or to sell it so it can be developed for the benefit of the neighborhood. The City has also worked with ECCI to fund home improvements through grants and loans to low-income neighborhood homeowners.

Page A-17 Paragraph 4 -- “The taskforce’s report uses the federal definition, “30 percent of a household’s income.” But it is this dissenter’s opinion that this definition does not deal with Savannah’s wage/income challenges.”

The comments below are also applicable to comments made by Ms. Jest on **Page A-17 Paragraph 5** and **Page A-18 Paragraphs 1 and 2**.

As mentioned previously, 30 percent of gross annual income is a government and industry standard for identifying the amount of income above which housing is considered unaffordable. Market rents or mortgage payments for housing in standard condition in many Savannah neighborhoods are likely to cost more than 30 percent of a renter’s or purchaser’s income.

In fact, very few, if any, of the 12,389 renters with incomes below \$15,000 are likely able to afford rent or mortgage payments for housing in good condition without large subsidies or without living in public housing. It would take approximately \$929 million to provide quality affordable housing to these 12,389 renters at \$75,000 per housing unit.

Renters in this income bracket, on average, can only afford to pay rents that support about \$10,500 of debt service/investment at seven percent interest rates and with 20 year terms. This means that it would take a “soft” money subsidy of approximately \$64,500 per dwelling unit (\$799 million in all) to make housing affordable to these households.

The State’s low-income housing tax credit program and bond funded rental housing continue to be the best way to provide quality rental housing at affordable prices.

Similarly, it would require approximately \$141 million in “soft” money (federal, state, local and other grant funds) to make it possible for 4,971 renters with incomes between \$15,000 and \$74,999 to purchase “affordable housing” in good condition and raise the rate of ownership among this group from 53 percent to the national average of 69 percent.

The problem is not with the definition of “affordable housing” meaning housing that does not cost renters or buyers more than 30 percent of gross annual income for rent and/or mortgage payments. The problem is that for many households substandard or low-quality housing is the only type of housing that can be afforded without very large subsidies. This is why **Recommendation 1** in the Affordable Housing section of the gentrification report is related to developing new sources of funding for affordable housing.

Page A-18 Paragraph 2 -- “...ideas that may have survived the scrutiny of attending staff did not make the final cut...”

The two ideas listed in the letter (employer-assisted housing, dedication of increased tax revenue due to redevelopment efforts) were being researched and explored prior to the creation of the Task Force and continue to be pursued by City staff. As the Task Force strived to consolidate the recommendations, these strategies were folded into the final recommendations but never forgotten by Task Force members and City staff.

The City’s Housing Department has been exploring the possibility of using the City to test an employer-assisted home buyer program that can be used as a model for other local employers. The City’s commitment to this strategy is demonstrated by its inclusion in the

Housing and Community Development Plan. (Goal HS3.1.4 - Seek to develop partnerships with local employers interested in participating in an employer-assisted home buyer program.)

As for the increased property tax revenue, resulting from redevelopment activity, being used for affordable housing, **Recommendation 1** of the Affordable Housing section recommends the pursuit of a TIF District. The creation of such a district or the semblance of one would do precisely what Ms. Jest is suggesting.