Housing Trends, Challenges, & Solutions

Georgia Mountains Regional Commission

May 31, 2024

Georgia Tech
Enterprise Innovation Institute

Cedr.gatech.edu

ENGINEERING YOUR ECONOMIC DEVELOPMENT SUCCESS

CENTER FOR ECONOMIC DEVELOPMENT RESEARCH

- Economic and Fiscal Impact Assessments
- Strategic Planning: City, County, Regional, State
- Labor Market Analysis and Workforce Development
- Cost of Community Services
- Economic Recovery and Resilience
- Housing Market & Needs Analyses
- Downtown Development and Real Estate Redevelopment
- Basic Economic Development Course, IEDC
- Research Assistance Grants – EDRP
- Georgia Artificial Intelligence Manufacturing (GA-AIM)

Housing

Nationwide:

- 4 million housing units short
- 9 million affordable units lacking (< 30% gross income)
- Interest rates are 8% for < 740 FICO
- Housing market frozen
- Move-up buyers limited
- First-time buyers locked out
- As rates rise, prices will decline

HOW DID WE GET HERE?

	1950	2022
AVERAGE SF OF NEW SINGLE-FAMILY HOME	983	2,522
NUMBER OF PEOPLE PER HOUSEHOLD	3.8	2.5
SF OF LIVING SPACE PER PERSON	260	1,008
AVERAGE NEW HOUSE PRICE	$12,000 ($152,000)	$540,000

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1963: $18,000 ($177,000)

$Avg New Home Price
($Inflation Adjusted 2023 Dollars)

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$Avg New Home Price
($Inflation Adjusted 2023 Dollars)

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Drastic Decline in Affordability

2020 Mortgage Affordability

$59,000

2023 Mortgage Affordability

$106,500

Zillow: Income needed to comfortably afford a home is up 80% since 2020!

How much a household needs to earn to afford the typical home in their local market, as calculated by Zillow

Zillow's analysis assumes a 10% down payment and uses the Zillow Home Value Index (ZHVI) to account for each market's "typical" home price.

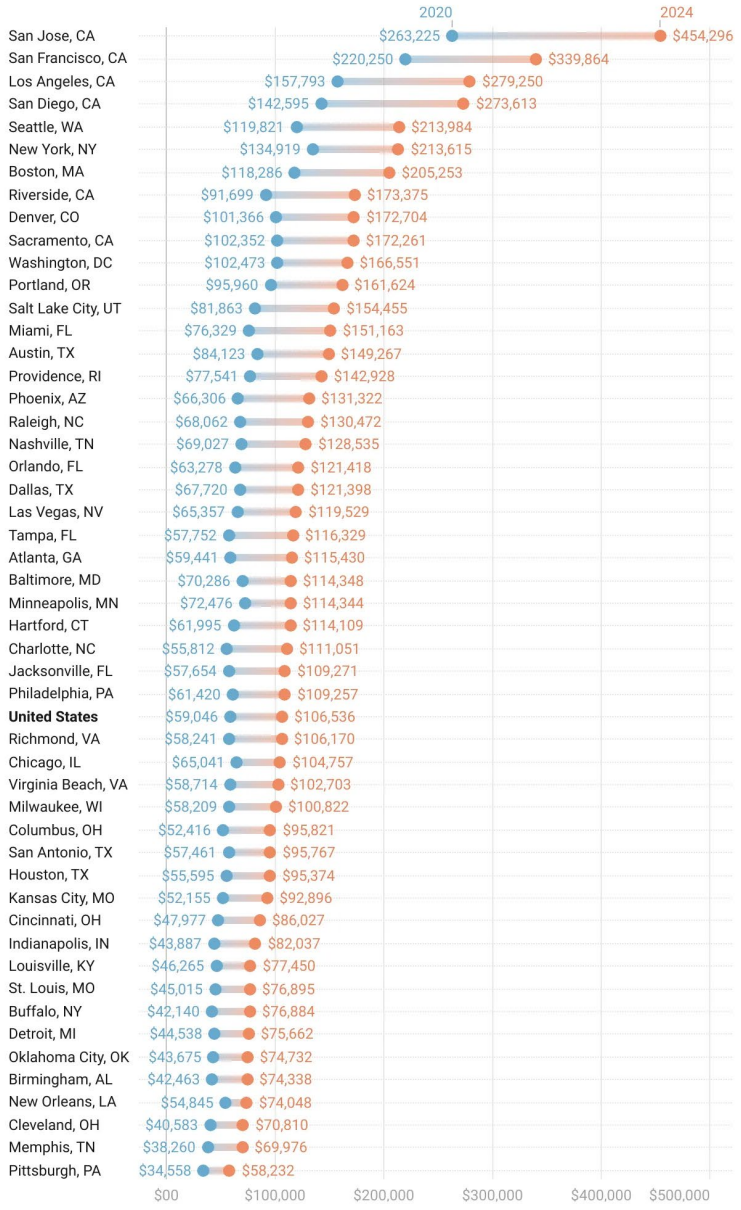

Chart shows the 50 largest metro area housing markets

Chart: Meghan Malas • Source: Zillow • Created with Datawrapper

ResiClub

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ATTRACTING INVESTMENT

Utilizing Data to Demonstrate Needs

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Demographics & YOUR Housing Market

- Homeowners v Renter Data
  - Age
  - Income
  - Length of Residency
  - Future Projections
- Existing Property Data
  - Monthly Rents
  - Layout Mix
  - Vacancy
- Public Housing Inventory
- Community Resident Profiles
- Comparable Community Analysis

CoStar™

Zillow®

esri THE SCIENCE OF WHERE™

Income Visualization

HOSTESS
$19,532

HOME HEALTH
$24,623

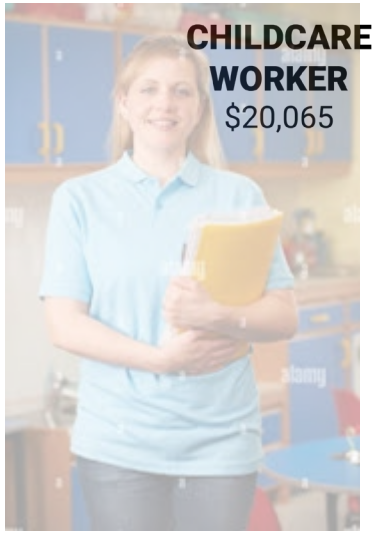
NURSING ASSISTANT
$29,968

POLICE OFFICER
$38,384

TRUCK DRIVER
$41,934

30% AMI — 50% AMI — 80% AMI — 100% AMI

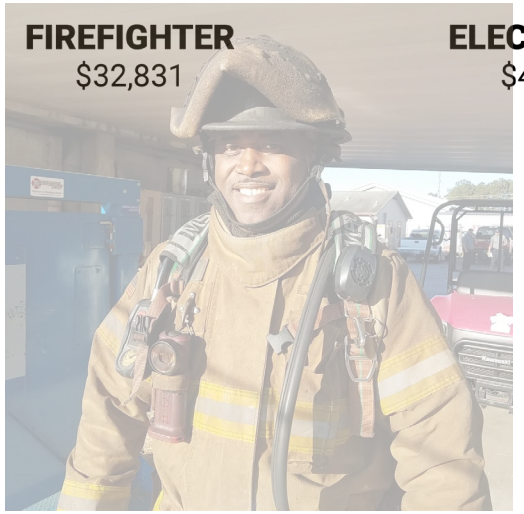
VERY LOW INCOME — LOW INCOME



CHILDCARE WORKER
$20,065

FAST FOOD WORKER
$23,034

EMT
$29,968



FIREFIGHTER
$32,831

ELECTRICIAN
$44,628

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Providing Options for ALL Residents

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Site Identification and Marketing

- Identify priority sites – greenfield and redevelopment - with proximate infrastructure. This will lower the development cost and efficiently use existing sunk costs.
- Provide “proof-of-concept” for new types of development
- Create marketing material for selected sites. At a minimum, the marketing material should include:
  - Proof of housing demand
  - Community commitment to quality housing
  - Public infrastructure support
  - Any available incentives
- Establish an outreach plan for developers and share marketing material with them

LAND

LABOR

LUMBER

LAWS

LOANS

Future Impact Simulation Model

E·D·A
U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

+

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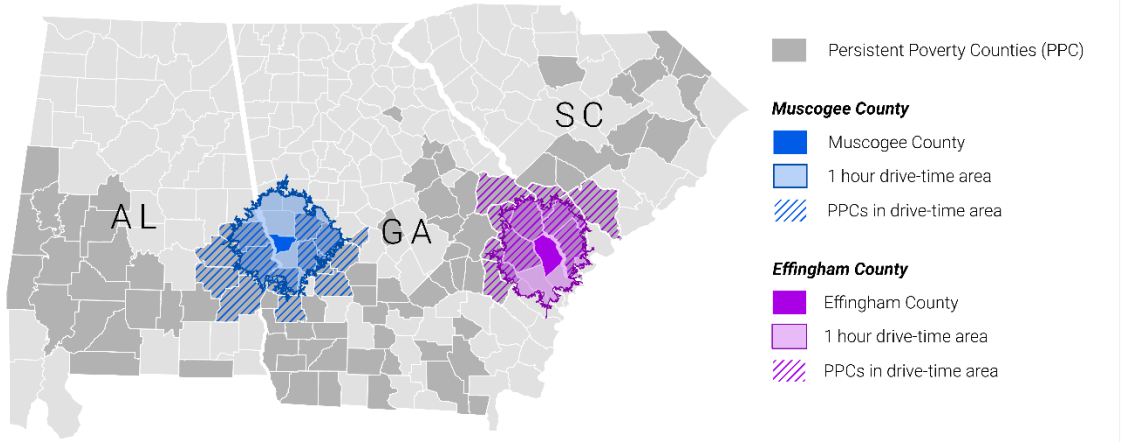
Funding for Model development + CEDRC™ Pilot



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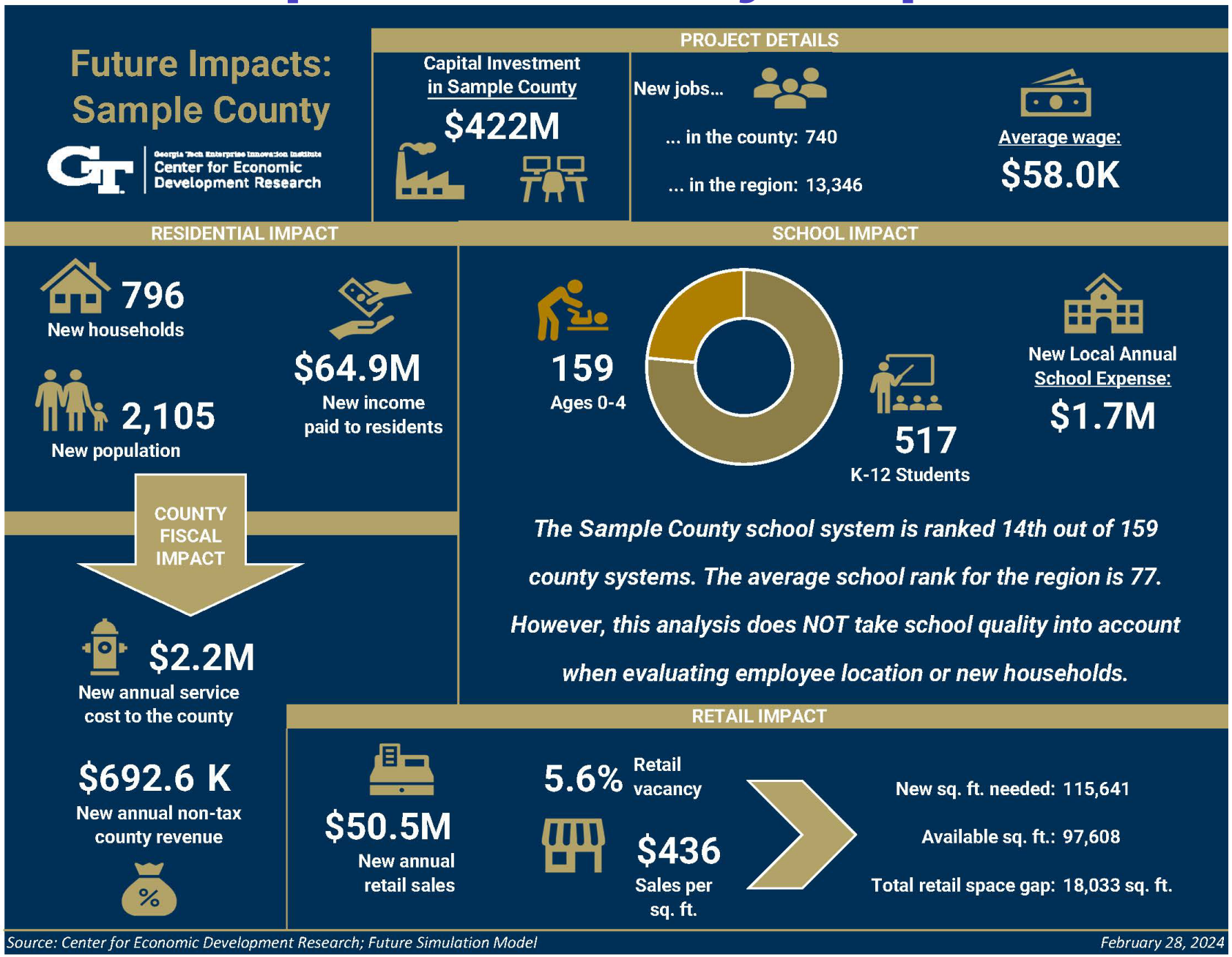
Future Impact Community Outputs

Future Impact Simulation



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Market Summary

Future Impact Simulation

Market Conditions for: Sample County

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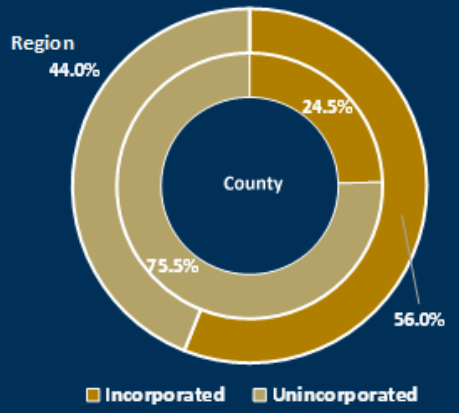
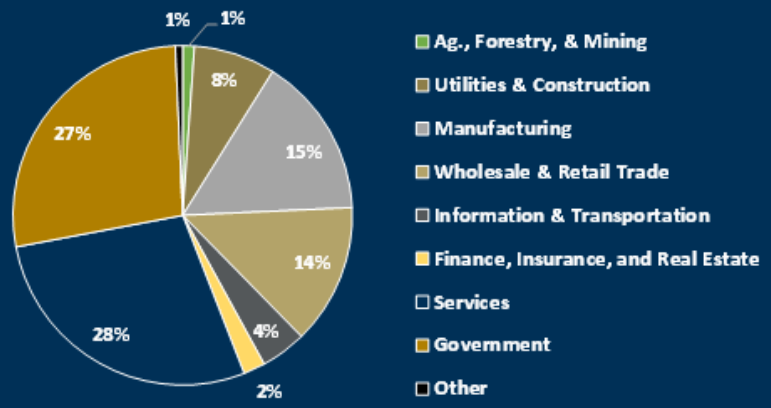
POPULATION SPLIT



24.5% of population is located in incorporated areas versus 56.0% for the region as a whole.

EMPLOYMENT BY SECTOR - 11,593 TOTAL JOBS



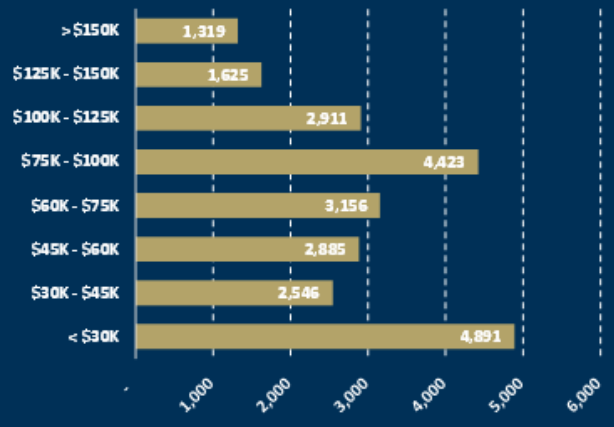
COUNTY AVERAGE WAGE: - $48,984 (OR $942 PER WEEK)

HOUSING AFFORDABILITY

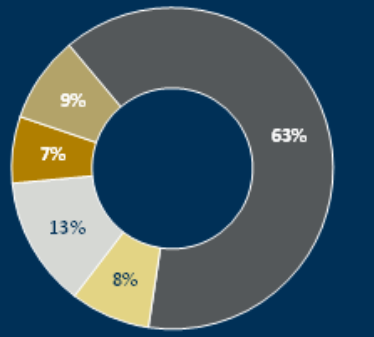
Income Midpoint	30% of Midpoint	Affordable Monthly Rent	Affordable Mortgage*
$25,000	$7,500	$625	$56,207
$37,500	$11,250	$937	$98,360
$52,500	$15,750	$1,312	$148,946
$67,500	$20,250	$1,687	$199,533
$87,500	$26,250	$2,187	$266,981
$112,500	$33,750	$2,812	$351,291
$137,500	$41,250	$3,437	$435,601
$175,000	$52,500	$4,375	$562,068

* Assumes a 30-year mortgage rate of 7.50%, $0 down payment, taxes and insurance of $2,500/yr., 0.5% PMI. Estimates are for a one-person household and do not consider borrowers' outstanding debt.

HOUSEHOLDS BY INCOME



2023 NET TAX DIGEST SPLIT



Source: Center for Economic Development Research; Future Simulation Model

April 17, 2024

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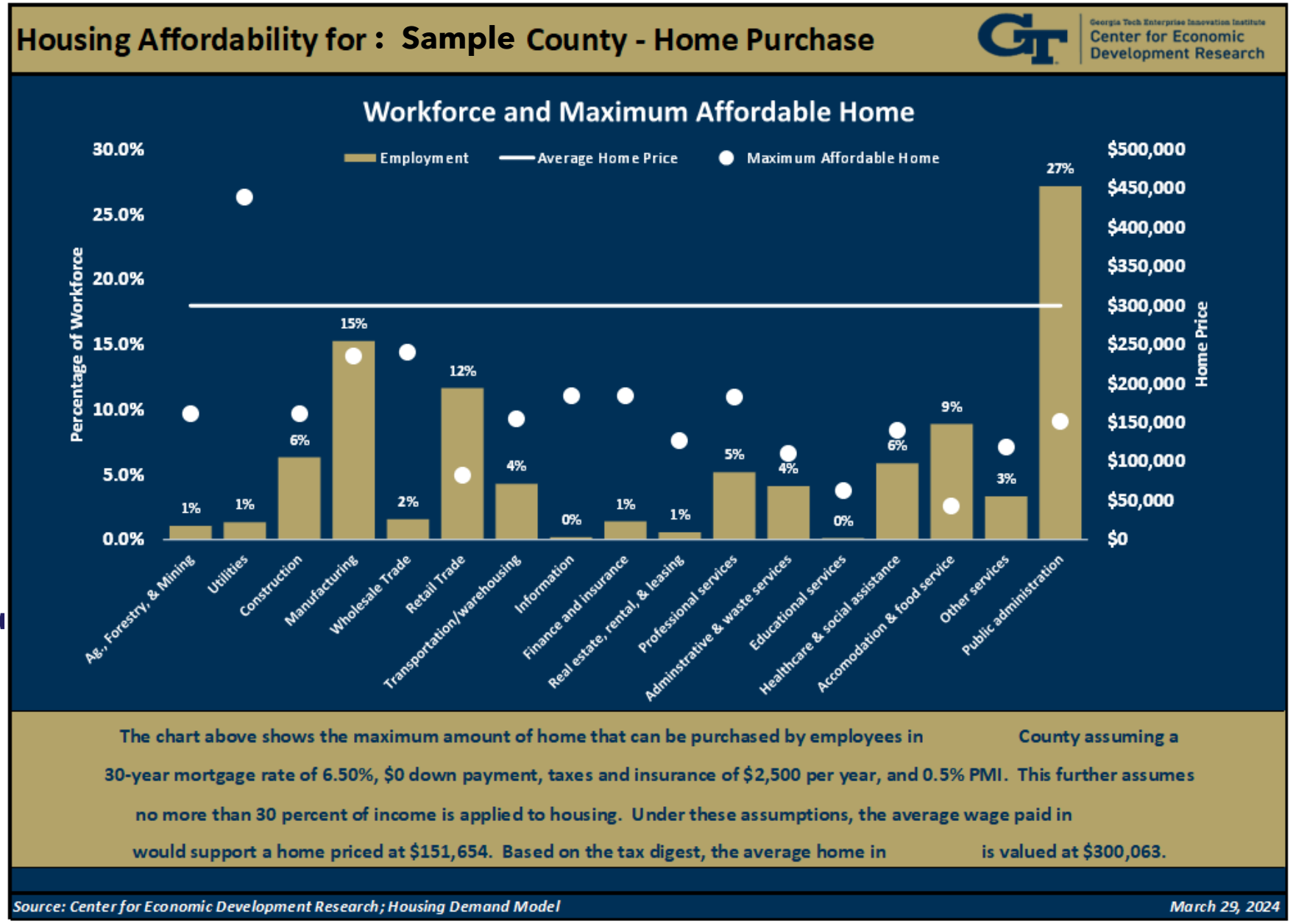
Home Purchase Affordability (1 Person)

Future Impact Simulation



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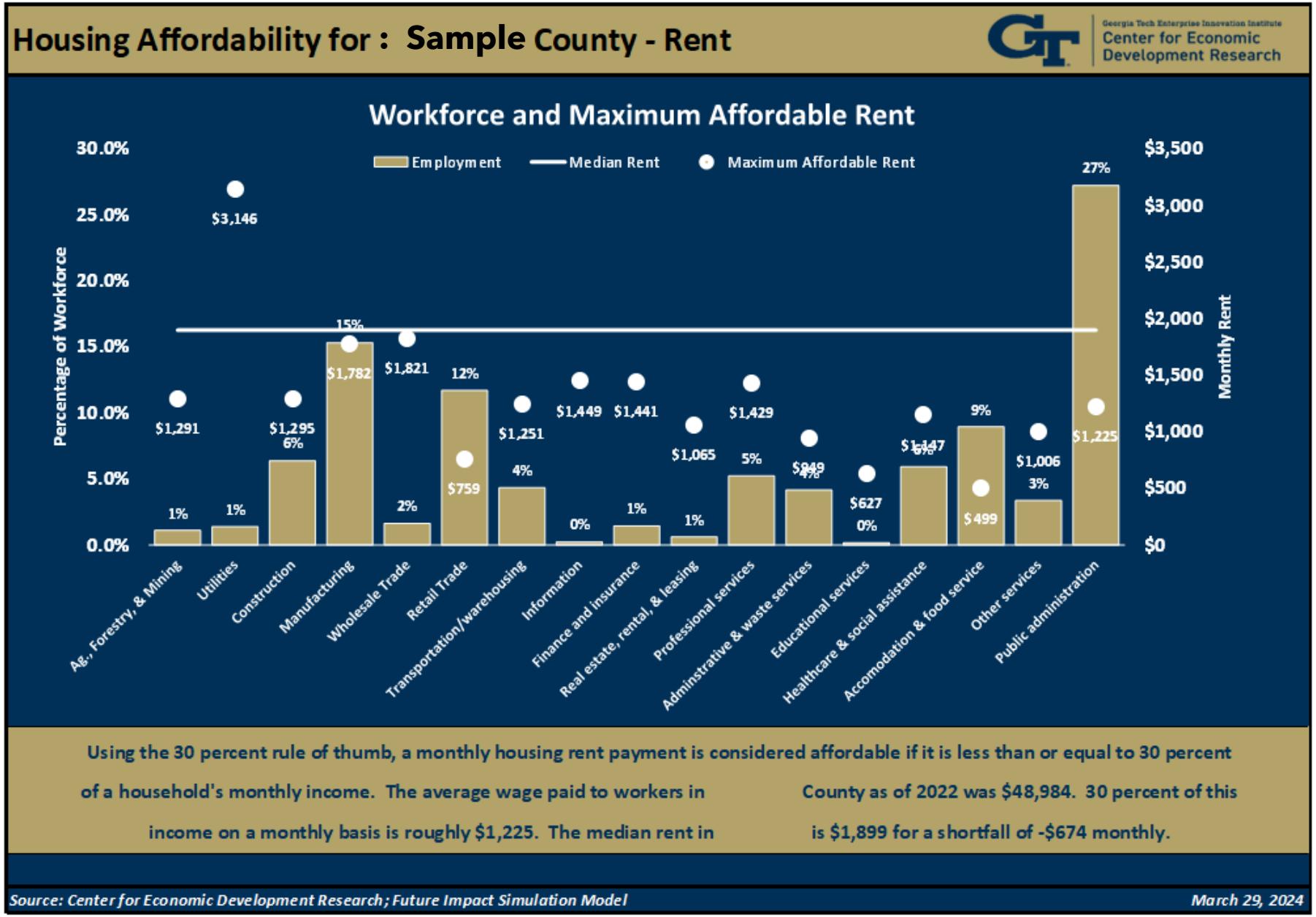
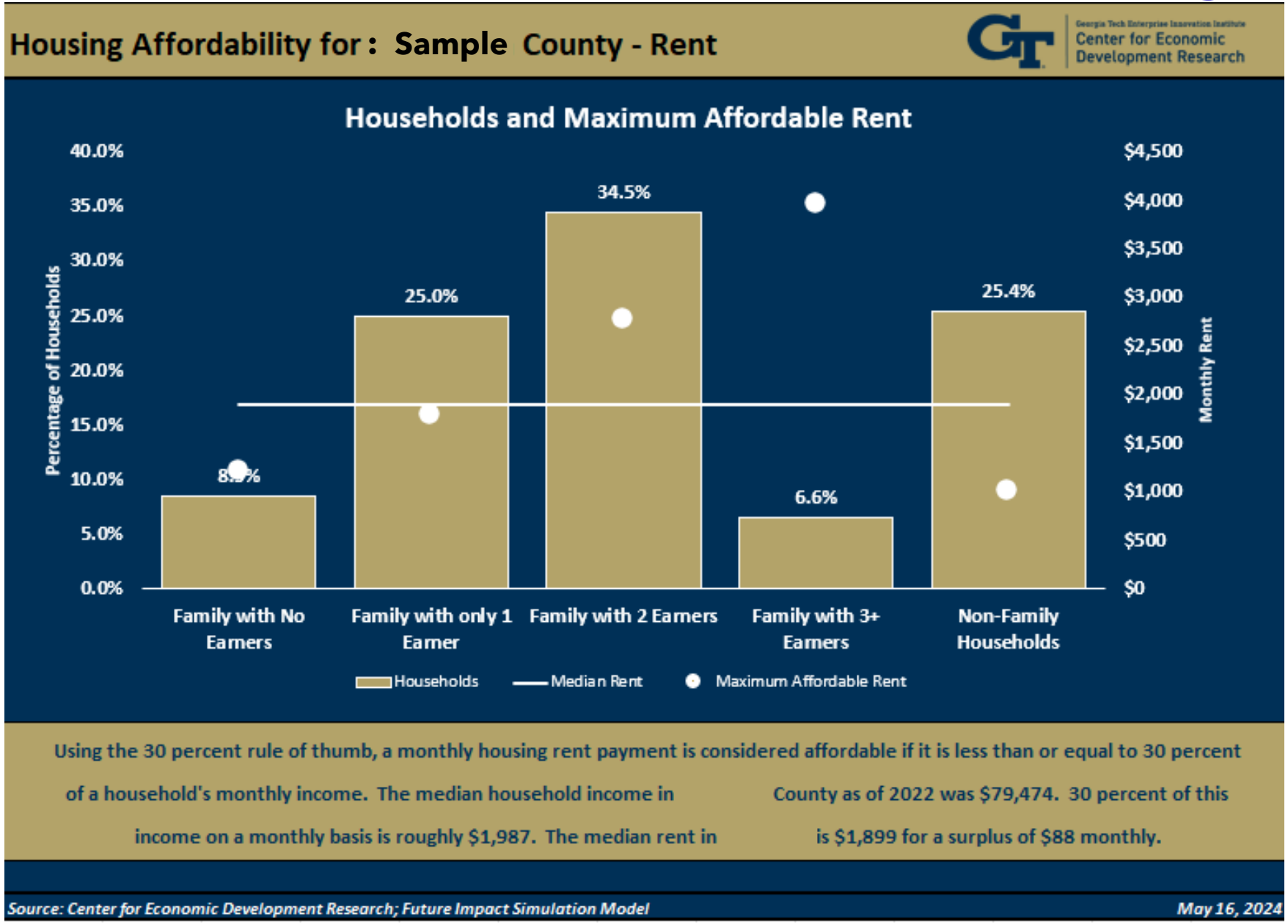
Rental Affordability (1 Person)

Future Impact Simulation



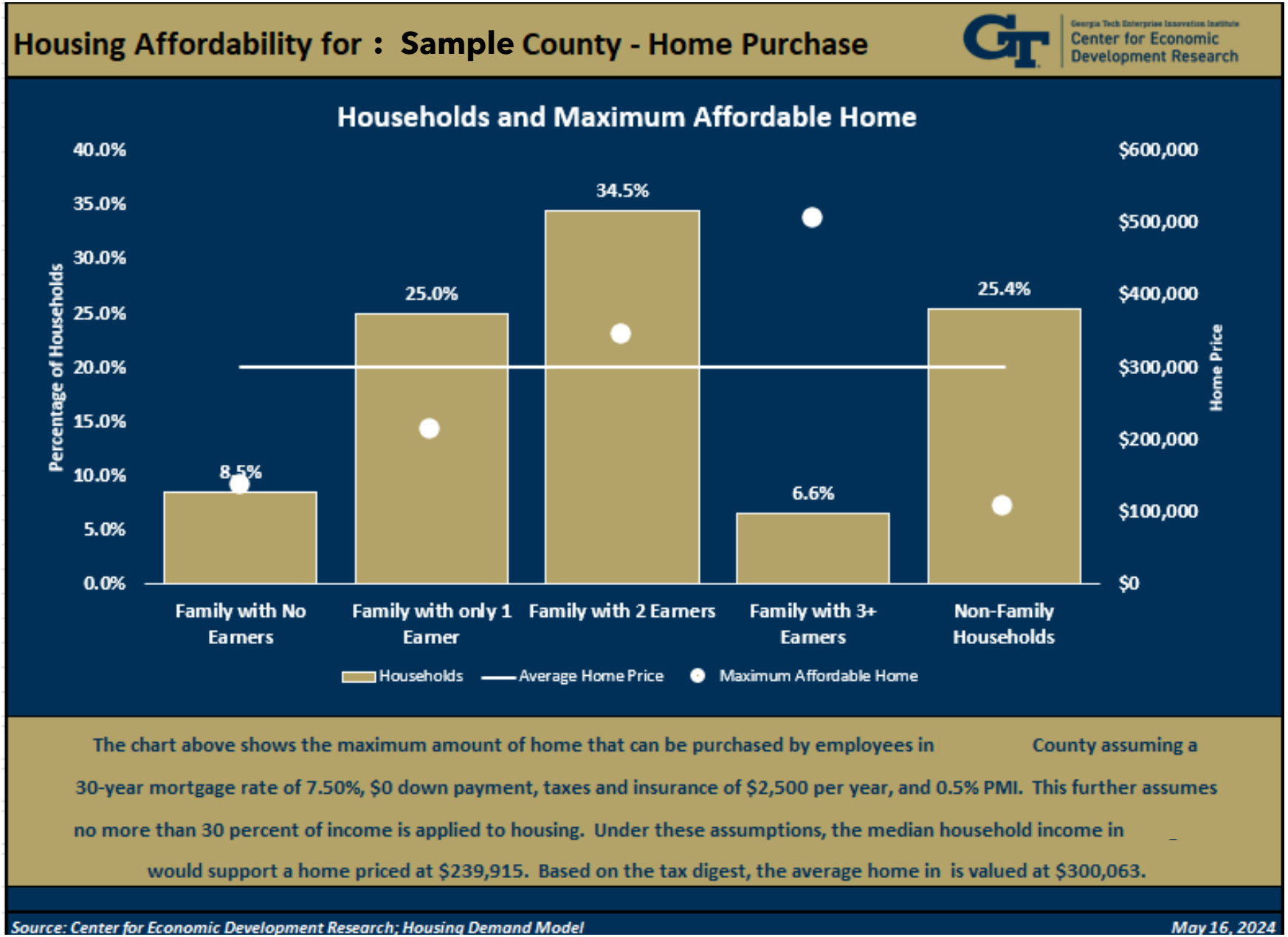
Household Rental Affordability

Future Impact Simulation



Household Purchase Affordability

Future Impact Simulation



Certified Economic Development Ready Communities (CEDRC™)

Workforce Housing & Infrastructure Planning Program

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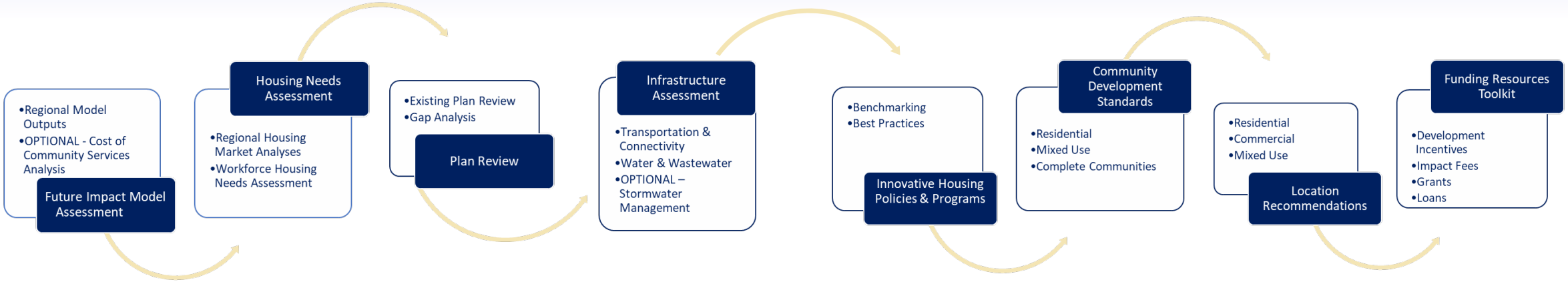
The significant increase in demand for workforce following the announcement of a major industrial location and subsequent establishment of supplier ecosystem locations requires a coordinated, comprehensive, **REGIONAL** plan of action. The plan should consider housing and public and private infrastructure necessary to rapid residential and commercial growth that will be critical to workforce recruitment and retention.

To assist impacted local governments in planning for rapid growth, the **Center for Economic Development Research** at Georgia Tech proposes an innovative approach to provide relevant data, tailored forecasts, and planning tools to provide a menu of support options for individual communities.

Current Community Assessment – Assessment phase provides tailored **Future Impact Simulation** model outputs to forecast housing infrastructure needs. Outputs guide housing and infrastructure needs assessments, as well as the identification of planning and code gaps.

Forecast Based Planning – Planning phase involves benchmarking innovative housing policies & programs, designing community development standards, offers customized location recommendations, and provides a funding resources toolkit.

Participating communities can utilize the outcomes of these assessments and adopt components of the toolbox that best suit their needs. Following formal adoption of recommendations, communities could obtain a **CEDRC™** designation which can facilitate the attraction of quality development that is aligned with the community's vision. **CEDRC™** can also aid in the pursuit of grant funding and other resources, such as the Governor's Rural Housing Initiative, and attracting additional quality development to support a sustainable future with the highest quality of life.



Thank you!

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