



SANDY SPRINGS HOUSING NEEDS ASSESSMENT

HR&A
Analyze. Advise. Act.

OCTOBER 2020

INTRODUCTION | PURPOSE

HR&A Advisors assessed current and anticipated unmet housing needs in Sandy Springs. The purpose of this document is to:

Develop a comprehensive understanding of housing needs and conditions across all incomes and typologies.

Establish an objective, data-driven resource on the housing market to guide future policy change.

INTRODUCTION | METHODOLOGY

We identified three broad groups in Sandy Springs with distinct housing needs:



Homeowners



Renters



**Employers/
Workforce**

Several analyses were completed to substantiate these conclusions:

- Demographic and Economic Trends Assessment
 - Cost Burden Assessment
 - Interviews with Housing Stakeholders
 - Employer Housing Needs Assessment
- Housing Supply and Demand
 - Housing Market Conditions Assessment
 - Resource Inventory
- Forecast of Future Housing Need

STUDY APPROACH | GEOGRAPHIES

These analyses were conducted to place Sandy Springs in the regional context of North Atlanta and the Metropolitan Statistical Area (MSA). Sandy Springs was divided into eight subareas based on census block groups.

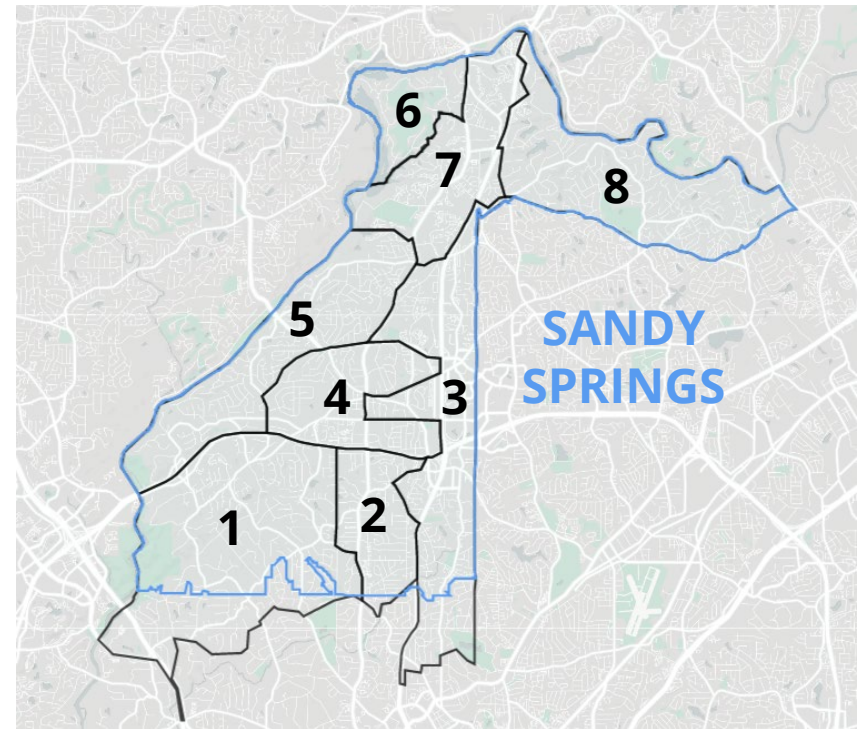
REGIONAL COMPARISON STUDY AREAS

MSA, North Atlanta, and Sandy Springs, GA



SUBMARKET COMPARISON STUDY AREAS

Sandy Springs and Subareas



Note: Refer to the appendix for more information about how study areas were defined.

STUDY APPROACH | KEY HOUSING TERMS

Below are definitions for terms that are frequently used in discussions about housing in Sandy Springs.

Area Median Income (AMI): AMI represents the midpoint in the distribution of household incomes within a specific geographic region. HUD publishes annual AMI levels for regions, adjusted for family size. The HUD-provided AMI is used to determine applicants' eligibility for both federally and locally funded housing programs where participation is dependent on income levels.

INCOME LIMITS

MSA, 2020

Category	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
30% AMI	\$17,370	\$19,860	\$22,320	\$24,810	\$26,790	\$28,770	\$30,750	\$32,760
50% AMI	\$28,950	\$33,100	\$37,200	\$41,350	\$44,650	\$47,950	\$51,250	\$54,600
80% AMI	\$46,320	\$52,960	\$59,520	\$66,160	\$71,440	\$76,750	\$82,000	\$87,350
100% AMI	\$57,900	\$66,200	\$74,400	\$82,700	\$89,300	\$95,900	\$102,500	\$109,200

STUDY APPROACH | KEY HOUSING TERMS

Below are definitions for terms that are frequently used in discussions about housing in Sandy Springs.

Affordable (housing affordability): As defined by the United States Department of Housing and Urban Development (HUD), housing is considered “affordable” if total housing costs (rent or mortgage, including utilities) represent no more than 30% of the occupying household’s income. Therefore, housing can be affordable (or unaffordable) at any income level or housing type, though housing affordability tends to decrease as housing costs increase and household incomes decrease.

Cost-Burdened: Under a standard set by the U.S. Department of Housing and Urban Development, a household is considered cost-burdened when it spends 30% or more of its income on gross housing costs, whether for renter or ownership housing.

OVERALL MARKET CONDITIONS | SUMMARY

1 **Population and Household Growth**
Sandy Springs is growing in population at a steady rate, with an **additional 5,001 households between 2011 and 2018**, at a slightly higher pace than the region.

2 **Tenure**
Household growth since 2011 has added more renters than owners, **with 71% of household growth consisting of renter households.**

3 **Household Income**
Sandy Springs is experiencing a greater rate of growth amongst **households earning between \$50,000 and \$150,000** annually compared to the Metropolitan Statistical Area (MSA) and North Atlanta study area, and **renters seeing their incomes rise faster than homeowners.**

4 **Housing Costs**
Lower income households tend to spend a higher percentage of their annual income on housing costs compared to wealthier households. On average, households earning less than \$50,000 annually are housing cost burdened, meaning they spend more than 30% of their annual income on housing costs.

5 **Housing Deliveries**
6,707 housing units have been constructed since 2010. Multifamily units made up 65% (4,377 units) and single-family made up 35% (2,330 units).

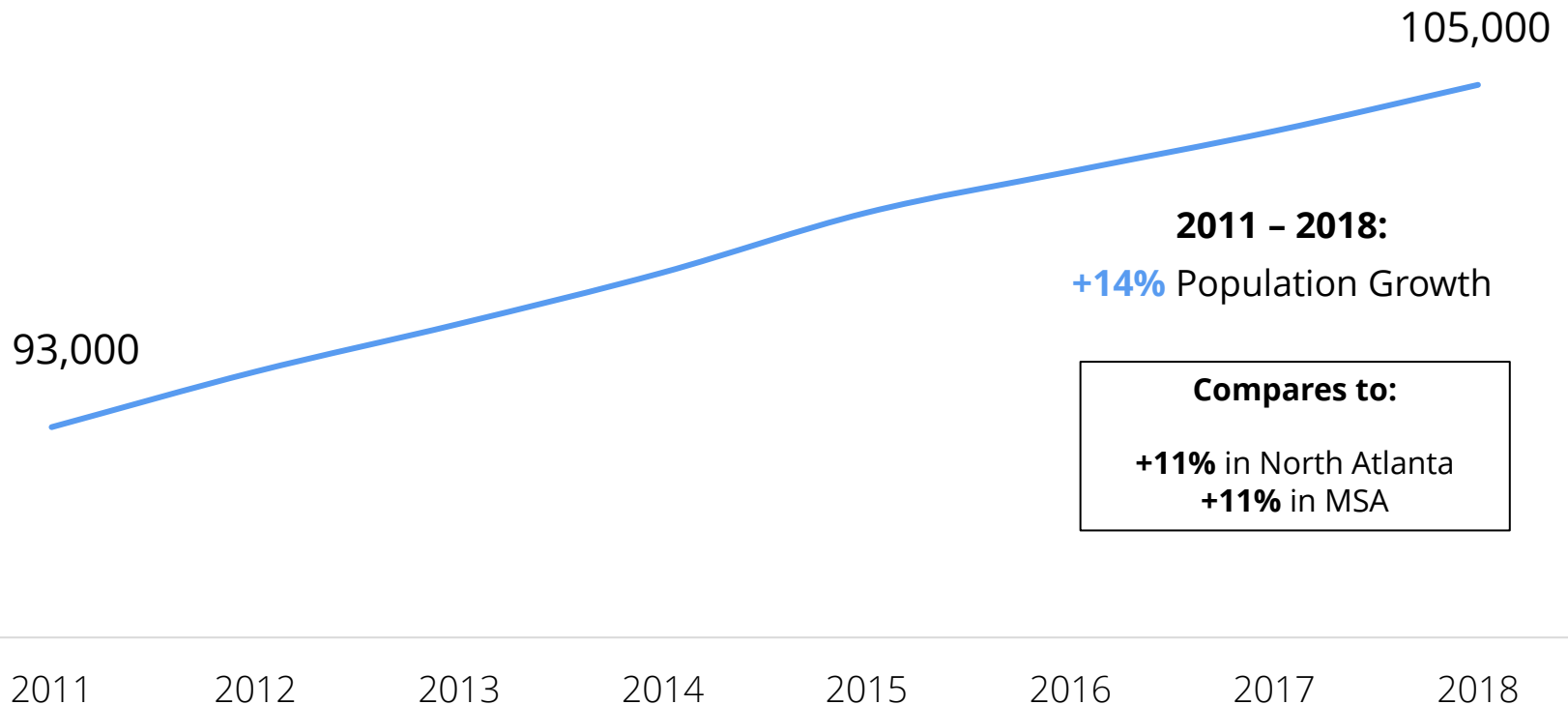
6 **Multifamily Deliveries**
Since 2017, **permitting of multifamily has declined**, particularly the construction of new rental apartment buildings.

DEMOGRAPHIC TRENDS | POPULATION

Sandy Springs experienced steady population growth over the past decade, with an annual growth rate of about 2% since 2011.

TOTAL POPULATION

Sandy Springs, GA, 2011-2018

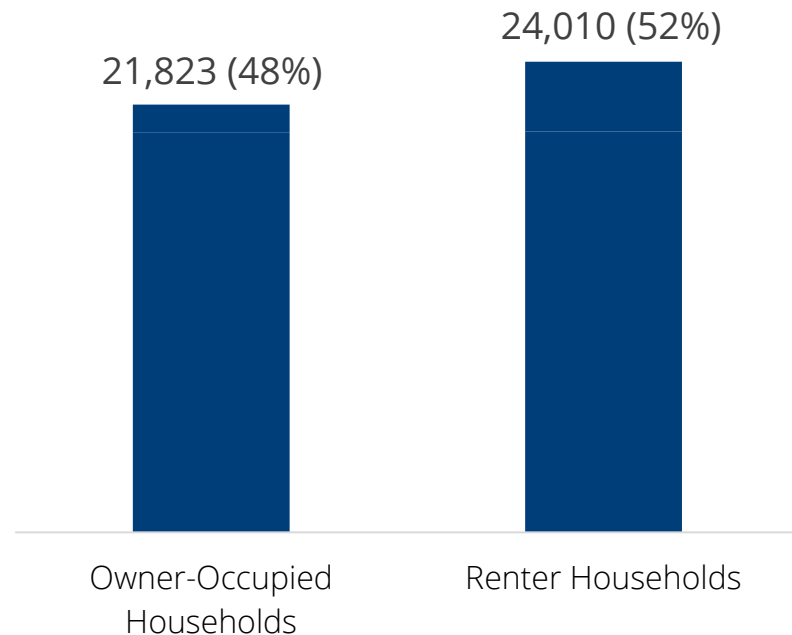


DEMOGRAPHIC TRENDS | SANDY SPRINGS HOUSEHOLDS

There are more renter households in Sandy Springs than owner households and more growth among renter households since 2011 than owner households.

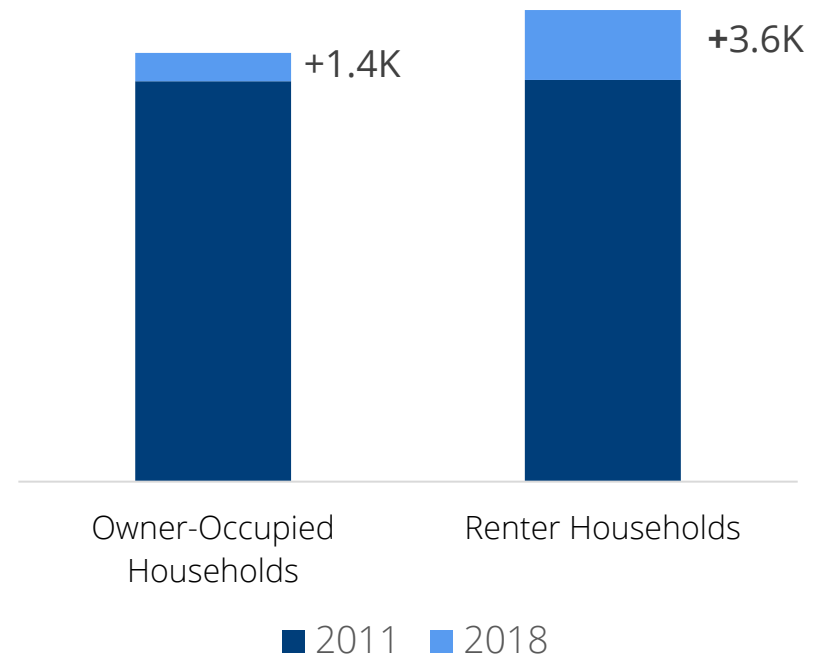
OWNER AND RENTER HOUSEHOLDS

Sandy Springs, GA, 2018



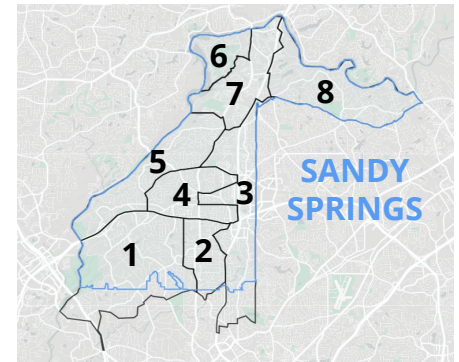
INCREASE IN HOUSEHOLDS BY TENURE

Sandy Springs, GA, 2011-2018



DEMOGRAPHIC TRENDS | SUBAREA HOUSEHOLDS

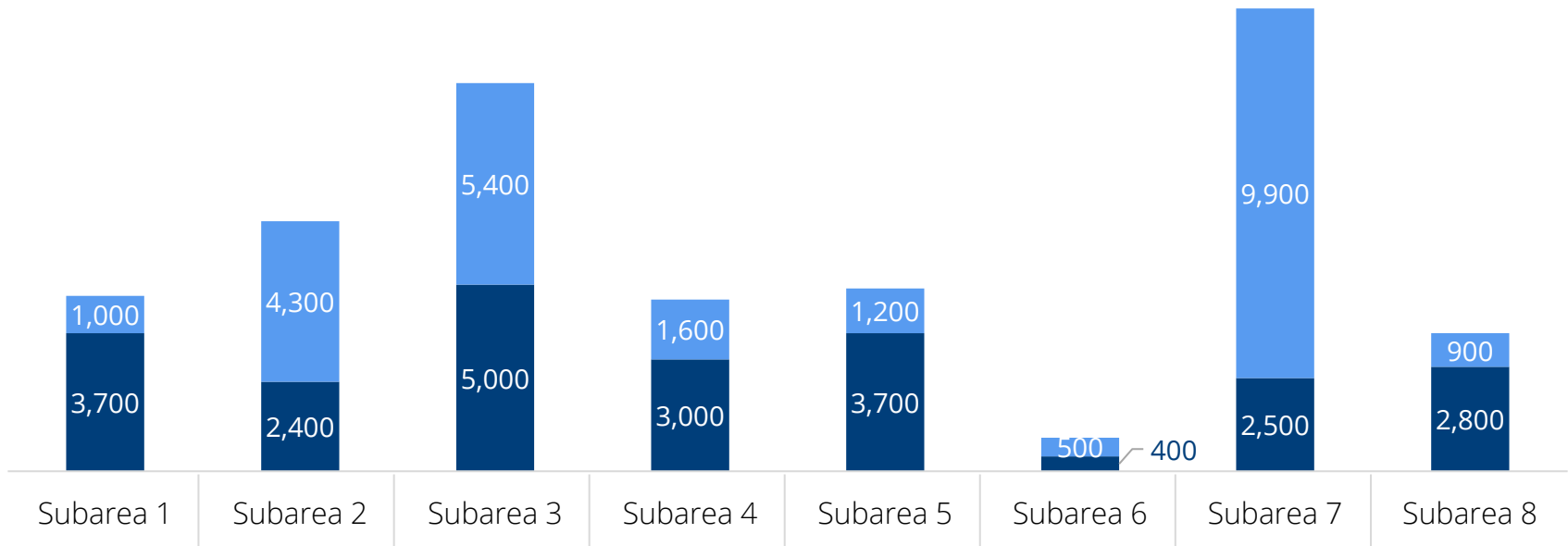
However, tenure varies significantly by Subarea. The concentration of rental units in Subareas 2, 3, and 7 reflects the concentration of multifamily development.



OCCUPIED UNITS BY TENURE

Subareas, 2018

■ Owner-Occupied Units ■ Renter-Occupied Units

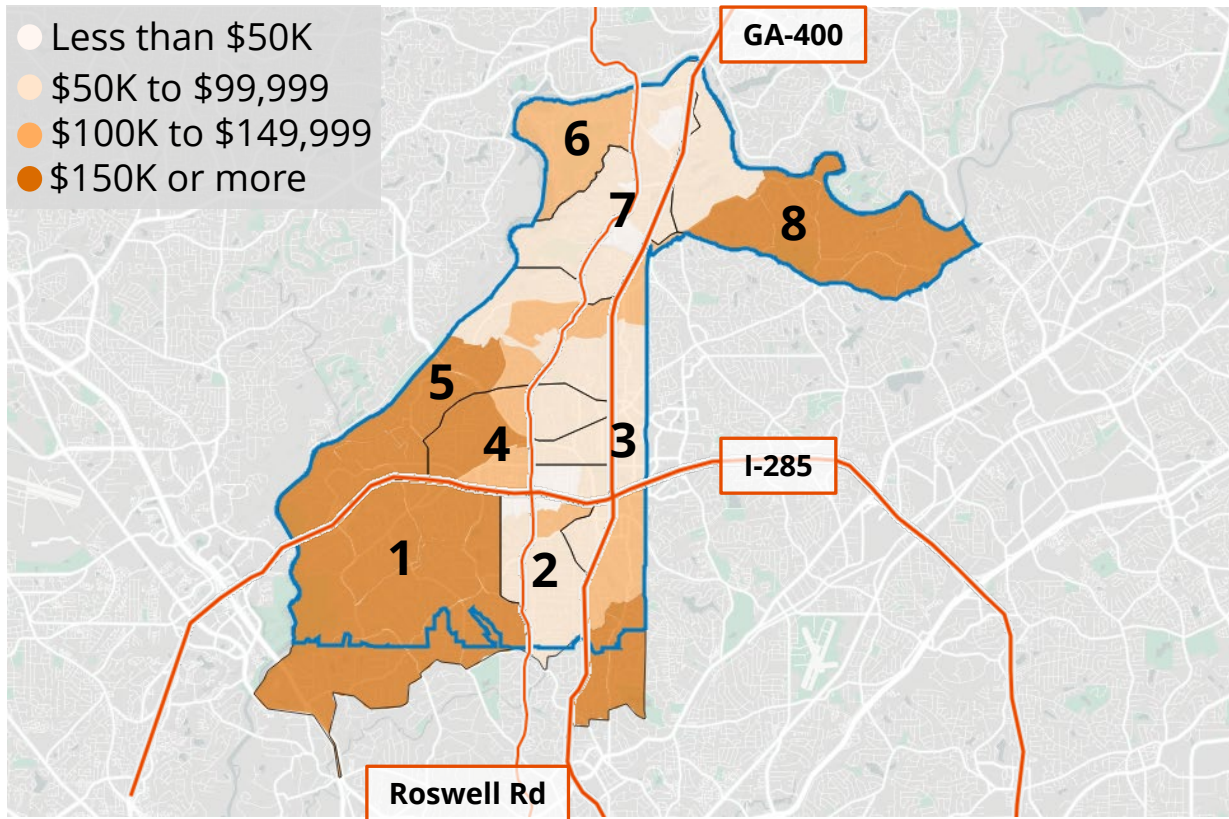


DEMOGRAPHIC TRENDS | HOUSEHOLDS

Median income is highest in areas with lower population density, including Subareas 1, 5, and 8 as well as the southern part of Subarea 3.

MEDIAN HOUSEHOLD INCOME BY CENSUS BLOCK GROUP

Sandy Springs, GA, 2020



\$74,100

Median Household
Income in
Sandy Springs

\$89,400

Median Household
Income in
North Atlanta

\$64,800

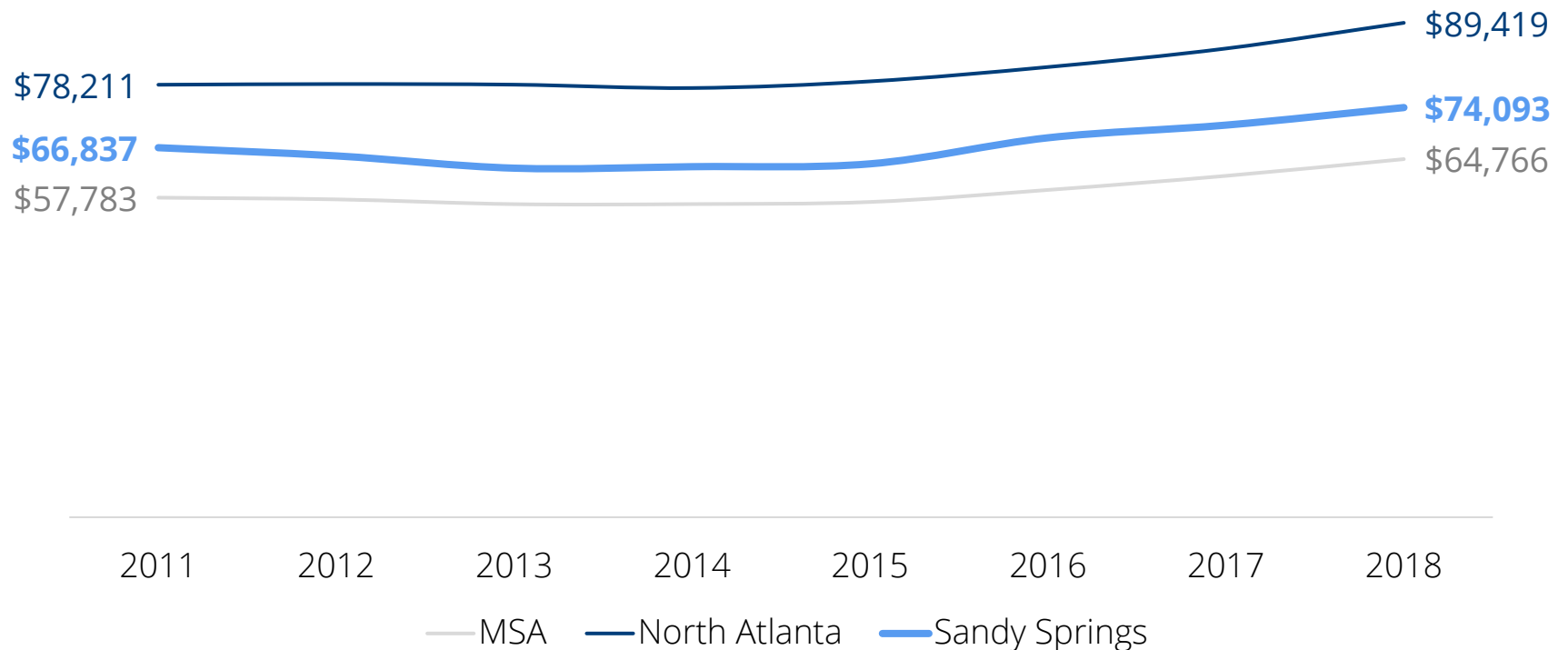
Median Household
Income in MSA

DEMOGRAPHIC TRENDS | HOUSEHOLD INCOME

Median household incomes are higher in Sandy Springs compared to the MSA and have risen 11% percent since 2011.

MEDIAN HOUSEHOLD INCOME

MSA, North Atlanta, and Sandy Springs, GA 2011-2018

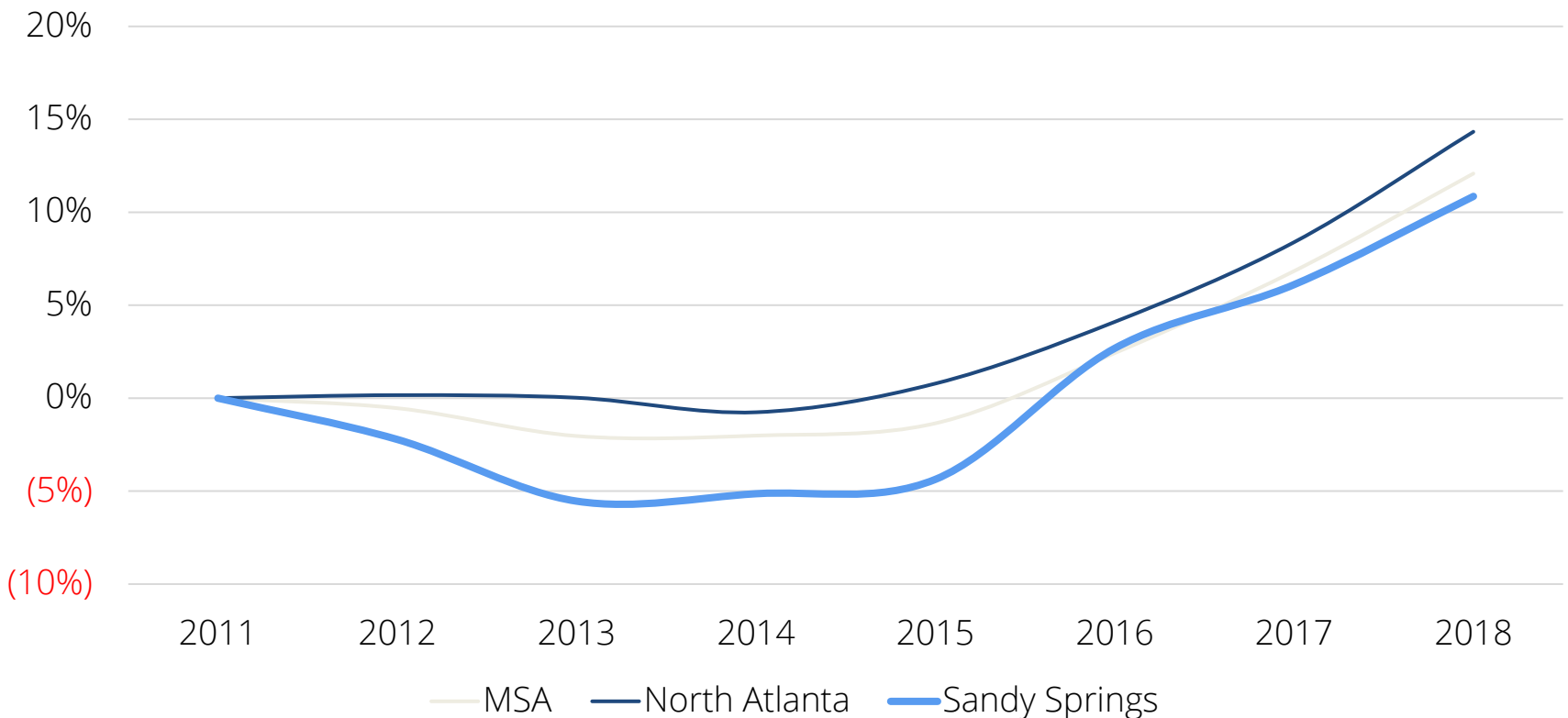


DEMOGRAPHIC TRENDS | HOUSEHOLD INCOME

Median household incomes in Sandy Springs have grown faster than both the MSA and North Atlanta since 2015.

TOTAL PERCENT CHANGE IN MEDIAN HOUSEHOLD INCOME

MSA, North Atlanta, and Sandy Springs, GA 2011-2018

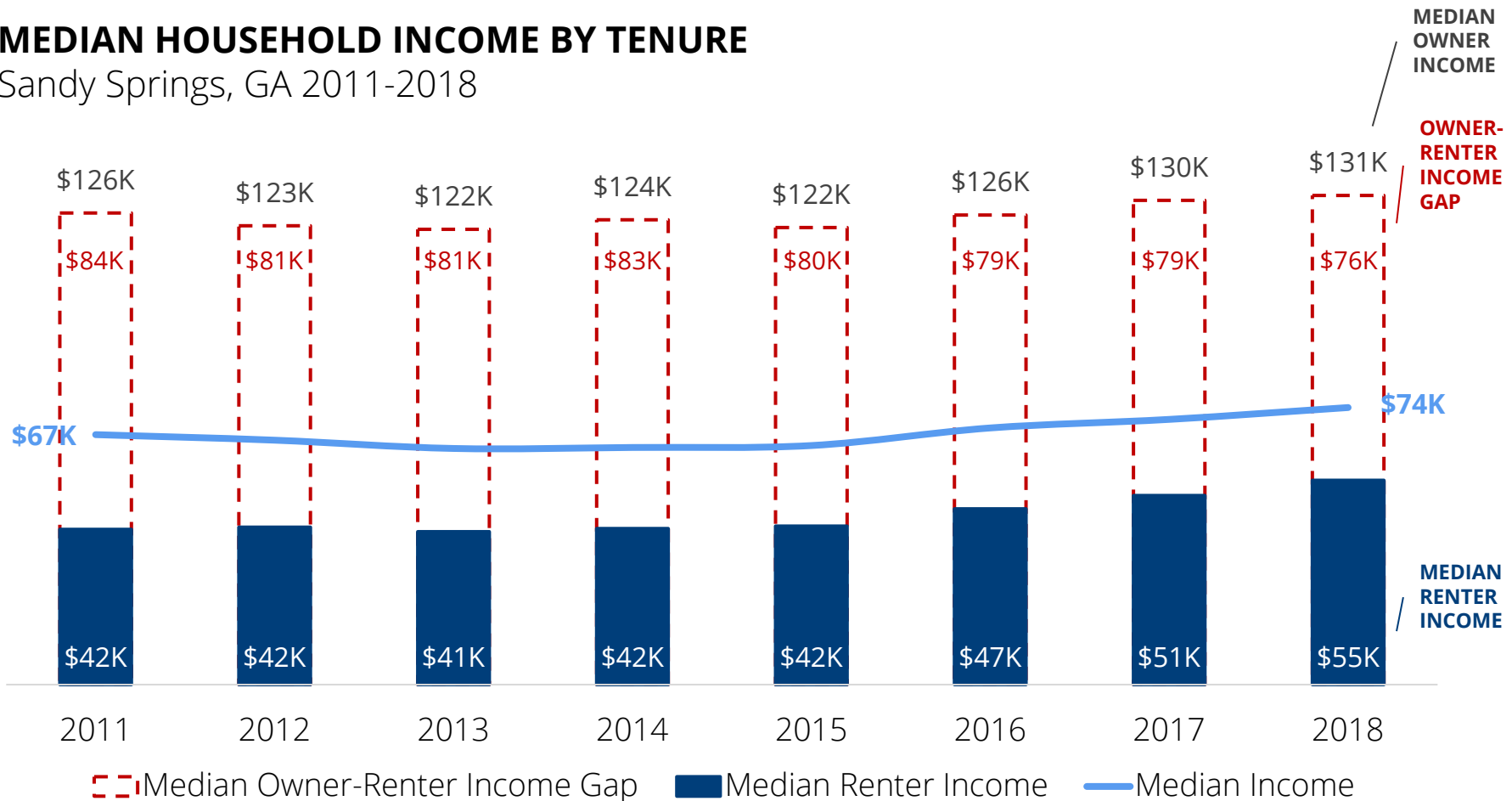


DEMOGRAPHIC TRENDS | HOUSEHOLD INCOME

There is a significant gap in household income by tenure, although it has decreased by 10% in the past decade.

MEDIAN HOUSEHOLD INCOME BY TENURE

Sandy Springs, GA 2011-2018

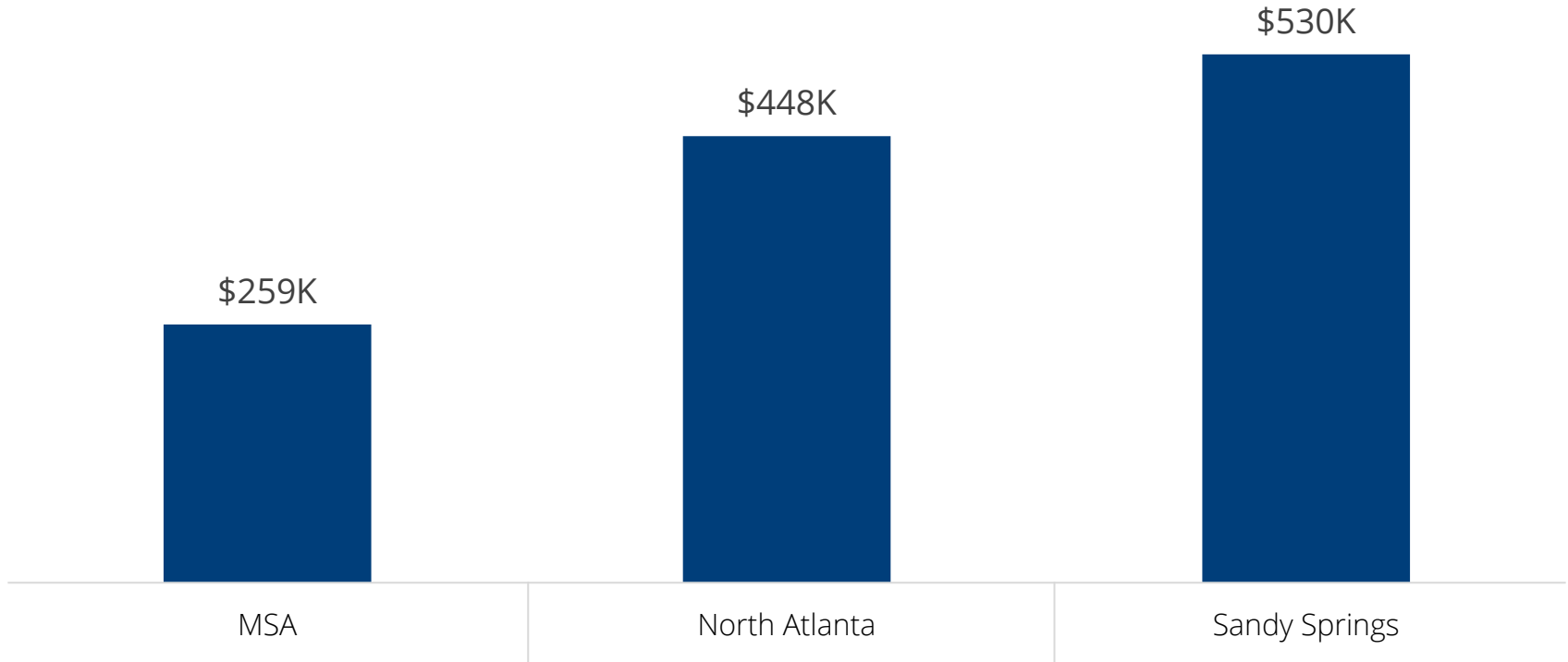


HOUSING NEEDS | HOME PRICE

Median home prices in Sandy Springs exceed North Atlanta and the MSA, reflecting Sandy Springs' desired location in the region.

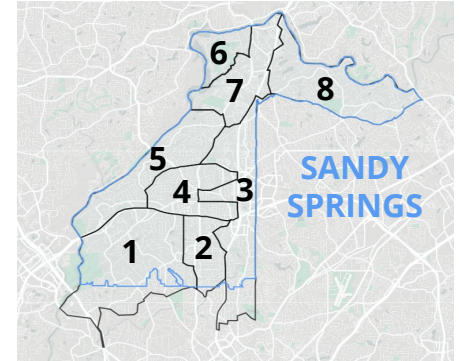
MEDIAN HOME PRICE

MSA, North Atlanta, Sandy Springs, GA, June 2019



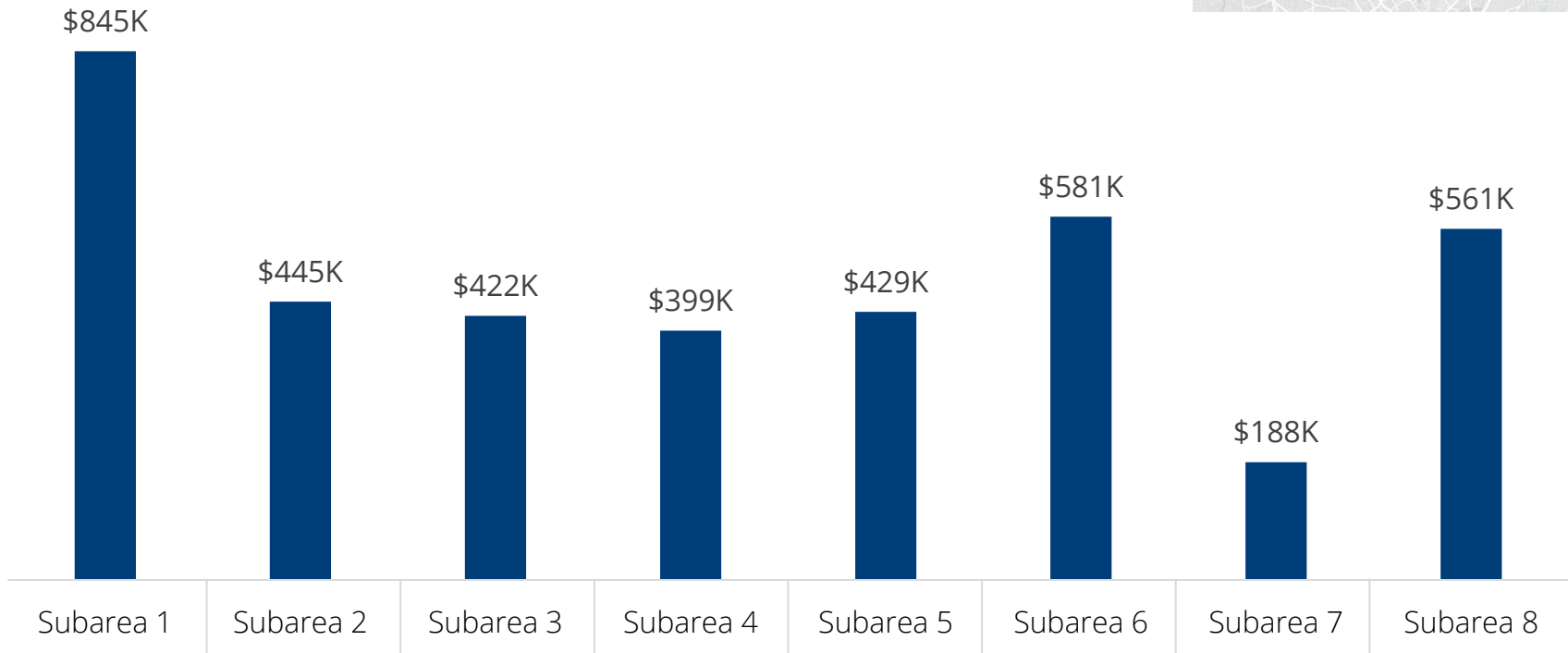
HOUSING NEEDS | HOME VALUE

Subareas 1, 6, and 8 drive high home values in Sandy Springs. The concentration of condos and townhomes in Subarea 7 results in lower median home values.



MEDIAN HOME VALUE

Subareas, 2018



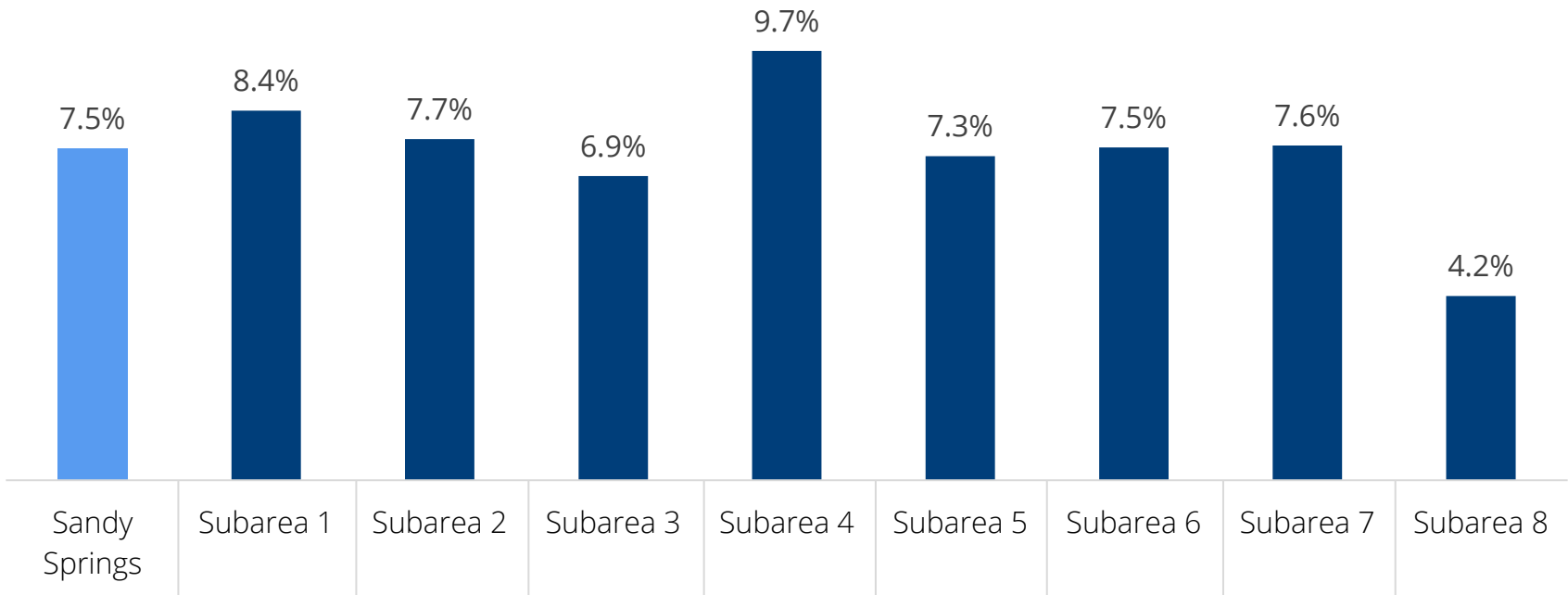
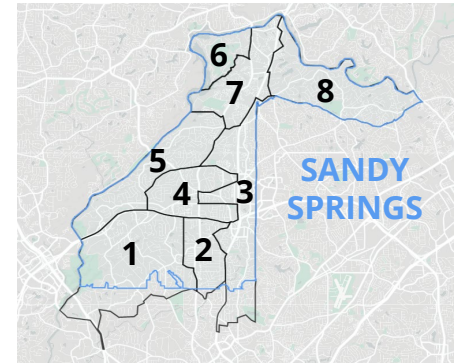
Note: Because the most recent census data on the block group level is from 2018, home values on this slide lag present-day values.

HOUSING NEEDS | PRICE APPRECIATION

Despite the lower overall home values in Subarea 7, price appreciation is consistent with the rest of Sandy Springs.

MEDIAN ANNUAL PRICE APPRECIATION

Sandy Springs and Subareas, 2010-2019



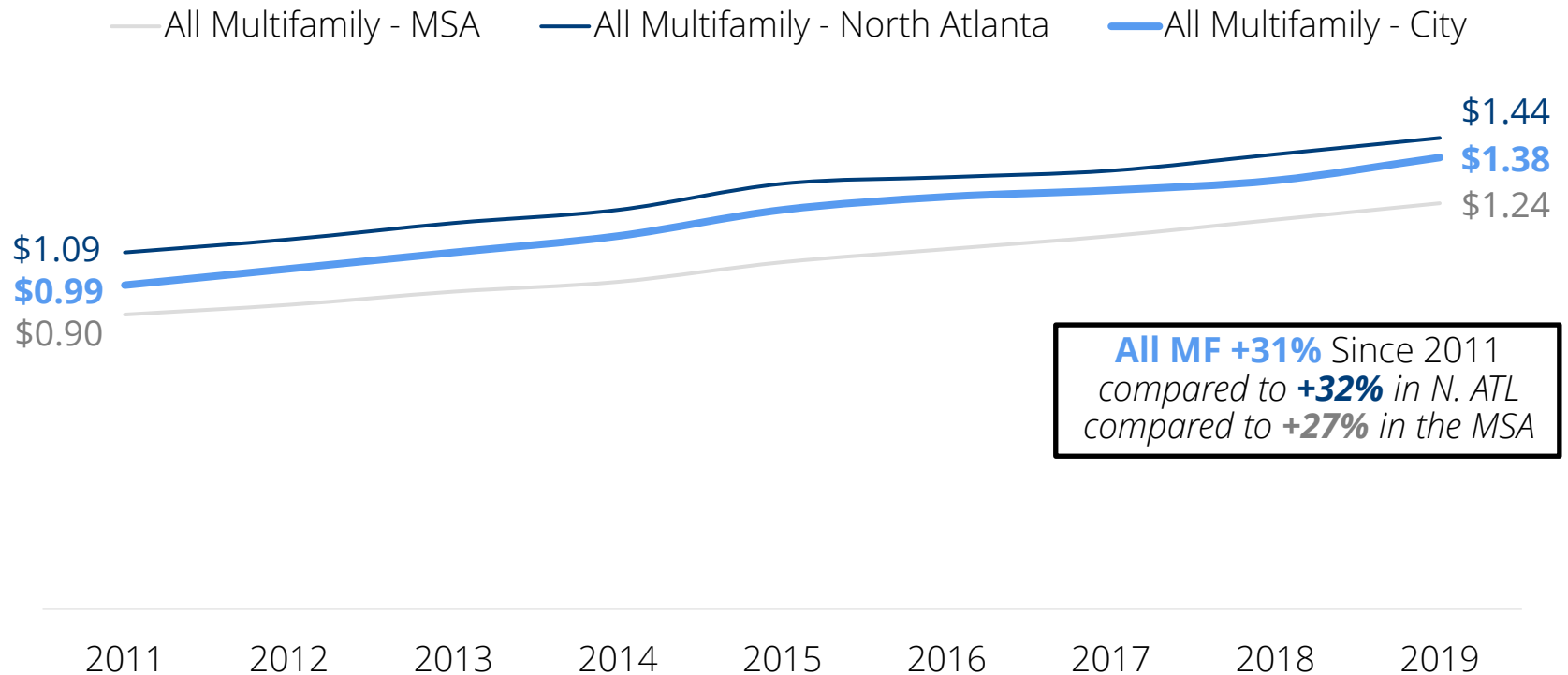
Note: To account for outliers, all sales less than \$50K as well as properties that appreciated or depreciated more than ¼ of a standard deviation from the mean were excluded from this analysis.

HOUSING NEEDS | RENTAL PRICING

Rents are steadily increasing in Sandy Springs and across the region. Since 2011, it has been more expensive to rent in North Atlanta (including Sandy Springs) compared to the rest of the MSA.

AVERAGE EFFECTIVE RENT PER SF

MSA, North Atlanta, Sandy Springs, GA, 2011-2019

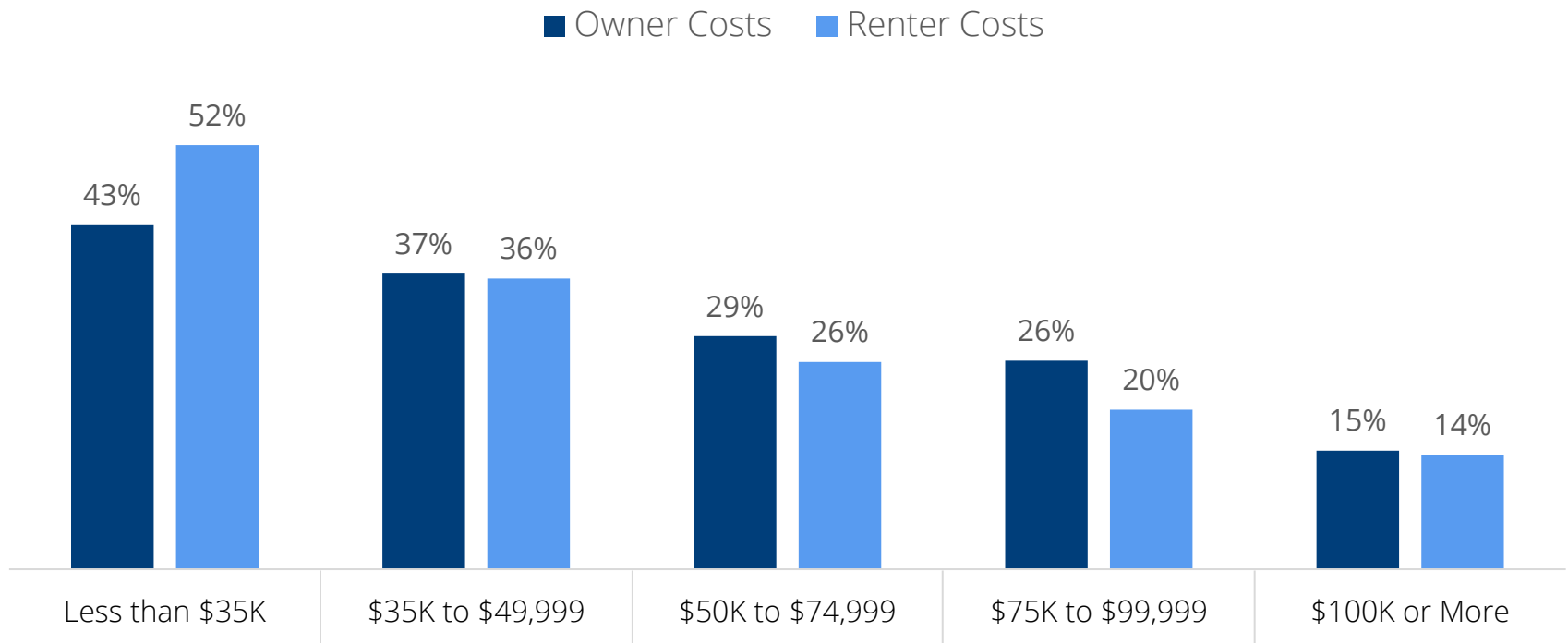


HOUSING NEEDS | HOUSING COSTS AND INCOME

Lower income households pay a higher percentage of income on housing costs than wealthier households. The average household (both owner and renter) in Sandy Springs earning less than \$50,000 annually is housing cost burdened, meaning they pay more than 30% of income in housing.

HOUSING COSTS AS A PERCENTAGE OF INCOME

Sandy Springs, GA 2018



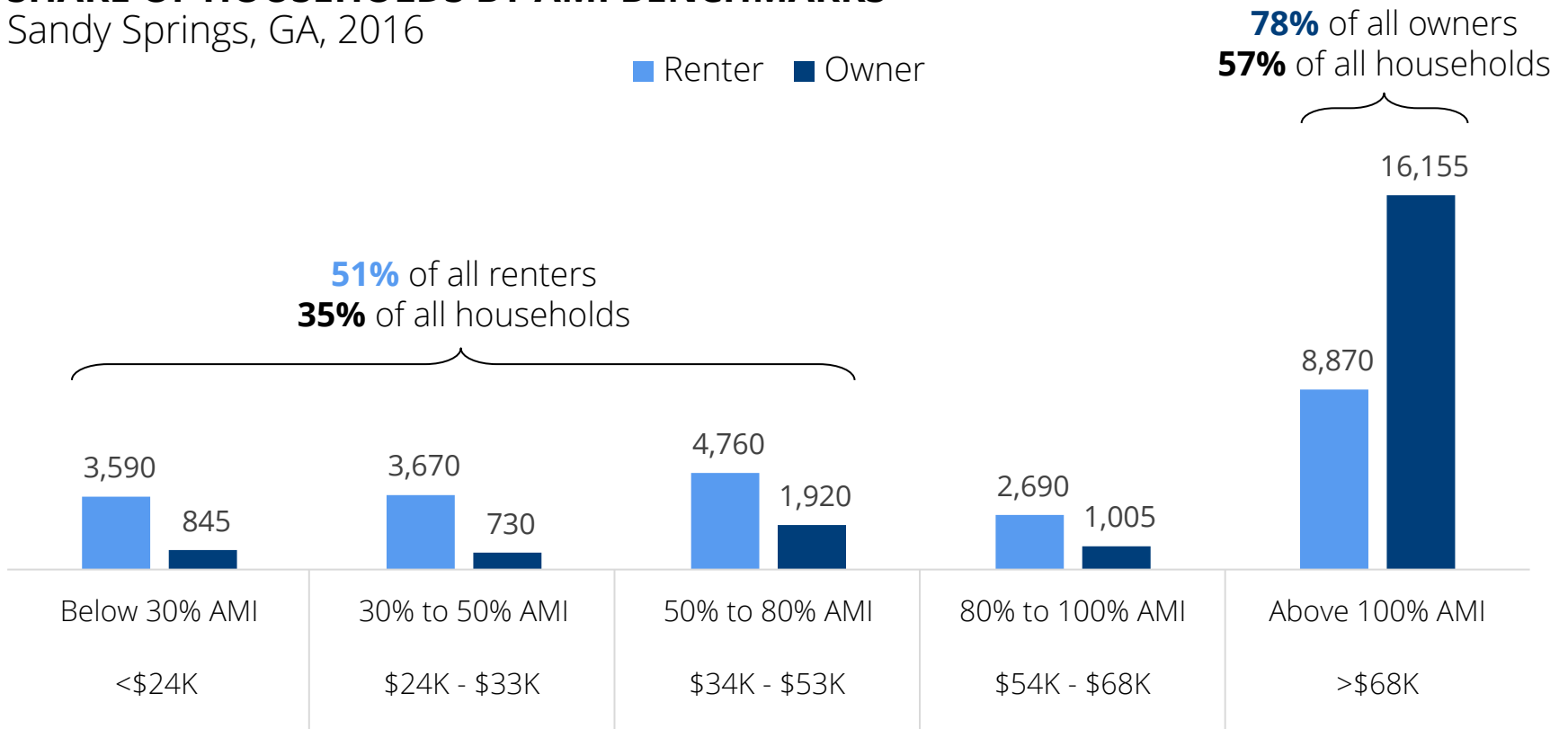
Note: excludes households which pay over 100% of income on housing

HOUSING NEEDS | HOUSING AFFORDABILITY

The majority of renter households earn less than 80% AMI annually. These renter households comprise 77% of all householders under 80% AMI.

SHARE OF HOUSEHOLDS BY AMI BENCHMARKS

Sandy Springs, GA, 2016



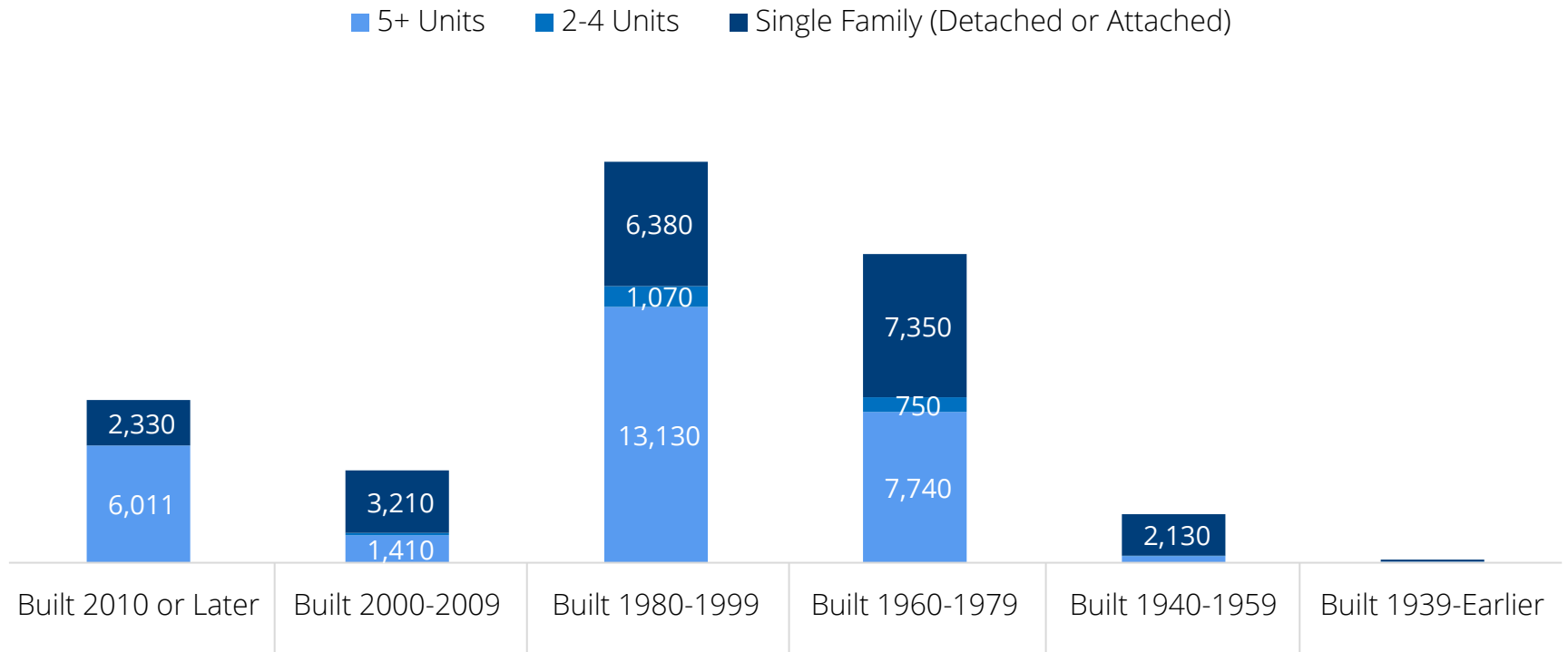
* 2016 is the most current CHAS data available

HOUSING MARKET | HOUSING TYPE BY YEAR BUILT

More than 3X as many multifamily units were built in Sandy Springs in the 2010s compared to the 2000s, but these units still represent only 15% of the total multifamily stock.

UNITS IN STRUCTURE BY YEAR BUILT

Sandy Springs, GA, 2019

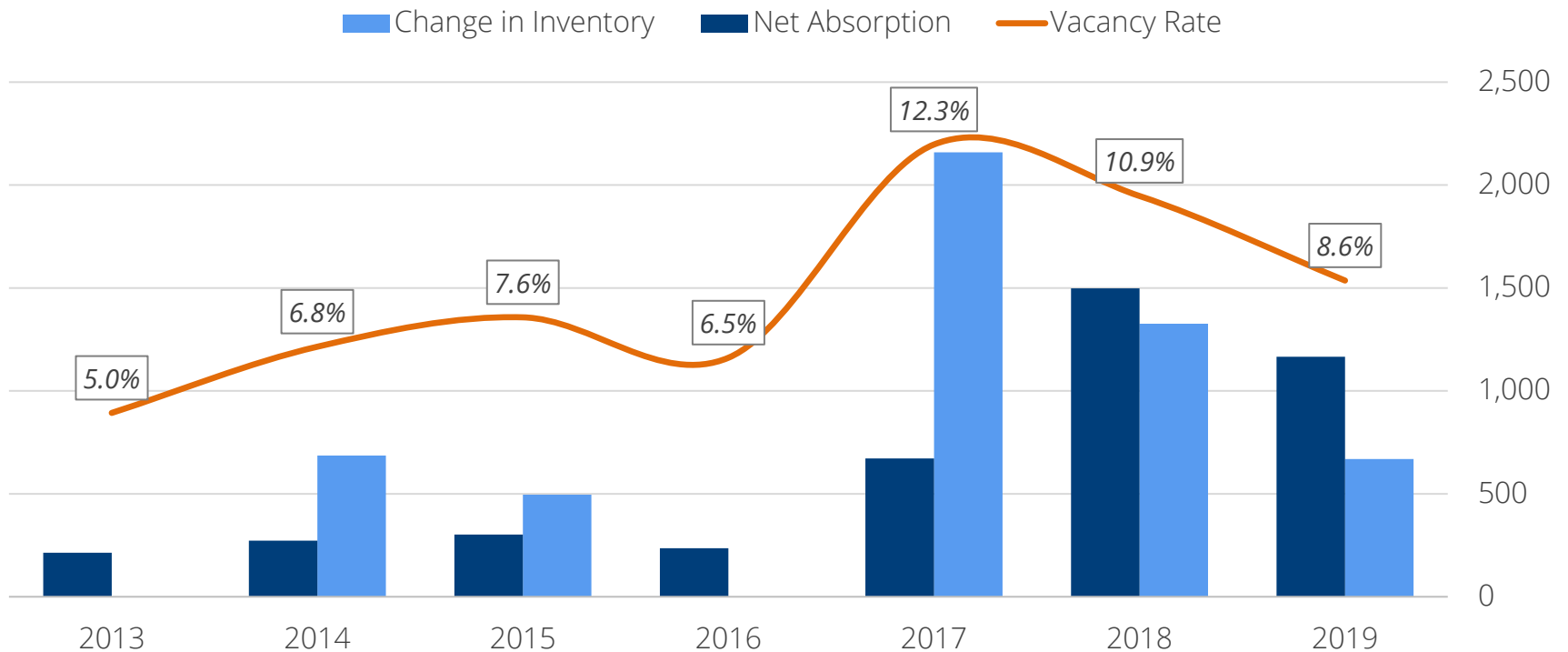


HOUSING MARKET | DELIVERIES AND ABSORPTION

In Sandy Springs, multifamily deliveries reached a peak in 2017 and have declined since then.

RENTAL DELIVERIES, ABSORPTION, AND VACANCY

Sandy Springs, GA, 2013-2019



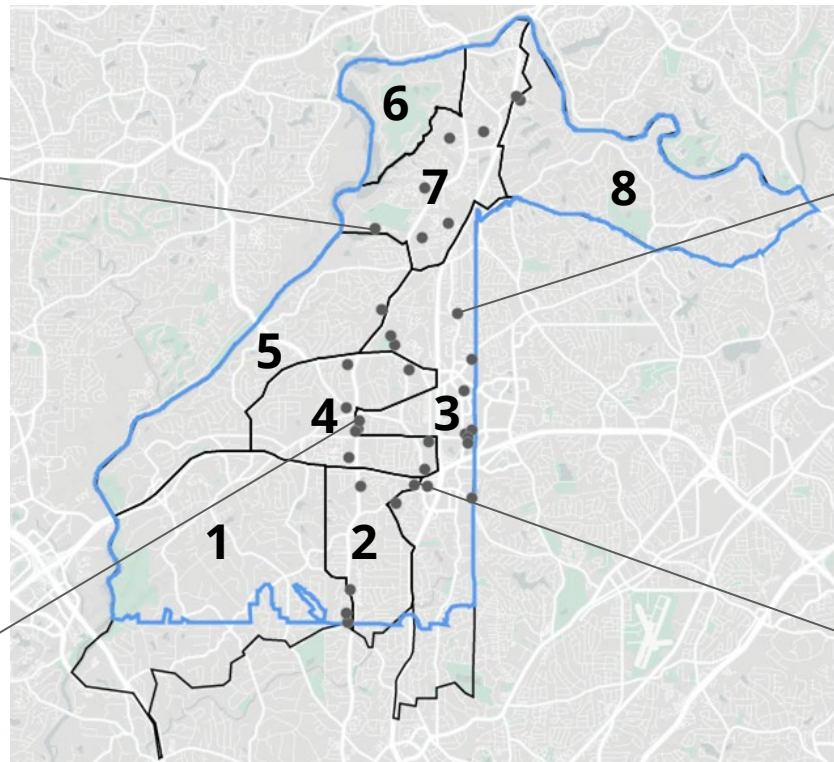
HOUSING MARKET | DELIVERIES

From 2010-2017, Sandy Springs had an active pipeline of developments, which has dwindled in recent years. New construction occurred in Subareas 2, 3, and 4, accompanied by a renovation projects in Subarea 7.



Edgewater Apts
Built 1985 (Reno. '15)
760 Units | \$1.17/SF

MULTIFAMILY DELIVERIES (INCLUDING RENOVATION) Sandy Springs, GA, 2010-2020 YTD



Linq Apts
Built 2017
236 Units | \$1.70/SF



Modera Apts
Built 2017
313 Units | \$1.86/SF



Windsor Apts
Built 2011
160 Units | \$1.49/SF

HOUSING MARKET | DEVELOPMENT PIPELINE

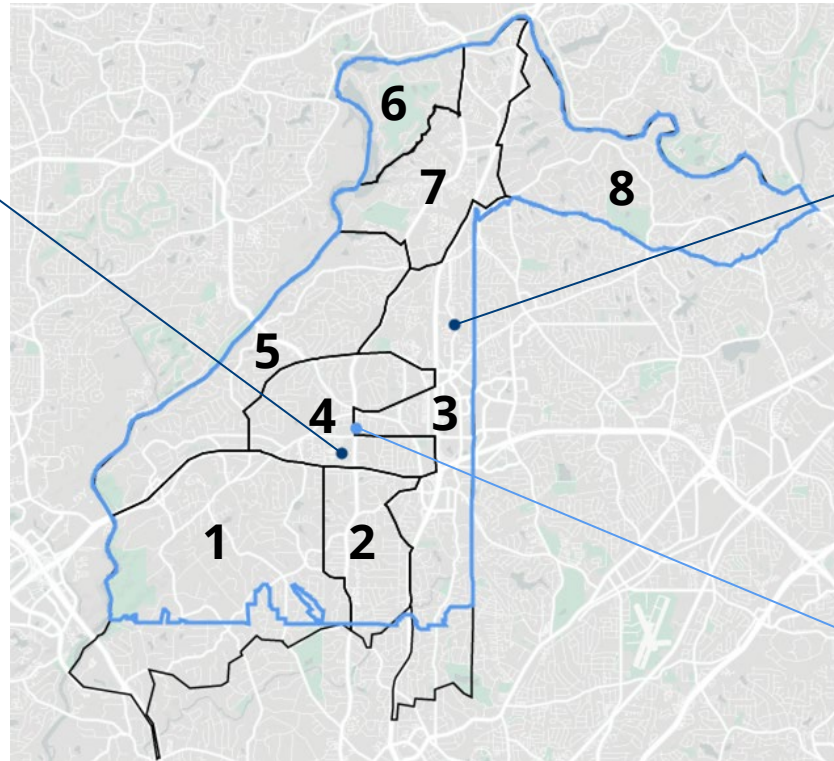
The multifamily development pipeline is much smaller than it was in 2017. New multifamily construction, especially of rental apartments, is becoming increasingly scarce.



Cliftwood Flats
Condominiums
Approved
30 Units | \$320/SF

PLANNED AND UNDER CONSTRUCTION MULTIFAMILY

Sandy Springs, GA, 2020



The Dunhill
Condominiums
Closeout
19 Units | \$330/SF



Adley City Springs
Apartments
Closeout
291 Units | \$2.07/SF