



SANDY SPRINGS HOUSING NEEDS ASSESSMENT

HR&A
Analyze. Advise. Act.

NOVEMBER 2020

INTRODUCTION | PURPOSE

HR&A Advisors conducted an assessment of 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:

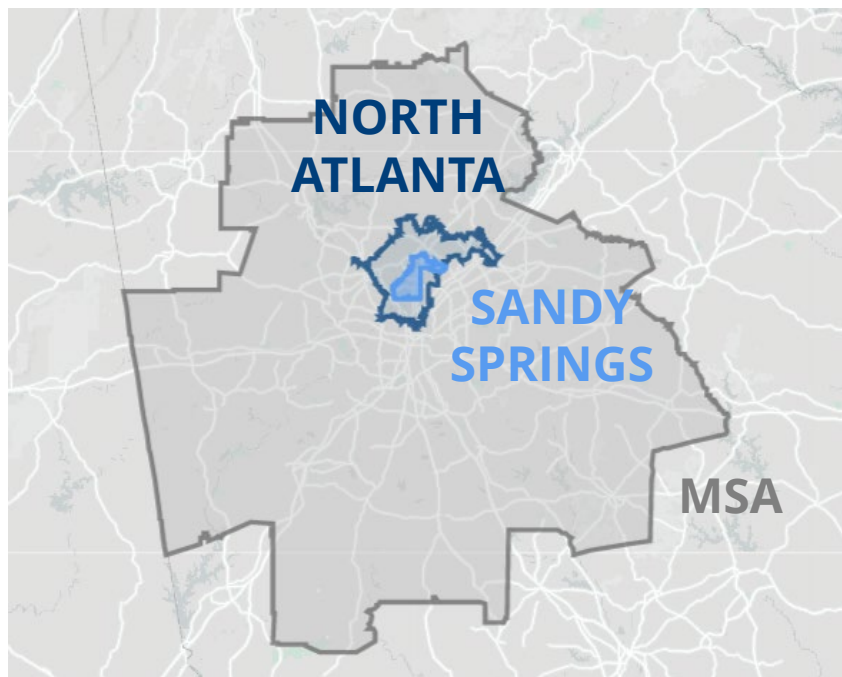
- Demographic and Economic Trends Assessment
 - Cost Burden Assessment
 - Interviews with Housing Stakeholders
 - Employer Housing Needs Assessment
- Housing Supply and Demand
 - Housing Market Conditions Assessment
 - Resource Inventory
- Forecast of Future Housing Need

STUDY APPROACH | GEOGRAPHIES

To understand how the Sandy Springs housing market compares to the region, HR&A analyzed demographic and housing data in North Atlanta and the Metropolitan Statistical Area (MSA). Because housing types and needs vary significantly across different neighborhoods in the City, we also assessed the housing market in eight subareas, composed of census block groups.

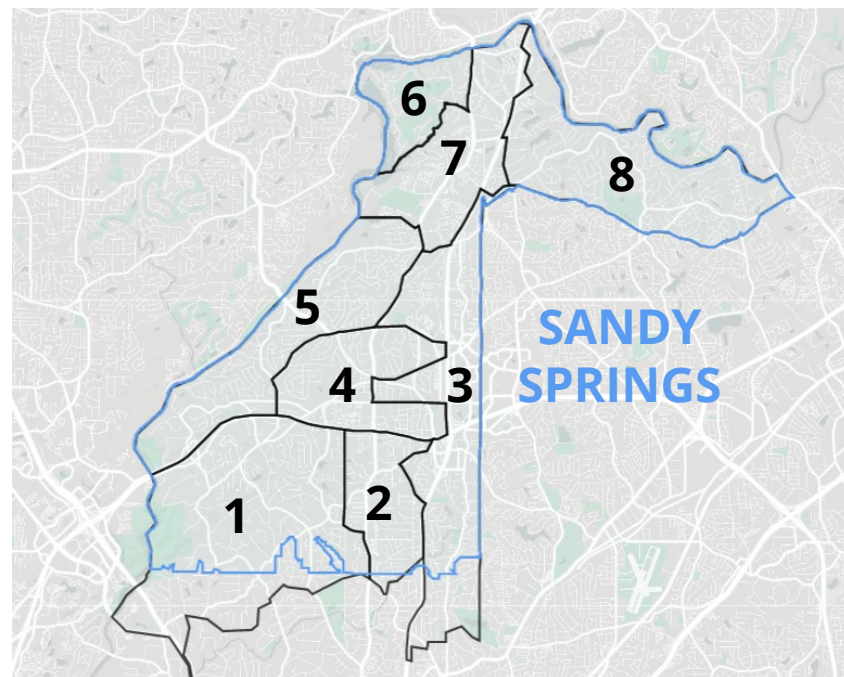
REGIONAL COMPARISON STUDY AREAS

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.

HOMEOWNER HOUSING NEEDS| SUMMARY



Entry Level Housing

Sandy Springs lacks “entry-level” single-family homeownership opportunities.

81% of single-family homes are sold above \$400,000, a price that is generally unaffordable to most households earning less than \$115,000 annually.*

Aging Population

Sandy Springs homeowners are increasingly becoming older as for-sale housing in the city is becoming less accessible to young and middle-aged families.

Citywide, households of most age groups are increasing while homeownership is only growing for those aged 55 and over.



**Ownership calculation assumes 30% housing cost burden, \$700 annual housing insurance costs, \$500 monthly condo/HOA fees, 2% closing costs, and 5% down payment.*

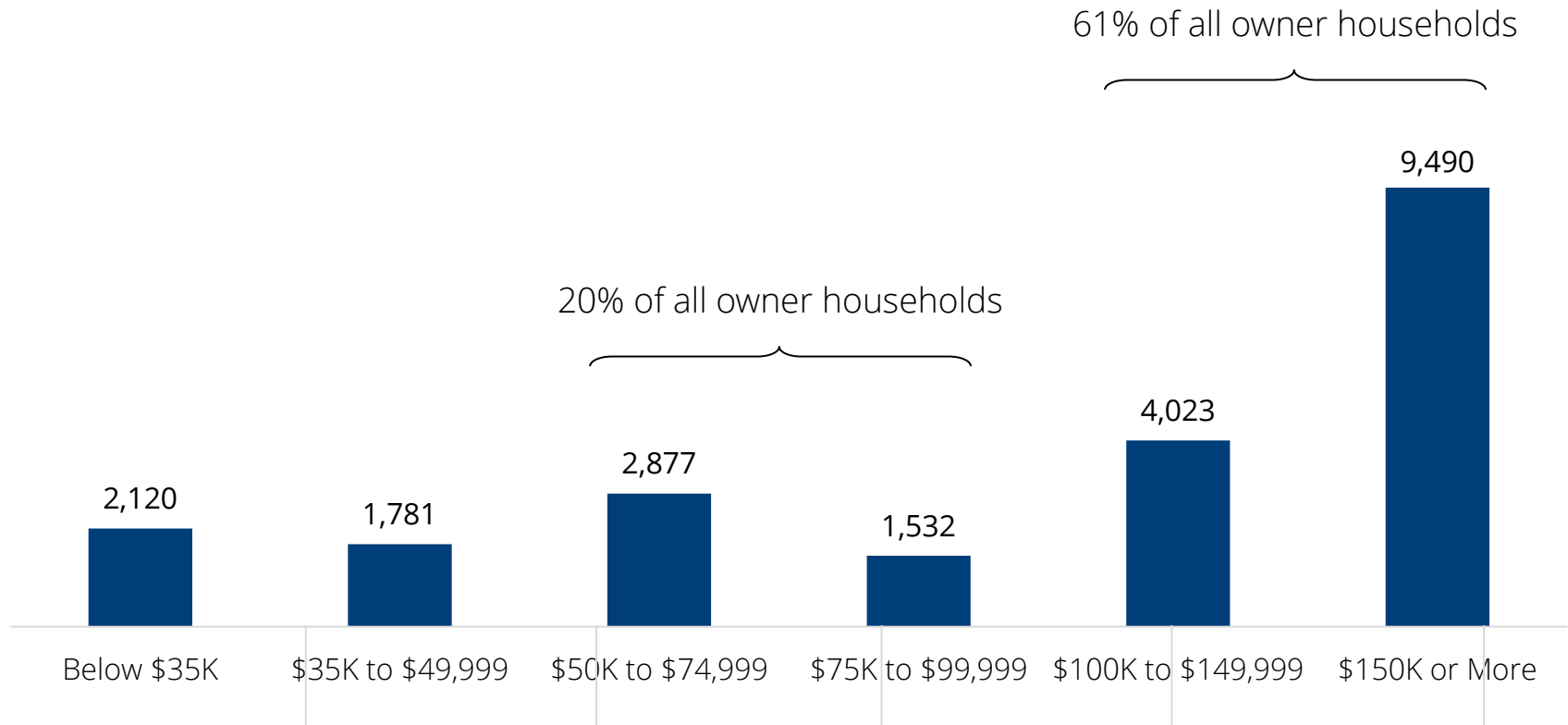
HOUSING NEEDS | HOUSING AFFORDABILITY



Only 20% of owner households have incomes between \$50K and \$100K, while 61% have incomes above \$100K. This indicates a limited supply of entry-level homes.

OWNER HOUSEHOLDS BY HOUSEHOLD INCOME

Sandy Springs, GA, 2018



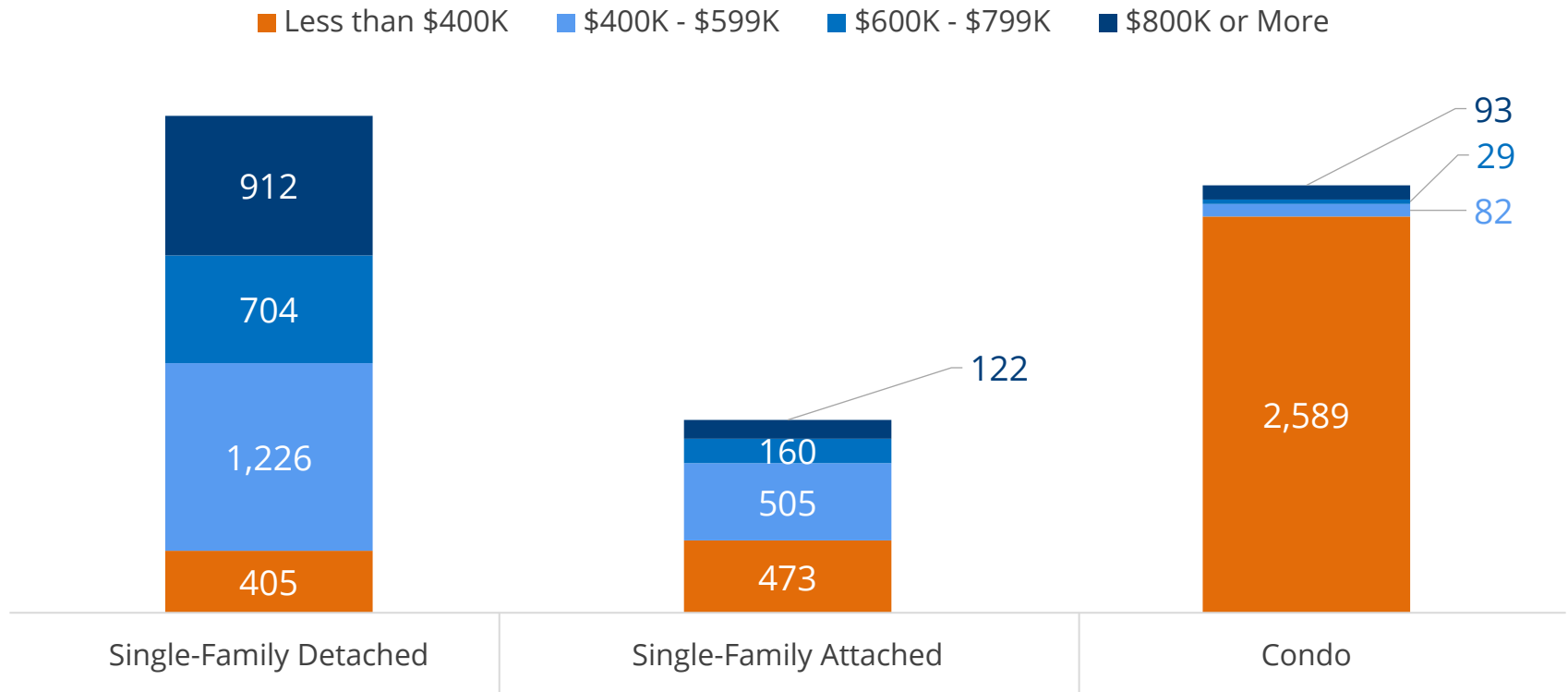


HOMEOWNER HOUSING NEEDS | HOME SALES

Between 2017 and 2019, 81% of single-family homes (attached and detached) were sold for more than \$400K, while 93% of condos were sold for less than \$400K.

HOME SALES BY SALE PRICE AND HOUSING TYPE

Sandy Springs, GA, 2017-2019



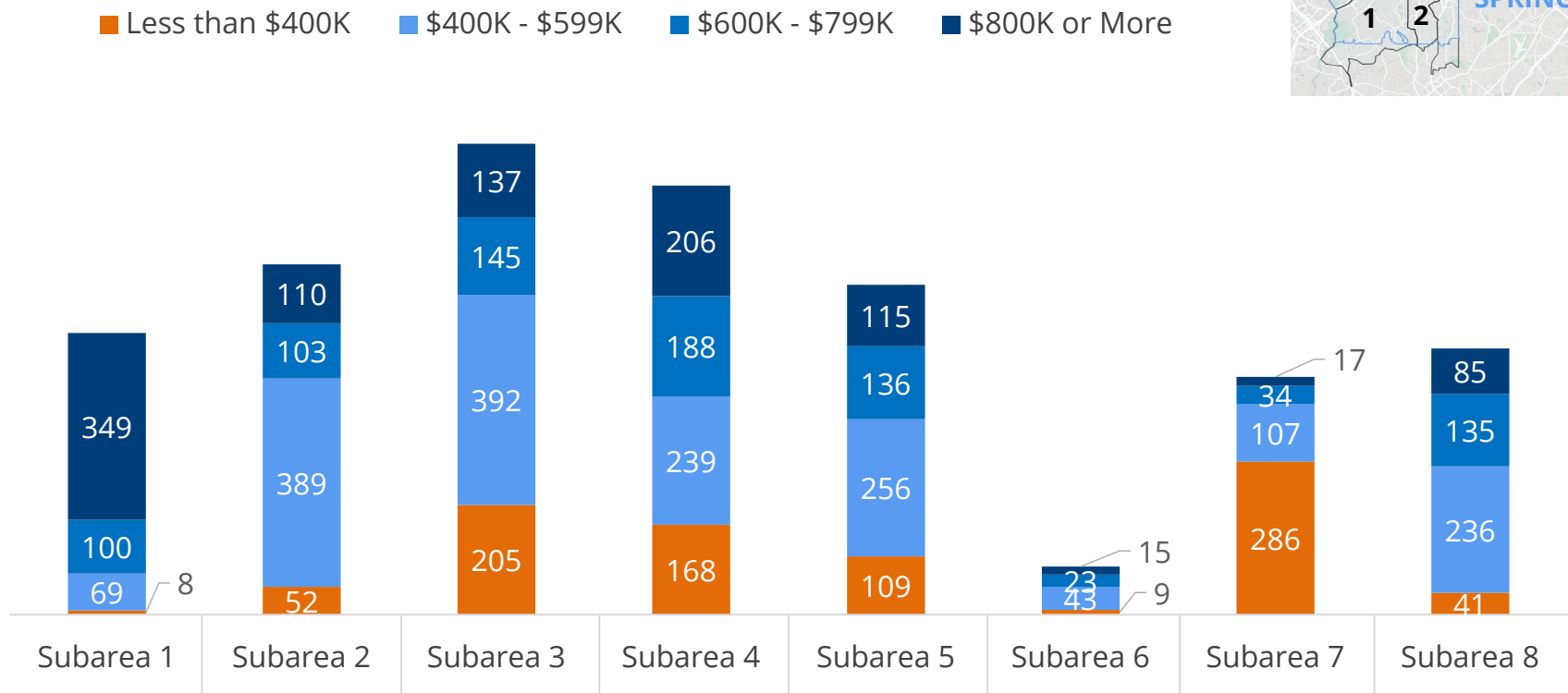
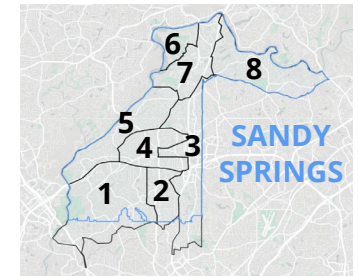
HOMEOWNER HOUSING NEEDS | SINGLE FAMILY SALES



Most single-family homes were sold for over \$400K from 2017 to 2019. Sales in the \$400K - \$600K category tend to be transactions of older homes that may require renovation.

SINGLE-FAMILY (ATTACHED AND DETACHED) SALES BY SALE PRICE

Subareas, 2017-2019



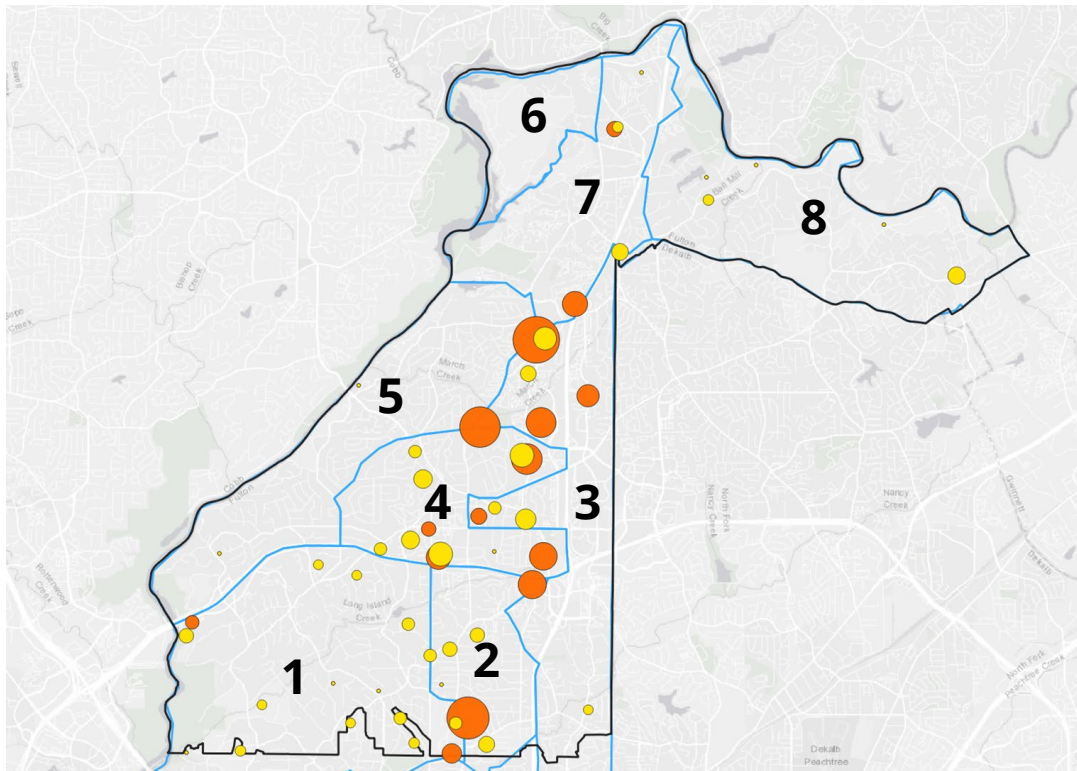
HOMEOWNER HOUSING NEEDS| NEW CONSTRUCTION



Between 2011 and 2020, 363 single-family homes and 1,127 townhomes were built in Sandy Springs. New construction was concentrated in Subareas 1, 2, 3, and 4. No multifamily condominium units were constructed in the past decade.

NEW HOMEOWNER CONSTRUCTION BY HOUSING TYPE

Sandy Springs, GA, 2011-2020



 Number of new units (circle size)

 Single-Family Detached

 Single-Family Attached (Townhomes)

Note: Does not include teardowns of single-family homes. 124 condominium ownership units were included as townhomes because they were constructed as townhome-style units and not multifamily condominium units.

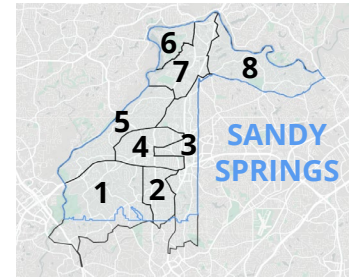
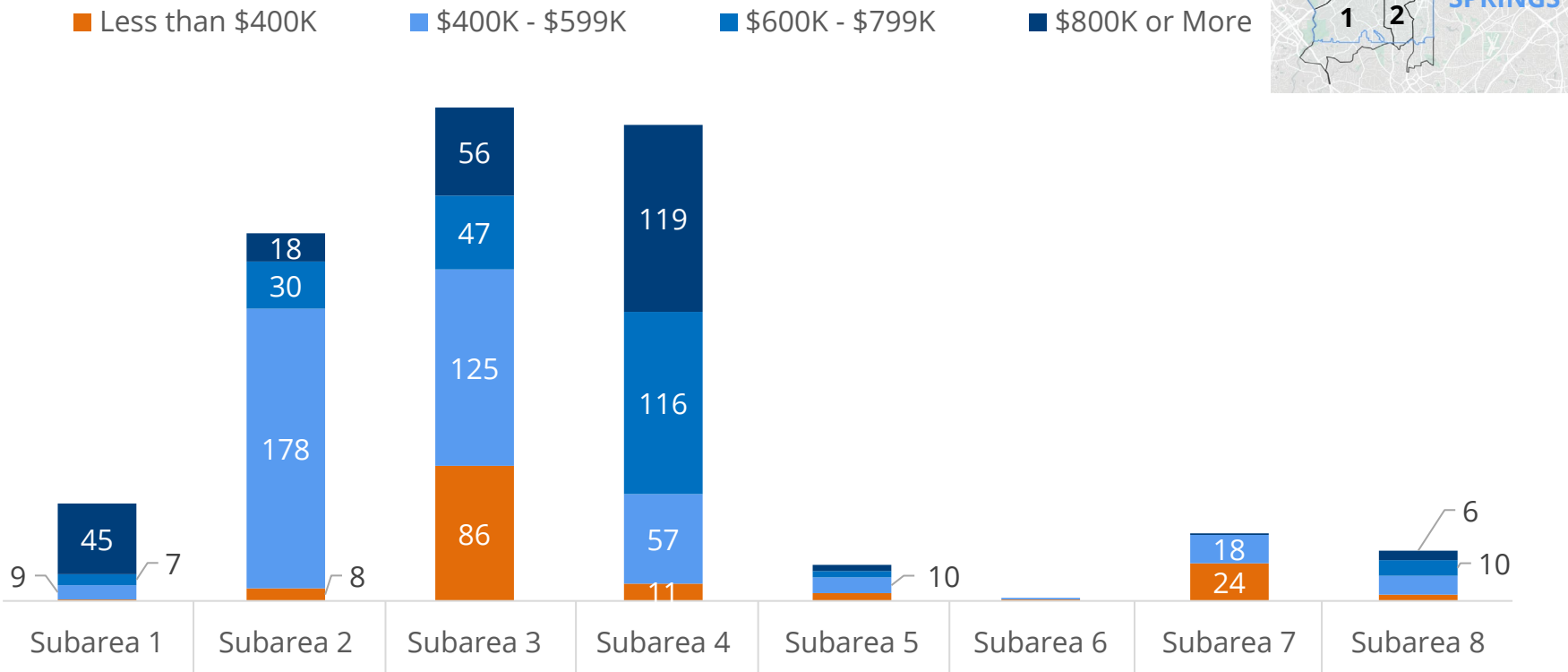
HOMEOWNER HOUSING NEEDS | NEW CONSTRUCTION SALES



86% of new construction attached and detached single-family homes built within the last decade sold above \$400k in recent years.

NEW CONSTRUCTION (BUILT 2010-2020) SINGLE-FAMILY (ATTACHED AND DETACHED) SALES BY SALE PRICE

Subareas, 2017-2019



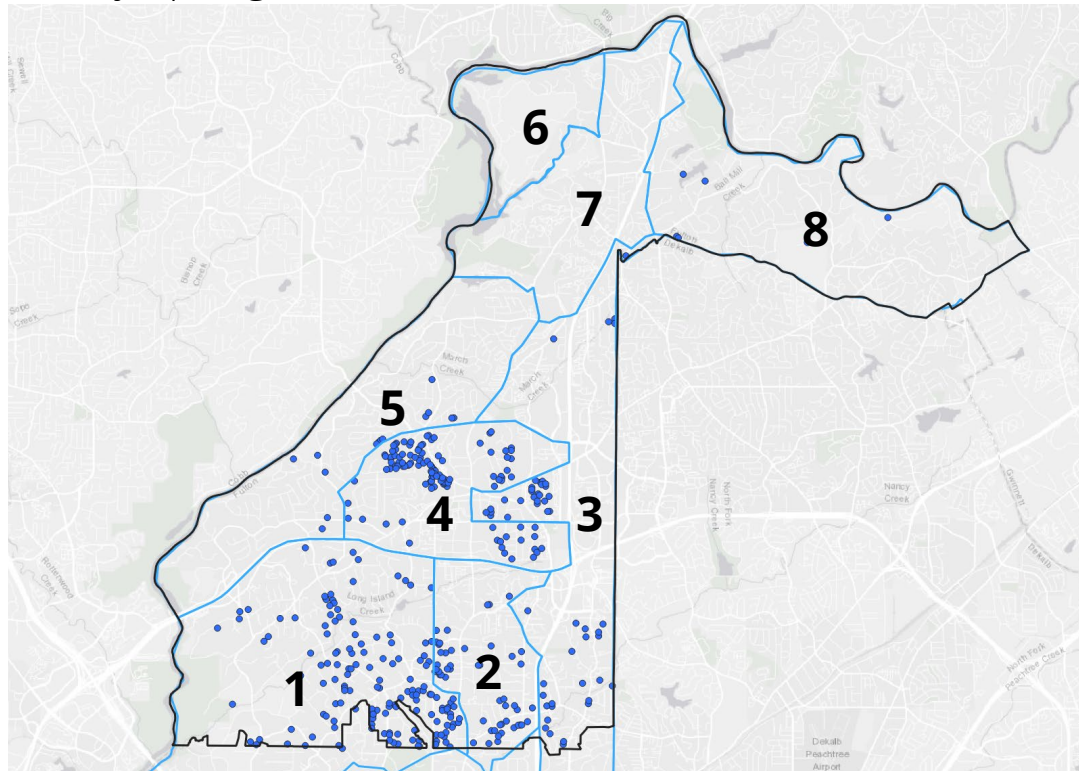
HOMEOWNER HOUSING NEEDS| NEW CONSTRUCTION



Between 2011 and 2020, an estimated 250 to 350 single family homes were demolished and replaced with new construction single family, referred to as “teardowns”.

SINGLE FAMILY HOMES DEMOLISHED AND REPLACED W/ NEW CONSTRUCTION SINGLE FAMILY, OR “TEARDOWNS”

Sandy Springs, GA, 2011-2020



● Single-Family Teardown

Note: Estimates based on Tax Assessor appraisals and reflect homes that were likely demolished and replaced using an HR&A methodology.



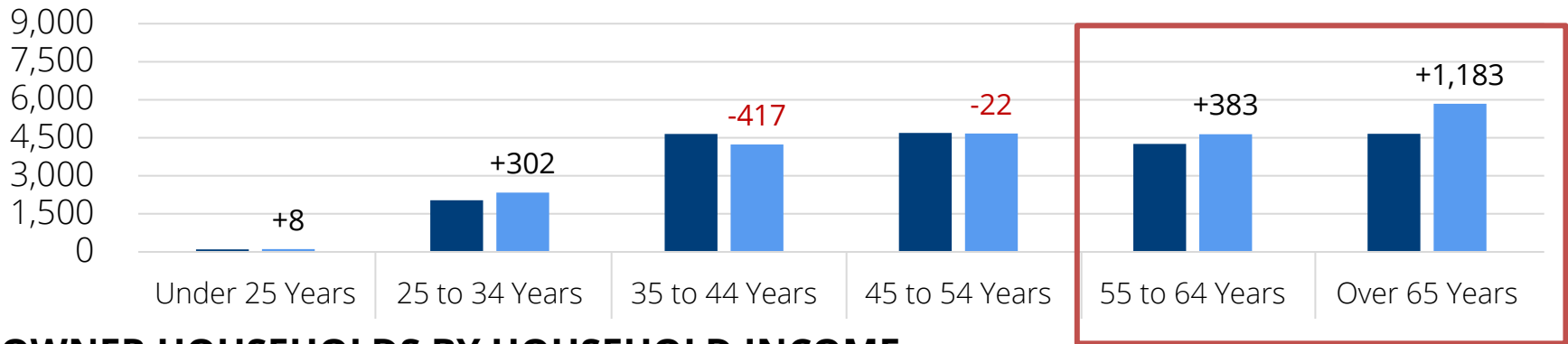
HOMEOWNER HOUSING NEEDS | AGE AND INCOME

Sandy Springs' homeowner population is aging and growing wealthier.

OWNER HOUSEHOLDS BY AGE OF HOUSEHOLDER

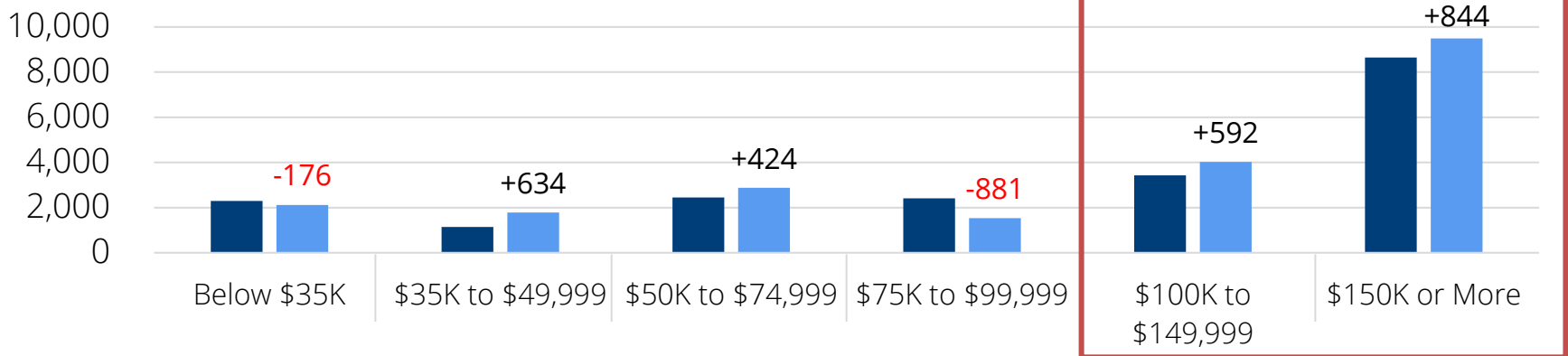
Sandy Springs, GA, 2011-2018

■ 2011 ■ 2018



OWNER HOUSEHOLDS BY HOUSEHOLD INCOME

Sandy Springs, GA, 2011-2018



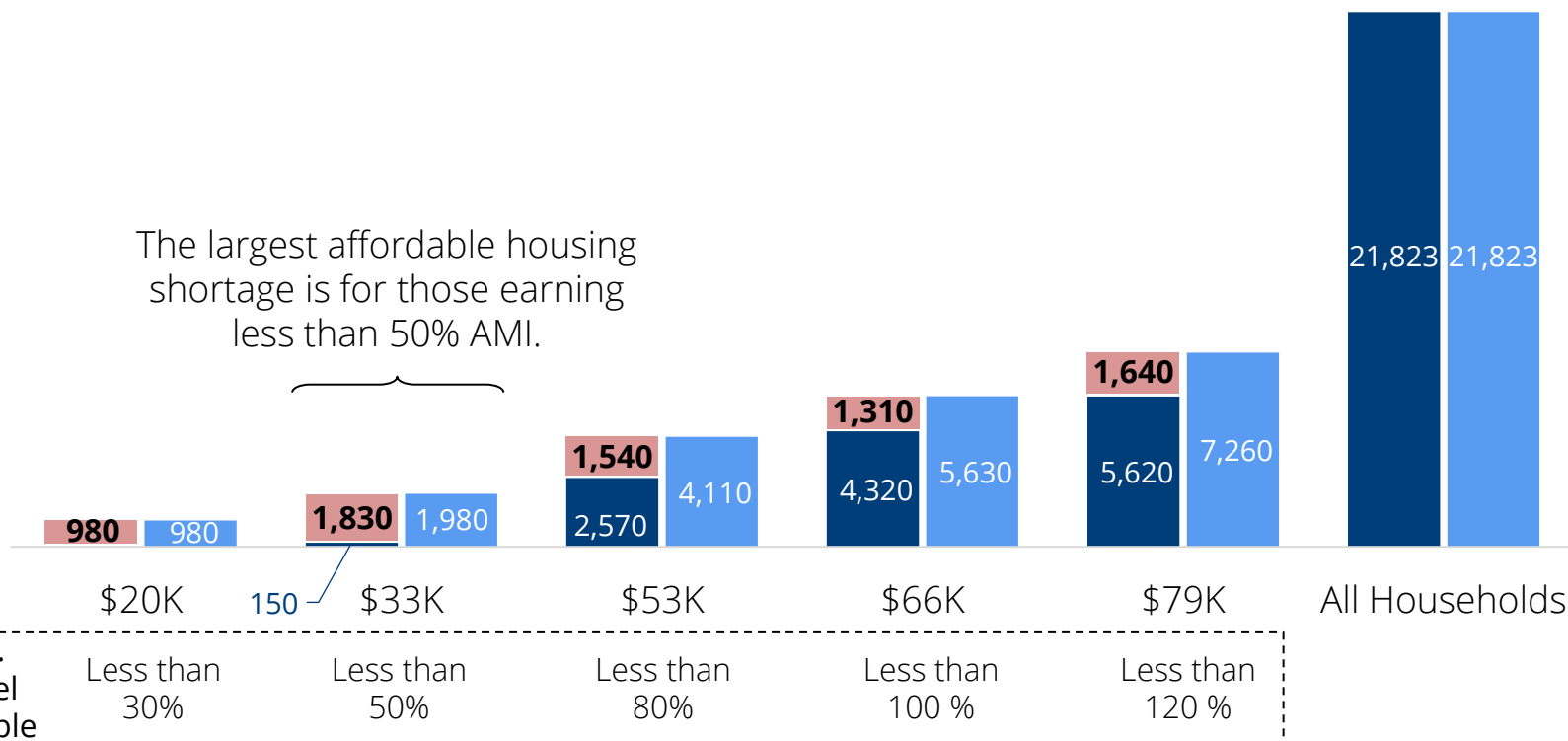
OWNER HOUSING NEEDS | HOUSING AFFORDABILITY

There is demand for 1,980 units at or below 50% AMI compared with 180 units selling at prices affordable to those income levels – a supply gap of 1,800 units.

OWNER UNITS AFFORDABLE TO HOUSEHOLDS BY HOUSEHOLD INCOME

Sandy Springs, GA, 2018

■ Supply Gap ■ Supply ■ Demand



Note: Maximum housing costs by AMI assumes an affordability level of 30% of gross income allocated to housing, including utilities. 2018 inflation adjusted values.



RENTER HOUSING NEEDS | SUMMARY

Displacement Concerns

Sandy Springs is losing housing for its most vulnerable renters. This is driven by the demolition of 1,000 units of older market rate housing over the past decade and renovations of older multifamily stock which causes rent increases. As a result, renters earning less than \$50,000 annually are leaving Sandy Springs due to increasing housing costs and decreasing housing supply.

Limited New Development

Sandy Springs' code restrictions drive up construction costs and reduce multifamily development, lower household growth, and raise housing costs. These restrictions also remove the ability of the City to support new walkable urban-style development, like City Springs.



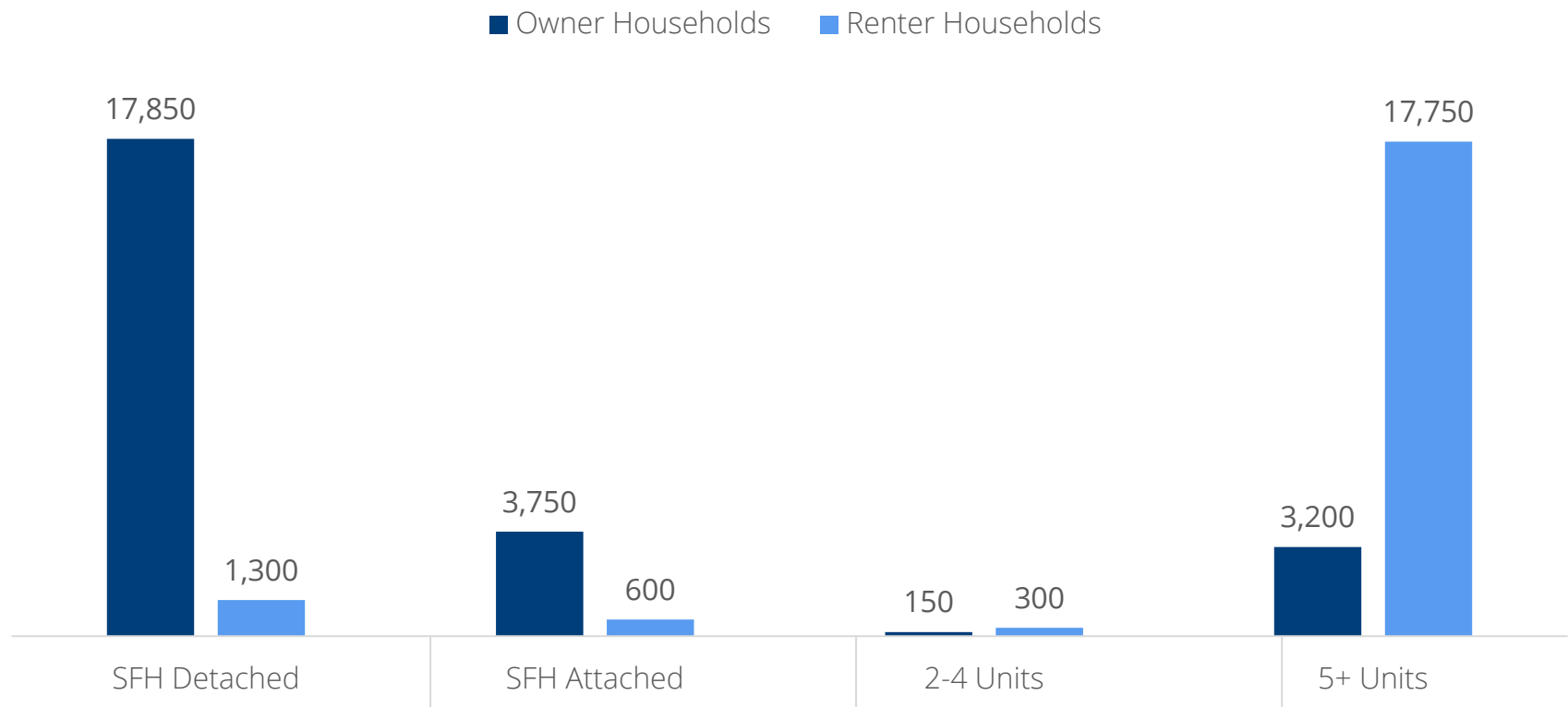


DEMOGRAPHIC TRENDS | TENURE BY HOUSING TYPE

72% of owner households live in single-family detached homes, while 89% of renter households live in buildings with more than 5 units.

UNITS IN STRUCTURE

Sandy Springs, GA 2018





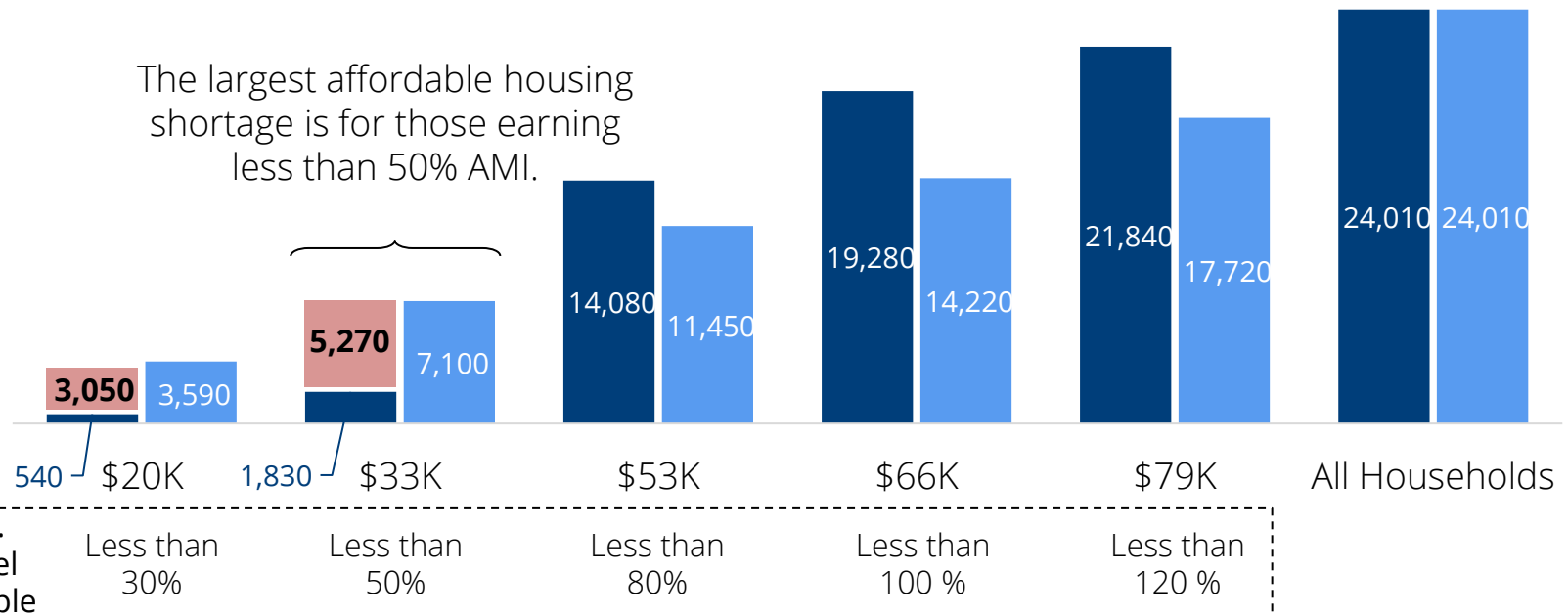
RENTER HOUSING NEEDS | HOUSING AFFORDABILITY

There is demand for 7,100 units at or below 50% AMI compared with 1,830 units renting at these rates within the City – a supply gap of 5,270 units.

RENTAL UNITS AFFORDABLE TO HOUSEHOLDS BY HOUSEHOLD INCOME

Sandy Springs, GA, 2018

■ Supply Gap ■ Supply ■ Demand



Note: Maximum housing costs by AMI assumes an affordability level of 30% of gross income allocated to housing, including utilities. 2018 inflation adjusted values.

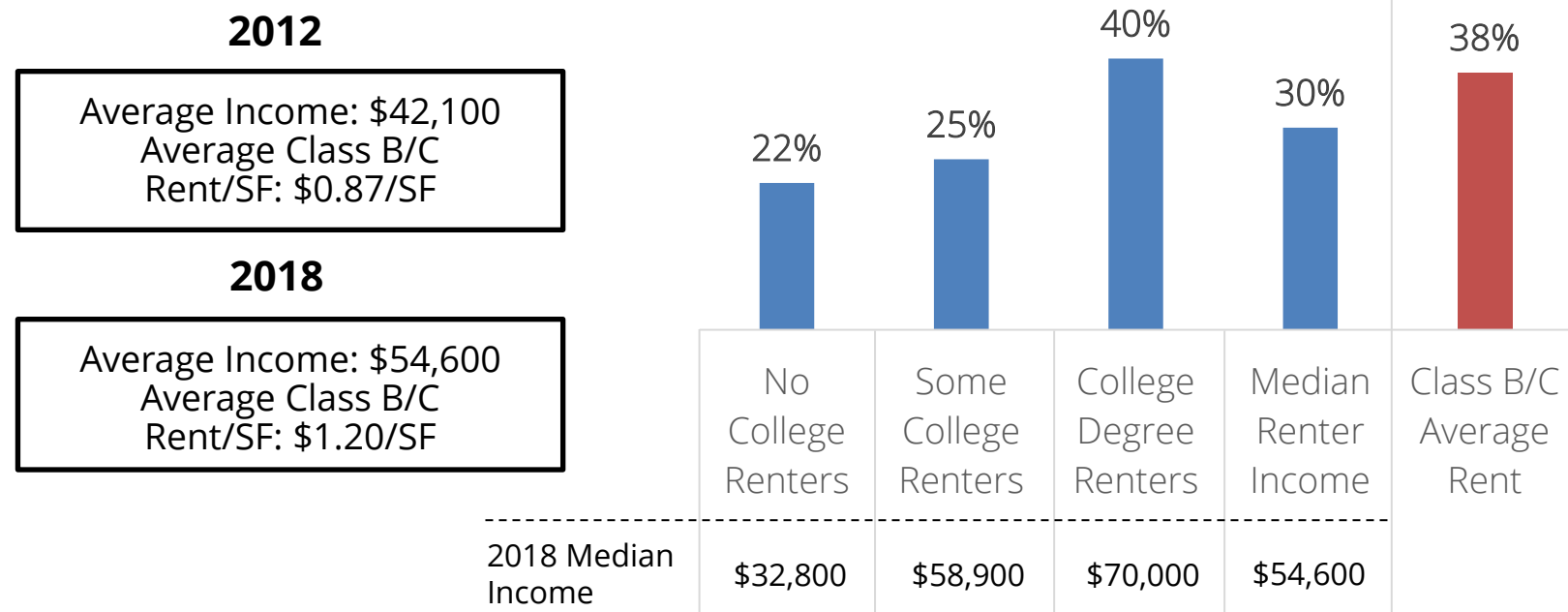
RENTER HOUSING NEEDS | RENT AND INCOME INCREASES



Rents among Class B and C apartments are steadily increasing in Sandy Springs faster than incomes for all groups except renters with college degrees. Displacement is caused when rent increases occur faster than income growth.

CHANGE IN RENTER INCOMES AND RENT

Sandy Springs, GA, 2012-2018



Note: Rent to income % based on 1,050 SF unit.

HOUSING MARKET | DEMOLISHED APARTMENTS



Between 2010 and 2020, 1073 market rate multifamily units were demolished due to redevelopment. In total, these four apartment communities were replaced with 1190 multifamily units, 187 townhomes, and 120k SF of office/commercial.



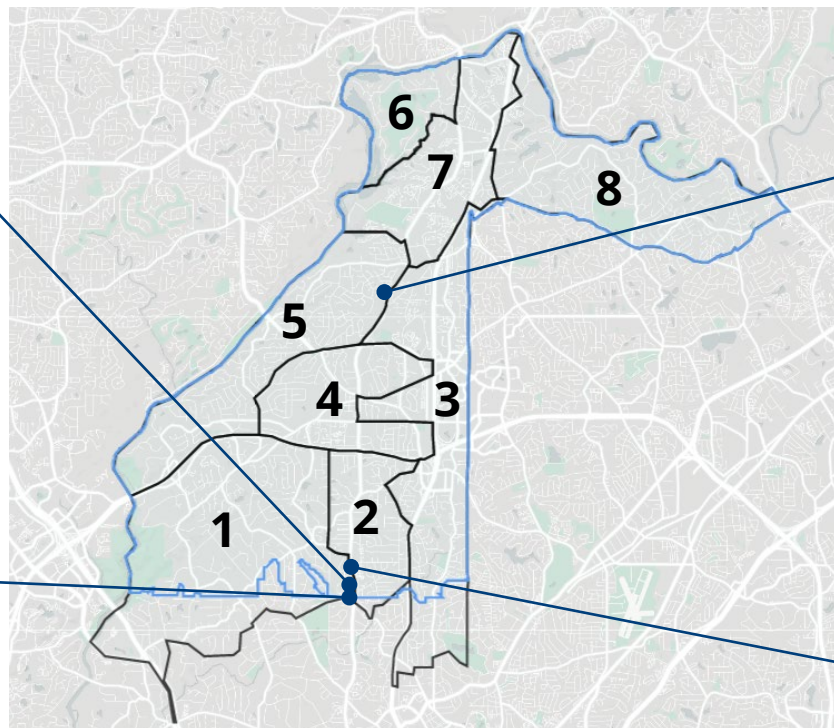
Versailles
Apartments
Demolished: 2013



The Chastain
461 Units
Demolished: 2013

DEMOLISHED MULTIFAMILY APARTMENTS

Sandy Springs, GA, 2010-2020



Providence North
120 Units
Demolished: 2015



Park 225
320 Units
Demolished: 2015

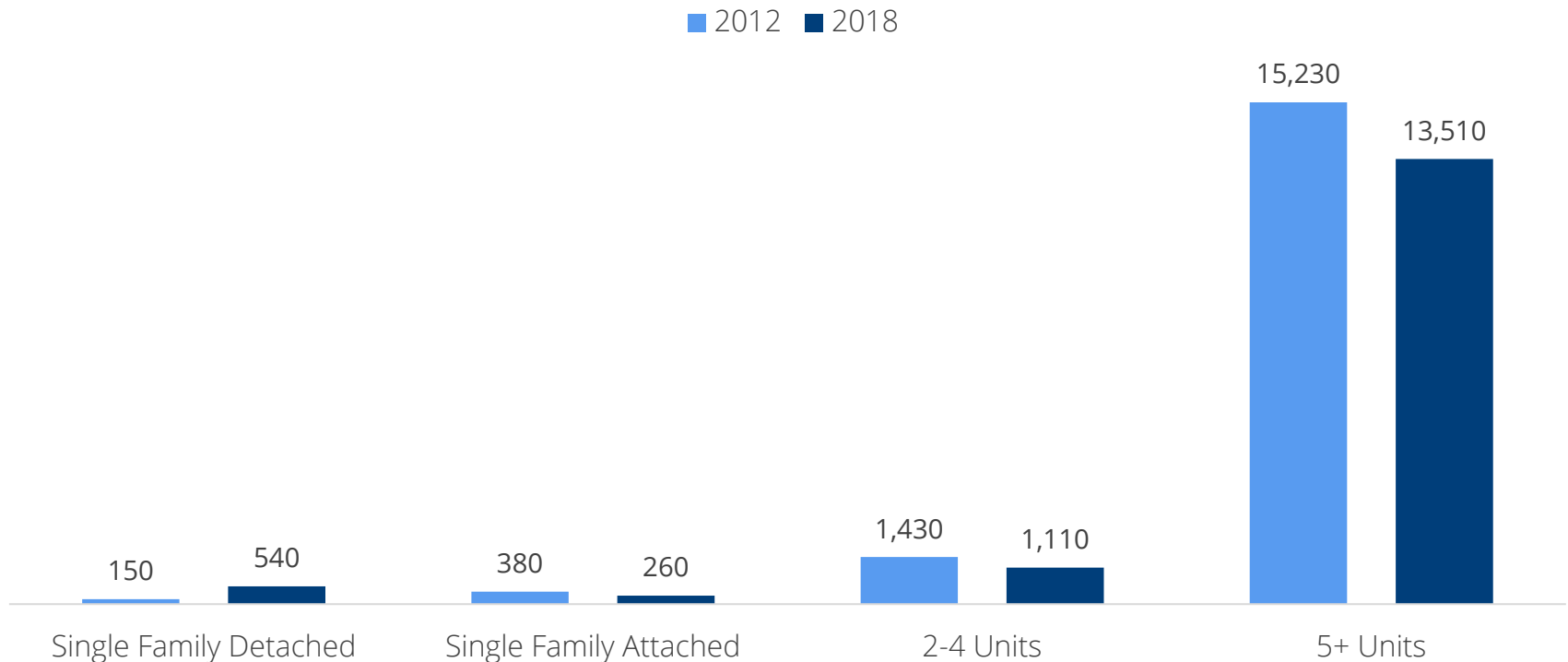


RENTER HOUSING NEEDS | 80% AMI

Although the number of renter households increased, the number of rental units, particularly multifamily, renting at less than 80% AMI across all household sizes has decreased since 2012.

RENTAL UNITS LESS THAN 80% AMI

Sandy Springs, GA, 2012-2018



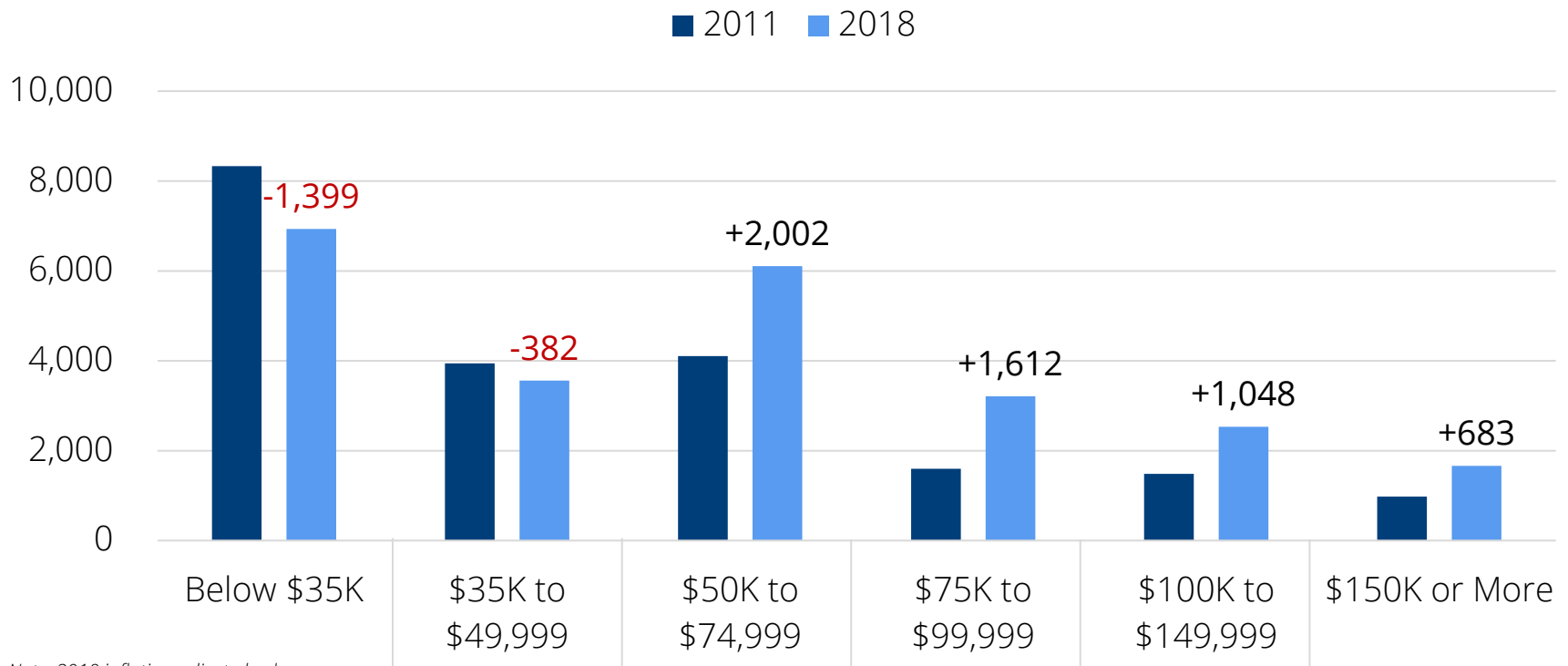


RENTER HOUSING NEEDS | HOUSING AFFORDABILITY

Since 2011, renter households earning less than \$50K annually have decreased by 1,800, an indicator that displacement of lower income households is occurring in Sandy Springs.

RENTAL RATE BY HOUSEHOLD INCOME

Sandy Springs, GA, 2011-2018



Note: 2018 inflation-adjusted values.

RENTER HOUSING NEEDS | NEW DEVELOPMENT



The building code amendment which requires concrete construction for new development above three stories or buildings greater than 100,000 SF has largely stopped new multifamily development in Sandy Springs.

CONCRETE CONSTRUCTION DEVELOPMENT FEASIBILITY

Atlanta, GA, 2020

*Rents in Sandy Springs are generally **not feasible** for concrete development.*

\$2.00

Sandy Springs

\$2.80

Buckhead (Highrise)

\$2.60

**Highrise Rent Development
Feasibility Threshold**

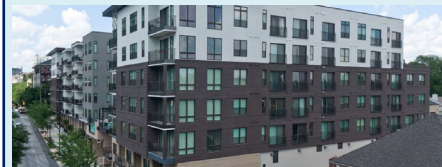
CORTLAND (SS)

387 Units | 2018
Avg. \$/SF | \$1.93
Midrise



BROADSTONE MIDTOWN

218 Units | 2017
Avg. \$/SF | \$2.15
Midrise



AMLI LENOX (BUCKHEAD)

391 Units | 2019
Avg. \$/SF | \$2.77
Highrise



EMPLOYER HOUSING NEEDS | SUMMARY

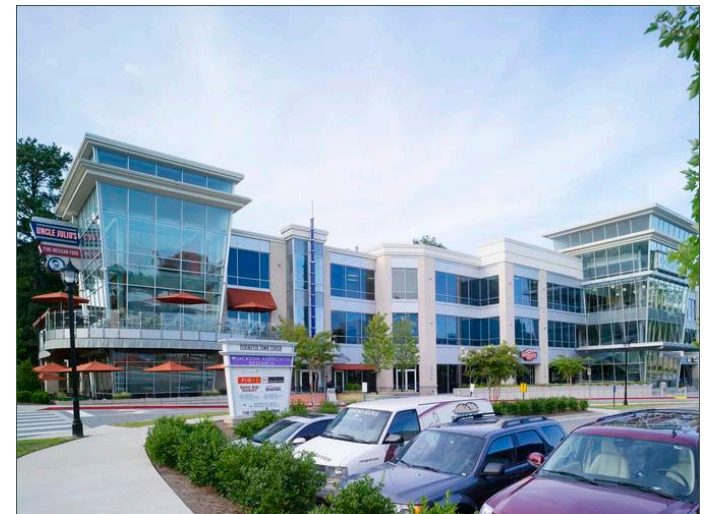


Workforce Attraction

Service/essential industry employers face significant recruitment and retention challenges due to high housing costs and limited public transportation. Over time, these workforce attraction concerns are likely to trickle up to moderate-income employers.

Regional Employment Center

Sandy Springs' status as a net workforce importer is threatened by increased housing costs. The city's cost of living and quality of life advantages, valued highly by employers, are at risk if lower- and moderate-income households cannot afford housing in Sandy Springs.





- Service/Essential worker employers based in Sandy Springs are **concerned with workforce attraction and retention.**
- Employers focused on jobs earning over \$50,000 annually expressed support for an **increase in diversity of housing options**, particularly townhomes and walkable nodes.
- Employers noted employees often live outside of Sandy Springs and commute upwards of one hour each way. **As traffic increases, there are concerns regarding continued workforce attraction and retention.**

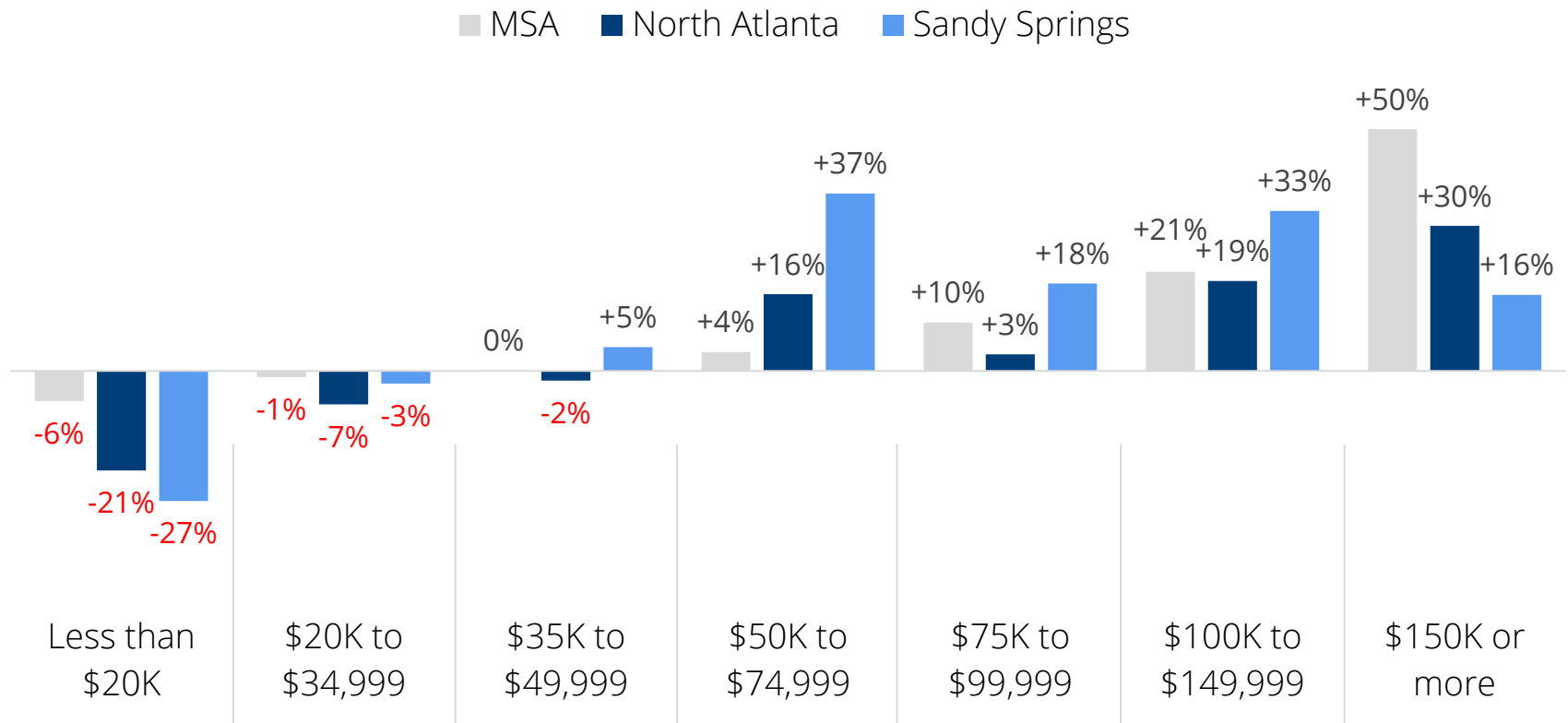
EMPLOYER HOUSING NEEDS | HOUSEHOLD INCOME



Sandy Springs is attracting households earning above \$50K, supporting employment at this income level.

HOUSEHOLD GROWTH BY INCOME

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



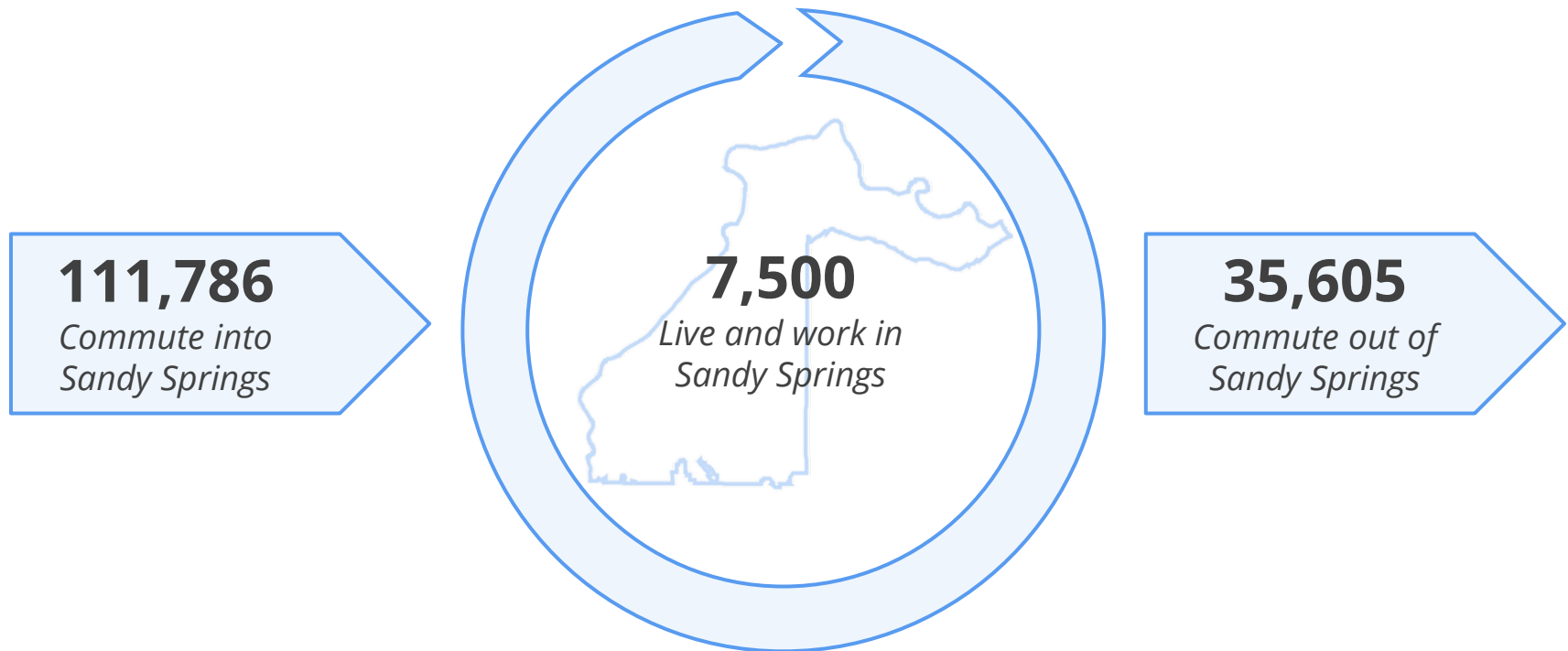
EMPLOYER HOUSING NEEDS | GEOGRAPHY OF JOBS



Housing supports Sandy Springs' status as a regional employment center. Residents primarily commute outside of Sandy Springs while workers in Sandy Springs tend to commute into Sandy Springs.

INFLOW/OUTFLOW OF (PRIVATE PRIMARY) JOBS

Sandy Springs, GA, 2017



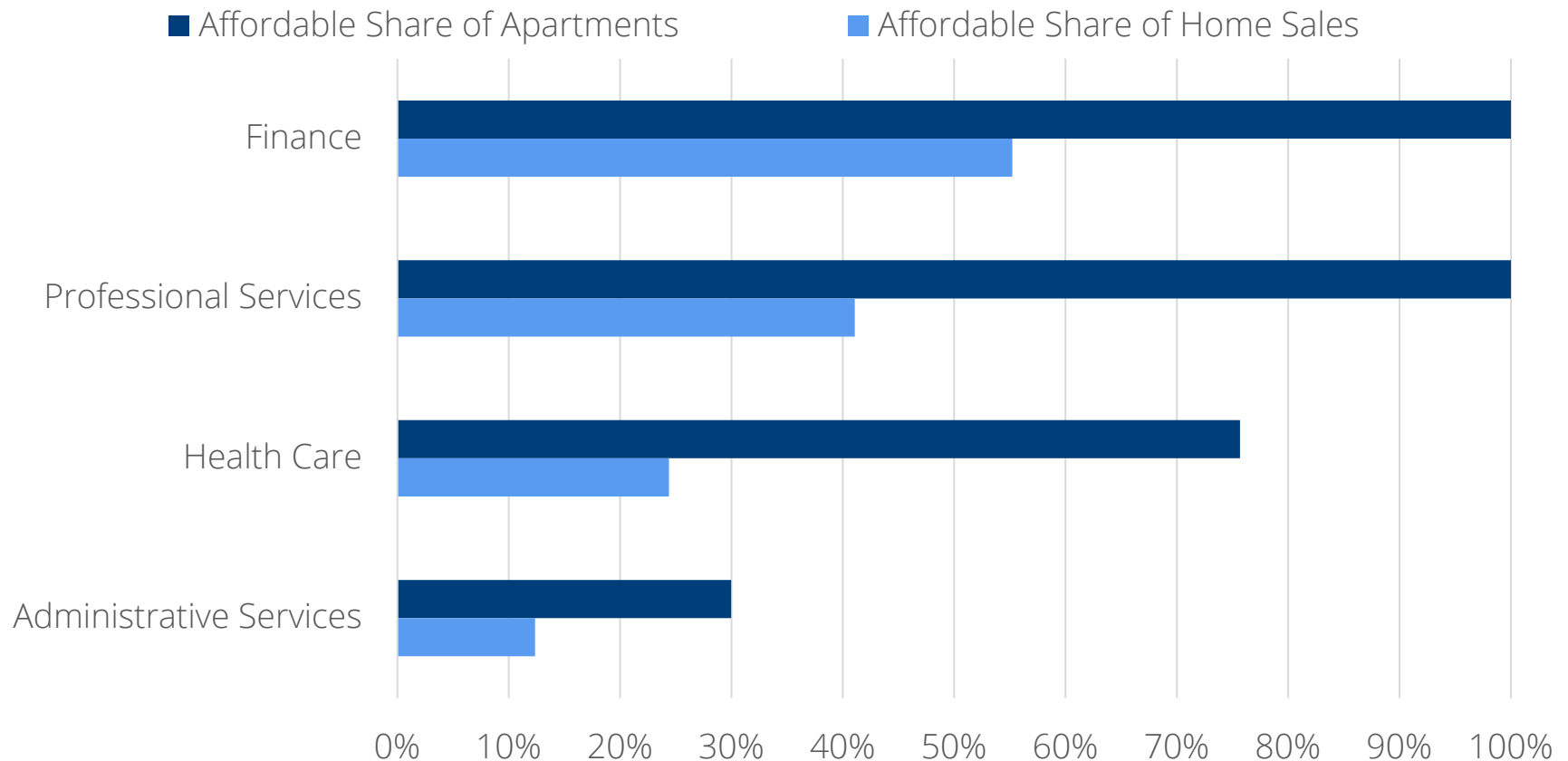
EMPLOYER HOUSING NEEDS | AFFORDABLE UNITS



Employees in the top industries of Sandy Springs can typically afford an apartment, but struggle to afford purchasing for-sale product.

AFFORDABLE UNITS BY INDUSTRY AND TENURE

Sandy Springs, GA, 2020



Note: home sales reflect time period 2017-2019

SUMMARY | KEY FINDINGS

Homeowner Needs

1

Entry Level Housing

Sandy Springs lacks “entry-level” single-family homeownership opportunities below \$400K.

2

Aging Population

Sandy Springs homeowners are increasingly becoming older as the city is becoming less accessible to young and middle-aged families.

Renter Needs

3

Displacement Concerns

Renters earning less than \$50,000 annually are leaving Sandy Springs due to increasing housing costs and decreasing housing supply below 60% AMI.

4

Limited New Development

Sandy Springs’ code restrictions drive up construction costs and reduce multifamily development, resulting in a reduced tax base, lower household growth, and higher housing costs.

Employer Needs

5

Workforce Attraction

Service/essential industry employers face significant recruitment and retention challenges due to high housing costs and limited public transportation.

6

Regional Employment Center

The city’s cost of living and quality of life advantages, valued highly by employers, are at risk if lower- and moderate-income households cannot afford housing in Sandy Springs.

END