



Housing at its Core

Residential Affordability in Atlanta's Five-County Core Area

2023 Update to *Affordable Atlanta* (2018)

Presented by:



KB | ADVISORY GROUP

Presented for:



Atlanta

Livable
Communities
Council (LCC)

November 2023

Introduction

Housing at its Core

Residential Affordability in Atlanta's Five-County Core Area

ULI Atlanta commissioned this research and report to contribute to the on-going dialogue about the issue of housing affordability in the Atlanta region.

This document presents a detailed summary of the research, analysis, conclusions, and recommendations completed by KB Advisory Group in mid-2023 in collaboration with members of ULI Atlanta's Livable Communities Council (LCC) and the ULI Atlanta Housing Taskforce.

ULI Atlanta originally engaged KB Advisory Group, then doing-business-as-Bleakly Advisory Group, to conduct a similar study in 2017-18. This report is a five-year update to the original ULI Affordable ATLANTA study.

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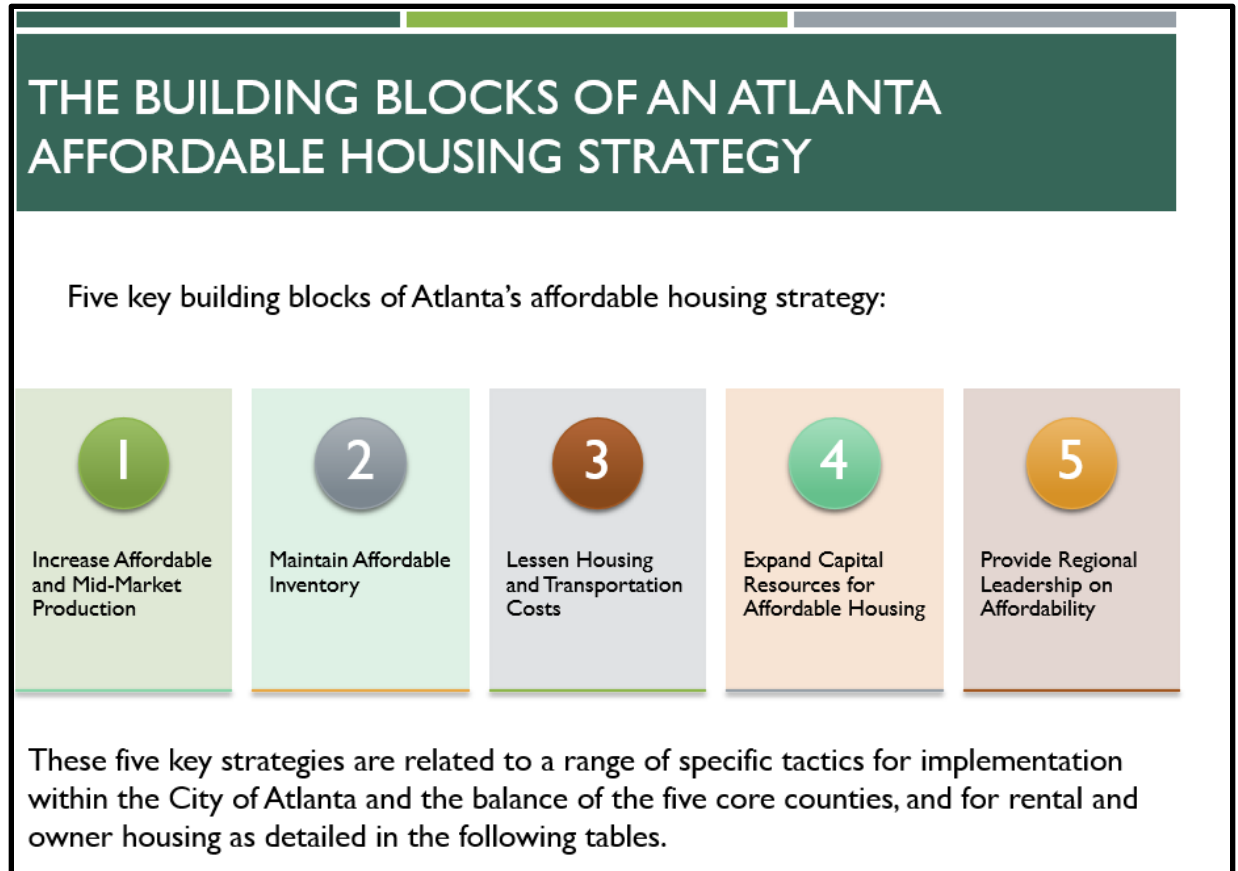


Looking Back: A Review of the 2018 Report

ULI Atlanta's **Affordable ATLANTA** 2018 report defined five key building blocks of Atlanta's affordable housing strategy to help underscore the region's housing affordability issues and to help determine appropriate actions seeking solutions to housing problems in the City of Atlanta and region's five core counties: Clayton, Cobb, DeKalb, Fulton, Gwinnett.

This updated analysis highlights the current challenges the region continues to face in providing housing that is appropriately affordable to all Atlanta regional households. This report builds from the previous study and other subsequent work, and again provides a series of proposed strategies aimed at achieving safe and attainable housing throughout the five-county core region.

A key focus of this update is to examine housing disparity along geographic and demographic lines. Persistent historic trends of the southern portion of the region experiencing diminished access to quality attainable housing and a greater housing cost burden when compared to other areas of the region.



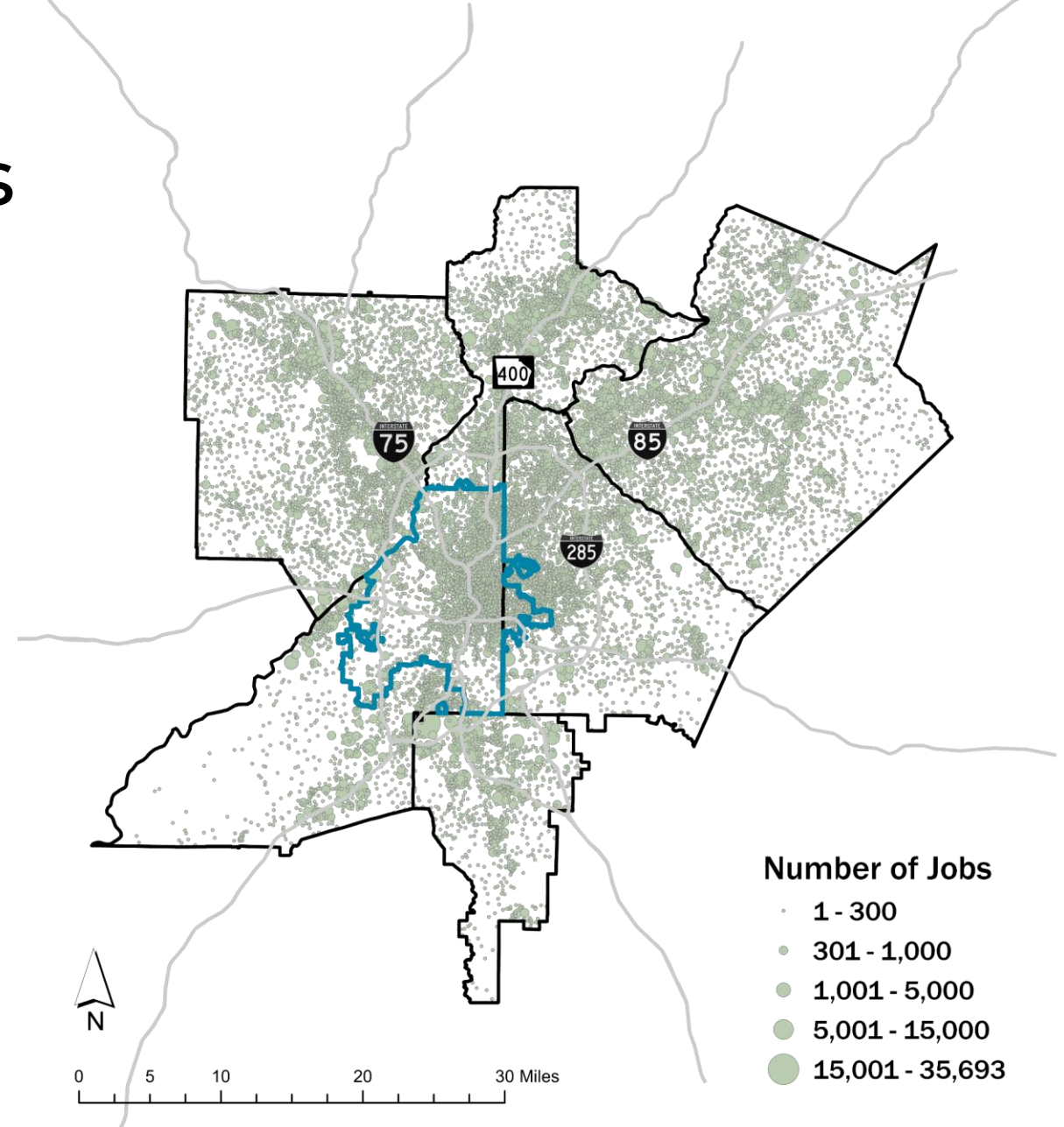
Five County Core: Jobs

A household's location in relation to its employment can substantially impact housing and transportation costs and is therefore critical in housing affordability.

While the recent health pandemic disrupted the work/home location relationship for many, the fact remains that the five core Atlanta counties are home to a total of **2,046,912 jobs, comprising approximately 3 out of every 4 jobs in the larger Atlanta metropolitan region.**

The jobs concentrated in the core of the region cluster in the City of Atlanta and continue out along interstate corridors, especially in the north along Interstate 75, Interstate 85, and Highway 400.

Knowing where jobs are located throughout the core counties is important to understand the **economic and social impacts related to housing and transportation.**



Five Core Counties: By The Numbers

1,432,023

Households

(2017: 1,419,848)

\$81,278

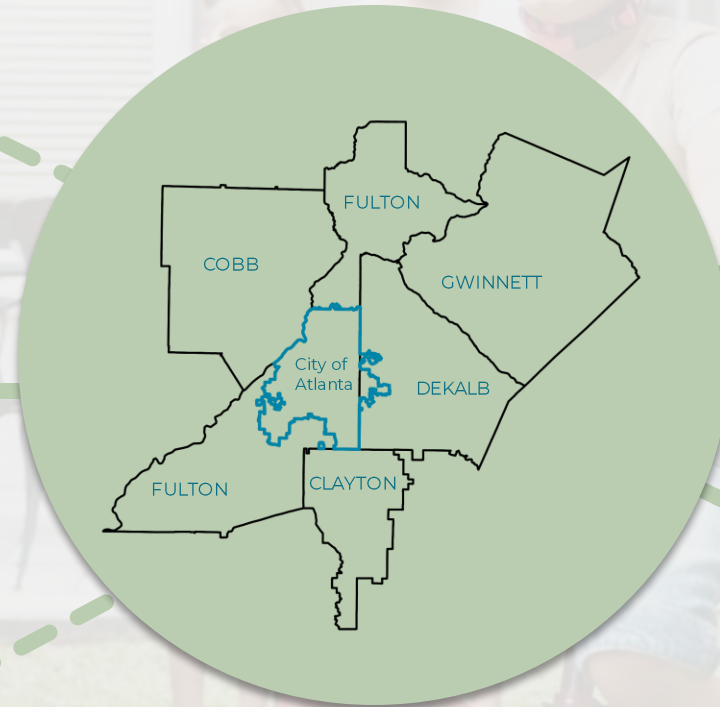
**5-County
Median Income**

(2017: \$69,700)

27%

**Cost-burdened
households**

(2017: 24%)



2.05 Million

Jobs

(2017: 1.9 million)

40-60%

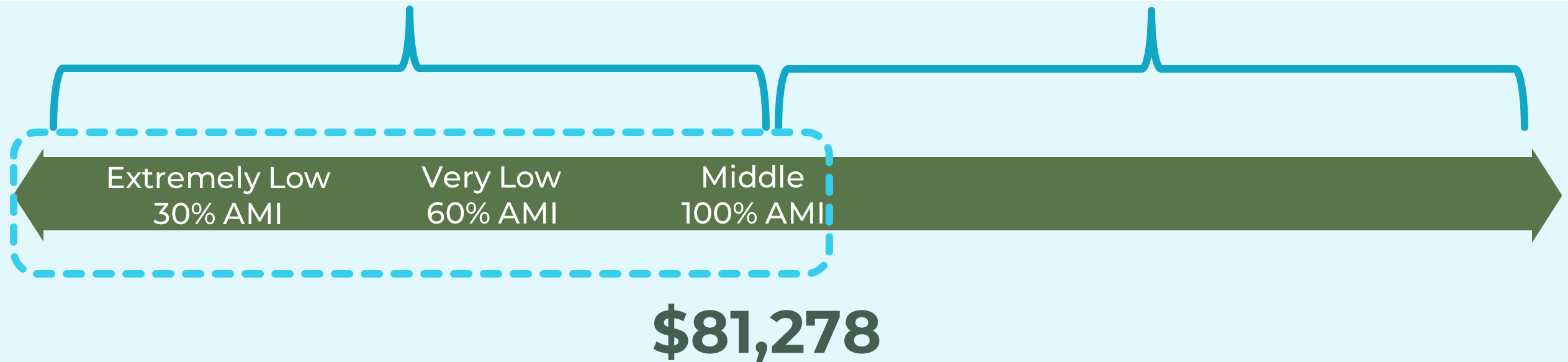
**Household incomes
spent on housing +
transportation costs**

Spectrum of Housing: Affordable to Whom?

For the purposes of clarity in this report, the combined median income of the 5-Core Counties is referred to as the “Area Median Income” (AMI). This median income differs from current HUD-produced AMI thresholds for subsidized housing programs across the larger Atlanta metropolitan region, which also takes into account household size to assess fair market rent.

50% of Households earn **less than** the Area Median Income (AMI)

50% of Households earn **more than** the Area Median Income (AMI)

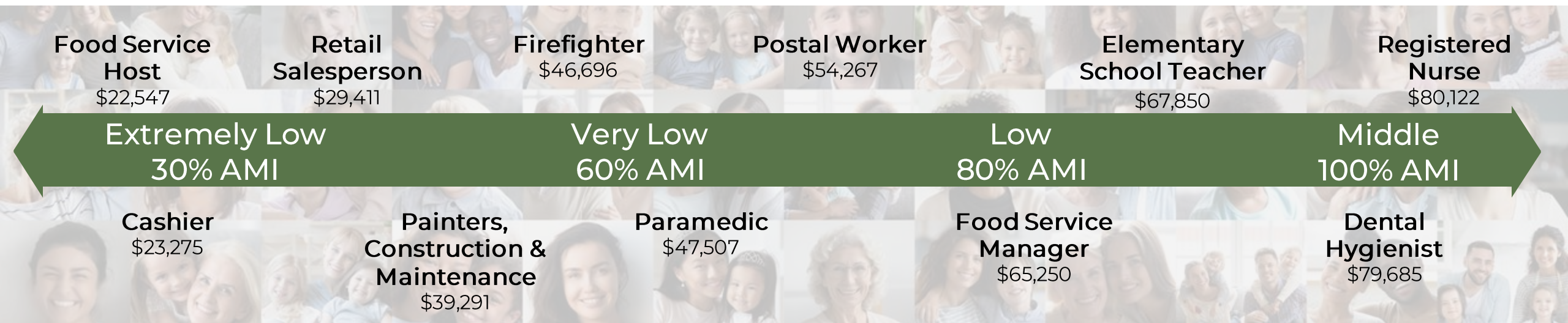


Spectrum of Housing: Affordable to Whom?

Many **essential workers** in the Atlanta region are classified as extremely-low to middle income earners. These income levels (%AMI), in a one-person household, qualify for what is typically known as “Affordable Housing.”

Typical Affordable Housing subsidies target 80% AMI and below for renters and often up to 120% AMI for owners. Low Income Housing Tax Credits (LIHTC) typically target subsidies for up to 60% AMI households. Extremely low-income households can gain access to a limited number of housing vouchers, assuming accepting units are available.

Providing adequate affordable/attainable housing to all income levels is key in the stability of Atlanta’s economy and quality of life. While subsidies are the life-blood of providing Affordable Housing, currently limited monetary resources and historical lack of political will necessitate a wider-range of strategies to combat housing insecurity for all households and preserve Atlanta’s advantages. These strategies include **additional funding and greater regulatory flexibility** to provide the type of housing that can help the region continue to thrive.



*Data from Atlanta Region Local Workforce Development Area, which includes Cherokee, Cobb, Clayton, DeKalb, Douglass, Fayette, Fulton, Gwinnett, Henry, Rockdale
Source: KB Advisory Group with data from the Georgia Department of Labor Quarterly Census of Employment and Wages by Region (2022)

Affordable ATLANTA 2018-2023 Scorecard

The following pages assess the progress made toward improving the housing opportunities in the 5-County Core region in the five years since the first ULI Atlanta housing study was released.

1

Increase
Affordable and
Mid-Market
Housing



The subsidized, **affordable rental housing stock increased 14%** within the 5-county area since 2017, keeping pace with market rate units, which increased 13%.

2

Maintain
Affordable
Inventory



The 5-county region **lost 130,000 units** priced under \$1,000/month.

3

Lessen Housing
and
Transportation
Costs



Since 2017, average **home prices have increased 73%** across the 5-county core **with rents increasing 33%**. Metro average **transportation costs account for 17%** of household income.

4

Expand Capital
Resources for
Affordable
Housing



Regional affordable housing funding and organization has grown, putting **more private, public, and philanthropic dollars at work.**

5

Provide Regional
Leadership on
Affordability



HouseATL leadership, ARC, and others providing **additional regional resources and dedicated conversations around affordable housing**, including formalized plans, but more progress is necessary as the need grows.

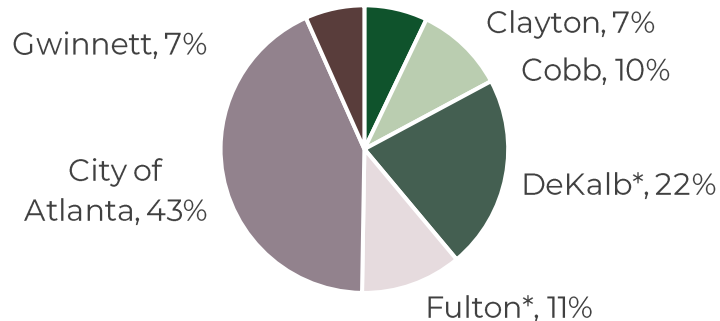
New Affordable Rental Housing Supply

Considering newly delivered, subsidized rental units since 2017, DeKalb County and the City of Atlanta led the way with over 2,000 and 1,000 subsidized rental units added in the last five years, respectively.

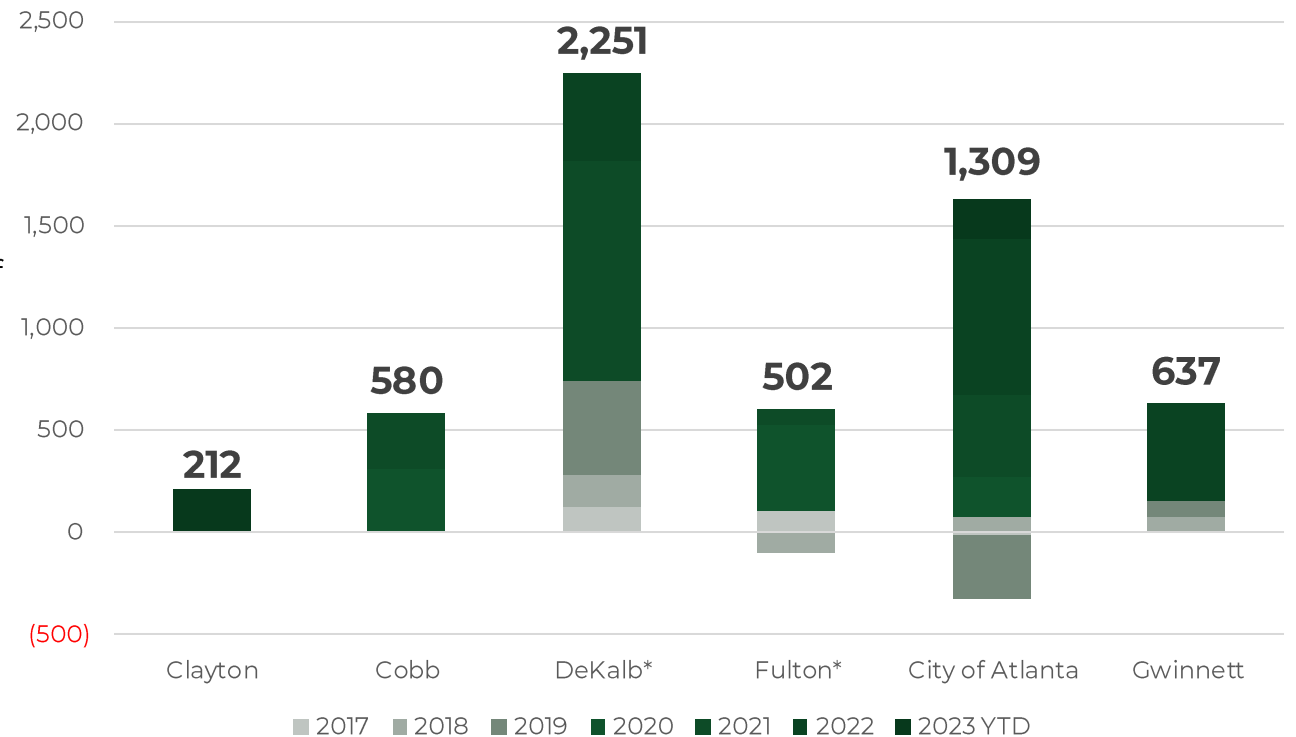
DeKalb's share of market-rate inventory compared to its regional share of Affordable rental units is matched at 22%. Further, The City of Atlanta has the highest share of Affordable units (43%) than market rate units (23%).

By comparison, Cobb's market-rate inventory represents 16% of all market rate units in the 5-county area while its share of Affordable rental units makes up 10%.

5-Core County, Share of All Affordable Rental Units



Affordable Rental Units Delivered since 2017



Source CoStar (2023)

*Excludes City of Atlanta

Housing Inventory by Price

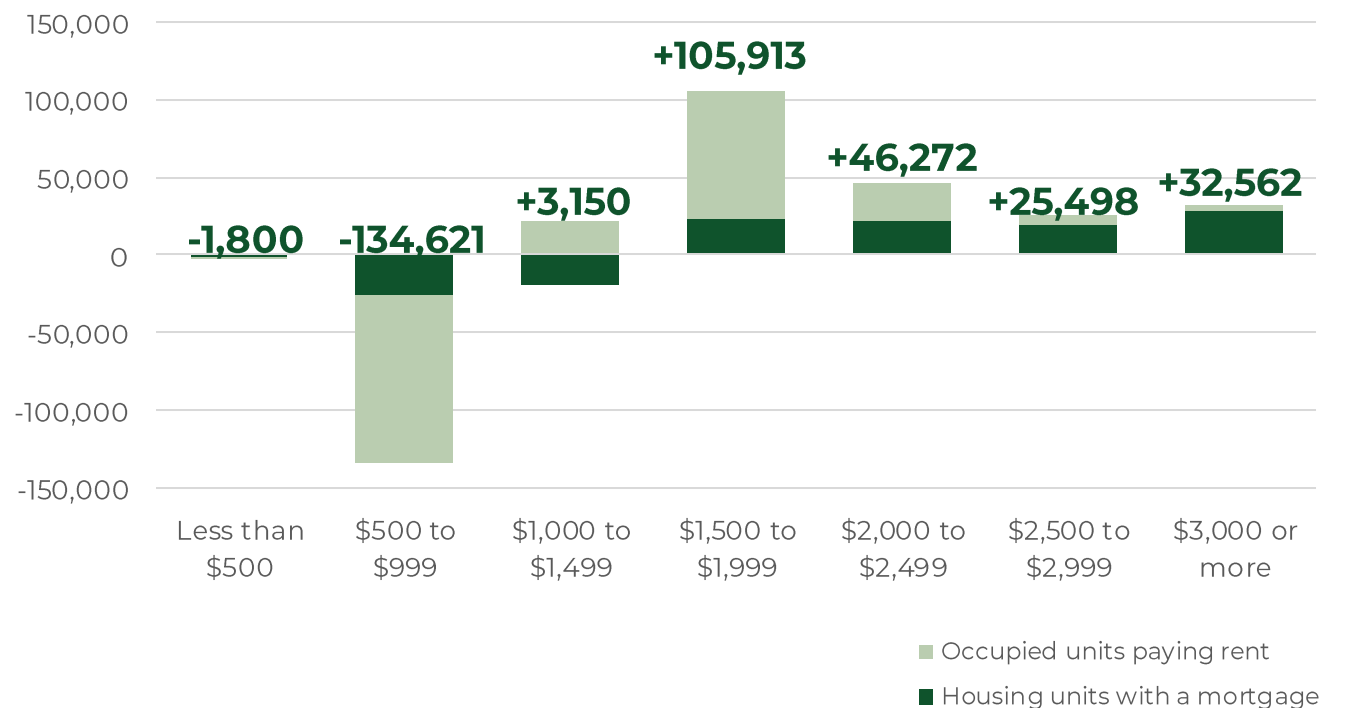
Rising housing costs have led to a shift away from homes priced below \$1,000 per month. This points to a growing difficulty for mid-to-lower income households in finding appropriately-priced housing in the Atlanta region.

Often subsidized units are not available for households who can afford moderately priced homes appropriate to their incomes. For these households it has become exceedingly difficult to find appropriately-priced homes on the market, particularly without subsidies.

Despite the growing inventory of subsidized housing units in the region, overall, there were a total of **130,000 fewer housing units with a monthly cost of less than \$1,000 in the 5-County region compared to five years prior.**

Change in housing units by monthly costs, both rented and owned homes, reflects both new construction units as well as price increases of existing units, and to a lesser extent, also accounts for demolition of housing units.

Change in Housing Units by Price, 2017-2021



Data Source: KB Advisory Group based on data from U.S. Census American Community Survey (2017, 2021)

Housing Inventory by Type

Because of rising housing costs and the increasing difficulty in subsidizing affordable housing production, a greater variety of housing types that can meet the needs of a wider spectrum of households is necessary.

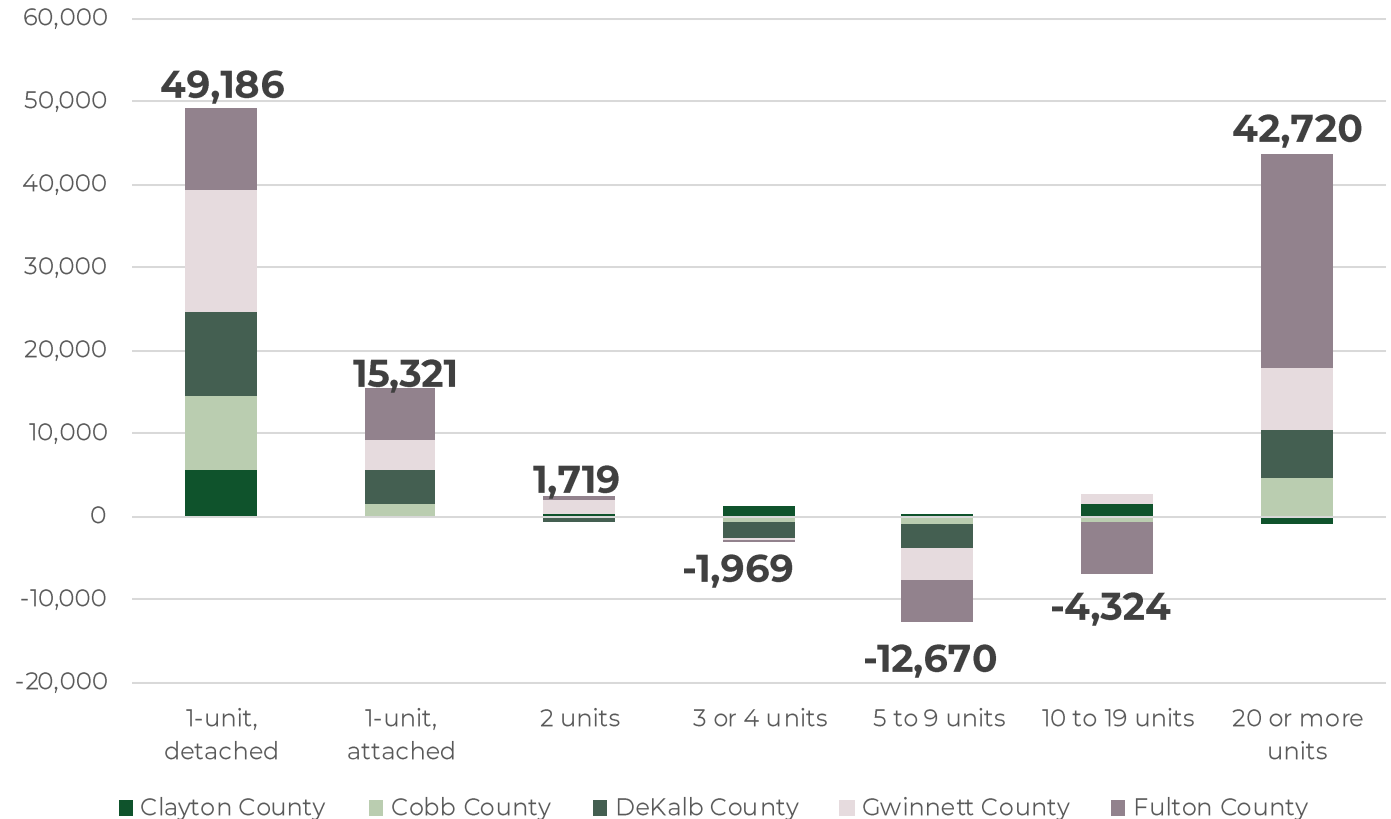
Historically, housing types that deliver multiple units on the same-size lot as a single-family home allowed for distribution of land cost across multiple units, making them inherently more affordable.

However, the supply of these multiple unit housing types is actually shrinking across the region. This inventory represents a large share of **naturally-occurring affordable housing (NOAH)**.

The 5-county area gained nearly the same amount of single-family and large multifamily units between 2017 and 2021 (nearly 52,000 total) while losing nearly 20,000 **“missing middle”** housing units.

Housing production should be aimed at restoring the diversity of housing types, which ultimately translates to diversity of choice in price and geographic accessibility.

Change in Housing Type by County, 2017-2021



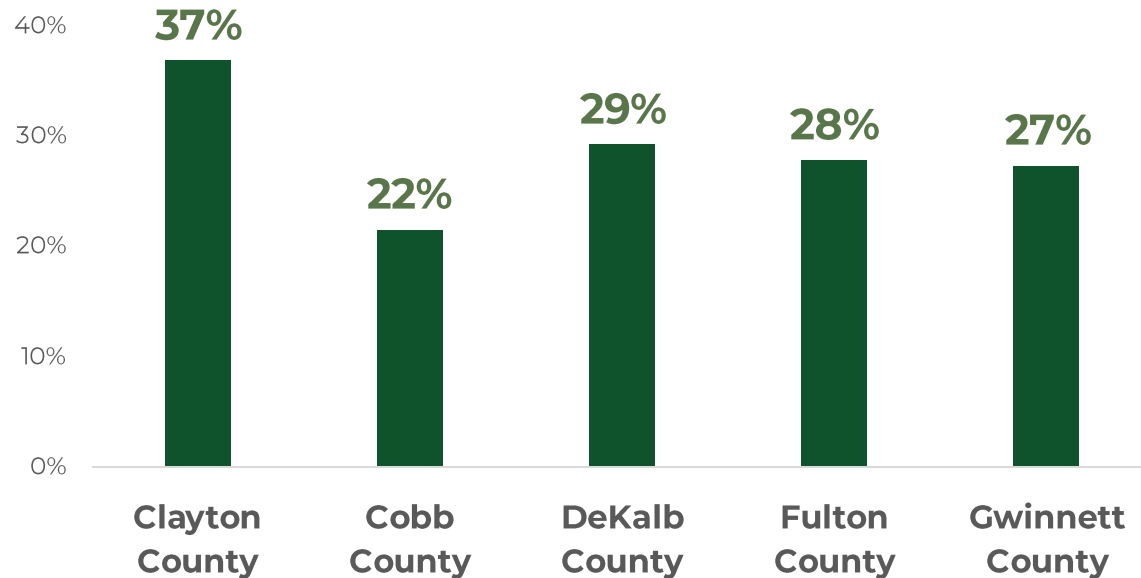
Data Source: KB Advisory Group based on data from U.S. Census American Community Survey (2017, 2021)

Cost Burden in the Core Counties

“Cost burden” is used to measure housing affordability by calculating the percentage of a household’s income that is spent on housing.

A household is cost-burdened when it spends more than 30% of its income on rent and utilities and severely cost-burdened when it spends more than 50% of its income on these housing expenses.

Percentage of Cost Burdened Households in the Core Counties



Source: PUMS, U.S. Census, American Community Survey (2021)

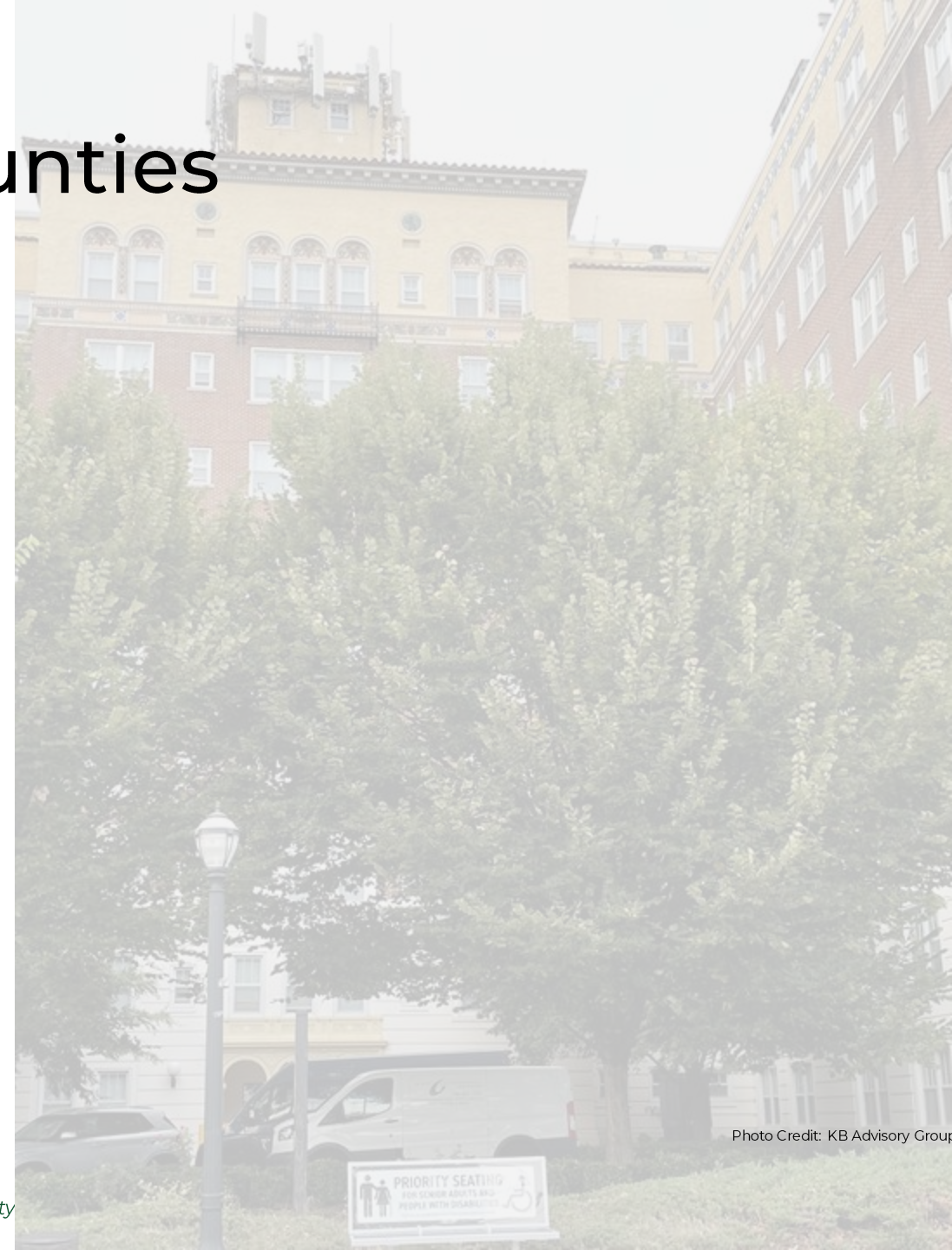


Photo Credit: KB Advisory Group

Cost Burden by Area Median Income (AMI)

Housing cost burden is prevalent across the core counties with approximately 390,000 cost burdened households across the core region.

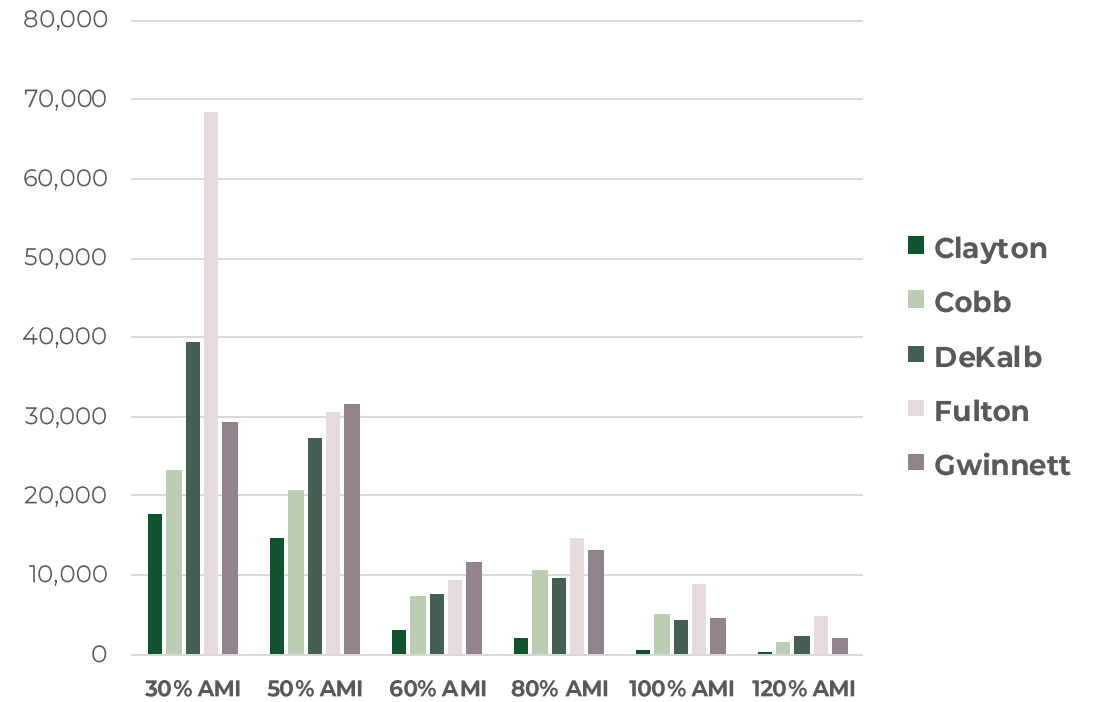
The table below shows the number of households that are cost burdened at each AMI level.

The greatest need for additional housing that is appropriately priced in order to avoid cost burden is at 80% AMI and below, particularly households at 50% AMI and below.

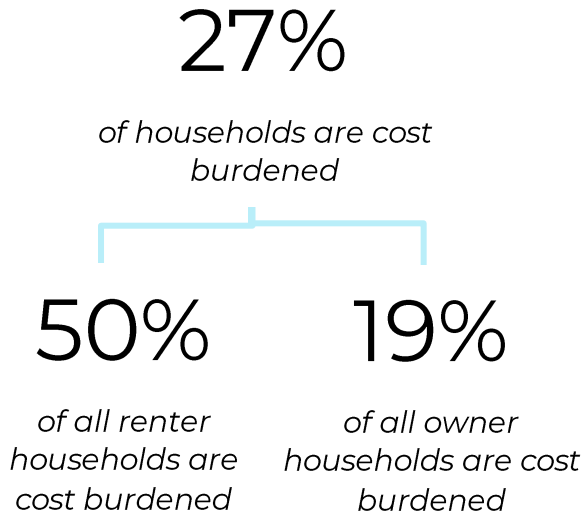
Cost Burdened Households by AMI

	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI
Clayton	17,647	14,750	2,982	2,173	447	96
Cobb	23,381	20,622	7,361	10,538	4,975	1,620
DeKalb	39,424	27,191	7,527	9,547	4,368	2,280
Fulton	68,469	30,679	9,416	14,561	8,859	4,724
Gwinnett	29,209	31,593	11,761	13,047	4,590	2,048

Cost Burdened Households by AMI in the Core Counties, 2021



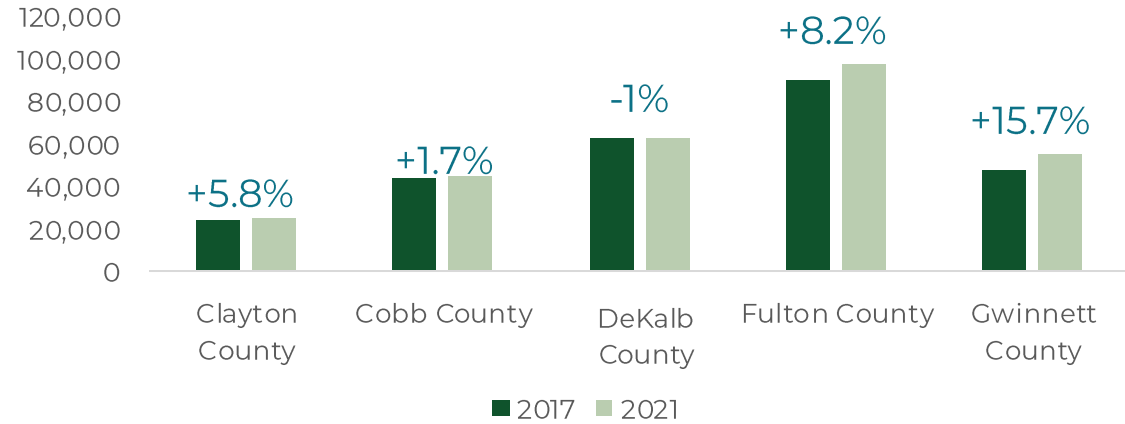
Cost Burden in the Core Counties



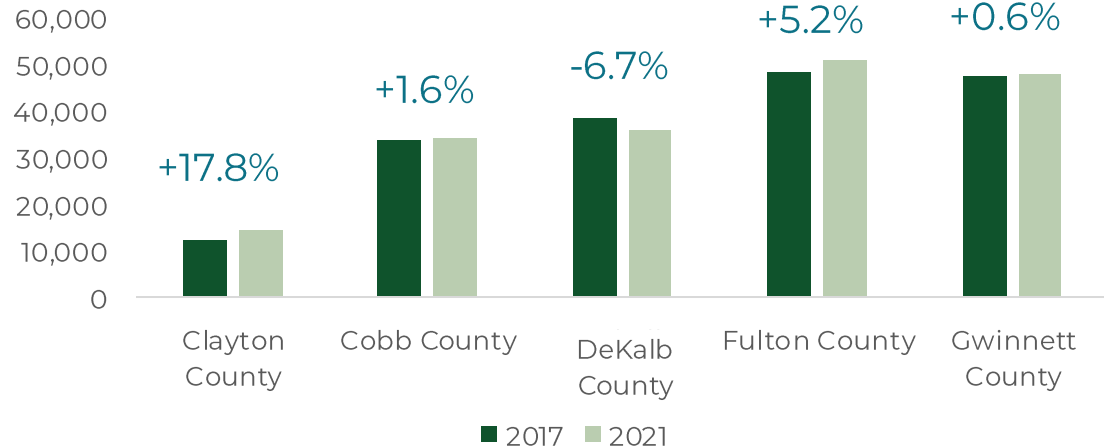
Over the past five years, cost burden increased for both owners and renters in all core counties except for DeKalb County.

Rental cost burdened households in Gwinnett County experienced the largest increase at nearly 16%. Cost burdened owner households within Gwinnett, however, increased less than 1%. The opposite trend was observed in Clayton County households.

Change in Renter Cost Burden, 2017 - 2021



Change in Owner Cost Burden, 2017 - 2021



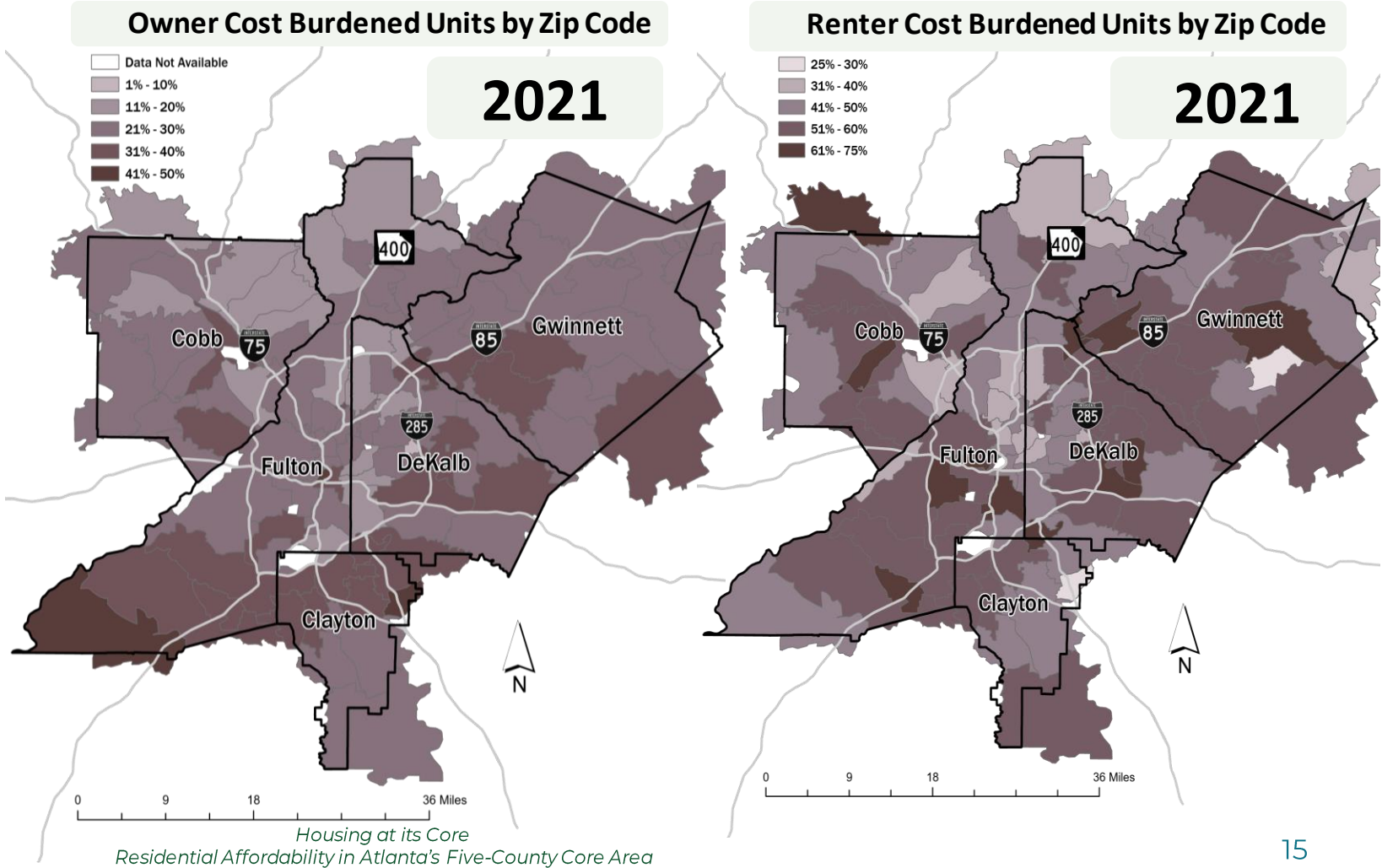
Source: U.S. Census, American Community Survey

Owner and Renter Cost Burden by Zip Code

The maps at right show that cost-burdened households (>30% of income spent on housing costs) are concentrated throughout the region with pockets of severe renter cost burden in each of the five counties.

Generally, renter cost burden is less concentrated inside the I-285 Perimeter north of I-20, but more concentrated to the south and southwest. Owner cost burden is more uniform throughout the region and most prevalent in South Fulton, Clayton, and East DeKalb.

*Cost-burden is defined as spending more than 30% of income on housing.
 Source: U.S. Census, American Community Survey



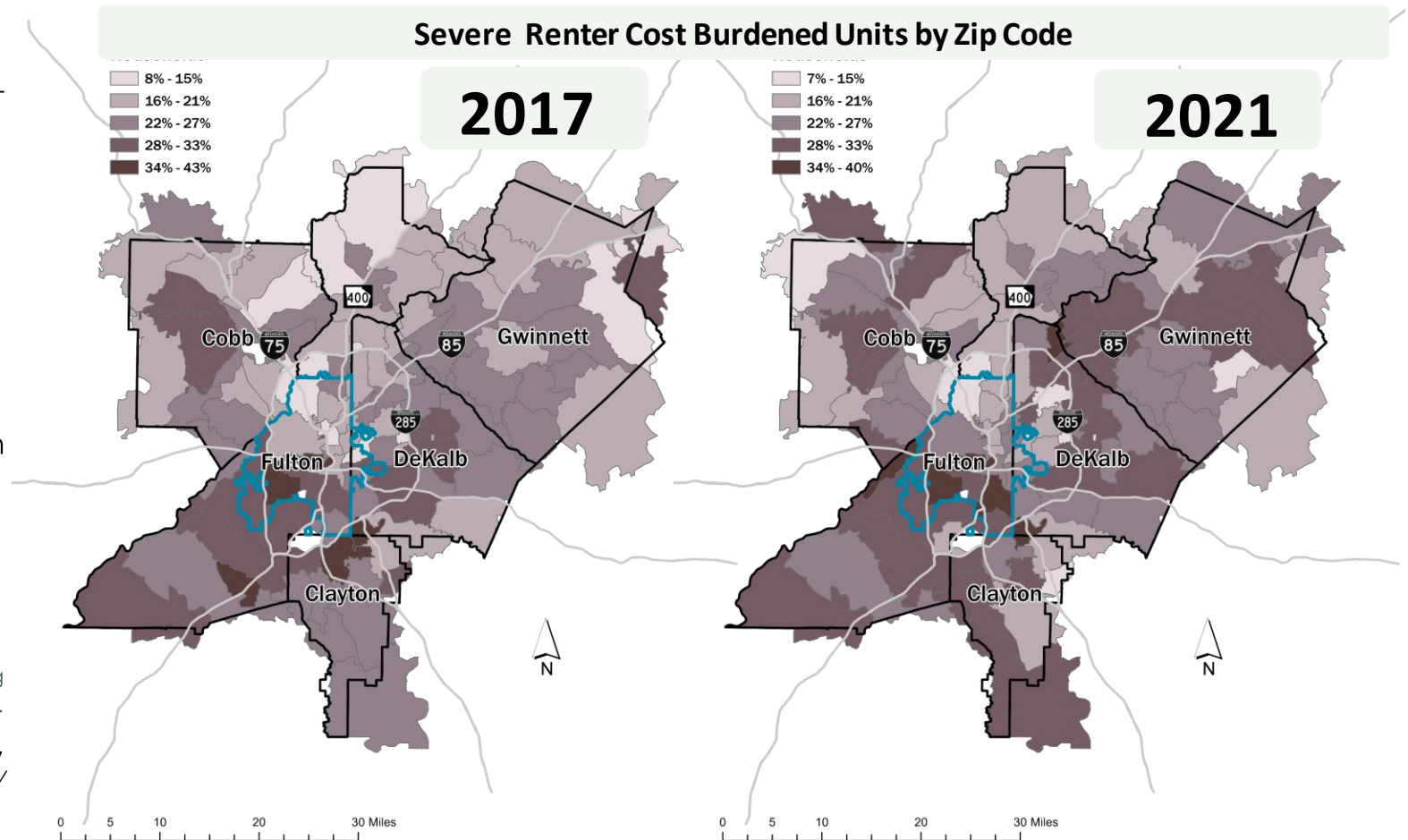
Severe Renter Cost Burden

While severe renter cost burden (>50% of income spent on housing costs) continues to persist south of I-20, additional concentrations of severe renter cost burden have emerged in the past five years in northern portions of Cobb, DeKalb, Gwinnett, and to a lesser degree Fulton.

Concentrations in the City of Atlanta have generally stabilized, with some pockets of severe renter cost burden moderating since 2017, providing evidence that new multifamily supply additions can positively impact local housing affordability.

*Severe Cost-burden is defined as spending more than 50% of income on housing.

Source: U.S. Census, American Community Survey



Growing Number of Cost-Burden Households

The 2018 ULI Atlanta **Affordable ATLANTA** report quantified the **5-County Core Affordable Housing Need** as the number of **“cost-burdened” households that earn at or below 80% of the median income.**

The 2018 report identified approximately **340,400 “affordable households”** in need of more appropriately priced housing options in order to eliminate housing cost burden.

Using the same methodology, this report estimates that cost-burdened households in the 5-county area increased by nearly 51,500 based on the most recent Census data available, to **nearly 400,000. This level of increase in Atlanta’s affordable housing need happened twice as fast as expected.**

Since 2018, all 5-County core households area grew by 9%

Growth in affordable cost-burdened households outpaced overall household growth – increasing 15%

2018 Affordable
Housing Need

340,387

+51,491

Additional Affordable
Housing Need

391,878

Current



Data Source: KB Advisory Group based on data from Claritas and U.S. Census American Community Survey (2021)
Photo: Mercy Housing/PCCI

Housing Cost and Attainability

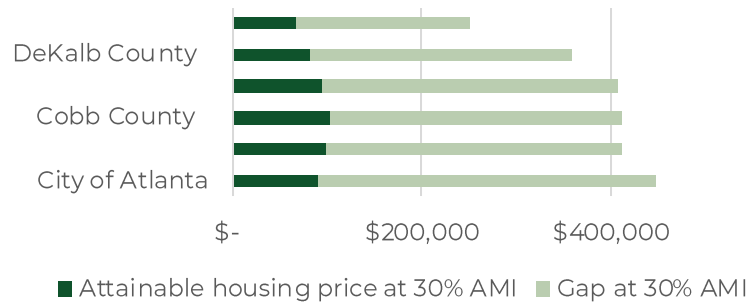
For-Sale Affordability Gap

In order to understand the magnitude of the need to improve housing cost burden for homeowners, this analysis considers the median purchase price of homes within each county and the City of Atlanta, compared to median incomes. Results show that an affordability gap exists for households earning up to 120% AMI.

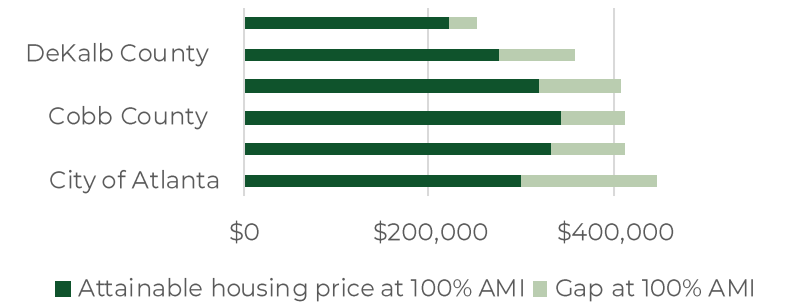
Across the 5-county area, a household earning 30% of the area median income (AMI) would require an additional \$300,000 to purchase the median priced home and avoid being cost-burdened, whereas a household earning 120% AMI would require an additional \$30,000 in order to purchase a median priced home without burden.

The analysis estimates the level of subsidy that would be needed to set the price for a household to own a home with a monthly cost that does not exceed 30% of their income, avoiding cost burden.

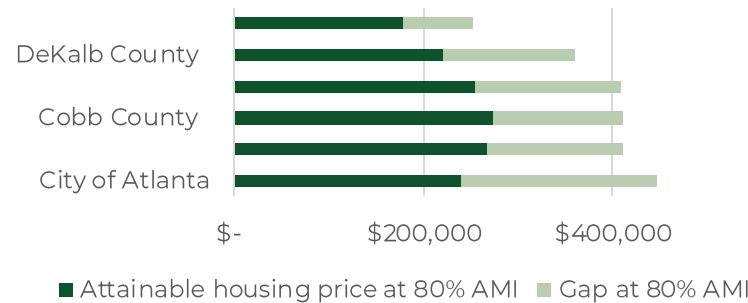
Subsidy Needed at 30% AMI



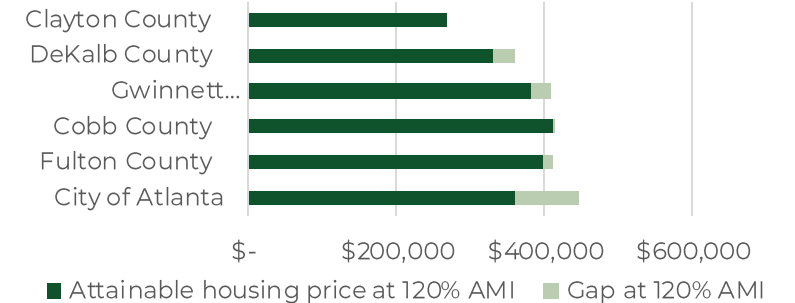
Subsidy Needed at 100% AMI



Subsidy Needed at 80% AMI



Subsidy Needed at 120% AMI



Source Claritas, U.S. Census, American Community Survey (2021), SmartRE

■ Median Home Price
■ Maximum Purchase Price based on AMI

Housing Cost and Attainability

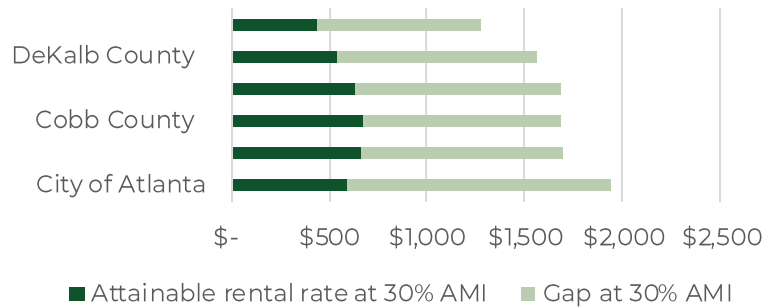
Rental Affordability Gap

Similarly, this analysis compares the median rental rates of homes within each county and the City of Atlanta and median incomes, finding significant affordability gaps for households earning up to 80% AMI.

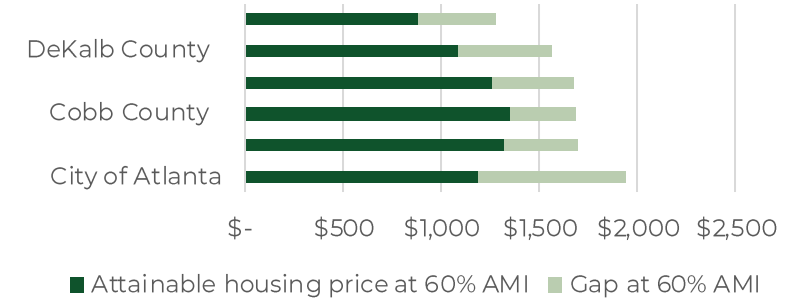
Across the 5-county area, a household earning 30% of the area median income (AMI) would require \$1,050 in subsidy to rent the median priced home and avoid being cost-burdened, whereas a household earning 80% AMI would require \$150 per month in additional income to rent a market rate rental home.

These estimates reflect total monthly rental subsidy that would be needed for a household to rent a home that does not exceed 30% of their income.

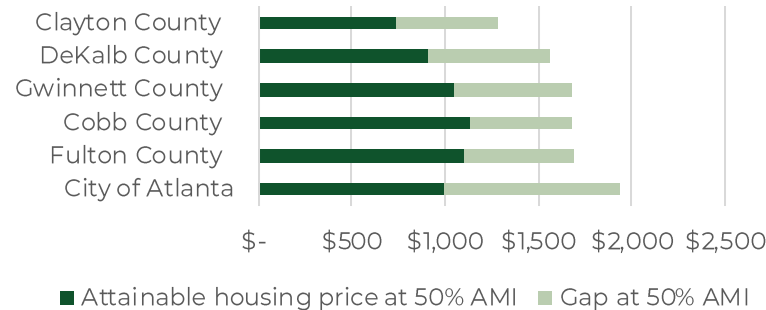
Subsidy Needed at 30% AMI



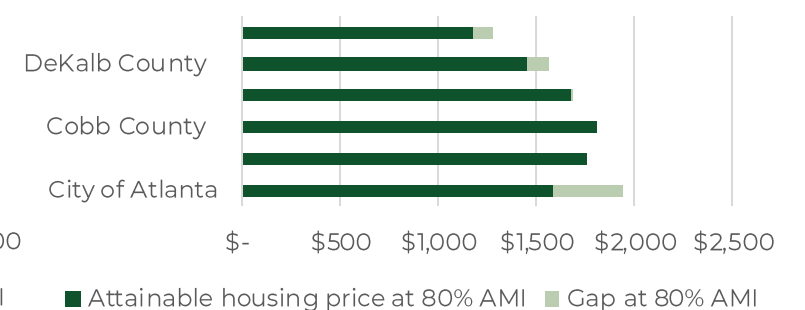
Subsidy Needed at 60% AMI



Subsidy Needed at 50% AMI



Subsidy Needed at 80% AMI



■ Median Monthly Rent
■ Maximum Rent based on AMI

Revisiting Strategies – Housing for Whom

Based on the analysis summarized on the previous pages, it would be necessary to provide **\$270 million per month** to subsidize the **390,000 “affordable households” (below 80% AMI)** within the 5-county area who are currently cost burdened.

Further, the greatest needs are for households making less than 50% AMI. These households **represent 71% of all cost burdened households in the region.**

However, the economics of real estate development in the current era make it nearly impossible to build new units affordable to these households without significant subsidies and other funds not typical for “market rate” unit productions.

Cost Burdened Households by AMI

	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI	
Clayton	4%	3%	1%	1%	0%	0%	9%
Cobb	5%	5%	2%	2%	1%	0%	16%
DeKalb	9%	6%	2%	2%	1%	1%	21%
Fulton	16%	7%	2%	3%	2%	1%	32%
Gwinnett	7%	7%	3%	3%	1%	0%	22%
	42%	29%	9%	12%	5%	3%	

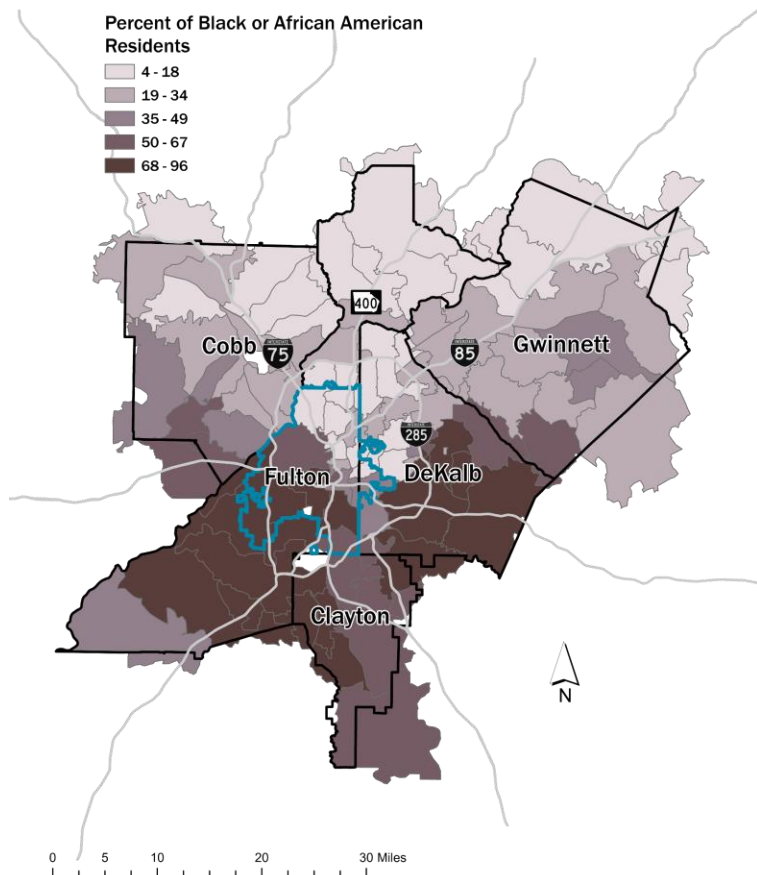
New construction housing difficult to meet deep affordability needs, which **represent 71% of cost burdened households.**

New housing affordable to those earning 60-80% will require subsidy, cheap/free land, or creative financing and efficiently dense design.

Households living in a home affordable to those earning over 100% AMI are still cost burdened.

Cost Burden by Race

Black or African American households are more heavily concentrated in the southern portions of the core counties, including south Fulton County, south DeKalb County, and Clayton County.

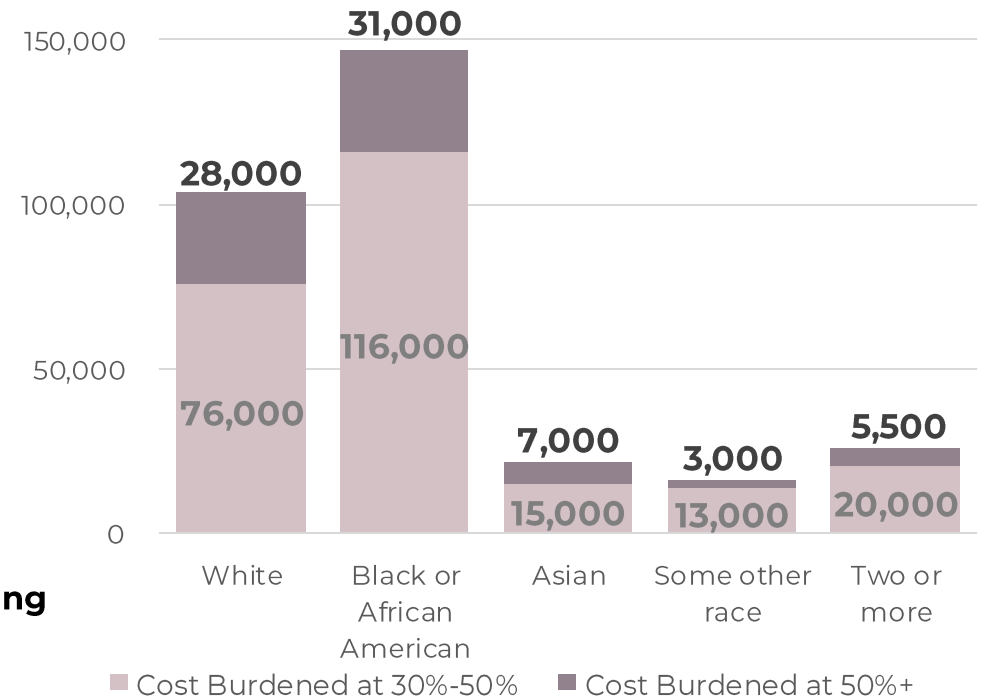


1 in 4

non-white households in the 5-county core are cost burdened

The southern portion of Atlanta's five-county core continues to experience diminishing access to **housing choice** leading to concentrated cost burden when compared to other areas of the region.

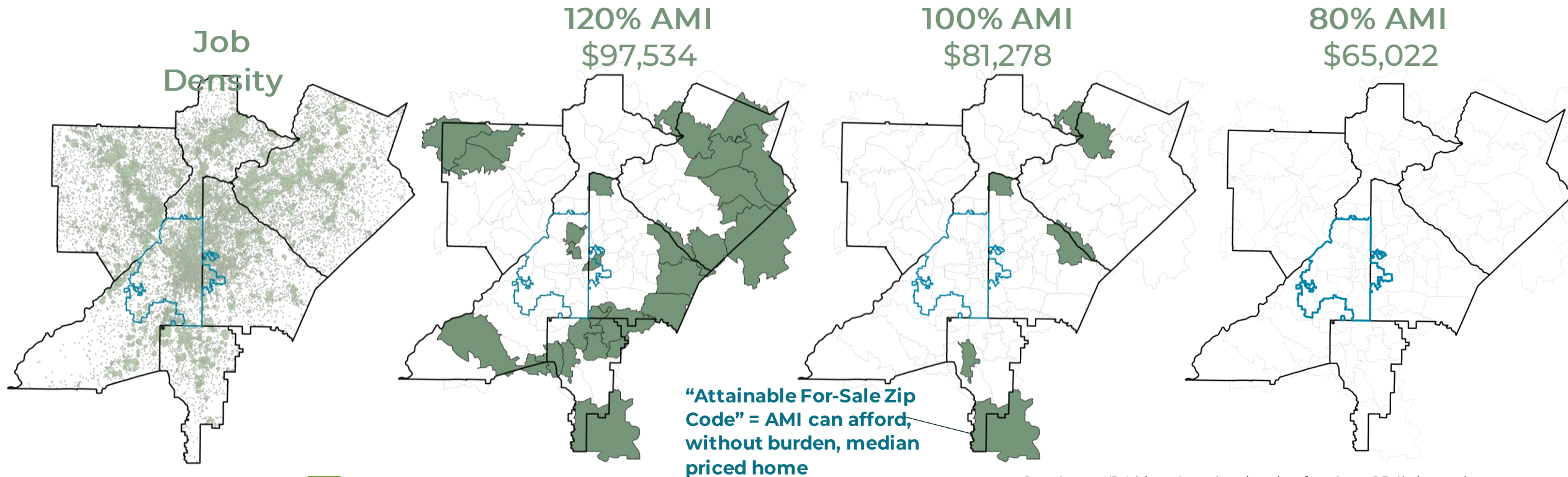
Cost Burdened Households in the Core Counties by Race, 2021



Inequity in Home Ownership Choice

Atlanta continues to struggle with a spatial mismatch between employment concentrations and attainable housing locations. Thus, the consequences of growing housing cost-burden in the region are compounded by limited transportation options between “affordable” locations and core job centers. Only when Atlanta households make above \$100,000 do they begin find appropriate forsale housing options near job clusters, as shown in the maps below.

The median home price is above what the median household income can afford in most zip codes across the Atlanta metro. **There is no ZIP code in the core counties that household with 80% and less AMI level incomes can purchase a home at the median home price.**



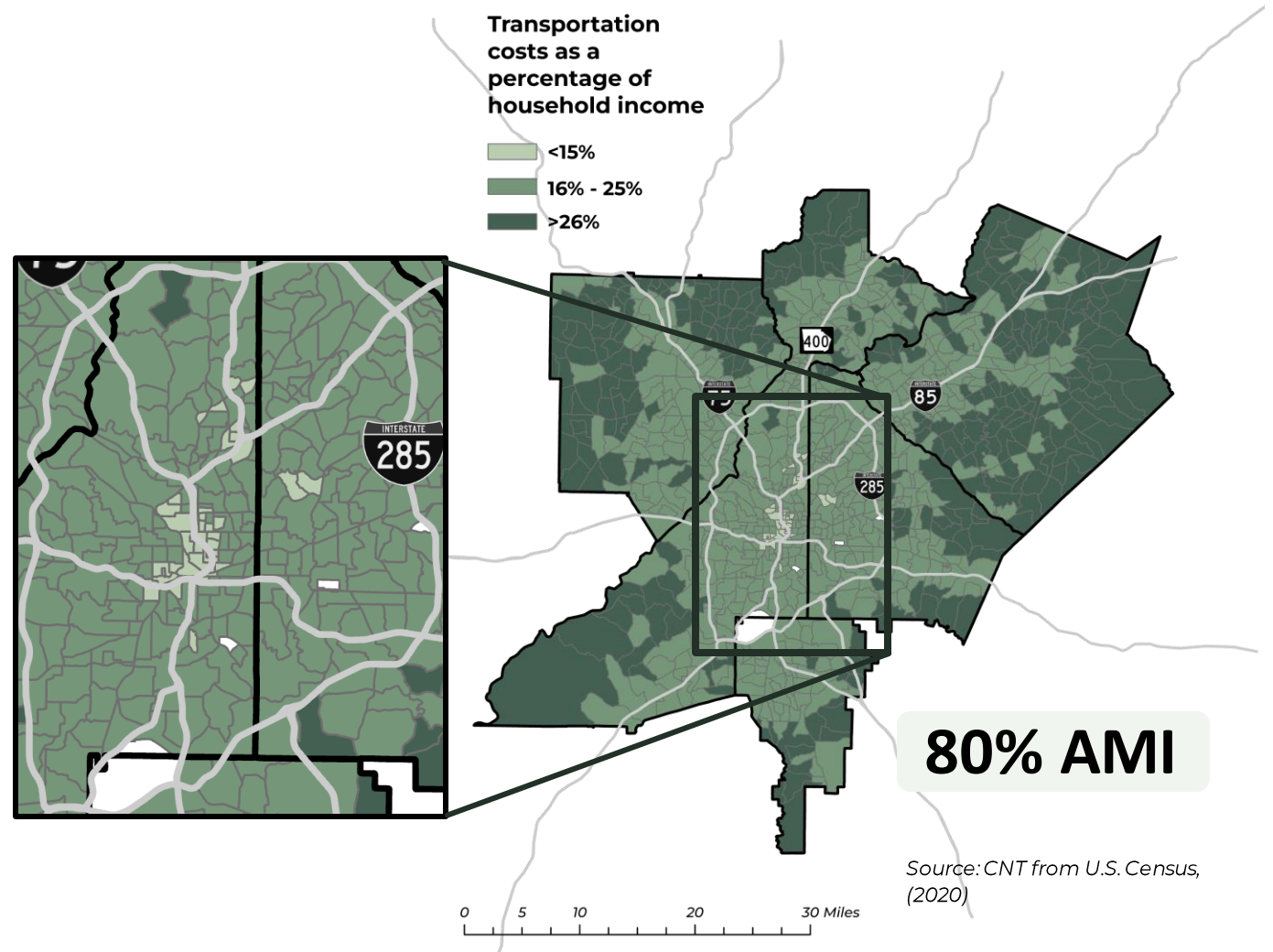
Transportation Cost Can be an Additional Burden Driven by Prohibiting Housing Choices

Location Efficiency

Transportation costs as a percentage of household income are substantially higher for households that earn below 80% Area Median Income. Those under 80% AMI are paying 3-5% more of their income on transportation compared to 100% AMI.

When Atlanta households with incomes below the median can find housing near jobs, and/or transportation options, they can lessen overall financial burdens.

However, **as lower income households are forced to find homes in locations farther from the region's job cores, the housing cost savings are off-set by the increase in transportation costs.**



Consequences of Cost-Burden

Housing cost burden threatens the stability of households, neighborhoods, communities, and the region.

A growing number of households without affordable/attainable housing options face the threat of constant lifestyle disruptions. Paying half of a household income on housing and transportation limits the ability of a household to meet other critical needs such as food, education, and healthcare.

Unburdening households with exorbitant housing and transportation costs has cascading benefits. Lessing housing cost burden increases the agency of households to choose the neighborhood they want to live in, meet their healthcare needs, invest in education, and retain the ability to make other positive economic decisions.

Housing Related

Costs



+

Transportation

Costs



Remaining

Costs

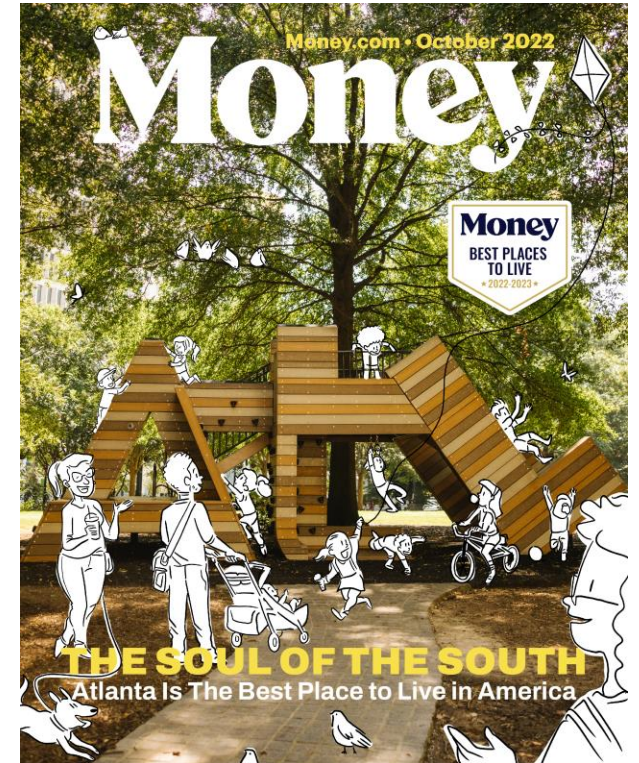


Savings, Liquidity,
and Access to
Financial Markets



“How can we be one great region if our residents can’t afford, without burden, to live here.”

-Anna Roach, Executive Director & CEO, Atlanta Regional Commission



Data Source: 2023 ARC State of the Region
Photo: Money Magazine, October 2022

5-County Core Affordable Housing Need

Cost **per month** to “subsidize” the **390,000 households** within the region who are currently cost burdened and making at or below 80% AMI: **\$270 million**

The greatest affordable housing need is at the lowest income levels.

*The **cost to build and or subsidize** enough housing to ‘solve’ the regional affordable housing crunch **is enormous.***

*Both **market rate** and **subsidized solutions** are needed to address housing needs.*

The cost of inaction is even greater.

Households making less than 50% AMI represent 71% of all of the 5-County regions’ cost-burdened households.

Given the necessity to keep shelter costs affordable – and the associated high-cost of construction – **the region cannot “build its way out of the issues,” particularly for the households with the greatest housing need (<50% AMI).**

Considering the nearly 400,000 affordable cost-burdened households in the 5-County Core area, this study considered the **theoretical financial subsidy necessary to alleviate the housing cost-burden for the region’s “affordable households.”**

... Meaning ... It would necessitate

\$100 BILLION

to ensure households making 80% AMI or less pay less than 30% of their income on housing for the next 30 years.

This analysis calculated the additional shelter costs necessary for cost-burdened affordable households to pay less than 30% of their income for the median priced rental or ownership unit in their geography. Additional details can be found herein.

Housing For All

The greatest needs in lessening housing cost burden for Atlanta households exists for those earning below 60% AMI.

These households that provide the region with incalculable contributions increasingly find themselves on the brink of housing insecurity.

This increasing problem of a lack of attainable and appropriate housing also contributes to persistent homelessness issues throughout the region.



Area Median Income (AMI)

30%

60%

80%

100%

120%

Extremely Low-Income
 <\$24,000

Low Income/Workforce
 \$65,000 - \$80,000

Very Low-income
 \$40,000 - \$50,000

Workforce/Middle Income
 \$82,000 - \$100,000

31%
 Unsheltered Homeless

69%
 Sheltered Homeless

42%
 Cost Burdened <30% AMI

38%
 Cost burdened 30-60% AMI

12%
 Cost Burdened 60-80% AMI

5%
 Cost Burdened 80-100% AMI

3%
 Cost Burdened 120% AMI+

Summary: The Current Issues

<p>1</p> <p>Rents and home prices are growing faster than incomes.</p>	<p>2</p> <p>Cost burden persists across the core counties.</p>	<p>3</p> <p>Transportation remains a significant cost for households.</p>	<p>4</p> <p>Inequity inhibits housing choice.</p>
<p>Pandemic disruptions and the rapid growth of the Atlanta MSA have caused surging rental and home prices that outpace income growth.</p>	<p>The proportion of renters and homeowners that are cost burdened has risen since 2017.</p>	<p>Transportation and housing costs combined comprise 40-60% of an average household's income. Further, location efficient housing near jobs don't serve the entire workforce.</p>	<p>Black households are more likely to be cost burdened than white households. Geographic inequity further limits housing choice.</p>



Housing at its Core

Residential Affordability in Atlanta's Five-County Core Area

Policy Recommendations



Atlanta

Livable
Communities
Council (LCC)

Timeline of Housing Action

January 2018

ULI Atlanta and KB Advisory Group publish Affordable Atlanta.



June 2019

One Atlanta: Housing Affordability Action Plan is published by the City of Atlanta.



June 2022

The City of Atlanta increases the budgetary funds to be spent on affordable housing efforts.



May 2023

The Community Foundation for Greater Atlanta commits \$200 million for affordable housing. CoA raises \$100 million.



HouseATL releases Recommendations to Advance Affordable Housing and Community Retention.

Sept. 2018



Atlanta Regional Commission releases their Metro Atlanta Housing Strategy.

December 2019



ULI Atlanta and KB Advisory Group begin updating the 2018 Affordable Atlanta study.

April 2023



HouseATL releases Strategic Recommendations to advance significant positive impact on affordable housing in the five-county region.

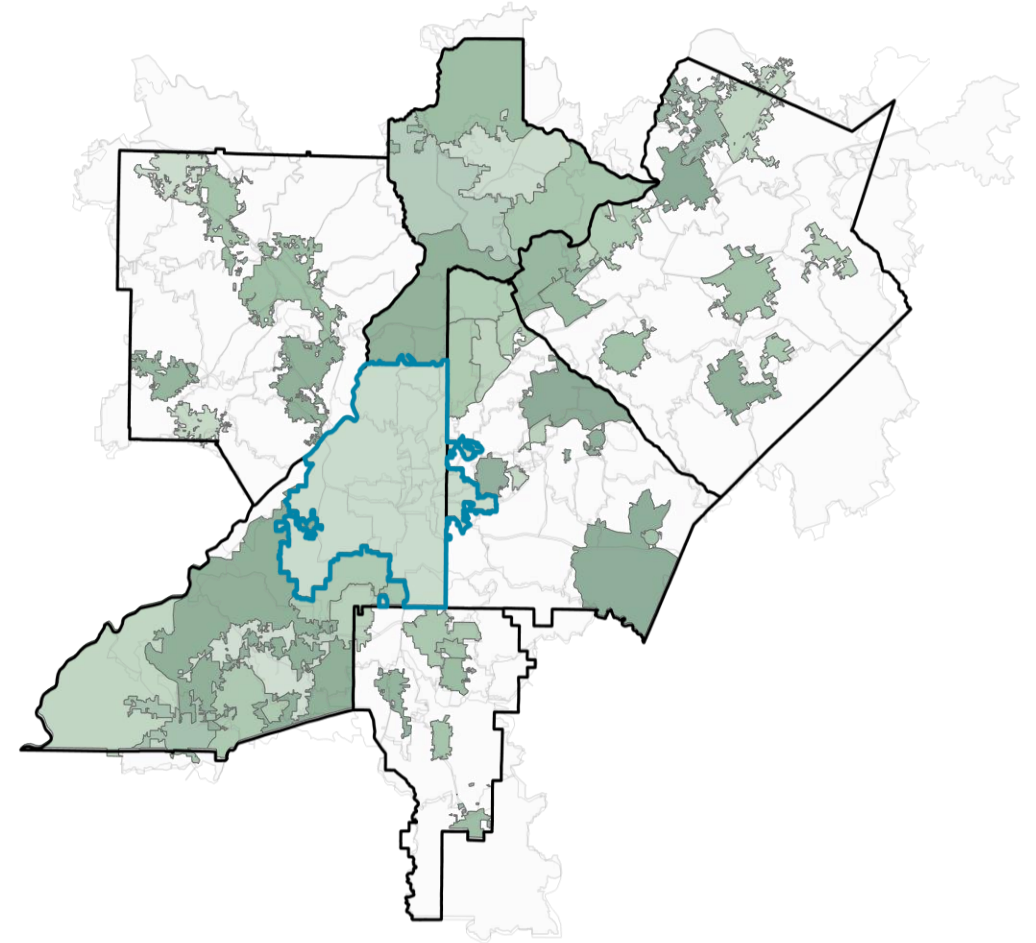
Sept. 2023

Geography of Housing – Resources and Regulation

The map on the right shows the 55 cities within the 5-county core area, each with **varying zoning and regulatory environments**.

The local councils and commissions, that lead the region's cities and counties, control the land use decisions that impact the approval and development of all new housing in the region. These local governmental bodies hold the power to help increase housing production by saying “yes” to more housing, more often.

Local government adoption of relevant housing and affordable housing strategies and policies is needed consistently across the jurisdictions to ensure the entire 5-county core can employ resources effectively and efficiently.



Tackling the Issues by Working Together

In nature, positive feedback increases the likelihood of successful ecosystems when there is a surplus of resources.

Atlanta's Housing Ecosystem should work similarly.



The actors in the **Atlanta Housing Ecosystem** support each other, and together, provide the resources to fund the proverbial “**capital stack**” for affordable housing. But a disjointed political landscape complicates the production of sufficient housing for the growing Atlanta region.

Political will is at the forefront of regional advancement of better housing outcomes for all.

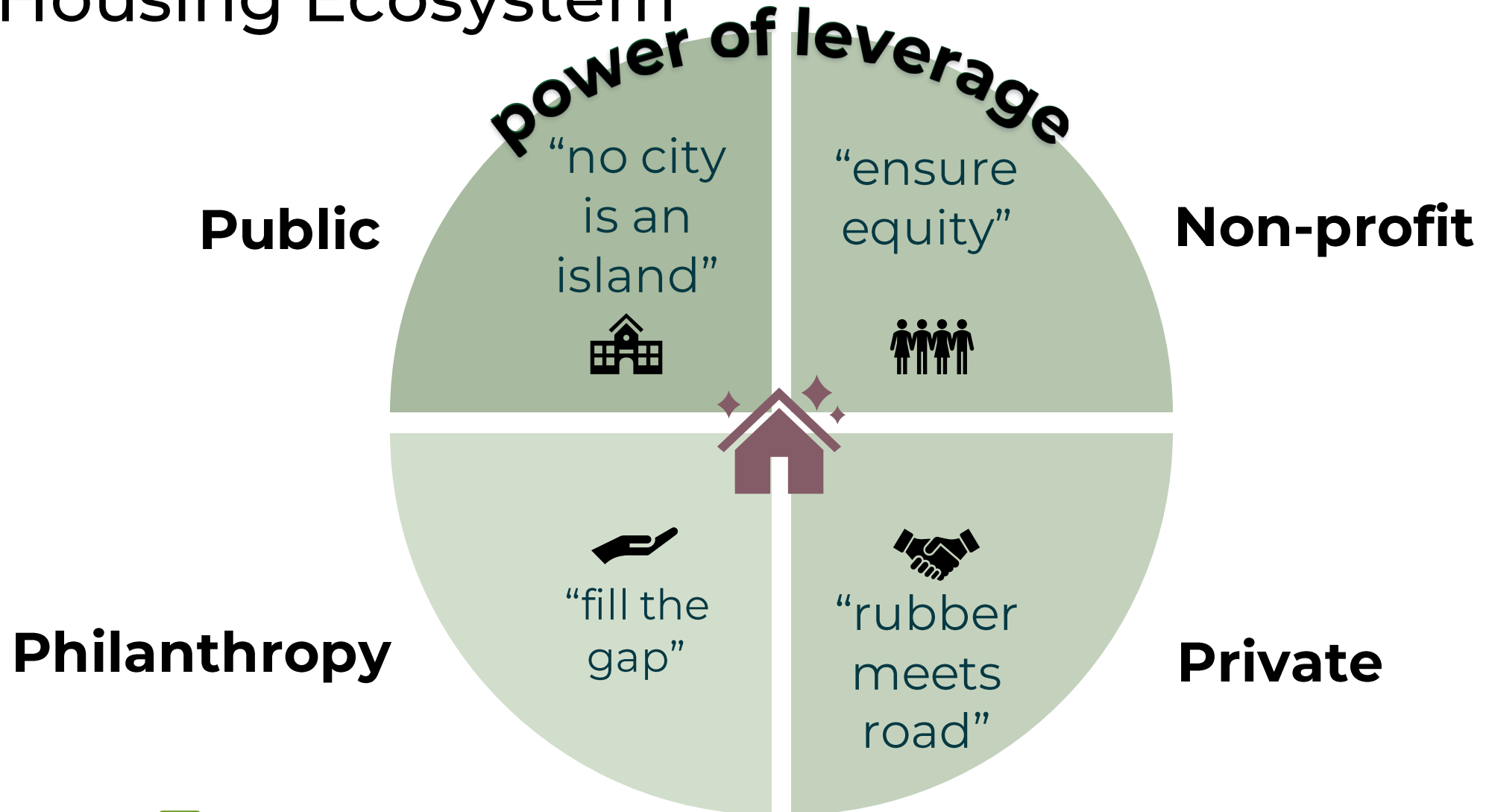
Regional housing policy must be **ALIGNED** and **AGILE** for sustained success within our region.

Regional institutions, such as ARC and DCA, can **ACCELERATE** solutions for regional housing affordability.

HouseATL's 2023 Strategic Recommendations provide thorough and comprehensive strategies for the five-county region, including implementable guidance for **cities and counties**.



Roles to Create New Models within the Housing Ecosystem



Roles to Create New Models within the Housing Ecosystem

Public

- Recognize housing as responsibility and a public good and lead the local dialogue
- Provide regulatory flexibility, transparency, consistency, and efficiency
- Acknowledge and act on the importance of local land use decisions re: housing on the region's economic vitality, i.e. more housing is better for everyone

Non-profit

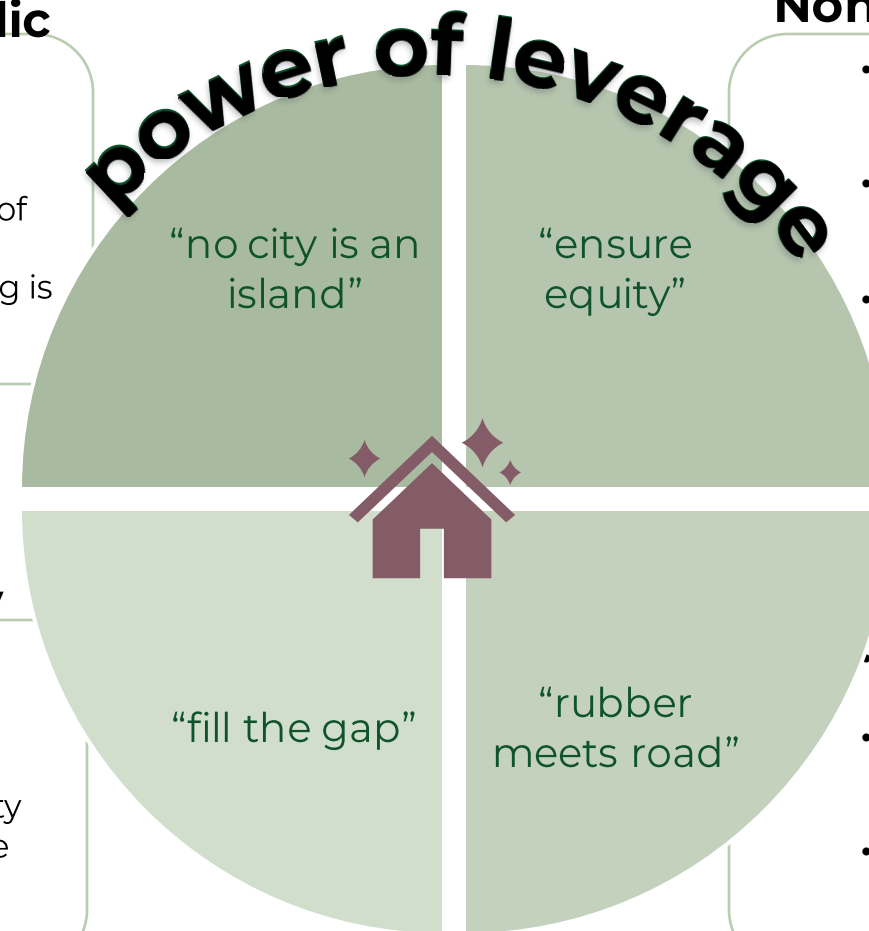
- Educate partners and the public at large on the importance of housing as a foundational personal need
- Identify and organize partners in order to synergize service offerings to include wrap around services with affordable housing
- Ensure equity in the execution and operation of targeted housing

Philanthropy

- Employ funds towards the most difficult financial obstacles and gaps to absorb risk and green light otherwise infeasible developments
- Identify capacity and window of opportunity to engage in the development of affordable housing
- Raise funds and awareness

Private

- Produce housing, at scale, which meets the current and future needs
- Investigate and consider creative development and financing models to allow for a greater mix of incomes in each development
- Engage with public and philanthropic sectors to explore opportunities to meet additional public needs



The Atlanta Regional Housing Ecosystem



Public

- City & County
- State
- Economic Development
- Atlanta Regional Commission
- Housing Authorities (City & County)
- Land banks



Non-Profit

- Non-profit Developers
- Public-benefit Non-profit
- Local CDCs and CDFIs
- Land Trusts
- Education Non-profits
- Chambers of Commerce & Business Associations
- Supportive Housing



Philanthropic

- Foundations
- Charities
- Civic and Social Welfare Organizations
- Faith-based
- Health Foundations



Private

- Mixed-income Housing Developers
- Affordable Housing Developers
- Infill and Missing Middle Housing Developers
- Financial Institutions and Lenders

Evolving Regional Leadership

The deep and persistent housing challenges require a dedicated regional “voice” and funding source(s) to assist ALL regional communities in implementing relevant HouseATL Strategic Recommendations.

The Atlanta Regional Commission (ARC) has helped lead the regional housing discussion and provides a framework for appropriate local housing strategies.

The NEW NEED is to link these initiatives and HouseATL recommendations to provide communities with resources and hold them accountable for implementation.

The decades-long success of the Livable Centers Initiative (LCI) program lends guidance for a possible model in which communities are encouraged and supported in addressing the shortage in housing production.

Additionally, **Georgia DCA (Department of Community Affairs)** plays the key role in distributing federal funds to subsidize Affordable Housing production. Continuing refinement to the LIHTC distribution system to meet the needs of the state’s most economically vibrant region (the 5-County Atlanta Core) may be necessary.

- Work with individual communities to establish housing production goals to benefit the entire region
- Provide technical assistance and zoning reform programs to municipalities across the region
- Encourage regionally uniform residential zoning
- Encourage housing by right and rethink density as the prevailing measuring stick by which we regulate housing
- Encourage form-based approaches to residential zoning

“Carrots” (incentives) are preferred, are “sticks” (penalties for non-participation) necessary or available?



Support and Incentivize Housing Production & Preservation



www.houseatl.org

Essential Regional Housing Strategies

Support and Incentivize Housing Production & Preservation

Employ Resources at Greatest Need

Leverage Partnerships and Networks

- Dedicate Revenue Sources for Affordable Housing Development
- Encourage Resilient Design and Construction
- Support Expansion of Developer Capacity
- Incentivize the Preservation of Naturally Occurring Affordable Housing (NOAH)
- Secure Property Tax Exemptions for Affordable Rental Housing
- Preserve Expiring Subsidized Properties
- Encourage Regulatory Reforms
- Provide Resources to Encourage Starter/Affordable Homes by Homebuilders

Data Source: KB Advisory Group based on HouseATL Recommendations 2023

Employ Resources at Greatest Need



www.houseatl.org

Essential Regional Housing Strategies

Support and Incentivize Housing Production & Preservation

Employ Resources at Greatest Need

Leverage Partnerships and Networks

- Create Sustainable Funding Sources for Under 50% AMI Housing
- Intervene to Ensure Safe and Secure Housing
- Support Energy Efficiency Improvements for the Most Climate-Vulnerable Residents
- Expand and Coordinate Eviction Prevention Services
- Enhance and Protect Renters' Rights
- Address Heirs Property
- Reduce Low-income Homeowners' Property Tax Burden
- Support Maintenance and Repairs for Low-income Homeowners
- Encourage a Diversity of Prospective Homebuyers

Leverage Partnerships and Networks

Essential Regional Housing Strategies

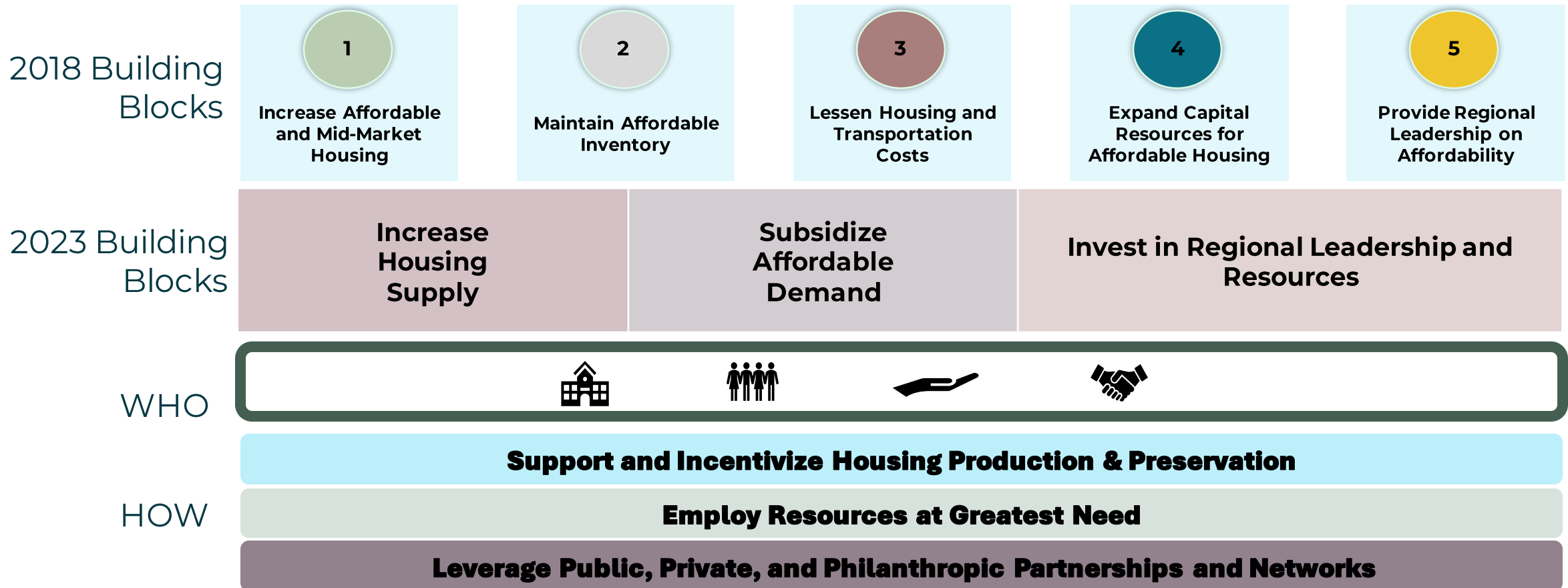
Support and Incentivize Housing Production & Preservation

Employ Resources at Greatest Need

Leverage Partnerships and Networks

- Prioritize Publicly Owned Assets for Affordable Housing
- Strengthen the Coordination of Public, Private and Philanthropic Funding
- Invest in Transit-oriented Affordable Housing
- Invest in a Government Affairs Strategy
- Increase Real Estate Industry Professionals' Knowledge of Affordable Homebuying Resources
- Improve Homebuyer Education Quality and Outreach

Necessary Action for Progress





Housing at its Core

Residential Affordability in Atlanta’s Five-County Core Area

Photo Credit: © 2022 Copyright West Highlands ATL

APPENDIX

Defining the Current Issues



Atlanta

Livable
Communities
Council (LCC)

Area Median Income: 5-Core Counties

Area Median Income (AMI) captures the median income of resident’s living within a general geographic area – normally a metropolitan statistical area. This means half of the households in the area earn less than the AMI and half earn more.

AMI based thresholds are reported based on the number of persons per household and calculated by the U.S. Department of Housing and Urban Development (HUD). These are often used to determine income thresholds used for various federally-funded housing initiatives and programs.

Area Median Income by Geography

Clayton County	\$58,864
Cobb County	\$90,430
DeKalb County	\$72,630
City of Atlanta	\$87,881
Fulton County	\$79,172
Gwinnett County	\$84,009

Data Source: 2023 estimate based on U.S. Census, American Community Survey (2021)

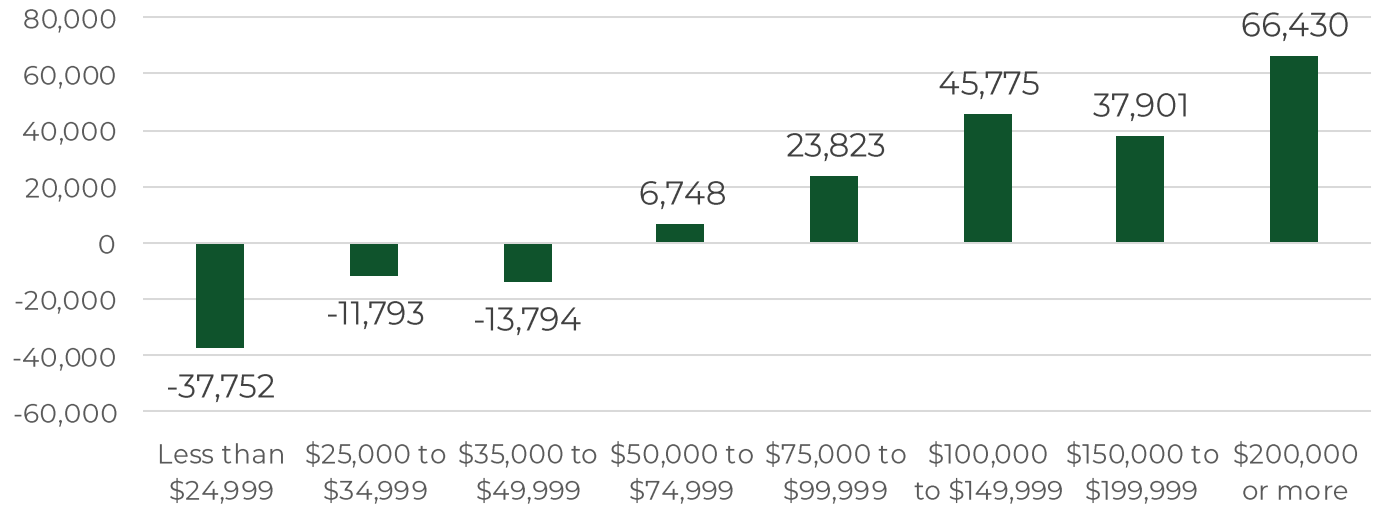
Household Income

Household incomes have increased in all of the 5-county core and within the City of Atlanta. City of Atlanta experienced the largest increase at nearly 40%.

Cobb County's household income only increased 26%, the smallest increase among the core counties. However, Cobb County's median income remains the highest.

Households earning over \$200,000 represent the largest absolute increase contributing to significant growth in household incomes.

Change in Households by Income, 5-County Core



	2017 Median Income	2023 Median Income	2017 to 2023 Percent Change
Clayton County	\$44,106	\$58,864	34%
Cobb County	\$72,004	\$90,430	26%
DeKalb County	\$55,876	\$72,630	30%
Fulton County	\$61,336	\$87,881	29%
City of Atlanta	\$57,597	\$79,172	37%
Gwinnett County	\$64,496	\$84,009	30%

Data Source: KB Advisory Group based on data from U.S. Census American Community Survey (2017, 2021)

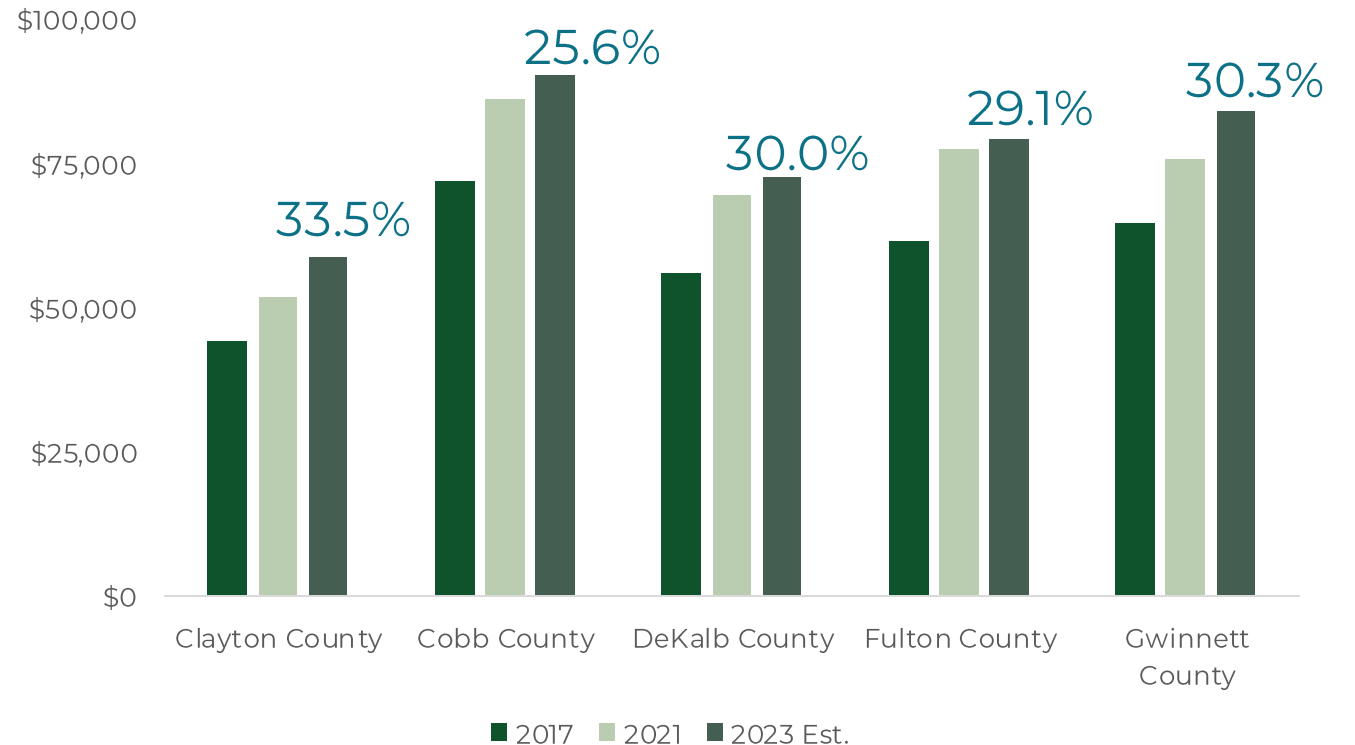
Median Household Income

Between 2017 and 2023, the median household incomes among households in the five core counties increased.

- Clayton County's median household income increased at the greatest rate, climbing 34% between 2017 and 2023.
- Cobb County's median household income increased at the lowest rate of 25.6% between 2017 and 2021.

While household incomes across the core counties have risen, housing costs have also increased. As housing costs continue to rise faster than incomes, more households are at risk of housing instability and cost burden.

Change in Median Household Income in Core Counties, 2017-2021



Statewide Context

Home Prices-to-Wages Analysis

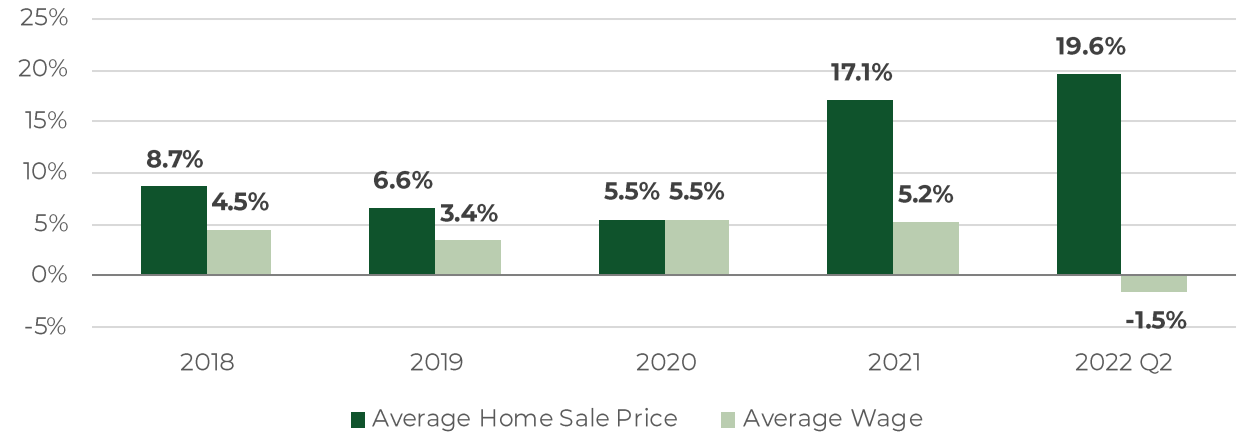
Housing cost growth is outpacing wage growth, not only within the 5-county region but throughout the state of Georgia.

Despite trends of significant wage gains at the national-level, statewide average wages have only moderately risen and have even begun to plateau.

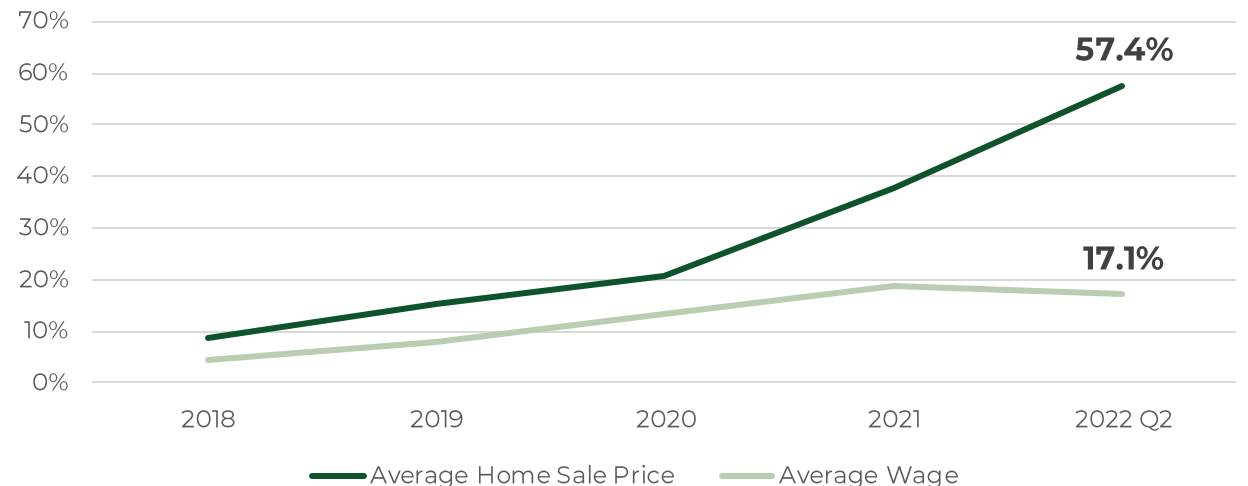
Except for 2020, home prices grew faster year-to-year than annual wages. With home prices sky-rocketing after 2020, the gap between the two has dramatically increased. This trend can be expected to continue as household purchasing power weakens in the wake of growing home prices fueled by inventory shortages and increasing demand.

The chart to the right illustrates how this gap has compounded since 2018. The disparities between wage growth and home prices in 2021 and 2022 emphasizes the growing gap between working wages and housing prices.

Annual Change in Average Home Sale Price Compared to Wages, Georgia



The Growing Gap in Housing Prices vs. Wages



Data Source: KB Advisory Group based on data from Zillow Home Value Index and CoStar

New Housing Availability

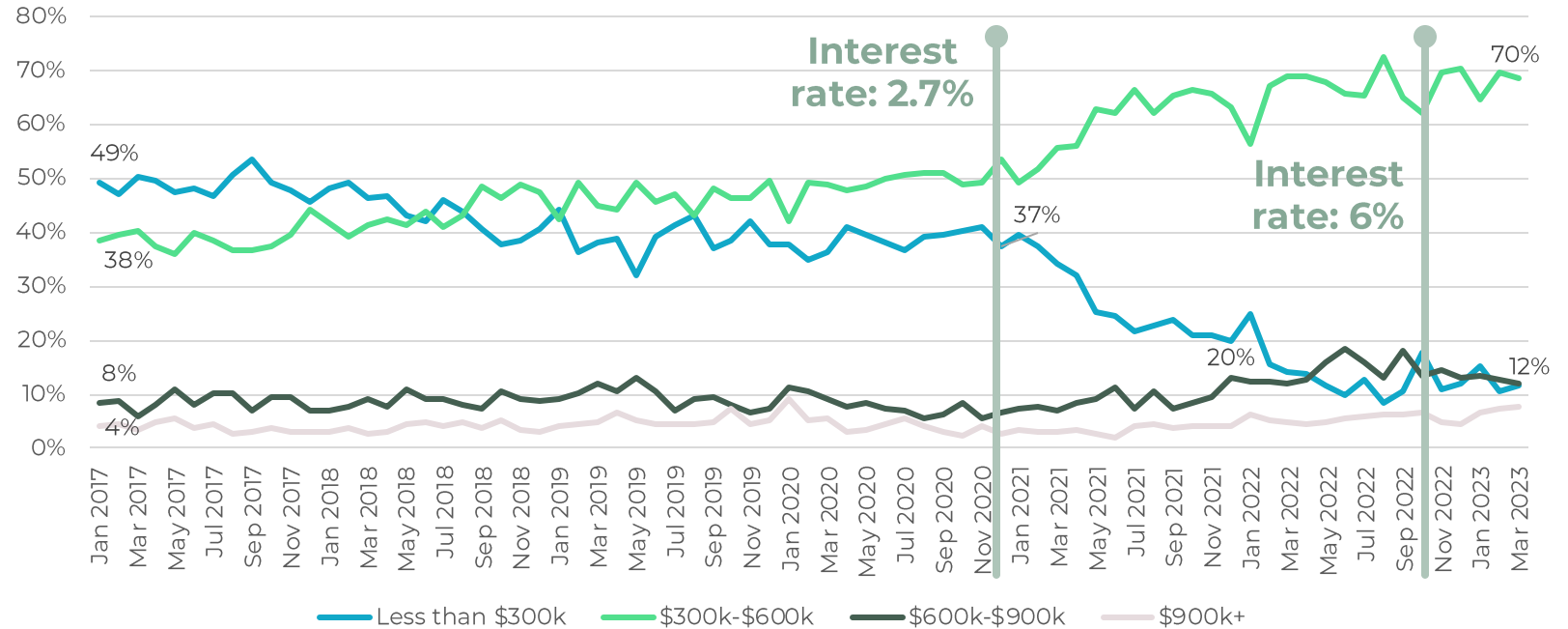
Within the 5-County Core, new construction home closings have decreased dramatically for homes priced less than \$300,000.

Throughout 2017, new homes under \$300,000 represented around 50% of all closings.

Beginning in 2021, this share dropped significantly to 37%.

Building new, affordable for-sale housing has become increasingly difficult and unlikely to be met by the market.

Percent Share of New Construction Closing by Price, 2017-2023

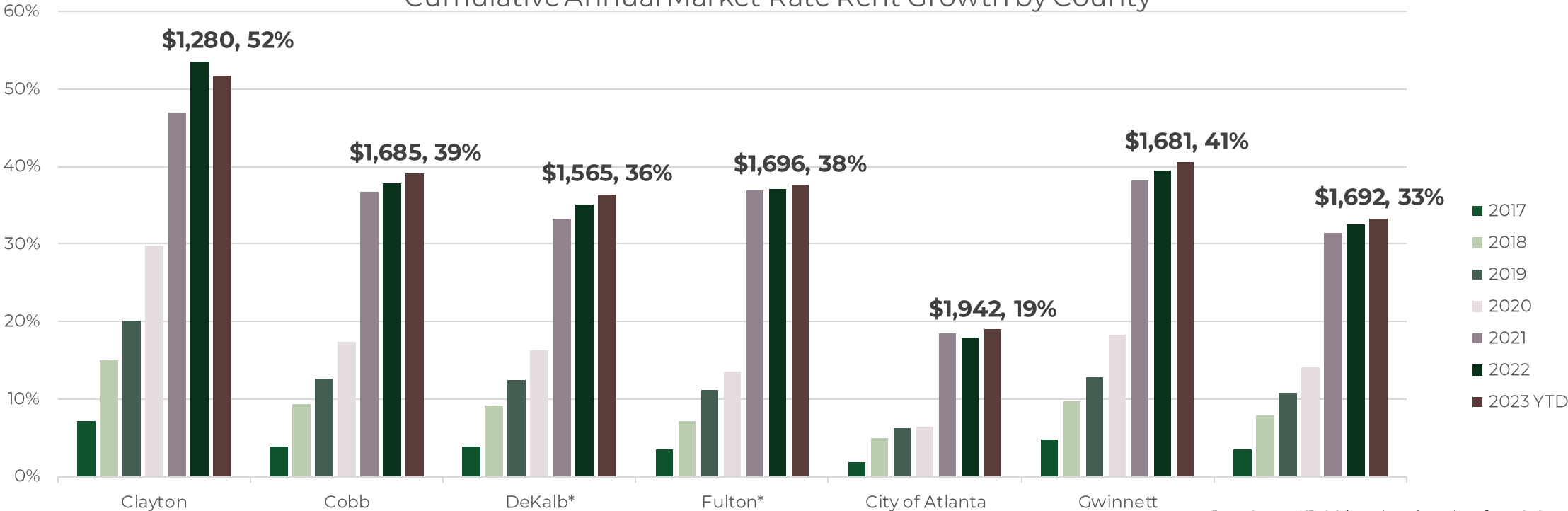


Data Source: KB Advisory Group based on data from SmartRE (2017, to 2023 YTD), St. Louis Fed

Annual Market Rate Rent Growth

Across the entire 5-county area, market rate rents increase substantially following 2020. While the City of Atlanta maintains the highest average rents at nearly \$2,000, rent growth was the lowest at 19%. This is due, in part, to the existing multifamily inventory and competition of new supply in 2021. In contrast, Clayton market rents increased 52% from 2017 to 2023, but remain the lowest average rents within the region. The rate of change in market rate rents impacts a household's ability to remain in a financially stable housing positions, especially as growth in wages remains mismatched.

Cumulative Annual Market Rate Rent Growth by County



Data Source KB Advisory based on data from CoStar

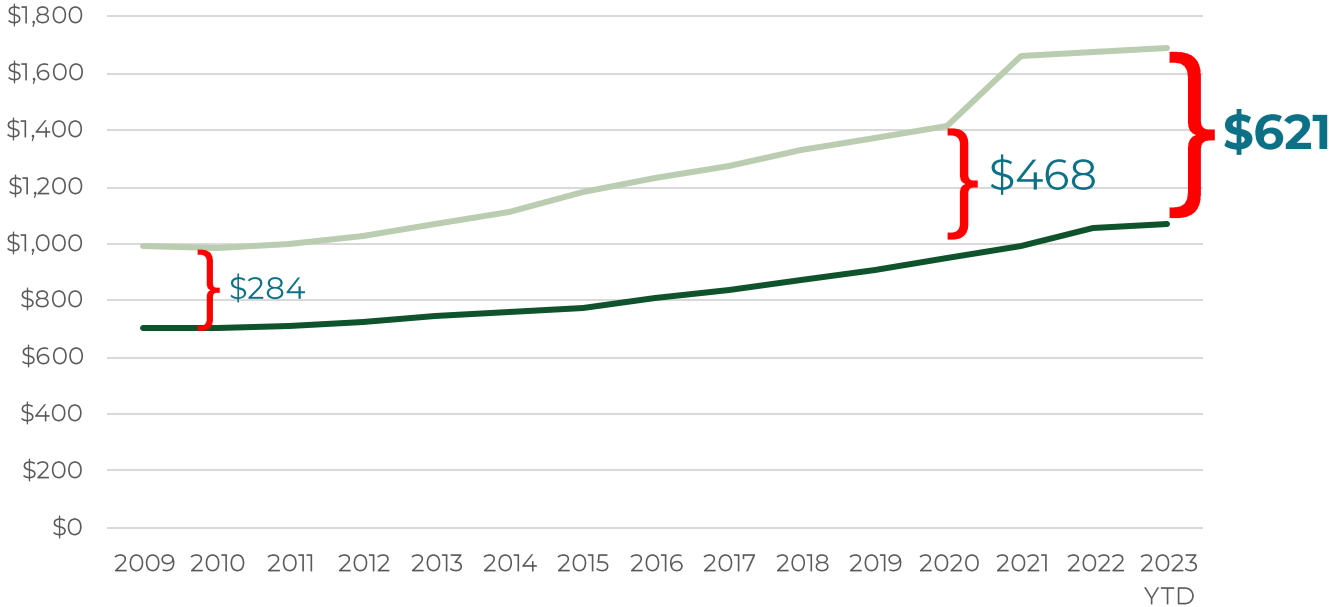
Affordability is Dynamic

The gap between market rate and Affordable* multifamily housing is growing quickly.

The economic ramifications of the Covid-19 pandemic exacerbated an already growing gap between market rate and affordable products.

The difference between the rental rate of an average market-rate unit and an affordable unit is widening, demonstrating an increase in the subsidy needed to bridge the gap between Affordable and market rate units.

Market Rate vs. Affordable Rental Rates, 5-core Average



Data Source KB Advisory based on data from CoStar

*Affordable multifamily include all mental units which include federal, state, or local subsidy.

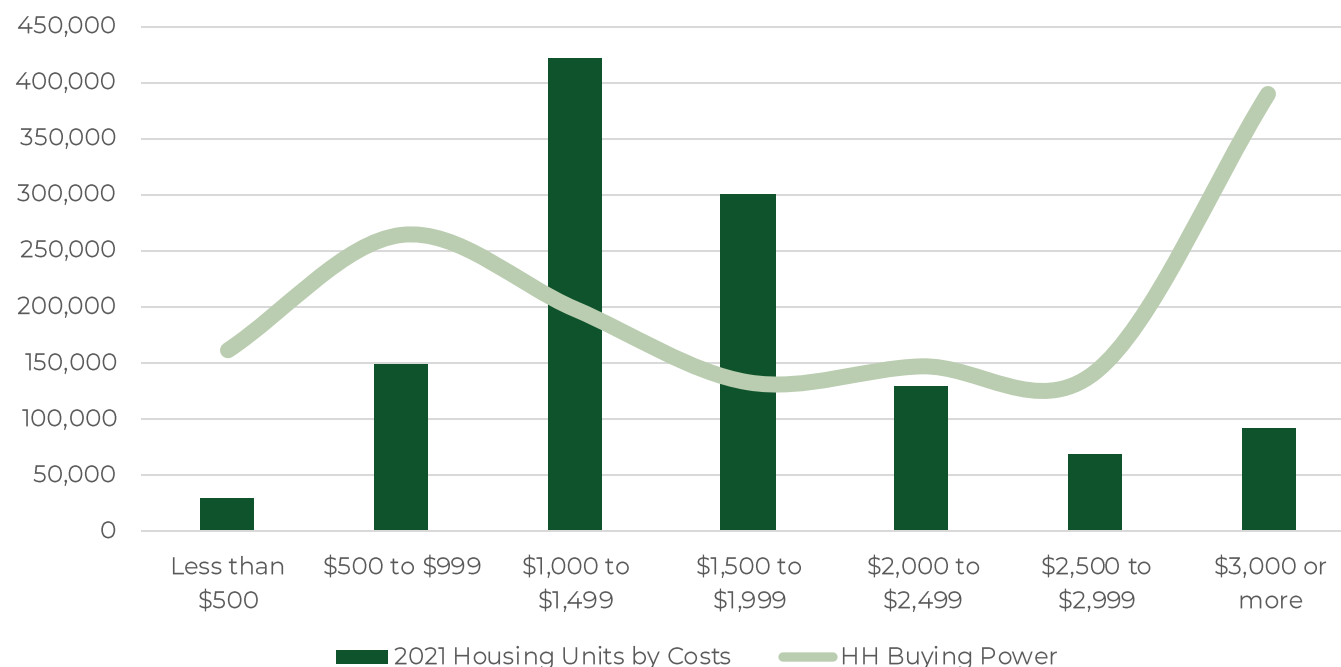
Lack of Housing Cost Diversity

A mismatch exists in total units available within each price tier versus the monthly housing costs a household could afford, based solely on contributing a third of their income towards housing. In reality, households may choose to spend less than what they could afford in housing. This is evident in the households able to afford a \$3,000 per month housing cost yet there are not nearly the same amount of housing units within this cost tier. Considering debt burdens, medical costs, and other necessities are not fully represented, there are many reasons for a household to spend less than they could on housing.

At the other end of the spectrum, households who could afford to pay up to \$1,000 per month have limited options.

The result is a financial ‘middleing’ of the market which fails to serve the ever-bifurcating incomes of households within the 5-core area.

What Households Could Afford vs. What Households are Paying



Data Source: KB Advisory based on U.S. Census Bureau, American Community Survey (2021)

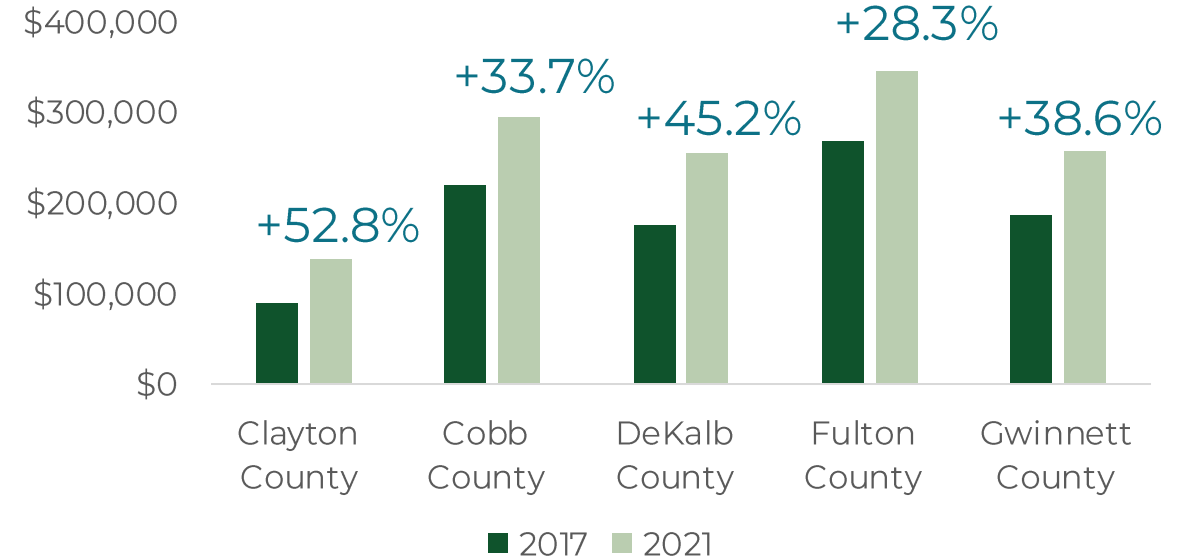
Home Value

The median home value in each core county increased between 2017 and 2021.

- Clayton County home values experienced the greatest percent increase at 52.8%. Clayton County Owner Cost Burden also led the region in growth during this same time period increasing 17%.
- Fulton County experienced the lowest percent increase, with a percent increase of 28.3%.

The median home value in the core counties has grown at a rate higher than the median household income. Home values have continued to outpace the growth of household income, .

Median Home Value in Core Counties, 2017-2021



Source: U.S. Census, American Community Survey

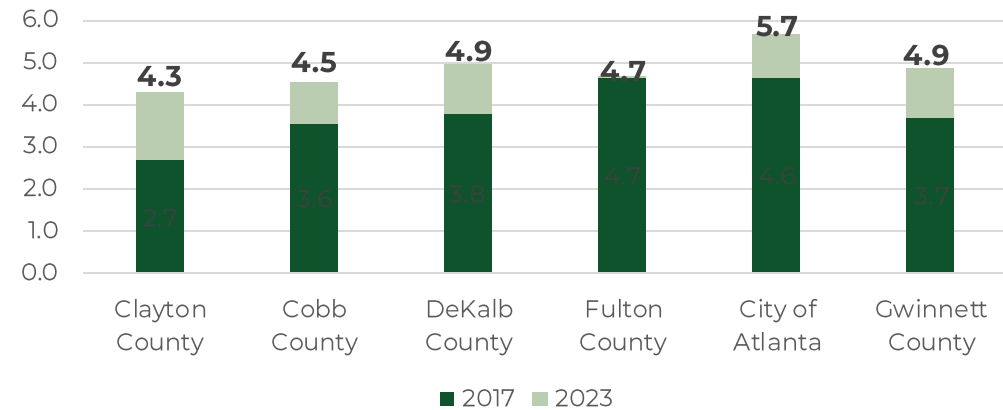
Home Price: Income

In 2017, the median home price was 3.8x that of the median income within the 5-county core. This increased to 4.8x in 2023.

Fulton County saw nominal change in the median home price to income ratio remaining at 4.7 from 2017 to 2023.

Clayton County experienced the largest increase where an average household bought their home at 2.7x their income in 2017. Today, an average household seeking homeownership will pay an average of 4.3x their income.

Change in Home Price : Income Ratio, 2017 to 2023

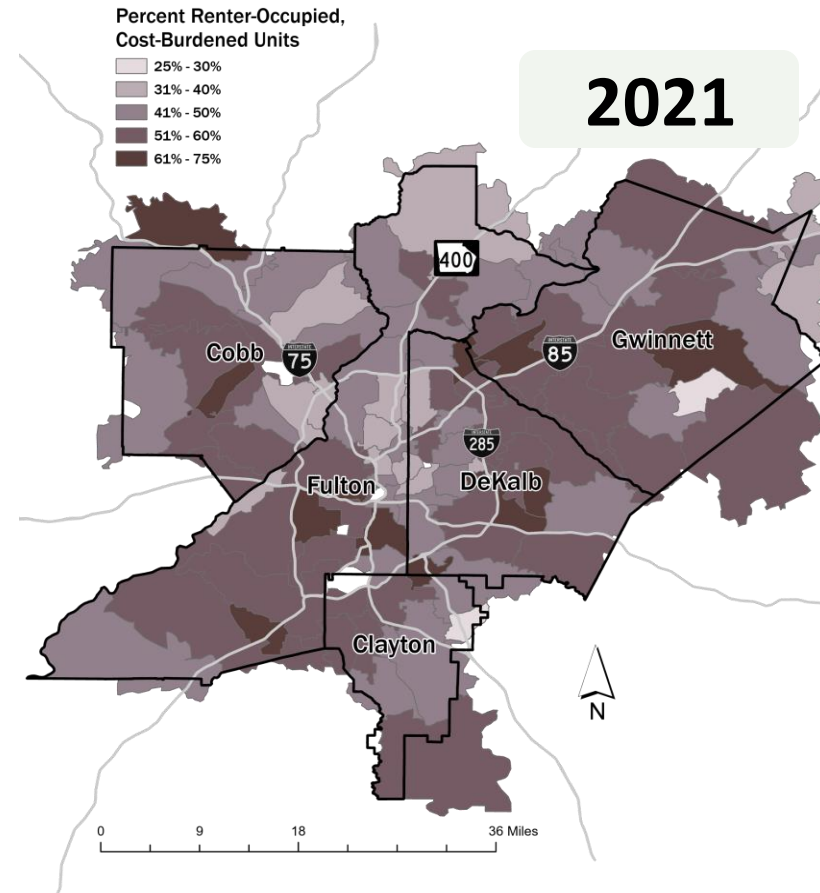
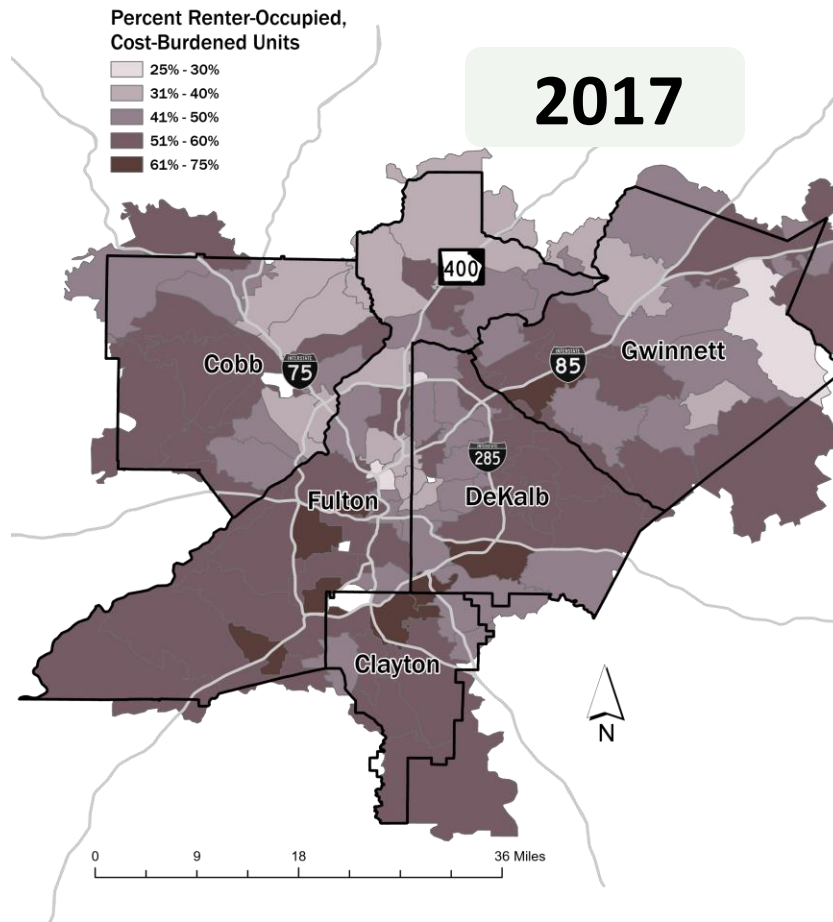


	Home Price to Income Ratio		
	2017	2023	Change (%)
Clayton County	2.7	4.3	61%
Cobb County	3.6	4.5	28%
DeKalb County	3.8	4.9	30%
Fulton County	4.7	4.7	1%
City of Atlanta	4.6	5.7	22%
Gwinnett County	3.7	4.9	31%

Source SmartRE, U.S. Census, American Community Survey (2021)

Renter Cost Burden

Overall, renter cost burden increased across the core counties from 2017 to 2021, most notably in Fulton and Gwinnett counties.

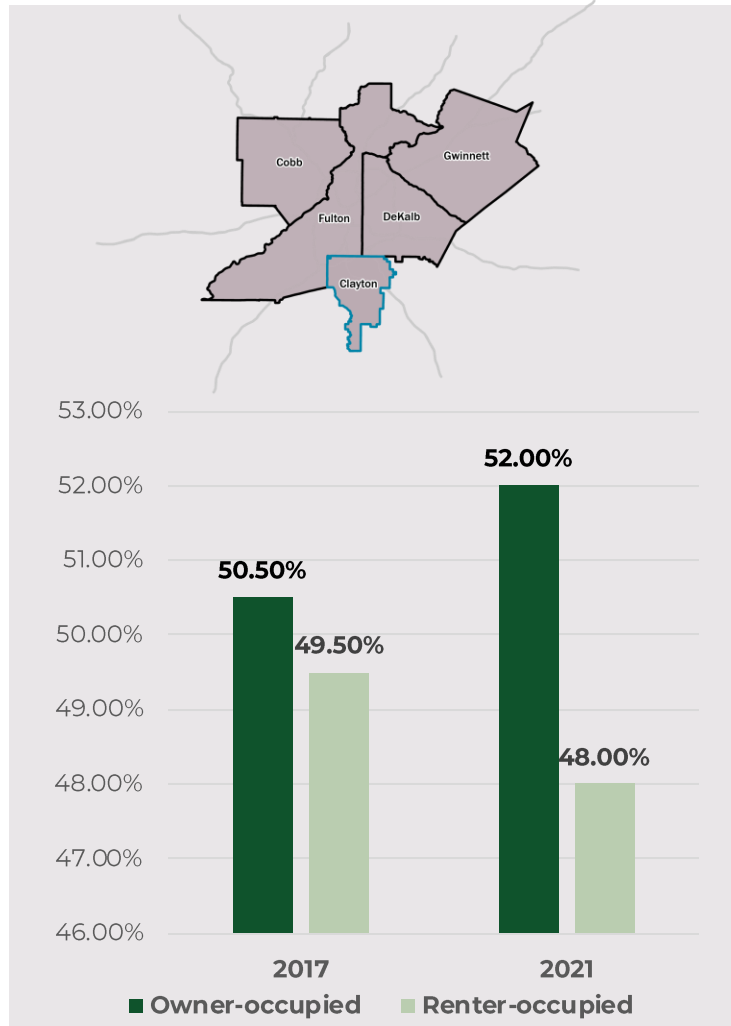


Source: U.S. Census, American Community Survey

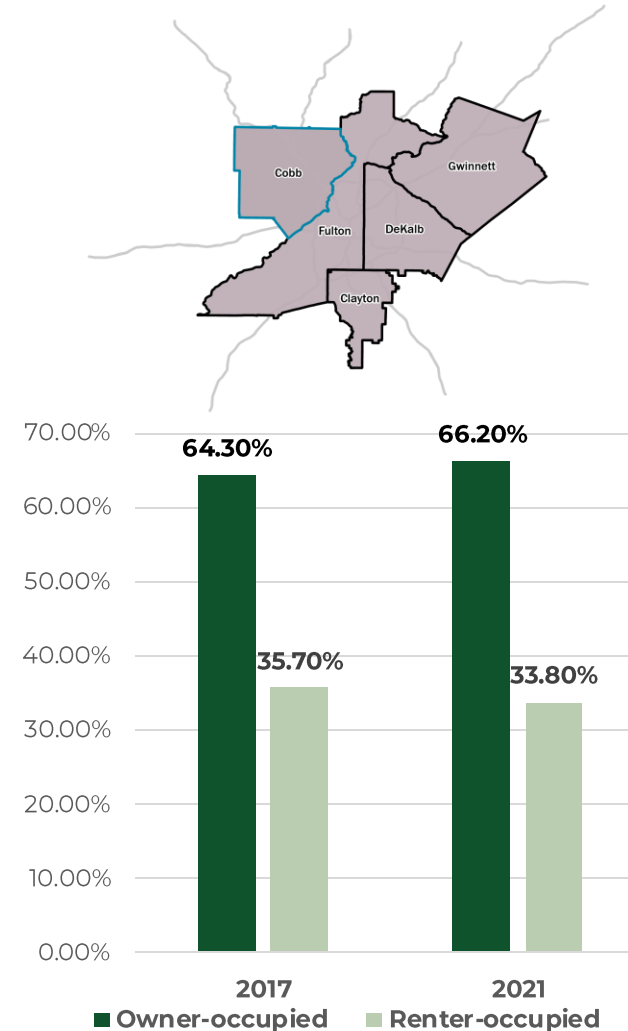
*Cost-burden is defined as spending more than 30% of income on housing.

Household Tenure

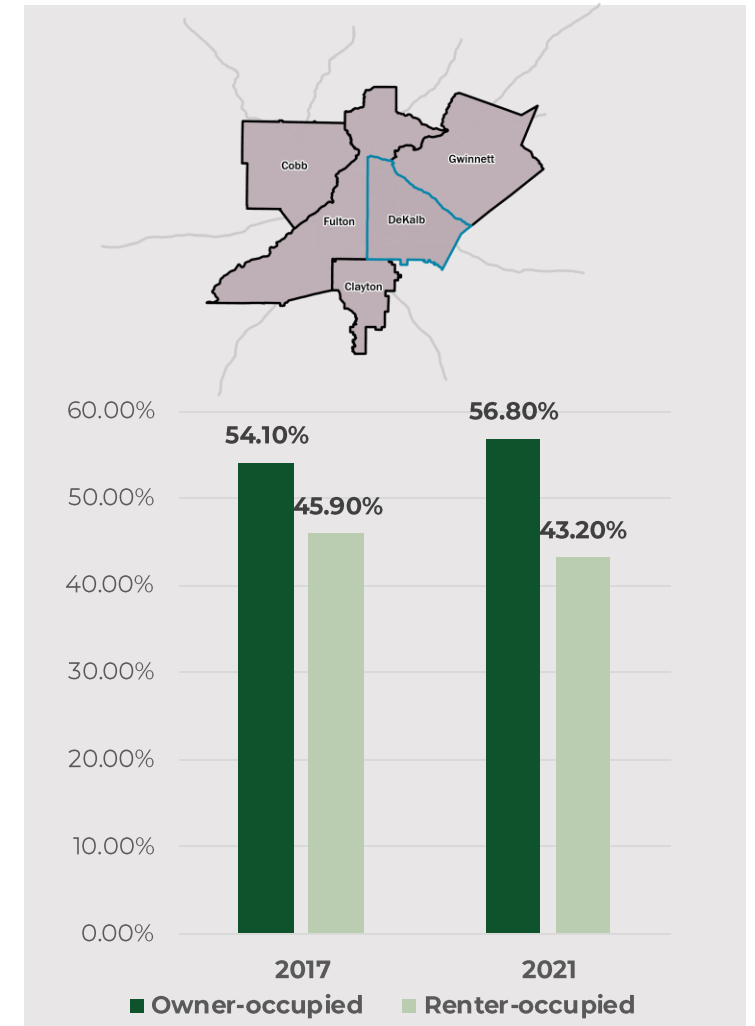
Clayton County



Cobb County

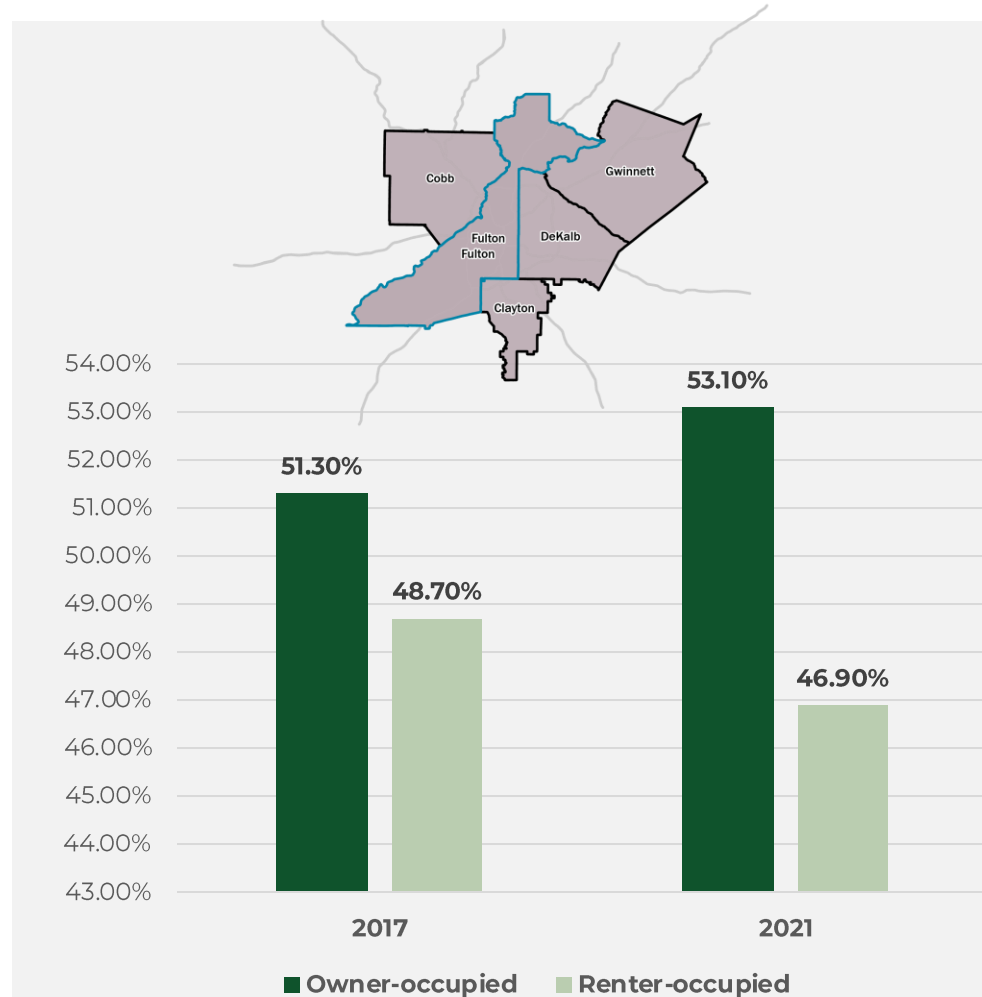


DeKalb County

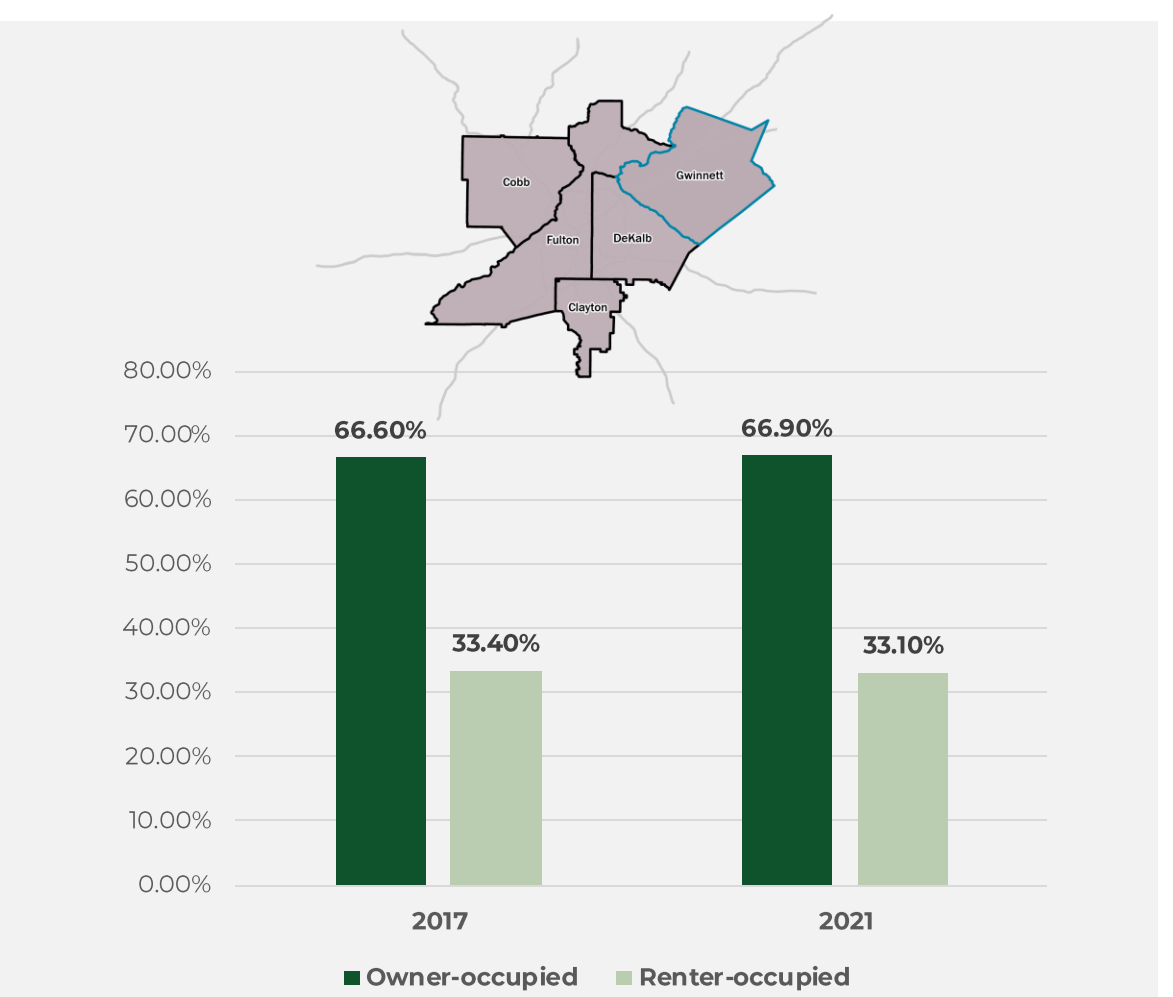


Household Tenure

Fulton County

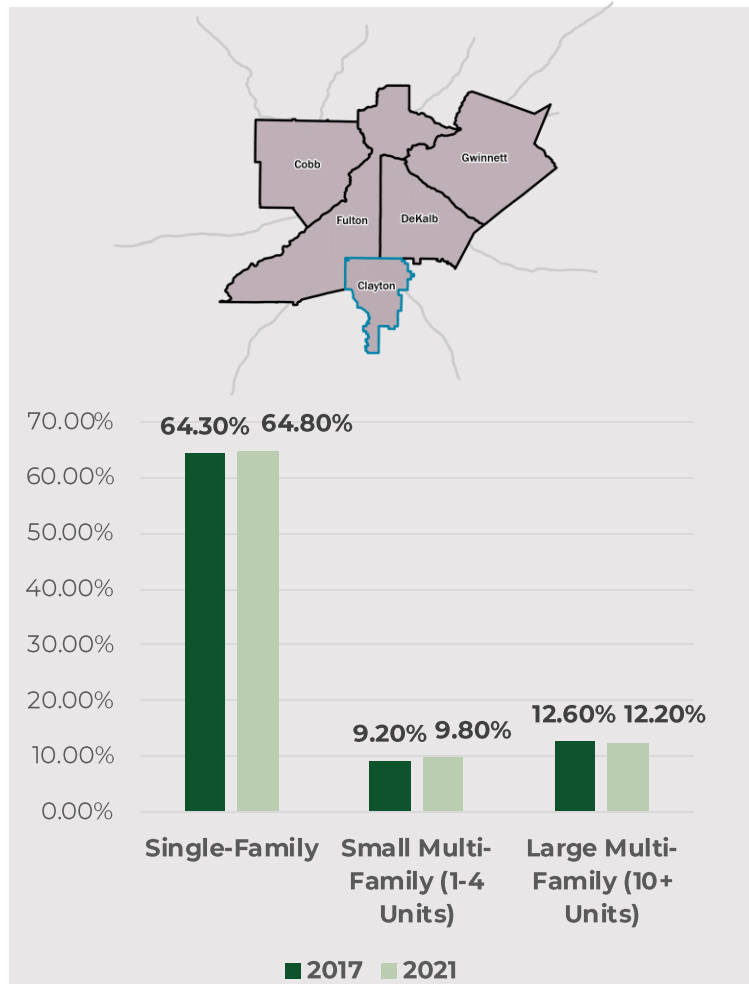


Gwinnett County

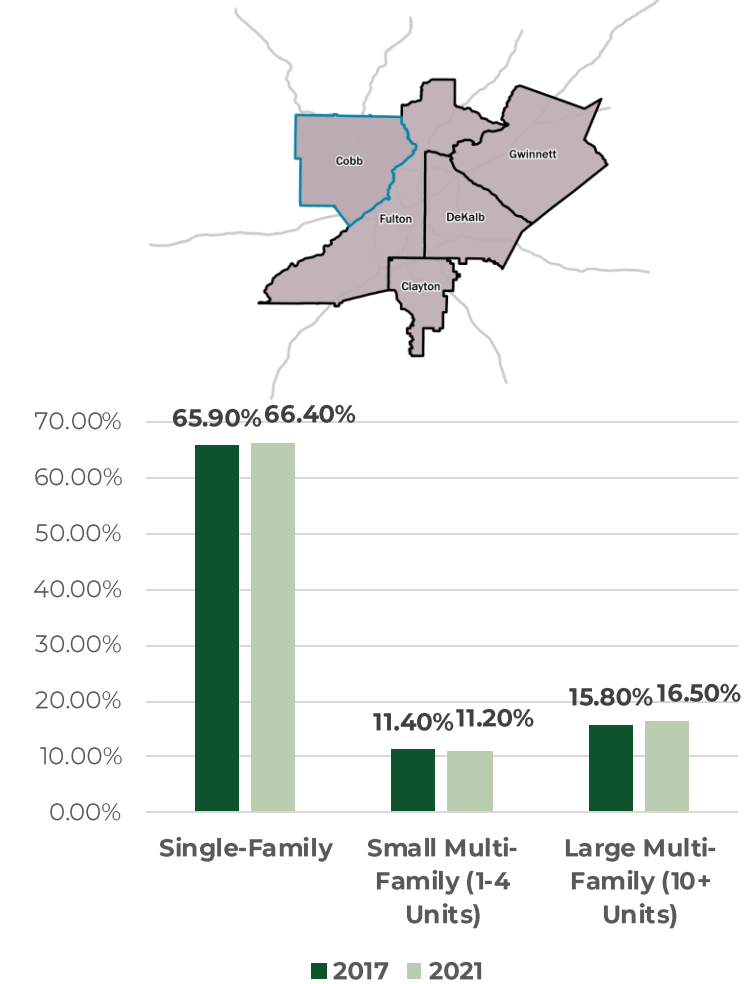


Housing Type

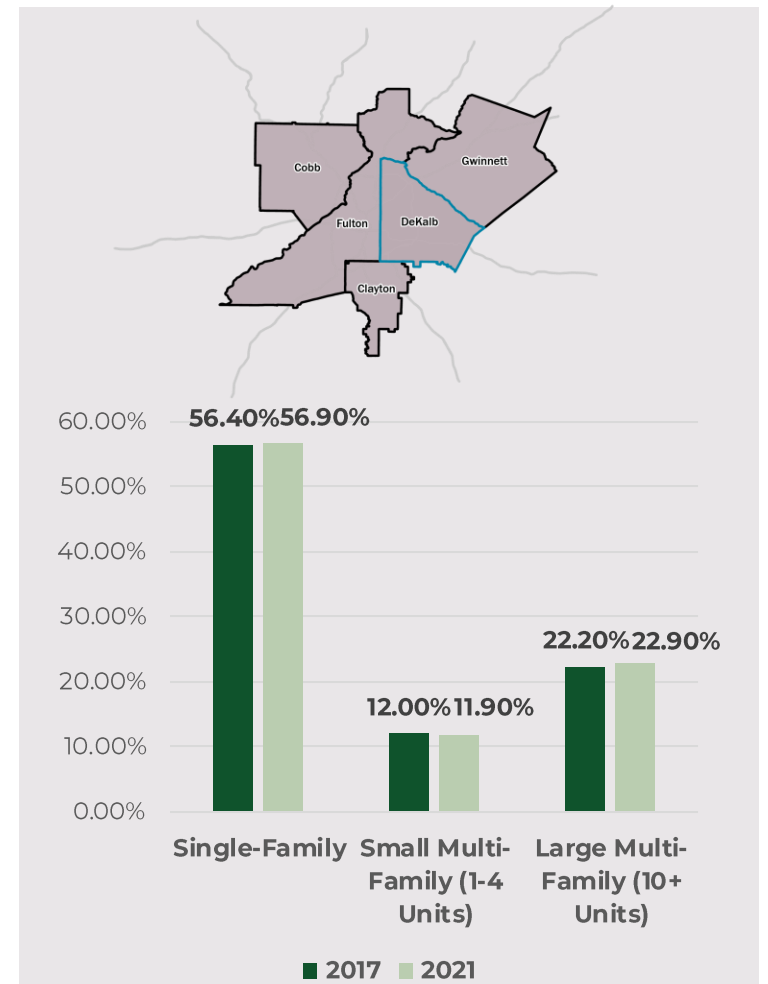
Clayton County



Cobb County

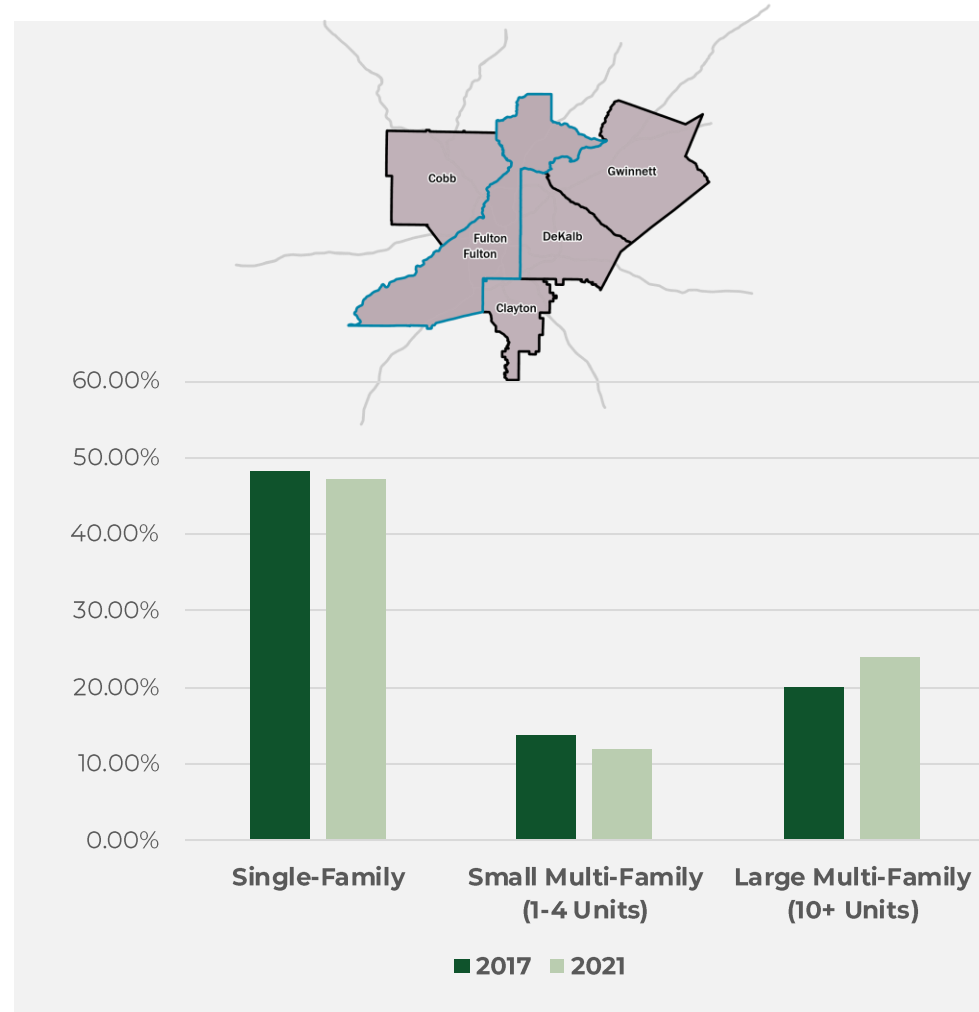


DeKalb County

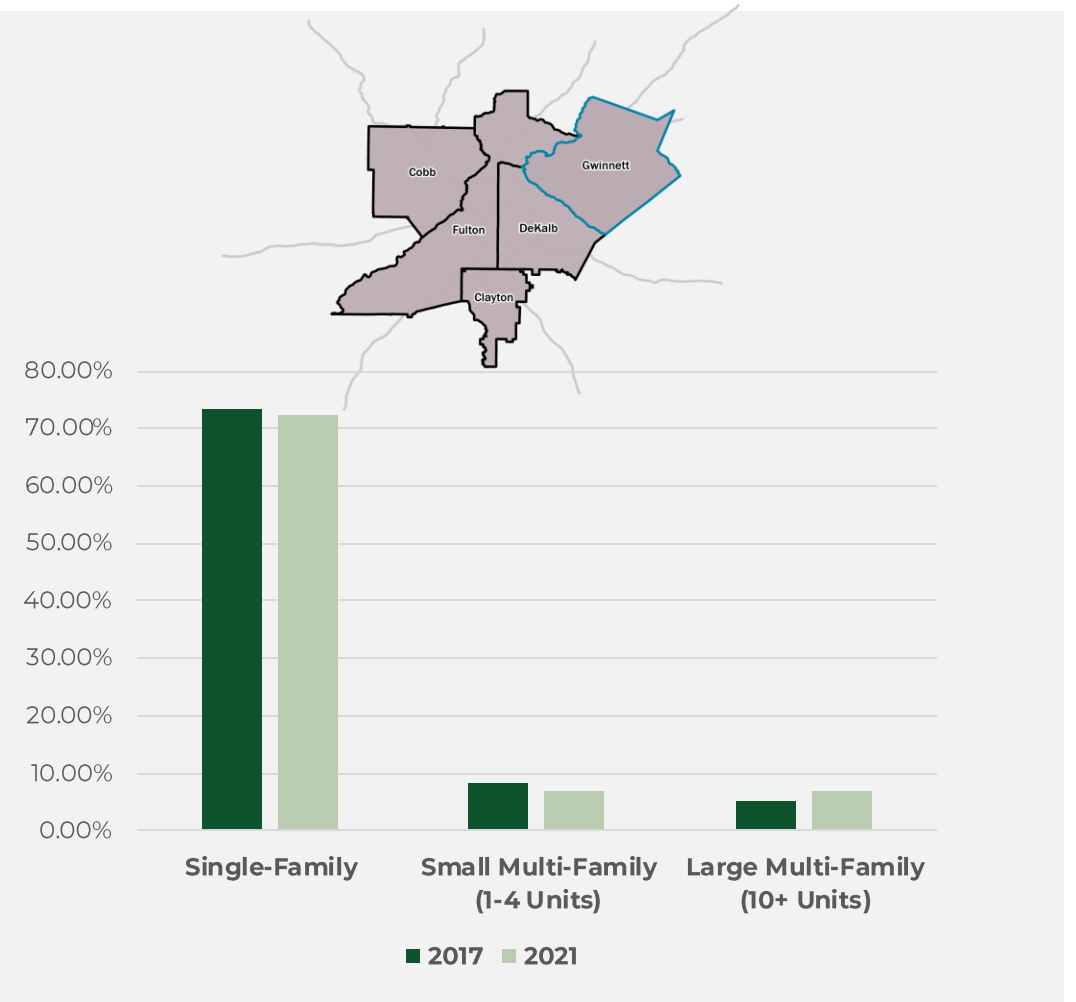


Household Type

Fulton County



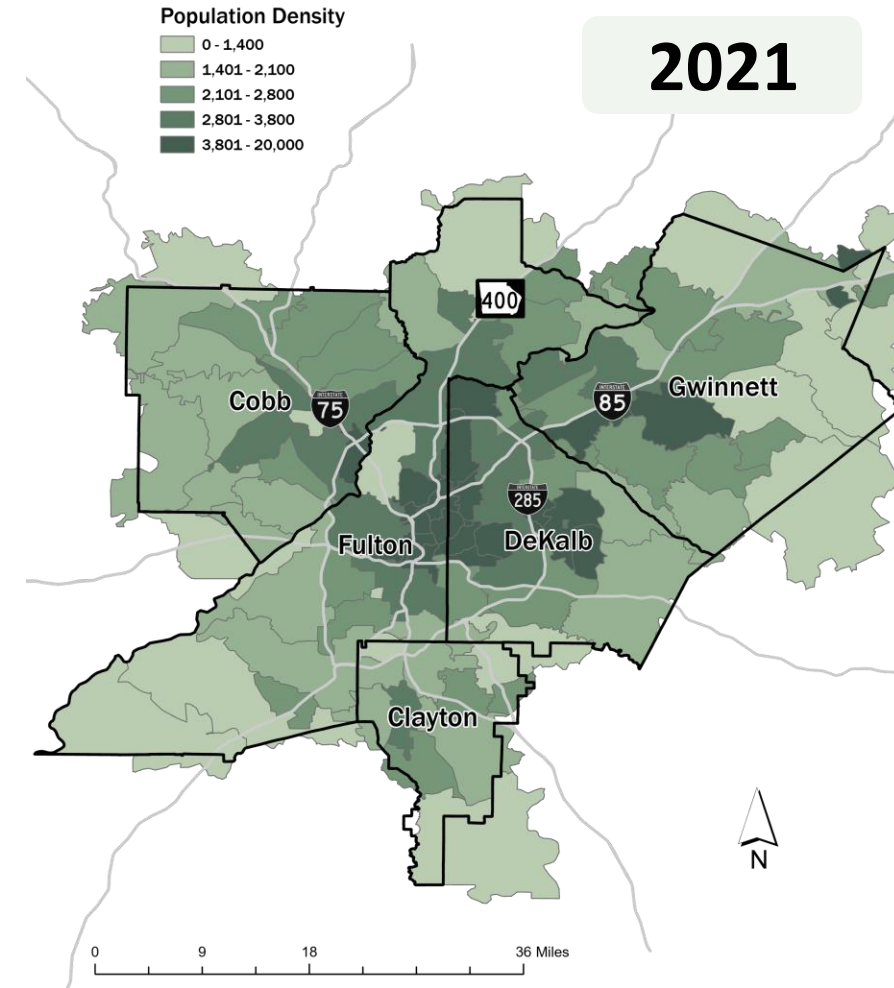
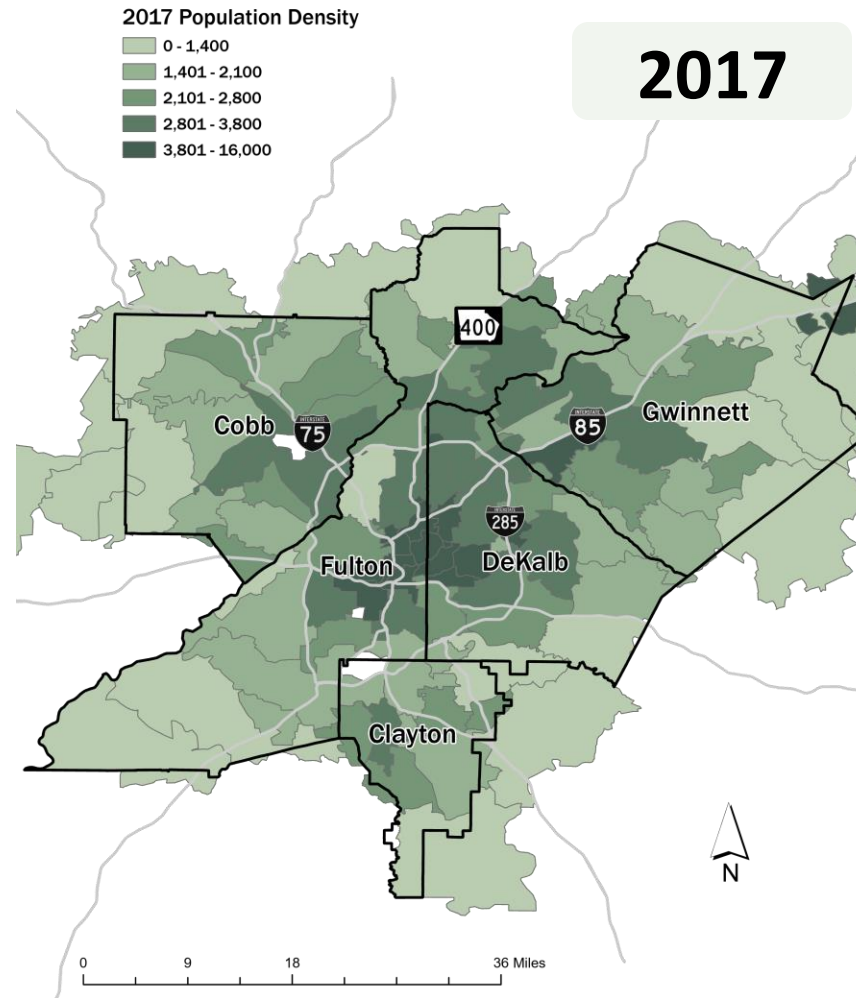
Gwinnett County



Population Density

Total Population			
	2017	2021	Change (%)
Clayton County	274,150	294,335	7%
Cobb County	739,072	762,500	3%
DeKalb County	736,066	758,634	3%
Fulton County	1,010,420	1,054,286	4%
Gwinnett County	889,954	948,505	7%
City of Atlanta	465,230	492,204	6%

Population density has increased in Midtown, along State Route 400, along I-85, and broadly in Cobb County since 2017.



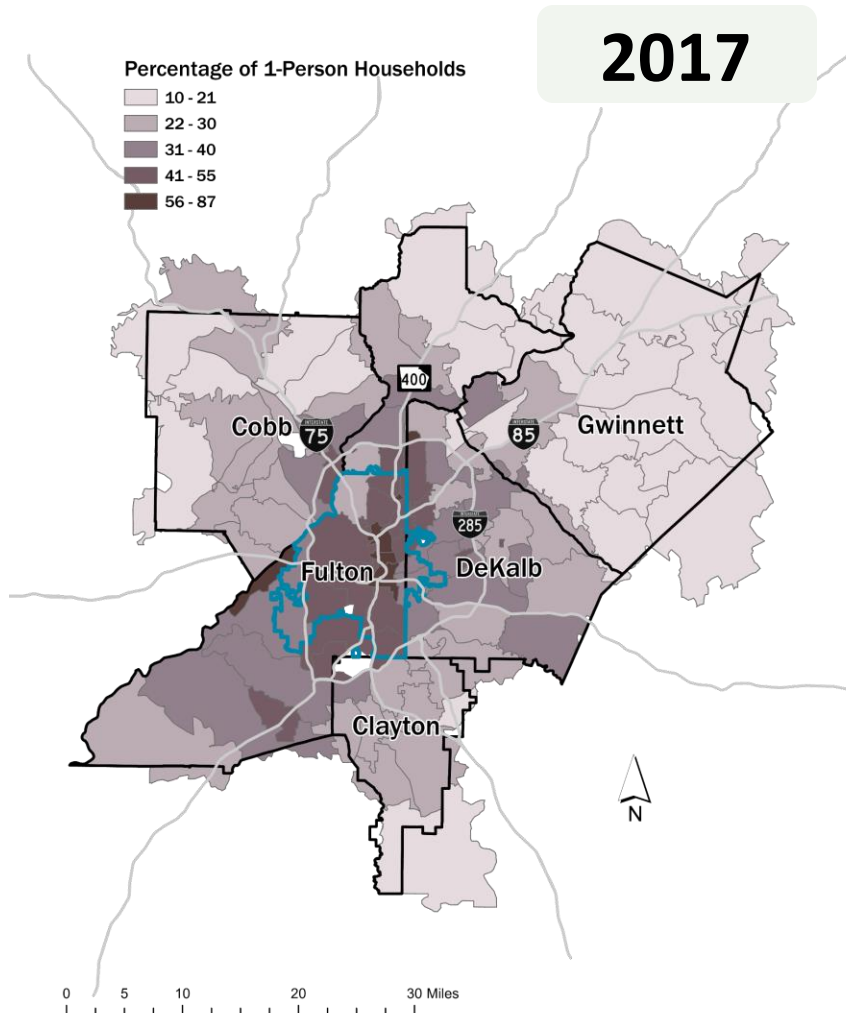
Household Size

Tracking Change

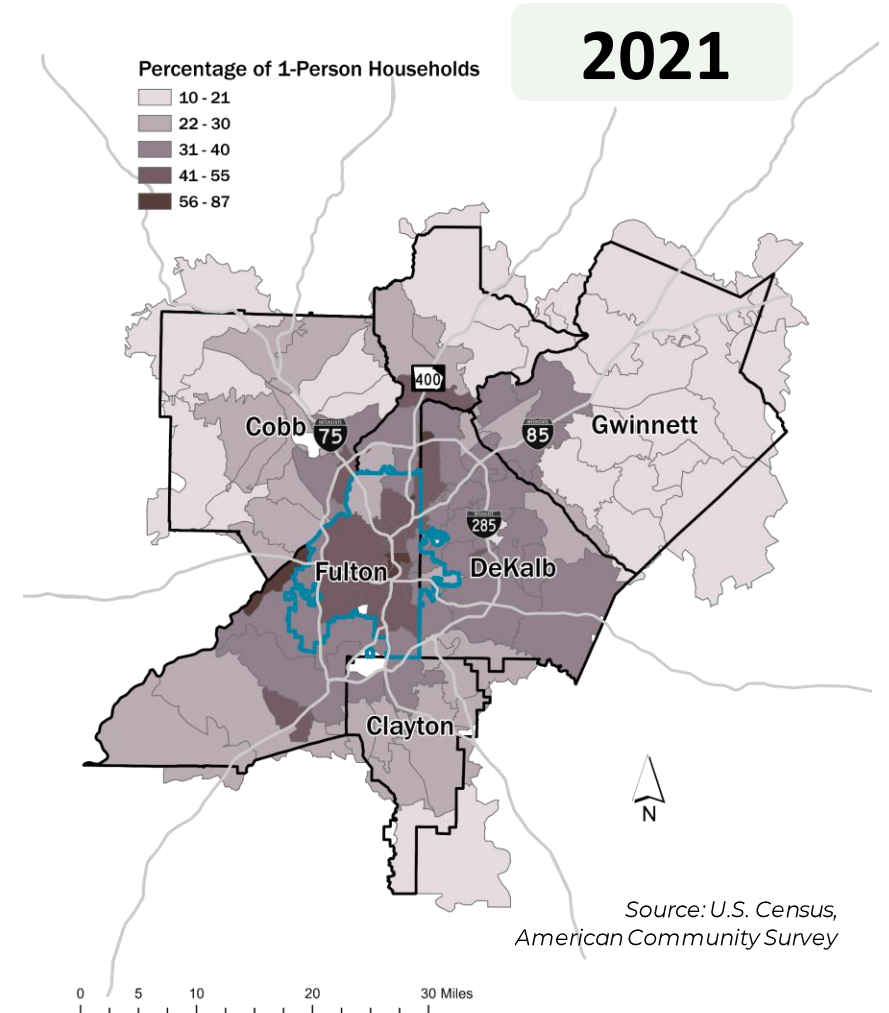
1-Person Households

	2017	2021	Unit Change (%)
Clayton County	26%	26%	10%
Cobb County	24%	25%	8%
DeKalb County	33%	34%	8%
Fulton County	36%	35%	10%
Gwinnett County	20%	21%	18%
City of Atlanta	47%	46%	11%

The percentage of one-person households varied across zip codes from 2017 to 2021. DeKalb County saw the greatest increase in one-person households.

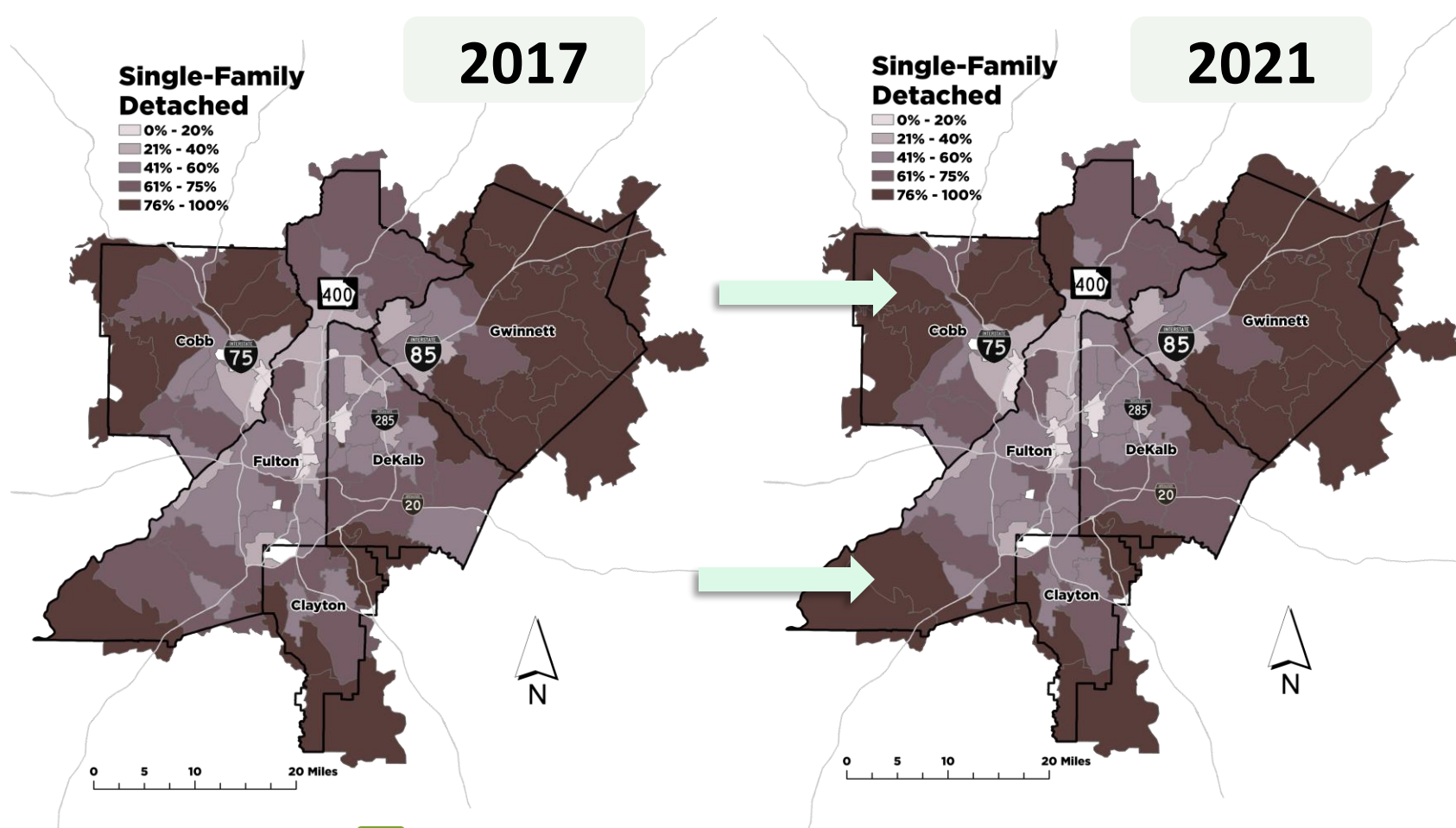


Housing at its Core
Residential Affordability in Atlanta's Five-County Core Area



Source: U.S. Census, American Community Survey

Housing Type | Single-Family

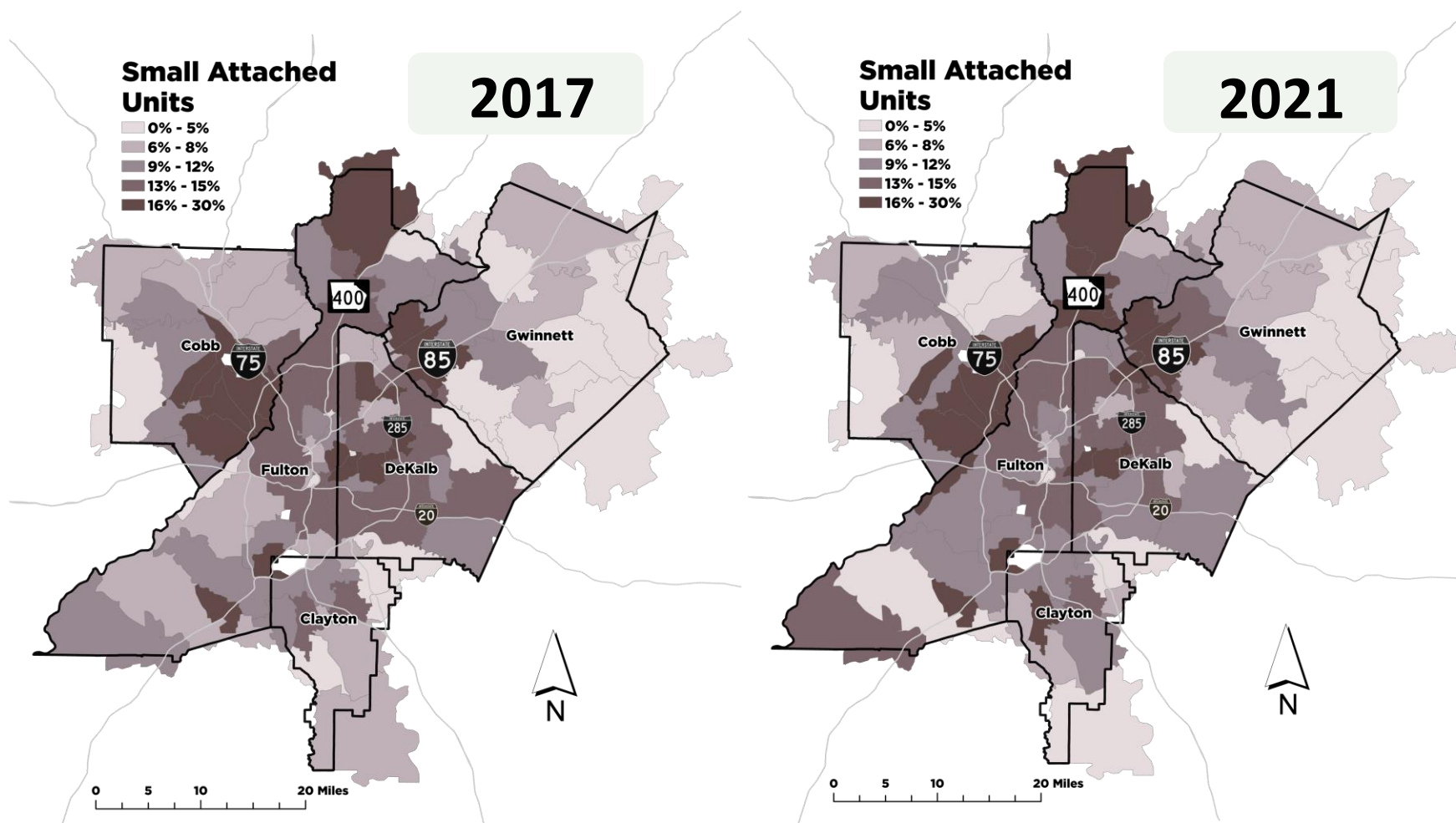


Single-Family			
	2017	2021	Unit Change (%)
Clayton County	64%	65%	8%
Cobb County	66%	66%	5%
DeKalb County	56%	57%	6%
Fulton County	48%	47%	5%
Gwinnett County	73%	72%	7%
City of Atlanta	40%	37%	0.3%

The central part of Cobb and southern portion of Fulton County are increasing in their share of single-family homes.

Housing Type | Small Attached

1 to 4 Unit Attached Housing



Small Attached			
	2017	2021	Unit Change (%)
Clayton County	9%	10%	14%
Cobb County	11%	11%	2%
DeKalb County	12%	12%	4%
Fulton County	11%	12%	11%
Gwinnett County	9%	9%	18%
City of Atlanta	11%	11%	11%

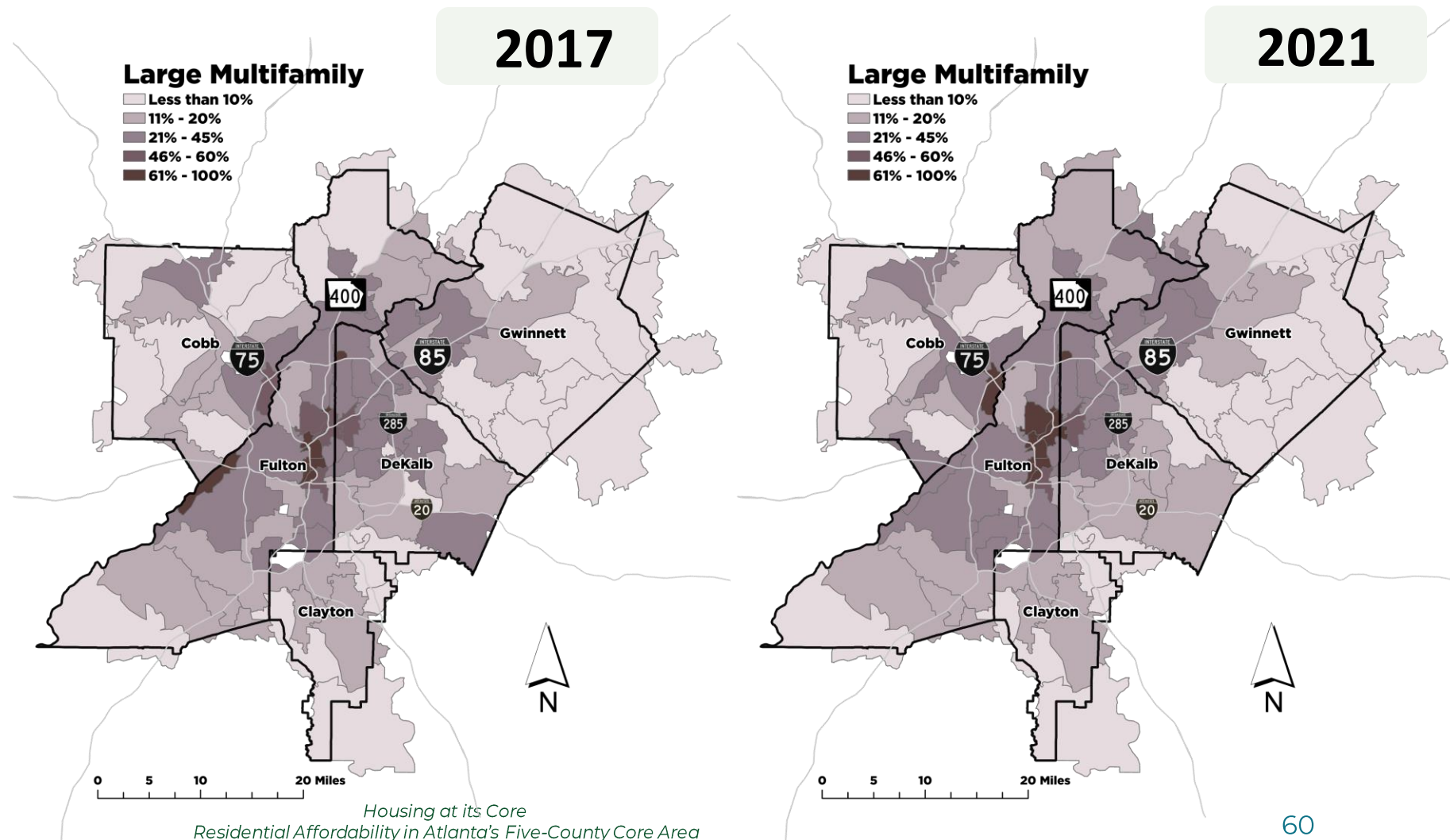
Clayton and Gwinnett County are leading in small multifamily production in the 5-year study period. The entire metro has experienced a 9% **increase overall** in small attached units.

Housing Type | Large Multi-Family

Large Multi-Family

	2017	2021	Unit Change (%)
Clayton County	13%	12%	4%
Cobb County	16%	17%	8%
DeKalb County	22%	23%	9%
Fulton County	20%	24%	14%
Gwinnett County	31%	33%	25%
City of Atlanta	40%	44%	18%

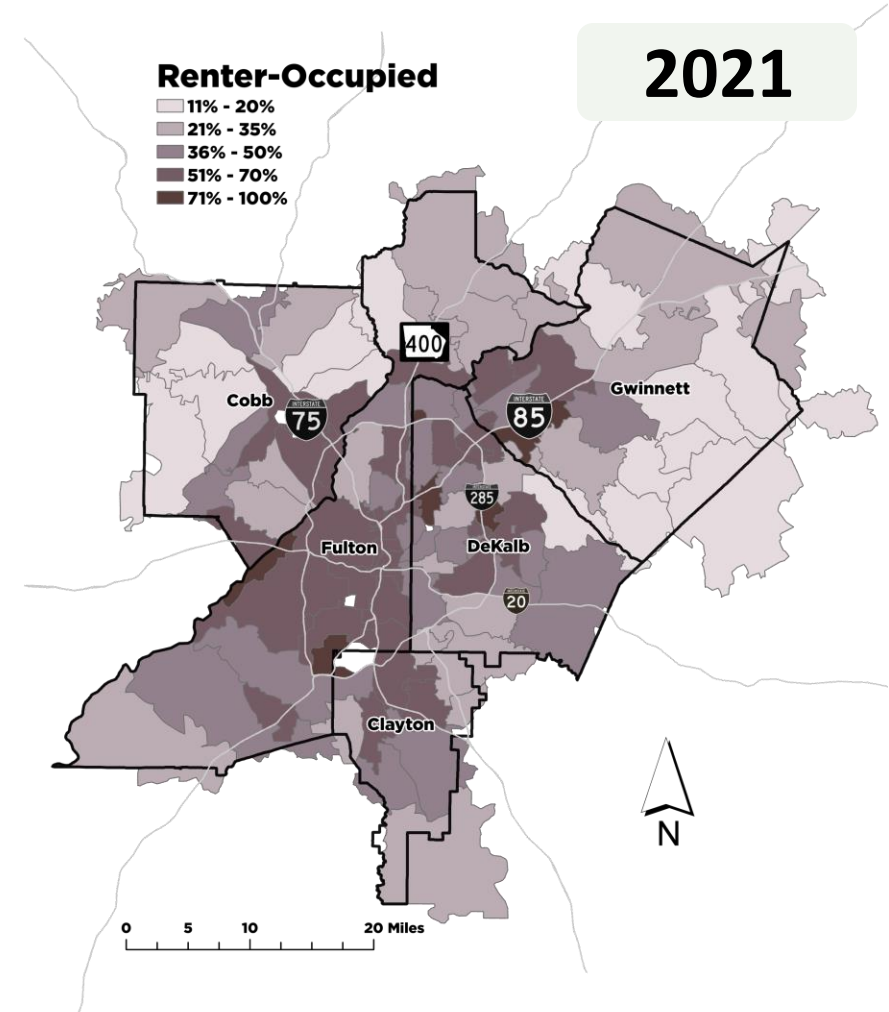
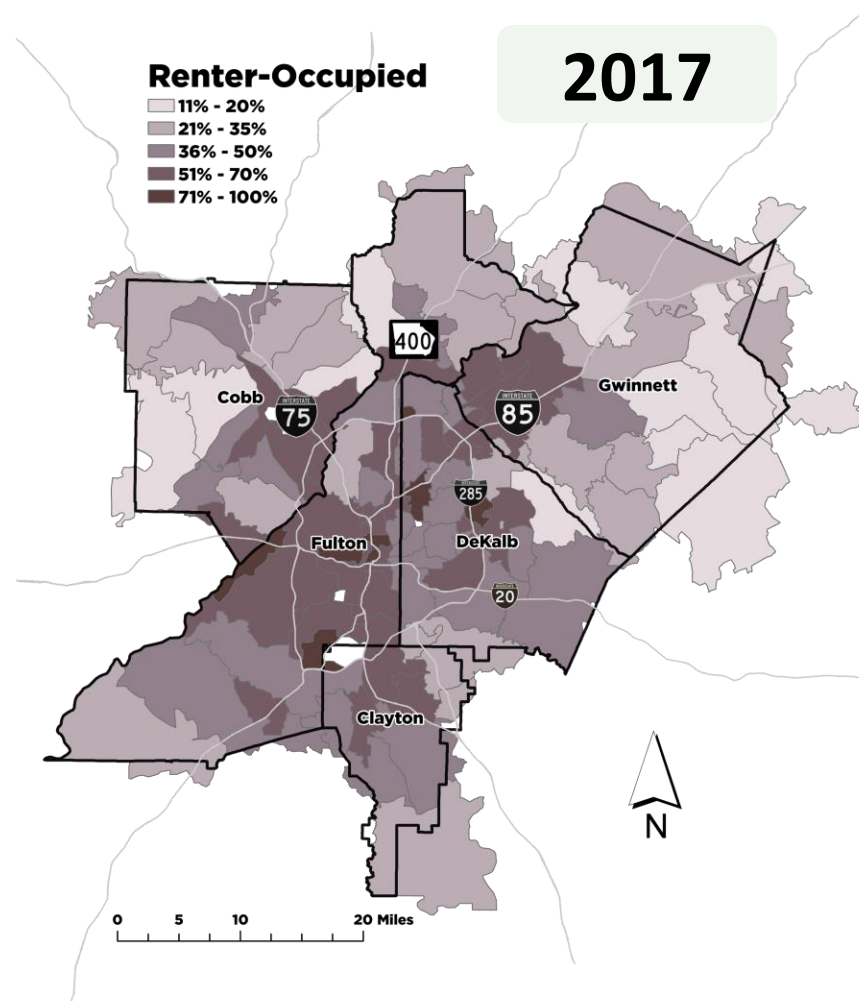
Growth in large multi-family developments is clustered in Midtown, Buckhead, Sandy Springs, and southwest Cobb; Fulton County represents the largest share of metro growth in this housing type.



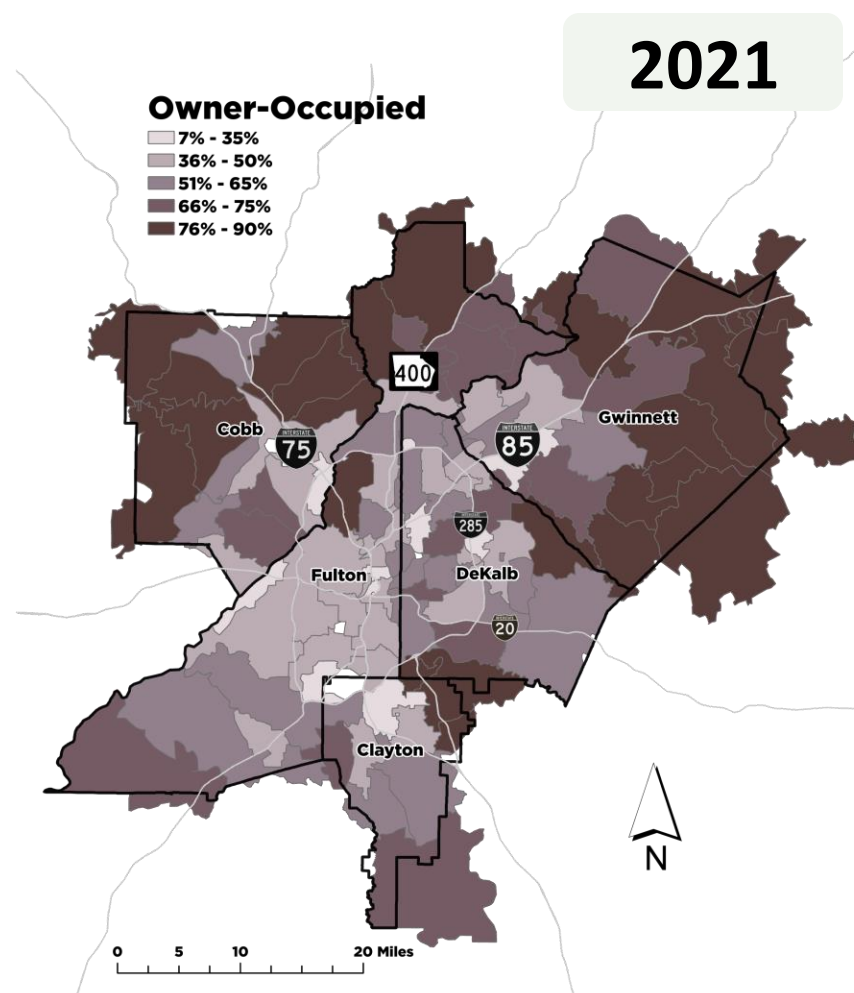
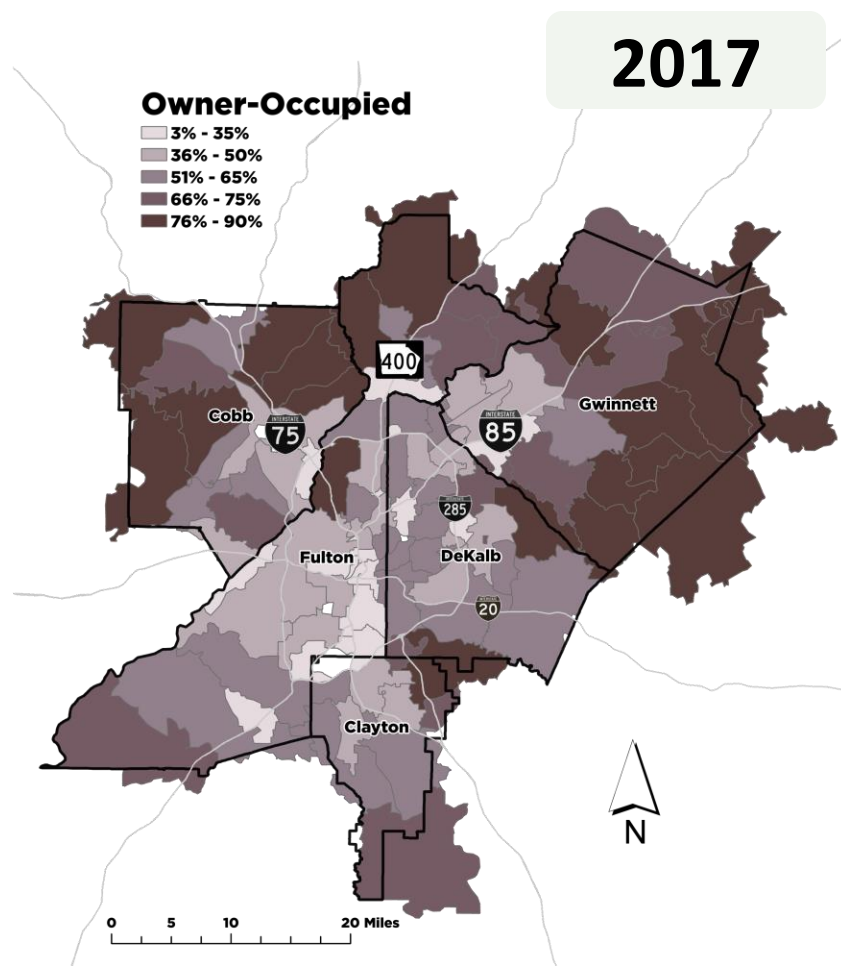
Housing Tenure | Renter- Occupied

Renter-Occupied			
	2017	2021	Unit Change (%)
Clayton County	50%	48%	9%
Cobb County	36%	34%	-1%
DeKalb County	46%	43%	-2%
Fulton County	49%	47%	9%
Gwinnett County	33%	33%	9%
City of Atlanta	57%	55%	11%

The 2017 and 2021 housing tenure maps remain relatively **consistent**. Owner-occupancy has increased in northern and central Cobb County and decreased in parts of Clayton County.



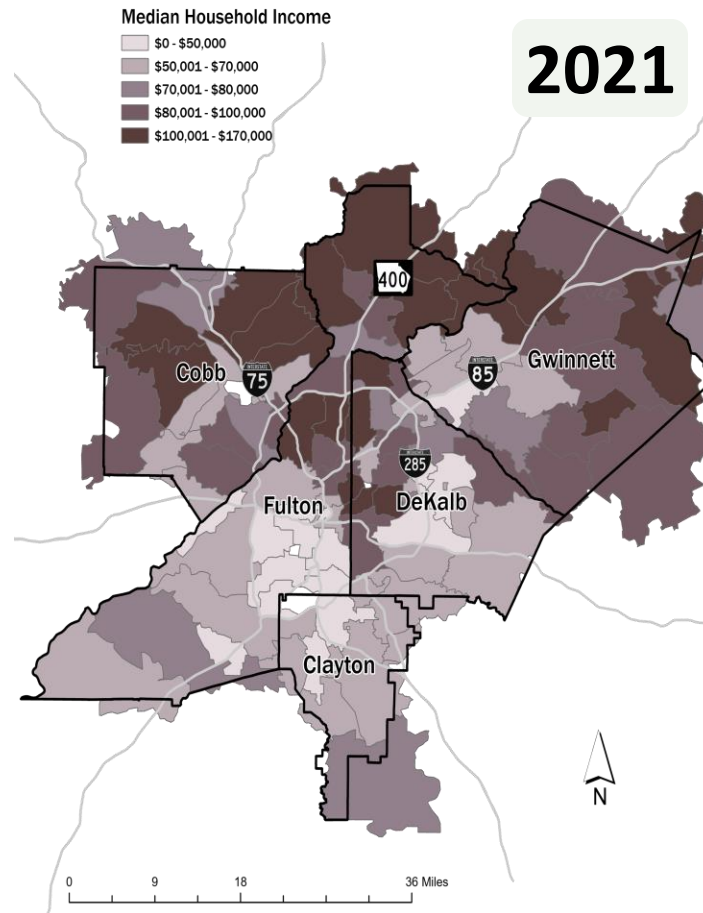
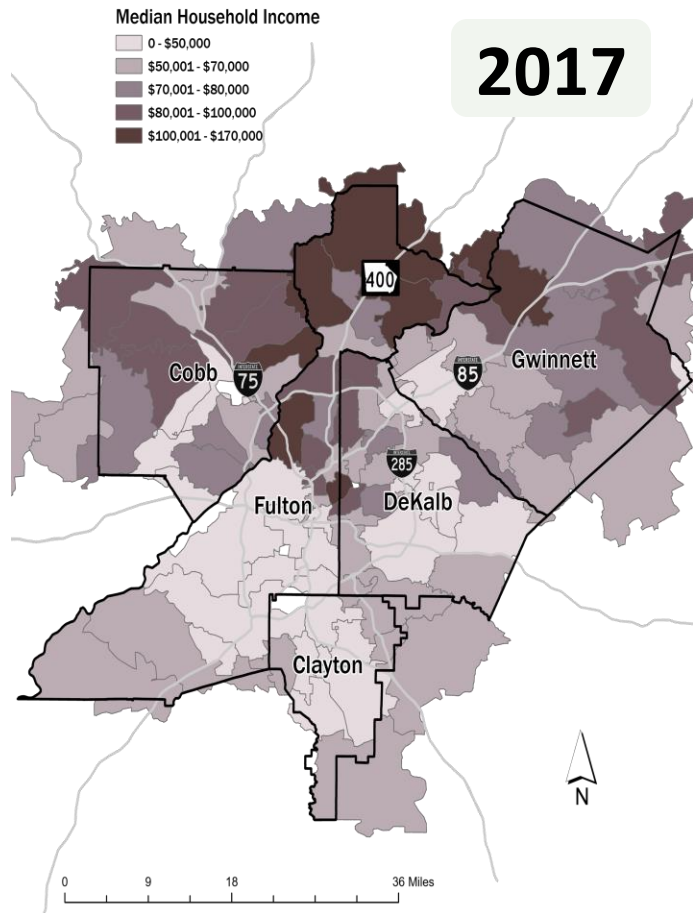
Housing Tenure | Owner- Occupied



Owner-Occupied			
	2017	2021	Unit Change (%)
Clayton County	51%	52%	16%
Cobb County	64%	66%	8%
DeKalb County	54%	57%	10%
Fulton County	51%	53%	17%
Gwinnett County	67%	67%	11%
City of Atlanta	43%	45%	19%

Several zip codes near I-20 in Fulton County saw an **increase in homeownership**. The City of Atlanta has seen the highest percentage increase in owner-occupied units.

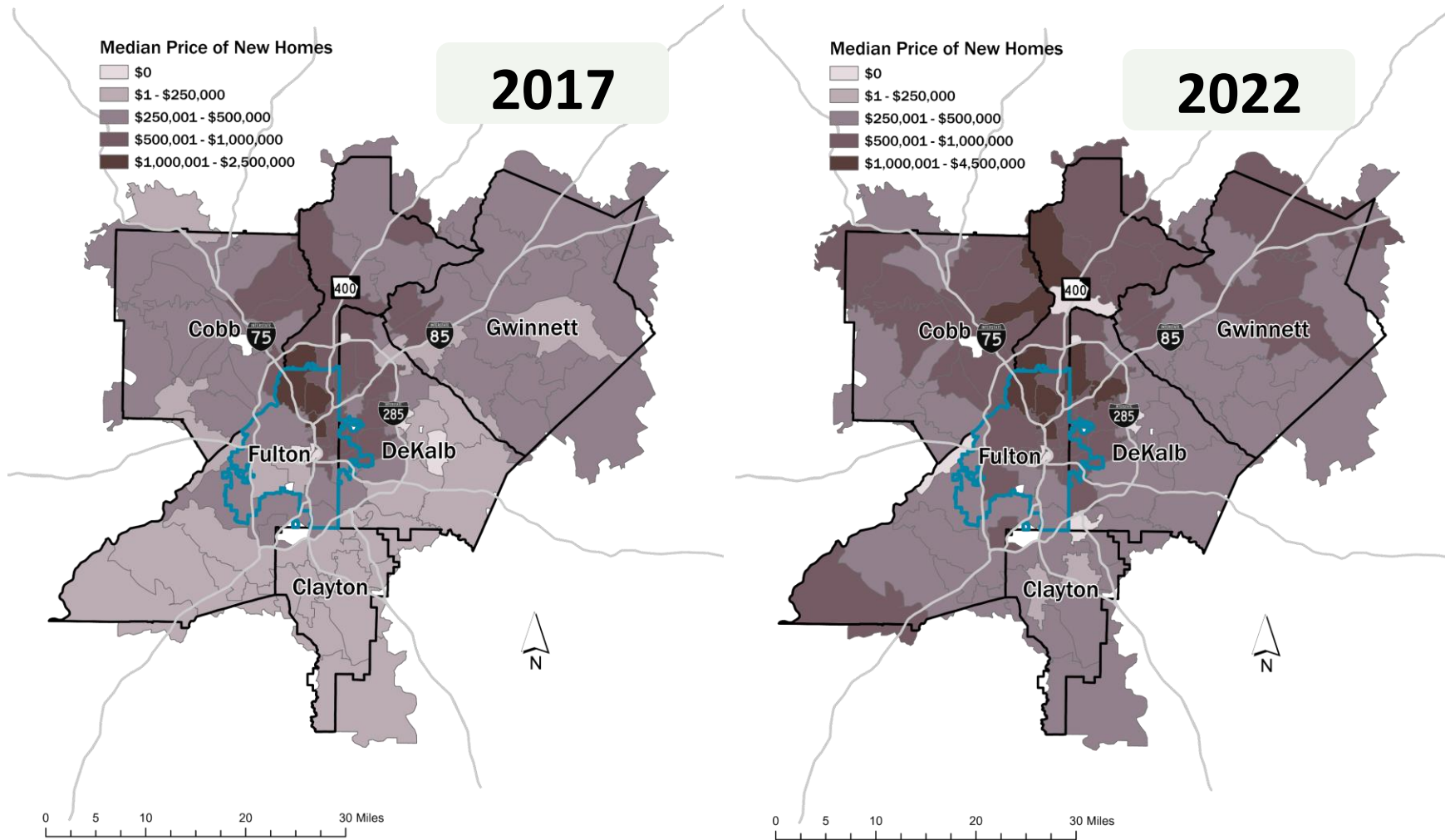
Median Household Income



All 5 counties have zip codes that have **higher 2021 median incomes**. The contrast between the northern and southern zip codes persist in 2021.

Source: U.S. Census, American Community Survey

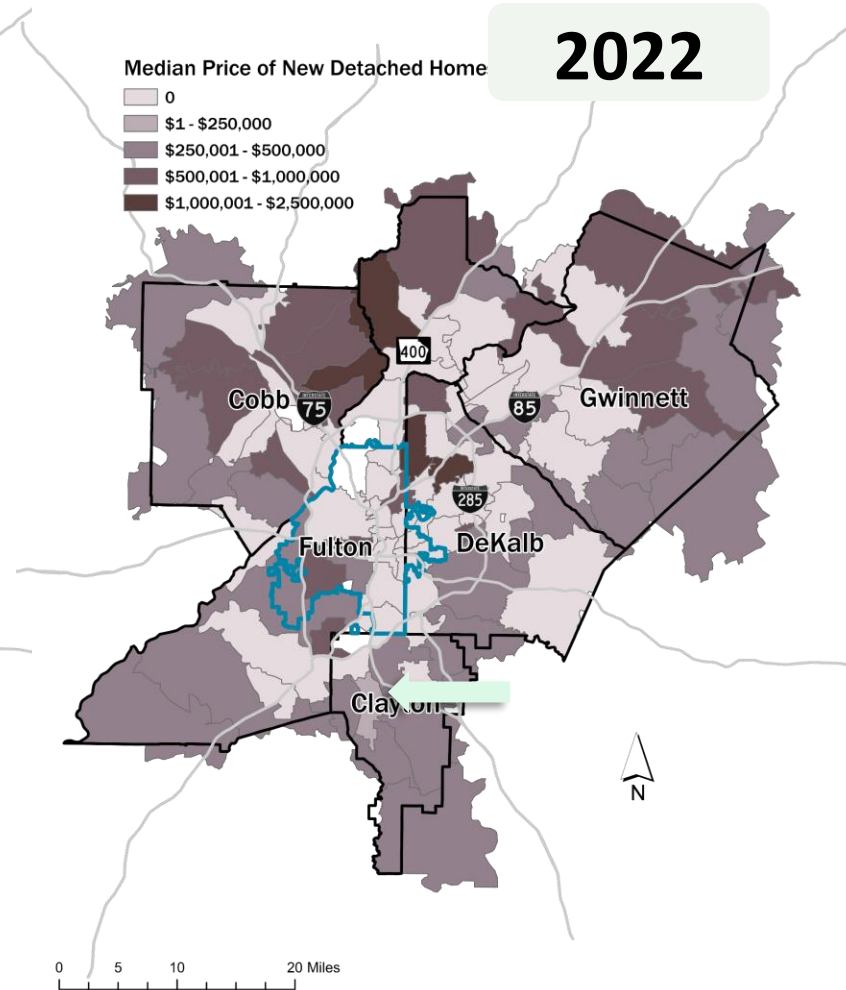
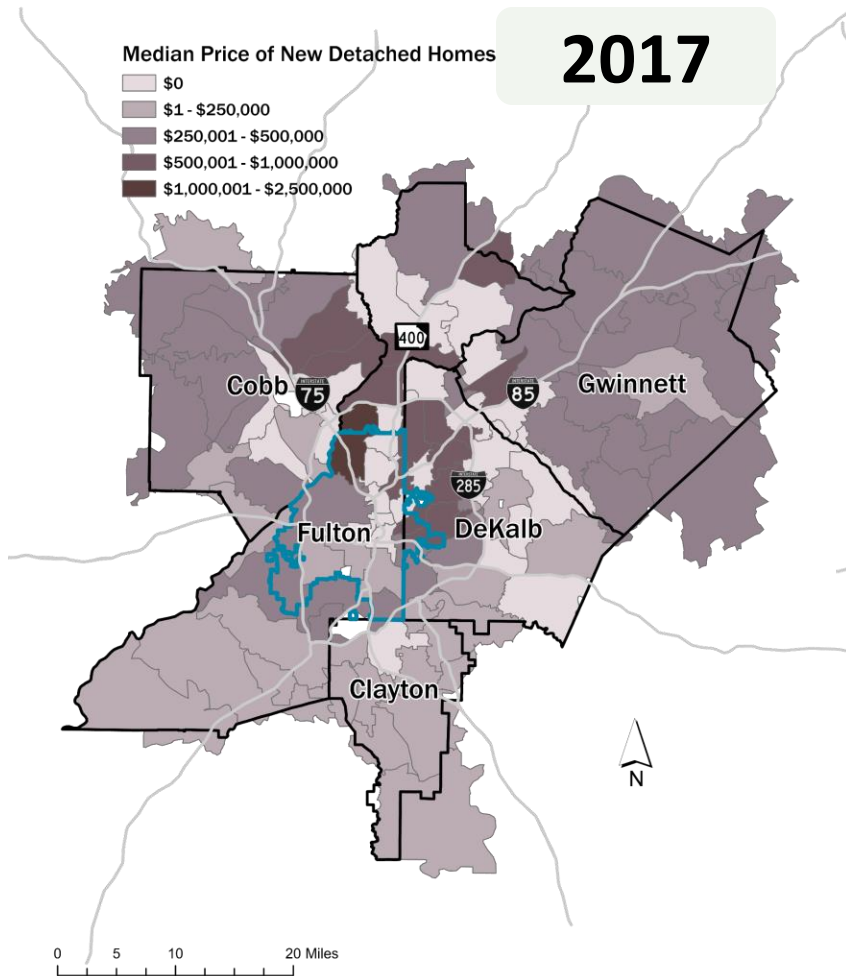
Median Price of New Homes



The median price of new homes increased significantly across all core counties between 2017 and 2022. Most notably, areas of Cobb, Fulton, and Gwinnett

Source: SmartRE

Median Price New Detached

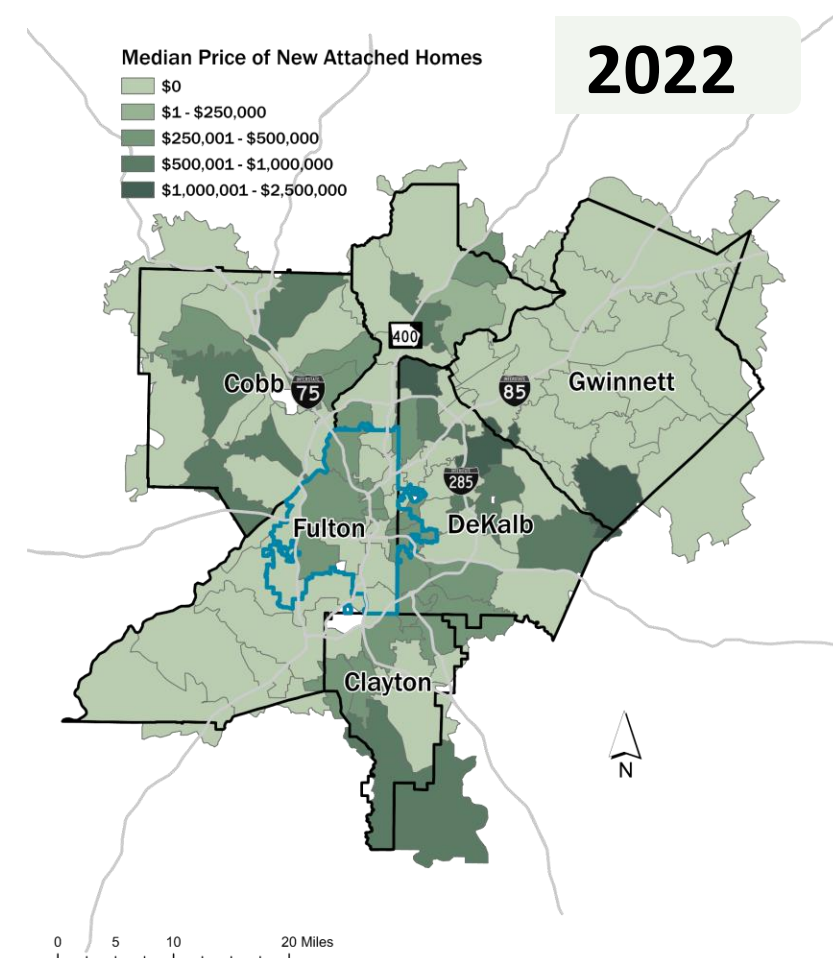
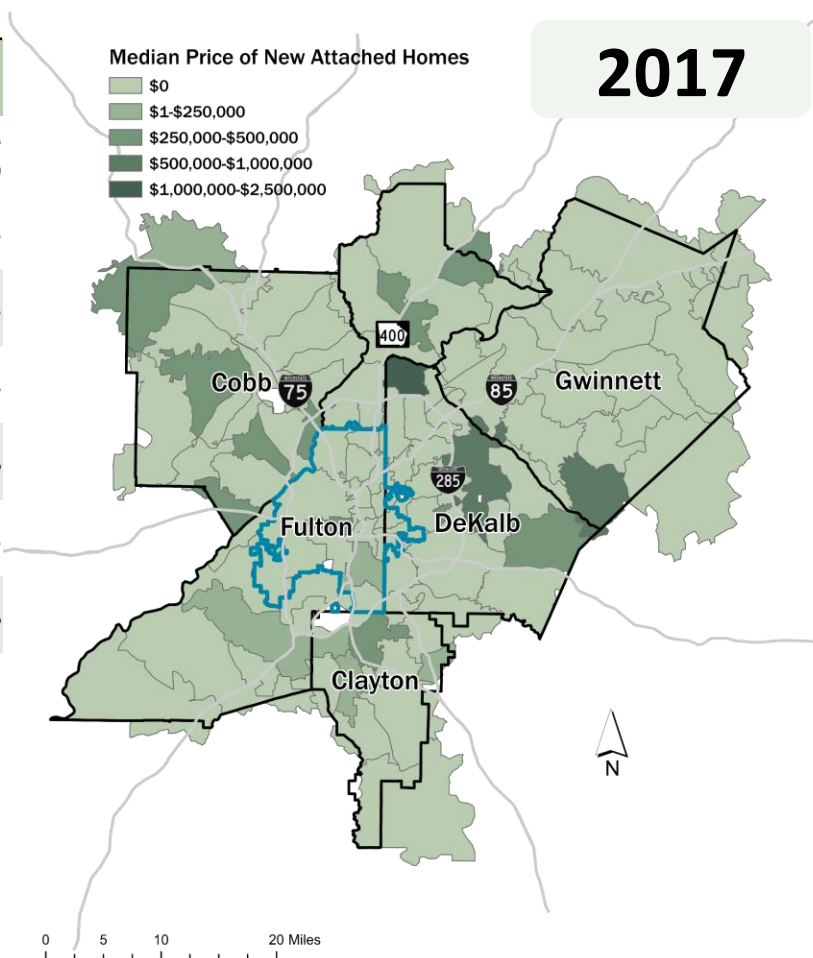


Median Price New Detached			
	2017	2021	Change (%)
Clayton County	\$185,994	\$276,646	49%
Cobb County	\$464,648	\$580,263	25%
DeKalb County	\$556,371	\$572,751	3%
Fulton County	\$541,547	\$695,083	28%
Gwinnett County	\$329,546	\$450,485	37%
City of Atlanta	\$772,249	\$1,117,521	45%

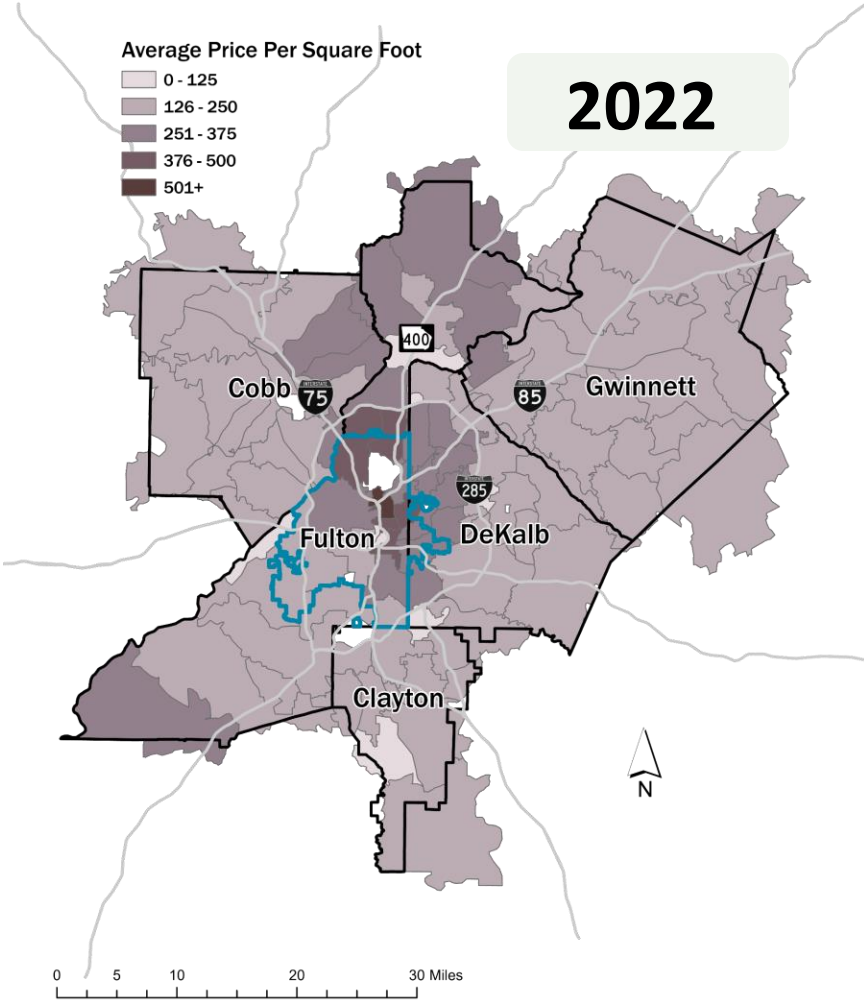
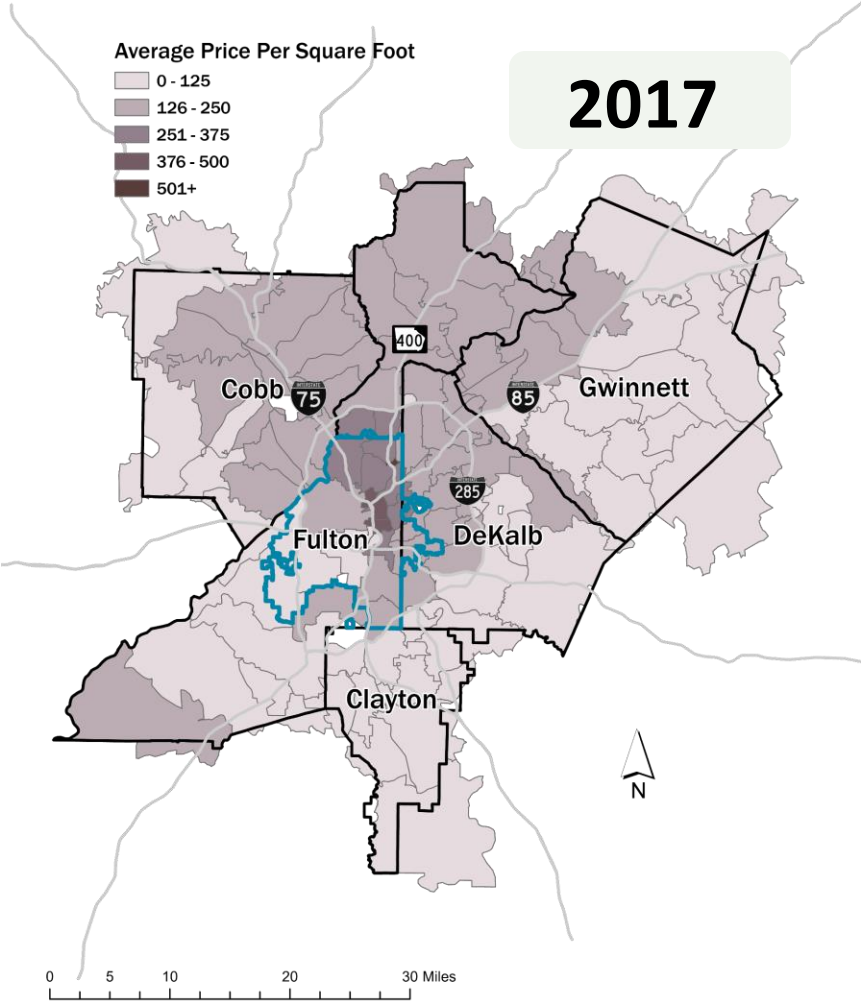
Median Price New Attached

Owner-Occupied

Median Price New Attached			
	2017	2021	Change (%)
Clayton County	\$139,373	\$220,062	58%
Cobb County	\$326,268	\$417,254	28%
DeKalb County	\$404,297	\$432,640	7%
Fulton County	\$546,165	\$477,780	-13%
Gwinnett County	\$244,379	\$345,114	41%
City of Atlanta	\$585,982	\$675,091	15%



Average Price per SF of New Homes



Consistent with the increase in median new home prices, the average price per square foot of new homes in the core counties increased substantially from 2017 to 2022.

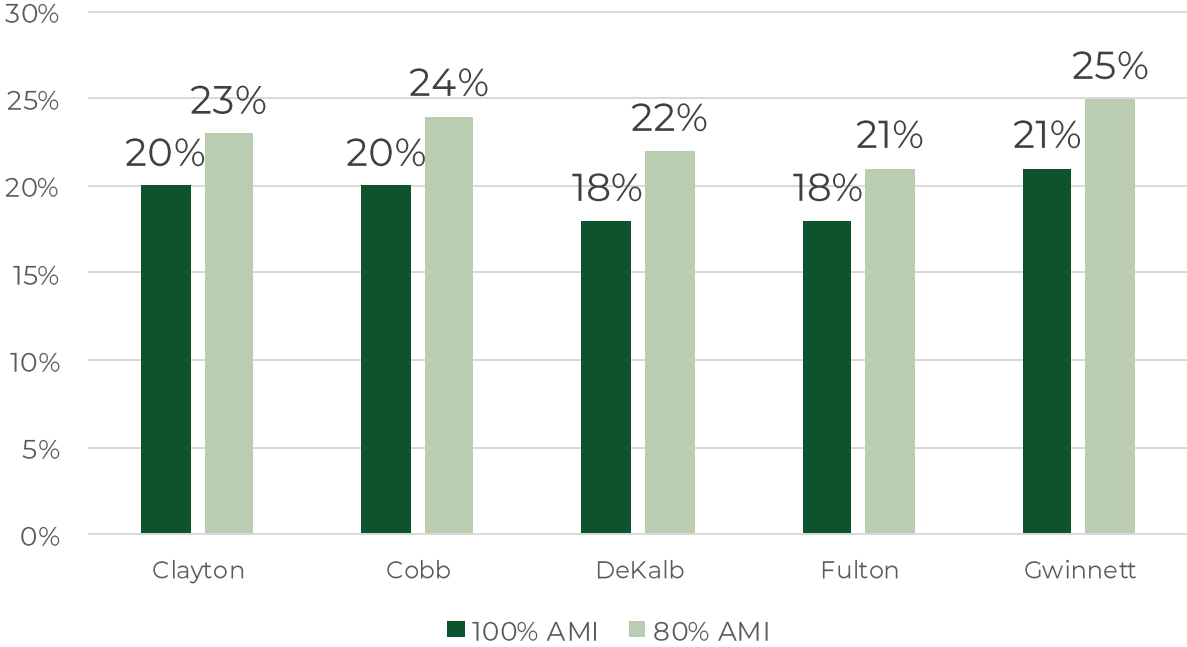
Source: Claritas

Transportation Cost and Household Income

Transportation costs as a percentage of household income are higher for households at 80% Area Median Income.

5-County Core	Annual Transportation Cost	Difference from MSA Average
Fulton	\$12,879	-12%
DeKalb	\$13,223	-10%
Cobb	\$14,296	-3%
Clayton	\$14,358	-2%
Gwinnett	\$15,314	4%
Atlanta MSA Average	\$14,686	

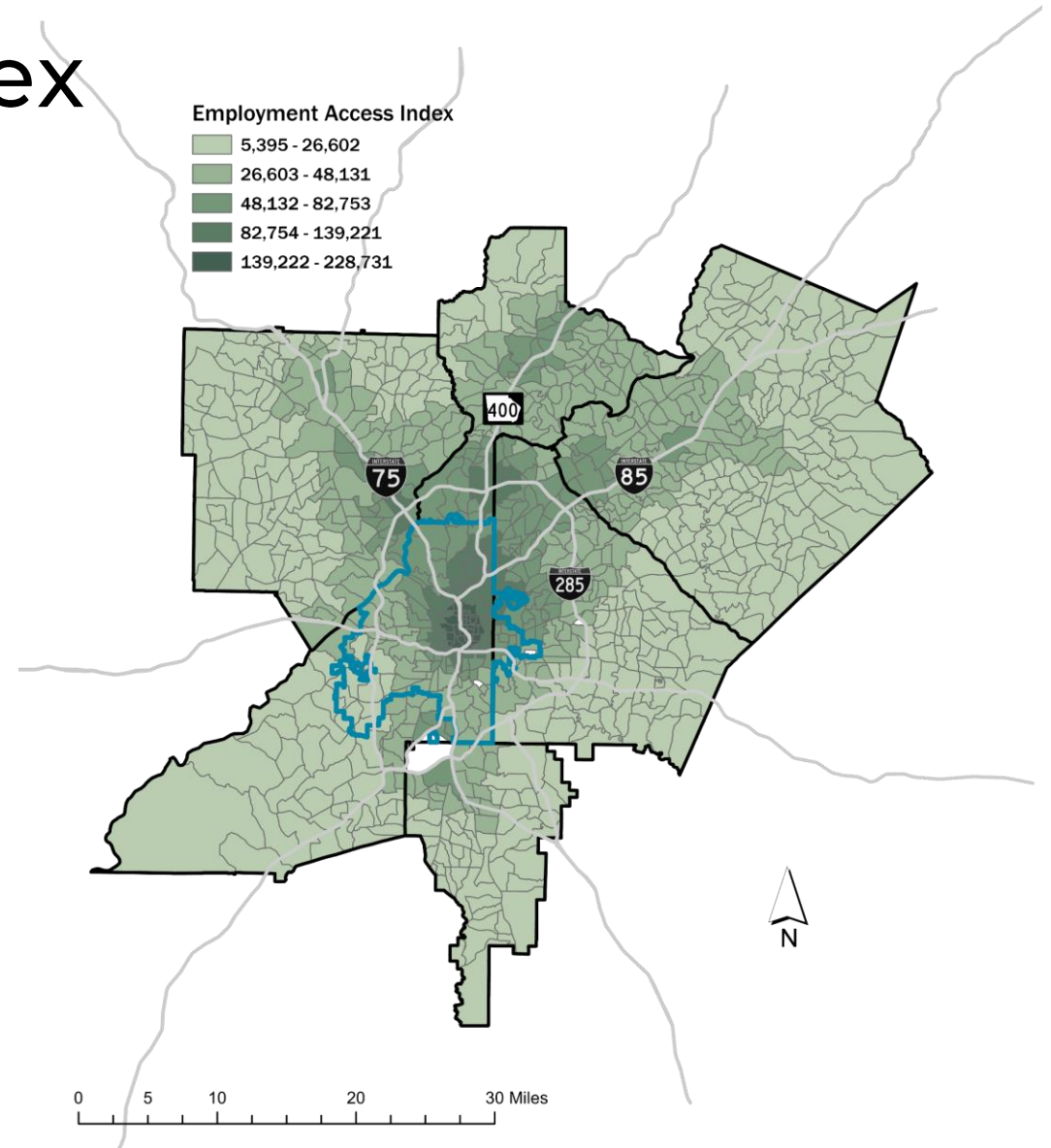
Transportation Cost as a Percent of Household Income



Source: CNT from U.S. Census, (2020)

Employment Access Index

“The **Employment Access Index** is a weighted measure developed by CNT to estimate both the quantity of and residents’ access to the jobs in a region. It is calculated using an inverse-square law to model total access to jobs in the metropolitan area by using the sum of the number of jobs divided by the square of the distance to those jobs.”



Source: CNT (2020)

Employment Access Index

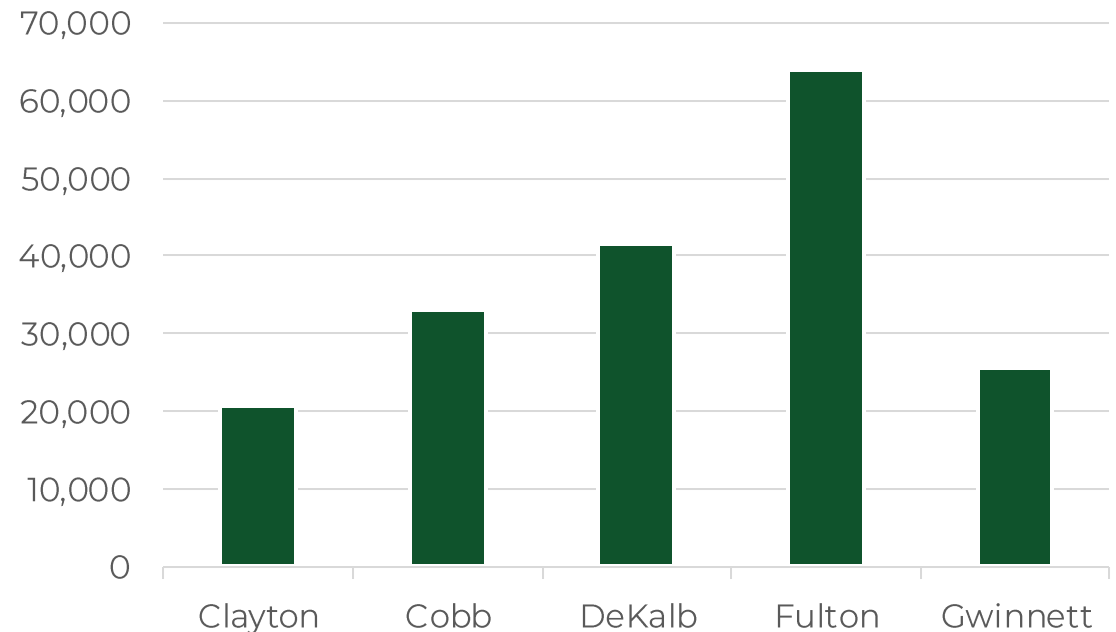
Location Efficiency

“The **Employment Access Index** is a weighted measure developed by CNT to estimate both the quantity of and residents’ access to the jobs in a region. It is calculated using an inverse-square law to model total access to jobs in the metropolitan area by using the sum of the number of jobs divided by the square of the distance to those jobs.”

Based on the Employment Access Index, Fulton County has the greatest quantity of and access to jobs of the core counties.

Source: CNT (2020)

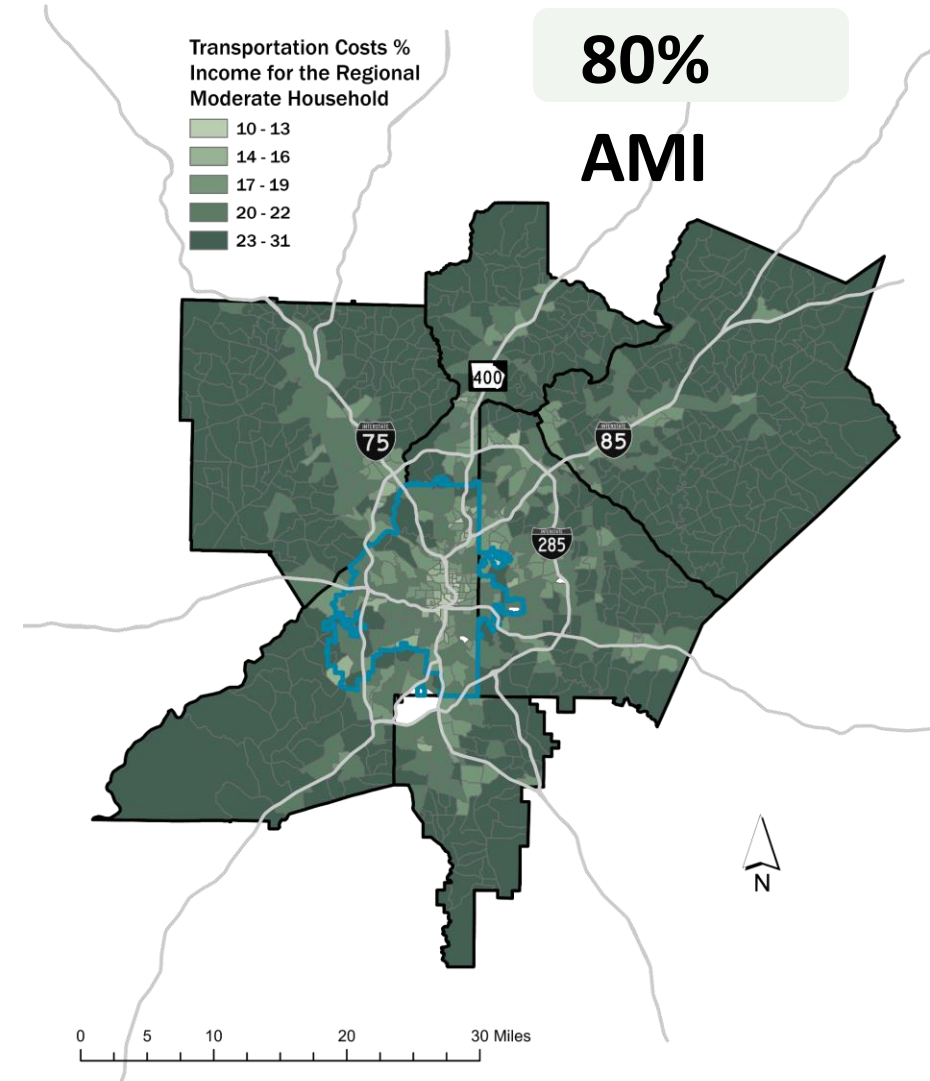
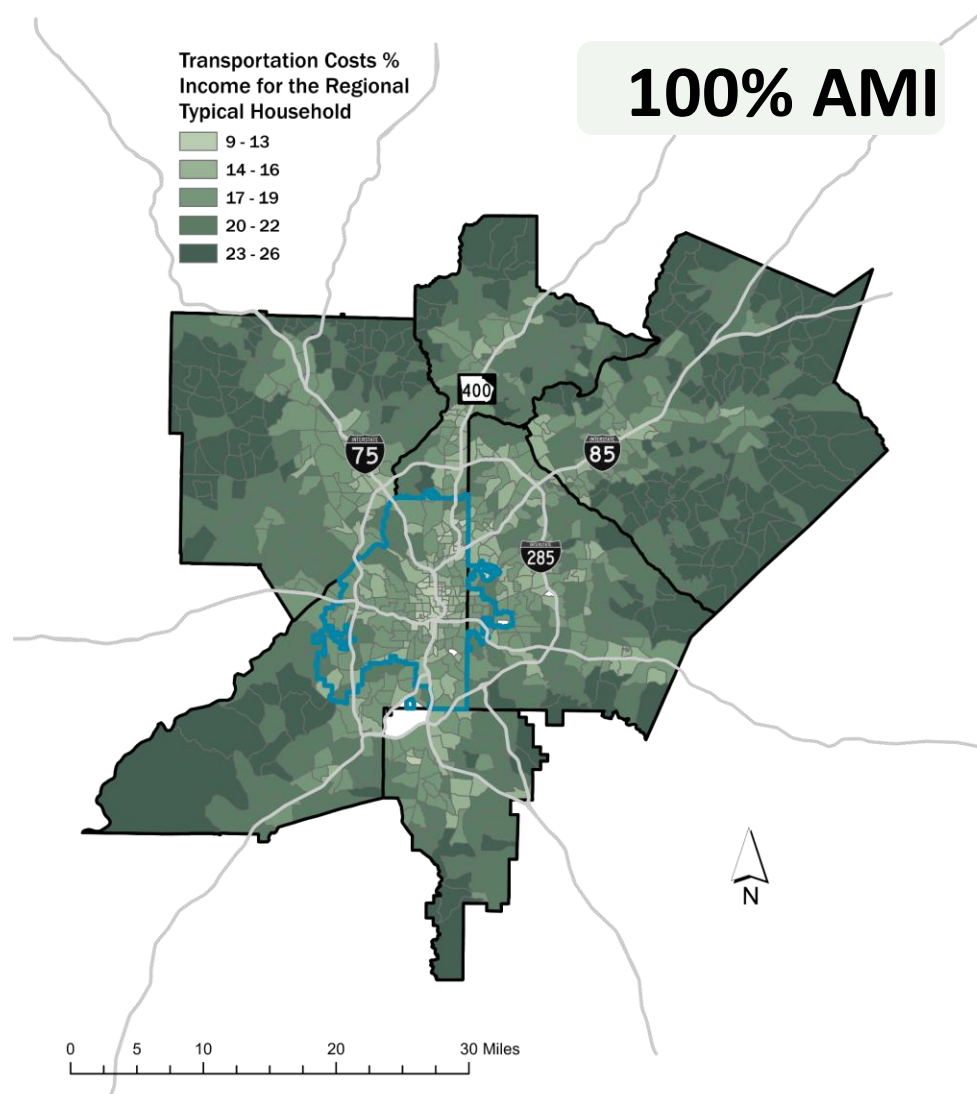
Employment Access Index



Transportation Cost as a Percent of Household Income

Location Efficiency

Transportation costs as a percentage of household income are substantially higher for households at 80% Area Median Income.



Source: CNT from U.S. Census, (2020)



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