

WHEN EXTENDED-STAY BECOMES HOME

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By:

Kathleen Allen, LiveNorcross Transient Housing Committee Chair

Aixa Pascual, Latin American Association

Lejla Prljaca, Gwinnett Housing Corporation

Dr. Malik Watkins, Carl Vinson Institute of Government, University of Georgia

ABSTRACT

This study provides a better understanding of the families who live in extended-stay motels in Norcross, Ga., identifying the barriers they face to renting or buying a home and presenting policy considerations to assist them in securing permanent housing.

When Extended-Stay Becomes Home

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BACKGROUND

Suburbanization of poverty has dominated national headlines for the past 10 years as policymakers struggle to reallocate resources and introduce infrastructure to address the emerging problem. According to a 2017 [study](#) by Harvard University's Joint Center for Housing Studies, the number of people living in poverty has increased most in suburban and exurban communities. The study points out that in metro Atlanta, the number of low-density, high-poverty exurban tracts rose from only 11 in 2000 to 72 in 2015.¹

Compounding the growing poverty rates is that home prices have continued to go up even as wages have remained stagnant. Since 2011, the rate of home price increases has been about [20 percentage points higher](#) than the rate of wage increases, according to March 2019 data from the Atlanta Regional Commission. In metro Atlanta, [56 % of home buyers have incomes below \\$100K](#) and fewer starter homes are being built, meaning that home ownership is becoming out of reach for lower-income households.²

Just like other cities in metro Atlanta, as Norcross continues to grow more families are at risk of being priced out of quality housing or residing in communities with significantly lower standards of living. This ultimately undermines families, reduces revenue for the local government and increases the cost of local services, according to Dr. Malik Watkins of the University of Georgia's Carl Vinson Institute of Government.³

Norcross, Georgia: A Microcosm of Gwinnett County

As a demographically and economically diverse community, Norcross is a microcosm of Gwinnett, Georgia's second-most populous county. More than 46% of the population of Norcross is Latino, and 10% is Asian, according to the [U.S. Census Bureau](#).

With easy access to I-85, great schools, verdant places and small-town charm, Norcross has become one of the most desirable places to live in the sprawling metro area. This community of 17,000 is bisected by Buford Highway, known for its immigrant populations and an assortment of ethnic businesses.



West of Buford Highway, newly built single-family homes close to the historic center rarely go for less than \$500,000; east of BuHi, dated apartment complexes with average rents above \$1,000 house hundreds of families. A limited supply of available land and rising construction costs have pushed the price of quality housing out of range for many hard-working families. At

¹ Elizabeth La Jeunesse, "The Rise of Poverty in Suburban and Outlying Areas," *Joint Center for Housing Studies*, (July, 2017).

² Atlanta Regional Commission, *Metro Atlanta Housing Affordability: Is It All Too Much for Too Many?* March 2019.

³ Dr. Malik Watkins, *City of Norcross Affordable Housing Study*, (2019) p. 13.

least 60% of Norcross residents pay more than 30% of their income in rent, and 28% of residents pay more than 50% of their income in rent, according Dr. Watkins.⁴

In 2011, the City expanded its limits east of Buford Highway when it annexed Census tracts 503.19 and 503.20 with the goal of improving the quality of life of its residents and reducing crime. This two-tract area is less affluent than the rest of Norcross, and its rental rates are much higher than for Gwinnett County.

In 2017, the City set out to deliver on its promise to improve the quality of life in this zone. This target area, where 74% of the city's population resides,⁵ was carefully evaluated to identify challenges and solutions across the entire spectrum of housing needs. In an effort to receive technical assistance, the City of Norcross applied to participate in the Georgia Initiative for Community Housing, a community development program that offers municipal governments expertise and resources to address the need for more affordable housing. Norcross is the first city in Gwinnett County to participate in this program. With support from the Georgia Department of Community Affairs, the Georgia Municipal Association and UGA's Carl Vinson Institute of Government, Norcross is pursuing innovative housing solutions to promote economic development. This initiative is known as LiveNorcross.

The City of Norcross has also made other significant investments to improve the quality of life of residents in the target area. In May 2019, the City held the [grand opening](#) of Pinnacle Park, a \$2 million recreational development that features a lake, playground, fitness circuit course, pavilions and nature-inspired landscape areas.



Overview

The Pinnacle Park project will bring to life a long-held vision for the city to provide underserved areas of the community equal access to parks and green space. This \$2 million recreational development will be funded by SPLOST and encompasses 12 acres with adjacent green space and connection to the Greenway.

⁴ Ibid, p. 2.

⁵ American Community Survey 2017 5-year. (<https://censusreporter.org/profiles/14000US13135050319-census-tract-50319-gwinnett-ga/>; <https://censusreporter.org/profiles/14000US13135050320-census-tract-50320-gwinnett-ga/>)

The Problem

Like many other cities across metro Atlanta, Norcross features limited residential options for middle-class families. The half-a-million-dollar homes and rents in the vicinity of \$1,000 make it prohibitive for many families with good incomes to live in Norcross. What the city is missing are dwellings for working and middle-income families.

Dr. Watkins reports on an increasing disparity between homeowners and renters. Among Norcross' 4,855 households, homeowners tend to be at or above the U.S. Department of Housing and Urban Development's area median family income, while 61% of renters earn below 80% of the area median family income.⁶

LiveNorcross identified the following challenges in the City's residential landscape in the two-tract target area:

- Very few families own their homes: The [63%](#) and [74%](#) rental rates, respectively, are twice as high as for Gwinnett County, and a quarter of its population lives below the federal poverty rate.⁷
- Affordable rentals are lacking: At least 60% of renters are cost-burdened (pay more than 30% of their income on housing),⁸ and [median rent](#) for Norcross is \$1,008.⁹
- Transient housing: Norcross is dotted with extended-stay motels, and the majority of these are home to working families and elderly individuals. An astonishing 30% of the extended-stay hotels in Gwinnett County are located in Norcross zip codes, according to data from [Explore Gwinnett](#).¹⁰



⁶ Watkins, p. 2.

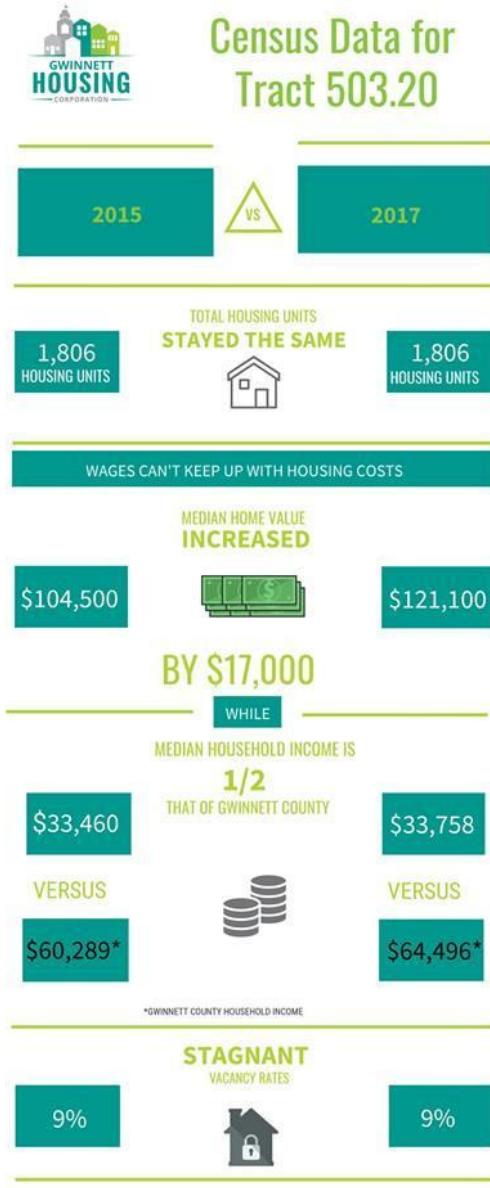
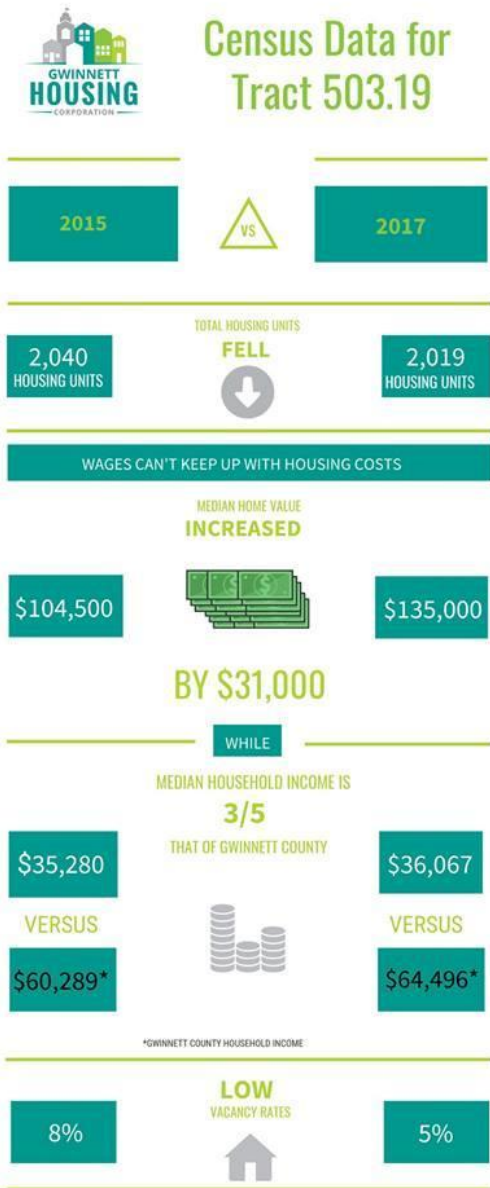
⁷ American Community Survey 2017 5-year. (<https://censusreporter.org/profiles/14000US13135050319-census-tract-50319-gwinnett-ga/>; <https://censusreporter.org/profiles/14000US13135050320-census-tract-50320-gwinnett-ga/>)

⁸ Watkins, p. 2.

⁹ American Community Survey 2017 5-year, Selected Housing Statistics.

¹⁰ Explore Gwinnett: <https://www.explore-gwinnett.org/directory/hotels>

For the two-tract target area in Norcross, the Gwinnett Housing Corporation analyzed changes in income and property values between 2015 and 2017, and the data corresponds with national trends:



LiveNorcross created several committees to address the issues identified above. A Transient Housing Committee was created to get a better understanding of the population that resides in motels and the type of barriers they face in obtaining permanent housing.

SURVEY OF EXTENDED-STAY MOTEL RESIDENTS

Norcross houses 14 hotels, motels and extended-stays within its city limits, plus at least that many others in its surroundings. Extended-stays refer to a type of lodging featuring kitchenettes that offer discounts to patrons who stay a minimum of one week. We are using the terms extended-stay and motel interchangeably.

From past homeless point-in-time counts, the work of nonprofit organizations and information provided by school officials, we knew that there were many families living in these hotels across the metro Atlanta. We had also seen school buses stop by in the morning and afternoon.

LiveNorcross set to find out who uses these extended-stay motels as permanent housing and why. We wanted to learn more about the barriers these individuals face to renting or buying a home in our community.

From interviews with hotel managers and guests in their parking lots, we determined that nine of the 14 hotels – accounting for 1,249 rooms for rent – are primarily residential facilities. The remaining five hotels/motels mostly tend to patrons visiting for business or pleasure, and have an additional 500 rooms available.

Volunteers knocked on all the doors of these nine extended-stay motels over six weekends in October and November 2018. We surveyed residents and asked them first if the hotel was their place of residence. If the answer was “yes,” our volunteers conducted a 66-question, face-to-face survey using an online link on their cell phones or tablets. We completed 175 full surveys.

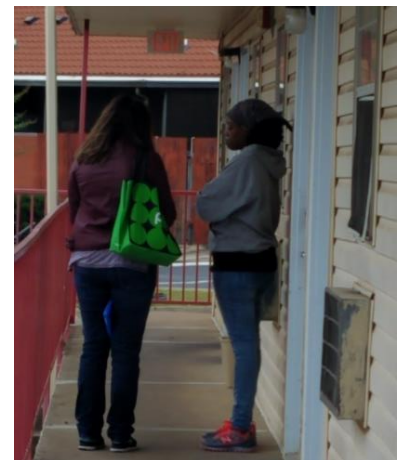
Individuals who answered the survey questions were given thank-you gift bags consisting of six laundry pods, toothpaste and toothbrushes donated by Perimeter Church and other members of the Norcross community. Respondents were also offered 25-lb. food boxes donated by Action Ministries and the Norcross First United Methodist Church. The overwhelming majority of individuals accepted the donated food boxes and expressed gratitude for the sustenance. This highlighted to our volunteers that food insecurity is a significant issue for many of our Norcross neighbors.

Survey Locations

Exhibit #1 lists the names and locations of the extended-stay motels where we conducted our surveys, as well as the total number of available rooms for rent as provided by management.



The Long Road Home
According to GCPS, there are approximately 2,000 homeless school-aged children in Gwinnett County. Many of the children living in extended stays are not counted.



There are a number of additional extended-stays just outside city limits, where we know that students attending Norcross public schools live with their families. Surveys were not conducted at those locations due to the geographical scope of this study being limited to inside the city limits.

FINDINGS

Major Finding # 1: For Many Families, These Motels Are Home

Within these nine extended-stay motels that provide shelter for Norcross families, 84% of respondents indicated that the extended-stay motel is their place of residence. The responses provided by this group of residents are the ones we use as a basis for the findings of this study. Some 40% of those who answered the full survey had resided in an extended-stay (that particular one or one nearby) for a year, and an additional 22% had resided in an extended-stay for three or more years.

The motel residents are local Gwinnett families. They weren't new to the area when they moved into an extended-stay. Of the 62% who lived in Gwinnett County before moving into the extended-stay where they were surveyed, 92% had lived in the area for more than a year.

For the most part, we came across residents who are working individuals and families. This was not surprising, as without income, they would not be able to afford to live here. But, finances were tight for almost every single person we interviewed. Some 69% have one or more full-time jobs, but only 43% take home more than \$2,000 per month. These workers are not paid enough to afford quality permanent housing for their income level. There isn't enough supply through most federal or state aid programs, yet they don't have the means to save up for the first and last month of rent required to move into a rental home.

These extended-stay patrons are not chronically homeless. They don't think of themselves as homeless. An eviction or a bankruptcy may have led them to live in the motel as they try to work out their finances. But they live paycheck-to-paycheck, with very little or nothing left after they pay for basic necessities. They are one car repair or doctor visit away from not being able to pay the motel. Missing as little as one night's payment may mean that residents must pay the higher daily rate or sleep in their car. For those unable to come up with the weekly rate, they end up paying over \$2,000 a month on daily rates at these extended-stays. Although they pay as much or



more than apartment dwellers, these families are not afforded the same protections under state law that renters have. They are literally one night away from homelessness. In fact, 47% reported experiencing homelessness at least once.

Their reasons for moving into an extended-stay motel were overwhelmingly financial. More than three out of four survey respondents had previously had a lease/rental agreement, and one out of four had previously owned a home. But 47% had had an eviction, and their comments at the end of the survey repeatedly described eviction as their number one barrier to getting into an apartment:

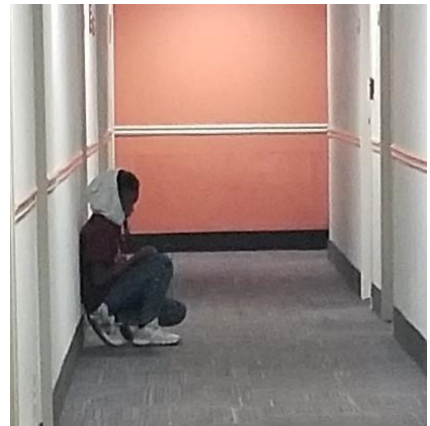
“The current eviction is the main barrier. I was evicted in March after living four years in a townhouse. I lost my job, have a car but no money for gas. Lived with two over-21 sons and they help me pay the rent. I have to wait over a year after an eviction.”

“We were evicted from home we owned and lived in for 33 years. A company had the tax lien, although we’d paid house off ... ”

“Because of an eviction I cannot be accepted by any landlord. Can pay my own way and do not need any assistance.”

“Having an eviction is the biggest barrier. I spent \$1000+ on applications and we have given up.”

The households surveyed are mostly headed by black (70%) males (55%); 22% of heads of household are white, 4% are Hispanic and 1% are Asian-American. This racial distribution skews more heavily African-American than the rest of the city’s population. However, the educational attainment levels don’t differ significantly from the local population, as 89% have at least a high school diploma and 44% have two to four years of college. Of the families we surveyed, 39% have children living with them.



In one hotel, many families with dogs were living in one floor, all next to each other. One of the residents calls this “dog alley.” Residents have done their best to make their one-room studios home, adding personal touches such as posters and family photos on the wall and small plastic cubbies for their personal items, making it easier to move if they have to change locations on short notice.

The vast majority saw living in a hotel as a temporary solution to homelessness, but then found themselves unable to get out. They struggle to put money away after they pay their expenses. Some 85% are cost-burdened (paying more than 35% of their income towards housing costs). They are spending so much to stay in the extended-stays that they have no ability to save, and are unable to pay for a variety of goods and services that many of us take for granted.

Families cook spaghetti on little electric burners. They buy tons of canned food and eat packaged frozen foods, as microwaves are the only cooking appliance provided. If they go

out, they dine at Subway or Bojangles'. One out of four households spends more than 80% of their income on housing. In their own words, respondents repeatedly explained some of their primary barriers to getting out of extended-stays.

"We can't save money... we spend \$1,600 every month for two rooms."

"We are unable to save because we pay so much here."

"The biggest need is for down payment assistance, as my extra income goes to car repairs."

"Not being able to save because hotel rates are so high and have to be paid weekly."

"Biggest barrier is coming up with deposit."

The single biggest barrier to permanent housing that we heard from residents is their inability to come up with enough money to pay the two to three months of rent typically required at apartment complexes to get in the door. Those with the worst credit face the highest hurdle (three months) to entry. They would be able to afford the monthly rent at an apartment complex, but they are not able to overcome that initial hurdle of saving for two to three months of rent.

"Saving for the first month and deposit."

"Need to find an apartment that will give renters a second chance."

"I have to make double the rent. Apartments won't accept reference from hotel and I lived here four years."

"Financial aspects of high-cost apartments nearby, lack of affordable housing nearby."

And yet, 79% indicated that they only need temporary assistance to get into permanent housing. Some 71% said they did not need permanent assistance to get or keep permanent housing.

Many respondents had made multiple attempts to find an apartment, but their credit rating and lack of savings were barriers to getting out of the extended-stay and into an apartment or home rental. One of the respondents said her family spent over \$1,000 in apartment application fees in the past year and simply gave up looking for permanent housing.

We saw cars in the parking lot with Lyft stickers. Residents work multiple shifts at Waffle House. One resident told us how he donates platelets to make ends meet; another drives her neighbor to and from work for extra cash.

The Schroeder Family – A Case Study (February 2019)

An eviction out of their apartment in southern California led the Schroeders to seek better fortunes in Georgia. But since arriving in November 2017, the only home the family of five has known is a cramped room at an extended-stay motel in Norcross. Their three dogs live with them.

“This is dog alley,” says Rimbey Schroeder, referring to the first-floor area where other families with canines live at the hotel. “It’s like a kennel. You can hear all the dogs barking.”

Though they pay more than \$1,300 a month to stay at the motel, the Schroeders can’t afford to come up with the financial requirements to rent an apartment, which typically include paying two months upfront, plus utilities.

Rimbey has set up a kitchenette, with an electric burner and toaster oven, near the window, which allows her to cook meals such as spaghetti, chicken and garlic bread for her husband, Jason, and three daughters, ages 4, 8 and 17. The hotel, she says, is “iffy for children. I try to take them to the park often. I don’t let them go into the hallways by themselves.”

Jason has a full-time job with benefits in a company’s shipping department. The family lives from paycheck to paycheck, and Rimbey drives a neighbor to work on her Kia Sorento for extra cash.

“We pay the bills, we put gas in the car, and we buy food,” says Rimbey. “That’s about it.”

Rimbey and her family are optimistic about moving into an apartment nearby after they get their tax refund.

“This move (to Georgia) has been good for us, even with the trials and tribulations,” she says. “Once you get into the hotel, it’s really hard to get out because all your money goes to pay for the hotel.”



Major Finding # 2: Motels Are De Facto Senior Housing

The second most instructive finding was that 29% of residents are ages 55 and up. Our conversations with residents led us to recognize that extended-stays are functioning as low-income senior housing for a sizable part of our community.



Many of the elderly are facing imminent threat of homelessness as several establishments are renovating and consequently increasing monthly fees. With their fixed incomes stretched to the max, they are unable to pay the increased rates.

Pictured to the left is HomeTowne Studios (formerly Crossland) in downtown Norcross, which was recently renovated. New weekly rate for a renovated room with two queen-sized beds is \$414.61.

"I'm disabled and elderly, so not enough income to get an apartment."

"Biggest barrier are my health issues."

"Info in HUD programs... senior living centers... wants info on those..."

"I have several medical issues, including hemorrhagic stroke, PTSD, anxiety... I am moving out of hotel on Wednesday but have nowhere to go. I need housing assistance. Ex fiancé is paying for hotel because I only receive \$750 month for disability."

"Mother has lots of medical problems so it's hard to save money. We cannot find any affordable housing in the area."

"There is no extra money coming in so every month I live month to month. It is hard to find wheelchair-accessible housing."



Patricia Pharis – A Case Study (February 2019)

The only reason why Patricia Pharis can afford to live in historic Norcross is because she stays at an extended-stay motel. The motel, located not far from City Hall, has been Patricia's home for the past six years.

"I love Norcross," says Patricia, who is 71. "This is historic Norcross, and there's a lot of things going on downtown."



Patricia says she enjoys outdoor movies in the summer, concerts in the park, walking her dog, and "hearing the train."

Before moving to Norcross, Patricia lived by a lake in Snellville. She had to move out after losing her roommate. Finding nothing she could afford "from Loganville to Peachtree Corners," she ended up living in an extended-stay motel. For her small studio, which she shares with her dog Romeo, she pays \$930 a month.

On a fixed income, Patricia struggles with food and medical expenses. The room comes with a full-size refrigerator and a microwave oven; she had to buy a toaster oven. But she doesn't have much counter space to prepare her meals. "It's just hard to make a complicated meal," she quips.

The hotel is undergoing renovation and she's been told that her rent will rise to \$1,200 a month very soon. Patricia fears she will have to leave Norcross. She has nowhere to go.

"It does feel like home," Patricia says. "I've never lived in another place for so long."

Major Finding # 3: They're Not Who We Thought They'd Be

We found that the neighbors who live in extended-stay motels are not who we thought they'd be. For the most part, they are not the poorest of the poor. They are not unemployed; for those who are not elderly or disabled, they are the working poor. Only 2% report receiving TANF (Temporary Assistance for Needy Families), while 18% report receiving food stamps. Only 3% receive financial assistance from local nonprofits.

These extended-stay residents are not immigrants, and under 5% are non-English speakers. They are not veterans; just under 7% of respondents are veterans.

They are not victims of domestic violence. Some 8% report domestic violence causing them to lose housing, and less than 3% reported that domestic violence currently affects their ability to get or maintain housing.

Also of importance is that not all individuals wish to move into an apartment or a house. In fact, when asked to rate the intensity of wanting to move out of an extended-stay into permanent housing, with 1 representing the current situation as adequate and 5 representing intense need to move, 13% of the respondents answered in the range of 1 to 3. Extended-stay is housing of choice for a sizable segment of the population.

POLICY CONSIDERATIONS

As we conducted the survey, it became clear to us that not all extended-stay motels in town were the same. They varied greatly in their exterior upkeep, tolerance for crime, sense of community and resident satisfaction. The policy considerations below reflect pragmatic solutions at the city, county, state and federal levels that can provide relief and improve the quality of life for residents of extended-stay motels while also fostering economic development in the community.

#1: Implement a Crime-Free Hotel/Motel Program

Created as an off-shoot of the [Crime-Free Multi-Housing Program](#) in Mesa, Arizona, this initiative is designed to encourage a stronger working relationship between law enforcement officers and hotel managers. Establishments that commit to a three-phase certification process are given a favorable marketing tool that signals to the community and potential visitors that they offer a safe environment. Some of the program's benefits include a reduction in criminal activity, safe environment for guests and employees alike, and lower cost for repairs.¹¹ The [program](#) could build on the city's current ordinances targeting crime in extended-stay establishments.

There is already a similar program in Gwinnett County. The [Crime Free Multi-Housing Program](#) was created in 2012 to combat and deter crime in areas with high concentration of apartment complexes.¹² The City of Norcross is well-positioned to learn from the county's successes and could launch an effective initiative, especially considering that this is housing of choice for 13% of respondents.



¹¹ <http://www.crime-free-association.org/hotel-motel.htm>

¹² <https://www.gwinnettcounty.com/web/gwinnett/departments/police/crimepreventionunit/crimefreemultihousing>

#2: Work with Nonprofits that Administer Rapid Re-Housing Funding

One of our most staggering findings is that the vast majority of survey respondents reported needing only temporary assistance to obtain permanent housing. In fact, 76% of the respondents stated that their major barrier to exiting extended-stays is their inability to save enough money required for the first and last month's rent. Residents reported that once housed, they are able to pay the monthly rent without further assistance as it would cost about the same as what they are currently paying at the motel.

The City of Norcross could bring more nonprofits administering the U.S. Department of Housing and Urban Development's [Homelessness Prevention and Rapid Re-housing Program](#) to assist the families identified as homeless. Rapid re-housing is one of several HUD initiatives created to reduce homelessness in communities. Since the primary barrier to permanent housing is limited finances, this program offers financial assistance to cover move-in costs, deposits and rental and/or utility assistance (typically for six months or less) necessary to allow individuals and families to move immediately out of homelessness and into permanent housing.

"Rapid re-housing could help families achieve the stability that the client and the community desire," says Rob Scott, a programs specialist with the Gwinnett County Community Development Department. "It's designed for individuals and families that don't need intensive and ongoing supports to quickly exit homelessness and return to permanent housing."

Not long into conducting the survey, as a pattern began to emerge that most families need only temporary assistance, the LiveNorcross team approached Mr. Scott in search of relief for families. The Gwinnett County Community Development Department has worked with the nonprofit Another Chance of Atlanta to fill the gap in services by identifying housing, offering financial assistance and providing ongoing case management. Scott said that with \$20,000 directed toward this particular effort, Another Chance of Atlanta and the county's community development agency were able to successfully house five households, with two more clients expected to be housed by mid-June, 2019.

Rapid re-housing funding is awarded by HUD through a homeless "continuum of care," which is a collection of comprehensive services that aims to help homeless individuals transition into adequate housing. Since Gwinnett does not have its own, the county falls in with mostly rural counties into a statewide "balance of state" continuum of care that is administered by the Georgia Department of Community Affairs. As such, organizations interested in serving Gwinnett communities compete with 152 counties for funding. The City of Atlanta, Fulton County, Athens-Clarke County, Augusta-Richmond County, Columbus-Muscogee County, Marietta/Cobb County, Savannah/Chatham County and DeKalb County administer their own "continuums of care." The City of Norcross could work with DCA or Gwinnett's Community Development Program to increase the capacity of local nonprofits or identify out-of-jurisdiction nonprofits willing to expand their area of service.

#3: Add Affordable Housing

The City of Norcross is already on the right track in fostering the construction of moderately-priced housing. Removing both the minimum square footage requirements and the inclusion

of garages in new residential units will reduce construction costs for new houses and result in lower list prices, thus helping to fill the existing gap in the city’s housing inventory.

However, our extended-stay findings also show a great demand for quality, affordable rental housing, especially for those with limited and fixed incomes, like the many elderly and the disabled we interviewed. The best and most impactful financing tool available for the development of affordable housing is a 9% [Low-Income Housing Tax Credit](#) used to build and rehabilitate affordable rental housing. Since its inception in 1986, this federal subsidy has resulted in more than 3 million new affordable housing units.¹³



Sweetwater Terraces – a LIHTC development in Duluth for elderly

This funding tool can bring between 70% and 100% of the financing needed for a development through “free” equity financing. Given the amount of financing it provides, this tax credit is ideal for large-scale projects, such as demolition, new construction or substantial rehabilitation. Norcross is well-positioned to introduce this type of development either as new construction or demolition and replacement of existing dilapidated rental or extended-stay housing.

Since these projects are scored competitively, DCA selects and funds them based on established criteria such as best location and project attributes. Being a Georgia Initiative for Community Housing participant, Norcross is already ahead of other communities. By establishing a “target area” in need of redevelopment in a qualified Census tract and having schools with above-average CCRPI scores, Norcross has a built-in advantage in the competitive process.

QCT for 2019	
Tract	503.20
County	Gwinnett County
State	GA
Status (2019)	Qualified
Poverty Rate	44.2%
Ratio of Tract Median Income to Tract Income Limit	1.059
Full Tract Number	13135050320

In an effort to build capacity and exchange ideas, LiveNorcross team members have already formed extensive relationships with the Department of Community Affairs, the Atlanta Regional Commission and other housing initiatives such as the Regional Housing Task Force and the Cross Keys Sustainable Neighborhood Initiative. Through LiveNorcross, Norcross can work with multiple state partners to explore diverse housing options to meet the evolving housing needs of the population.

#4: Convert Extended-Stays into Permanent Housing

The low-income tax credit financing tool has also been utilized to acquire and rehabilitate dilapidated extended-stay motels and transform them into permanent affordable housing. A former [Luna Lodge motel](#) in New Mexico that, among several others in the area, was repurposed into an affordable housing development is an example of how this tool can be

¹³ <https://www.huduser.gov/portal/datasets/lihtc.html>

implemented effectively.¹⁴ This award-winning project utilized Low-Income Housing Tax Credit financing and a Federal Home Loan Bank Affordable Housing Program to create 30 apartments for income-eligible residents.

In partnership with local nonprofit developers, cities across the country are transforming crime-ridden motels into well-designed housing units. These nicer developments not only reduce transiency, but also serve as catalysts for future private investment in areas that need to be revitalized. With a high concentration of extended-stays, repurposing a fraction of these establishments into stable community assets, coupled with the implementation of a Crime-Free Hotel-Motel Program for the remaining motels, will help Norcross provide more quality affordable housing, reduce crime and infuse investment into revitalization efforts.

#5: Take Another Look at the Hotel-Motel Excise Tax

A provision in the Georgia Code authorizes local governments to levy and collect up to 8% in [hotel-motel excise taxes](#). The City of Norcross and Gwinnett County are authorized to collect 7% and 8%, respectively, in hotel-motel tax. While the majority of the revenue is earmarked for promoting tourism and supporting related facilities, the first three of the seven (or eight) pennies collected are non-restricted and can be used for general operating expenses.¹⁵ The table below shows the revenue that Gwinnett and Norcross collected in 2017 (Note: Gwinnett was still collecting 7%).

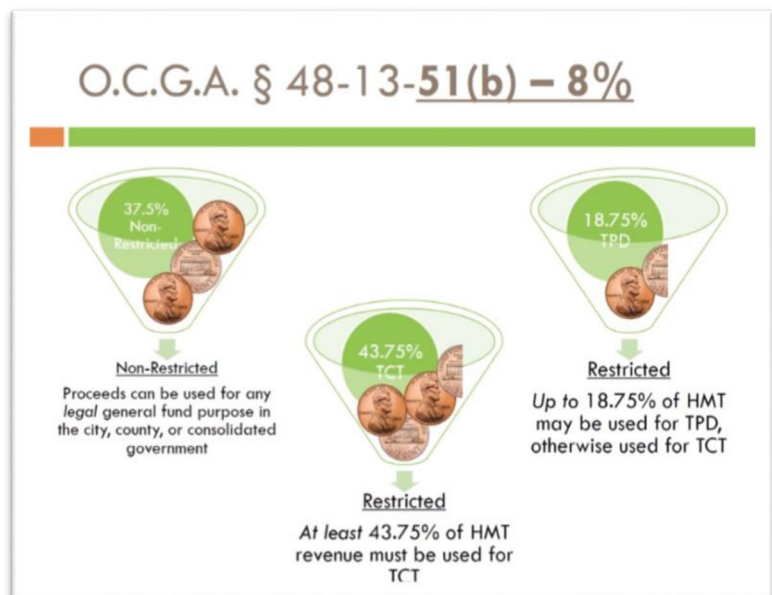


Photo Credit: Department of Community Affairs, Georgia Hotel-Motel Excise Tax; Webinar Training in conjunction with the Carl Vinson Institute of Government.

	Hotel-Motel Tax Collected	Non-restricted Revenue
City of Norcross	\$755,714	\$323,877
Gwinnett County	\$10,421,071	\$4,466,173

Both Norcross and Gwinnett impose the tax to each motel patron for up to 30 consecutive days, the maximum number of days allowed under the Georgia Code. Based on motel rates in Norcross, this translates into an additional \$70 to \$105 in monthly costs for people who live in these establishments. While most of those interviewed have stayed at motels for longer than

¹⁴ Donna Kimura, "Motels Rehabbed for Affordable Housing," *Housing Finance*, (September 2013).

¹⁵ Dr. Tayler Reinagel, Manager, Office of Research, Department of Community Affairs; Georgia Hotel-Motel Excise Tax: Webinar Training in conjunction with the Carl Vinson Institute of Government; https://kaltura.uga.edu/media/t/1_4wx1o1e3

one month, checking out even for one night due to lack of money resets the tenancy, with excise taxes kicking in all over again.

City and county could consider amending their ordinance to reduce the threshold of continuous occupancy from 30 to seven days. This would result in significant savings for families with already tight budgets and would reduce the "penalty" for those who are forced to temporarily check out of the motel due to an unforeseen emergency.

In addition to paying the hotel-motel excise tax and sales tax, motel patrons also pay a state hotel-motel fee of \$5 per night per room. This tax was instituted in 2015 and the collected funds go to the Georgia Department of Revenue to fund statewide transportation efforts. Like the hotel-motel excise tax, the state tax is collected for 30 consecutive days. However, "if the customer checks out of the hotel and checks in again, the customer's continuous occupancy has been broken and the day-count to establish an extended-stay begins anew".¹⁶ As with the previous example, lowering the threshold of consecutive days to seven would result in additional \$115 savings per month.

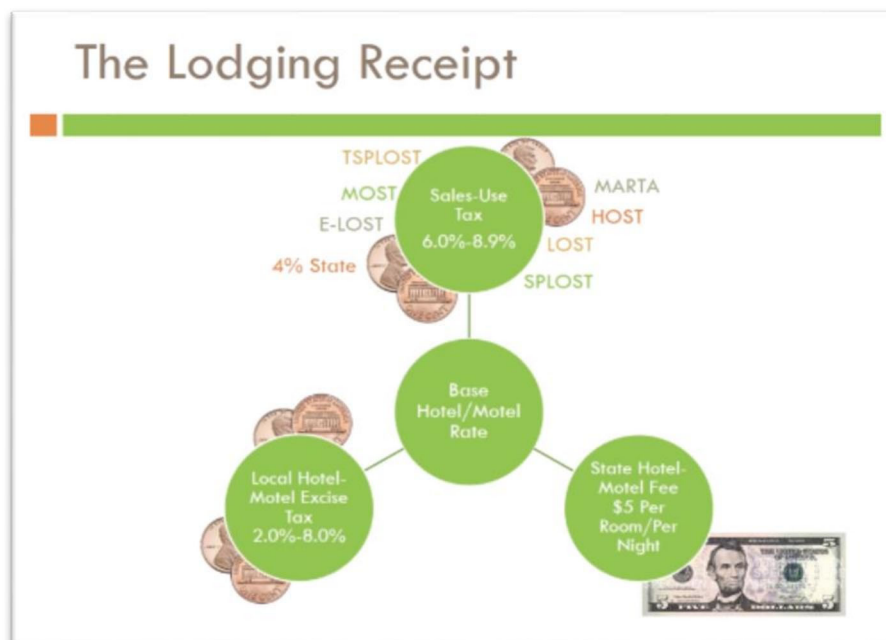


Photo Credit: DCA, Georgia Hotel-Motel Excise Tax; Webinar Training in conjunction with the Carl Vinson Institute of Government.

A second tax policy consideration is to earmark some of the non-restricted revenue raised from the local excise tax and state fees to provide services for homeless families and to fund construction of affordable housing. As shown above, Gwinnett and Norcross collect close to \$4.8M in non-restricted hotel-motel excise tax each year. Since some of that funding has been paid by precariously housed families, a portion can be earmarked to meet the matching requirements of various HUD grants for programs serving the homeless.

Additionally, a bond could be issued against future hotel-motel tax revenue and state motel fees towards the construction of affordable housing. Gwinnett County and the City of Norcross could join hundreds of other cities in the country that have funded an Affordable Housing Trust

¹⁶ <https://dor.georgia.gov/state-hotel-motel-faq>

Fund with renewable sources of funding, instead of annual budget allocation. The collected revenue can be leveraged with federal HOME funds, the Low-Income Housing Tax Credit and other public/private sources of funding.

FINAL THOUGHTS

While this study focused only on hotels located inside the city limits of Norcross, there is no reason to believe that similar extended-stay motels throughout the county are not serving as de facto housing for struggling families and individuals. In fact, in 1998, Gwinnett had more than 8,700 hotel rooms, of which 32% were extended-stay rooms. In essence, “*comparatively speaking, Gwinnett has more extended-stay motel rooms than any other metropolitan statistical area or county in the nation,*” according to [Mark Skinner](#), a partner with The Highland Group, an Atlanta-based firm of hotel investment advisers, in the *Atlanta Business Chronicle*.¹⁷

In 2016, in an effort to shed light on the extent of the precariously housed in the county, a team of local leaders hosted a Gwinnett housing symposium titled “Displaced and Disconnected: A Snapshot of Homelessness in Gwinnett.” Volunteers interviewed families living in extended-stays throughout the county and at the SaltLight Center, at that time the only homeless shelter in Gwinnett. Utilizing a “narrative through photography” approach, the [symposium](#) aimed to bring a human face to what was until then a very vague concept.

In essence, 20 years after the *Atlanta Business Chronicle* article ran, the extended-stays have, as this study shows, become de facto housing for thousands of low-income families in Gwinnett. These families are not counted in HUD’s annual homeless count because they do not fit the HUD definition of homeless. However, the data illustrates the significant impact of housing insecurity on these families and countless others like them who are a night away from literal homelessness.



“We call this room home, but it’s far from home.”
-Noble

A Savannah native who served five years in the Coast Guard and one year in Vietnam, finds himself homeless. Noble is a retired fire fighter of 23 years and is currently disabled. Wheelchair bound, he lives in an extended stay hotel where he pays \$224/week to live in a non-handicap accessible room. With minimal support from family and social security, Noble finds comfort in the support of volunteers from Village of Hope and other agencies like it. After a recent fall, Noble has come to the realization that he is in danger of severe injuries each day he stays in this room alone. “I am lonely, but really it’s hard to be lonely when you have great volunteers that come to check on you.”

This study would not have been possible without the involvement of the Norcross community and the candor of survey respondents. We are grateful to the volunteers of the LiveNorcross initiative, the Mayor, City Council and employees of the City of Norcross, Norcross First United Methodist Church, Perimeter Church and the management and staff of the extended-stay motels. We are deeply indebted to the residents of the extended-stays who graciously answered our survey questions and candidly shared their stories with us. It is our hope that this report serves the good of our Norcross community.

For more information, please visit: <https://www.norcrossga.net/914/LiveNorcross> or contact Lejla Prljaca at lejla@lhainfo.com.

¹⁷ Stephanie Sonnenfield. “Gwinnett Weighs Options for Extended-Stay Hotels.” *Atlanta Business Chronicle* (May 17 1999).

EXHIBIT #1 – Extended-Stay Hotels Surveyed

#	Names	Room Count
1	AllRound Suites Address: 3175 Medlock Bridge Rd, Norcross 30071 (770) 729-0767	120
2	InTown Suites Extended Stay Atlanta Address: 6067 Buford Hwy, Norcross 30071 (770) 840-7778	129
3	Crossland Atlanta – Norcross (now HomeTowne Studios) Address: 200 Lawrenceville St NW, Norcross 30071 (770) 729-8100	130
4	Red Roof Inn Atlanta – Norcross Address: 5171 Brook Hollow Pkwy, Norcross 30071 (770) 448-8944	120
5	Motel 6 Address: 5395 Peachtree Industrial Blvd, Norcross 30092 (770) 446-2882	136
6	HomeTowne Studios – Jimmy Carter Blvd. Address: 6295 Jimmy Carter Blvd, Norcross 30071 (770) 446-9245	194
7	Knights Inn Norcross Address: 5122 Brook Hollow Pkwy, Norcross 30071 (770) 446-5490	100
8	Guest Inn & Suites Address: 5375 Peachtree Industrial Blvd, Norcross 30092 (678) 736-6610	120
9	Garden Plaza Atlanta / Norcross Address: 6050 Peachtree Industrial Blvd, Norcross 30071 (770) 448-4400	200
	TOTAL ROOM COUNT OF SURVEYED PROPERTIES	1,249