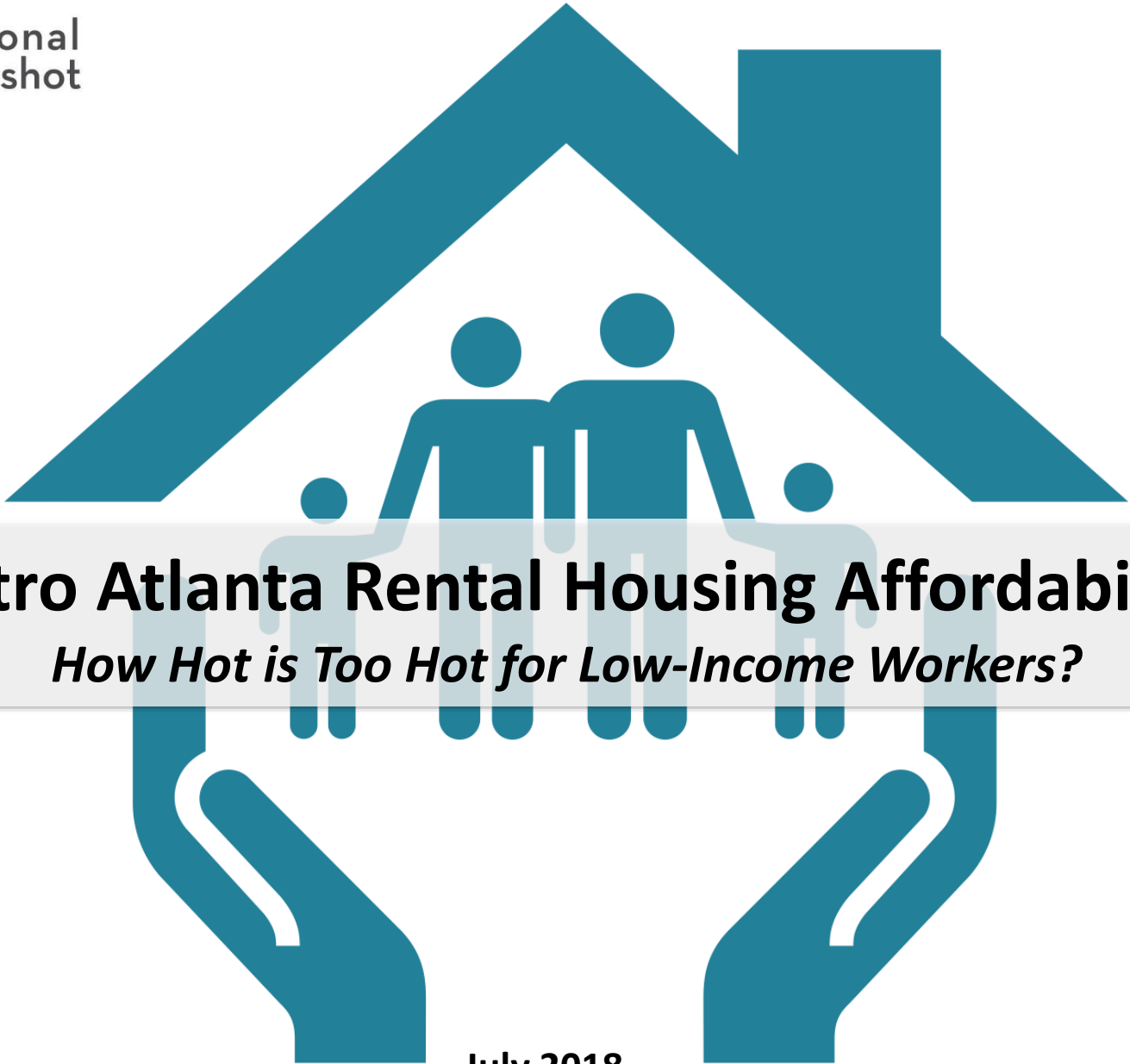




Metro Atlanta Rental Housing Affordability:

How Hot is Too Hot for Low-Income Workers?

July 2018

Metro Atlanta's Rental Market Turns Up the Heat on Low-Income Workers and Families

The metro Atlanta region has nearly half a million low-income workers (defined as those making \$1,250 or less per month). Wage growth is stagnant, rising just over 10 percent since 2010.

While previous Regional Snapshots have focused primarily on the cost of homeownership, renters are also struggling with affordability as rental costs, rising 48 percent since 2010, have outpaced wage growth in the region.

According to the 2018 NLIHC Out of Reach report, the fair market rent (FMR) for a 2-bedroom apartment in metro Atlanta is \$1,031. To afford that rent, a worker would need to earn \$3,437 a month.

More than 52% of our region's workers earn less than the \$3,400 per month needed to afford a 2-bedroom apartment at FMR.

Evictions further compound housing affordability and economic stability challenges. Over half of the counties in the 10-county metro region have eviction filing rates over 20 percent, and though the filings may be resolved before the tenant is formally evicted, they remain on the tenant's rental history, threatening long-term housing and economic stability.

Almost half of US families can't afford basics like rent and food

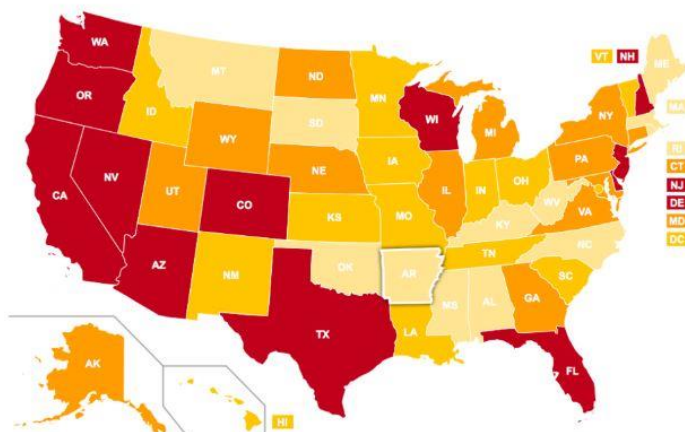
by Tami Luhby @Luhby

11

The New York Times

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Every state has fewer than 59 affordable housing units available for every 100 extremely low income families. // NLIHC

For Low-Income Renters, the Affordable Housing Gap Persists

SARAH HOLDER MAR 13 2018

*These 95 Apartments
Promised Affordable Rent
in San Francisco. Then
6,580 People Applied.*

The nation's housing policy for the poor can feel like a giant lottery. Sometimes it actually is a lottery.

The National Picture, Continued...

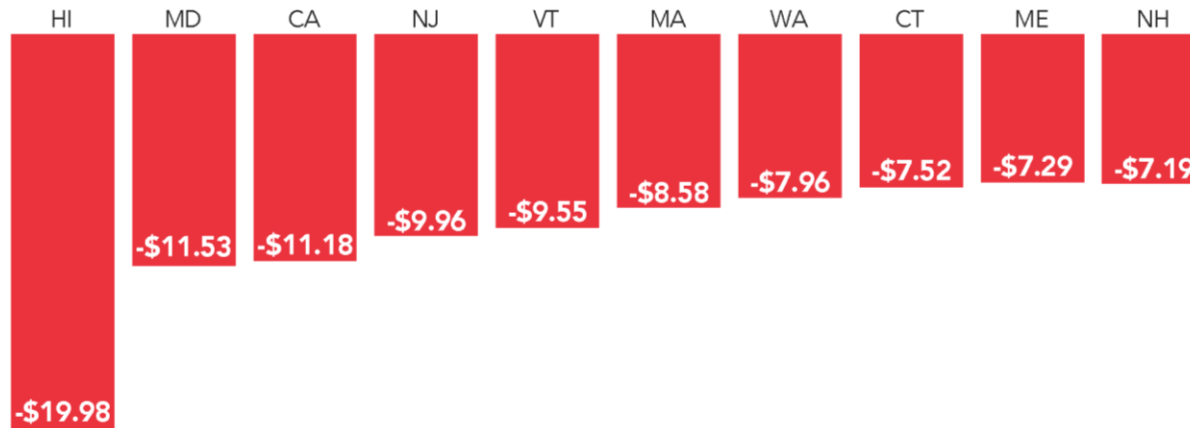
For Many Americans, Affordable Housing is *Out of Reach*



NLIHC's 2018 *Out of Reach* report ranks states according to their state "housing wage."

Georgia ranked 27th, with a two-bedroom rental housing wage of \$17.53 and a shortfall of -\$1.25 between the average renter wage of \$16.38 and the rental housing wage.

FIGURE 1: STATES WITH THE LARGEST SHORTFALL BETWEEN AVERAGE RENTER WAGE AND TWO-BEDROOM HOUSING WAGE



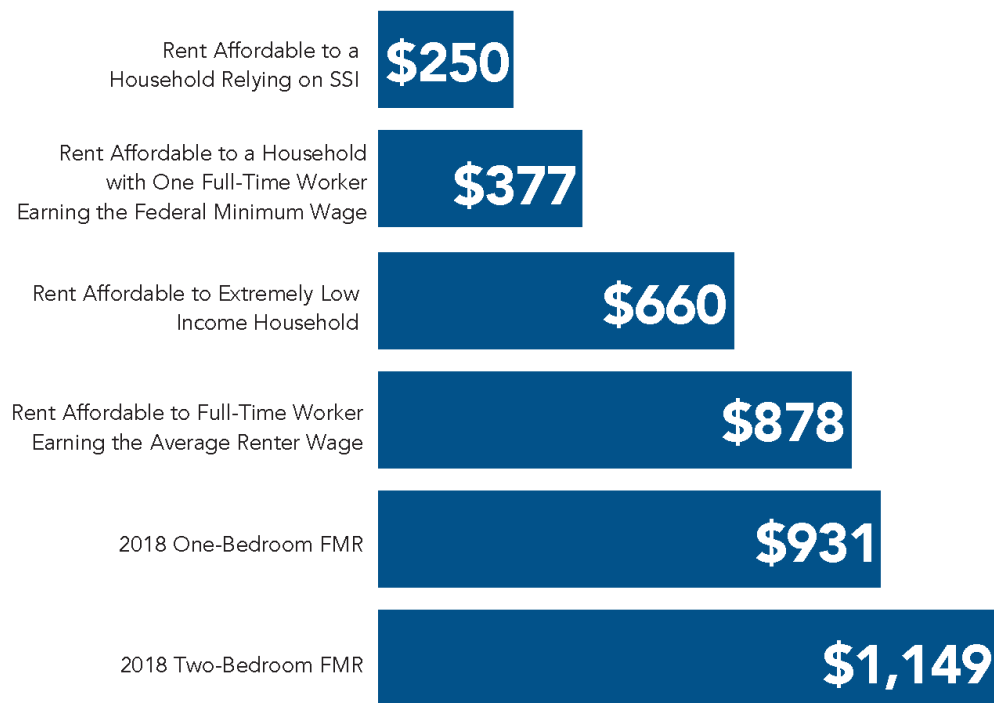
Source: Housing wages are derived from HUD fair market rents. Average renter wages are derived from BLS QCEW, 2016, adjusted to 2018 dollars.

Figure 1 from *Out of Reach* depicts the largest shortfalls between average renter wage and state housing wages. While Georgia doesn't look bad by comparison (our shortfall is only \$1.25 after all), as the following slides will show, **the picture is vastly different when we move from state averages to talk about affordability for low-income workers and families.**

The National Picture, Continued...

For Many Americans, Affordable Housing is *Out of Reach*

FIGURE 2: RENTS ARE OUT OF REACH FOR MANY RENTERS



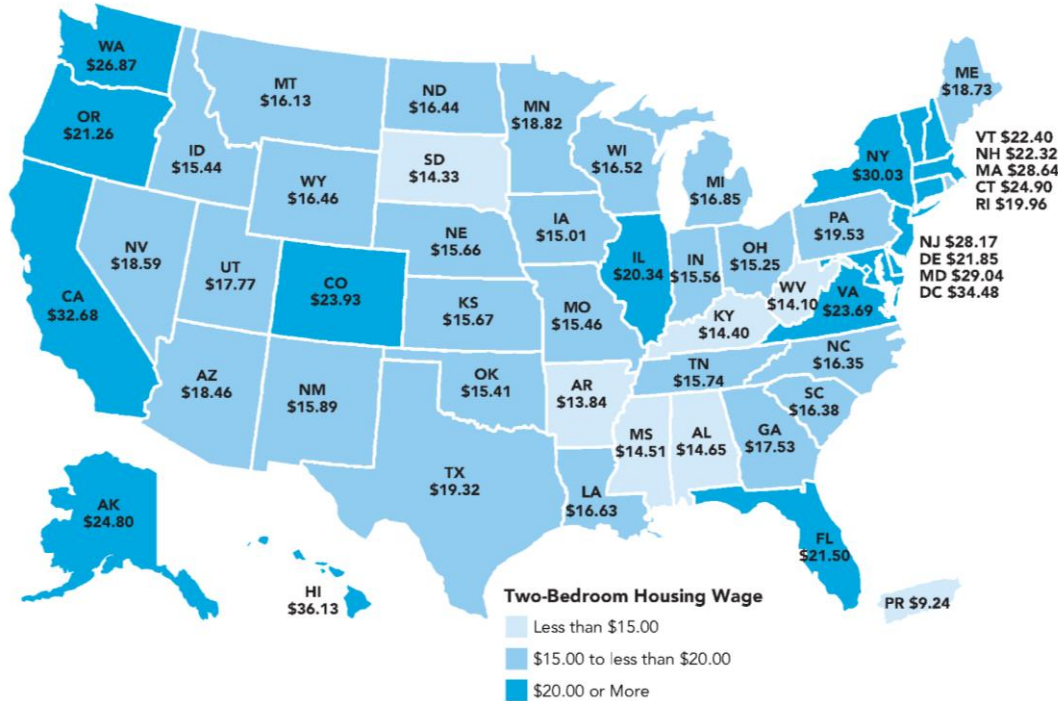
Fair Market Rent = Fair Market Rent.
Source: NLIHC calculation of a weighted-average HUD fair market rent. Affordable rent for average renter wage is based on BLS QCEW, 2016, adjusted to 2018 dollars. Other rents are based on HUD Income Limits and Social Security Administration, 2018.

The adjacent figure is also lifted from the Out of Reach report, and though it represents national statistics, the trends hold true for Georgia and the metro region.

Figure 2 shows the amount of rent affordable to various economic segments of the population – as the following slides will show, **both the state and metro area fair market rents for two-bedroom rental homes are unaffordable to the segment of the population relying on SSI, earning minimum wage, falling into the “extremely low-income” wage category, or earning the average renter wage.**

2018 TWO-BEDROOM RENTAL HOUSING WAGES

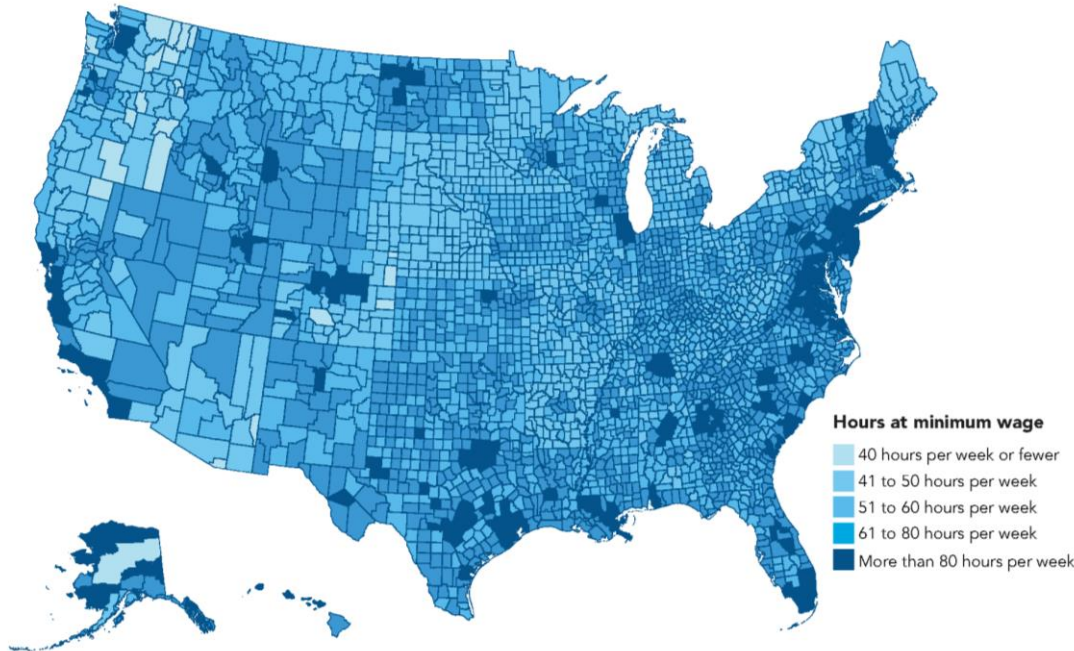
Represents the hourly wage that a household must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of their income.



The adjacent map from NLIHC's 2018 *Out of Reach* report shows the two-bedroom rental housing wages by state. These rental housing wages represent the hourly wage that a household must earn (working 40 hours/week, 52 weeks/year) to afford a two-bedroom rental home without paying more than 30 percent of their income on rent. **While Georgia's state housing wage is in the middle of the pack when compared among the rest of the United States, it is one of the highest housing wages in the Southeast.**

For Many Americans, Affordable Housing is *Out of Reach*

2018 HOURS AT MINIMUM WAGE NEEDED TO AFFORD A ONE-BEDROOM RENTAL HOME AT FAIR MARKET RENT



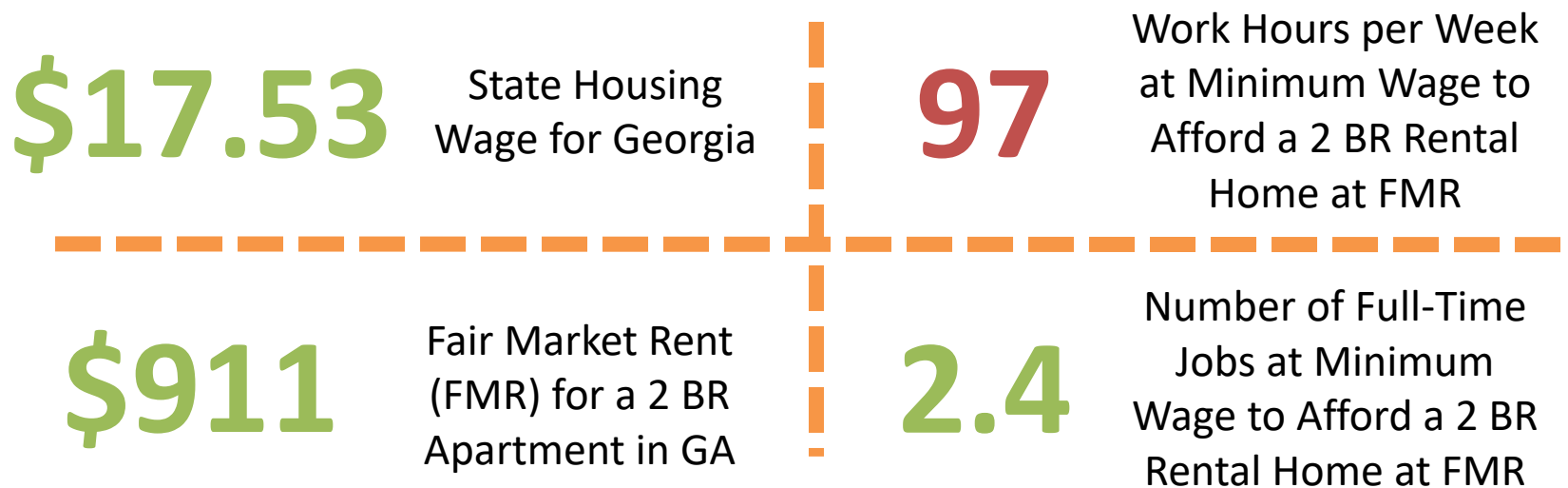
*Note: New England states are displayed with HUD Fair Market Rent Areas. All other states are displayed at the county level. This map does not account for the 37 localities with minimum wages higher than the standard state or federal minimum wage. No local minimum wages are sufficient to afford a one-bedroom rental home at the Fair Market Rent with a 40-hour work week. The geographic variation of Oregon and New York's state minimum wages are reflected at the county level. Puerto Rico is excluded due to wage comparability issues.

This map, also from NLIHC's 2018 *Out of Reach* report, shows the number of hours a worker making minimum wage would need to work to afford a one-bedroom rental home at fair market rent. As the shades of blue darken, the corresponding number of hours at minimum wage increases.

Overall, the majority of Georgia's counties fall on the upper end of the spectrum, with those counties in metro Atlanta (depicted in the darkest shade of blue), having the highest numbers of hours needed to afford a one-bedroom.

Unpacking Affordability in Georgia

A Closer Look at the *Out of Reach* Findings



What is a State Housing Wage?

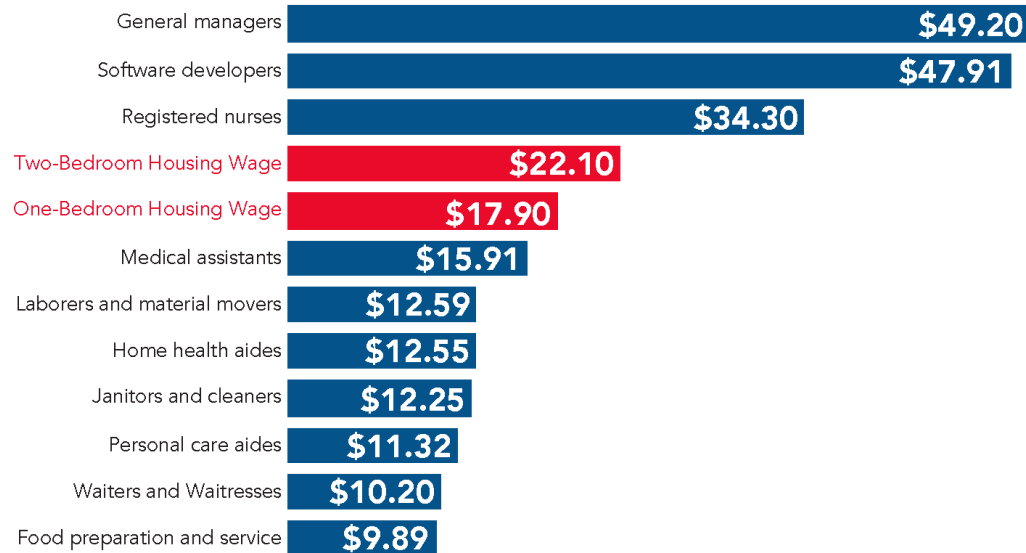
The hourly wage a renter needs to earn in order to afford a rental home of a particular size at the Fair Market Rent.

What is Fair Market Rent (FMR)?

The Fair Market Rent is HUD's best estimate of what a household seeking a modest rental home in a short amount of time can expect to pay for rent and utilities in the current market.

Rental Costs Outpace Wage Growth

FIGURE 4: HOUSING WAGE AND MEDIAN WAGES FOR OCCUPATIONS WITH HIGHEST PROJECTED GROWTH

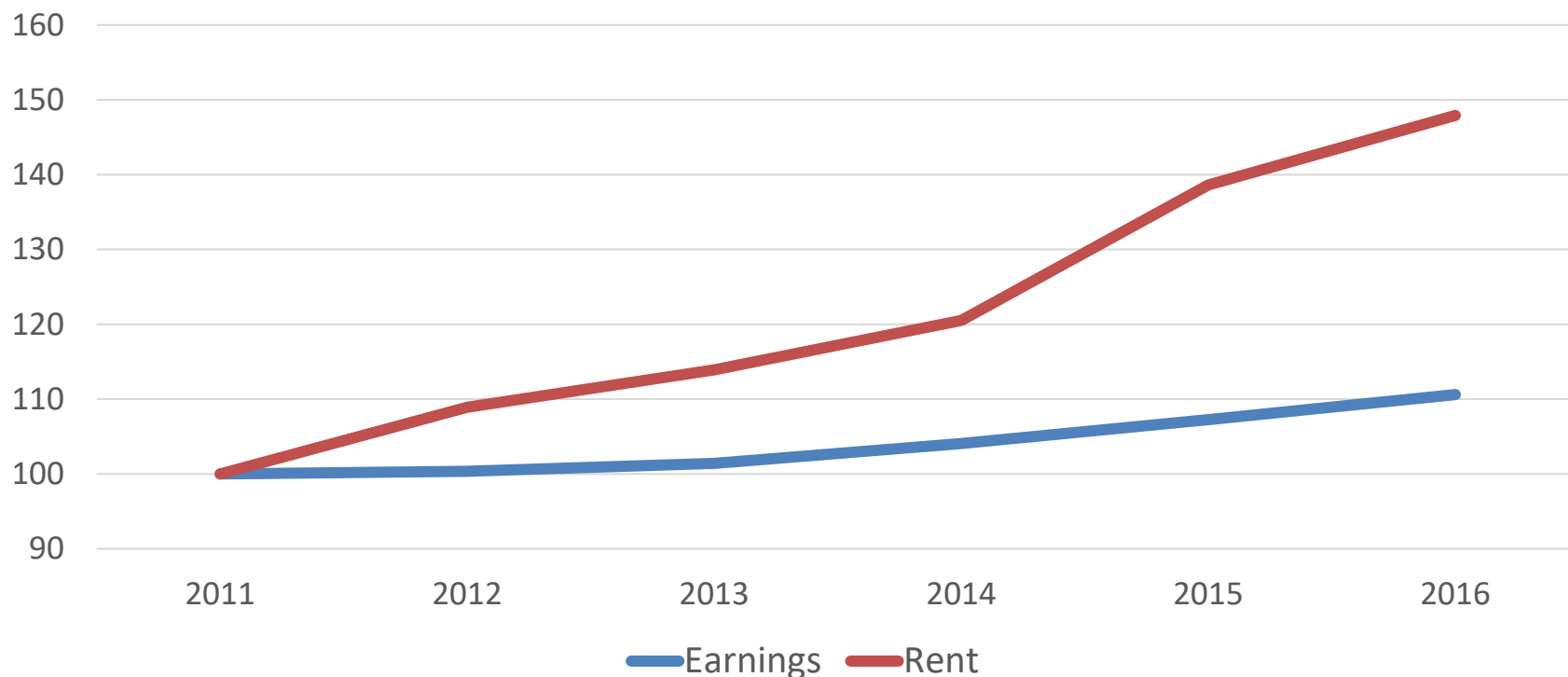


Source: Housing wages are derived from HUD fair market rents. Employment projections from BLS Employment Projections Program. Occupational wages from May 2017 National Occupation Employment and Wage Estimates, Occupational Employment Statistics, BLS. Adjusted to 2018 dollars.

The above slide, again from the 2018 *Out of Reach* report, shows where housing wages fall among the wages of the top ten highest growth occupations. Though national data is depicted above, the trend is the same in Georgia and the metro region, with **only general managers, software developers, and registered nurses receiving an hourly wage that exceeds the housing wage**. For the remaining seven occupations making less per hour than the housing wage rates rental housing is not affordable.

Metro Atlanta Rent Increases Are Outpacing Wage Growth

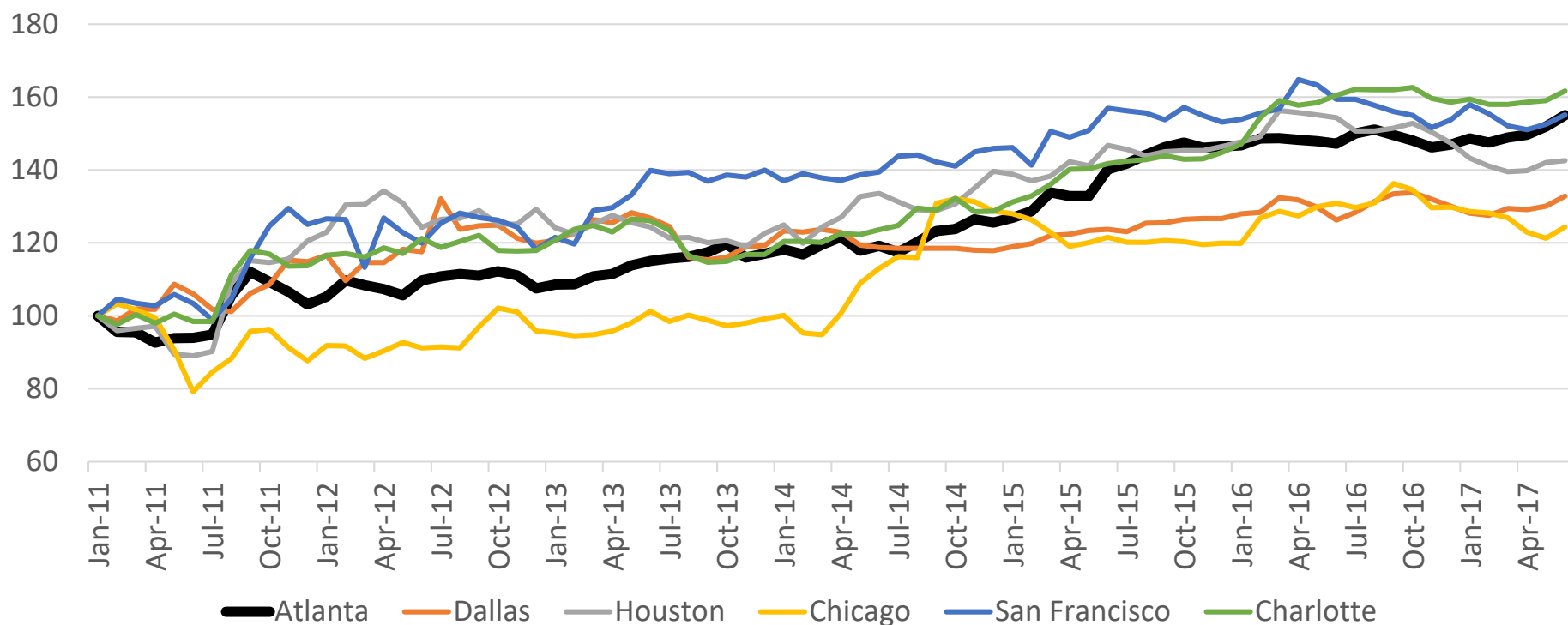
Year-Over-Year Change in Rents and Job Earnings
Index: 2011=100



Rents in metro Atlanta increased nearly 48 percent between 2011 and 2016, while wage growth is comparatively stagnant, with earnings increasing just 10 percent over the same time period.

And Metro Atlanta Rent Increases Are Also Outpacing Peer Cities

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



Rents in metro Atlanta have increased by over 55 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.

Unpacking Affordability in Metro Atlanta

Out of Reach findings for the Atlanta HFMA

\$19.83

Housing Wage for
Atlanta HFMA

109

Work Hours per Week
at Minimum Wage to
Afford a 2 BR Rental
Home at FMR

\$1,031

Fair Market Rent
(FMR) for a 2 BR
Apartment in ATL

2.7

Number of Full-Time
Jobs at Minimum
Wage to Afford a 2 BR
Rental Home at FMR

Metro Atlanta's Housing Wage and Fair Market Rent (FMR) both exceed that of the state.

However, estimated hourly mean renter wages (\$18.62 hourly) are higher in the metro region compared to the state average, meaning the shortfall between renter wages and the housing wage is smaller and therefore more easily bridged. However, there is a great disparity between the wages paid to top earners and those working minimum-wage jobs. To afford a two-bedroom at FMR, a worker would need to earn just over \$3,400 a month. **Over 52% of the metro region's population earn less than the amount needed to afford a two-bedroom at FMR, with 19 percent of workers earning less than \$1,250 per month.**

How Does Metro Atlanta Compare to Its Peers?

Metro Area (HFMA)	Total Households (2012-2016)	% of total households that are renters (2012-2016)	2 BR FMR	Housing Wage for 2 BR FMR	Income needed to afford 2 BR FMR	Estimated median renter household income	Work hours per week at min. wage* needed to afford 2 BR FMR
Atlanta HMFA	1,955,190	37	\$1,031	\$19.83	\$41,240	\$39,545	109
Dallas HMFA	1,625,338	42	\$1,077	\$20.71	\$43,080	\$42,907	114
Nashville HMFA	618,853	35	\$1,002	\$19.27	\$40,080	\$37,460	106
Washington HMFA	276,546	59	\$1,793	\$34.48	\$71,720	\$51,045	104

While Washington D.C. has the overall highest housing wage of the selected metros above, both estimated median renter household income and minimum wage rates are higher in D.C., therefore **a person working minimum wage would have to work more hours in Atlanta, Dallas, or Nashville to afford a two-bedroom apartment at fair market rent than a person making minimum wage in Washington D.C.**

**Note: Washington D.C.'s minimum wage is \$13.25. The minimum wage is \$7.25 in the other metros.*

Affordability is Relative

Rental Housing Even Further Out of Reach for the Region's Low-Income Families



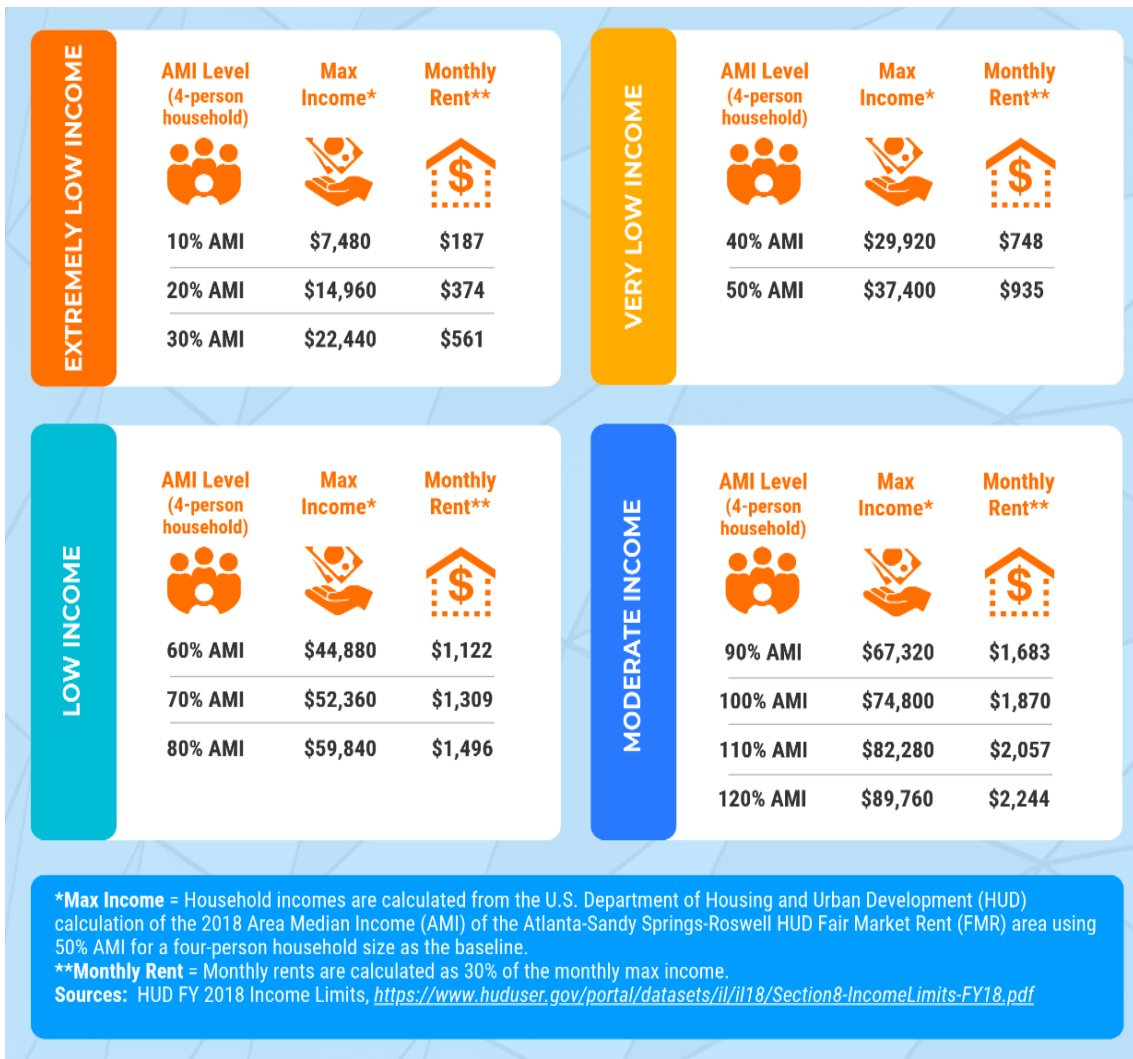
What is AMI?

Defined by HUD, the Area Median Income (AMI) is an estimated annual median family income for the Atlanta HFMR. It is based on the American Community Survey's median family income estimate and takes into account a Consumer Price Index inflation rate.

Why 30% AMI?

30 percent AMI represents “extremely low-income” households. To be eligible for certain assistance programs, such as housing vouchers, a household must earn 30% AMI or less.

Affordability by AMI Level for Metro Atlanta

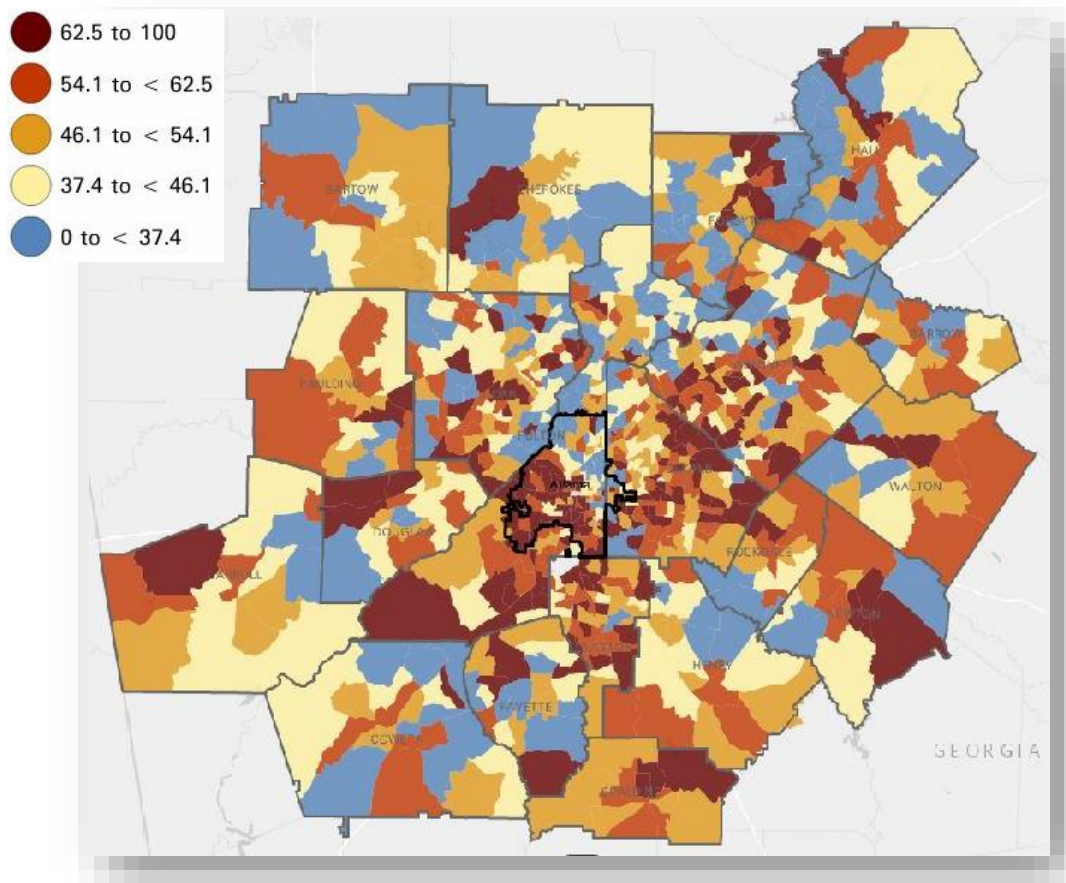


The adjacent infographic is a simple overview of varying AMI levels and their corresponding maximum incomes, based on the HUD 2018 Income Limits for a four-person family in the Atlanta-Sandy Springs-Roswell HUD HFMA.

Using the conventional standard of affordability, affordable monthly rents were calculated as 30 percent of the max income.

Metro Atlanta Renters are Cost-Burdened

% Residents with Gross Rent 30% of Income or Greater



What Does it Mean to be a Cost-Burdened Household?

Cost-burdened households are those that spend more than 30 percent of their household income on rent and utilities. The definition evolved from the United States National Housing Act of 1937, and the 30 percent threshold corresponds to the amount of income residents pay for rent among various housing programs. As shown in the adjacent map, **more than a third of the renters in the majority of tracts in the region are cost-burdened**, having gross rents that exceed 30 percent of their income. The tracts shown in brown are least affordable, where two-thirds or more of renters are cost-burdened.

Overall, More than Half of Renters in the Region are Cost-Burdened

Gross Rent as a Percentage of Household Income (GRAPI), by County

County	Occupied units paying rent*	Occupied units paying rent*- 30 to 34.9%	Occupied units paying rent*- 35% or more	% paying more than 30% of income on owner costs
Cherokee	17,115	1,654	5,933	44.3
Clayton	41,575	3,639	19,869	56.5
Cobb	93,475	8,353	36,146	47.6
DeKalb	119,486	10,855	52,976	53.4
Douglas	15,706	1,464	6,384	50.0
Fayette	6,776	654	2,500	46.5
Fulton	176,606	15,847	72,725	50.2
Gwinnett	90,611	8,842	39,067	52.9
Henry	18,593	1,956	6,936	47.8
Rockdale	9,289	639	4,391	54.2
10-County ARC	589,232	53,903	246,927	51.1

**excluding units where GRAPI cannot be computed*

Number of Available Affordable Units Declining

Change in the Number of Rental Units Less than \$800, by county

County	Total Units, 2016	Units: Rent <\$800, 2016	Total Units, 2011	Units: Rent <\$800, 2011	Change: Total Rental Units	Change: Rental Units <\$800
Cherokee	18,283	3,918	15,235	4,083	3,048	-165
Clayton	44,189	15,281	35,154	13,292	9,035	1,989
Cobb	98,257	16,778	81,282	19,248	16,975	-2,470
DeKalb	124,749	27,120	110,782	32,260	13,967	-5,140
Douglas	16,306	3,848	12,909	4,188	3,397	-340
Fayette	7,517	1,000	5,860	1,003	1,657	-3
Fulton	187,822	44,943	161,921	50,176	25,901	-5,233
Gwinnett	94,633	14,277	76,292	17,048	18,341	-2,771
Henry	19,478	2,752	14,804	2,048	4,674	704
Rockdale	9,631	2,578	8,571	2,159	1,060	419
10-County ARC	620,865	132,495	522,810	145,505	98,055	-13,010

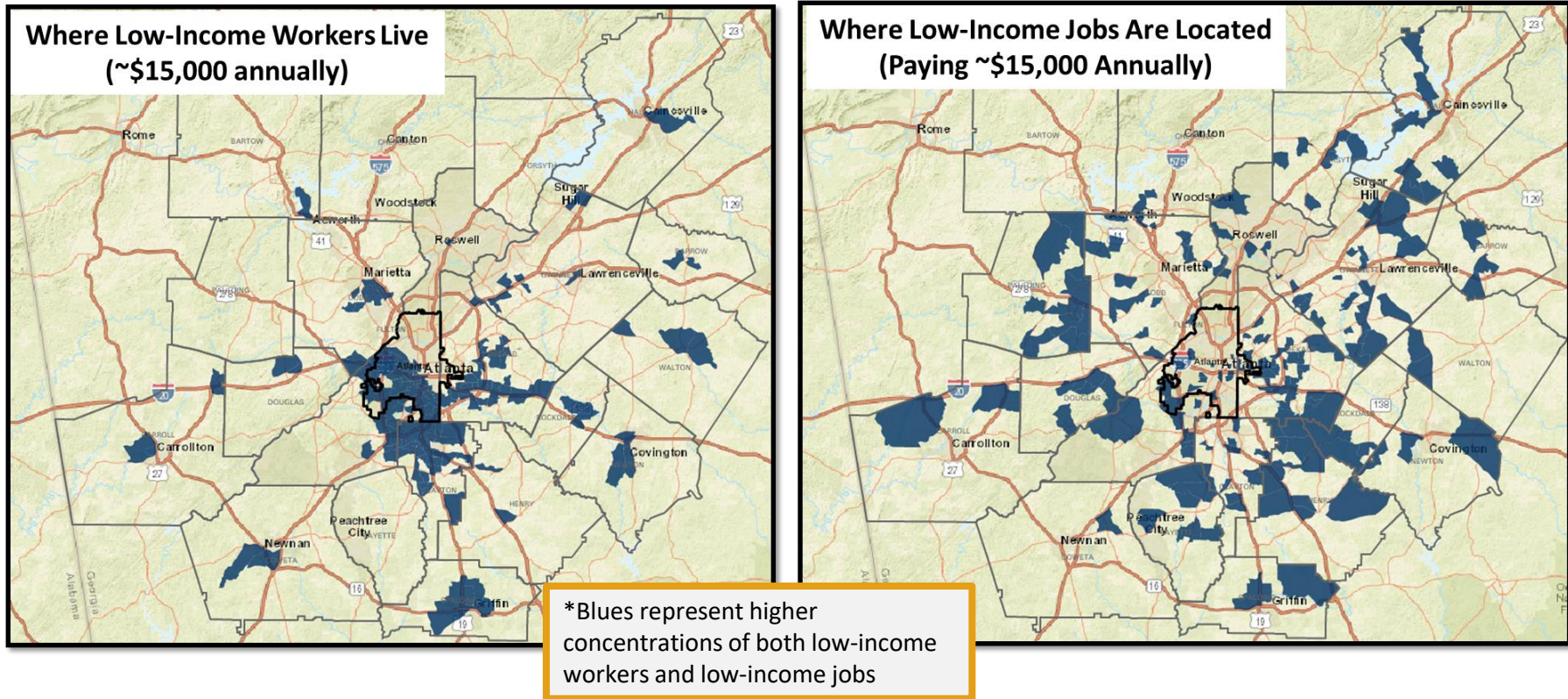
While some counties have experienced gains in lower-cost rentals (Clayton, Henry, and Rockdale), **overall the metro region has lost more than 13,000 lower-cost rental units from 2011 to 2016.**

Many Units' Affordability Set to Expire Soon

County	Number of Subsidized Units	Units with Subsidies expiring in this 5-year period (by 2022)	Units with Subsidies expiring next 5-year period (2023-2027)	Units with Subsidies expiring after 10 years (2028+)
Cherokee	2,998	349	314	2,335
Clayton	4,679	640	1,051	2,988
Cobb	6,764	685	1,411	4,668
Dekalb	15,072	814	2,740	11,518
Douglas	876	104	100	672
Fayette	589		360	229
Fulton	40,901	4,014	7,624	29,263
Gwinnett	4,994	246	435	4,313
Henry	1,266		570	696
Rockdale	578		180	398
10-County ARC	78,717	6,852	14,785	57,080

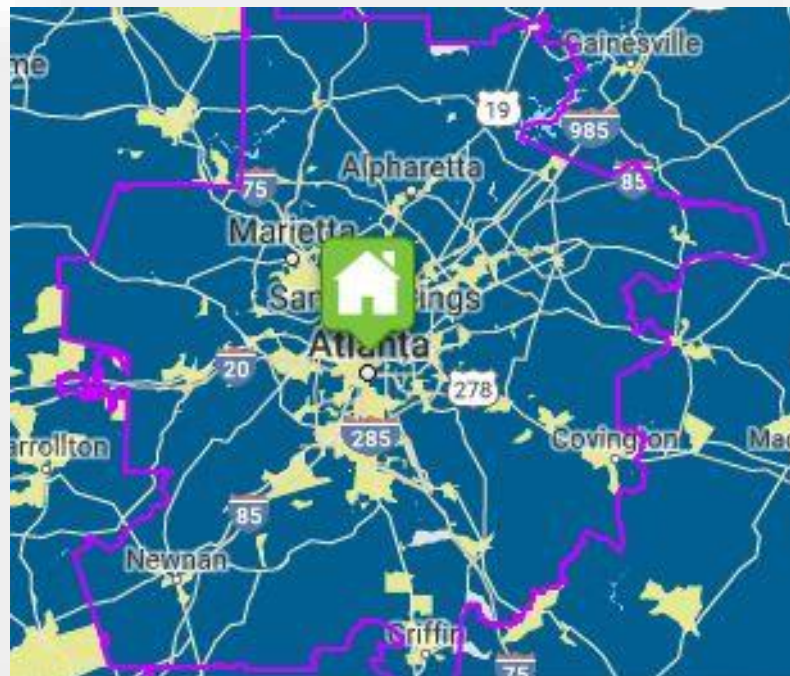
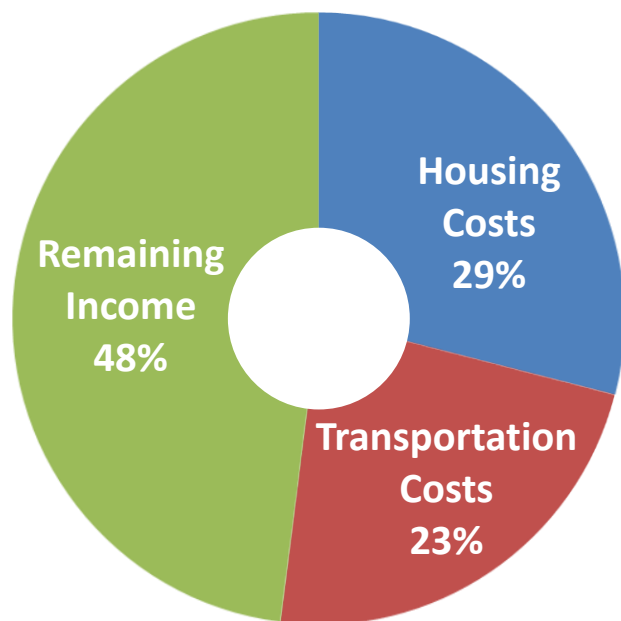
Over the next 10 years, 57,000 units across metro Atlanta will have their affordability subsidies set to expire. While the vast majority of these units will retain their affordability, units in neighborhoods that are emerging from widespread poverty face considerable pressure from market forces, thus keeping these subsidies becomes challenging.

A Spatial Mismatch Exists Between the Location of Low-income Workers & 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.

Add in Transportation Costs, and Metro Atlanta's Affordability Gets Even More Constrained

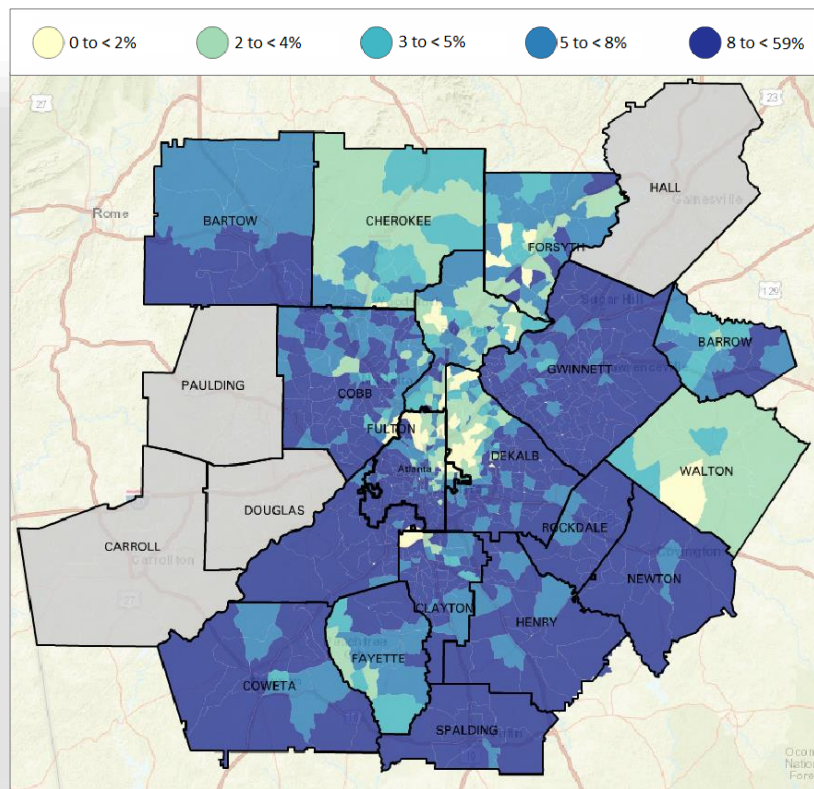


The combined costs of housing and transportation offer a more comprehensive view of housing affordability. As shown in the chart above, **when housing and transportation costs are combined for Atlanta, they consume 52% of the average household income in the metro, and the number of affordable neighborhoods (shown in yellow on the map) is further limited.**

Overall, Eviction Rates are Declining

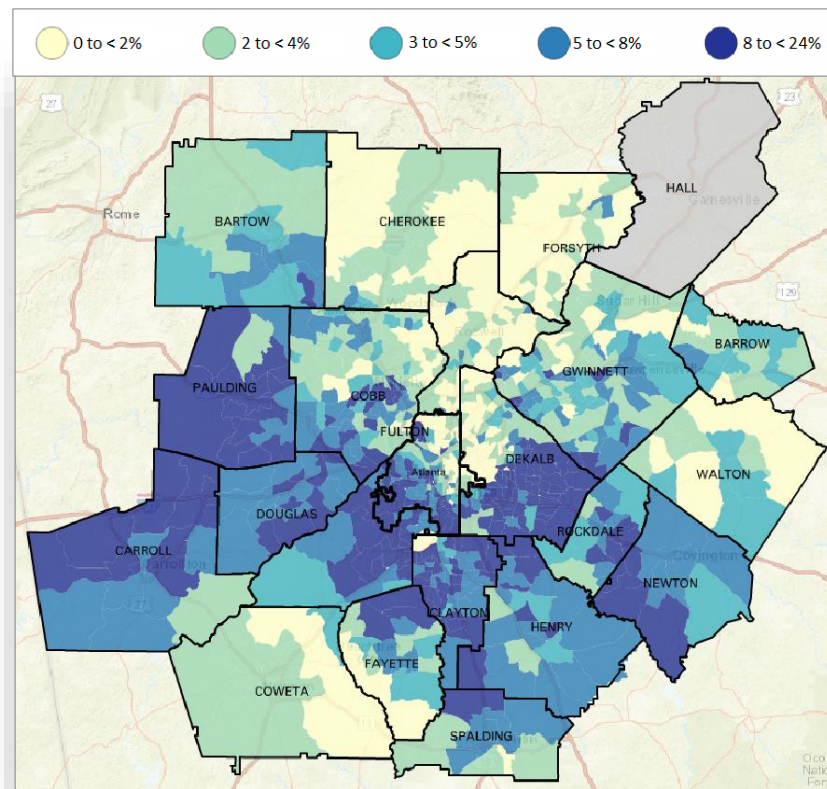
Eviction Rates (2010)

Evictions as proportion of rental households



Eviction Rates (2016)

Evictions as proportion of rental households



The maps above show a **decline in evictions throughout the region between 2010 and 2016**, with the exception of neighborhoods mostly in the south where rates remain consistently above 8 percent (in dark blue on both maps). While formal evictions have fallen off, these maps do not include informal evictions, nor do they reflect eviction filings rates, both of which also threaten housing & economic stability.

High Rates of Eviction Filings Persist in the Region

County	Population	% Renter-Occupied	Poverty Rate	Median Gross Rent	Median Household Income	Rent Burdened	Eviction Rate	Eviction Filing Rate
Cherokee	225,944	22.65	8.49	\$1,010	\$68,926	29.1	2.65	11.87
Clayton	267,234	47.29	21.16	\$881	\$40,938	35.1	8.94	42.79
Cobb	719,133	35.84	9.37	\$1,006	\$65,873	29.6	5.31	17.89
DeKalb	716,331	44.75	14.97	\$991	\$51,376	32.3	6.22	22.87
Douglas	136,520	32.69	13.93	\$949	\$53,881	30.8	7.77	11.96
Fayette	108,655	18.73	6.73	\$1,096	\$79,066	27.9	3.6	6.2
Fulton	983,903	48.25	12.98	\$1,001	\$57,207	30.2	5.23	18.97
Gwinnett	859,234	33.64	11.27	\$1,043	\$60,289	32.1	4.66	22.17
Henry	211,512	27.1	10.44	\$1,056	\$60,424	30	6.15	30.11
Rockdale	86,901	31.12	13.65	\$916	\$50,455	34.2	7.44	22.23

While there has been a decline in evictions throughout the region between 2010 and 2016, **more than half of the counties in the region have eviction filing rates over 20 percent, with Clayton County filings at more than twice that rate.** Eviction filings are often used as a means to collect back rent, and while a great number of filings are reconciled and do not end in a formal eviction, **filings stay on a tenant's rental history, impacting that tenant's ability to rent at another property,** which can lead to a cycle of serial filings that threaten long-term economic and housing stability.