

Market Opportunity for Supporting Small Scale Development

November 2024

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KB | ADVISORY GROUP

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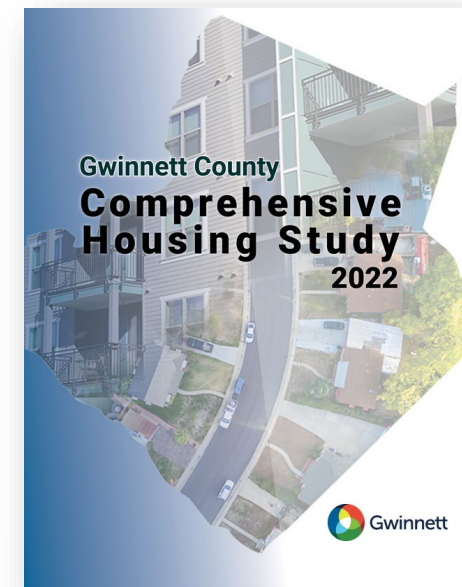
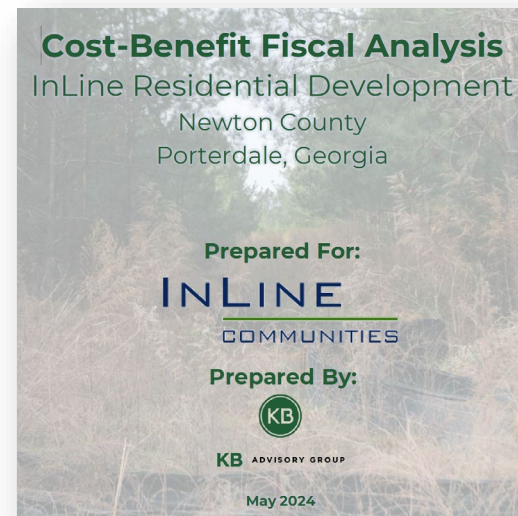
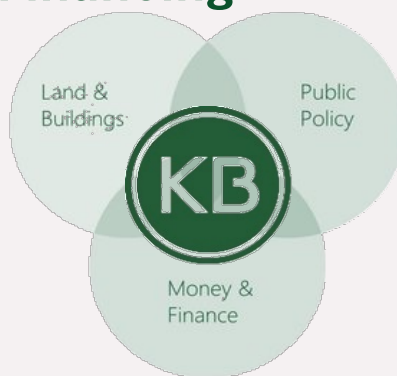
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Bridging economic, real estate, and local policy perspectives to help create better places.

Areas of Practice Expertise:

1. Real Estate Markets
2. Development Economics
3. Public Financing/Tax Increment Financing
4. Economic Impacts
5. Housing Analysis



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Table P-1.—GENERAL CHARACTERISTICS OF THE POPULATION, BY CENSUS TRACTS: 1960

[Asterisk (*) denotes statistics based on 25-percent sample. Population per household not shown where less than 50 persons in households. Median not shown where base is less than 200]

SUBJECT	TOTAL SMSA ¹	DE KALB COUNTY			FULTON COUNTY				CLAYTON COUNTY	COBB COUNTY		
		TOTAL	ATLANTA (PART)	BALANCE	TOTAL ¹	ATLANTA (PART) ¹	EAST POINT	BALANCE		TOTAL	MARIETTA	BALANCE
RACE AND COUNTRY OF ORIGIN												
TOTAL POPULATION	1 017 188	256 782	41 332	215 450	556 326	446 123	35 633	74 570	46 365	114 174	25 565	88 609
WHITE	785 019	234 370	34 449	199 921	362 923	266 186	31 111	65 626	41 595	106 096	21 814	84 282
NEGRO	231 474	22 171	6 869	15 302	193 024	179 595	4 505	8 924	4 745	8 032	3 739	4 293
OTHER RACES	695	241	14	227	379	342	17	20	25	46	12	34
BORN IN PUERTO RICO*	260	39	...	39	204	170	20	14	4	13	5	8
PUERTO RICAN PARENTAGE*	126	21	...	21	75	50	5	20	...	30	4	26
TOTAL FOREIGN STOCK*	32 196	11 831	1 937	9 894	16 997	14 179	1 010	1 808	781	2 340	567	1 773
FOREIGN BORN	8 995	3 065	556	2 509	4 832	4 039	275	518	250	768	194	574
NATIVE, FOR, OR MIXED PARENTAGE	23 201	8 766	1 381	7 385	12 165	10 140	735	1 290	531	1 572	373	1 199
UNITED KINGDOM	5 120	1 928	228	1 700	2 494	1 876	218	400	136	518	164	354
IRELAND (EIRE)	1 050	352	63	289	632	536	41	55	27	31	...	31
NORWAY	436	136	7	129	248	193	16	39	12	36	7	29
SWEDEN	743	277	12	265	368	300	16	52	22	68	8	60
GERMANY	4 240	1 400	223	1 177	2 275	1 744	180	351	188	336	68	268
POLAND	2 218	956	236	720	1 150	1 072	20	58	21	87	19	68
CZECHOSLOVAKIA	534	221	17	204	236	192	20	24	26	47	17	30
AUSTRIA	926	334	38	296	509	432	26	51	25	50	11	39
HUNGARY	574	218	27	191	282	248	4	30	4	70	...	70
U.S.S.R.	3 401	1 355	411	944	1 954	1 854	8	92	12	80	36	44
ITALY	1 505	509	29	480	835	694	58	83	37	108	29	79
CANADA	3 292	1 372	158	1 214	1 459	1 156	89	214	75	354	82	272
MEXICO	156	54	22	32	79	35	33	11	...	18	...	18
ALL OTHER AND NOT REPORTED	8 001	2 719	466	2 253	4 476	3 847	281	348	196	537	126	411
HOUSEHOLD RELATIONSHIP												
POPULATION IN HOUSEHOLDS	993 618	251 924	40 833	211 091	538 889	429 618	35 512	73 759	46 264	113 249	25 407	87 842
HEAD OF HOUSEHOLD	291 367	73 013	13 153	59 860	163 478	132 762	10 179	20 537	12 067	30 996	7 392	23 604
HEAD OF PRIMARY FAMILY	253 753	66 580	11 174	55 406	135 810	107 829	9 333	18 648	11 431	29 001	6 643	22 358
PRIMARY INDIVIDUAL	37 614	6 433	1 979	4 454	27 668	24 933	846	1 889	636	1 995	749	1 246
WIFE OF HEAD	218 534	60 272	9 369	50 903	111 277	86 322	8 255	16 700	10 589	26 593	5 810	20 783
CHILD UNDER 18 OF HEAD	336 308	90 627	11 296	79 331	167 114	128 082	12 555	26 477	18 786	43 632	9 241	34 391
OTHER RELATIVE OF HEAD	126 744	24 662	6 097	18 565	81 575	68 590	4 062	8 923	4 355	10 938	2 531	8 407
NONRELATIVE OF HEAD	20 665	3 350	918	2 432	15 445	13 862	461	1 122	467	1 090	433	657
POPULATION IN GROUP QUARTERS	23 570	4 858	499	4 359	17 437	16 505	121	811	101	925	158	767
INMATE OF INSTITUTION	7 545	1 323	37	1 286	5 694	5 125	11	558	65	250	40	210
OTHER . . . . .	...	...	...	...	...	...	...	...	...	...	...	...
POPULATION PER HOUSEHOLD	3.41	3.45	3.10	3.53	3.30	3.24	3.49	3.59	3.83	3.65	3.44	3.72

POPULATION PER HOUSEHOLD | 3.41 |



**What does the
modern American
household look like?**



ChatGPT Says:





(lol)

The "modern American household" today reflects a rich diversity in structure, culture, and lifestyle, **often different from the traditional nuclear family idealized in the mid-20th century.**

Varied Family Structures

Urban, Suburban, and Rural Differences

Economic Pressures and Smaller Family Sizes

Cultural and Ethnic Diversity

*"... no longer defined by a single image but by a vibrant array of forms that reflect the **broad spectrum** of experiences in America today"*

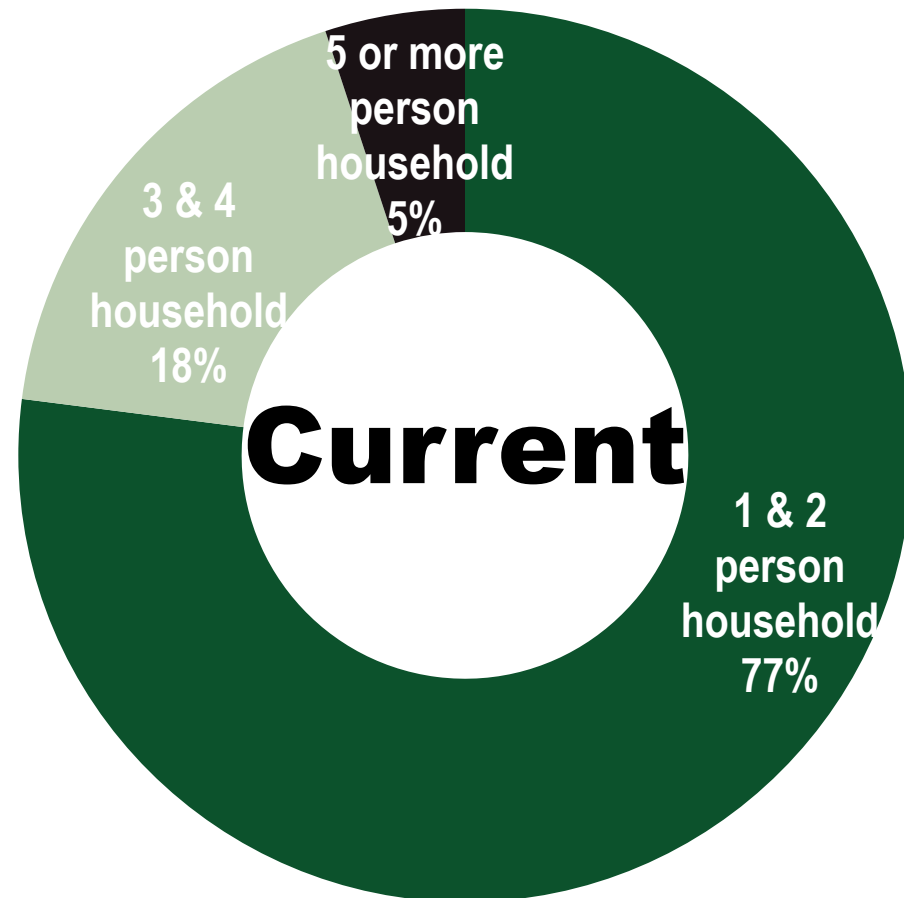
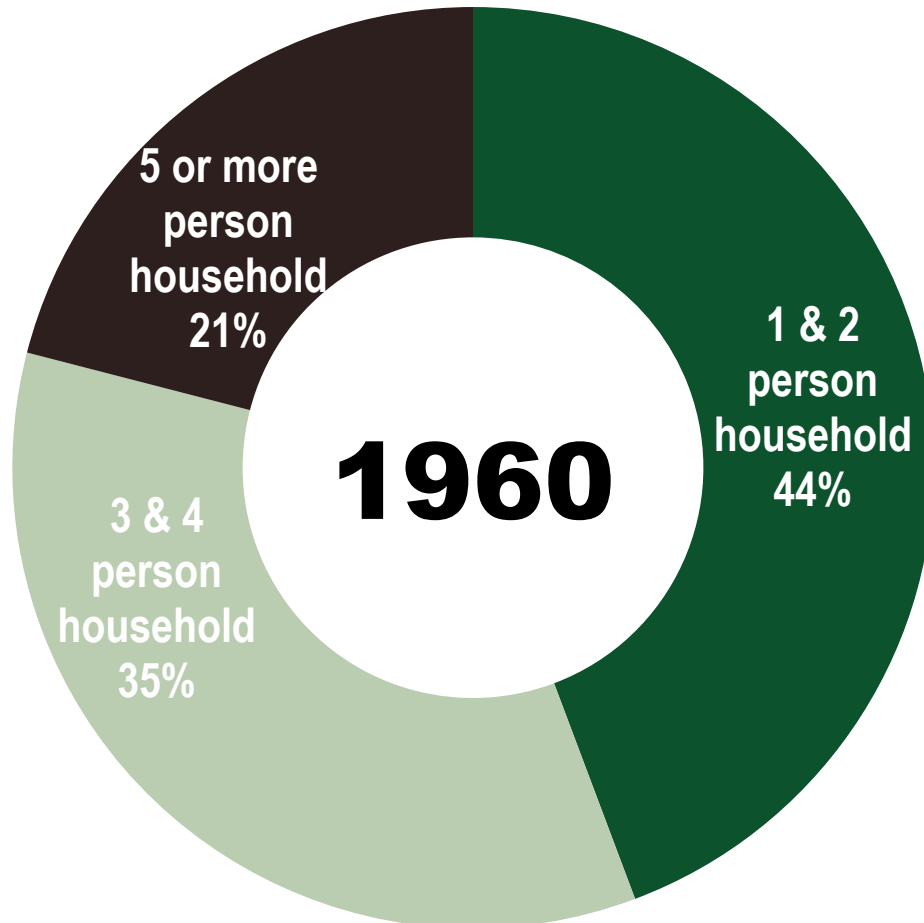


The average number of
people per household in
the Atlanta MSA is **2.7**,
which is about 10% higher
than the national average
of **2.5**

In the City of Atlanta, the
average number of
people per household is
2.03

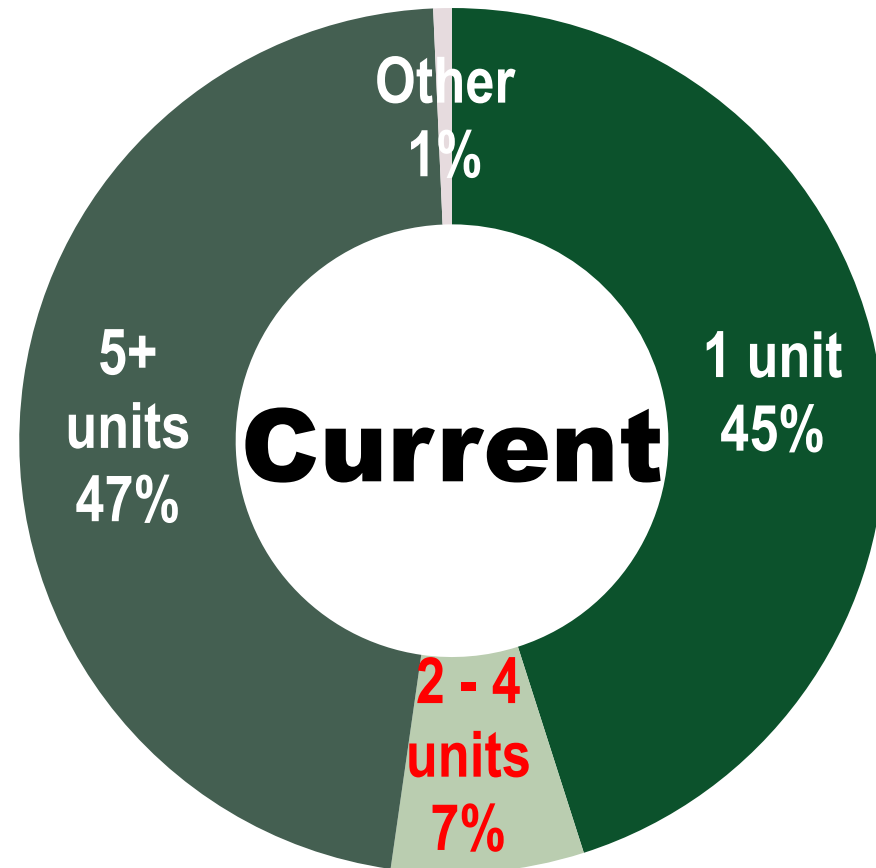
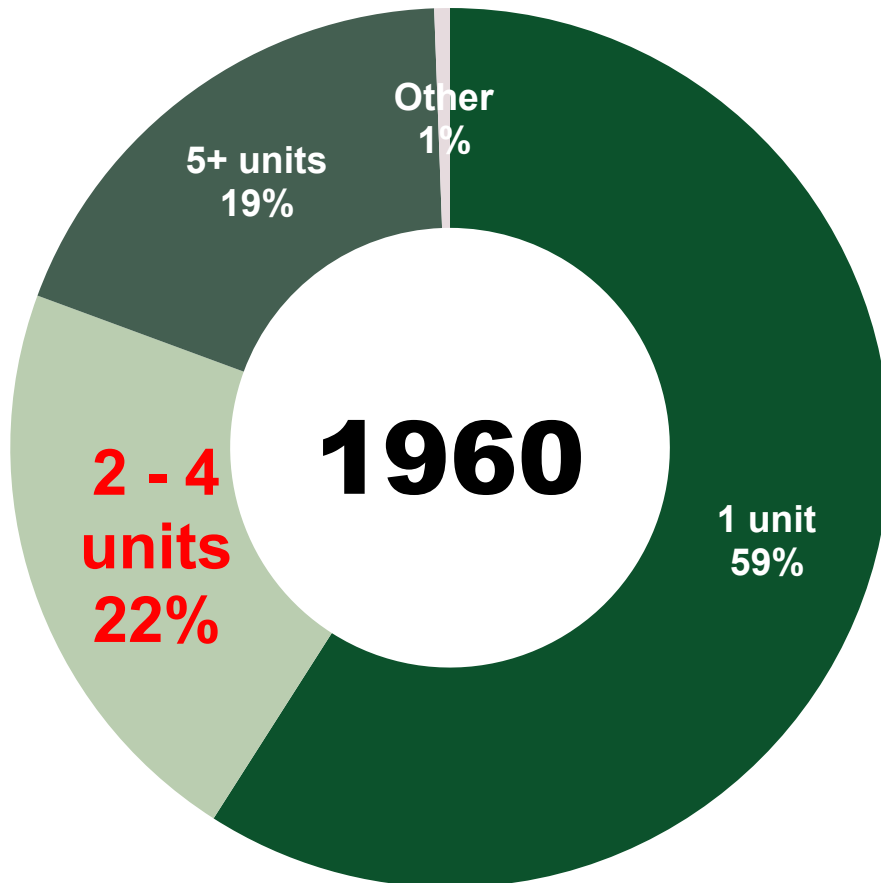
Atlanta:

Persons Per Household



Atlanta:

Units Per Structure





Housing at its Core

Residential Affordability in Atlanta's Five-County Core Area

November 2023

2023 Update to *Affordable Atlanta* (2018)

Presented by:



KB | ADVISORY GROUP

Presented for:



Atlanta

Livable
Communities
Council (LCC)



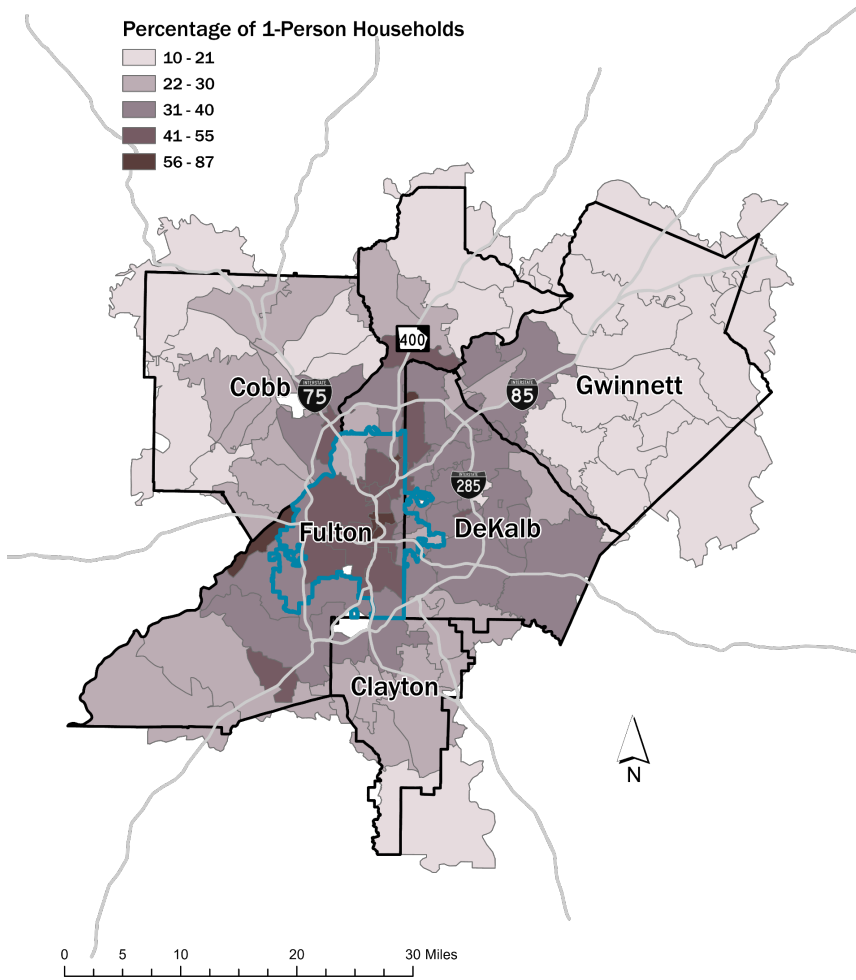
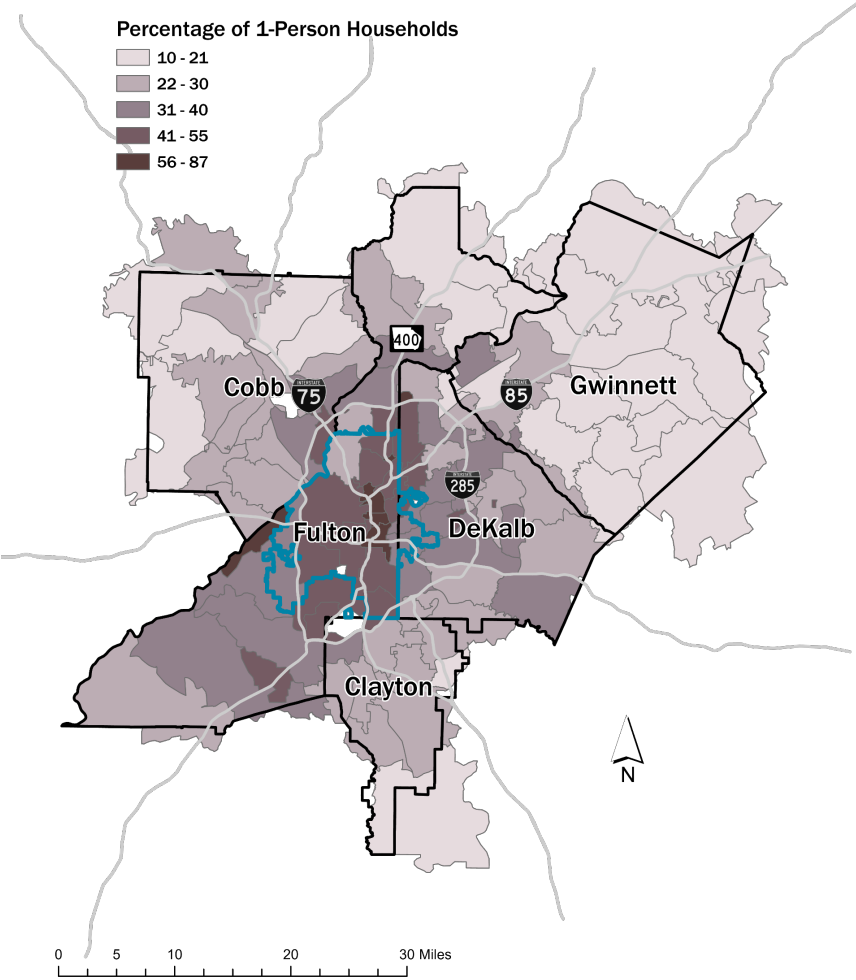
Supporting Small-Scale Development

Small Households

1-Person Households

	2017	2021
Clayton County	26%	26%
Cobb County	24%	25%
DeKalb County	33%	34%
Fulton County	36%	35%
Gwinnett County	20%	21%
City of Atlanta	47%	46%

- In all the core counties, one-person households represent anywhere between a quarter and half of all households.
- DeKalb County saw the greatest increase in one-person households.

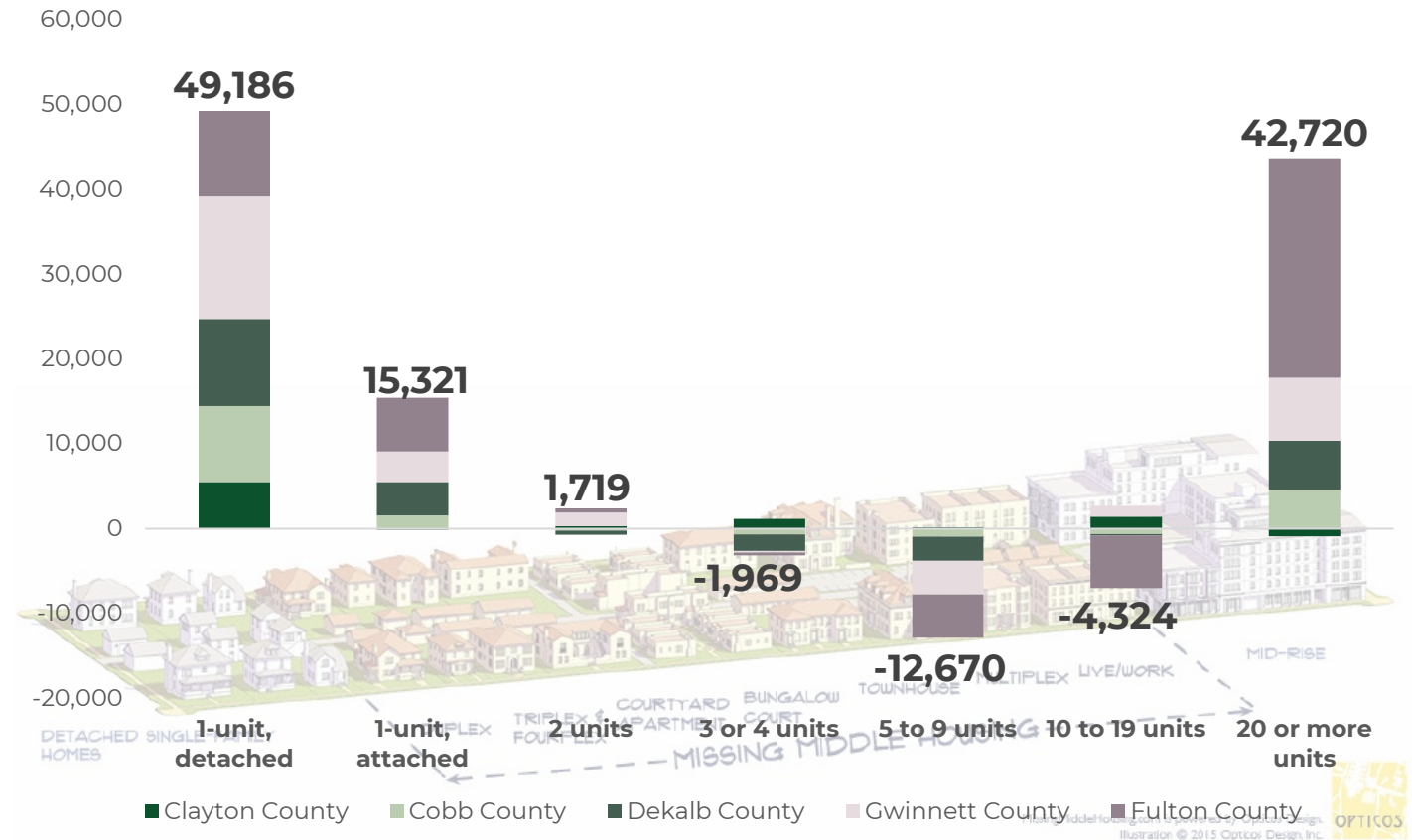


Supporting Small-Scale Development

Loss of Missing Middle Housing Types

- **Housing production should be aimed at restoring the diversity of housing in terms of form, which translates to price, geographic accessibility and choice.**
- The 5-county area gained nearly the same amount of single-family and large multifamily units between 2017 and 2021 while losing nearly 20,000 “missing middle” housing units.
- The loss of small multifamily housing, often representing naturally occurring affordable housing (NOAH), poses a threat to the stability of communities.

Change in Housing Type by County, 2017-2021



Source: Opticos Design, Inc.



Supporting Small-Scale Development

Loss of Affordable Units

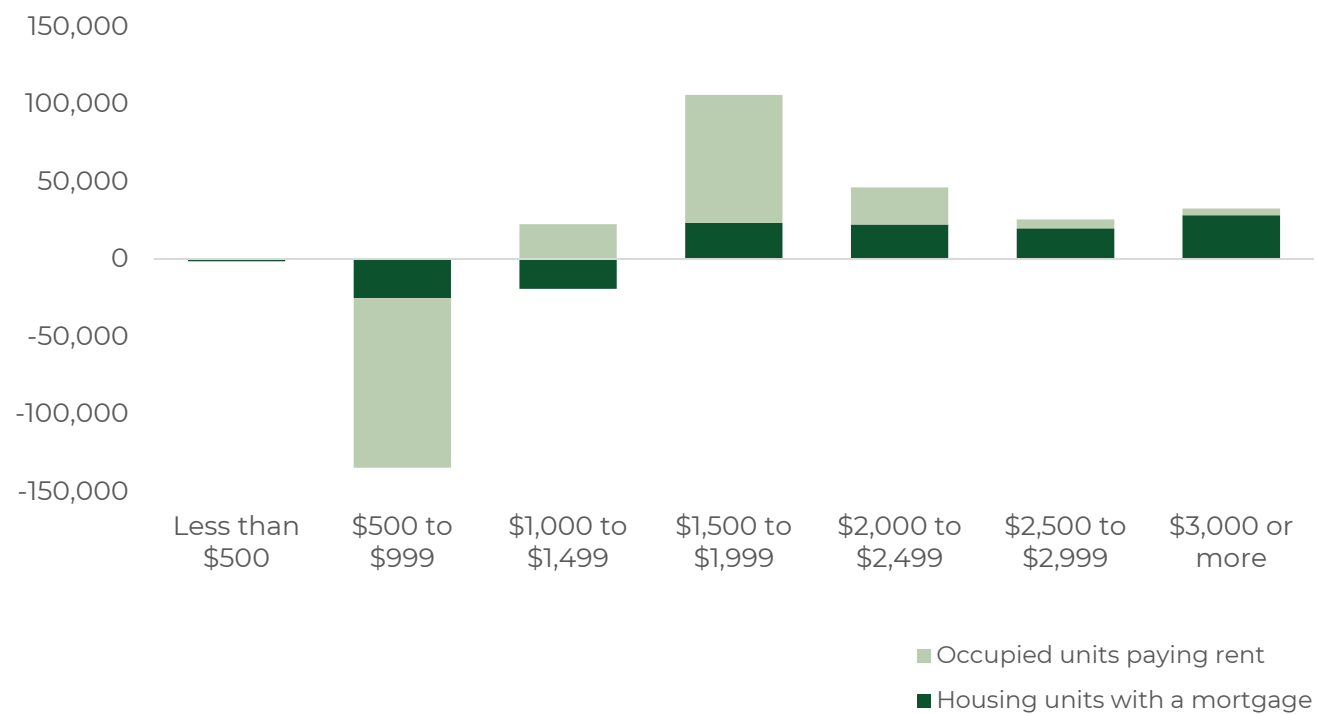
- From 2017 to 2021 there was a **total loss of over 130,000 housing units with a monthly cost of less than \$1,000.**

- Change in housing units, both rented and owned homes, by monthly costs reflects both new construction units as well as price increases of existing units, and to a lesser extent, demolition of housing units.

- The largest increase is seen in units that cost between \$1,500-\$1,999.

- While changes in local investment initiatives and market driven price pressures have contributed to the upward movement of housing costs, another key part of the equation has been the destruction of missing middle housing types and the infeasibility of replacing units of this variety.

Change in Housing Units by Price, 2017-2021, Atlanta 5-County Core



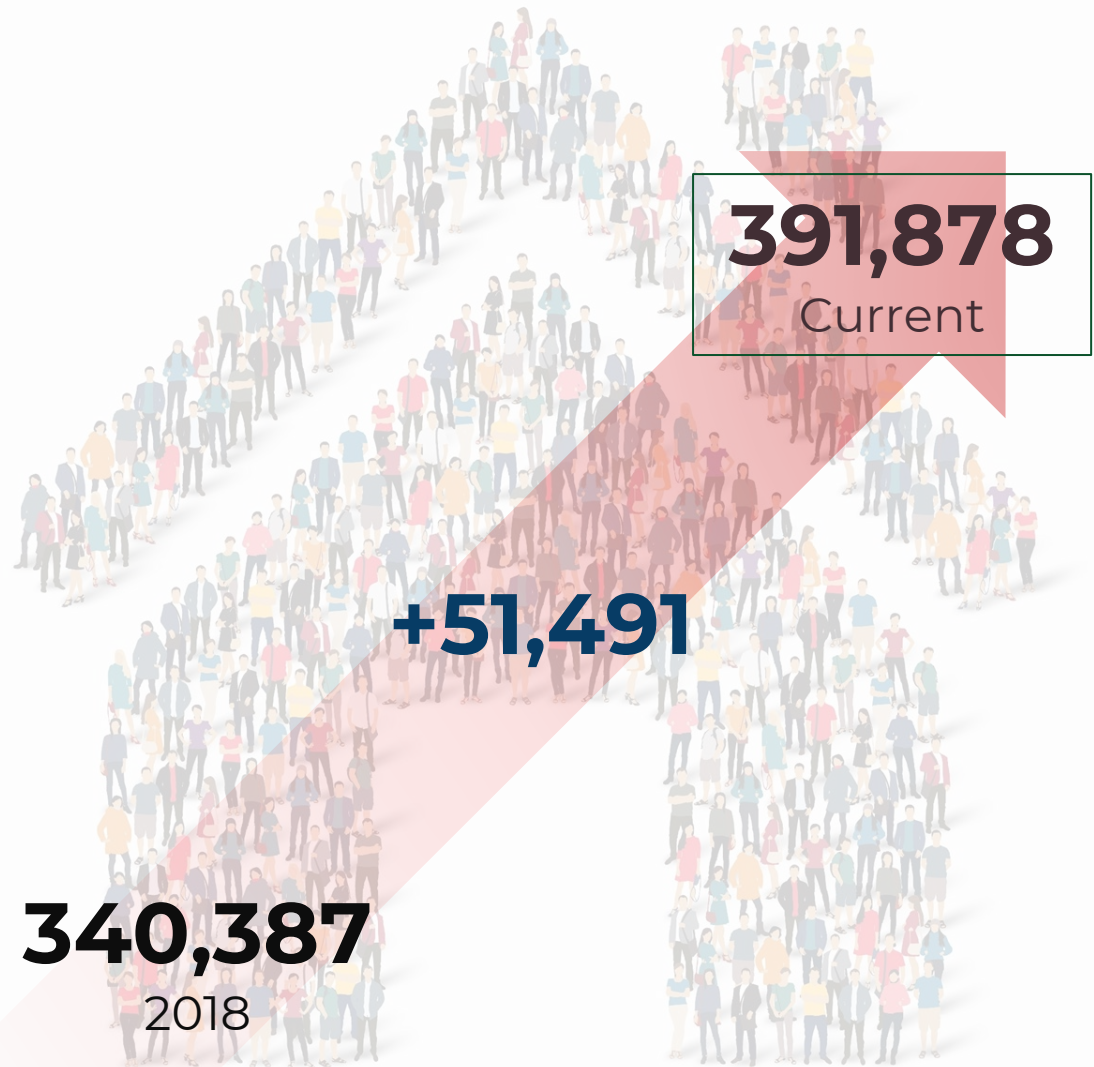
Quantifying Need

Affordable housing need =

the number of cost-burdened households that earn at or below 80% of the median income of the region.

Since 2018, all households within the 5-county area grew 9%.

Growth in cost burdened households outpaced overall household growth increasing 15%.

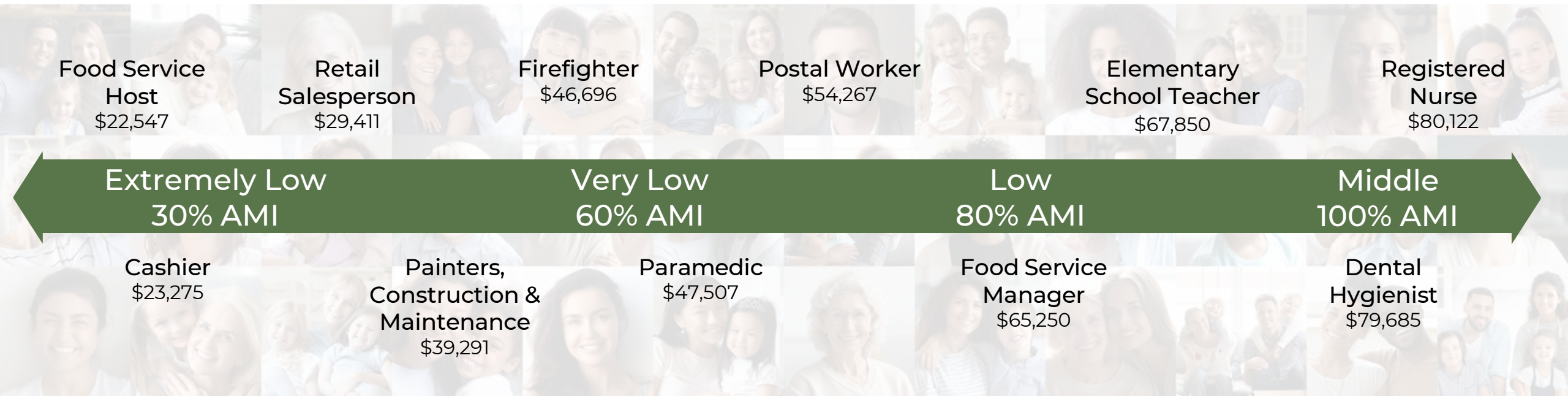


Data Source: KB Advisory Group based on data from PUMS, U.S. Census American Community Survey (2021)

Spectrum of Housing: Affordable to Whom?

Data from the Atlanta Region Local Workforce Development Area, which includes our five core counties, reveals that many essential workers in the Atlanta region are classified as extremely low to middle income earners.

Providing adequate, affordable housing to all income levels is key in the stability of Atlanta's economy and quality of life.



*Also known as Atlanta Region Local Workforce Development Area, which includes Cherokee, Cobb, Clayton, DeKalb, Douglass, Fayette, Fulton, Gwinnett, Henry, Rockdale
Source: KB Advisory Group with data from the Georgia Department of Labor Quarterly Census of Employment and Wages by Region (2022)

Supporting Small-Scale Development

Challenges for Small-Scale Developers

■ Low Capacity

- There is often a shortage of experienced small-scale developers, particularly in less populated or economically disadvantaged areas. Even when local developers exist, they may move on to larger projects that offer better returns, leaving a gap in expertise for small-scale projects

■ Economic Viability & Competitive Disadvantage

- Smaller projects often fail to meet conventional rates of return, making it difficult to attract investors and secure funding. They also have higher per-unit costs due to similar pre-development expenses as larger projects but without the economies of scale to offset these costs.



Supporting Small-Scale Development

Challenges for Small-Scale Developers

■ Less Access to Necessary Capital

- Small-scale developers often struggle to secure funding. Traditional banks may be reluctant to lend due to the developers' limited track records or the smaller scale of their projects. This makes accessing pre-development and construction financing particularly difficult

■ Zoning & Permitting

- Local zoning laws, including parking minimums, historic landmark reviews, and building code requirements, can be prohibitively expensive and time-consuming for small-scale developers. The permitting process can also be challenging, particularly for those with less experience.



Supporting Small-Scale Development

Lifting Barriers for Small-Scale Developers

■ Emerging Developer Funds

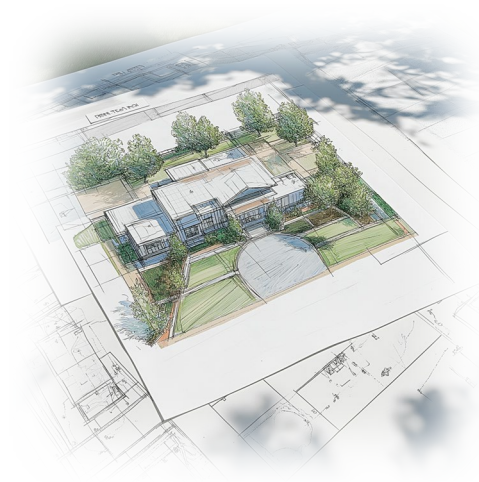
- These programs provide grants to cover pre-development soft costs, which include insurance, legal fees, utilities, and design fees. Such initiatives help small-scale developers overcome financial barriers that may typically hinder their projects.

■ Tax Incentives & Grants

- Offering tax incentives and grants can lower the financial burden on small-scale developers. These incentives can include property tax abatements, tax increment financing, historic preservation tax credits, and grants for energy-efficient upgrades.

■ Streamlined Permitting Processes

- Simplifying and expediting the permitting process can significantly reduce the time and cost for small-scale developers. Some communities are working to make these processes less cumbersome and more transparent, allowing for new entrants into the development space to navigate these systems more easily.



Supporting Small-Scale Development

Lifting Barriers for Small-Scale Developers

- **Zoning Reforms & Transportation Alternatives**
 - Adjustments to zoning laws, such as reducing parking minimums or allowing for more mixed-use developments, can create a more favorable environment for small-scale projects, particularly in areas with access to quality transportation alternatives.





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Full ULI Housing Study here:



SCAN ME