

# Housing Affordability in Metro Atlanta: It's Complicated

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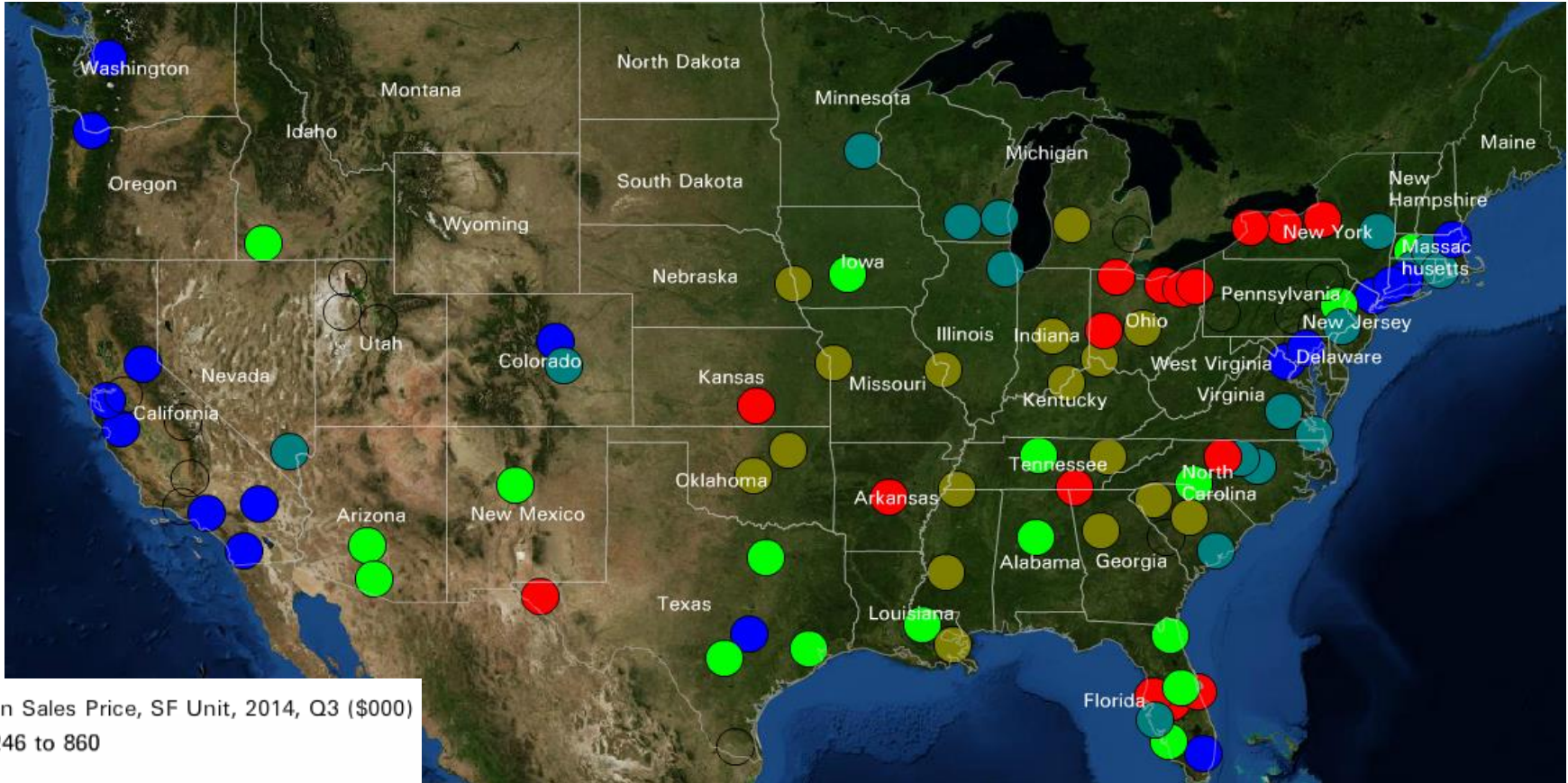
There are several ways to look at housing affordability, but unfortunately, none of them perfectly capture the concept. In this snapshot, we explore several sources of affordability data, and, as we always try to do, we research this topic at different levels of geography.

This research includes the following sources:

- **Overall home prices and values**  
*(National Association of Realtors and Census data)*
- **Housing Opportunity Index**, which is the share of homes sold that are affordable to a family earning the area's median income  
*(National Association of Home Builders)*
- **Location Affordability Portal and the H+T Index**, which adds in transportation costs and controls for income  
*(HUD and The Center for Neighborhood Technology)*
- **"Out of Reach, 2014"**, which focuses on low-income renters  
*(National Low Income Housing Coalition)*

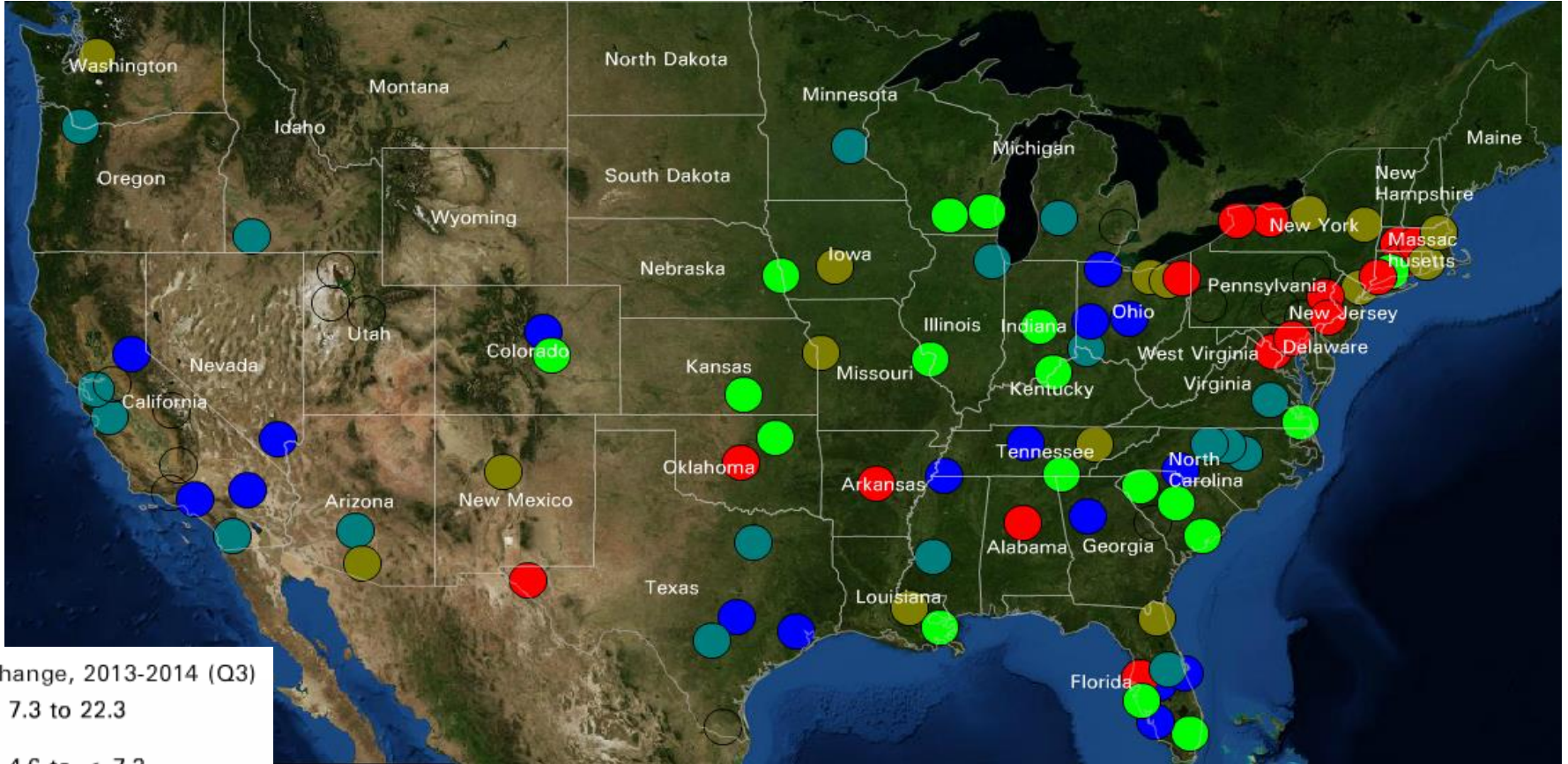


# Median Sales Price, Single-Family Unit (Q3, 2014)



In looking at the median sale price of a home last year, metro Atlanta ranks near the bottom (in the second-lowest tier) among the 100 largest metros in the nation. In Q3, 2014, metro Atlanta's median sales price for a single-family unit was \$167,500, according to the National Association of Realtors. **It is this relative affordability that helped fuel metro Atlanta's population boom over the past two decades.**

# % Change in Median Sales Price, Single-Family Unit (Q3, 2013-2014)

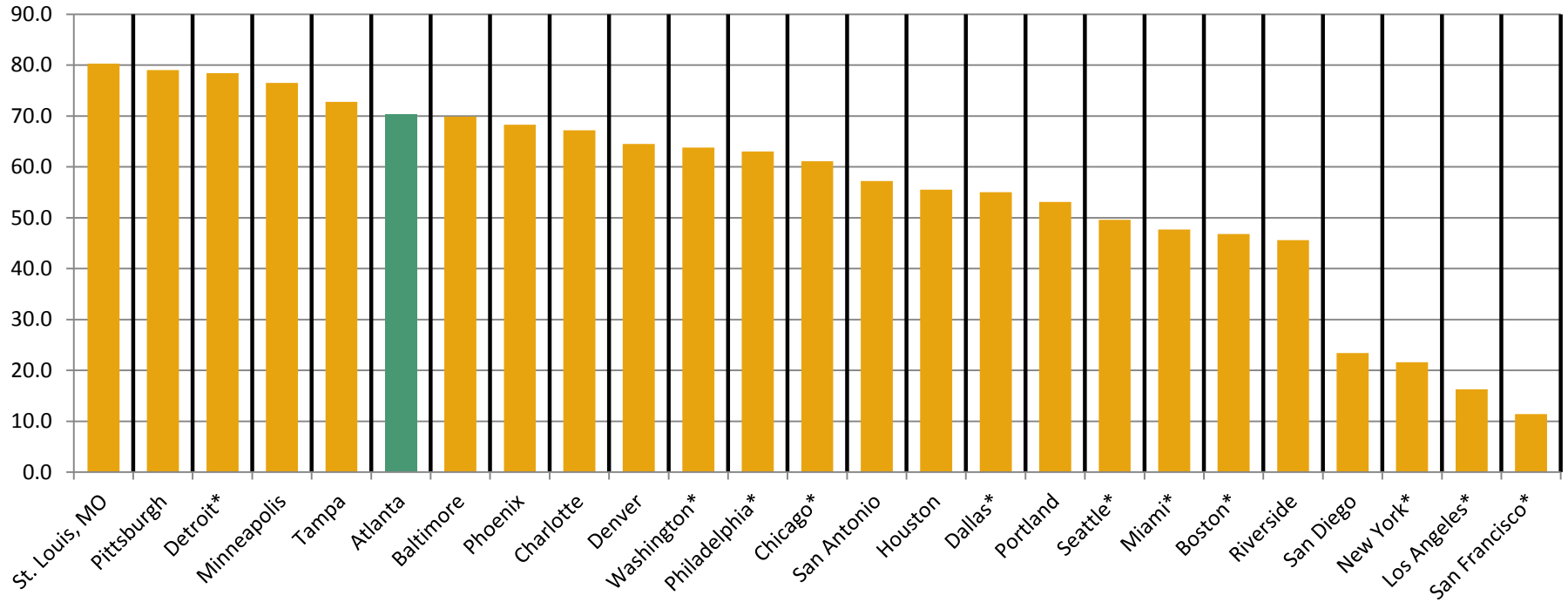


From 2013-2014, metro Atlanta experienced one of the **largest increases in median sales price in the nation, up some 10 percent.**

# Housing Opportunity Index

(A different measure of housing affordability)

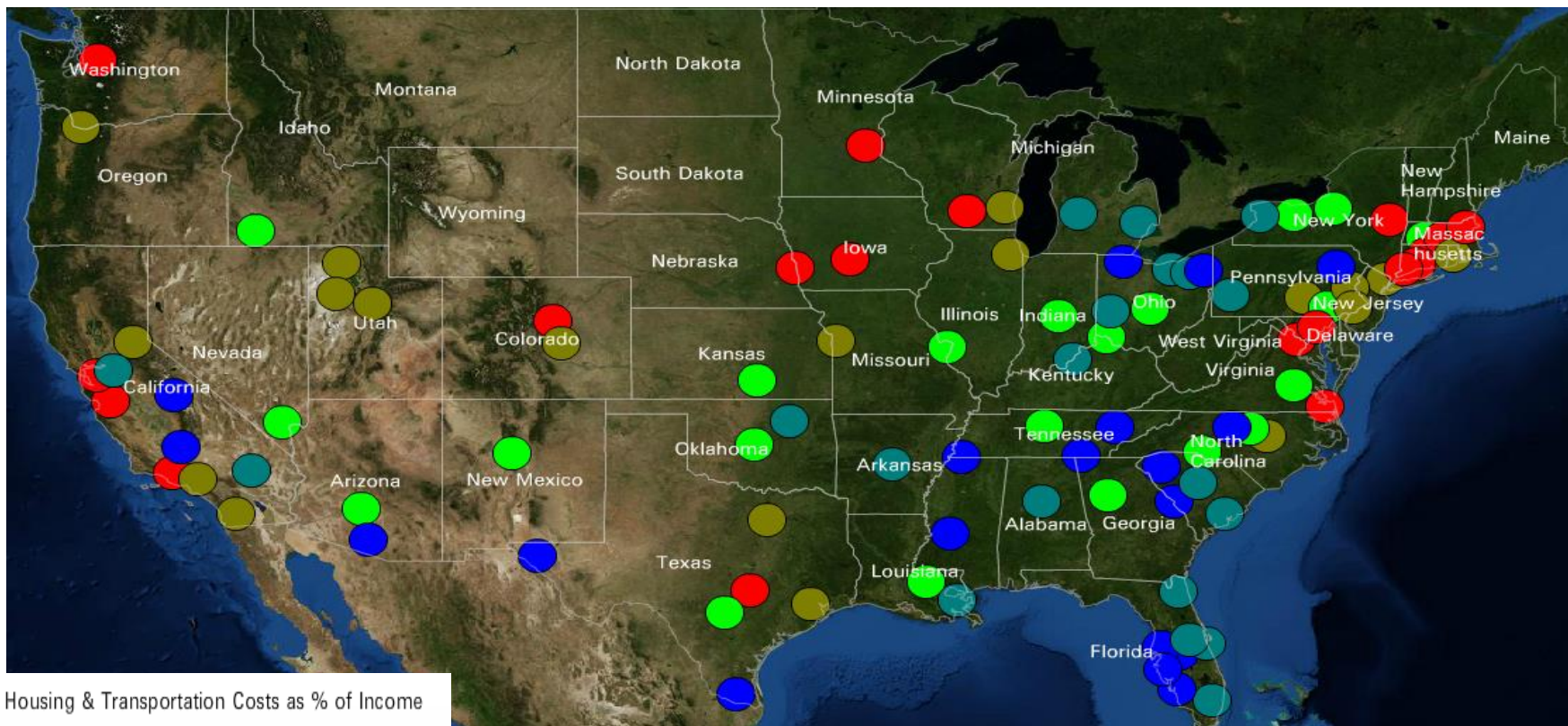
Housing Opportunity Index, 25 Largest Metros, 3Q, 2014



The [Housing Opportunity Index](#) is simply the percentage of homes that are affordable to a family that earns the area median income. This is based on standard mortgage underwriting criteria. Among the largest 25 metro areas, Atlanta ranks as the sixth most affordable place, using this metric. **So, overall, metro Atlanta is an affordable place, with the important caveat that so much of affordability depends on more than just home prices.**

\* These use the Metropolitan Division classification instead of the full Metropolitan Statistical Area definition

# Housing + Transportation Costs: "Typical Household"



Type 1: Housing & Transportation Costs as % of Income

- 55.71 to 64.64
- 53.64 to < 55.71
- 51.3 to < 53.64
- 49.97 to < 51.3
- 44.2 to < 49.97

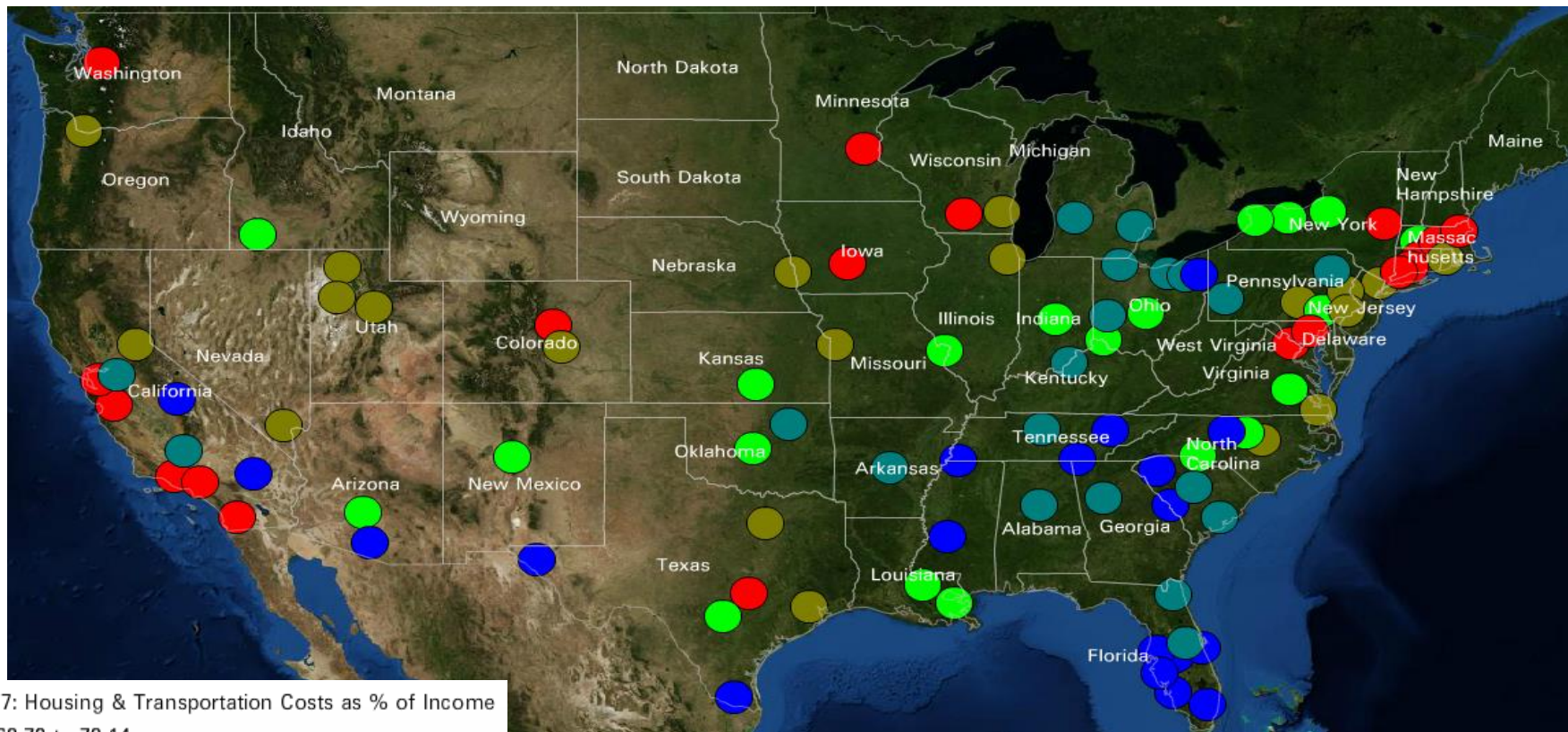
**Typical Household:**

- *Makes the Area Median Income (\$57,470)*
- *4 members*
- *2 commuters*

HUD publishes the "[Location Affordability Index](#)", which adds transportation costs to housing costs and considers different household budget scenarios. This map shows transportation and housing costs as a percentage of income for the "typical household" (see the color legend). **Metro Atlanta ranks in the middle of the pack for affordability for this household type, which spends, on average, 53 percent of income on housing and transportation costs.** The Center for Neighborhood Technology suggests a threshold of **no more than 45 percent**.



# Housing + Transportation Costs: “Moderate-Income Household”



Type 7: Housing & Transportation Costs as % of Income

- 60.78 to 70.14
- 59.06 to < 60.78
- 57.25 to < 59.06
- 55.59 to < 57.25
- 50.47 to < 55.59

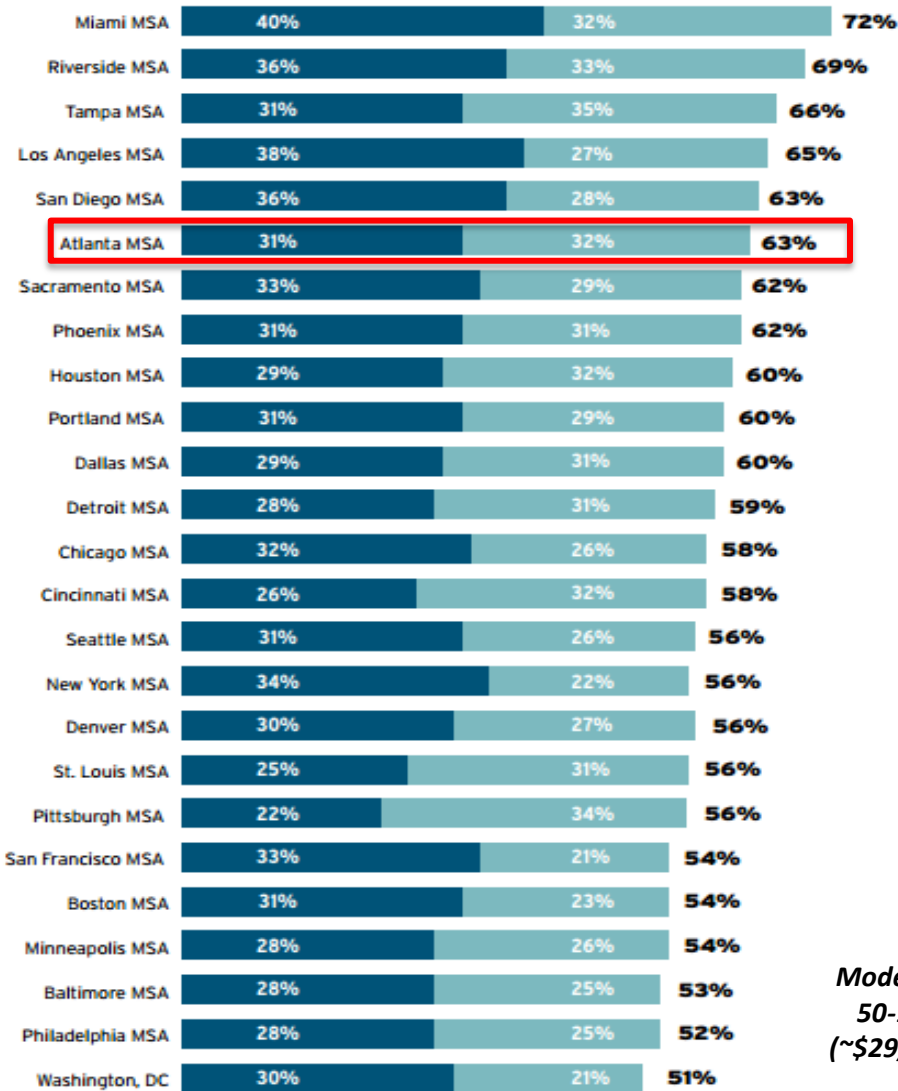
**Moderate-Income Household:**

- 3 members
- 1 commuter
- 80% of AMI (~\$46,000)

For the “moderate-income” household (see color legend for definition), metro Atlanta sees its relative affordability erode somewhat, moving from the middle of the pack (the green band) to the second-highest tier. **This household type spends, on average, more than 59 percent of its income for housing and transportation costs in metro Atlanta.**



# Housing + Transportation Costs High for “Moderate-Income” Households



The Center for Neighborhood Technology (CNT) published “Losing Ground: The Struggle of Moderate-Income Households to Afford the Rising Costs of Housing Transportation” in 2012. CNT uses a more expansive definition of “Moderate-Income” (50% - 100% of Area Median Income) than does HUD’s Location Affordability Index.

The authors of this report note that **metro Atlanta has the sixth worst affordability among the 25 largest metros for “moderate-income” households.**

This finding jibes with data from the Location Affordability Index as well.

*Moderate Income –  
50-100% of AMI  
(~\$29,000 - \$57,500)*



# Housing Affordability (as a % of income)

		OWNERS	RENTERS	BOTH
County	Median Household Income	% spending more than 30% of income on housing costs	% spending more than 30% of income on housing costs	% spending more than 30% of income on housing costs
Barrow	\$ 53,274	29.6	52.3	34.3
Bartow	\$ 47,197	27.1	53.3	35.1
Carroll	\$ 46,147	26.4	55.9	35.8
Cherokee	\$ 67,261	28.3	50.5	32.8
Clayton	\$ 40,606	36.1	60.5	46.7
Cobb	\$ 63,920	26.6	50.5	34.4
Coweta	\$ 60,813	26.9	49	32.2
DeKalb	\$ 50,856	33.4	55.1	42.6
Douglas	\$ 52,691	30.7	53.7	37.5
Fayette	\$ 79,977	26.7	50.8	30.5
Forsyth	\$ 86,569	26.5	51	29.7
Fulton	\$ 56,857	31.5	51.4	40.4
Gwinnett	\$ 60,445	32.8	54.1	39.3
Hall	\$ 50,853	28.6	51.7	35.6
Henry	\$ 60,781	31.5	51.4	36.3
Newton	\$ 50,580	34.2	59.6	40.5
Paulding	\$ 61,837	28.1	53.4	32.5
Rockdale	\$ 52,579	31.2	53.9	38.1
Spalding	\$ 41,534	31.6	56.8	40.3
Walton	\$ 52,369	29	57.4	35.7

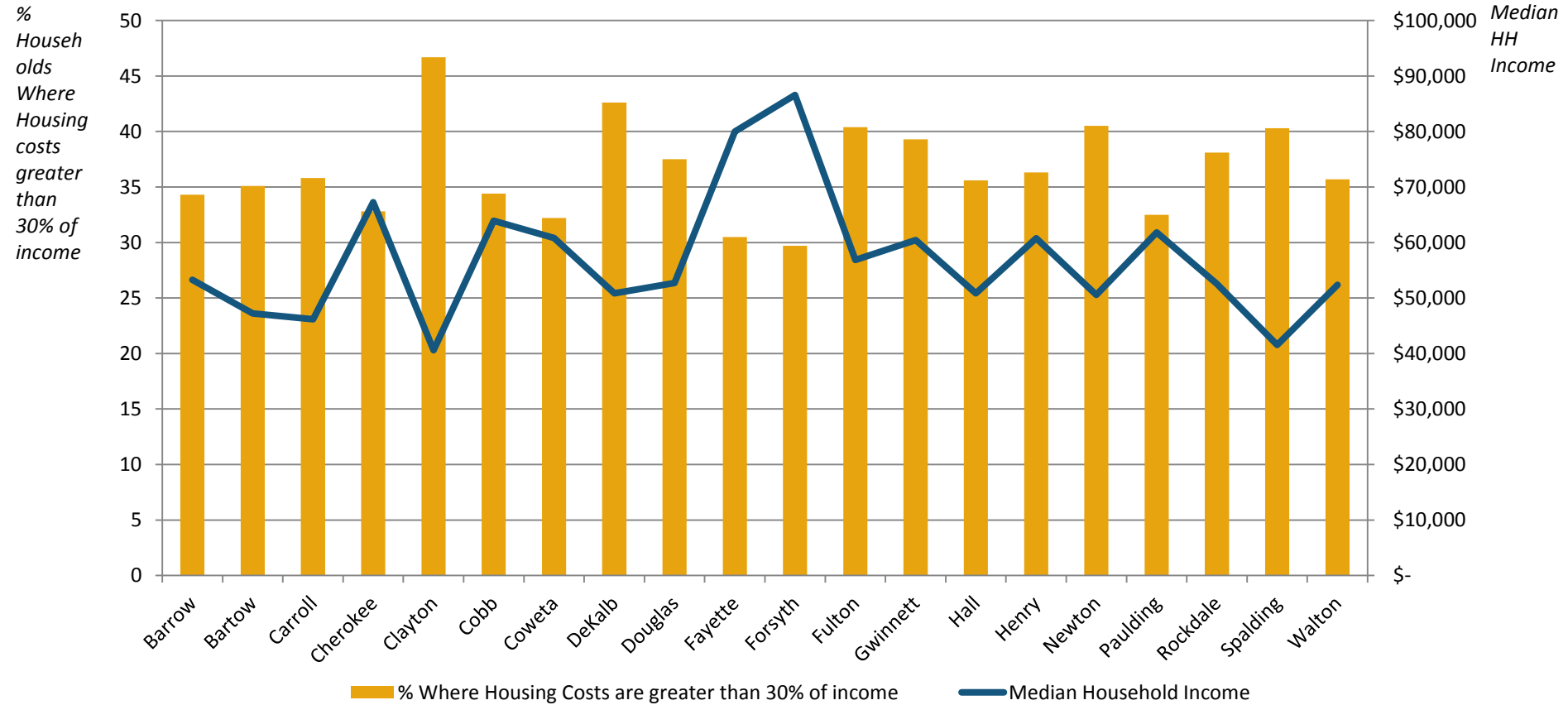
We will now take a more granular approach to the issue of affordability, focusing on county and neighborhood-level trends. One popular way to assess affordability is the Census Bureau's measure of the percent of households that spend more than 30 percent of income on housing costs. The Census reports this for both owner costs and renter costs. **Here, income plays a key role in determining affordability, as subsequent slides will show. For example, Clayton County has the lowest income in the 20-county region and has the highest percent of households spending more than 30 percent on housing costs.**

# Affordability for Renters

County	Estimated renter median income	Rent affordable at renter median income	% median renter income needed to afford 2 bdrm FMR	% of renters unable to afford 2 bdrm FMR
Barrow	\$31,287	\$782	115%	53%
Bartow	\$29,771	\$744	120%	55%
Carroll	\$24,630	\$616	146%	64%
Cherokee	\$40,014	\$1,000	90%	43%
Clayton	\$29,370	\$734	122%	56%
Cobb	\$37,385	\$935	96%	45%
Coweta	\$35,617	\$890	101%	48%
DeKalb	\$31,998	\$800	112%	52%
Douglas	\$36,014	\$900	100%	46%
Fayette	\$42,929	\$1,073	83%	39%
Forsyth	\$38,505	\$963	93%	44%
Fulton	\$32,806	\$820	109%	51%
Gwinnett	\$35,211	\$880	102%	48%
Hall	\$31,616	\$790	103%	48%
Henry	\$39,826	\$996	90%	43%
Newton	\$27,820	\$696	129%	59%
Paulding	\$36,614	\$915	98%	46%
Rockdale	\$33,900	\$847	106%	49%
Spalding	\$24,701	\$618	145%	64%
Walton	\$25,137	\$628	143%	62%

For renters, it is particularly hard to obtain affordable housing. As the previous slide showed, renters in almost every jurisdiction are spending at least half of their income on housing costs. The *National Lowing Income Housing Coalition* publishes “[Out of Reach](#)”, which evaluates the wages needed to afford rental housing at Fair Market Rate. **In many of the region’s counties, at least 60 percent of renters cannot afford a 2 BR apartment (i.e. they spend more than 30 percent of their income on housing costs).**

# Housing Affordability (as a % of income)

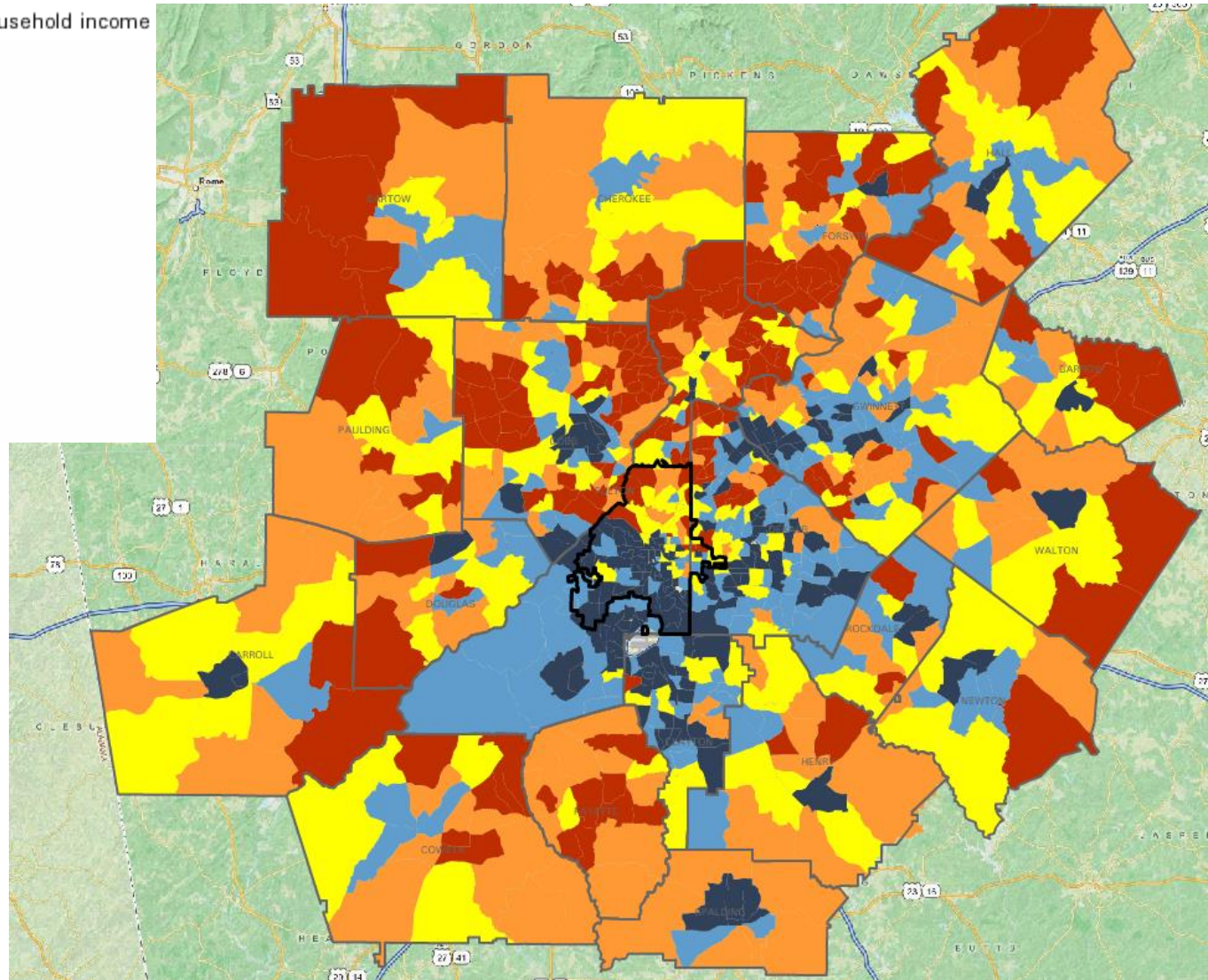
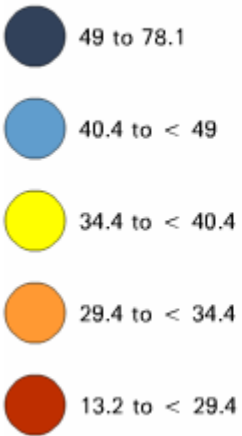


The blue line shows median income levels for each county, while the orange bars show the overall percentage of households spending more than 30 percent of total income on housing costs. **Generally speaking, the relationship between these two is clear – the lower the blue line (income), the higher the orange bar (share of households with housing costs greater than 30 percent of income).**



# Housing Costs As A Percentage of Income

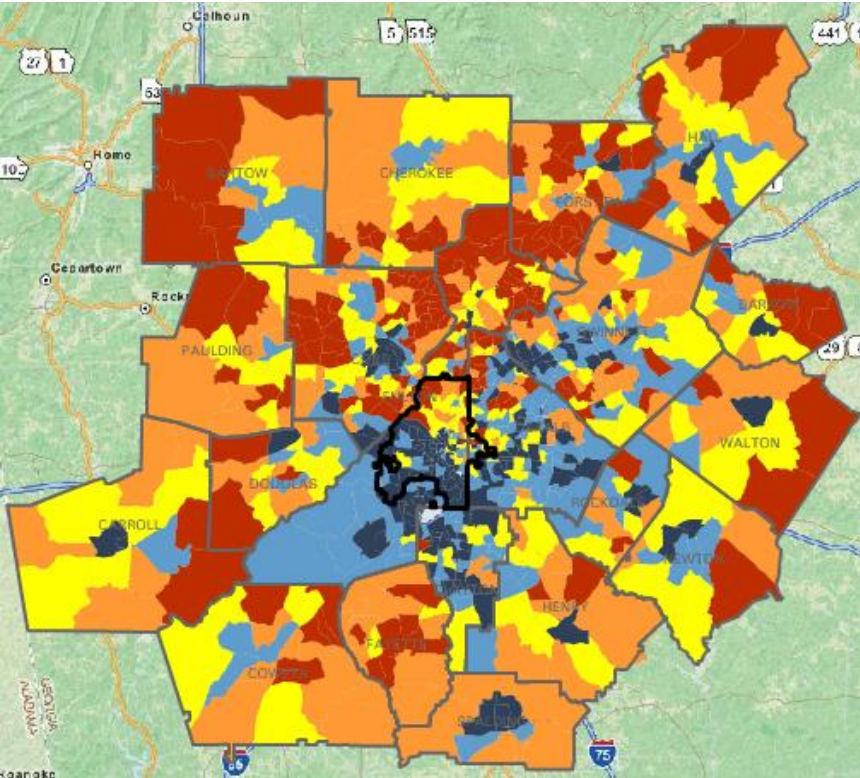
% Housing costs, all units, are 30% or more of household income



The darker blues represent areas where at least **49 percent of households are spending more than 30 percent of household income on housing costs**. It is no coincidence that these areas are also among the poorest in the region.

# Mapping the Relationship Between Income and Housing Affordability

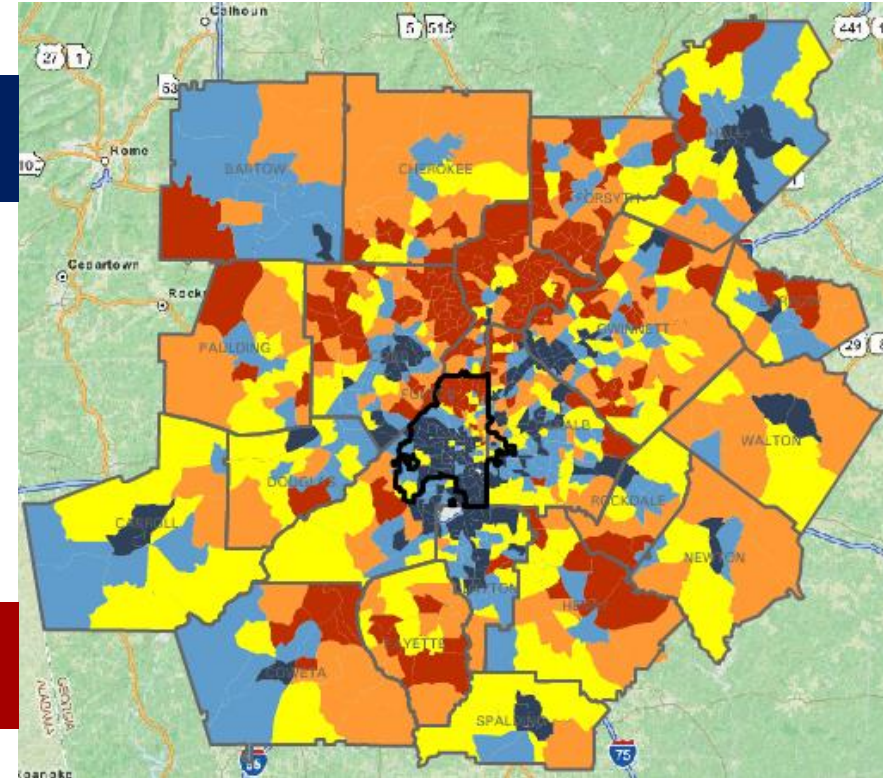
% of households where housing costs are greater than 30% of income



Blues are  
highest  
values

Reds are  
lowest  
values

% in poverty

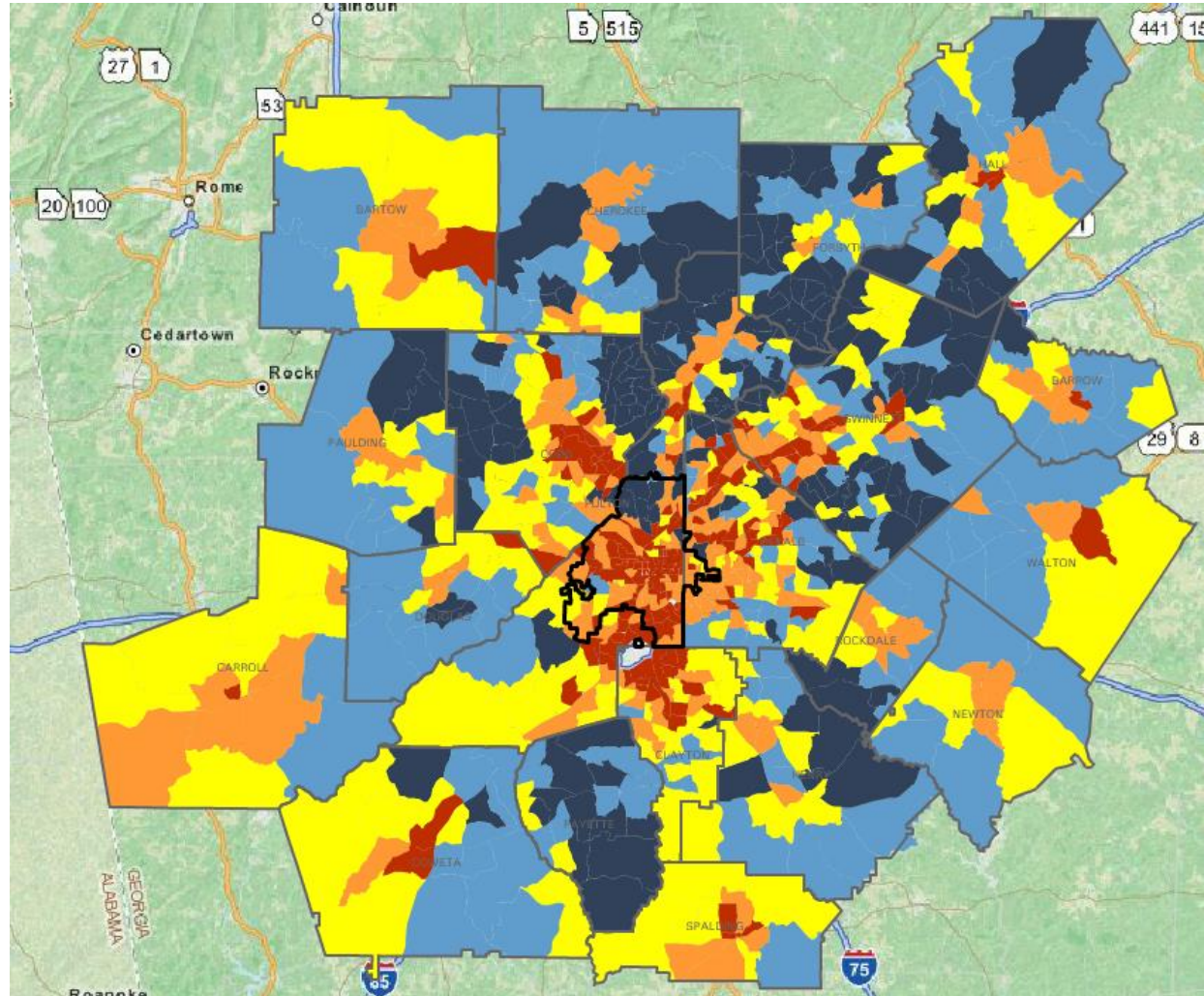
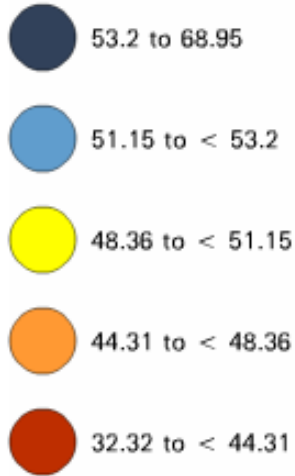


These maps compare housing affordability (percent of households spending more than 30 percent of income on housing costs) to poverty. Blues represent the highest values on each map. The two maps look similar. **Interestingly, though, in the map showing poverty, there are a number of areas on the exurban fringe that are high-poverty areas (in blue), but households in these areas are not paying that much in housing costs as a percentage of income (not in blue).** Remember, these maps do not take transportation costs into account...

# Mapping Housing Affordability: Adding in Transportation Costs & Controlling for Income

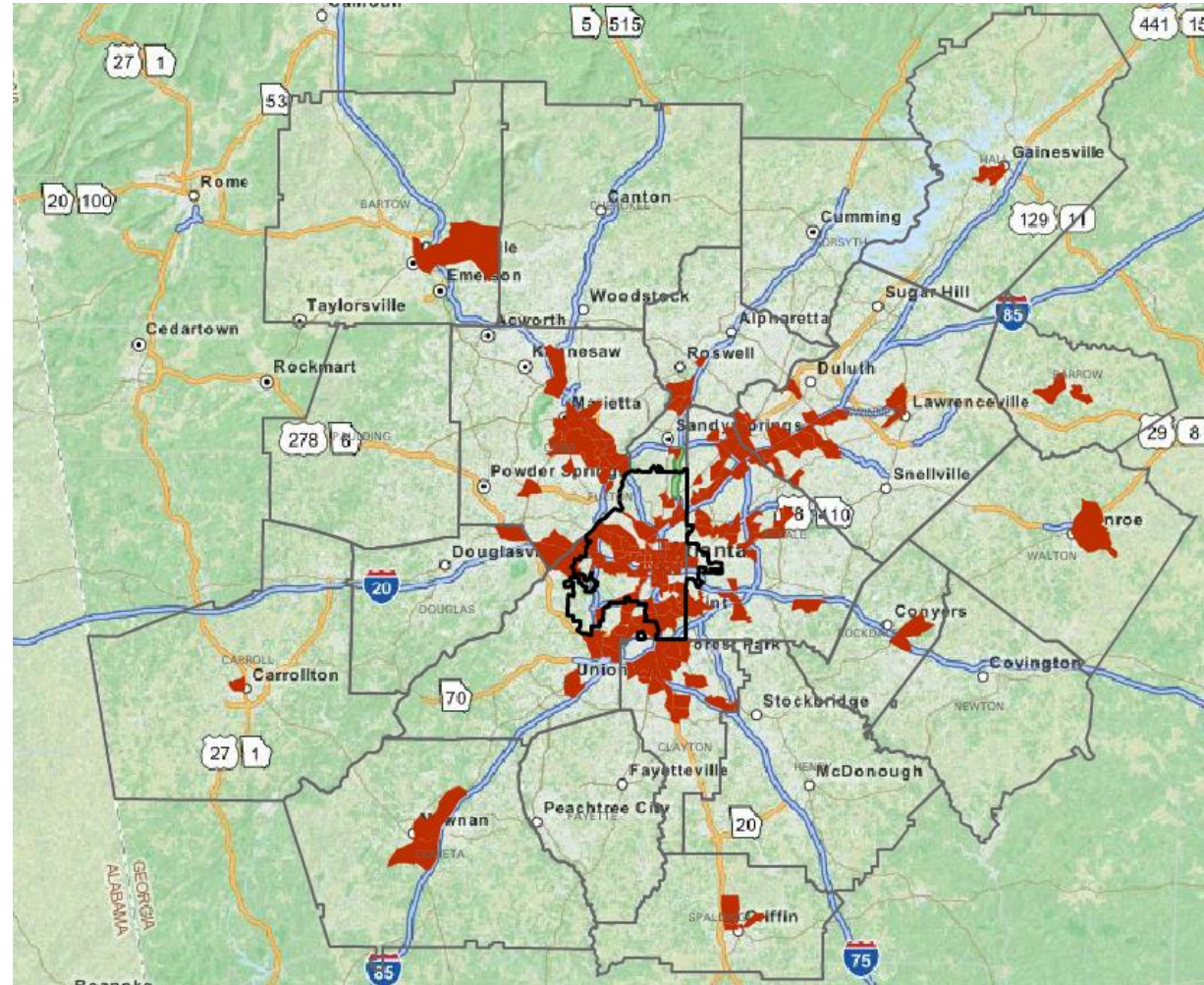
**“Typical Household” – Median HH Income:**

**% of Income Spent on Housing and Transportation Costs**



When transportation costs are accounted for, the picture changes. This map illustrates the percent of income the “Typical Household” spends on housing and transportation costs. Thus, it measures something different than do the previous maps, which measured households spending more than 30 percent of income on housing costs. **Several high-income areas are unaffordable to the typical household.**

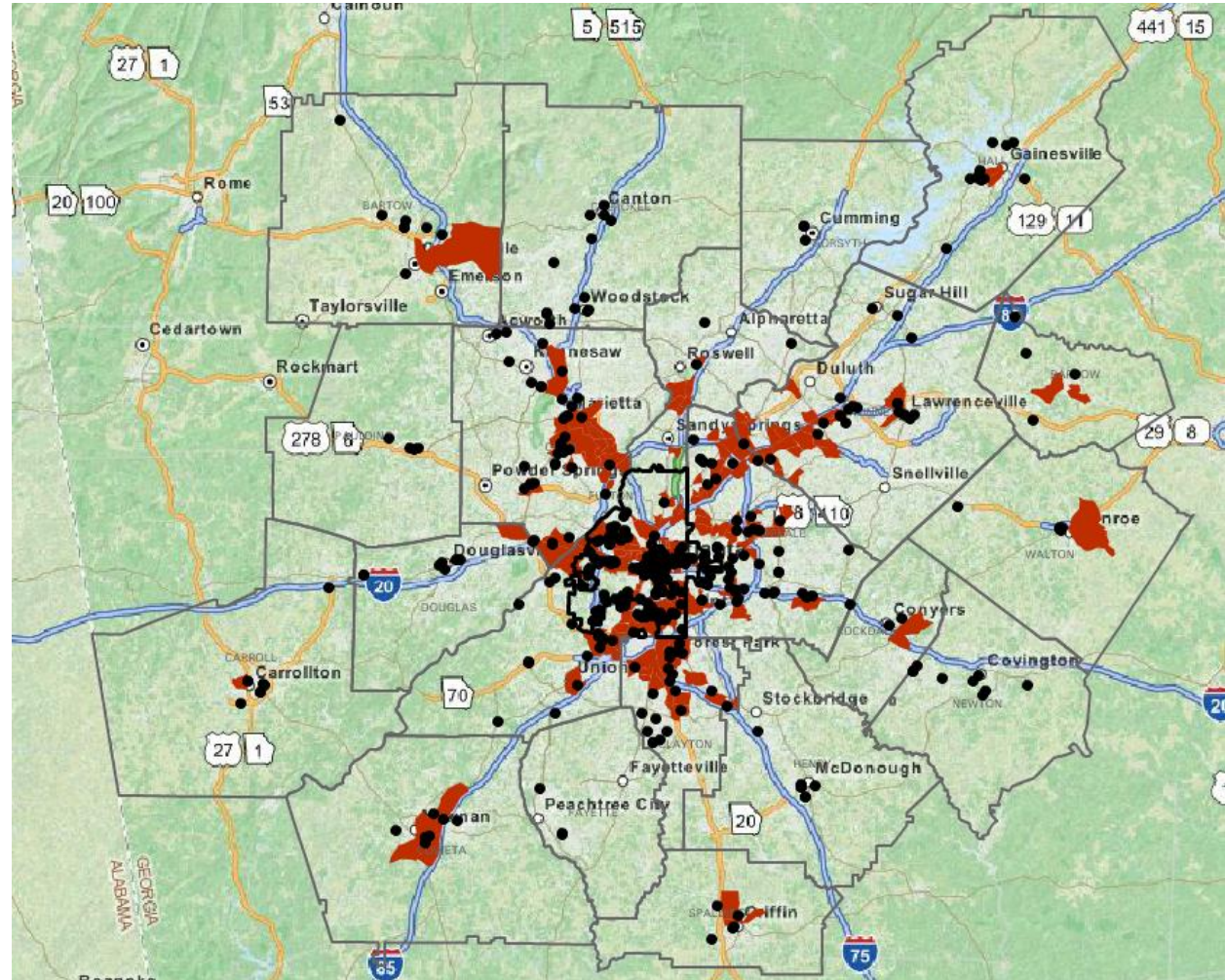
# Where the “Average Household” Can Spend Less Than 45% of Income on Housing & Transportation



The areas in red are those areas in the region where the “Typical Household” (makes the median income and has four members with two commuters) might live and not spend more than 45 percent of household income on transportation and housing costs. The Center of Neighborhood Technology suggests that as housing and transportation costs rise above this 45 percent threshold, living situations become increasingly unaffordable.

*Notice that most of these areas are close to the interstate system or have heavy rail access.*

# Where the “Average Household” Can Spend Less Than 45% of Income on Housing & Transportation + Low Income Housing



This is the same base map as on the previous slide, but we added the locations of low income housing (black dots), as provided by HUD’s [Low Income Housing Tax Credit](#) database. **This shows that much of the region’s low income housing stock are located in these relatively affordable places.**

One caveat, though. The areas in red represent “affordable” places to the “typical household”, which makes the median income. **If we were to look at households making significantly less than the area median income (AMI), the number of “affordable” places would drop dramatically.**

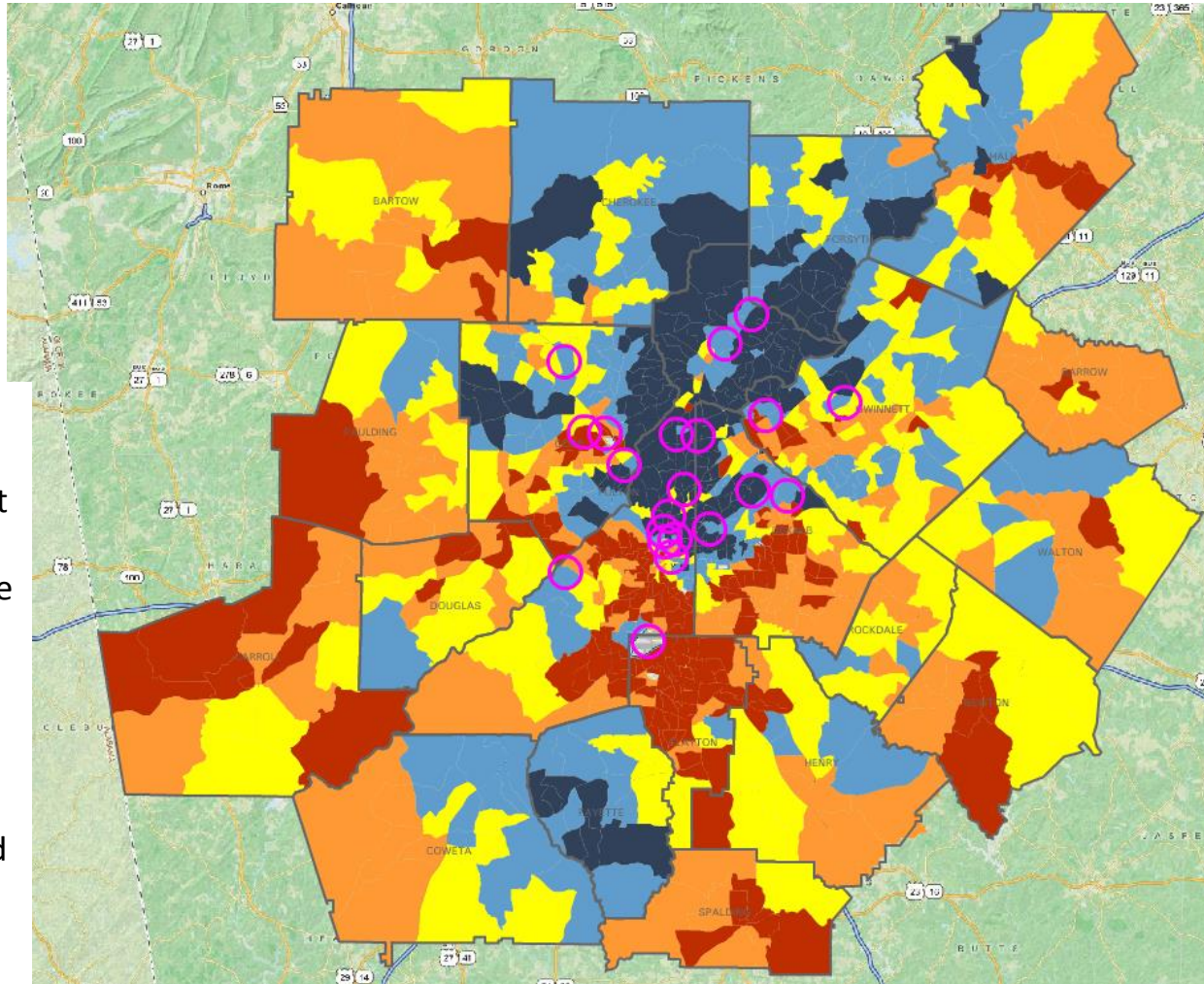


# Locations of Major Employment Centers + Housing Values

Median value, owner occupied housing units

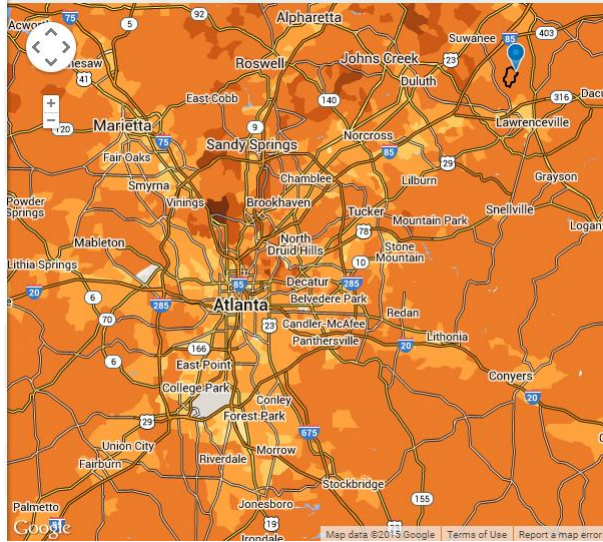


Finally, another factor at play in “affordability” is the simple law of supply and demand. In many of the region’s largest employment centers, there is a lack of housing options, which drives up prices. The purple circles represent the region’s largest employment centers, while the base map shows housing values, (with blues representing the highest). While there are some lower-priced housing options near some of these employment centers (around the Marietta area, in particular), most centers lack affordable options.

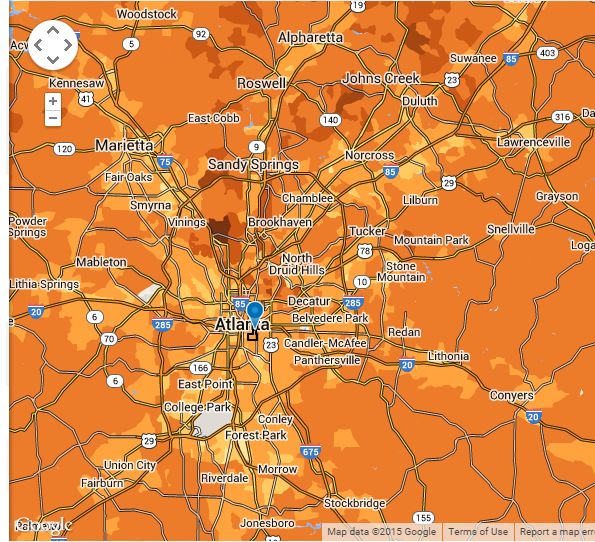


# Using the Location Affordability Portal

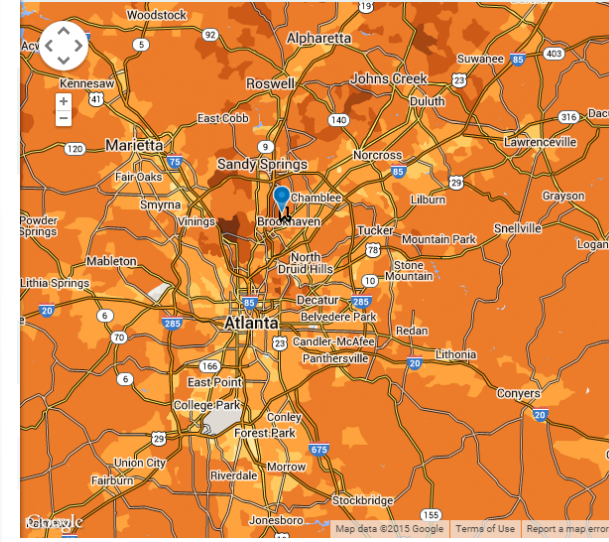
Location: Northern Gwinnett



Location: City of Atlanta (Grant Park)



Location: Brookhaven



**Housing Costs: \$18,390**  
**Transportation Costs: \$13,793**  
**TOTAL: \$32,183**

**Housing Costs: \$16,666**  
**Transportation Costs: \$12,069**  
**TOTAL: \$28,735**

**Housing Costs: \$20,689**  
**Transportation Costs: \$12,643**  
**TOTAL: \$33,332**

These maps compare three different scenarios that you can test using the [Location Affordability Portal's](#) tool to assess the real cost of housing to include transportation costs. Using model-based estimates to develop transportation and housing costs, the tool allows the user to see true costs in different locations across the region. In some cases a family (here it is looking at the “typical household” again) could save money by moving. But in some cases it may cost more to move closer in. But the point is that this tool is flexible enough to test several scenarios.

# So, Is Metro Atlanta An Affordable Place?

Well, the answer is complicated! Here's what we can infer, given the data we presented:

- **Overall home prices and values are relatively low when compared to other metro areas.**  
But cost-of-living obviously plays a role in these rankings – metro Atlanta has a low cost-of-living - so we should expect lower home prices compared to higher cost-of-living metros.
- **Transportation plays a key role in assessing overall affordability.** Often, the most affordable housing options are located far away from key job centers. Thus, when the additional transportation costs are added to the cost of housing, that more suburban or exurban housing choice becomes less affordable, *particularly for lower- to moderate-income households*
- **At the neighborhood level, affordability is determined by multitude of factors, including simple supply and demand near job centers.**  
In the Atlanta region, many of the *largest employment centers also have some of the region's most expensive housing.*
- **Renters have a particularly hard time finding affordable options.**  
In many jurisdictions, particularly poorer exurban counties, living in the *average-priced and available 2 BR apartment would consume more than 60 percent of the average renter's income*, NOT factoring in increased transportation costs.

