



Regional Snapshot: Affordable Housing

Photo credit: City of Atlanta

Atlanta Regional Commission, June 2017

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Summary

Home ownership and household formation rates down dramatically, compared to historic trends

Home prices rising significantly – faster than wages – due in large part to dwindling supply

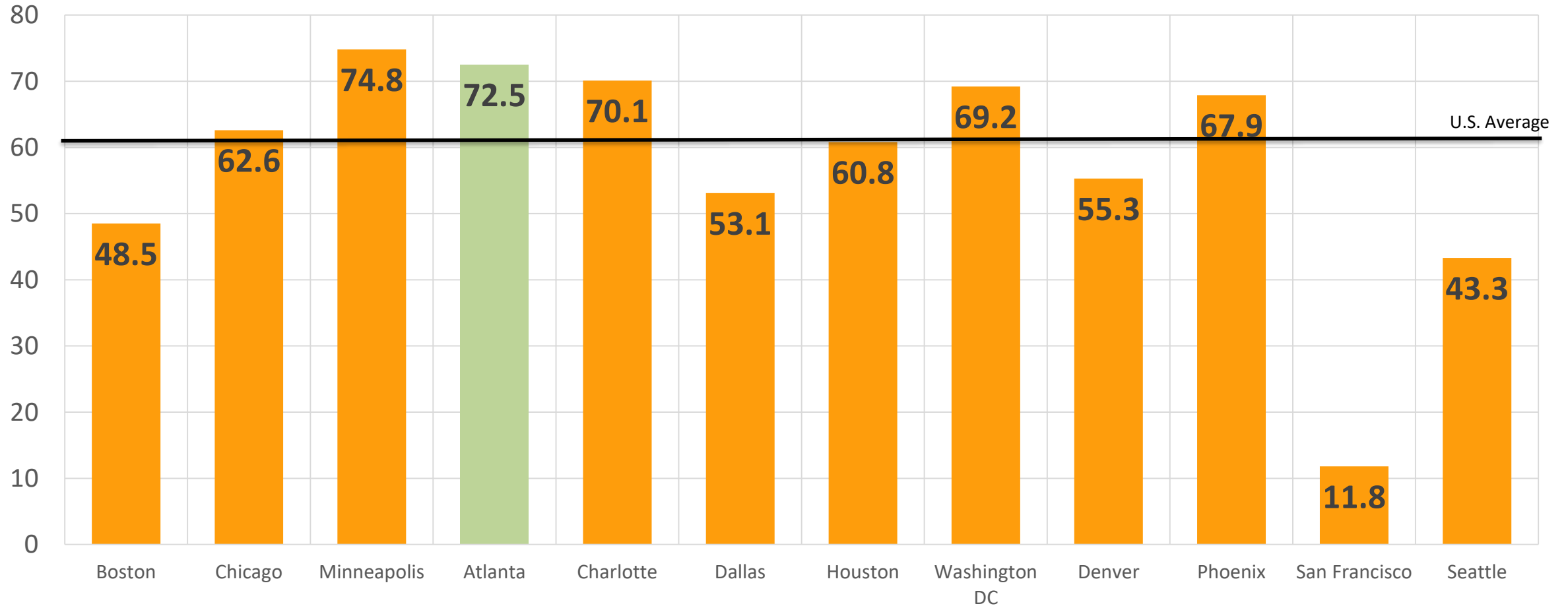
Adding in transportation costs worsens an already worsening affordability picture

Rental market offers no relief – rents are rising dramatically as well, especially in the suburbs

Majority of low-income housing located in low opportunity areas, maintaining the cycle of poverty

Overall, Metro Atlanta Is an Affordable Place

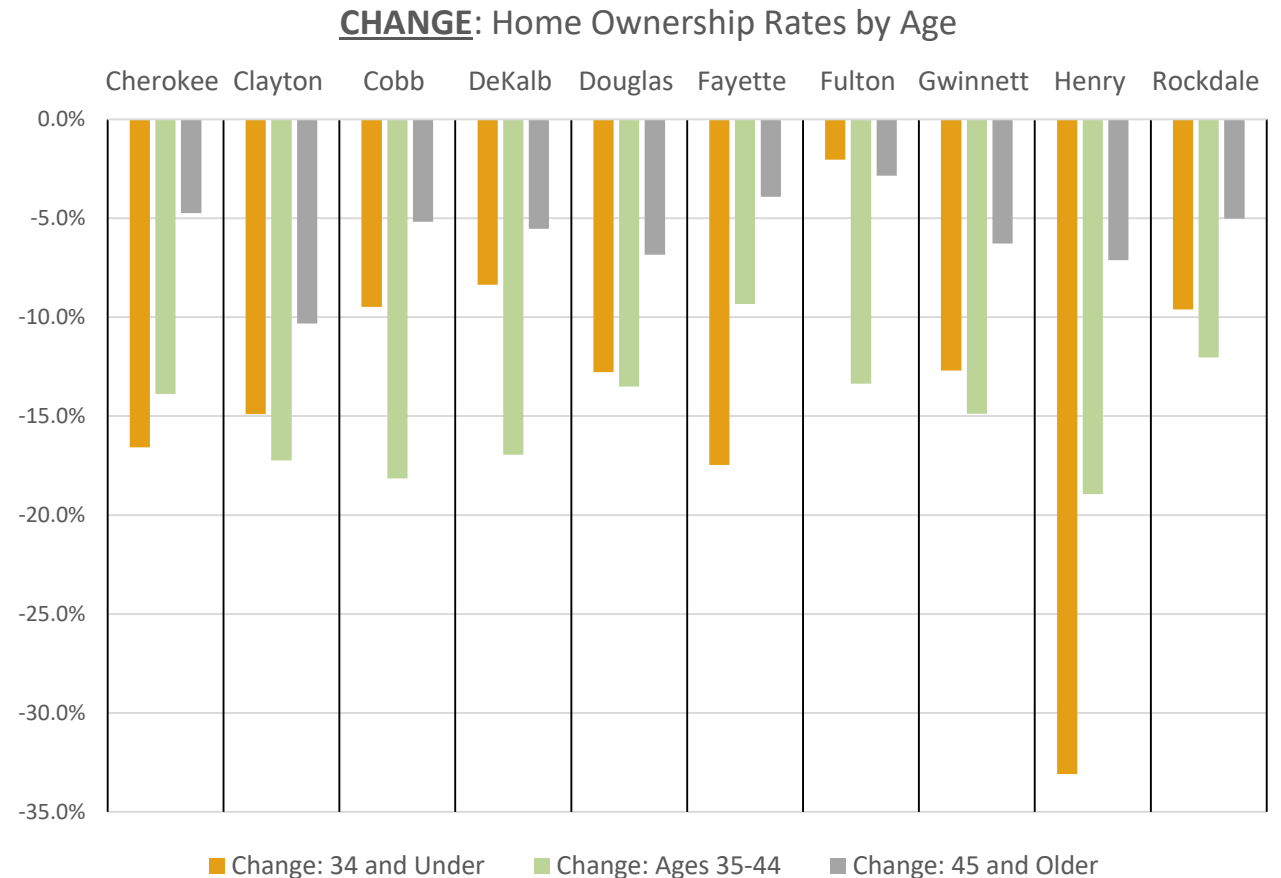
% of Homes Affordable to Median Income Household (Q1, 2017)



In comparison to our peer metros, **Atlanta comes in 2nd in affordability**, with **72.5% of homes affordable** to those earning the area median household income. By comparison, the U.S. average is just 60%.

Home Ownership Rates Way Down, Especially for Millennials

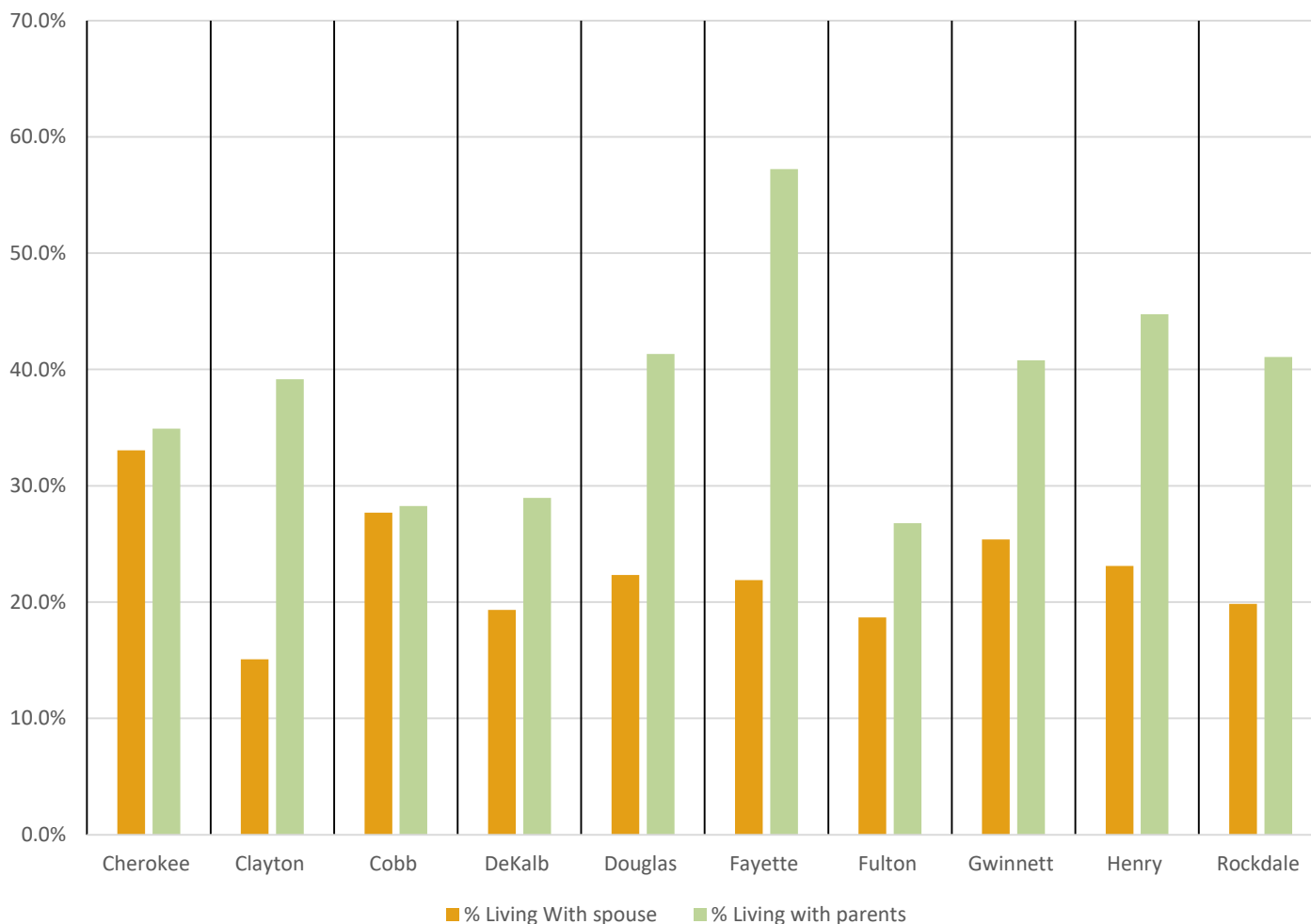
	Home Ownership Rates by Age					
	2000: Ages 34 and Under	2000: Ages 35- 44	2000: 45 and Older	2015: Ages 34 and Under	2015: Ages 35- 44	2015: 45 and Older
Cherokee	70.1%	86.5%	89.2%	53.6%	72.6%	84.5%
Clayton	37.9%	61.0%	77.9%	23.0%	43.8%	67.6%
Cobb	40.6%	72.1%	83.9%	31.1%	53.9%	78.7%
DeKalb	31.4%	60.7%	76.0%	23.0%	43.8%	70.5%
Douglas	53.4%	76.2%	85.4%	40.6%	62.7%	78.5%
Fayette	63.1%	85.3%	91.9%	45.6%	76.0%	88.0%
Fulton	25.5%	55.7%	68.0%	23.4%	42.3%	65.1%
Gwinnett	49.1%	76.3%	85.0%	36.4%	61.4%	78.7%
Henry	74.9%	86.4%	90.1%	41.8%	67.4%	83.0%
Rockdale	46.0%	73.4%	85.4%	36.4%	61.3%	80.4%



In **six of the 10 counties**, homeownership rates among those under 34 years of age declined by more than 10 percentage points from 2000 to 2015. Henry county experienced the sharpest decline – with rates decreasing by over 33 percentage points.

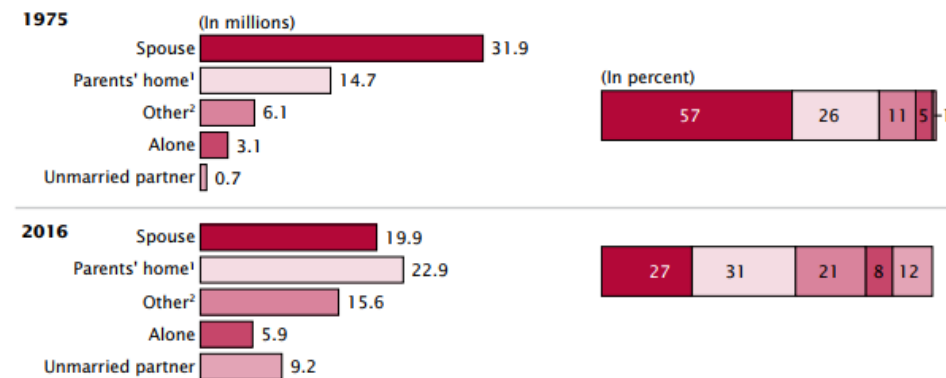
“Living with Parents” Most Popular Living Arrangement for Millennials

Living Arrangements for 18-34 Year Olds



More Young Adults Lived With Parents Than a Spouse in 2016

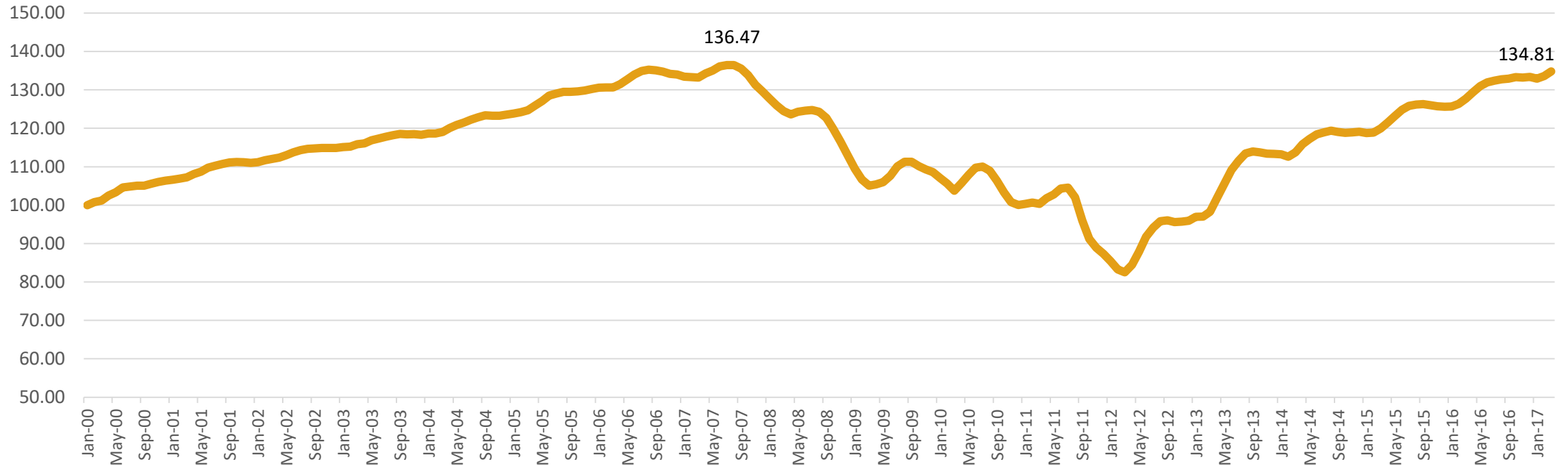
Living arrangements among adults aged 18 to 34: 1975 and 2016



If metro Atlanta millennials aren't buying homes, where are they living? Perhaps not surprisingly, “living with parents” is the most popular living arrangement for 18 to 34 year olds among all 10 metro counties, as shown in the chart below. **Fayette county shows the highest rate of millennials living with their parents, at nearly 60%**, while in Cherokee and Cobb counties, the percentage of millennials “living with a spouse” is a close second to those “living with parents.”

Home Prices Almost Back to Pre-Recession Peak

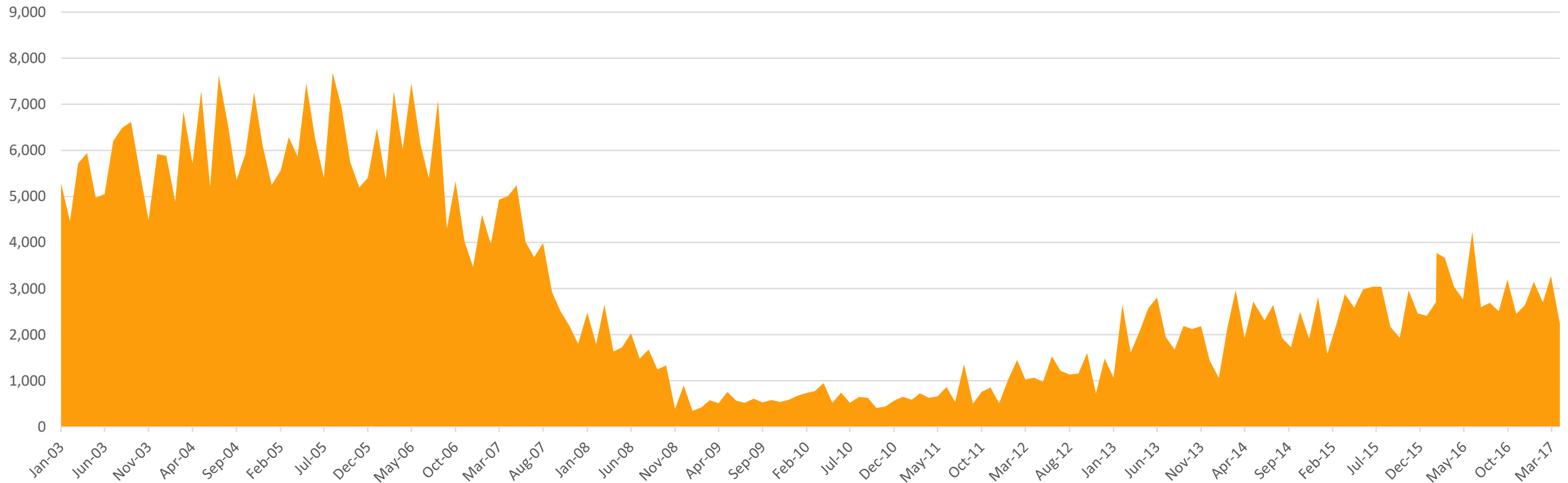
Home Price Change, 2000- Present
Index: January 2000=100



The Case-Shiller Index is used to measure average home price changes over time in metropolitan areas throughout the U.S. **Metro Atlanta's pre-recession peak in home prices occurred in July 2007, when the region reached 136.47 on the index.** However, the recession led to a steady decline in home prices, starting in August 2007 and reaching its lowest point in May 2012. Since that time, the region has experienced a steady increase in home prices, and **as of January 2017, metro Atlanta was at 134.81 on the index,** nearly back to the pre-recession peak of 136.47.

Building Permits Way Off

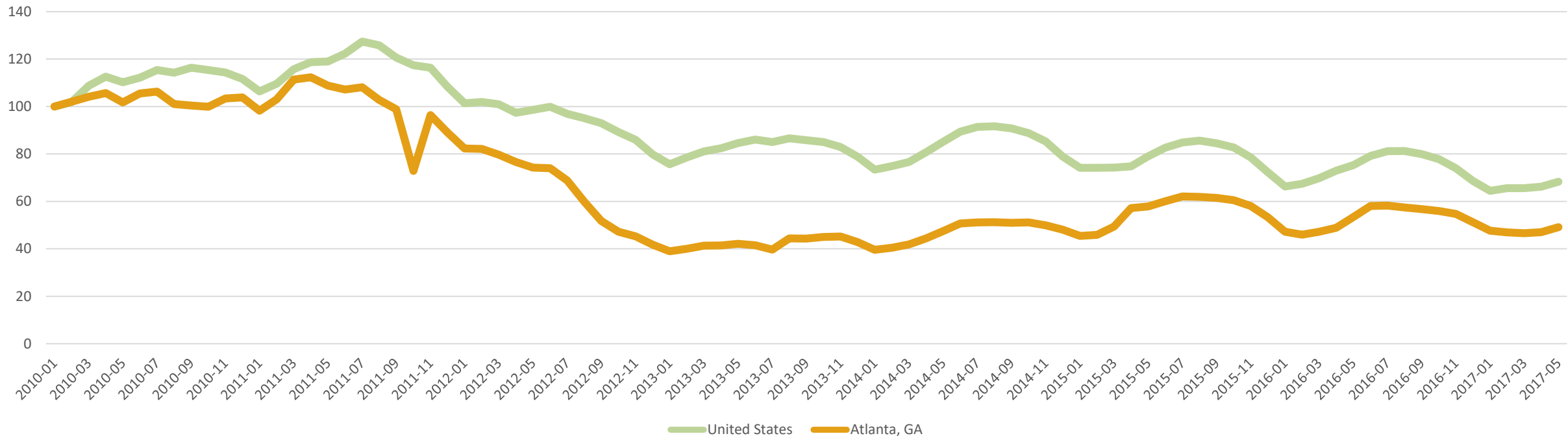
Residential Building Permits



While home prices are increasing back to pre-recessionary levels, housing inventory in metro Atlanta is constrained – partially due to a lag in residential construction. As seen in the chart above, **prior to the recession, it was not uncommon for residential building permits to exceed 5,000 per month** (in some cases, reaching over 7,000). After May 2007, the region experienced a steep decline in residential building permits, which persisted into early 2012, when the region began seeing modest increases. **Though residential permits have trended upward since 2012, they have yet to reach pre-recessional levels, hovering instead between 2,000 and 3,000 permits per month.**

Escalating Prices Correspond to Dwindling Supply

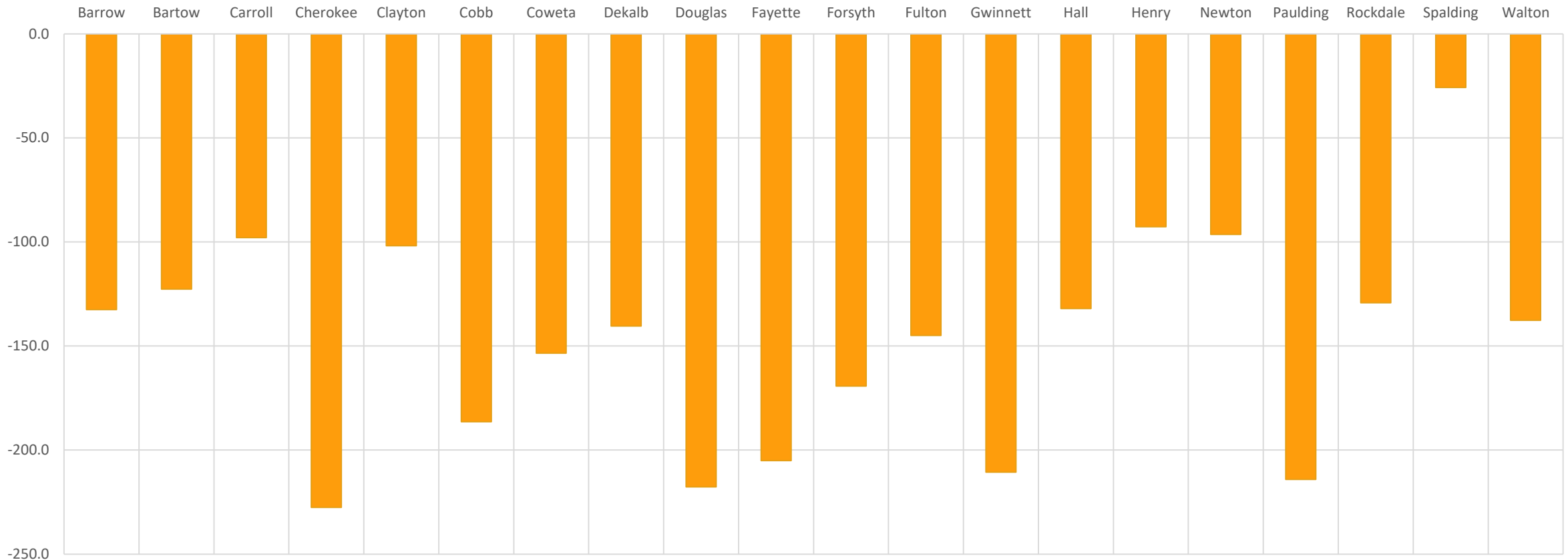
Month-Over-Month Change in For Sale Inventory
Index: January 2010=100



The rise in home prices that metro Atlanta has experienced since 2012 is in part a reflection of increased demand for housing in a market that is short on supply. Using 2010 as the baseline for its index (2010 = 100), the above data from Zillow shows that **after a modest peak in April 2011, Atlanta's housing inventory began a steep decline, bottoming out between 2013 and 2014** at around 40. While Atlanta has seen some upward movement since that period, the gains have been slight – with the most recent index measure for May 2017 at 48.1. **While lower than the national average, metro Atlanta is following the same overall trend.**

Inventory Down in Every County

Change in For-Sale Inventory, per 10,000 Housing Units, 2011-2017 (thru May)

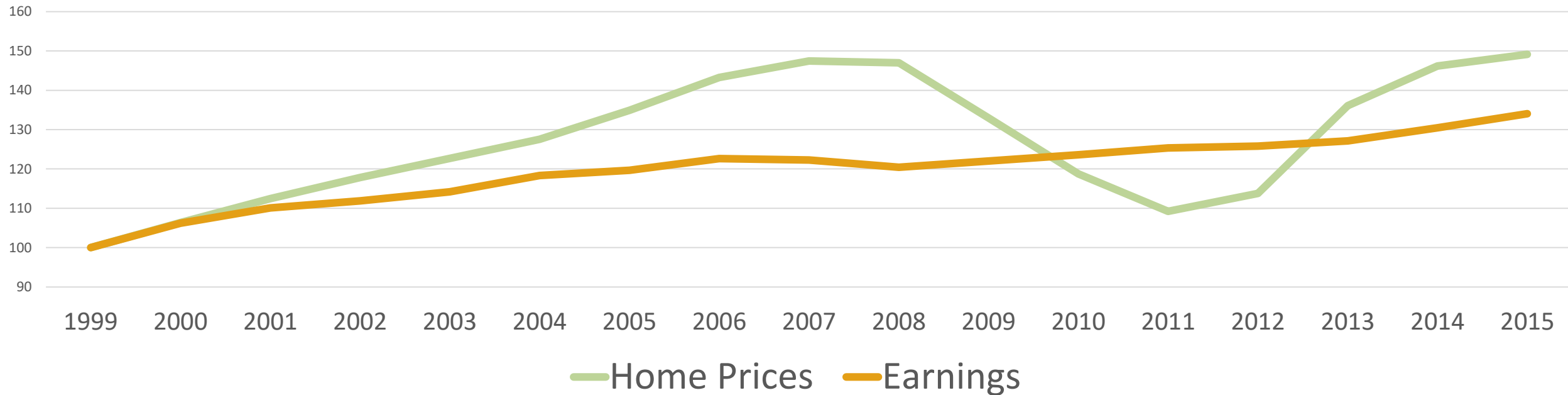


All counties in metro Atlanta are experiencing a decline in housing inventory. The metro counties with the **greatest decline in housing inventory** include Cherokee (-227.5), Douglas (-217.7), Paulding (-214.1), Gwinnett (-210.6), and Fayette (-205.1).

Home Prices Rising Faster Than Wages

(Not inflation adjusted)

Year-Over-Year Change in Sales Prices and Job Earnings
Index: 1999=100



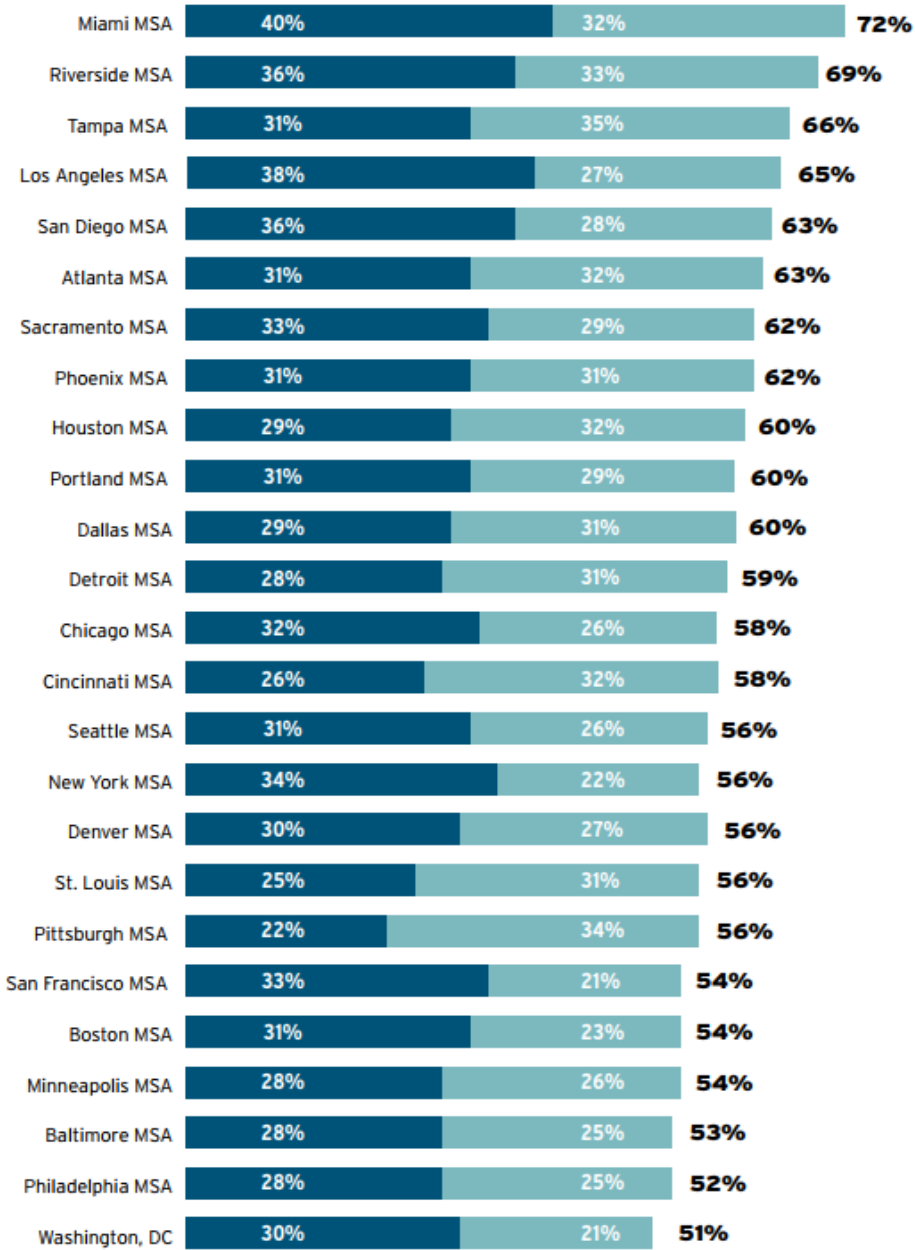
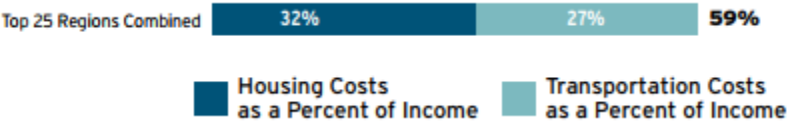
Since 1999, overall, home prices have been rising faster than average wages, especially during the 2005 – 2007 period, where home prices nationwide were rising dramatically. During this period, however, the consumer could make up the gap between their earning and the price of home because lending standards were looser and getting a mortgage was significantly easier prior to the Great Recession. With the economy recovering post-recession, **the gap has widened again, but lending standards are much stricter, thus it is harder to achieve home ownership.**

Add in Transportation costs, however, and metro Atlanta's "affordability" flips

(For Moderate Income Households (~\$47K/Annually))

While Atlanta is relatively affordable when looking at housing costs alone, the affordability picture becomes more complicated when transportation costs are factored into the equation. *Cost burdened* households are determined by the share of household budget spent on housing and transportation expenses combined.

This chart outlines where the top 25 U.S. metros fall among the Center for Neighborhood Technology's Housing + Transportation Affordability Index. As shown in the chart, **when housing and transportation costs are combined for Atlanta, they consume 63% of the income of moderate-income households in the metro.** When compared with the other top metros, **Atlanta ties for fifth with San Diego, in terms of the percentage of households that are cost burdened.**

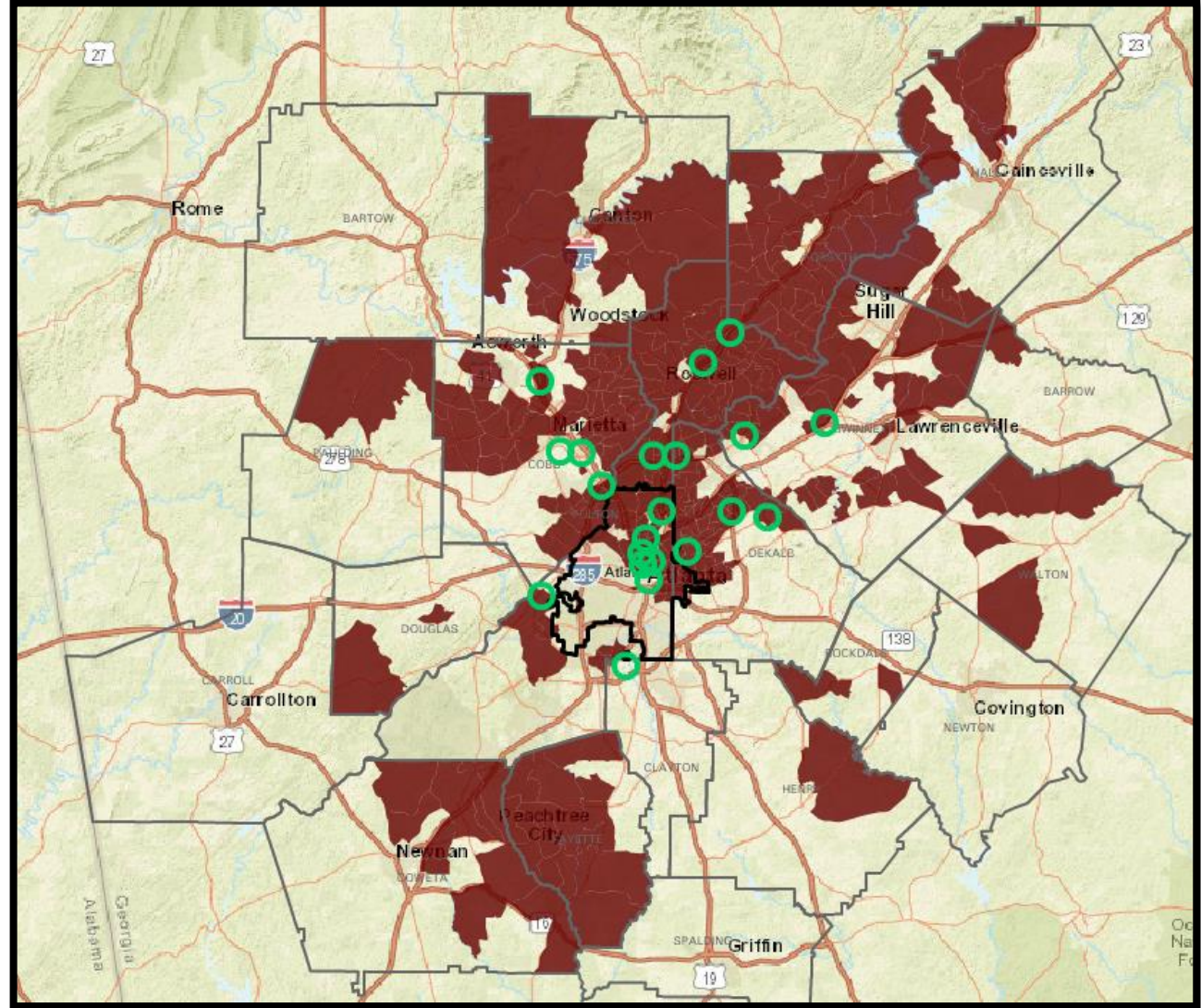


Housing Values Are Higher Near Major Employment Centers

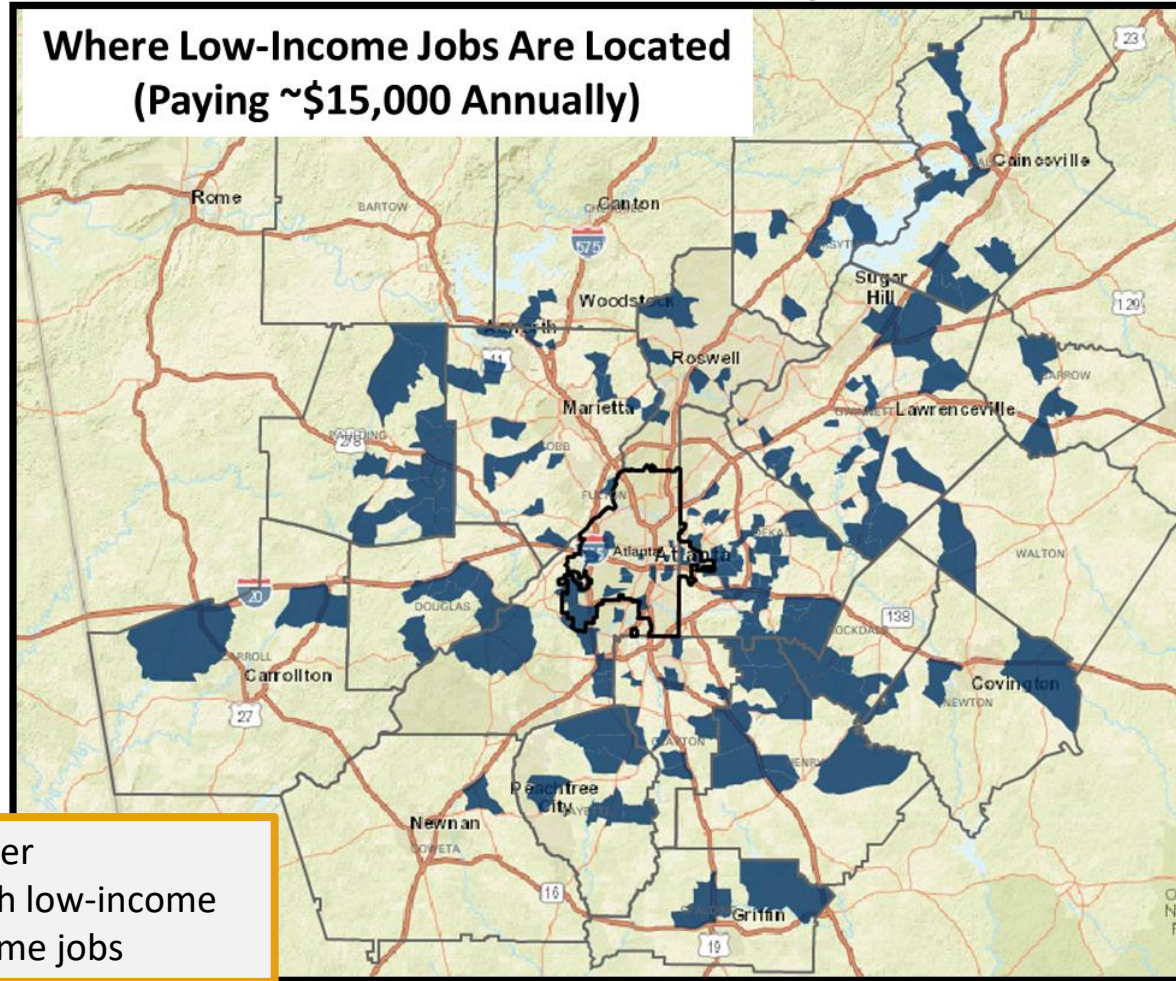
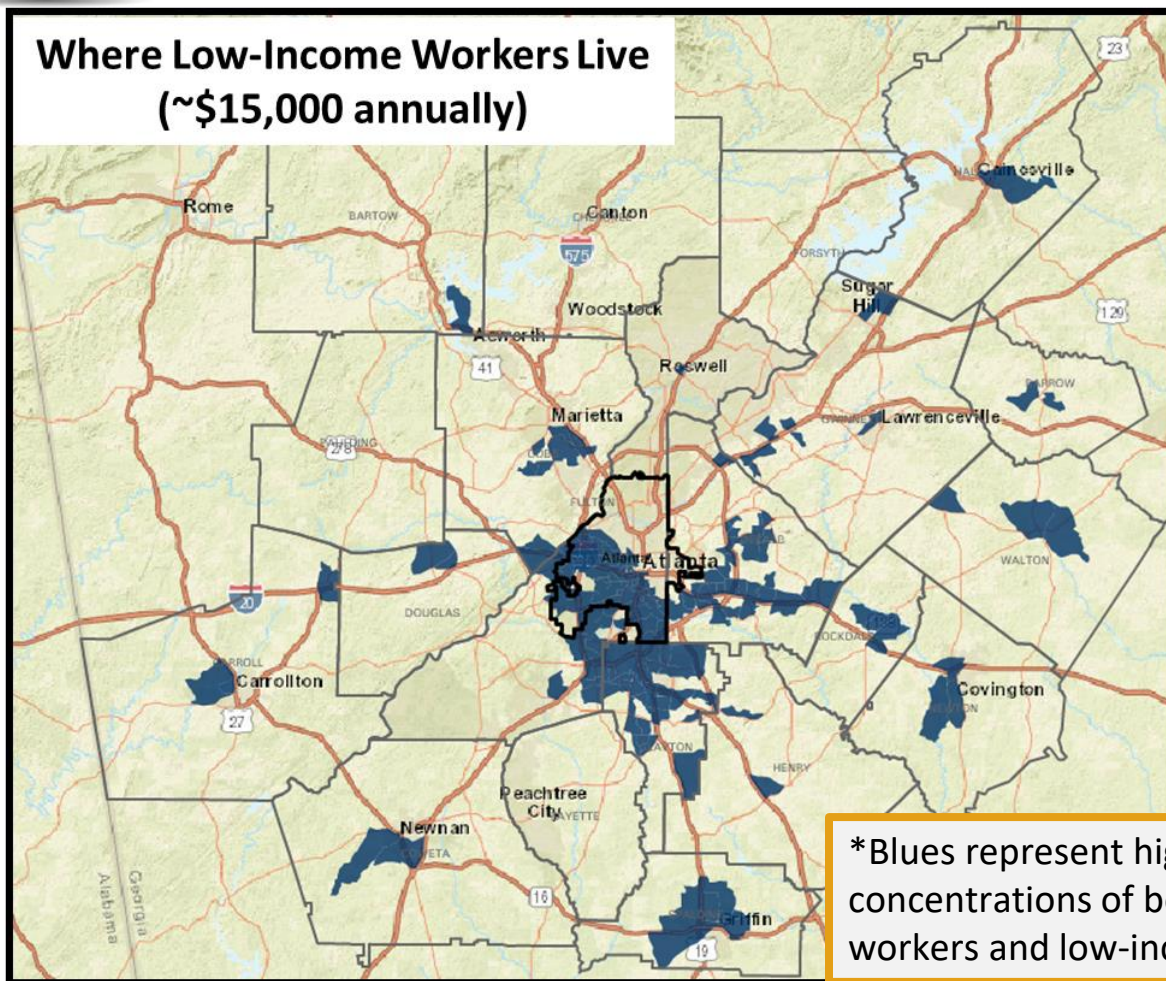
Overall, **the highest home prices (browns) are primarily concentrated in areas north of I-20**, including Cobb and Gwinnett counties, and portions of N. Fulton, and N. DeKalb. That is also the location of the region's major employment centers (green circles).

Thus **living close to the region's major employment centers is expensive**.

*Browns represent highest home prices & green circles represent largest job centers



A spatial mismatch exists between the location of low-income workers & low-income jobs



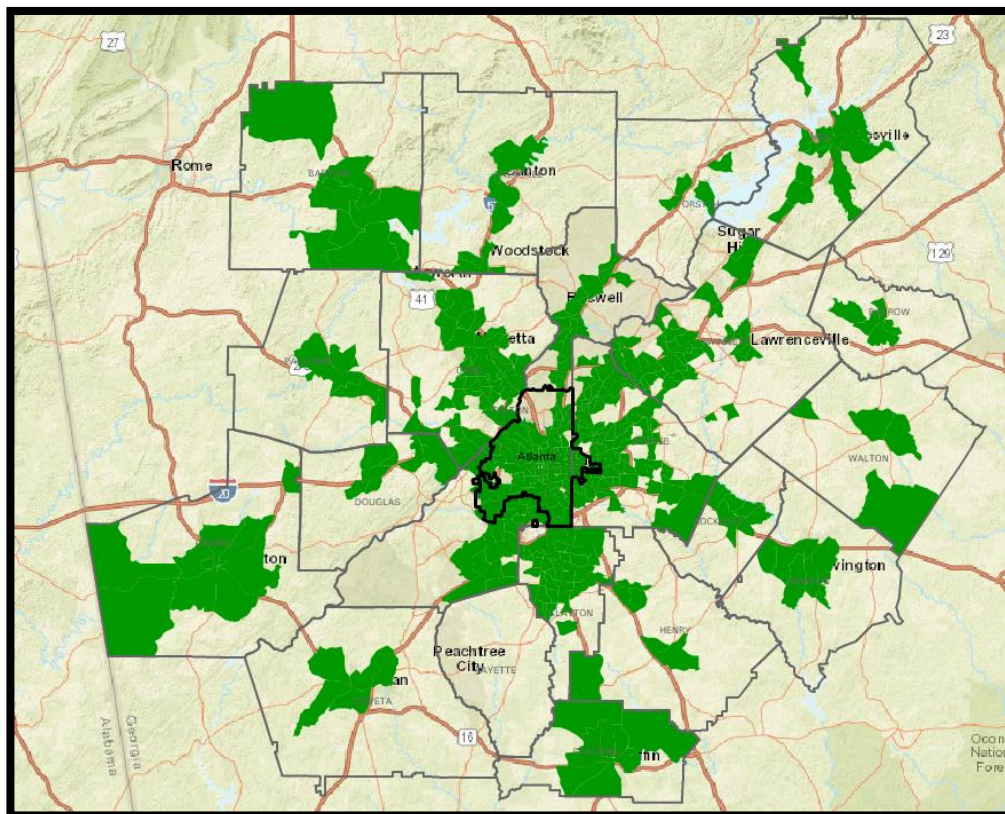
*Blues represent higher concentrations of both low-income workers and low-income jobs

The region's low-income workers are primarily concentrated south of I-20, and in Clayton and Spalding counties, while low-income jobs are more evenly dispersed throughout the region.

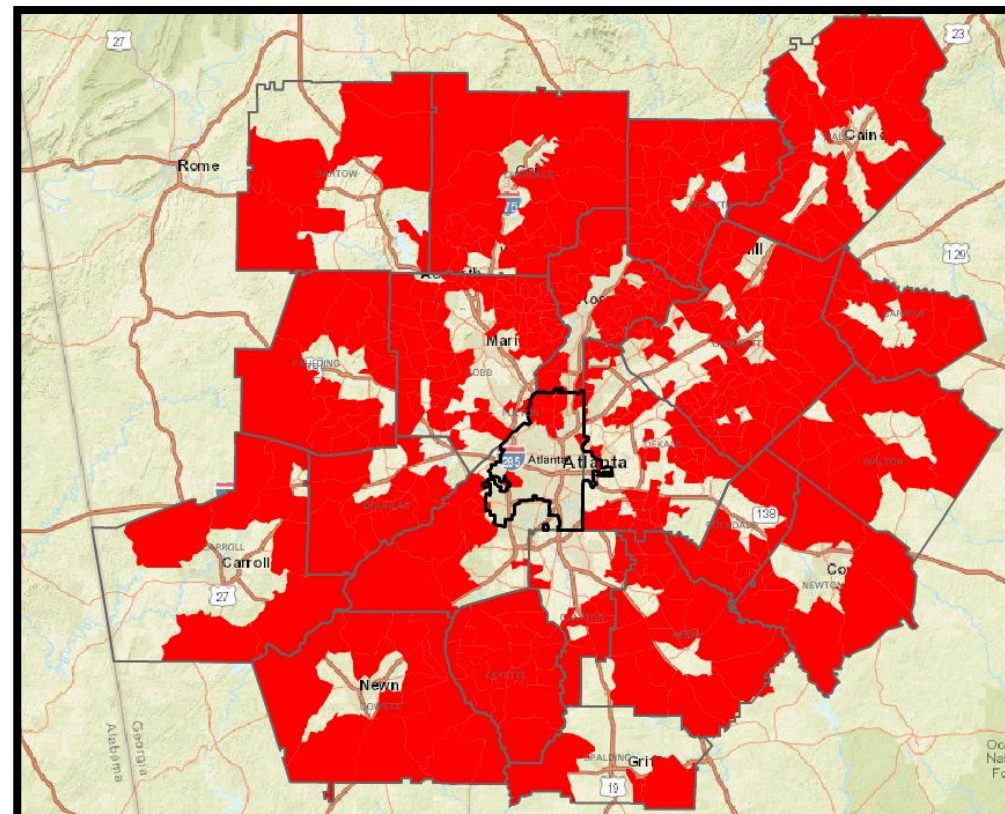
Transportation Costs Complicate The Affordability Picture...

Where a Family of Four (Two Commuters, Two Kids) That Makes the Area Median Income (~\$57,000)
Can Live if they Want To Pay...

... less than 50% on Housing and Transportation costs combined.



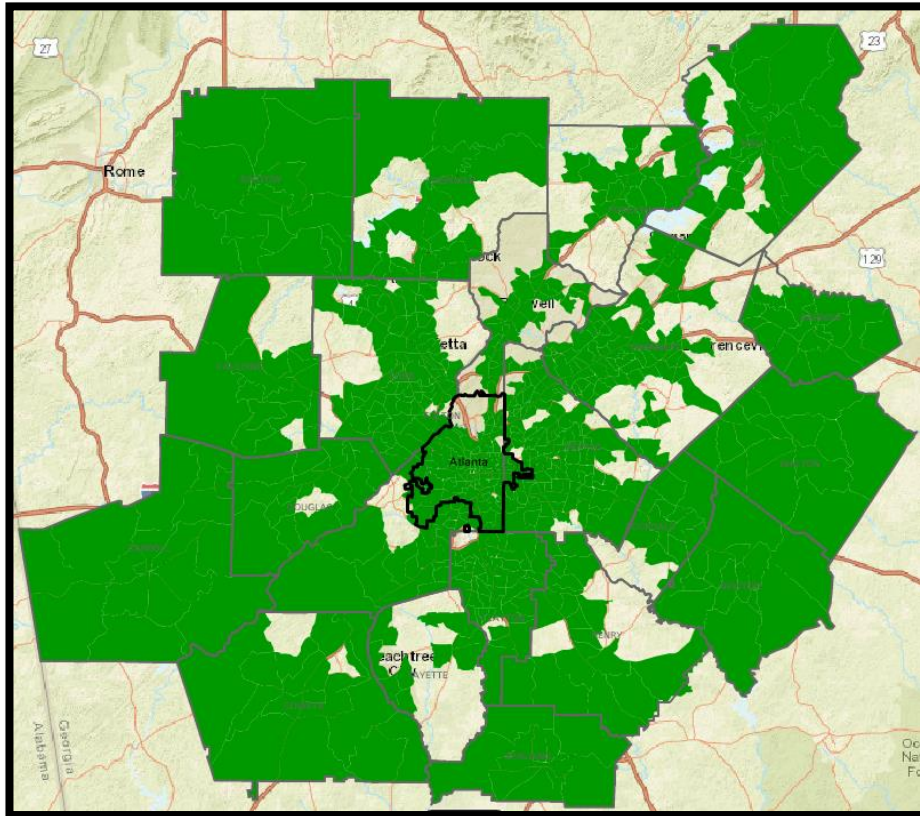
... more than 50% on Housing and Transportation costs combined.



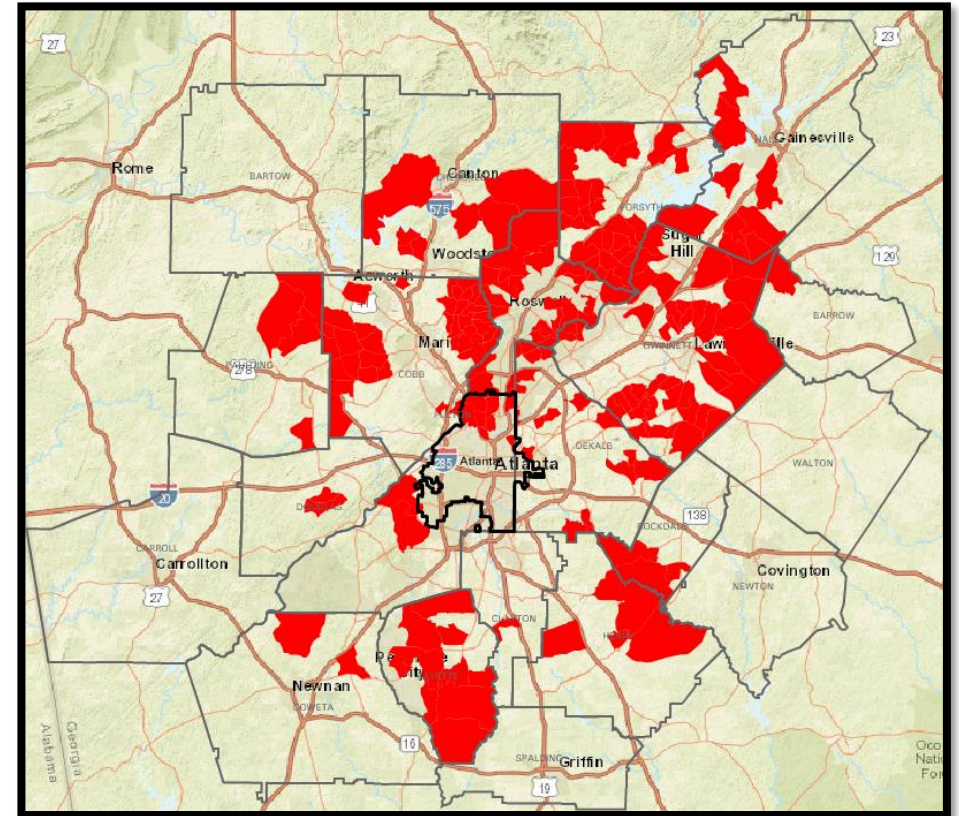
Transportation Costs Complicate The Affordability Picture

Where a Family of Four (Two Commuters, Two Kids) That Makes 150% Area Median Income (~\$85,000) Can Live if they Want To Pay...

... less than 50% on Housing and Transportation Costs combined.

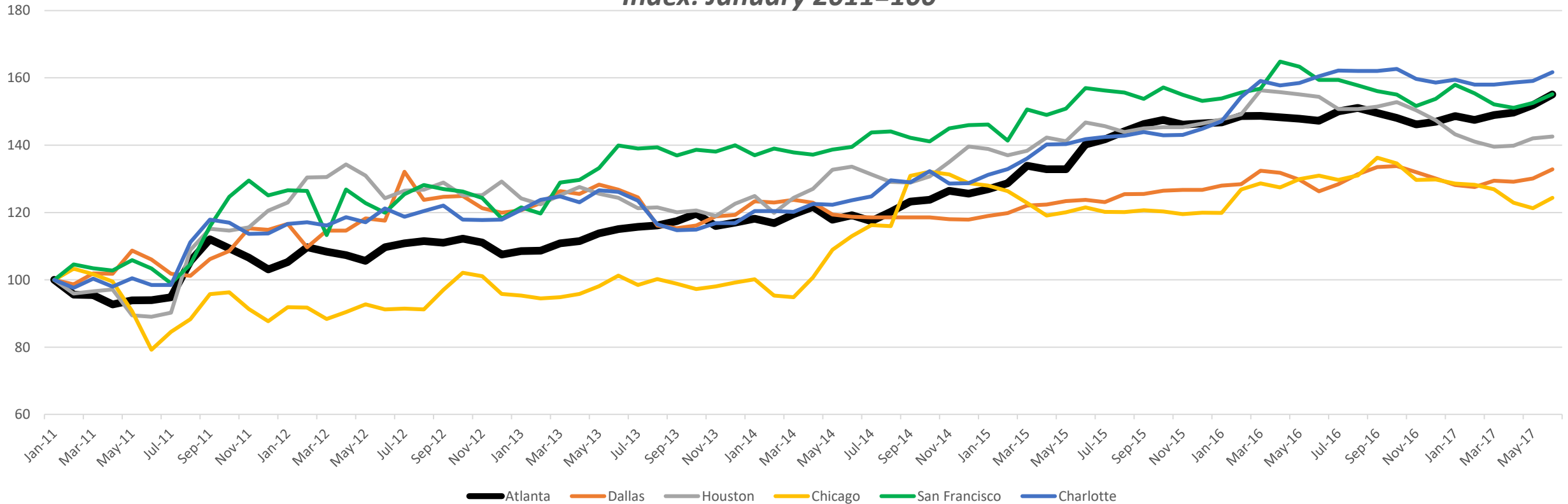


... more than 50% on Housing and Transportation Costs combined.



Significant Rent Increases in Atlanta (City)

Month-Over-Over Month Percent Change in Rents
Index: January 2011=100



Rents in the City of Atlanta have increased by some 57 percent since 2010, which is equal to the increase experienced in San Francisco over the same time period. Of the selected cities, only Charlotte has experienced a greater increase, though it was coming from a lower base.

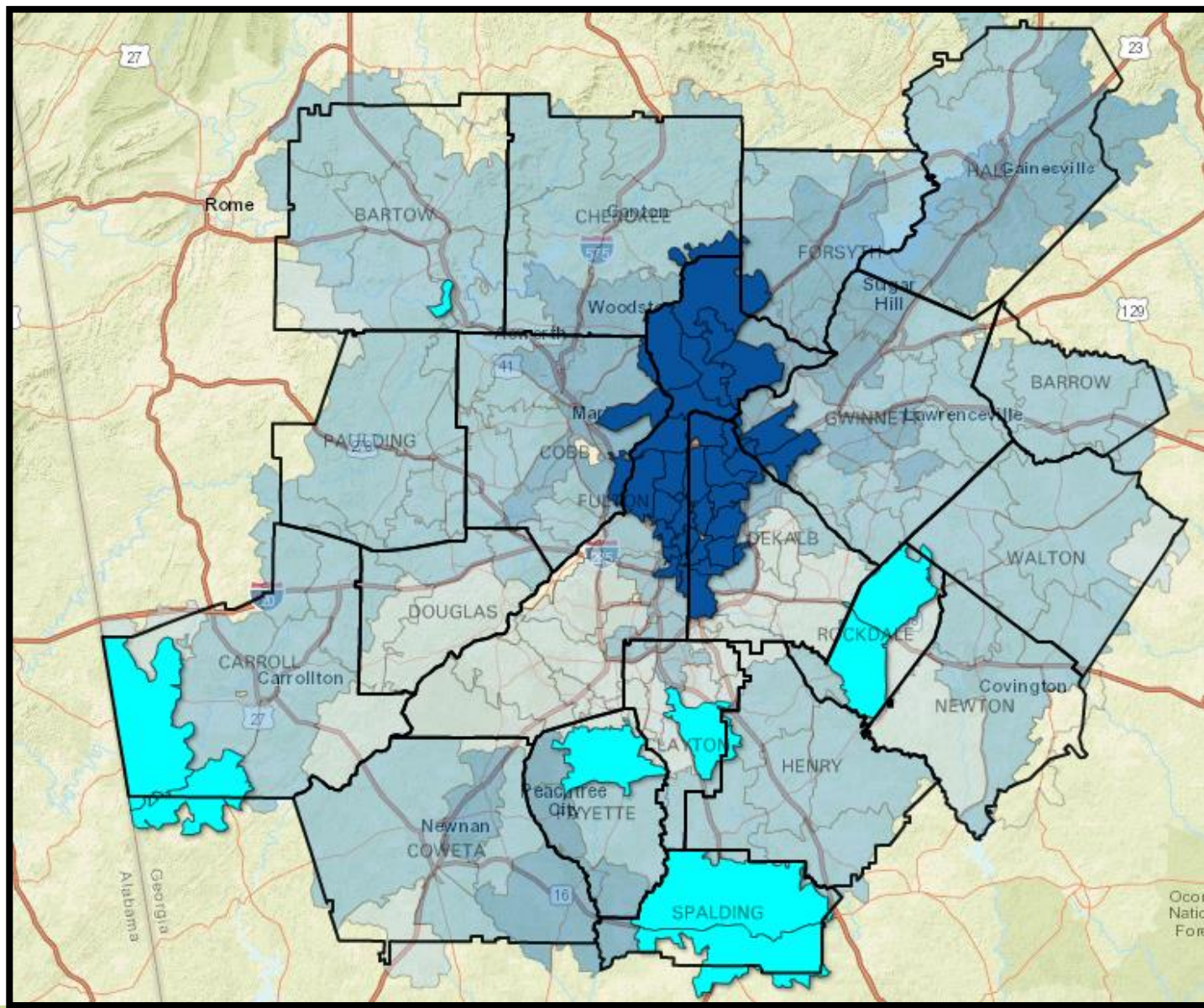
% Change in Average Monthly Rent,
2011-2016

21.2% - 42.6% (Highest)

-7.0% - 0% (Lowest)

While rents in the City of Atlanta have increased dramatically over the past several years, **the largest increases have actually occurred in the suburbs**, many outside the I-285 perimeter along the 400 corridor, where most of the largest employment centers are located. Rents in the dark blue areas average around \$1,700 and up.

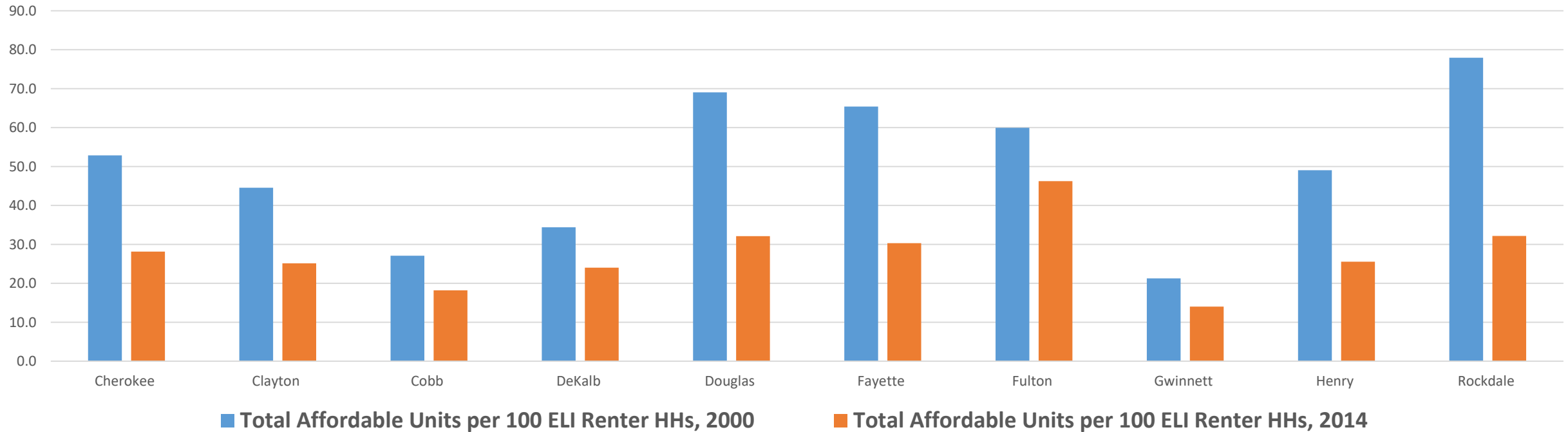
Most Significant Rent Increases are in the Suburbs





... Yet Affordable Units (Especially for Extremely Low Income) are Decreasing

*Affordable Units per 100 ELI Renter Households
2000 & 2010-2014*

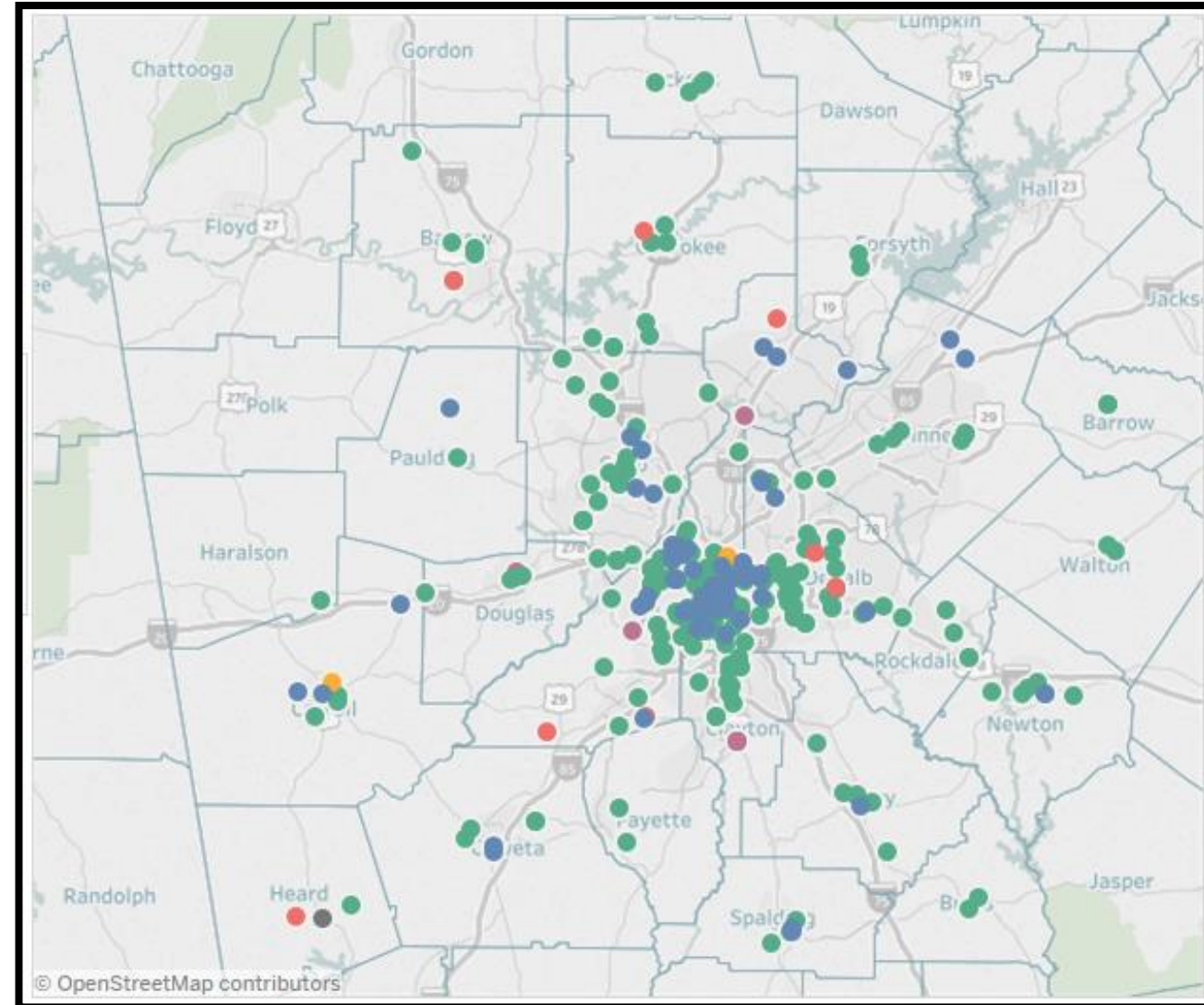


When looking at the extremely low income population, the affordability picture is particularly bleak. This segment of the population, where the average household income is around \$17K annually, is vastly underserved, and over the past decade, or so, units aimed at this segment have decreased significantly.

Many Units' Affordability Set To Expire Soon

Over the next 10 years, some 55,000 units across metro Atlanta will have their affordability subsidies set to expire. While the vast majority of these units will retain their affordability, units in neighborhoods that are emerging from widespread poverty face considerable pressure from market forces, thus keeping these subsidies becomes challenging.

Subsidies		Subsidized units	
LIHTC	327	<div style="width: 41096px;"></div>	41,096
Section 8	31	<div style="width: 5718px;"></div>	5,718
FHA	47	<div style="width: 6662px;"></div>	6,662
HOME	23	<div style="width: 1280px;"></div>	1,280
Section 202	4	<div style="width: 415px;"></div>	415



Access the interactive tool here:

<http://neighborhoodnexus.org/case-studies/enterprise/>



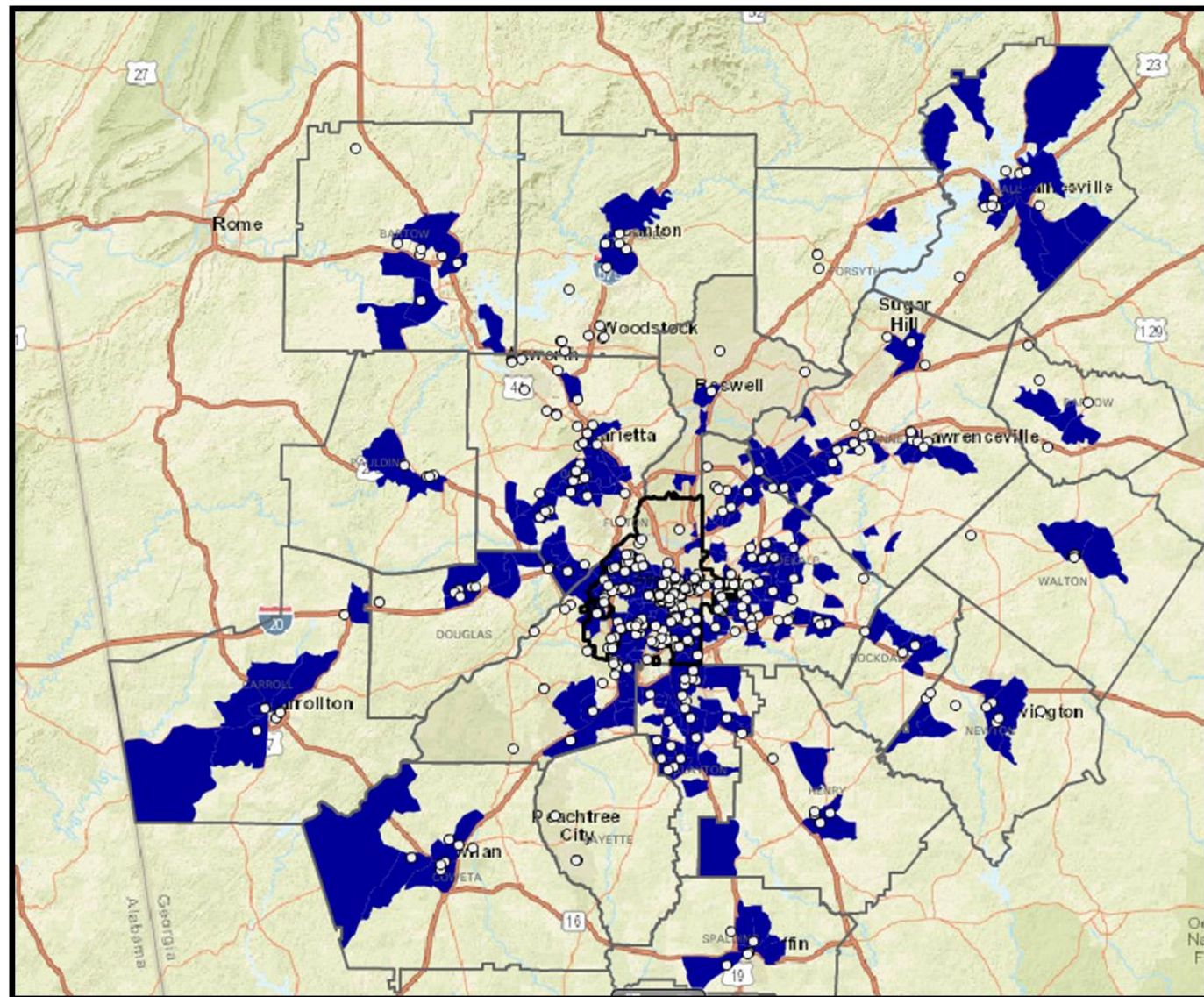
Subsidized Units Located in Low-Opportunity Areas

% in Poverty and
subsidized housing unit locations

● 20% or Above

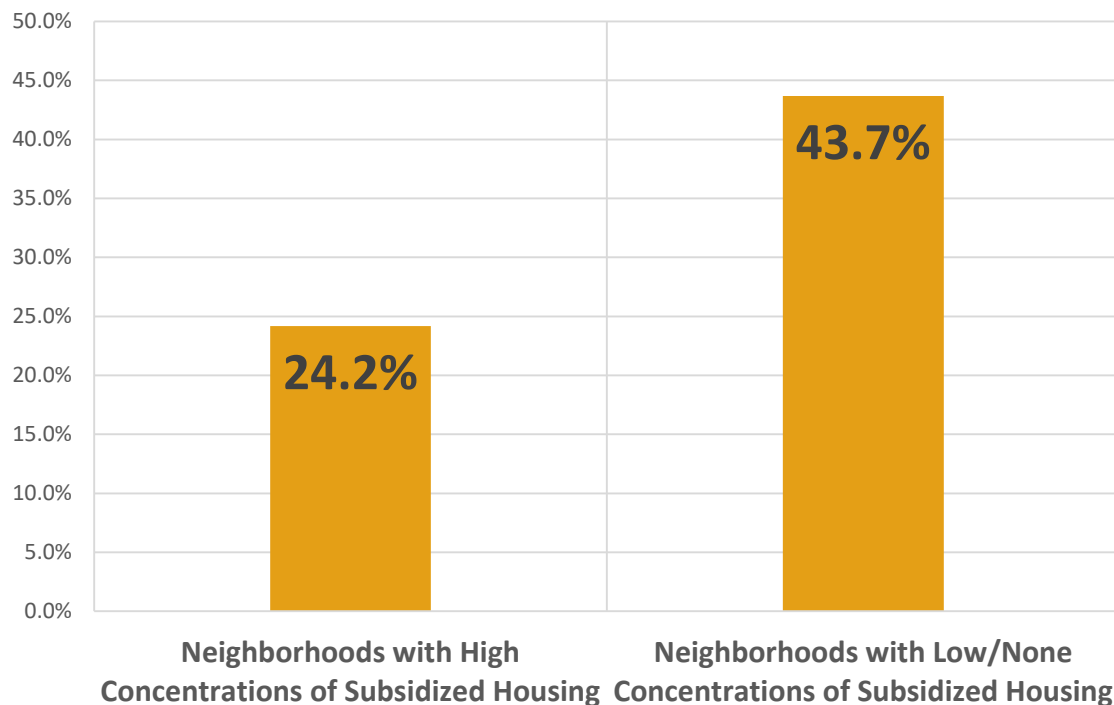
○ Subsidized Housing Units

This map isolates neighborhoods (areas in blue) in the region where the poverty rate is at least 20 percent, a commonly used benchmark of “high poverty.” The white dots represent where subsidized units are located. While these units generally are located in high poverty areas, **these areas also have low levels of opportunity**, making it harder to break the cycle of generational poverty.



Low-Opportunity Areas Continue The Poverty Cycle

Percent of Students Reading Proficiently by End of 3rd Grade



*Birth Rate: Mothers with <12 Yrs. Education
(Rate - per 1,000 births)*

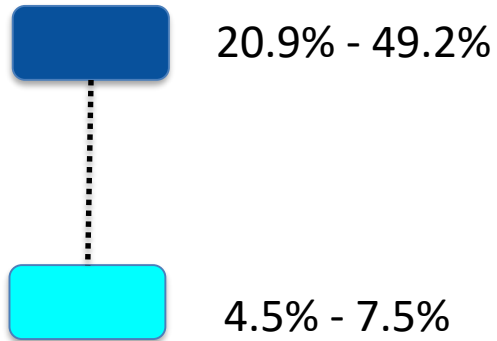


In assessing those areas with the highest concentrations of subsidized housing units, the charts show **that students in these areas perform worse in 3rd grade reading tests**, and birth outcomes are more challenging in that a higher rate of births are to mothers without a high school diploma. These types of outcomes continue the cycle of poverty.

Home Prices Aren't Recovering Everywhere...

% of Homes with "Negative Equity"

*(Owe more on the house
than what it is worth)*



High poverty neighborhoods are more likely to have higher percentages of homes with negative equity.

