



DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

FINAL REPORT
JANUARY, 2017



BleaklyAdvisoryGroup

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Executive Summary

DRAFT: November 7, 2016



SUMMARY FINDINGS

HOUSING DEMAND INDICATORS

■ Demographics

- Depending on the source, Douglas County's population is estimated to range between 137,400 to 141,800, with 49,800 to 51,000 households and 1,400 persons in group quarters
- The County's historical rate of growth has averaged roughly 990 housing units (net increase) **per year** since **1970**
- Historically 85% of new construction has been Single Family and 15% Multi-family
- Since 2000 the county's population has grown at 2.7%/year – much faster than rates of recent new construction would indicate – due to the working off of supply overhangs created prior to the Recession.
- **The current decade is on pace to have the lowest level of new housing construction since the 1940s.**
- This trend will not continue indefinitely – producing either more construction or a slowdown in population growth

■ Owner/Renter Households

- 70% of Douglas Co. households are homeowners - 30% rent
- Renters tend to be younger and have lower household incomes than homeowners (67.5% earn less than \$50,000/year)
- 34% of renter households have children
- Although 30% of County households rent, only 17% of the County's housing stock is multi-family – meaning that a major share of renters occupy other types of housing
- Nearly all multi-family housing is rented, along with roughly half of all townhomes and mobile homes

- **Nearly 16% of all Single Family homes in Douglas County are rented** due in part to restricted supply of multi-family housing
- That ratio is unusually high
- In typically “healthy” markets, less than 10% of homes tend to be renter occupied

SUMMARY FINDINGS

CURRENT MARKET CONDITIONS

■ For-Sale housing

- New home sales have yet to rebound since the recession
- The market is slowly working off the overhang of foreclosures – substantially fewer home sales priced < \$150,000 since 2015
- Sales of higher priced homes (\$300,000+) have only slightly improved
- 16 of 26 new home developments in the County which are currently marketing new homes have sold fewer than 10 units over the past 18 months (January 1, 2015 through of June 2016)
- Annual sales and average prices of townhomes have increased since 2011 but remain small in the aggregate

■ Rental Housing

- There are roughly 45 existing multi-family rental complexes in the County offering more than 7,300 apartments

- Roughly 60%-65% of all existing apartments are located in Douglasville
- Values are clustered in a range of \$65.00/SF, \$61,000/unit & \$600,000 per acre
 - There is very little variation in County taxes received (per unit) from apartments located in the unincorporated county versus the two cities
- New apartment construction has dropped sharply post recession – recently built units are smaller and have lower values/unit that projects built from 2000-2008
- Apartment properties make up just under 5% of the County's tax digest and pay \$6.2 million in total real estate taxes - an average of \$852/unit to all jurisdictions
- Apartment properties generate an average of \$255/unit and \$0.30 per building SF in real estate taxes to the County

SUMMARY FINDINGS

COMPARISON WITH COMPARABLE SUBURBAN COUNTIES

- The ARC continues to forecast fairly strong population and job growth among counties located on the west side of the Metro
 - Douglas County population forecasts (different sources) are predicting growth rates within a range of 1.2% to 1.6% per year
 - The County is at the high end of the range in forecasted total job growth and % change – with more than 26,700 new jobs forecast over the next 25 years (1,070 jobs–1.7% per year), faster than new households
 - Douglas is among a limited number of locations which the ARC identifies as adding more jobs than h’holds over the next 25 years
- “Slow Growth” Forecast
 - Adds nearly 5,900 units over the decade, less than sustained historical growth of +/- 8,000 units per decade but 3 times recent (post recession) rates of new construction - mix of 4,300 SF homes and 1,590 multi-family units
- “High Growth” Forecast
 - Adds nearly 8,300 units over the decade, Equivalent to sustained historical growth but 4 times recent (post recession) rates of new construction
 - Mix of 6,050 new SF homes and 2,235 multi-family units over 10 years
 - Douglasville captures roughly 38% of future demand if the City continues to accept 60%-65% of all new MF housing
 - The Unincorporated County would continue to be oriented to SF homes, adding 300 to 400 units/year
 - Demand indicates that roughly 600 to 900 apartment units (in total) are needed within the unincorporated County over the decade (3 to 4 projects) as the majority of rentals continue to locate in the cities
 - Failure to accommodate housing demand could negatively impact on future County employment growth

SUMMARY FINDINGS

FISCAL IMPACTS

- BAG estimates that occupied apartments currently house nearly 14,000 residents and 2,100 school-aged children
 - Apartments house 9.9% of the County's resident population and 7.9% of school district enrollment
 - Commercial apartments make up roughly 4.6% of the County's net tax digest after exemptions, but occupy less than 1% of its total taxable acreage
 - Current County general fund service costs funded from local sources average \$364 per resident and a \$622 per local job in commercial/industrial properties
 - Based on total school enrollment of 26,145 FTE students, the average cost of education is \$8,133 per student with \$2,473 per student funded through local taxes.
 - Net fiscal impact of multi family housing on the County Budget is estimated at a deficit /loss of \$1.7 million or \$235 per unit/year
 - The School District receives a very slight surplus or breaks even due to the higher millage rate and smaller student multipliers
- ### ■ Recommendations
- Demand indicates that roughly 600 to 900 apartment units (in total) are needed within the unincorporated County over the next decade (3 to 4 projects) as the majority of rentals continue to locate in the cities. At least one of these projects could be age restricted/oriented to senior living
 - A primary objective of the County policy toward multi-family housing should be to encourage the transition of rented SF homes and townhomes back to owner occupancy, while giving renter households more choices to live in managed apartment communities.
 - The County should encourage MF development in densities above 10 units/acre IF accompanied by investment in better quality construction, more amenities or a wider variety of units appealing to different markets

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Introduction

DRAFT: November 7, 2016



INTRODUCTION

THE ASSIGNMENT

- The scope of work for this analysis involves seven, County-wide research tasks:
 1. Analysis of Housing Demand
 2. Analysis of Housing Supply
 3. 10-Year Housing Demand Projections
 4. Assessment of the ratio of multi-family/rental to single-family/owner housing in the County
 - **Current and Future Housing Mix**
 5. Fiscal Impact analysis of multifamily housing in Douglas County
 6. Prepare Final Report
 7. Public Meeting(s) to Discuss the Study Findings

****Because Douglasville contains a significant percentage of the County's total housing supply and an even larger share of multi-family and rental housing – the study also focuses on County/City comparisons.***

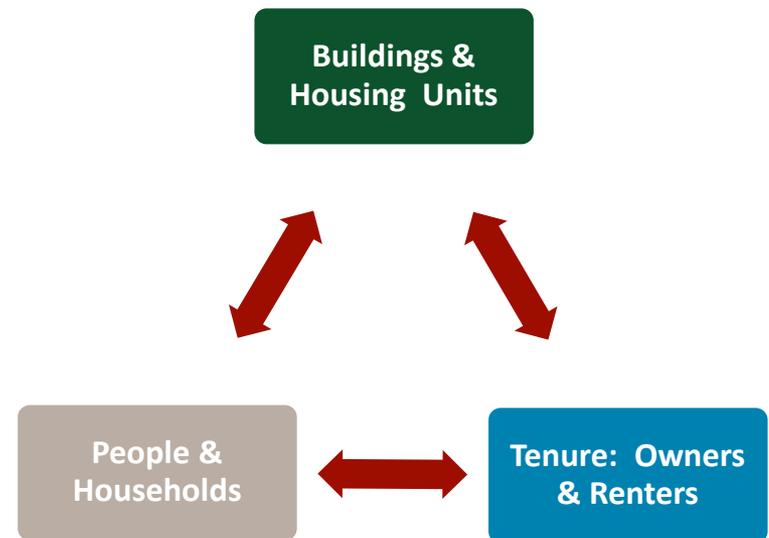
PRESENTATION CONTENTS

- This draft presentation addresses the first 5 tasks
 - **Demand Analysis**: Demographic and economic forces driving housing demand
 - **Supply Analysis**: Characteristics, growth and pipeline of ownership and rental housing
 - **Assessment of Multi-Family housing needs**: analyze the appropriate ratio of single family to multifamily and owner to renter housing that is appropriate for Douglas County given historic and projected demand
 - **Demand Forecasts**: 10-year demand forecast segmented by type and market segment
 - **Fiscal impact analysis**: – Net cost burden of multi-family housing on the County, cities and School District

INTRODUCTION

PEOPLE, BUILDINGS AND TENURE CHOICES

- **This study looks at three interrelated factors which influence the balance between single-family and multi-family housing in Douglas County**
 - **People & Households:**
 - What are the characteristics of the people (families, and households) living in Douglas County today?
 - How has that composition changed in the past and likely to change in the future?
 - **Buildings & Housing Units**
 - What does the current inventory of housing units in Douglas County look like?
 - What are some of the important characteristics of that inventory?
 - Are housing and new construction trends changing the housing inventory?
 - How well does the existing housing inventory in Douglas County “fit” the preferences and needs of residents in terms of housing types or cost?
 - **Tenure Choices:**
 - What is the relationship between buildings, people and their decisions to rent or own housing?
- **These aspects are closely interwoven**



INTRODUCTION

HOW THE U.S. CENSUS DEFINES HOUSING AND HOUSEHOLDS

- **Housing Unit**: A house, apartment, mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters.
 - Housing units are classified as either owner-occupied, renter-occupied or vacant
 - A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent. Vacant units may be vacant for sale, for rent or intended for seasonal or occasional use
 - “All Other” vacant units are not available for either sale or rent – typically either not fully constructed, substandard or not habitable
 - **Group Quarters**: All people who do not live in housing units live in group quarters.
 - Group quarters are classified as either:
 - Institutional (i.e. correctional facilities, nursing homes, hospice facilities, etc.) or
 - Non-Institutional (i.e. college/university student housing, military quarters and group homes).
 - Group quarters accommodations are not counted as housing units
 - Housing units and group quarters encompass the full range of residential living options.
- **Household**: A household includes all the people who occupy a housing unit as their usual place of residence.
 - Households are categorized into family and non-family households
 - Families households include married couple and/or single parent, with or without children
 - Non-family households include unrelated individuals and persons living alone

Source: US Census 2010 Glossary

INTRODUCTION – EXAMPLES OF HOUSING TYPES

- What is the difference between housing type and tenure?
 - Single Family (SF) detached and attached housing (townhomes) is the dominant housing type in Douglas County. Although SF housing is associated with home ownership, not all SF homes in Douglas Co. are owner-occupied.
 - “Multi-family” housing includes a wide range of housing types which can be owner-occupied or rental. However, nearly all existing multi-family housing in Douglas County is renter-occupied.
 - Douglas County has a significant presence of “other” housing and a relatively small group quarters population.
 - The following photos show the different kinds of units which make up each housing type - and the estimated number of existing units in Douglas County.

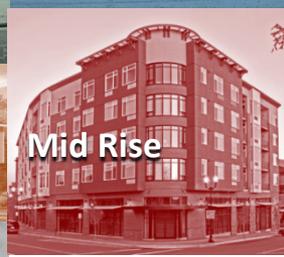
Single-Family Detached: 39,283 Units



Single-Family Attached: 1,134 Units



Multi-Family Housing: 8,813 Units



Group Quarters:

(1,368 County residents lived in group quarters in 2010)



Other Housing: 2,464 Units



INTRODUCTION

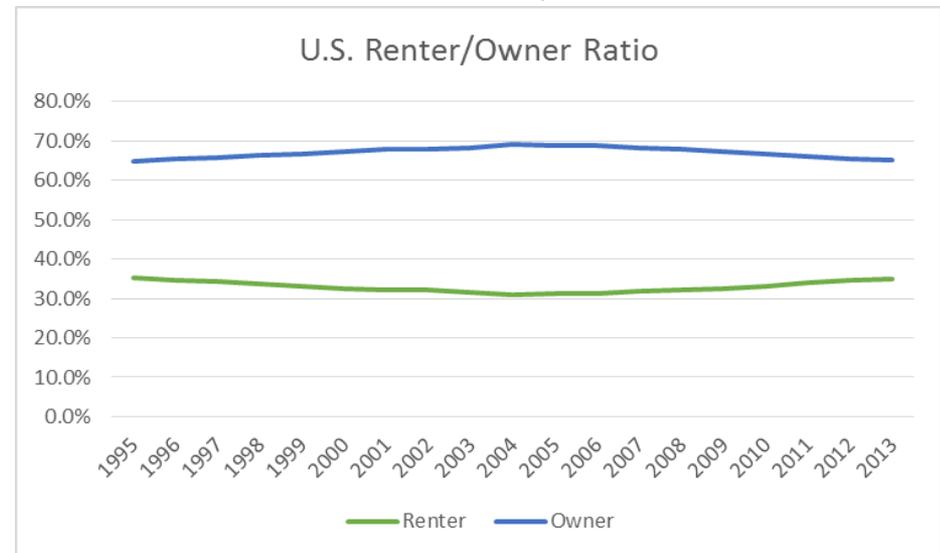
NATIONAL HOUSING TENURE TRENDS

- **The balance between renter and owner housing in a given community (home ownership rate) is the outcome of a complex interaction of a number of factors including:**
 - Land values in an area,
 - Local land use policies,
 - The historical pattern of development in an area in terms of the relative presence of both residential and non-residential land uses,
 - The level of suburbanization or urbanization that has occurred over time, and
 - Special uses with a residential component that are large enough (relative to the local economy) to have a significant impact.
 - Other key variables are the characteristics and preferences of households in an area.
- **National economic trends also play a role in the relationship between rental and owner housing**
 - An analysis of U.S. Census data by the Harvard Center for Housing found that the home ownership rate nationally has fluctuated within a fairly constrained band over the past 20 years. Rental housing has typically accounted for between mid-to-low 30% of the housing stock.

- **The Great Recession has clearly had an impact on the renter to owner ratio.**
 - Home ownership rates dropped from a high of 69% in 2007 to 65% by 2013, while the percentage of households renting housing increasing from 32% to just short of 35% over the period.
 - Changing demographics suggest that the recent movement toward more rental housing is likely to continue.

****In the reasonably balanced, economically healthy suburban markets around Atlanta, a range of 30% - 35% of housing being renter occupied is fairly typical.***

National Tenure Trends, 1995-2013



Source: Harvard Center for Housing

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Task 1: Housing Demand

DRAFT: November 7, 2016



HOUSING DEMAND INDICATORS

POPULATION & HOUSEHOLD TRENDS AND SHORT-TERM FORECAST

- In 2016 Douglas County has an estimated population of 141,781 residents
 - Douglas County’s population has grown steadily since 2000, at a compound average annual growth rate (CAAGR) of 2.7%, somewhat faster than Metro Atlanta at 1.9% and the state at 1.4%
 - Nielsen, Inc. projects population growth over the next five years to be modest at 1.2%
- In 2016 Douglas County has an estimated 49,769 households
 - Annual household growth in Douglas County has been similar to population, averaging 2.6%
 - Nielsen projects household growth over the next five years to be modest at 1.18% per year
- Atlanta Regional Commission (ARC) 2015 population estimates are lower than Nielsen, but household counts are higher
 - 2015 Population estimate = 137,343, but forecasts a higher annual growth rate (1.5%) to 2020
 - 2015 Household estimate = 51,058, growing at 1.6% to 2020
 - ARC estimates assume that average household sizes in Douglas County are smaller and vacancy rates are lower than reflected in the Nielsen data

Population	Douglas County	Atlanta MSA	State of Georgia
2000 Census	92,632	4,263,447	8,186,491
2010 Census	132,403	5,286,728	9,687,653
2016 Estimate	141,781	5,736,343	10,241,260
2021 Projection	150,552	6,102,347	10,736,776
CAGR Growth 2000-2016	2.7%	1.9%	1.4%
CAGR (Fcst) 2016-2021	1.2%	1.2%	0.9%
2016 % of State Pop.	1.4%	56.0%	100%

Households	Douglas County	Atlanta MSA	State of Georgia
2000 Census	32,973	1,559,711	3,006,377
2010 Census	46,624	1,943,885	3,585,584
2016 Estimate	49,769	2,117,123	3,802,007
2021 Projection	52,779	2,257,369	3,995,076
CAGR Growth 2000-2016	2.6%	1.9%	1.5%
CAGR (Fcst) 2016-2021	1.18%	1.3%	1.0%
New Households 2016-2021	3,010	140,246	193,069
2016 Est. Average Household Size	2.8	2.7	2.6

CAGR= Compound Annual Growth Rate
Source: Nielsen Inc., US Census ACS 2014, Bleakly

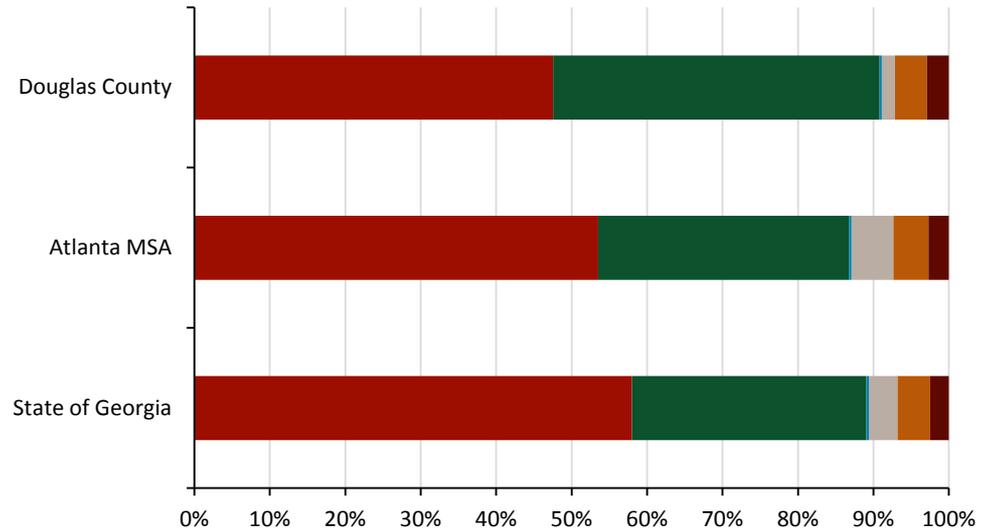
****Douglas County has added an average of 3,072 new residents and 1,086 new households per year since 2000.***

HOUSING DEMAND INDICATORS

RACIAL DISTRIBUTION AND HOUSING TENURE

- The County’s population is nearly evenly split between white and minority groups
- Douglas has a slightly larger % of African American and lower % of other racial groups and Hispanics and than the Atlanta Metro and US
- 62.3% of the County’s renter population is minority
- 78% of White and 57% of African American householders are homeowners

Est. Population by Single-Classification Race, 2016



Housing Tenure by Race of Head of Household

Race of Head of Household	% of All Household Heads in Race Category	% of All Renters in Race Category	% of All Owners in Race Category	% of Heads of Household in Race Category who Rent Homes	% of Heads of Household in Race Category who Own Homes	Total
White	53.7%	37.7%	60.9%	21.9%	78.1%	100%
African American	41.5%	57.0%	34.4%	43.0%	57.0%	100%
American Indian & Alaska Native	0.1%	0.1%	0.0%	60.0%	40.0%	100%
Asian	1.6%	1.8%	1.5%	34.6%	65.4%	100%
Some other Race	1.9%	2.2%	1.8%	35.6%	64.4%	100%
Two or More Races	1.3%	1.2%	1.3%	29.9%	70.1%	100%
	100%	100%	100%			

Source: U.S. Census American Community Survey 2014

HOUSING DEMAND INDICATORS

HOUSEHOLD COMPOSITION

- Douglas County has an above average percentage of families and households with children
- Only 26% of Douglas Co. households are “non-families” (i.e. persons who live alone or with others to whom they are not related) Throughout Metro Atlanta and the state, non-family households make up 32% of the total.
- (People living in group quarters make up the remaining 1% of the County population)
- Household composition has a strong correlation with housing tenure choice:
 - Just 16% of households formed by married couples are renters, compared to 49% for other families (including single parents) and 44% for non-family households.
 - Single-person households are the most likely to be renters.

Household Characteristics, 2016

Household Characteristics	Douglas County		Atlanta MSA		State of Georgia	
Est. Households	49,769		2,117,123		3,802,007	
Small Households (1 or 2 people)	25,231	51%	1,178,485	56%	2,166,898	57%
Medium Households (3-4)	17,474	35%	676,363	32%	1,195,221	31%
Large Households (5+)	7,064	14%	262,275	12%	439,888	12%
Households with Children	21,245	43%	807,120	38%	1,401,401	37%
Households without Children	28,524	57%	1,310,003	62%	2,400,606	63%
Non-Family Households	13,022	26%	677,602	32%	1,199,600	32%
2016 Est. Average Household Size	2.8		2.7		2.6	

Source: Nielsen Inc., US Census ACS 2014, Bleakly

Household Characteristics and Tenure Preference, 2014

Household Type	% of All Households	% of Households that OWN their Home	% of Households that RENT their Home	Total
Number of People in Household				
1-person	22.1%	56.8%	43.2%	100%
2-person	31.9%	72.2%	27.8%	100%
3-person	17.9%	68.2%	31.8%	100%
4-or-more-person	28.1%	74.6%	25.4%	100%
Family Type				
Married Couple	49.9%	83.6%	16.4%	100%
Other Family	23.9%	51.4%	48.6%	100%
Non-Family	26.2%	56.4%	43.6%	100%
Presence of Children				
With Related Child Under 18	40.2%	66.1%	33.9%	100%
Without Related Child Under 18	59.8%	70.6%	29.4%	100%

Source: U.S. Census American Community Survey 2014

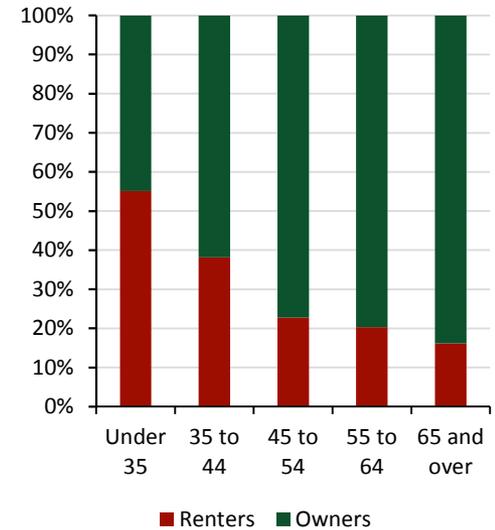
***A significantly higher percentage of Douglas County households are families with children (43% of all households) than either the Atlanta Metro (38%) or the State of Georgia (37%).**

HOUSING DEMAND INDICATORS

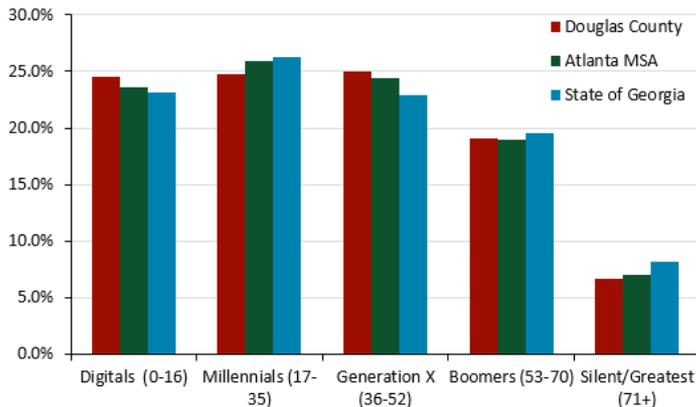
AGE DISTRIBUTION AND HOUSING TENURE

- Age of householder is an important factor in predicting who are renters
- Douglas County is similar to Metro Atlanta and the state in terms of age.
 - In the County, 24.7% of residents are Millennials, compared to 25.9% in Metro Atlanta and 26.3% state-wide.
 - Millennials and Gen X residents account for 49.7% of the population.
 - The Median age in Douglas County is 36.5 Years, compared to 36.3 in Metro Atlanta and 36.5 in Georgia.
- Households headed by individuals under age 35 are most likely to rent
 - In Douglas County, 55% of households headed by individuals under 35 years old are renters.
 - In all other age categories, homeowners dominate, representing 62% to 84% of all households.

Housing Tenure by Age of Head of Household, 2015



Age & Generational Cohort, 2015



Douglas County Housing Unit Mix and Tenure Preference, 2015

Age of Head of Household	% of All Household Heads in Age Category	% of All Renters in Age Category	% of All Owners in Age Category	% of Heads of Household in Age Category who Rent Homes	% of Heads of Household in Age Category who Own Homes	Total
Under 35	18.8%	33.2%	12.3%	55.1%	44.9%	100%
35 to 44	24.8%	30.3%	22.3%	38.2%	61.8%	100%
45 to 54	23.5%	17.1%	26.4%	22.7%	77.3%	100%
55 to 64	17.9%	11.6%	20.7%	20.3%	79.7%	100%
65 and over	15.0%	7.8%	18.4%	16.2%	83.8%	100%
Total:	100%	100%	100%			

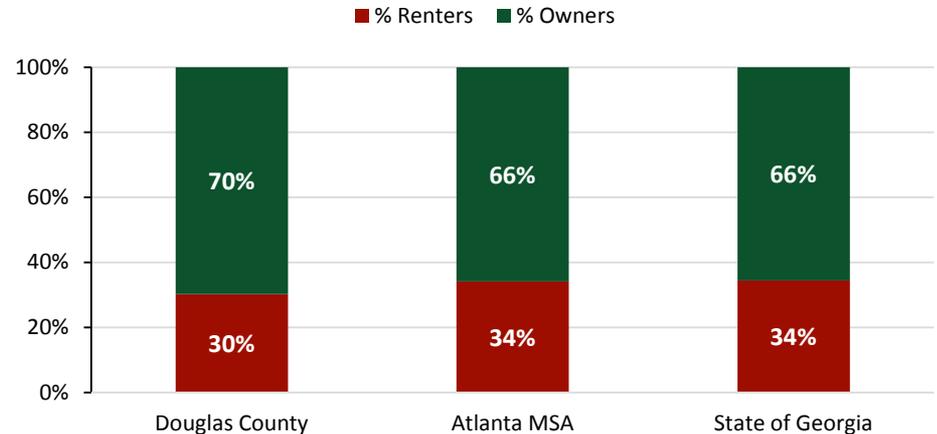
Source: Nielsen Inc., US Census ACS 2014, Bleakly

HOUSING DEMAND INDICATORS

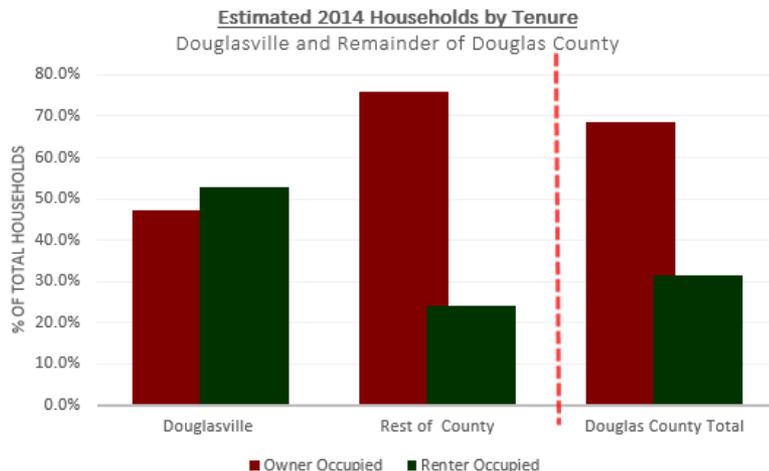
HOUSING TYPE AND TENURE

- Renters represent 30% of Douglas County's households today, compared to 34% for Metro Atlanta and 34% for the State of Georgia.
 - Renter households are concentrated in Douglasville, which contains 42% of the County's total renter households
- Multi-family units make up 17% of Douglas County's housing stock today, compared to 25% for Metro Atlanta and 21% for Georgia.

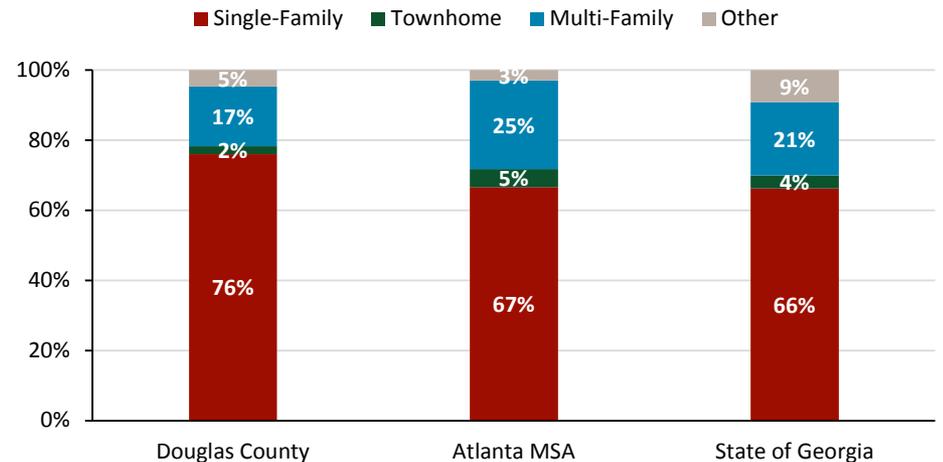
Housing Tenure, 2016



City County Comparison



Housing by Building Type, 2016



Source: Nielsen Inc., U.S. Census ACS 2014, Bleakly

HOUSING DEMAND INDICATORS

HOUSEHOLD INCOME AND TENURE

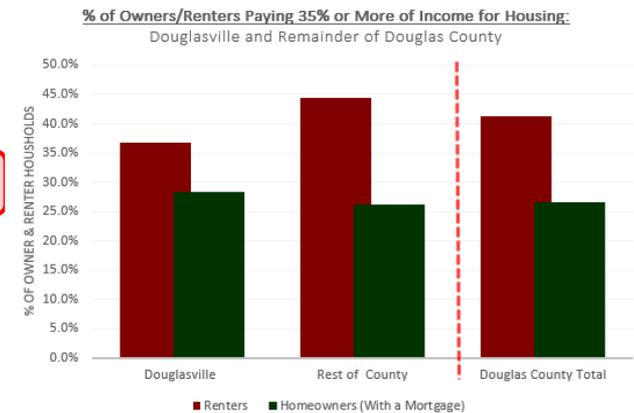
- Housing tenure is strongly correlated with household income.
 - Lower-income households are much more likely to rent their homes, and renter households are more likely to have lower household incomes.
 - Of all Douglas County households in the lowest income bracket (earning less than \$25,000) - 49% are renters.
 - Of all Douglas County households with income of less \$50,000 - about 45% of households are renters.
 - Among all Douglas County renter households – more than 67% have household incomes below \$50,000/year.
- Higher-income households are much more likely to own their homes, 88% of households with income greater than \$100,000 own their homes.
- These characteristics partially explain why a higher percentage of County renters than homeowners have issues with housing affordability

Housing Tenure by Household Income Range

Household Income	% of All Households in Income Category	% of All Owners in Income Category	% of All Renters in Income Category	% of Income Category who Own Homes	% of Income Category who Rent Homes	Total:
less than \$25,000	19.9%	14.8%	31.4%	50.9%	49.1%	100%
\$25,000 to \$49,999	27.3%	23.3%	36.0%	58.7%	41.3%	100%
\$50,000 to \$74,999	20.8%	22.4%	17.1%	74.2%	25.8%	100%
\$75,000 to \$99,999	13.5%	15.9%	8.2%	81.0%	19.0%	100%
\$100,000 to \$149,999	12.0%	14.9%	5.6%	85.4%	14.6%	100%
\$150,000 or more	6.5%	8.7%	1.6%	92.3%	7.7%	100%
	100%	100%	100%			

Source: Nielsen Inc., US Census ACS 2014, Bleakly

Owners/Renters with Affordability issues



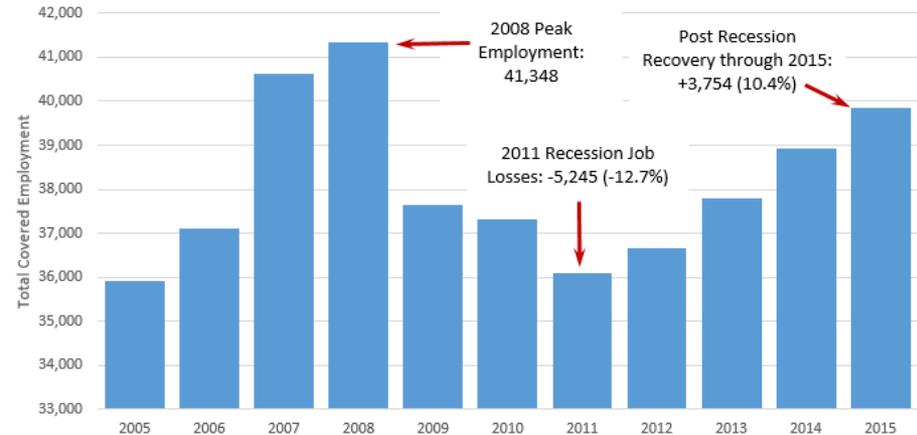
HOUSING DEMAND INDICATORS

JOB GROWTH

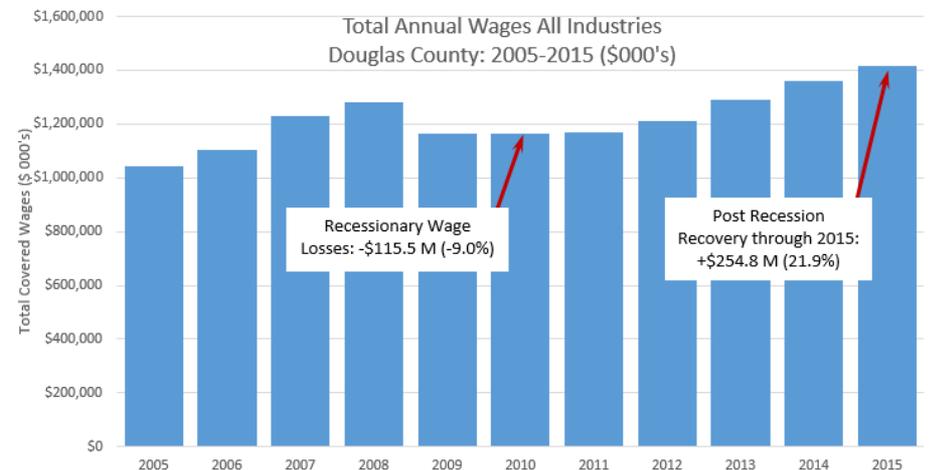
- **Local employment growth is a key generator of housing demand – Douglas County is still recovering from the Great Recession**
 - Total County-based employment peaked at more than 41,300 in 2008
 - The Recession eliminated nearly 13% of all County-based payroll jobs by 2011
 - Since 2011 the County has recovered more than 3,750 jobs (a 10.4% increase) and the local economy has returned to historical rates of job growth

- **Aggregate wages paid by locally based companies have recovered and now exceed 2008 levels – despite a smaller job base**
 - After adjusting for inflation, recent trends suggest that retained and new jobs may be slightly higher paying than those lost during the Recession

Total At Place "Covered Employment"
Douglas County: 2005 - 2015



Total Annual Wages All Industries
Douglas County: 2005-2015 (\$000's)

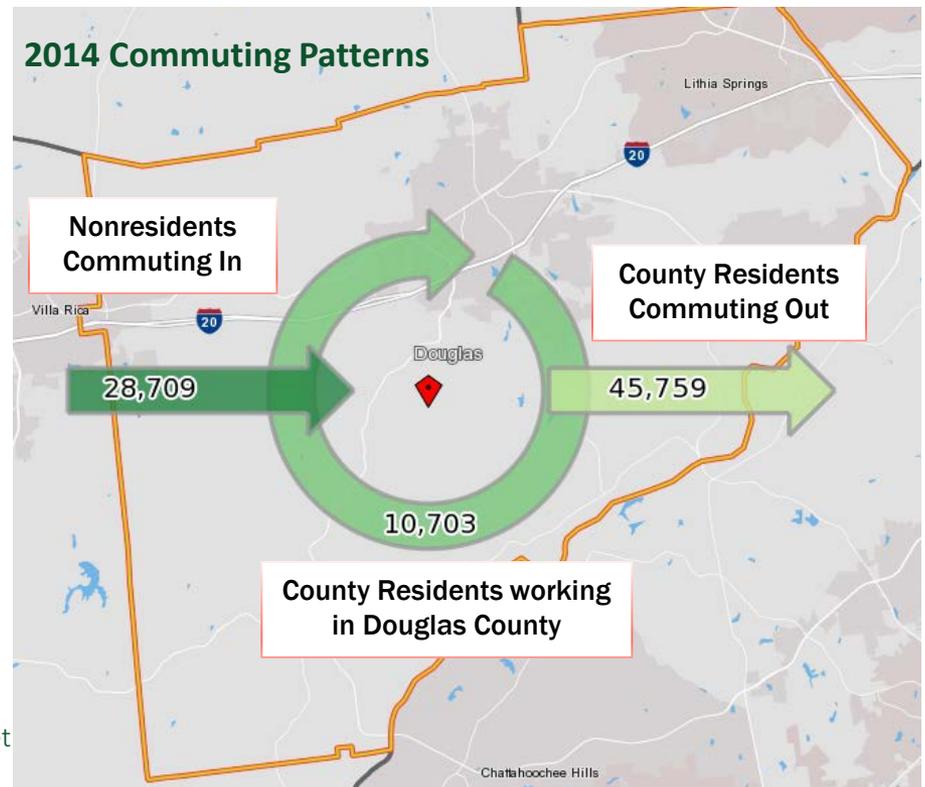
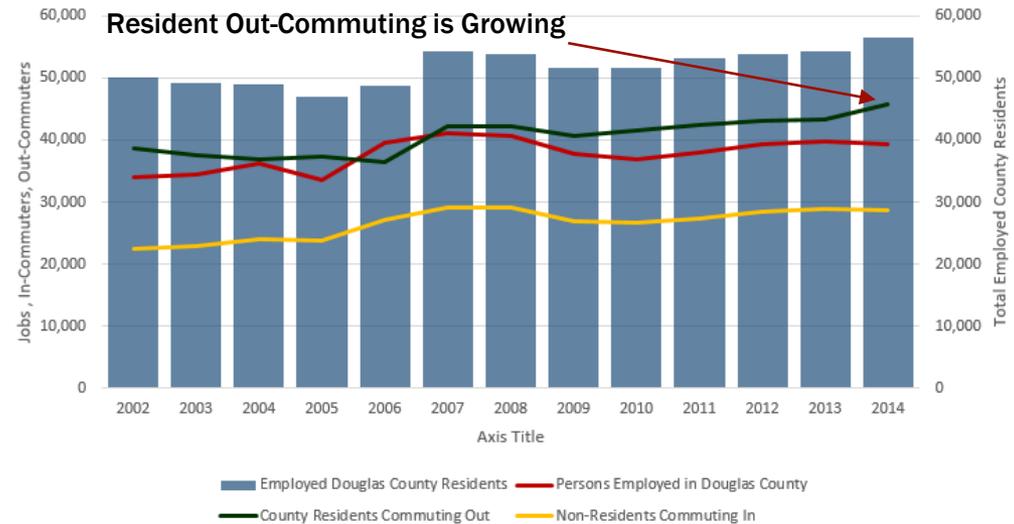


HOUSING DEMAND

COMMUTING PATTERNS

- **The Recession made Douglas County more of a bedroom community**
 - Among 56,500 employed County Residents in 2014 - **81% commuted-out** while only 19% worked locally
- **Local Impacts of Recession: 2007-2010**
 - The number of jobs located within the County fell by 4,200 (-10.2%) but the number of employed County residents decreased less - by 2,630 (-4.8%)
 - The number of County residents out-commuting for work dropped by 875 (-2.1%), while of non-residents commuting into the County for work fell much more 2,450 (-8.4%)
- **Impacts Post Recession: 2010-2014**
 - The number of employed County residents has increased by 4,760 (9.2%)
 - The number of County residents “out-commuting” for work grew by almost the same number - 4,325 (10.4%)
 - The number of non-residents commuting into the County - 2,000 (7.5%) has increased by less than half the number of residents commuting out

Trends In Resident Employment, In-County Jobs and In and Out Commuting: 2002-2014



DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Task 2: Housing Supply

Part A: Existing Inventory, Growth Trends and Affordability

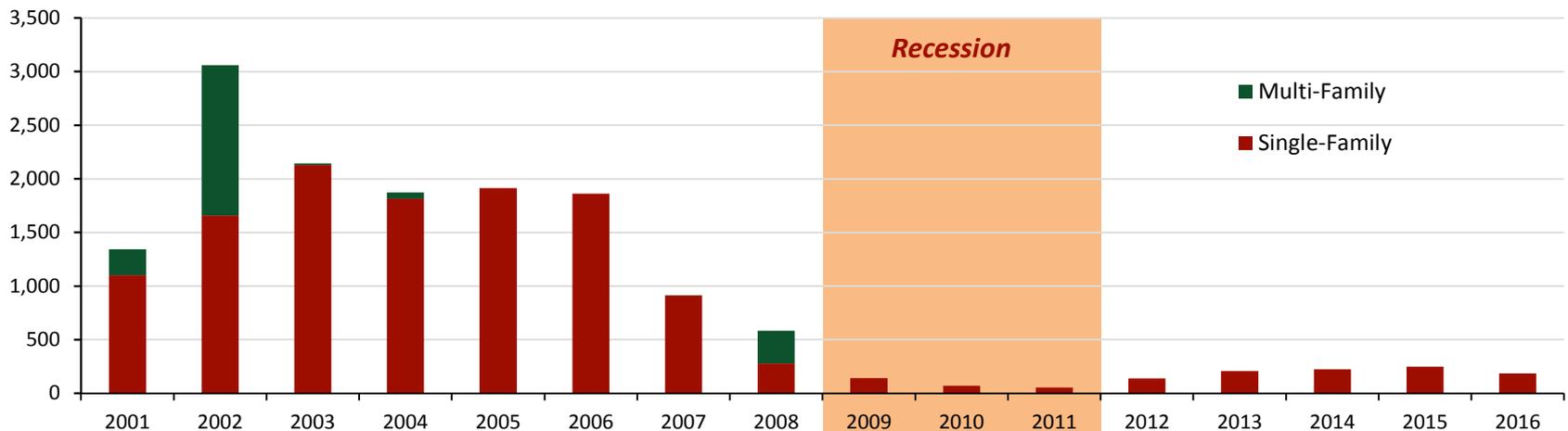
DRAFT: November 7, 2016



HOUSING SUPPLY CHARACTERISTICS

BUILDING PERMIT TRENDS: DOUGLAS COUNTY

- From 2001-2015, Douglas county issued an average of 986 building permits annually, of which 86% were for single-family detached housing and 14% for multi-family.
 - Prior to the Great Recession from 2000-2008, the County averaged 1,712 housing permits annually.
 - Single-family units represented 85% of permits
 - Multi-family units represented 15% of all permits.
 - Since the Great Recession began in 2008 permit issuance in Douglas has dropped off significantly.
 - Since 2009 the volume of building permits issued has averaged only 155 units a year – a 90% decline.
 - Single-family detached units represent all new housing authorized.
 - No multi-family permits have been issued in Douglas County since the Great Recession.
- *Population and household growth has continued in Douglas County despite slowed new construction since 2010 - due to the gradual working off of supply overhangs created prior to the Recession.***



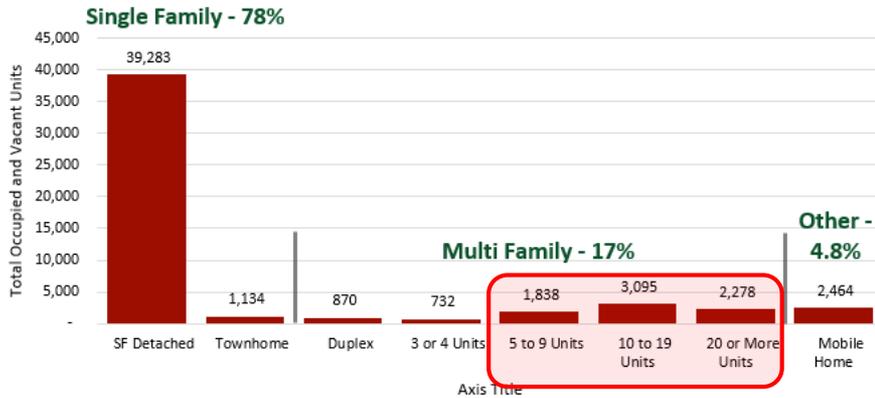
Source: U.S. Census, SOCDs Building Permit Database

HOUSING SUPPLY CHARACTERISTICS

HOUSING UNITS BY HOUSING-TYPE AND YEAR BUILT

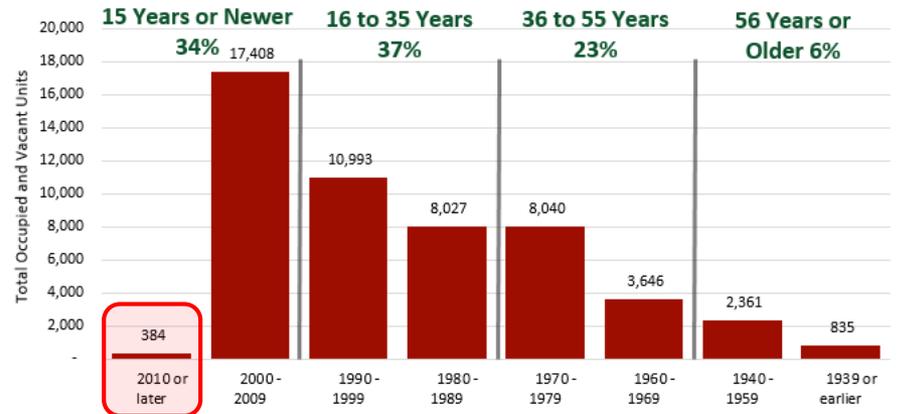
- Single family homes make up more than 78% of Douglas County’s total housing supply
 - The County’s multi-family inventory totals just over 8,800 units - 17% of the housing stock
 - 61% of all multi-family units are in structures containing 10 or more units
 - At 4.8% of supply, there are more than twice as many mobile homes than townhomes in the County
- Balancing the over supply which occurred prior to the Great Recession – the County’s historical rate of growth has averaged 990 housing units (net increase) per year since 1970
 - Unless there is a substantial increase over the next 3 years – this decade will see the lowest level of new housing construction in Douglas County since the 1940’s

Douglas County Housing Supply by Type and Number of Units in Structure



Sources: US Census ACS 2014, Bleakly Advisory Group, Inc.

Douglas County Housing Supply by Year Built (Post 2010 Additions through 2014)



HOUSING SUPPLY CHARACTERISTICS

HOUSING UNITS BY HOUSING-TYPE AND TENURE

- Multi-family units account for only half of Douglas County’s rental housing inventory.
 - The County’s multi-family inventory is 98% renter occupied.
 - A significant portion of Douglas’ rental housing inventory is not in multi-family units: 48.4% of renters live in single-family homes, townhomes or mobile homes.
 - Roughly 65% of all multi-family housing in Douglas County is located in Douglasville

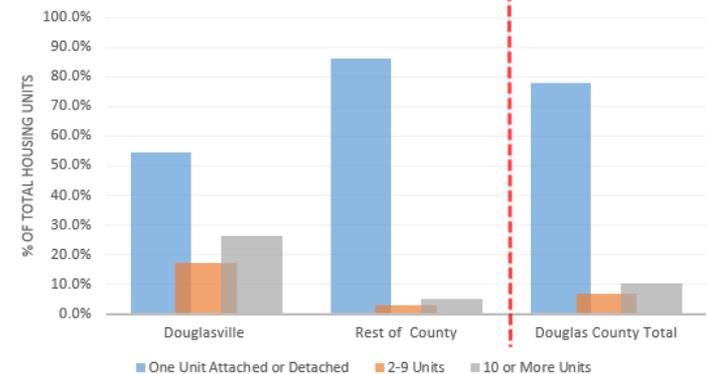
Housing Unit Mix and Tenure Preference, Douglas County

	% of All Housing Units	% of All Renter Housing Units	% of All Owner Housing Units	% of Units in Category that are Renter-Occupied	% of Units in Category that are Owner-Occupied	Total
Single-Family	77.0%	38.9%	94.4%	15.8%	84.2%	100%
Townhome	2.3%	3.8%	1.5%	53.5%	46.5%	100%
Subtotal- SF & Townhome	79.3%	42.7%	95.9%	16.8%	83.2%	100%
Duplex	1.6%	4.9%	0.1%	95.7%	4.3%	100%
3 or 4 Units	1.2%	3.7%	0.1%	94.4%	5.6%	100%
5 to 9 Units	3.1%	9.6%	0.2%	95.6%	4.4%	100%
10 or more Units	10.2%	32.5%	0.1%	99.3%	0.7%	100%
Subtotal Multi-Family	16.1%	50.7%	0.5%	97.9%	2.1%	100%
Mobile Home or other type	4.6%	6.7%	3.6%	45.8%	54.2%	100%
Total:	100%	100%	100%			

Source: Nielsen Inc., US Census ACS 2014, Bleakly

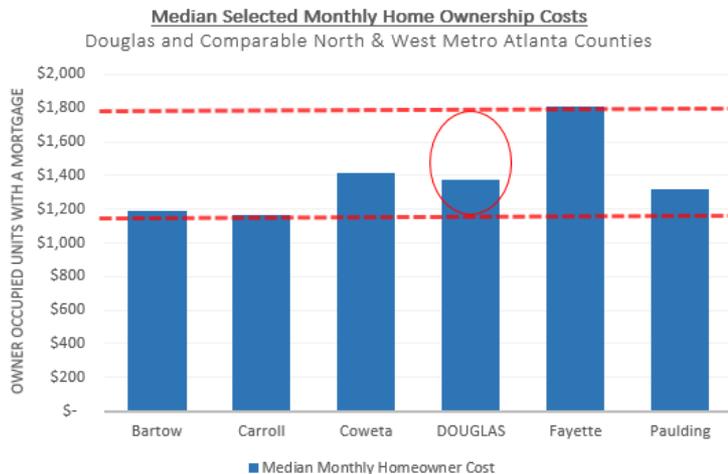
City/County Distribution of Multi-family Housing

Distribution of Housing Units by Number of Units in Structure
Douglasville and Remainder of Douglas County

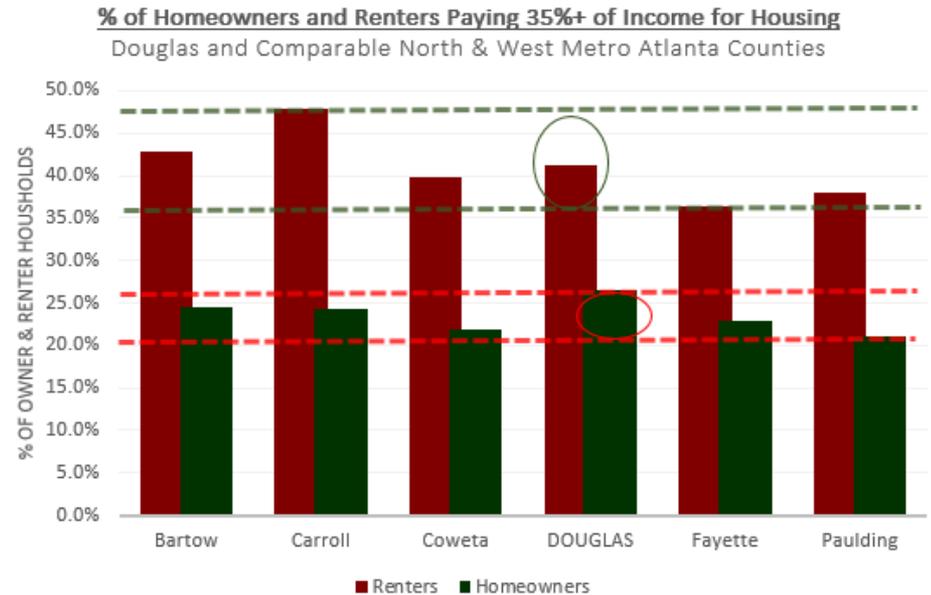
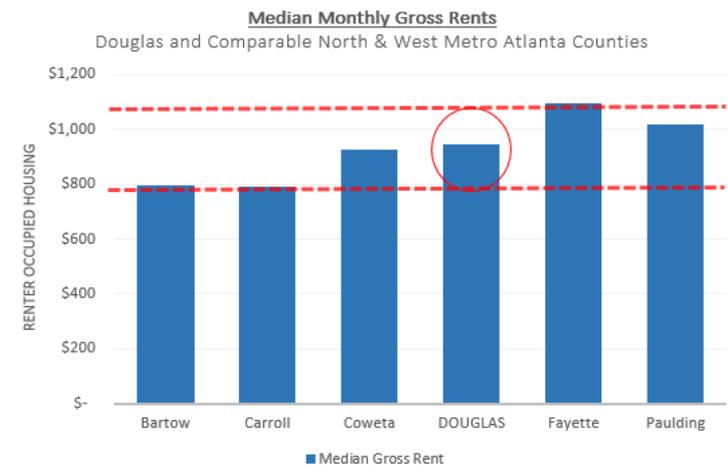


HOUSING SUPPLY CHARACTERISTICS

HOUSING COSTS AND AFFORDABILITY CHARACTERISTICS



Source: U.S. Census ACS 2014



- Douglas is in the middle of the range of comparably sized north and west suburban metro counties in terms of median monthly cost for owner and rental housing.
- But, the % of Douglas County homeowners who pay more than 35% of their income for housing is the highest in this region.
- The % of County renters with affordability issues is near the midpoint of the range.

*** Households with "Affordability Issues" are defined as as households which spend 35% or more of household income spent on housing (gross rent or selected homeowner costs.**

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Task 2: Housing Supply

Part B: Current For Sale and Rental Housing Market Conditions

DRAFT: November 7, 2016

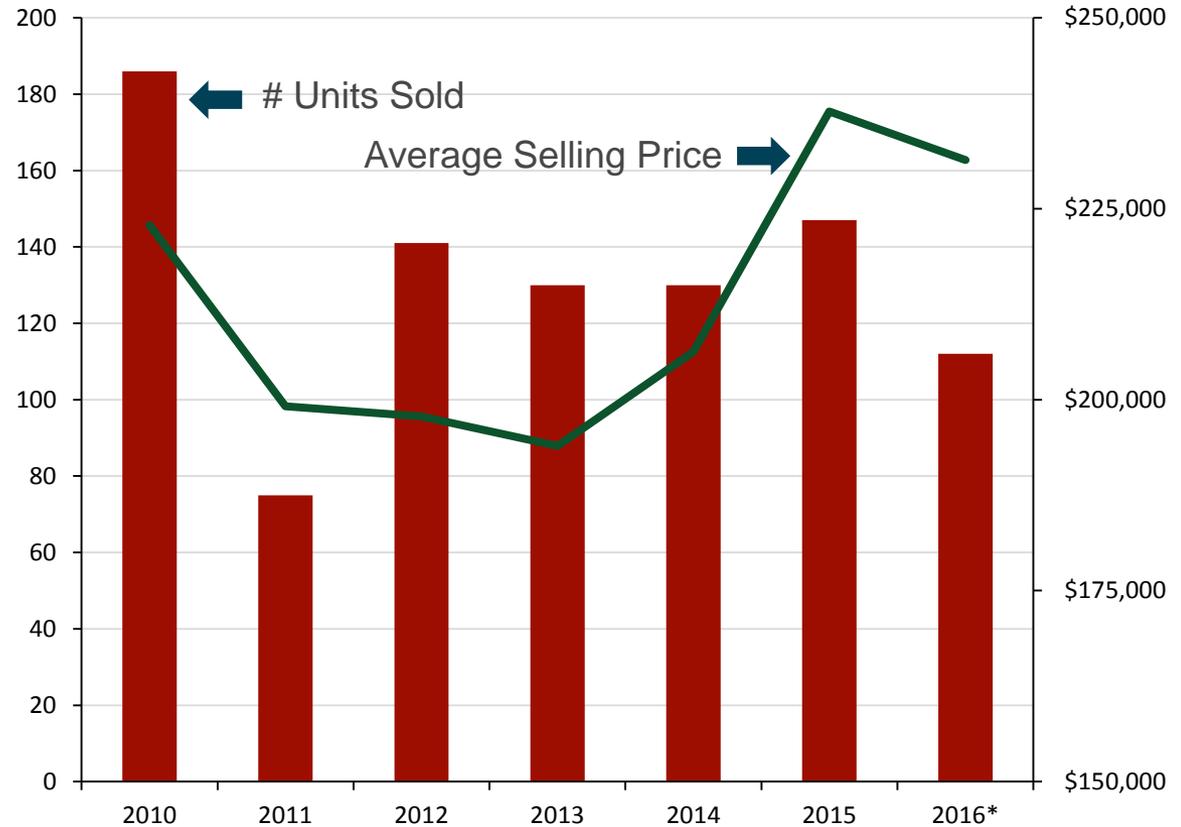


FOR-SALE HOUSING MARKET CONDITIONS

NEW SINGLE FAMILY HOME SALES

- New home sales have yet to rebound since the recession
 - Prices are up slightly since 2013
 - Sales volume may be increasing in 2016
- The new home market would need to return to 600+ sales per year in order to sustain a 1.5% annual rate of population growth
 - It is questionable whether such a rebound is possible near term.

Douglas County Single-Family New Home Sales, 2010-2016



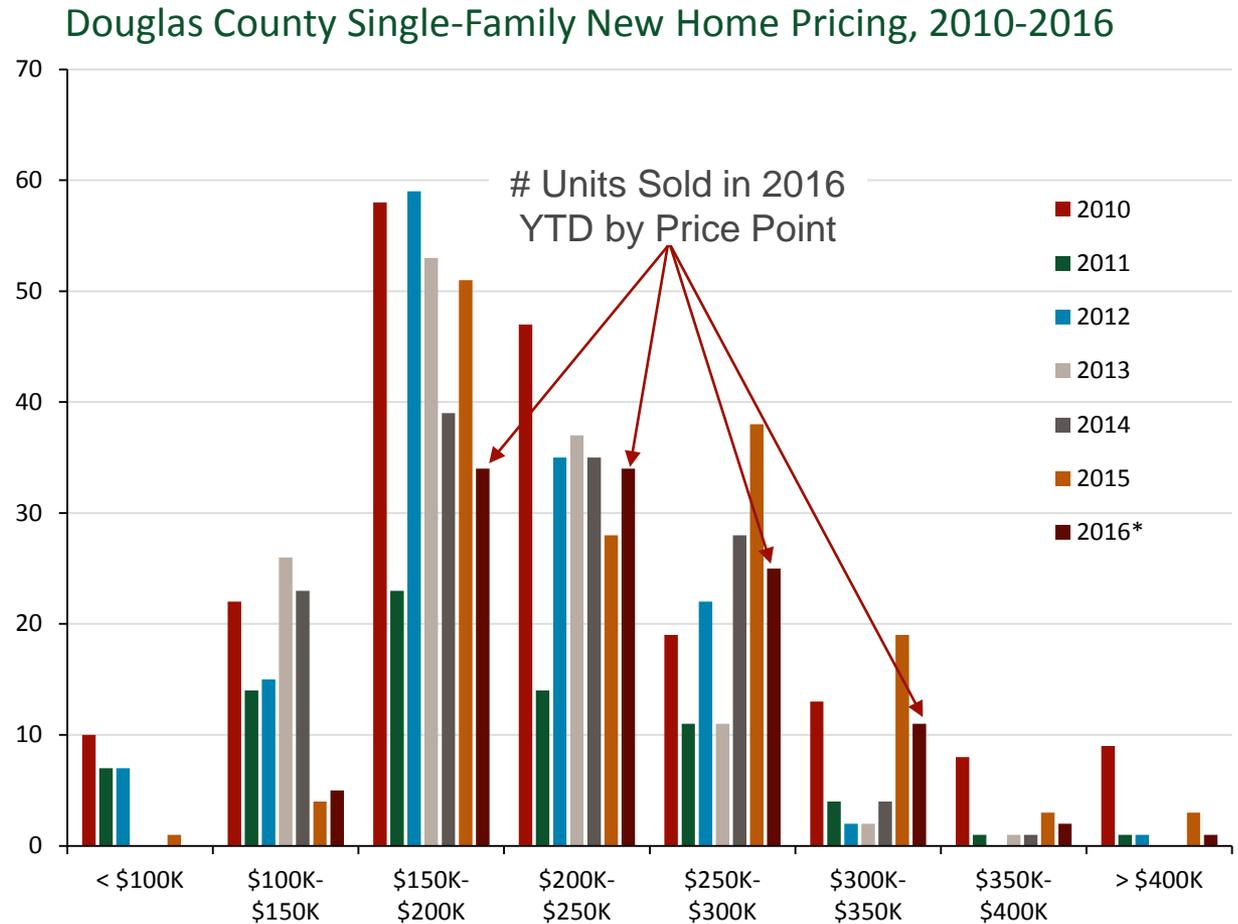
Year	Units	Avg. Sales Price
2010	186	\$ 222,844
2011	75	\$ 199,130
2012	141	\$ 197,807
2013	130	\$ 193,943
2014	130	\$ 206,279
2015	147	\$ 237,742
2016*	112	\$ 231,361

*through June 2016

FOR-SALE HOUSING MARKET CONDITIONS

NEW SINGLE FAMILY HOME SALES

- The number and % of new homes sold at prices below \$200,000 has been slowly declining since 2010
- Sales of homes priced above \$300,000 continues to be a very small % of the market

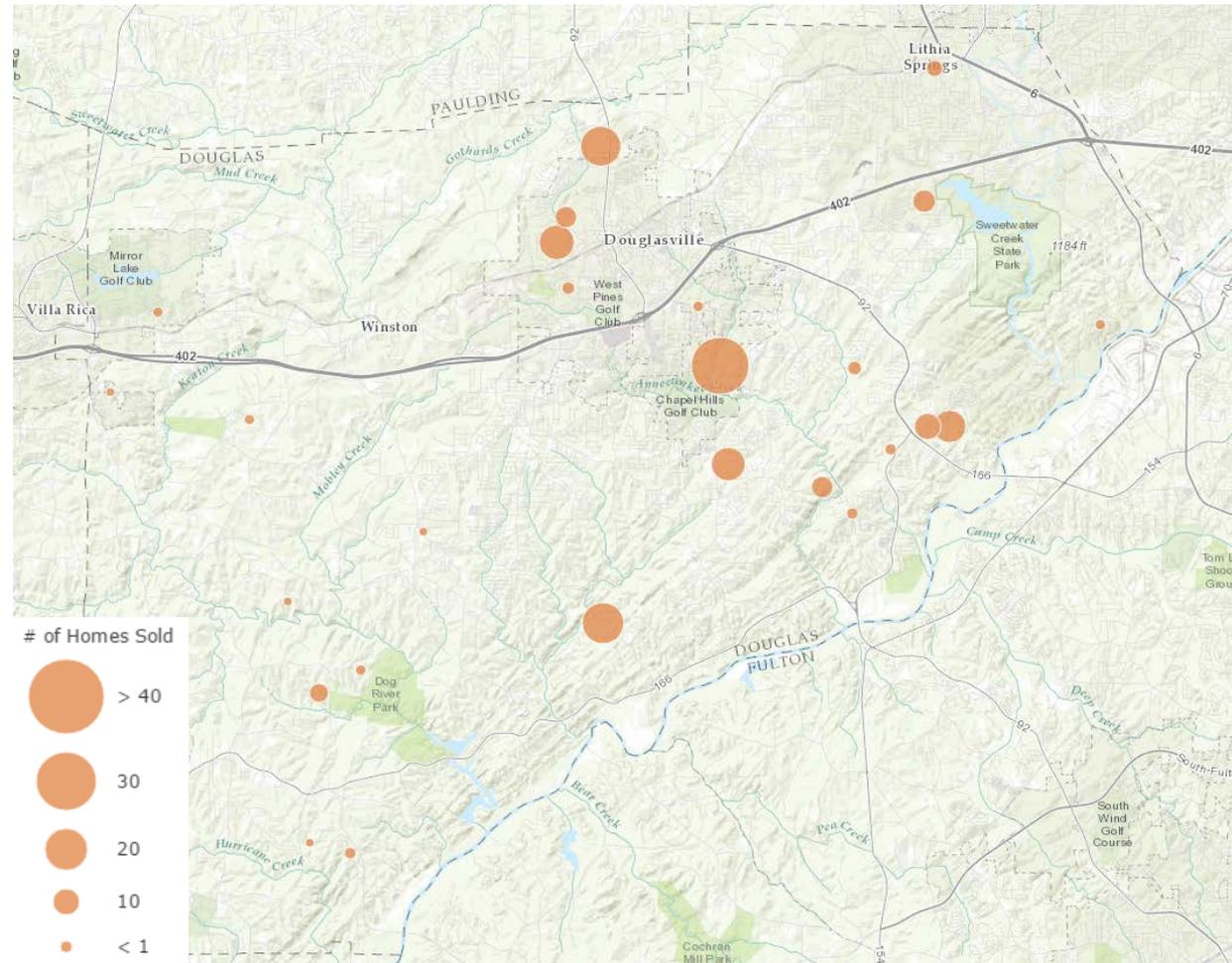


FOR-SALE HOUSING MARKET CONDITIONS

LOCATIONS OF NEW SF HOME SALES

- Since the beginning of 2015 259 new single-family homes have sold in 26 different neighborhoods.
- The best selling neighborhood in terms of volume was Villages at Brookmont located adjacent to Chapel Hills Golf Club selling 40 homes.
- 16 of the 26 neighborhoods sold fewer than 10 new homes.

New Single-Family Sales Volume by Neighborhood, 2015 & 2016



Map Illustrates Total Sales over roughly 18 Months
Source: SmartNumbers

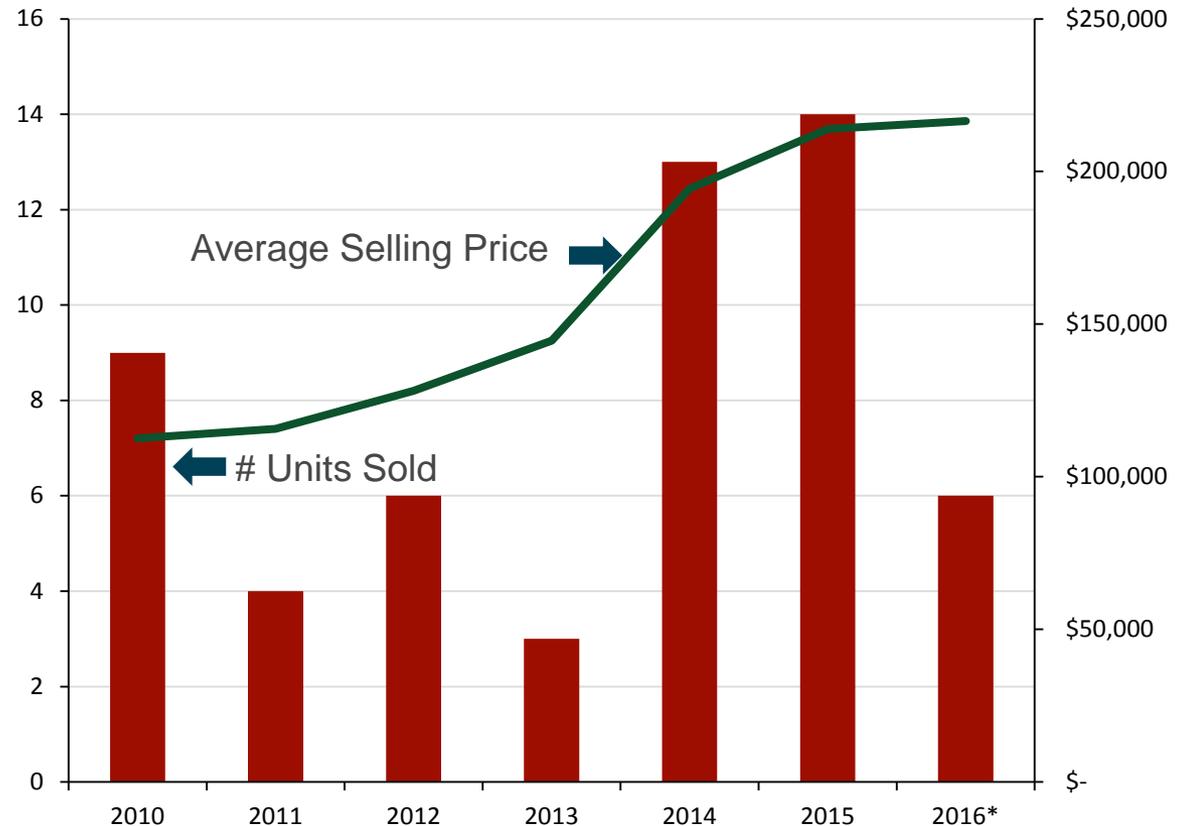
FOR-SALE HOUSING MARKET CONDITIONS

NEW TOWN-HOME SALES

- New townhomes represent a very small % of the Douglas County market
- Townhome sales and prices are increasing but remain very small in the aggregate

Year	Units	Avg. Sales Price
2010	9	\$ 112,556
2011	4	\$ 115,713
2012	6	\$ 128,167
2013	3	\$ 144,633
2014	13	\$ 194,336
2015	14	\$ 213,927
2016*	6	\$ 216,523

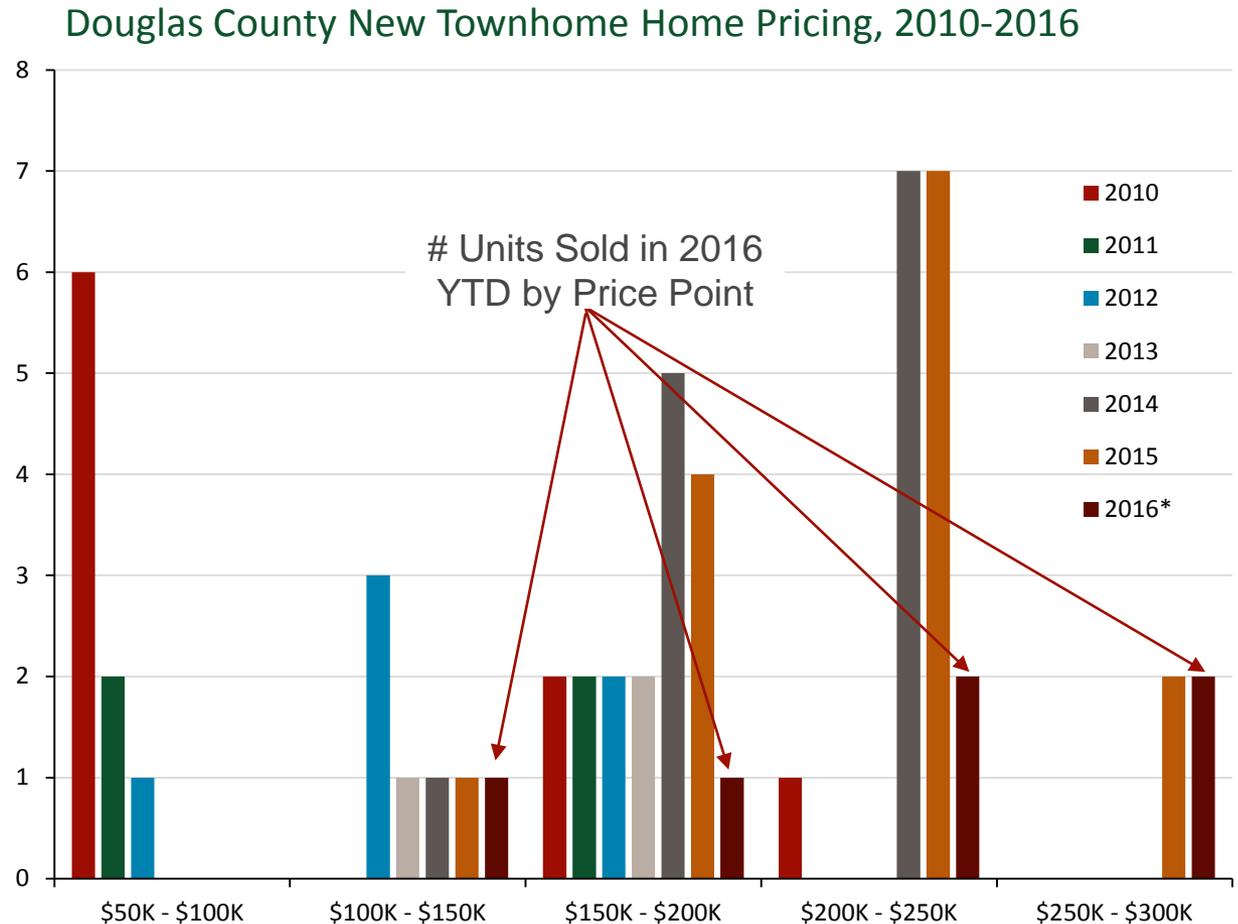
Douglas County New Townhome Sales, 2010-2016



FOR-SALE HOUSING MARKET CONDITIONS

NEW TOWN-HOME SALES

- Sales of townhomes priced above \$200,000 began to emerge in 2014 and 2015 – from a very small base
- Higher priced townhomes are more likely to be owner occupied

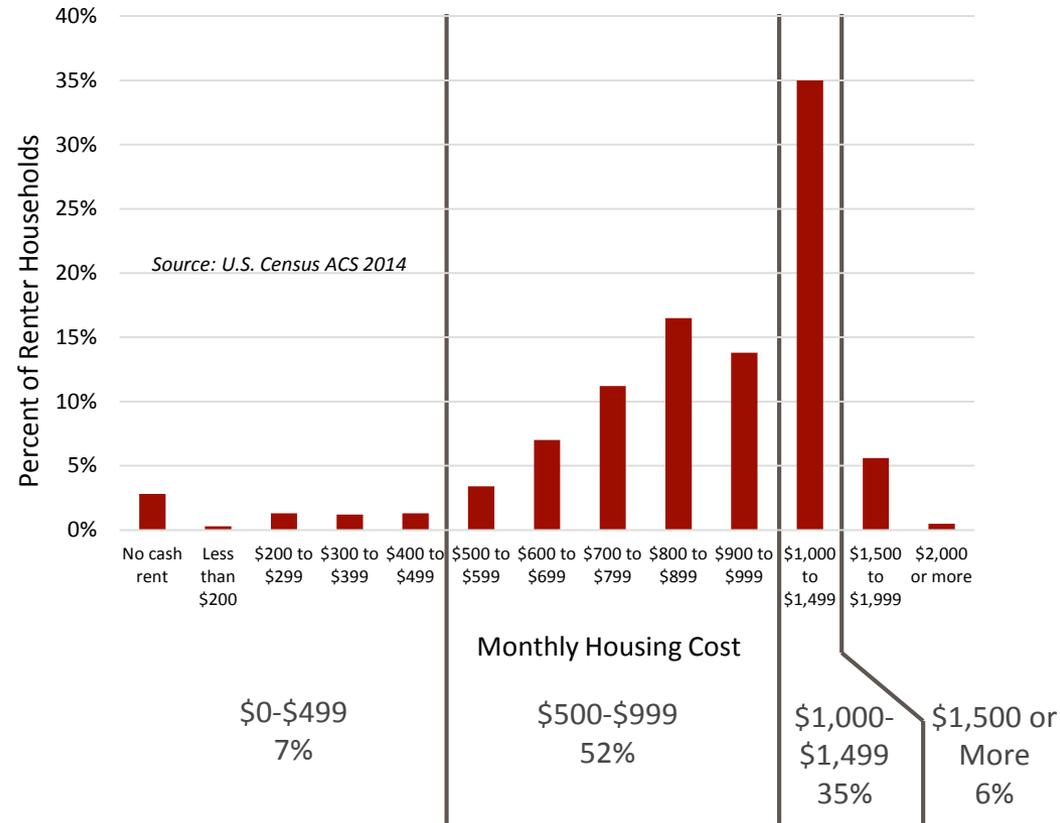


RENTAL HOUSING MARKET CONDITIONS

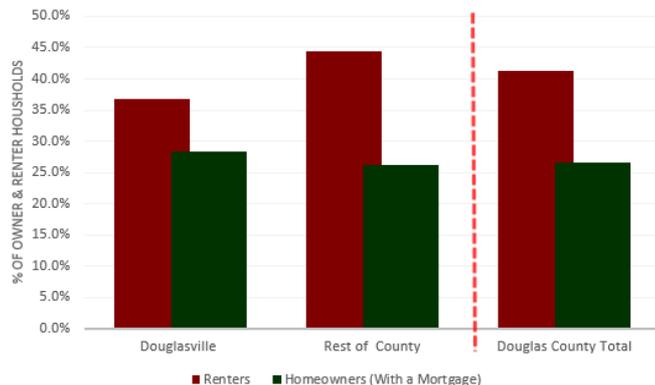
RENTAL HOUSING COST CHARACTERISTICS

- Average rental housing costs in Douglas County cover a wide spectrum.
- The median monthly housing costs for renters is \$945.
- The majority of renters, 52%, pay between \$500 and \$999 in monthly housing costs
- A significant group of renters, 35%, have monthly housing costs in the \$1,000 to \$1,500 range.
- Only 7% of Douglas County renters pay less than \$500 (or have non-cash rent) while 6% pay more than \$1,500.

Monthly Housing Costs for Renter Households, Douglas County, 2014



% of Owners/Renters Paying 35% or More of Income for Housing: Douglasville and Remainder of Douglas County



***Rental affordability (35% + of income spent on housing) is a bigger issue outside of Douglasville. Homeowner affordability is a greater problem for City residents.**

RENTAL HOUSING MARKET CONDITIONS

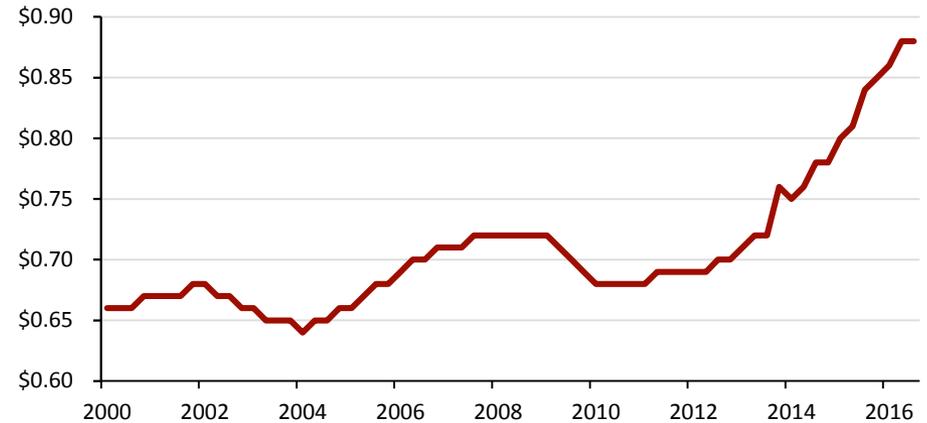
EXISTING APARTMENT MARKET

- 37 managed apartment communities Douglas Co. with an estimated 7,300 units report market data to CoStar
- CoStar generally does not cover smaller rental properties in 2-4 unit buildings
- Apartment vacancy rates have returned to pre-recession levels
- Average monthly rents have steadily increased with declining vacancy-reaching \$0.88/SF in 2016.

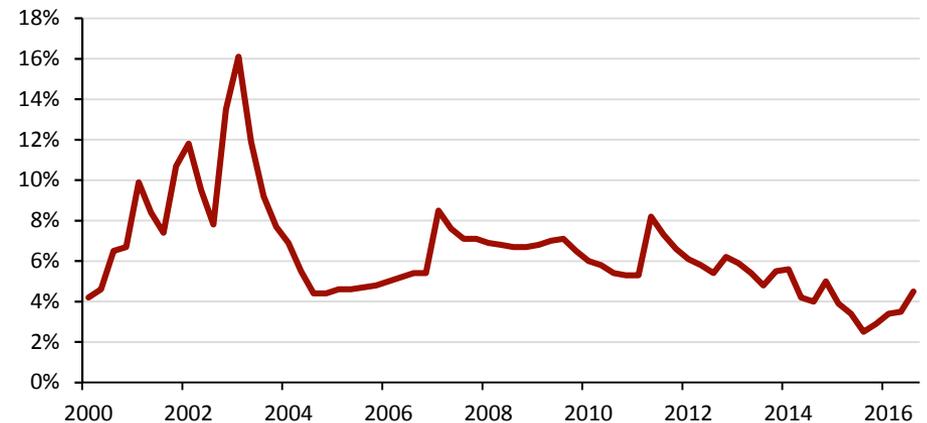
Douglas County Apartment Market	
Existing Units	7,335
Existing Buildings	37
Avg. Units/Bldg.	198
Vacant %	4.5%
Avg. SF/Unit	1,020
Avg. Rent/SF	\$ 0.88
Avg. Rent/Unit	\$ 893

Source: CoStar

Asking Rent Per SF



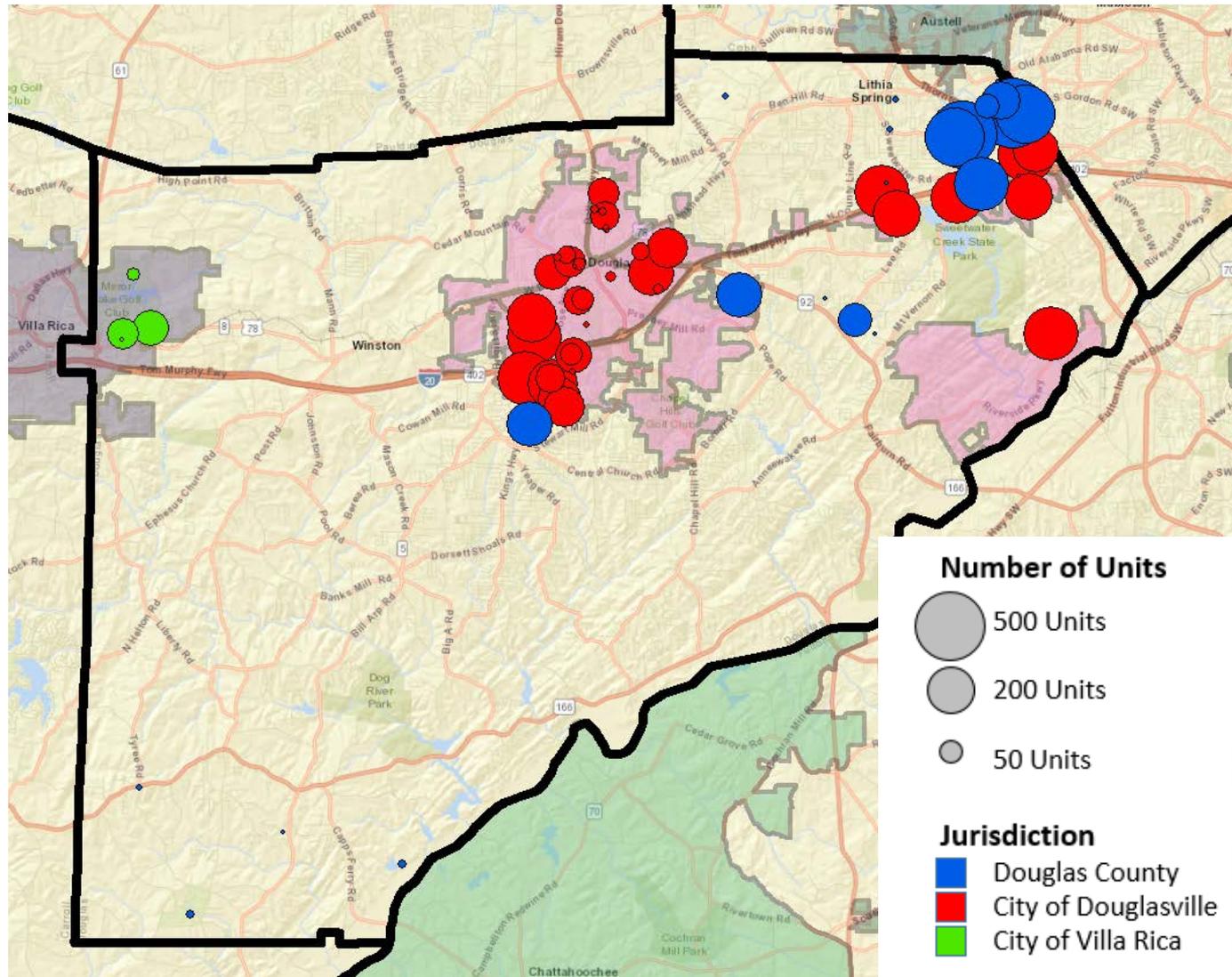
Vacancy Percent



RENTAL HOUSING MARKET CONDITIONS

LOCATIONS EXISTING MULTI-FAMILY APARTMENT DEVELOPMENTS

- Douglas County's Apartment Communities are located in the northern half of the County – near I-20 or SR 92.
- The majority of existing multi-family units are located within the City of Douglasville



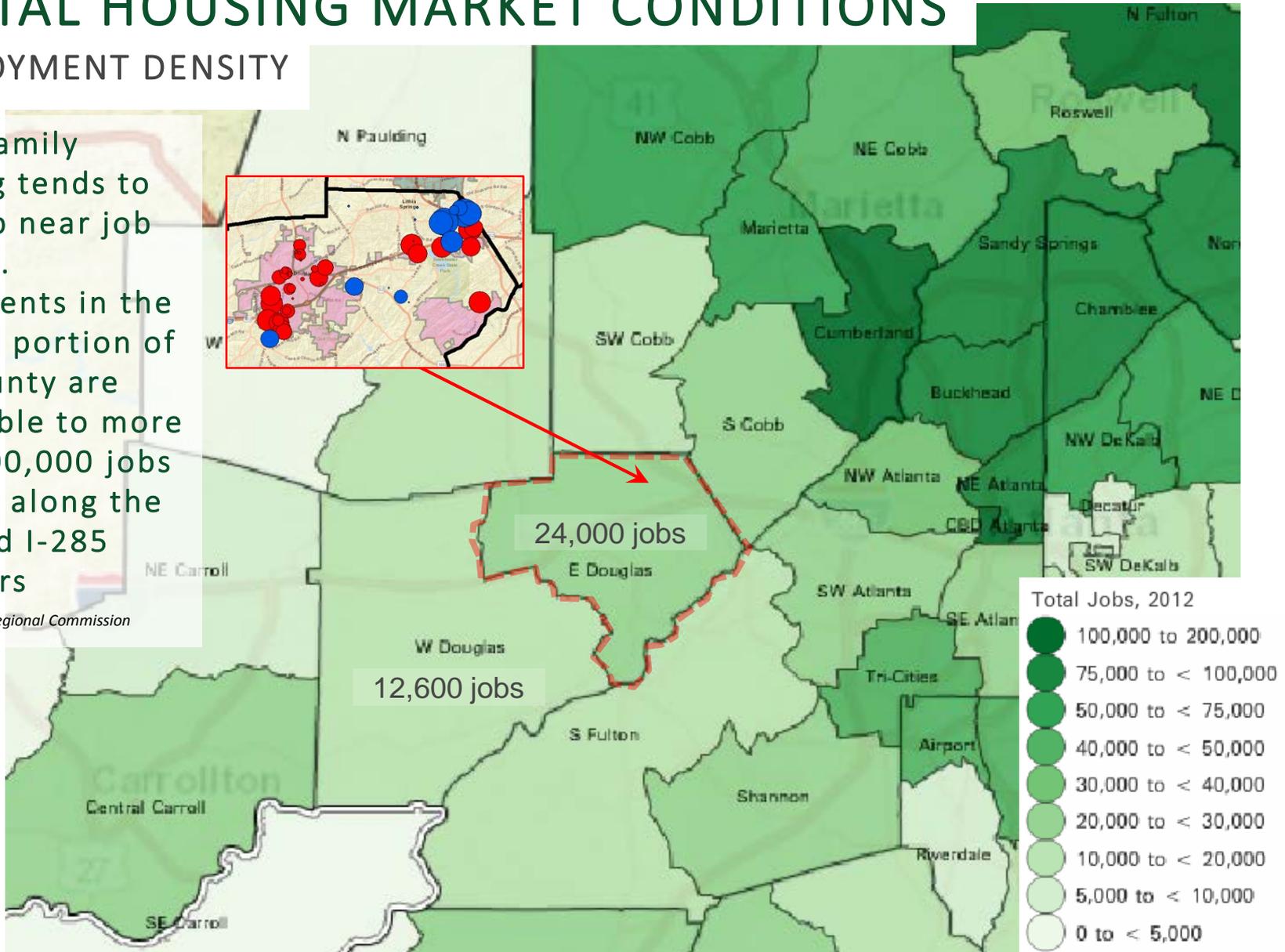
Source: CoStar

RENTAL HOUSING MARKET CONDITIONS

EMPLOYMENT DENSITY

- Multi-family housing tends to develop near job centers. Apartments in the eastern portion of the County are accessible to more than 400,000 jobs located along the I-20 and I-285 corridors

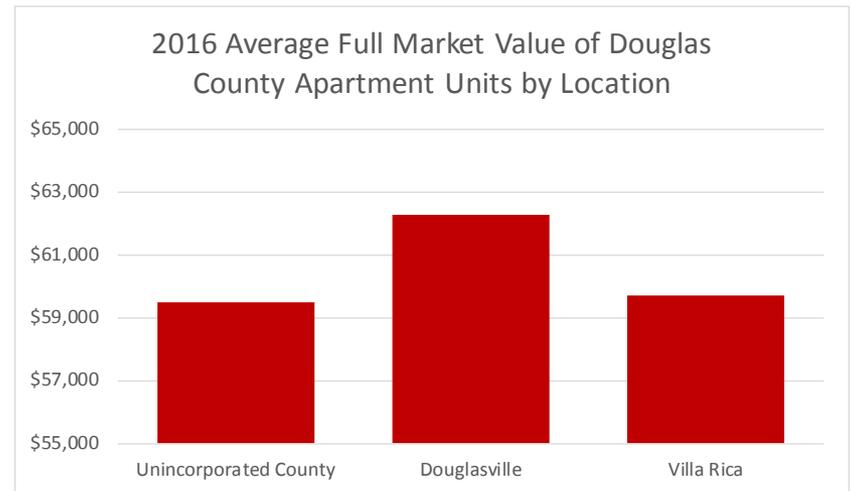
Source: Atlanta Regional Commission



RENTAL HOUSING MARKET CONDITIONS

FISCAL CHARACTERISTICS OF MULTI-FAMILY HOUSING

- BAG obtained tax assessment information on a sample of 45 rental properties containing 7,300+ units in Douglas County, using County GIS data
 - This is estimated to be close to a 100% sample of 5+ unit buildings based on taxable value
 - On a per unit basis, taxable market values are clustered in a range of \$65.00 per building SF, \$61,000/unit & \$600,000 per developed acre
 - Assessments have generally increased over 2015
 - Multi-family properties are appraised at nearly \$447 million - generating \$6.2 million in total real estate taxes in 2016
 - Average \$852/unit to combined tax jurisdictions



Distribution of Douglas County Multi-Family Housing by Taxing Jurisdiction

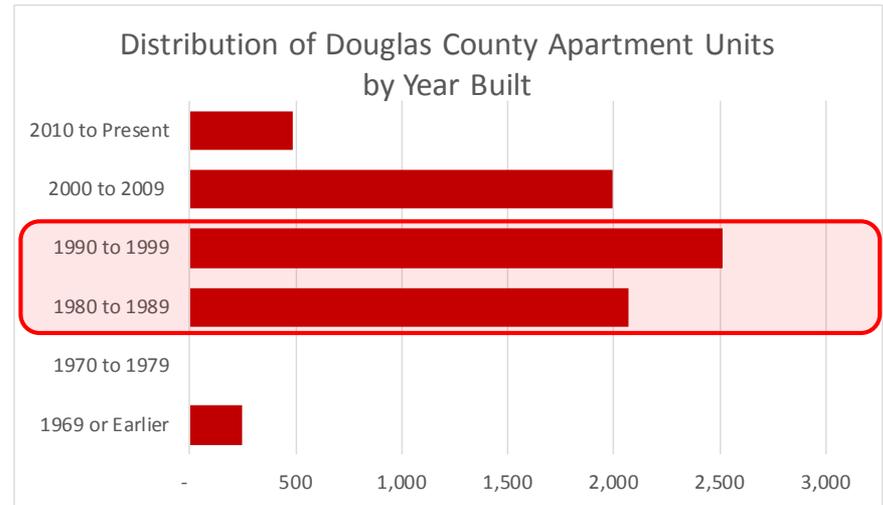
Tax Jurisdiction	Number of Properties	Estimated Units	Developed Acres	Total Commercial SF	Total 2016 FMV	Total 2016 RE Tax
Unincorporated County	12	2,651	287.0	2,123,722	\$157,742,810	\$1,875,305
Douglasville	31	4,323	434.8	3,757,895	\$269,287,020	\$4,076,097
Villa Rica	2	334	27.7	275,182	\$19,946,570	\$279,912
TOTALS:	45	7,308	749.5	6,156,799	\$446,976,400	\$6,231,315

Source: Douglas County GIS and Bleakly Advisory Group

RENTAL HOUSING MARKET CONDITIONS

FISCAL CHARACTERISTICS OF MULTI-FAMILY HOUSING

- The majority of apartments in the County (4,600 units) were developed in the 1980's and 1990's
 - Garden style projects dominate – maximum density is 26 units/acre – average density is 9.75 per acre over 750 total acres developed
 - The “average” apartment contains 842 SF
 - Units built from 2000-09 are larger (950 SF/unit) and have a higher value/unit (\$74,500) than units built during the preceding 20 years



Distribution of Douglas County Multi-Family Housing by Year Built

Year Built	Number of Properties	Estimated Units	Developed Acres	Total Commercial SF	Total 2016 FMV	Total 2016 RE Tax Levy
1969 or Earlier	9	249	24.1	191,954	\$11,723,090	\$162,633
1970 to 1979	0	-	-	-	\$0	\$0
1980 to 1989	13	2,068	204.7	1,470,540	\$98,198,470	\$1,240,669
1990 to 1999	12	2,513	264.9	2,232,838	\$158,913,460	\$2,178,053
2000 to 2009	9	1,992	216.2	1,894,231	\$148,372,390	\$2,225,791
2010 to Present	2	486	39.6	367,236	\$29,768,990	\$424,169
TOTALS:	45	7,308	749.5	6,156,799	\$446,976,400	\$6,231,315

Source: Douglas County GIS - based on Average year built assigned to buildings in tax assessment records. Year Built may not correspond to years when building permits were issued.

- Apartment construction is down sharply since 2010
 - Less than 40 acres developed in this decade
 - Recent new construction has moved toward smaller units (averaging 750 SF) and a lower taxable value per unit (\$61,000)

RENTAL HOUSING MARKET CONDITIONS

FISCAL CHARACTERISTICS OF MULTI-FAMILY HOUSING

- According to CoStar, 5 privately owned rental complexes in Douglas County (9% of total units) offer affordable or income-restricted units for low/moderate income renters
 - The actual number of affordable units in these projects is unknown
 - A minimum of one project is age restricted to Seniors
 - The average taxable market value of properties with “affordable” rentals (\$43,100/unit) is 25% lower than the average of all apartments (\$61,100/unit) County-wide
 - Projects offering affordable rentals have larger units on average (920 SF) than market rate developments (835/SF) but are assessed substantially lower (\$50 per SF) than market rate properties (\$75 per SF) with no available affordable units

Distribution of Douglas County Multi-Family Housing by Presence of Affordable/Income Restricted Units

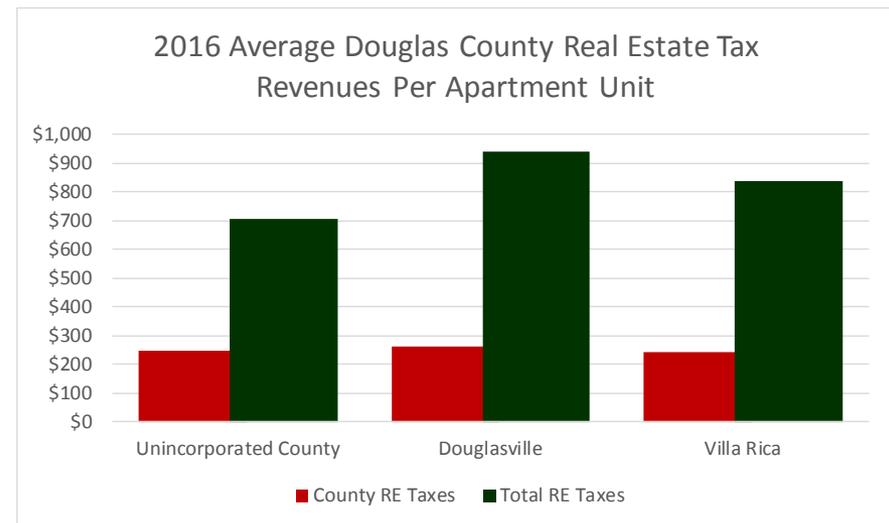
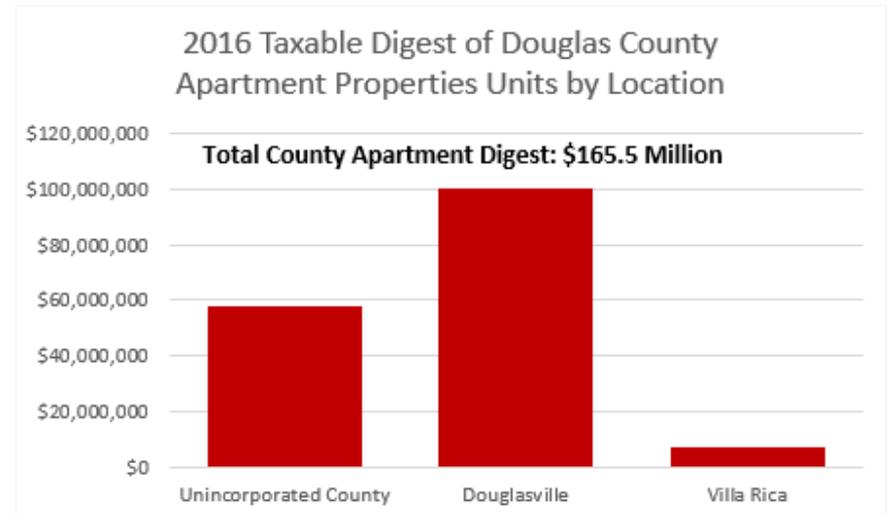
Year Built	Number of Properties	Estimated Units	Developed Acres	Total Commercial SF	Total 2016 FMV	Total 2016 RE Tax Levy
Affordable	5	668	69.7	615,341	\$30,815,070	\$414,397
No Income Restrictions	40	6,640.0	679.8	5,541,458	\$416,161,330	\$5,816,917
TOTALS:	45	7,308	749.5	6,156,799	\$446,976,400	\$6,231,315

Sources: CoStar, Douglas County GIS and Bleakly Advisory Group

RENTAL HOUSING MARKET CONDITIONS

FISCAL CHARACTERISTICS OF MULTI-FAMILY HOUSING

- **Multi-family apartments generate \$165.5 million in real estate tax digest**
 - Represent 4.6% of the County's total net property tax digest after exemptions
 - Apartment communities occupy 749.5 acres – only 0.9% of the County's total taxable acreage
- **Multi-family property is expected to generate roughly \$1.9 million in County real estate taxes in 2016**
 - County RE taxes average \$255/unit and \$0.30 per building SF across all 45 properties sampled
 - On a per unit basis There is very little variation in County RE taxes received from properties located in the unincorporated county versus city complexes
 - Some apartment complexes also own taxable commercial personal property, which is not included in these estimates



Source: Douglas County GIS and Bleakly Advisory Group

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Task 3: Comparisons with Comparable West Suburban Atlanta Markets

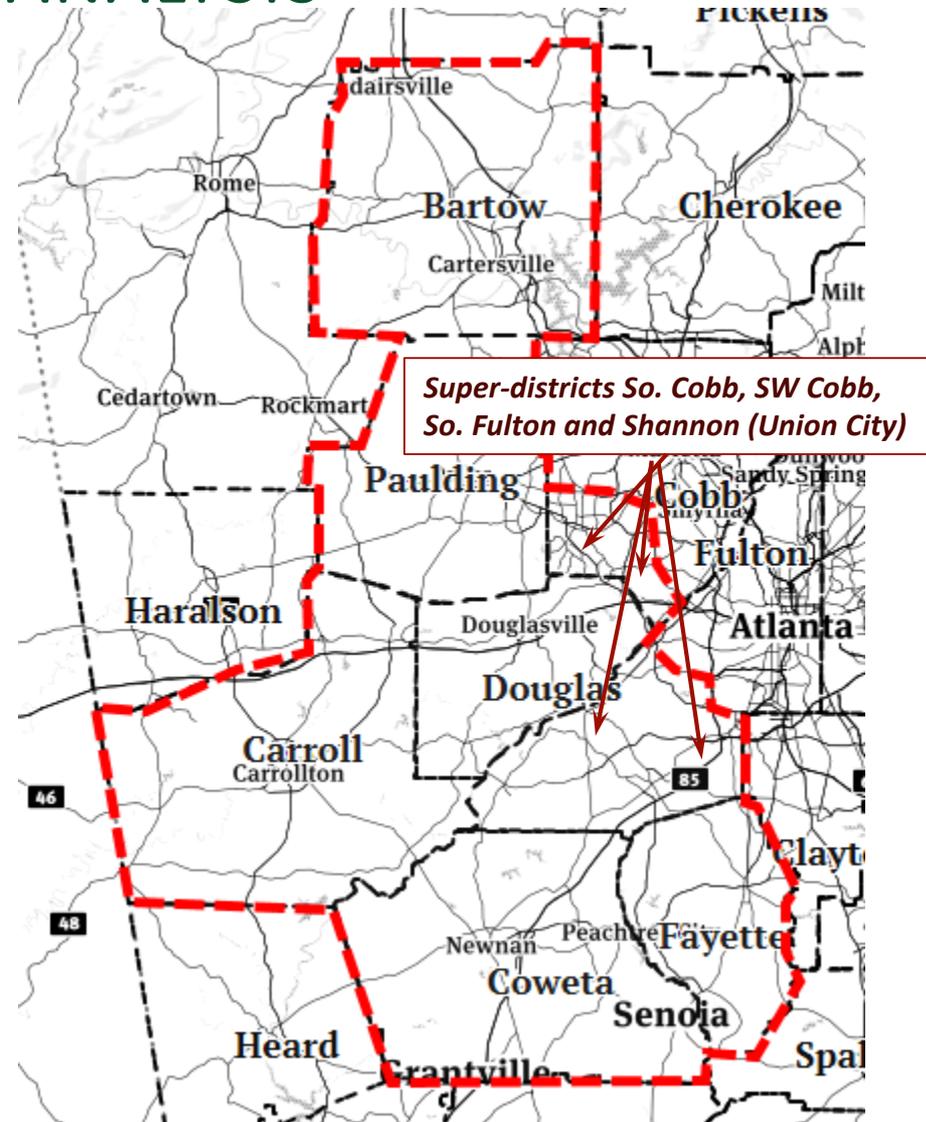
DRAFT: November 7, 2016



COMPARATIVE HOUSING ANALYSIS

SCOPE OF RESEARCH

- BAG assembled a sample of comparable counties and cities located in the western and northern suburban metro Atlanta Counties to compare on the basis of selected housing characteristics
- Comparisons based on size, proximity and similar demographic characteristics
 - Comparative Counties: Douglas, Bartow, Carroll, Coweta, Fayette and Paulding
 - Comparative Cities: Douglasville, Carrollton, Cartersville, Newnan, Union City and Villa Rica
 - Peachtree City, Fayetteville and other smaller cities such as Powder Springs, Dallas and Others were not included
 - We also looked at areas of West Cobb and South Fulton Counties on some measures using ARC Super-District boundaries
- Purpose is to understand how Douglas compares in terms of selected growth measures and housing inventory

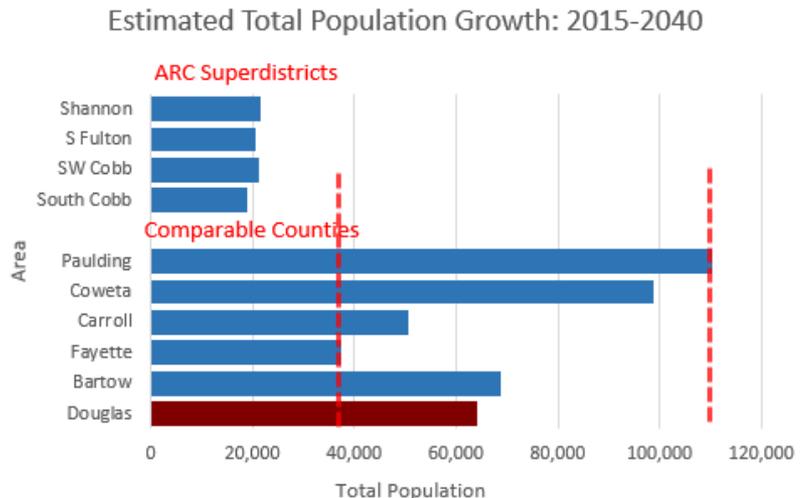
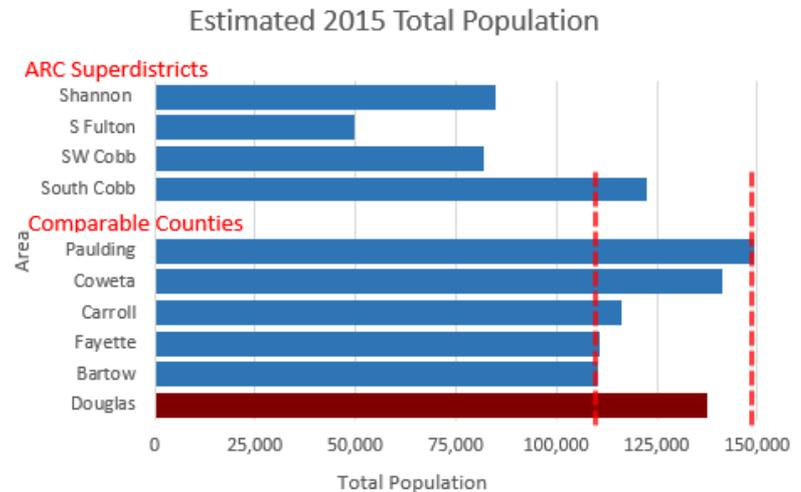


COMPARATIVE HOUSING ANALYSIS

Current and Forecasted Population Growth

- Douglas County is in the range of the comparative region in terms of existing population.
- The ARC projects Douglas County will add nearly 64,000 residents over the next 25-years, toward the lower end of the range of nearby counties.
- Population growth rate is projected to average 2,560 – 1.5% per year

Source: Atlanta Regional Commission: 2015-2040 Forecast

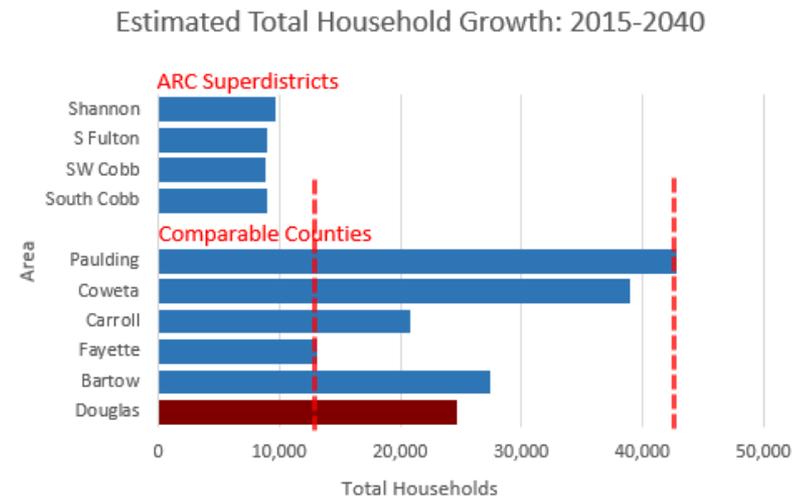
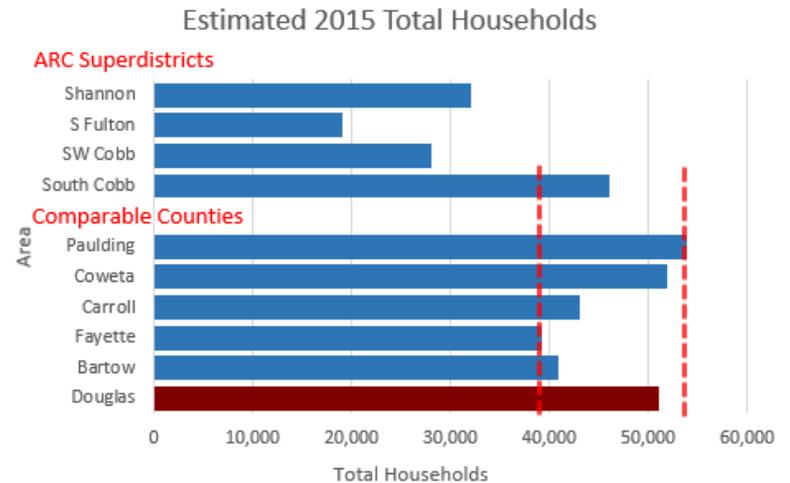


COMPARATIVE HOUSING ANALYSIS

Current and Forecasted Household Growth

- Douglas County's is in the range of the comparative region in terms of existing households.
- The ARC projects Douglas County will add nearly 24,700 households over the next 25-years, toward the lower end of the range of comparable counties
- Household growth rate is projected to average 980 – 1.6% per year
- With the overhang of vacancy from the Great Recession nearly absorbed, most future household growth will require new construction
- Adding allowances for maintaining healthy market vacancy rates and the replacement of substandard/obsolete units, total annual demand for new construction of all types of housing is likely to be in the range of 1,100 units per year

Source: Atlanta Regional Commission: 2015-2040 Forecast

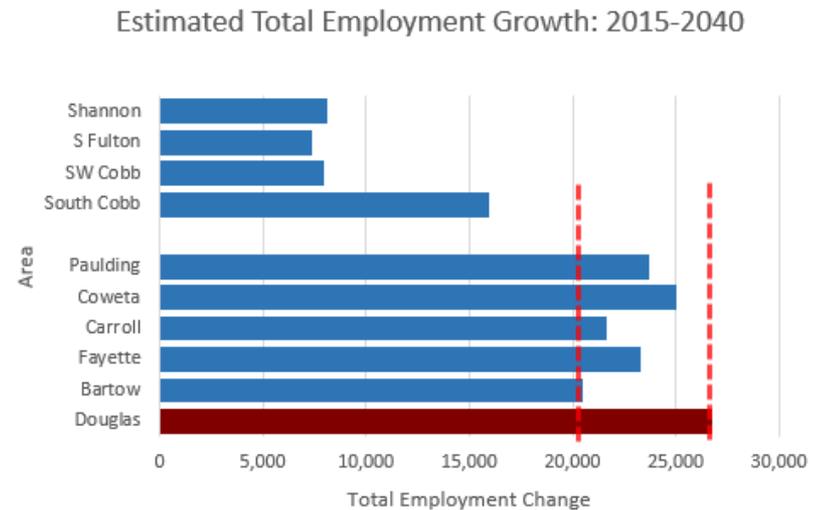
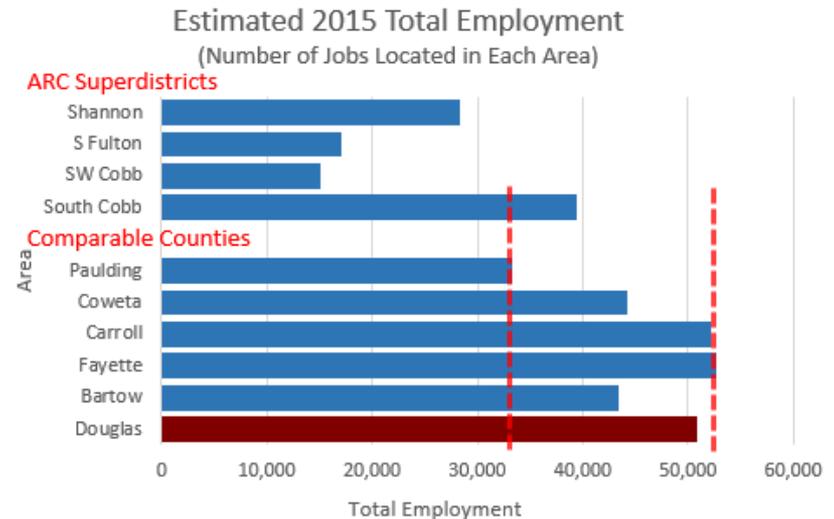


COMPARATIVE HOUSING ANALYSIS

Current and Forecasted Employment Growth

- Douglas County's is near the upper end of the range of the comparative region in terms of its total job base with an estimated 50,830 in 2015.
 - Approximate 1:1 ratio of local jobs to resident households
- The ARC projects Douglas County will add more than 26,700 jobs over the next 25-years, the high end of the range of comparable counties in terms of total job gains and third highest in terms of percentage growth
 - Annual job growth is projected to average 1,070 – 1.7% per year
- Douglas County is among a limited number of locations which the ARC identifies as adding more jobs than households over the next 25 years
 - As job growth typically generates housing demand – this forecast, if achieved, could put upward pressure on housing demand and costs

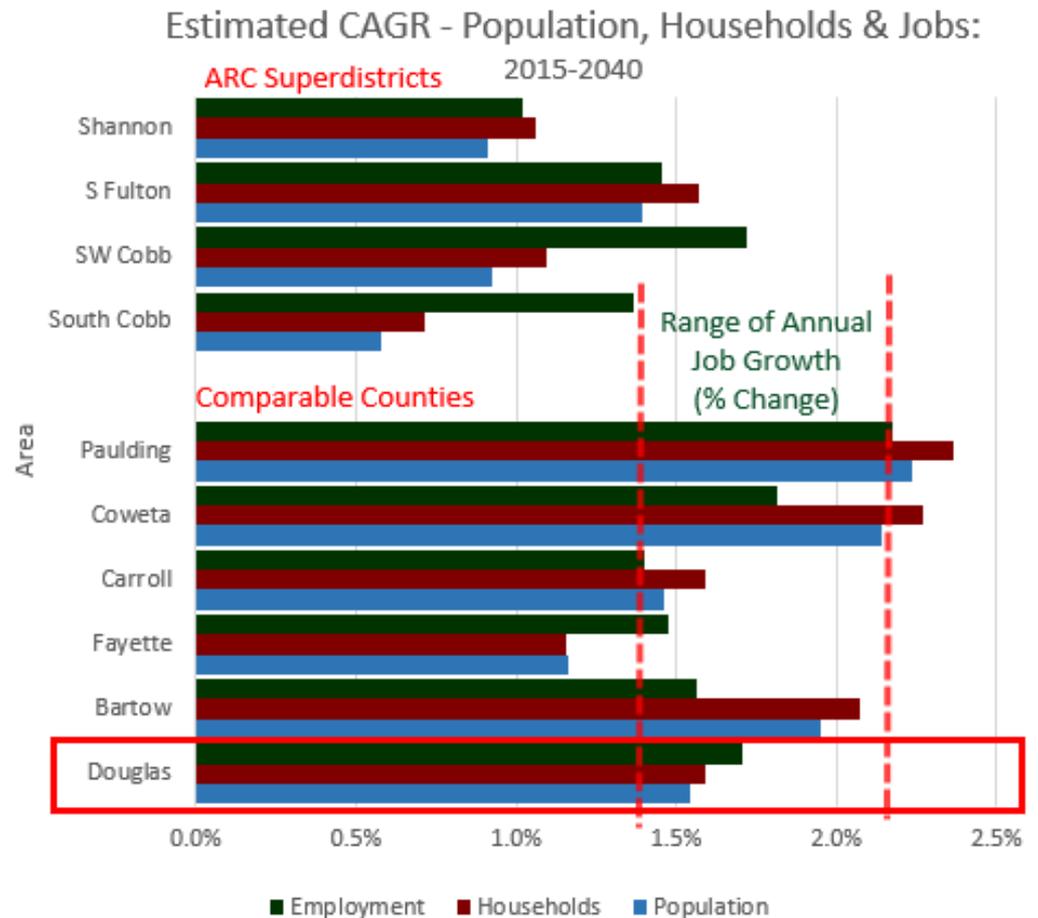
Source: Atlanta Regional Commission: 2015-2040 Forecast



COMPARATIVE HOUSING ANALYSIS

COMPARATIVE GROWTH RATES

- Collectively the western and northern metro suburban counties surrounding Douglas are projected by the ARC to remain among the fastest growing in the Region
- Douglas is projected to grow slower than the midpoint of the range in terms of percentage change in population and households and toward the upper end of the range in terms of job gains

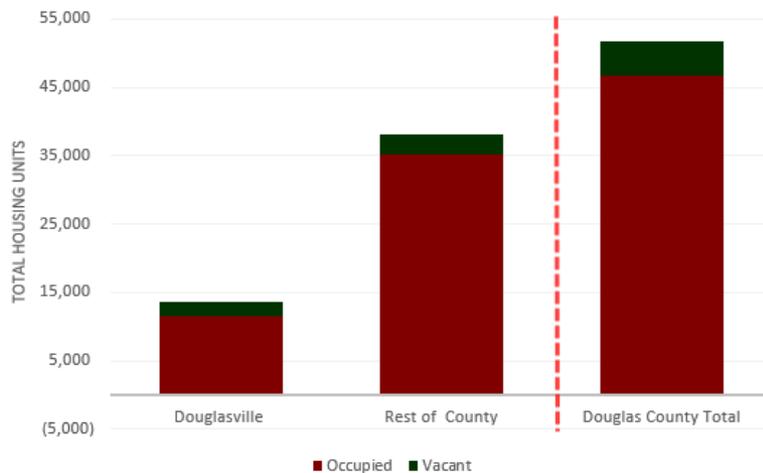


COMPARATIVE HOUSING ANALYSIS

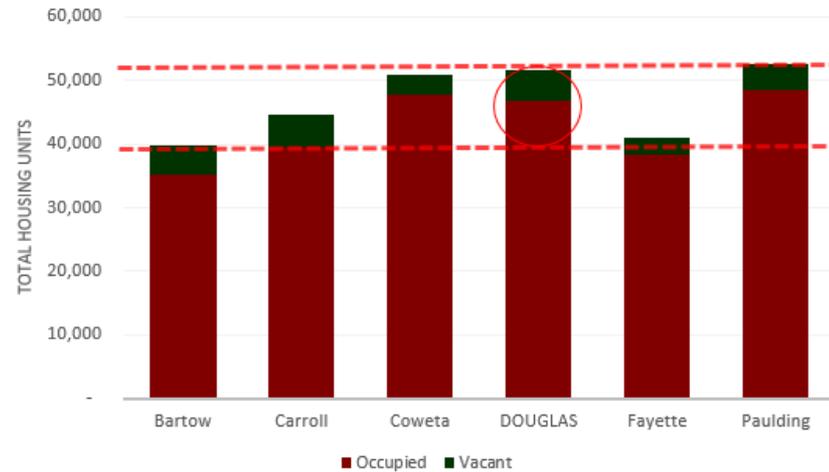
Total Supply of Occupied and Vacancy Housing, 2014

- Douglas is one of the larger sample counties in terms of total housing stock
 - Second to Paulding with 52,500 total units
- Douglasville is similarly one of the largest cities in the region with 13,200 units
 - Second to Newnan with 13,800 units
- 25.5% of the County's housing supply is located in the City of Douglasville
 - 38,500 housing units exist in the balance of the County – including within the City of Villa Rica

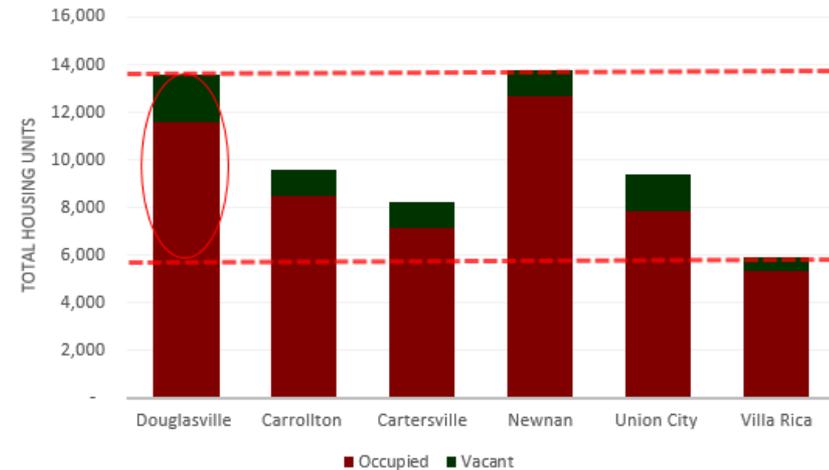
Estimated Total Occupied and Vacant Housing Units - 2014
Douglasville and Remainder of Douglas County



Estimated Total Occupied and Vacant Housing Units - 2014
Douglas and Comparable North & West Metro Atlanta Counties



Estimated Total Occupied and Vacant Housing Units - 2014
Douglasville and Comparable North & West Metro Atlanta Cities



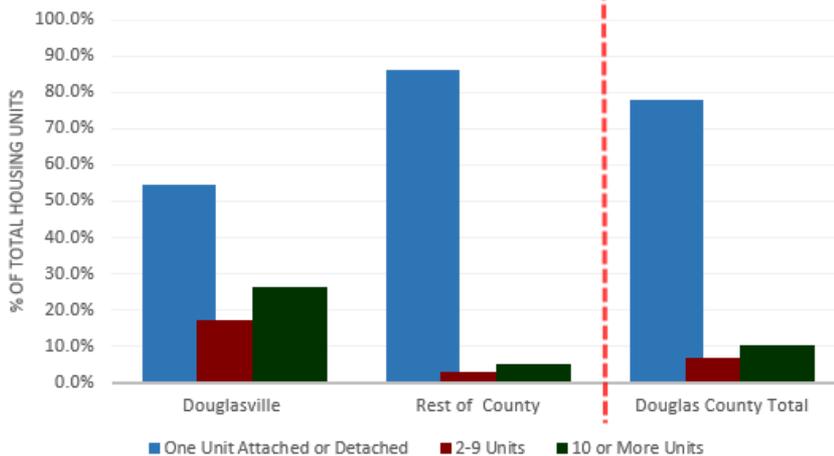
Source: 2010-2014 American Community Survey, U.S. Census Bureau

COMPARATIVE HOUSING ANALYSIS

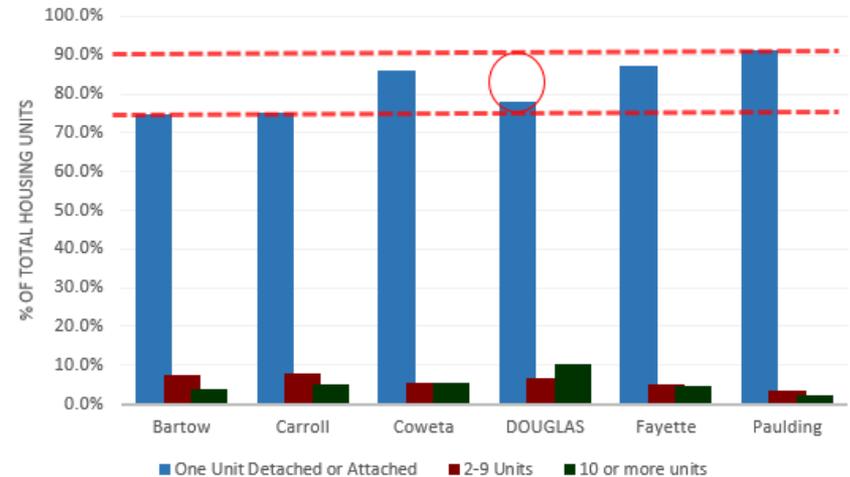
Comparative Single and Multi-Family Supply

- Douglas has one of the highest percentages of multi-family housing units among the comparative counties
- By “fair share” standards, Douglas is slightly more balanced than comparative counties in terms of unit mix
- Most of the County’s multi-family inventory is in Douglasville, which has a higher percentage of multi-family units than any comparable except Union City

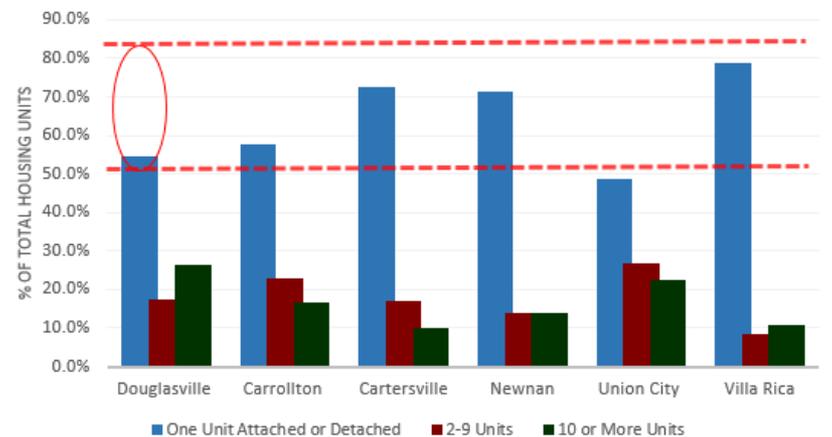
Distribution of Housing Units by Number of Units in Structure
Douglasville and Remainder of Douglas County



Distribution of Housing Units by Number of Units in Structure
Douglas and Comparable North & West Metro Atlanta Counties



Distribution of Housing Units by Number of Units in Structure
Douglasville and Comparable North & West Metro Atlanta Cities

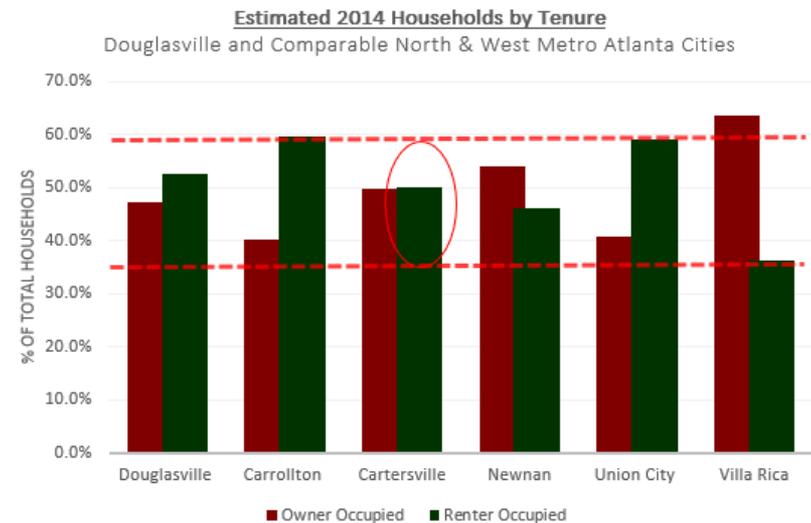
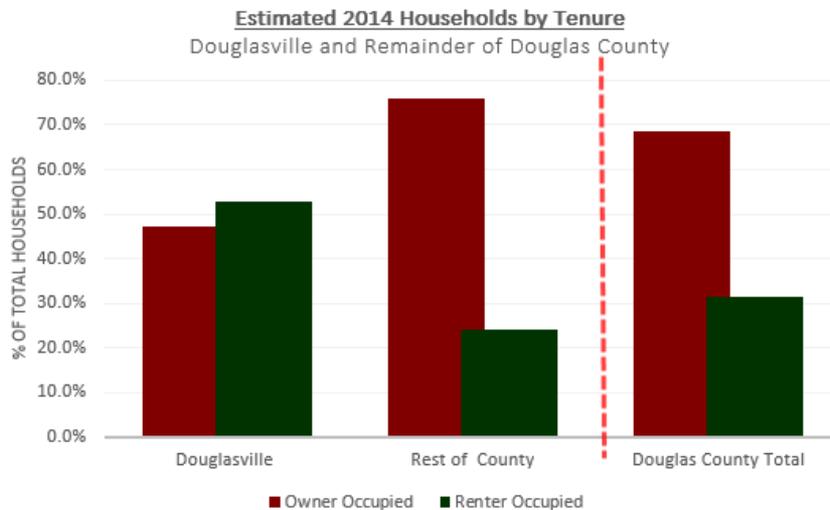
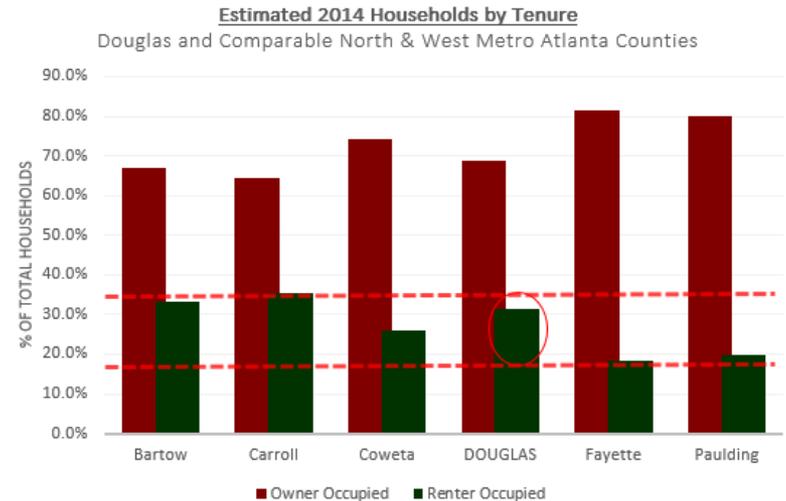


Source: 2010-2014 American Community Survey, U.S. Census Bureau, excludes mobile homes and “other” housing.

COMPARATIVE HOUSING ANALYSIS

Distribution of Households by Tenure

- Douglas was in the upper end of the range among the comparative counties in terms of the percentage of households who are renters (31.2%)
- The only county with more renters was Carroll at 35.4%, which is likely due to the influence of college rentals
- Similar to multi-family housing, the County's renter households are concentrated in Douglasville



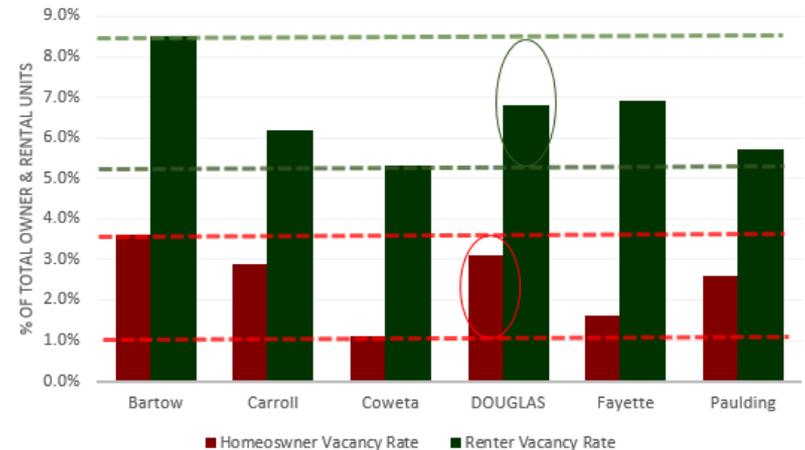
Source: 2010-2014 American Community Survey, U.S. Census Bureau.

COMPARATIVE HOUSING ANALYSIS

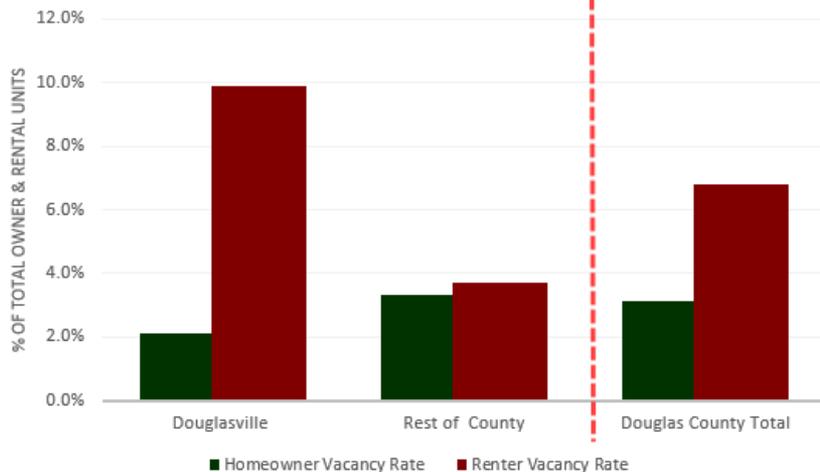
Owner and Renter Vacancy Rates

- Douglas was in the middle of the range among the comparative counties in terms of the rental market vacancy rate in 2014 (6.8%) and toward the high end of the range in terms of vacant for sale housing (3.1%)
- Rental vacancy rates in Douglasville were among the highest of comparison cities, while the homeowner vacancy rate was among the lowest

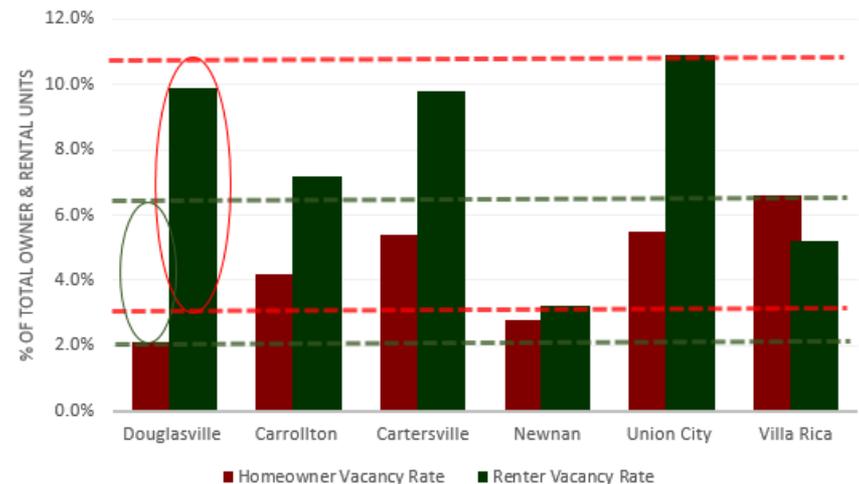
Estimated 2014 Owner and Rental Vacancy Rates
Douglas and Comparable North & West Metro Atlanta Counties



Estimated 2014 Owner and Rental Vacancy Rates
Douglasville and Remainder of Douglas County



Estimated 2014 Owner and Rental Vacancy Rates
Douglasville and Comparable North & West Metro Atlanta Cities



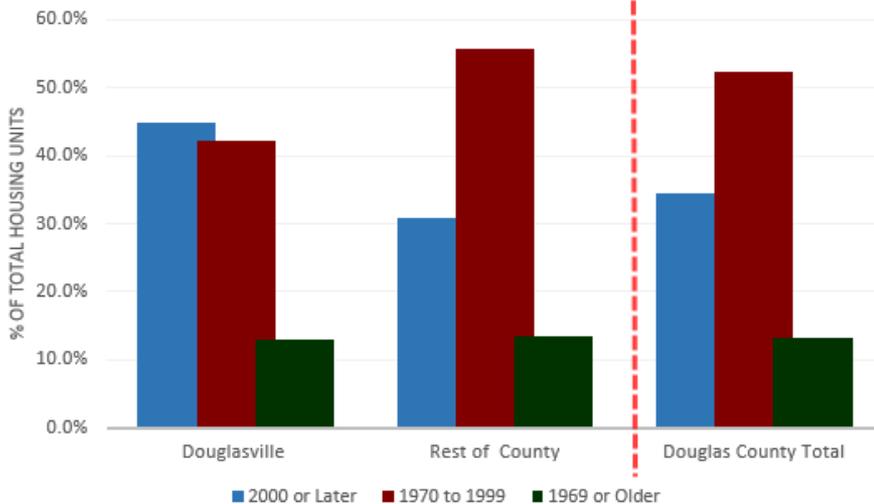
Source: 2010-2014 American Community Survey, U.S. Census Bureau.

COMPARATIVE HOUSING ANALYSIS

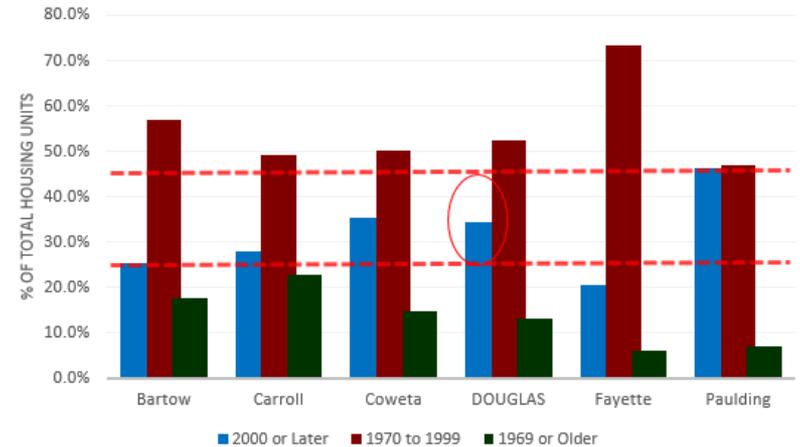
Comparative Age of Housing Stock

- Douglas is in the middle of the range among the comparative counties in terms of the percentage of its housing stock that has been built since 2000
- A higher percentage of this newer construction has occurred in Douglasville than the balance of the County

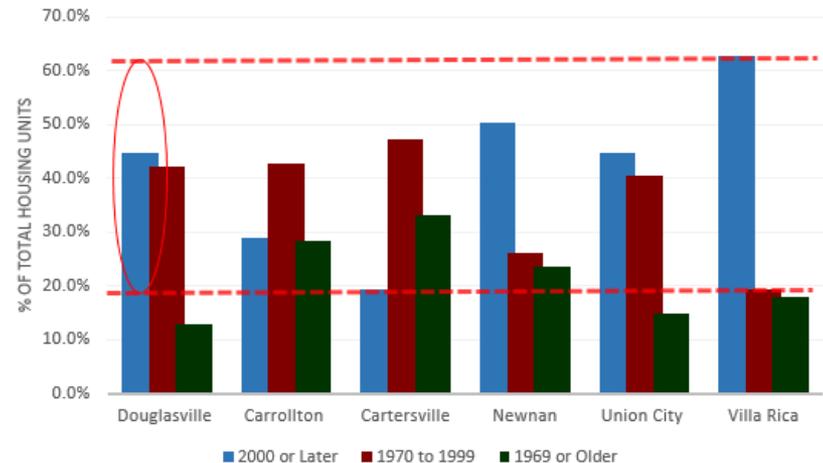
Distribution of Housing Units by Year Built
Douglasville and Remainder of Douglas County



Distribution of Housing Units by Year Built
Douglas and Comparable North & West Metro Atlanta Counties



Distribution of Housing Units by Year Built
Douglasville and Comparable North & West Metro Atlanta Cities



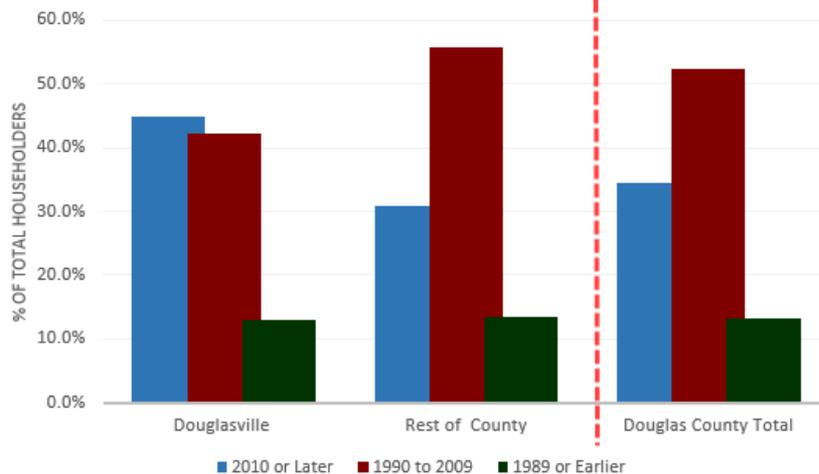
Source: 2010-2014 American Community Survey, U.S. Census Bureau.

COMPARATIVE HOUSING ANALYSIS

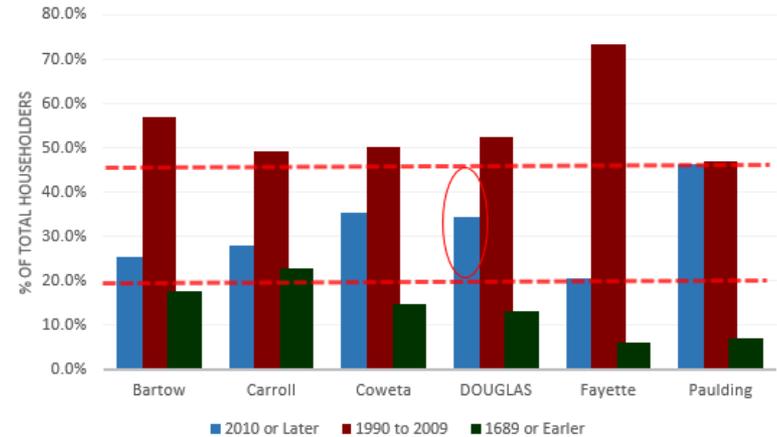
Comparative Household Mobility and Aging in Place

- Douglas is in the middle of the range among the comparative counties in terms of the percentage of its households which have moved into their current unit since 2010
- The County also has a significant percentage of households which have lived in their current homes for more than 25 years
- Since renters tend to be more mobile than homeowners, it is not surprising that a higher percentage of households have moved recently within Douglasville than the balance of the County
- Villa Rica has an unusually high percentage of recent household movement

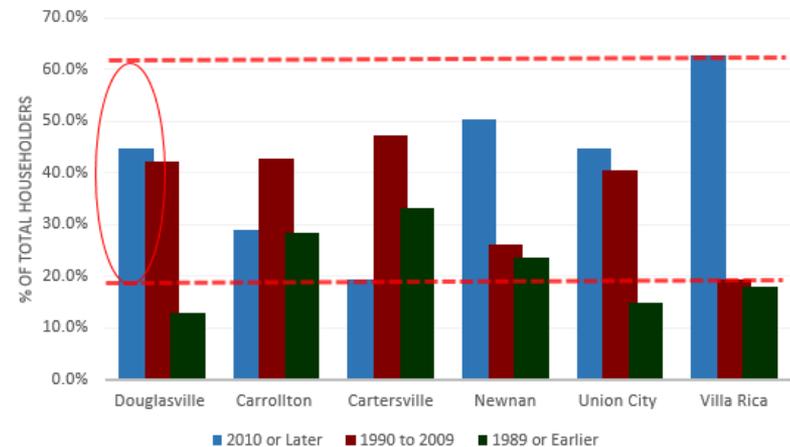
Distribution of Households by Year Householder Moved into Unit
Douglas and Remainder of Douglas County



Distribution of Households by Year Householder Moved into Unit
Douglas and Comparable North & West Metro Atlanta Counties



Distribution of Households by Year Householder Moved into Unit
Douglas and Comparable North & West Metro Atlanta Counties

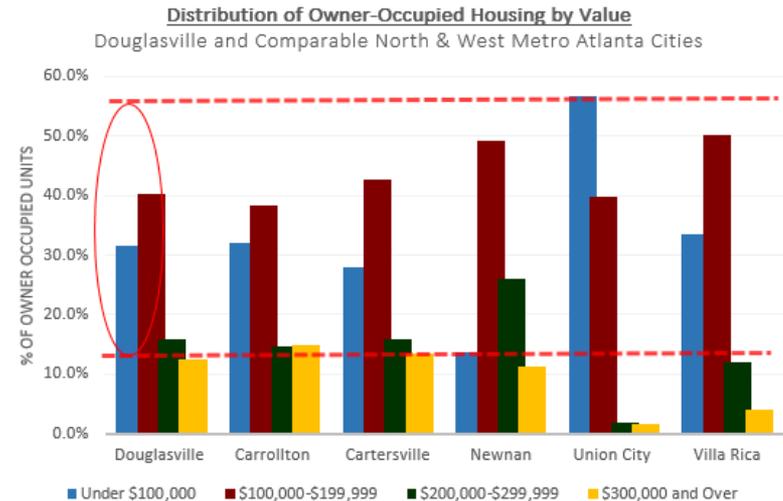
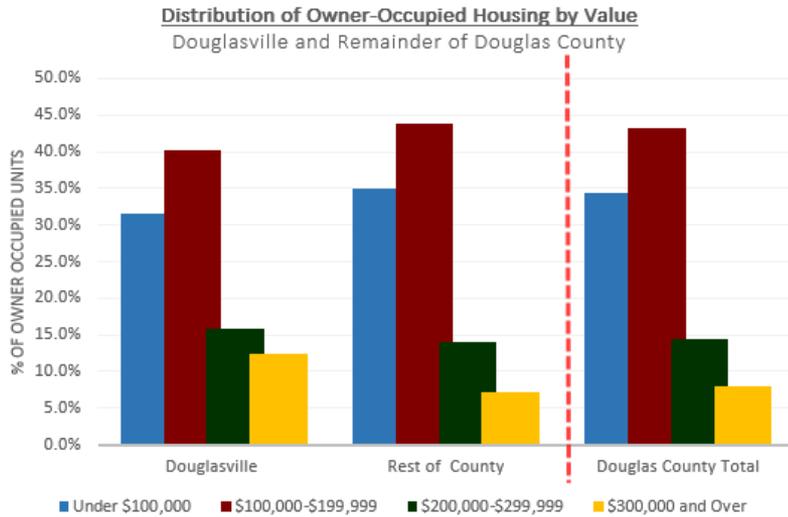
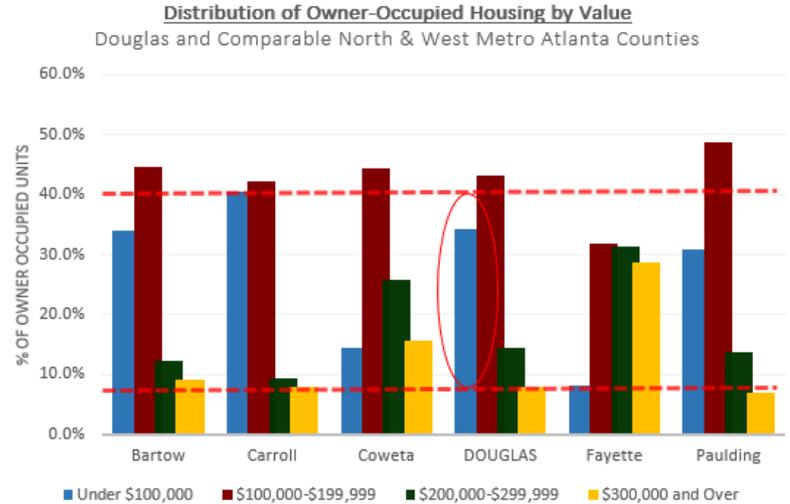


Source: 2010-2014 American Community Survey, U.S. Census Bureau.

COMPARATIVE HOUSING ANALYSIS

Comparative Owner Occupied Housing Values

- Douglas remains one of the lower priced home markets on the west side of the Metro with nearly a third of homes valued below \$100,000 and a median home value of \$125,500 in 2014
- The distribution of home values in Douglasville is similar to the balance of the county, with a slightly lower median value (\$125,000) but a lower percentage of units valued below \$100,000 and a higher percentage valued above \$300,000

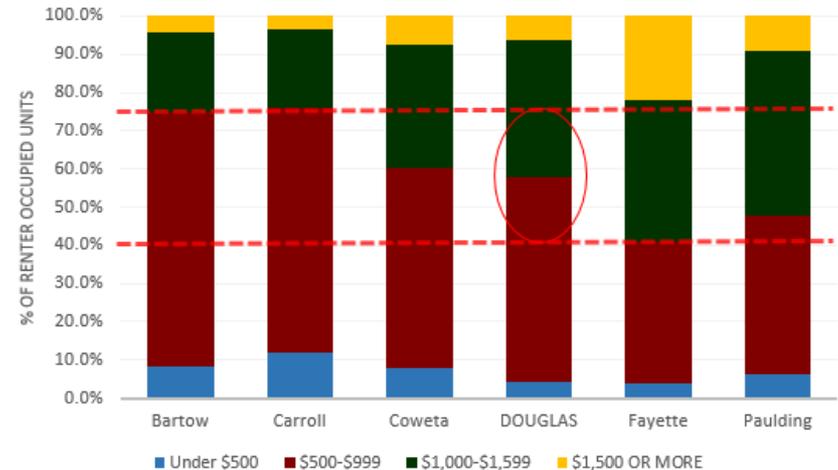


COMPARATIVE HOUSING ANALYSIS

Renter Occupied Housing by Gross Rent

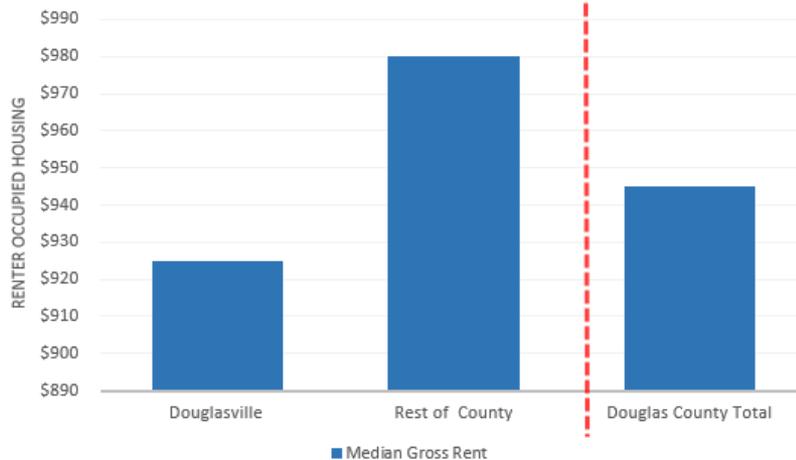
- Douglas is a mid-priced rental market among West Metro counties, with 60% of rental units renting below \$1,000/month and a median gross rent of \$945 in 2014
- Median rents are significantly lower in Douglasville due to the greater presence of multi-family rentals
- High rents in the balance of the county are largely due to a larger percentage of single family homes in the rental inventory

Distribution of Renter-Occupied Housing by Gross Monthly Rent
Douglas and Comparable North & West Metro Atlanta Counties



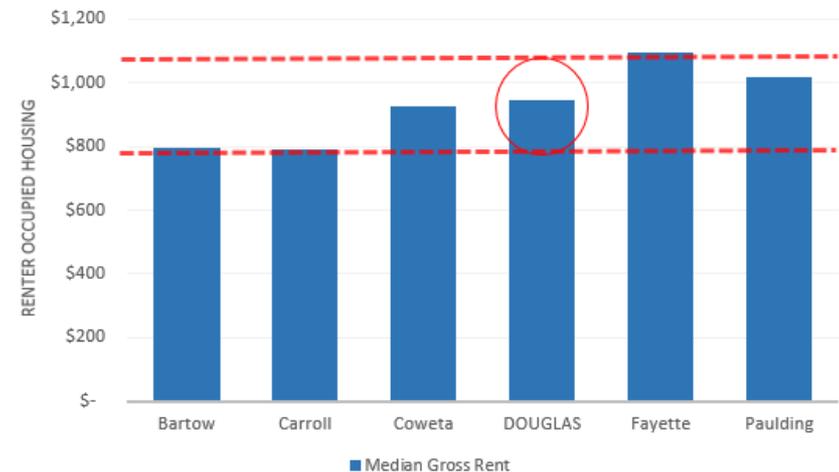
Median Monthly Gross Rents

Douglasville and Remainder of Douglas County



Median Monthly Gross Rents

Douglas and Comparable North & West Metro Atlanta Counties



Source: 2010-2014 American Community Survey, U.S. Census Bureau.

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Task 4: Forecasting

DRAFT: November 7, 2014



FACTORS INFLUENCING DEMAND FORECASTS

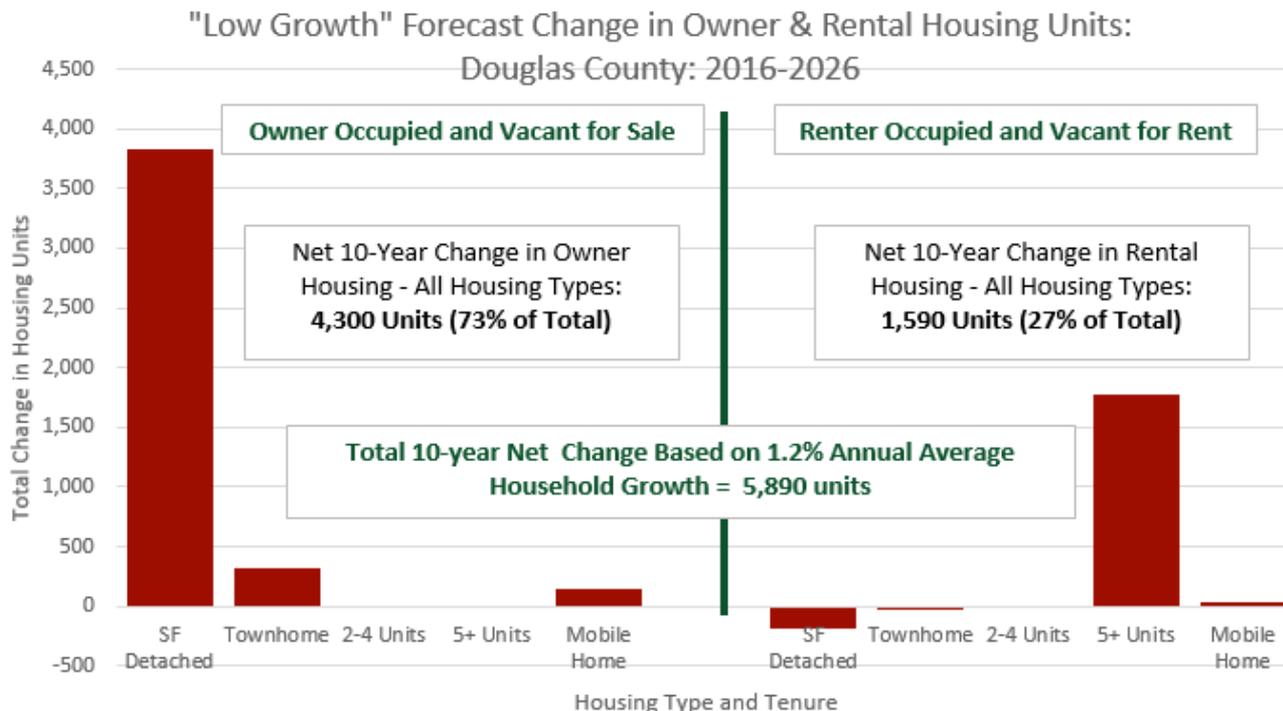
HOUSING DEMAND BY HOUSING TYPE AND TENURE

- **ARC forecasts growth of roughly 1,000 households/year through 2040**
 - Adding vacancy and replacement could the number of new housing units to roughly 1,100 per year
 - Slower growth is forecast during the front end of the 25 year forecast
 - Nielson data forecasts significantly slower growth than the ARC
 - Annual population growth within a range of 1.2% to 1.6% over the next decade is possible
 - **Several factors will influence housing demand in Douglas Co. over the next decade – which are currently unknown**
 - How nearby/competitive counties will regulate multi-family and rental housing
 - Future housing choices of existing renters as they age and their incomes grow
 - Decisions by empty nesters to either stay in their current homes, become renters by choice, downsize (into attached products) or leave the County as they age
 - **BAG examined multiple factors and created a range of low-high scenarios**
 - Distributes units by type and tenure
 - Lowers existing vacancy rates over time
 - Gradually transitions a % of single family rentals back to owner occupied
 - **Forecasts are based on average annual population growth of 1.2% to 1.6%**
- **Decisions by Douglasville to maintain, increase or reduce its future share of the County's multi-family housing inventory**

“LOW GROWTH” FORECAST SUMMARY

10 year forecast Summary

- Adds nearly 5,900 units over the decade
- Less than sustained historical growth of 8,000+ per decade
- 3 times recent (post recession) rates of new construction
- More than 360 new SF homes/year
- 30% Multi-Family (average 175 units/year)
- The % of townhomes increases (to 5% of the total) and the % of mobile homes decreases
- Market wide vacancy (all housing) is gradually reduced toward 5%
- The number of rented SF homes is reduced by 185 over the decade



“LOW GROWTH” FORECAST DETAIL

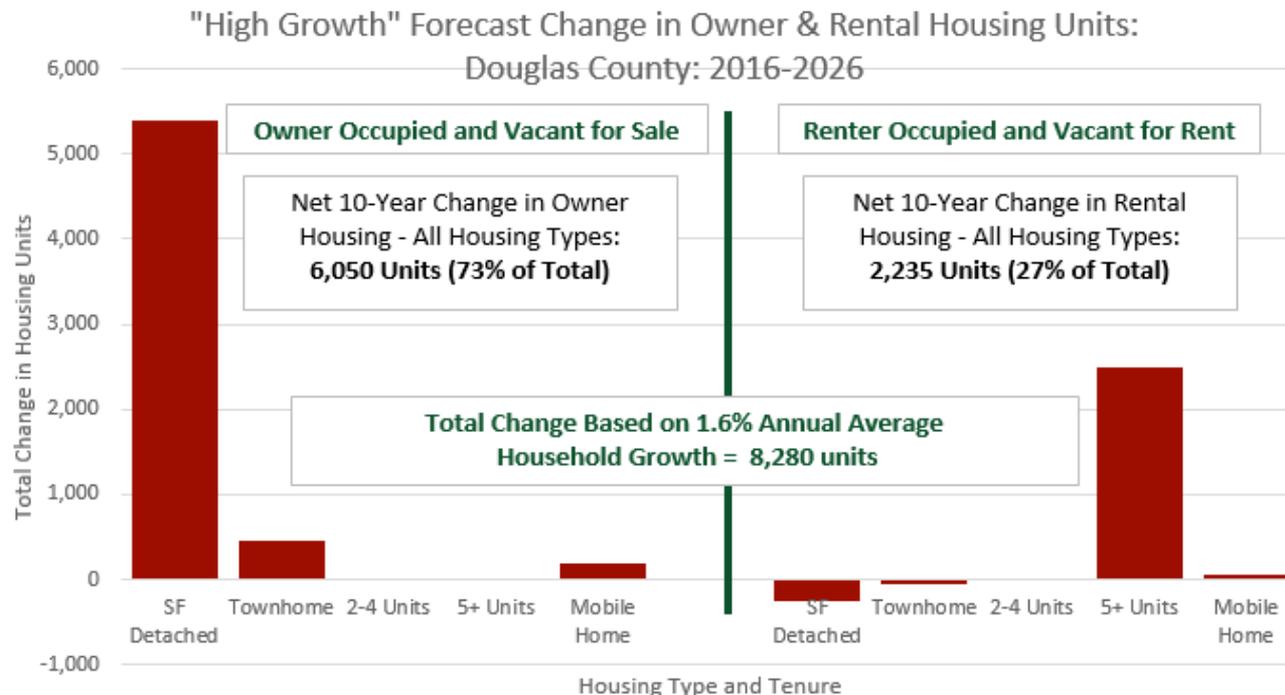
Housing Type/Tenure				Numeric Change			Annual Change		
	2015	2025	2030	2015-25	2025-30	2015-30	2015-25	2025-30	2015-30
Owner Occupied and Vacant For Sale									
SF Detached	34,121	37,953	40,274	3,833	2,320	6,153	383	464	410
Townhome	547	871	1,067	324	196	520	32	39	35
2-4 Units	64	64	64	-	-	-	-	-	-
5+ Units	121	121	121	-	-	-	-	-	-
Mobile Home	1,388	1,530	1,615	141	86	227	14	17	15
Subtotal:	36,241	40,539	43,141	4,298	2,602	6,900	430	520	460
Renter Occupied and Vacant For Rent									
SF Detached	6,388	6,206	6,095	(183)	(110)	(293)	(18)	(22)	(20)
Townhome	622	593	575	(29)	(18)	(47)	(3)	(4)	(3)
2-4 Units	1,588	1,588	1,588	-	-	-	-	-	-
5+ Units	7,316	9,082	10,151	1,766	1,069	2,836	177	214	189
Mobile Home	1,153	1,188	1,209	35	21	57	4	4	4
Subtotal:	17,066	18,656	19,618	1,590	962	2,552	159	192	170
All Occupied and Vacant Housing Units									
SF Detached	40,509	44,159	46,369	3,650	2,210	5,860	365	442	391
Townhome	1,169	1,464	1,642	294	178	473	29	36	32
2-4 Units	1,652	1,652	1,652	-	-	-	-	-	-
5+ Units	7,436	9,202	10,272	1,766	1,069	2,836	177	214	189
Mobile Home	2,541	2,718	2,824	177	107	284	18	21	19
TOTALS:	53,308	59,195	62,759	5,887	3,564	9,452	589	713	630

- Rental housing demand is sufficient to absorb development of 7 to 8 new apartment communities per decade

“HIGH GROWTH” FORECAST SUMMARY

10 year forecast Summary

- Adds nearly 8,300 units over the decade
- Equivalent to sustained historical growth of 8,000+ per decade
- 4 times recent (post recession) rates of new construction
- More than 500 new SF homes/year
- 30% Multi-Family (250 units/year)
- Percentage of townhomes increases (to 5% of the total) and the % of mobile homes decreases
- Market wide vacancy (all housing) is gradually reduced toward 5%
- The number of rented SF homes is reduced by 250 over the decade



“HIGH GROWTH” FORECAST DETAIL

Housing Type/Tenure				Numeric Change			Annual Change		
	2015	2025	2030	2015-25	2025-30	2015-30	2015-25	2025-30	2015-30
Owner Occupied and Vacant For Sale									
SF Detached	34,121	39,510	42,778	5,390	3,267	8,657	539	653	577
Townhome	547	1,003	1,279	455	276	731	46	55	49
2-4 Units	64	64	64	-	-	-	-	-	-
5+ Units	121	121	121	-	-	-	-	-	-
Mobile Home	1,388	1,587	1,707	199	120	319	20	24	21
Subtotal:	36,241	42,285	45,949	6,044	3,664	9,707	604	733	647
Renter Occupied and Vacant For Rent									
SF Detached	6,388	6,132	5,976	(257)	(156)	(412)	(26)	(31)	(27)
Townhome	622	581	555	(41)	(25)	(66)	(4)	(5)	(4)
2-4 Units	1,588	1,588	1,588	-	-	-	-	-	-
5+ Units	7,316	9,799	11,305	2,484	1,506	3,989	248	301	266
Mobile Home	1,153	1,202	1,232	50	30	80	5	6	5
Subtotal:	17,066	19,301	20,656	2,235	1,355	3,590	224	271	239
All Occupied and Vacant Housing Units									
SF Detached	40,509	45,642	48,754	5,133	3,112	8,245	513	622	550
Townhome	1,169	1,583	1,834	414	251	665	41	50	44
2-4 Units	1,652	1,652	1,652	-	-	-	-	-	-
5+ Units	7,436	9,920	11,425	2,484	1,506	3,989	248	301	266
Mobile Home	2,541	2,789	2,940	248	151	399	25	30	27
TOTALS:	53,308	61,587	66,605	8,279	5,019	13,298	828	1,004	887

- Rental housing demand is sufficient to absorb development of 10 to 11 new apartment communities per decade

FORECAST IMPLICATIONS

- The proposed percentage of new multi-family housing added during the forecast period increases to roughly 30% of all units - double the historical average of 15% of new construction
- Rationale for more multi-family development:
 - There has been a prolonged period of declining construction of new MF housing
 - More MF options could reduce the number of rented single-family homes and aid in their transition back to owner occupancy
 - More diverse rental housing options may be needed to achieve job growth forecasts
 - Forecast impacts will help to attract/retain younger workers and persons who rent by choice rather than for economic reasons
- More rental options could help to alleviate upward pressure on rents and improve rental housing affordability
- The forecast results actually increase the current ratio of owners/renters (by less than 1%) by the end of the forecast
 - The majority of new construction is still projected to be SF homes – virtually all likely to be owner occupied
 - A percentage of existing rented SF homes and town homes is projected to transition from rentals back to home ownership – offsetting the effects of more multi-family construction
- Demand forecasts assume that all future multi-family construction will be renter occupied
 - New MF construction could increase further IF the MF condominium market returns within the next decade

FORECAST IMPLICATIONS

- The forecast anticipates that single unit attached housing (primarily townhomes) will slowly overtake mobile homes as the lower-cost alternative to detached homes
 - Townhome products, particularly more upscale townhomes, are becoming a more attractive ownership alternative for Millennials and Empty Nesters
 - Recently, these products have been more successful in “walkable” communities and in-town locations
- **The eastern portion of the County will continue to be the preferred location for new multi-family development**
 - As much of this area lies within the City of Douglasville, the majority of new apartment construction would continue to be captured in Douglasville IF suitably zoned sites remain available
- Emerging market demand preferences will be more favorable for future construction of multi-family housing in “walkable” in-town settings
 - A significant portion of multi-family demand could be satisfied in/near the centers of Douglasville and Villa Rica
 - Residential projects in downtown settings complement and support commercial revitalization efforts
 - Residents in comparable projects in other communities tend to have higher incomes than typical renters and rent by choice rather than for economic reasons
- **IF new owner-occupied multi-family housing is developed in Douglas County over the next decade, those projects are likely to be introduced first in “downtown” locations**

POTENTIAL CITY/COUNTY FORECAST “CAPTURE”

CITY/COUNTY GROWTH DISTRIBUTION BASED ON HISTORICAL TRENDS

- Douglasville would capture roughly 38% of future growth if the City retains 65% of all MF housing
- The rest of the County would continue to be oriented to SF homes - with roughly 600 to 900 MF units added over the decade

City/County Growth Distribution: “Low Growth”

Housing Type/Tenure	Numeric Change - 2015-2025		
	Douglasville	Bal. of County	Total
Owner Occupied and Vacant For Sale			
SF Detached	958	2,875	3,833
Townhome	162	162	324
2-4 Units	-	-	-
5+ Units	-	-	-
Mobile Home	35	106	141
Subtotal:	1,155	3,142	4,298
Renter Occupied and Vacant For Rent			
SF Detached	(46)	(137)	(183)
Townhome	(7)	(22)	(29)
2-4 Units	-	-	-
5+ Units	1,148	618	1,766
Mobile Home	9	26	35
Subtotal:	1,104	486	1,590
All Occupied and Vacant Housing Units			
SF Detached	913	2,738	3,650
Townhome	155	140	294
2-4 Units	-	-	-
5+ Units	1,148	618	1,766
Mobile Home	44	132	177
TOTALS:	2,259	3,628	5,887

City/County Growth Distribution: “High Growth”

Housing Type/Tenure	Numeric Change - 2015-2025		
	Douglasville	Bal. of County	Total
Owner Occupied and Vacant For Sale			
SF Detached	1,347	4,042	5,390
Townhome	228	228	455
2-4 Units	-	-	-
5+ Units	-	-	-
Mobile Home	50	149	199
Subtotal:	1,625	4,419	6,044
Renter Occupied and Vacant For Rent			
SF Detached	(64)	(192)	(257)
Townhome	(10)	(31)	(41)
2-4 Units	-	-	-
5+ Units	1,614	869	2,484
Mobile Home	12	37	50
Subtotal:	1,552	683	2,235
All Occupied and Vacant Housing Units			
SF Detached	1,283	3,850	5,133
Townhome	217	197	414
2-4 Units	-	-	-
5+ Units	1,614	869	2,484
Mobile Home	62	186	248
TOTALS:	3,177	5,102	8,279

**Several credible alternative allocations of future construction between the City and County are possible and defensible.*

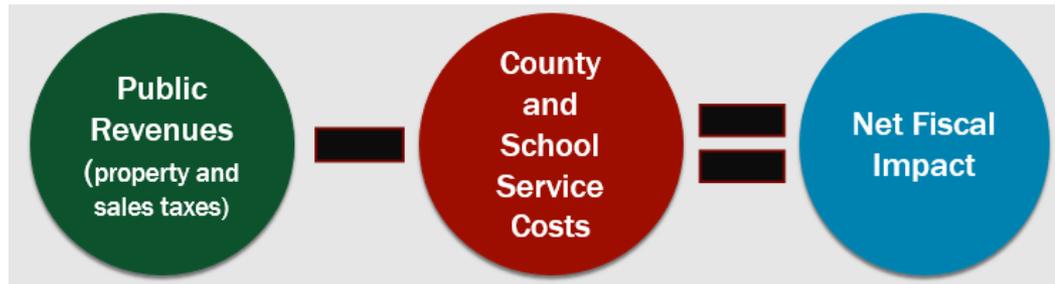
DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Task 5: Economic and fiscal impacts of multi-family housing

DRAFT: November 7, 2016



THE FISCAL IMPACT OF MULTI-FAMILY HOUSING



- This section of the report examines the fiscal impact of multi-family housing on Douglas County and the County School District. The analysis looks at the balance between revenues generated by multi-family housing and the cost of providing services to residents, to determine whether this housing is a net revenue generator or a net cost.
- The focus of the analysis is on managed rental apartment complexes, since they represent the bulk of the multi-family housing inventory.
- BAG has used an average costing approach, which is the most widely used fiscal impact methodology. It evaluates local governmental service costs on an average per-pupil, per-resident and per-employee basis, since this treats all students, residents and employees equitably over time as opposed to looking at the specific and varying current costs of individual city services.
- This analysis focuses on county and school service costs. Municipal service cost impacts on Douglasville and Villa Rica are not quantified.
- We have employed resident and student-aged population multipliers for the State of Georgia since we did not have access to actual resident and student counts per complex. These resident and student multipliers are widely used for similar analyses state-wide. We have tested them for reasonableness against local census household estimates.

MULTI-FAMILY FISCAL IMPACTS

COUNTY REVENUES AND EXPENSES

Douglas County Revenue Budget:

General Fund

Taxes

Real & Personal Property Taxes	\$39,734,498
TAVT	\$3,335,200
Sales & Use	\$15,500,000
Other Taxes & Penalties	\$6,080,221

Total Tax Revenue	\$64,649,919
--------------------------	---------------------

Other General Fund Revenues

Intergovernmental	\$4,217,570
Charges for Svcs., Fines & Forfeitures	\$3,460,051
Court & Law Enforcement	\$5,204,800
Use of Money & Property	\$10,350
Other Revenues	\$13,672,517
Miscellaneous	\$80,093

Total Non-Tax Revenue	\$26,645,381
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Total General Fund Revenue	\$91,295,300
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Non-General Fund Revenues

Special Revenue Funds	\$31,400,742
Enterprise Funds	\$2,060,778
Intrenal Service Funds	\$13,193,799
Capital Projects Funds	\$4,200,000
Debt Service Funds	\$25,250,281

Total Other Fund Revenues	\$76,105,600
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TOTAL COUNTY REVENUES	\$167,400,900
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Douglas County Expense Budget:

General Fund

Personnel	\$48,666,872
Operating Expenses	\$28,360,949
Capital Outlay	\$4,675,000
Debt Service	\$157,177
Transfers Out	\$9,435,302

Total General Fund Expenditures	\$91,295,300
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Non-General Fund Operating Expenses

Special Revenue Funds	\$24,261,415
Enterprise Funds	\$2,060,678
Intrenal Service Funds	\$13,193,799
Capital Projects Funds	\$4,200,000
Debt Service Funds	\$25,250,281

Total Other Fund Revenues	\$68,966,173
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TOTAL COUNTY EXPENDITURES	\$160,261,473
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General Fund Budget from Local Sources

(Taxes & Permits)	\$73,325,120
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% of General Fund from Local Sources	80.3%
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- Total County general fund expenditures = \$91.3 million
- The County raises roughly 80% of annual general fund revenue from local taxes and fees

Source: Douglas County Proposed FY 2016 Budget, Bleakly

MULTI-FAMILY FISCAL IMPACTS

COUNTY TAX DIGEST

DOUGLAS COUNTY TAX DIGEST SUMMARY 2015

Land-use Category	County -Incorporated			County- Unincorporated			County Total		
	Parcels	Acres	40% Value	Parcels	Acres	40% Value	Parcels	Acres	40% Value
Residential Land Uses									
Residential, Transitional & Historic	33,220	3,683	\$ 579,380,978	112,135	53,083	\$ 1,644,719,553	145,355	56,765.9	\$ 2,224,100,531
Agricultural	6	2	\$ 1,261,655	713	2,122	\$ 13,044,870	719	2,124.1	\$ 14,306,525
Preferential/Conservation	2	196	\$ 597,480	479	15,178	\$ 27,604,099	481	15,373.1	\$ 28,201,579
Mobile Home	285	-	\$ 1,011,900	1,732	-	\$ 5,632,041	2,017	-	\$ 6,643,941
Commercial/Residential (Apartments)	33	463	\$ 107,360,341	12	287	\$ 58,118,371	45	749.5	\$ 165,478,712
Subtotal Residential Tax Base:	33,546	4,343	\$ 689,612,354	115,071	70,670	\$ 1,749,118,934	148,617	75,012.6	\$ 2,438,731,288
Commercial/Industrial Land Uses									
Commercial (Excluding Apartments)	7,464	3,582	\$ 435,689,034	7,549	3,214	\$ 471,755,484	15,013	6,796.0	\$ 907,444,518
Industrial & Brownfield	399	2,025	\$ 130,460,265	1,039	3,212	\$ 246,056,682	1,438	5,236.6	\$ 376,516,947
Utilities	37	3	\$ 18,094,445	126	20	\$ 98,448,243	163	22.8	\$ 116,542,688
Subtotal Commercial/Industrial Tax Base:	7,900	5,610	\$ 584,243,744	8,714	6,446	\$ 816,260,409	16,614	12,055.4	\$ 1,400,504,153
Other Tax Digest									
Conservation/Timber/Env. Sensitive	-	-	\$ -	4	605	\$ 679,040	4	604.6	\$ 679,040
Vehicles & Equipment	15,571	-	\$ 41,003,519	59,797	-	\$ 136,033,002	75,368	-	\$ 177,036,521
Subtotal Other:	15,571	-	\$ 41,003,519	59,801	605	\$ 136,712,042	75,372	604.6	\$ 177,715,561
Gross Digest	57,017	9,952	\$ 1,314,859,617	183,586	77,720	\$ 2,702,091,385	240,603	87,672.5	\$ 4,016,951,002
Less Exemptions									
Estimated Residential Exemptions									\$ (239,749,306)
Commercial/Industrial Exemptions									\$ (215,386,792)
Total M&O Exemptions			\$ (102,785,403)			\$ (352,350,695)			\$ (455,136,098)
Net Digest			\$ 1,212,074,214			\$ 2,349,740,690			\$ 3,561,814,904

- Commercial apartments make up roughly 4.6% of the County's net tax digest after exemptions
- Roughly 61% of all tax parcels, 86% of the County's taxable acreage and 68% of its taxable digest are attributed to residential development

Source: Georgia Department of Revenue, 2015 Tax Digest Consolidated Summary and Bleakly Advisory Group, Inc.

MULTI-FAMILY FISCAL IMPACTS

COUNTY TAX DIGEST

Douglas County Residential/NonResidential Valuation Estimate	
Residential Valuation Ratio	
Gross Digest	\$4,016,951,002
Total Residential Values (including mobile homes & Apts)	\$2,438,731,288
Total Non-Residential Values	\$1,400,504,153
Total Non-Residential Values	\$177,715,561
Less Exemptions	-\$455,136,098
Net M & O Digest	\$3,561,814,904
Residential Value Percentage	68.5%
Residential Parcel Ratio	
Total County Tax Parcels/Units	240,603
Total Residential Parcels/Units	148,617
Residential Parcel Percentage	61.8%
Proportional Valuation Ratio - Residential	
Estimated Share of Residential Costs (average)/2	65.1%

Source: Georgia Department of Revenue, 2015 Tax Digest Consolidated Summary and Bleakly Advisory Group, Inc.

- Based on a proportional valuation method, it is reasonable to allocate roughly 65% of the local share of County general fund expenditures to residential development

MULTI-FAMILY FISCAL IMPACTS

ALLOCATION OF COUNTY SERVICE COSTS BETWEEN RESIDENTIAL AND COMMERCIAL/INDUSTRIAL LAND USES

- Using the 2016 County budget it is possible to allocate local governmental service costs associated with residential and non-residential properties in the county.

- This allocation was used to derive a per-resident and per-employee service cost multipliers

- Residential:** divides residential share of County service cost by the total population
- Non-residential:** divides non-residential costs by the number of private sector jobs located within the County.

- This resulted in an estimated annual County service costs from local sources of \$364 per resident and a \$622 per existing local jobs in nonresidential developments

Douglas County Residential/Non-Residential Service Costs			
Expenditure Category	2016 Budget	Residential	Non-Residential
General Administration	\$14,666,756	\$9,550,796	\$5,115,960
Judicial	\$11,665,520	\$9,915,692	\$1,749,828
Public Safety	\$43,057,419	\$28,038,418	\$15,019,001
Public Works	\$7,178,802	\$4,674,740	\$2,504,062
Health & Welfare	\$1,615,839	\$1,454,255	\$161,584
Recreation	\$5,534,717	\$5,534,717	\$0
Planning & Community Development	\$2,223,052	\$1,447,622	\$775,430
Fund Transfer	\$5,353,195	\$3,485,929	\$1,867,266
Total General Fund Expenditure Budget	\$91,295,300	\$64,102,170	\$27,193,130
Total Expenditures per Resident			
2016 County Residents		140,733	
Service Costs per Resident		\$455.49	
Percentage of Budget from Local Sources		80%	
Service Costs per Resident from local sources		\$364	
Expenditures per At-Place Worker (Non-Governmental)			
2016 In-County Employment (non-Governmental)			35,000
Non-Residential Service Costs per non-Gov. Employee			\$777
Percentage of Budget from Local Sources			80%
Non-Residential Service Costs per employee from local sources		\$622	

Source: Douglas County 2016 Budget/Census/County Business Patterns, BAG

Source: Douglas County Proposed FY2016 Budget, US Census, Bleakly Advisory Group

MULTI-FAMILY FISCAL IMPACTS

DETERMINING THE LOCAL COST PER STUDENT IN COUNTY SCHOOLS

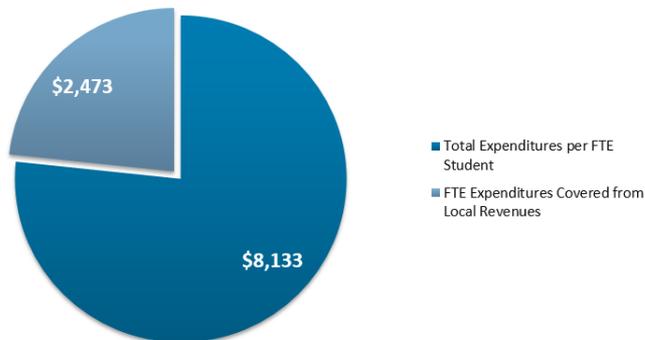
Budgetary data for the County Schools indicates that for the FY2016 school year, the County school system has budgeted revenues of \$219.4 M and general fund costs of \$212.6 M

- Approximately \$66.7 million of these operating funds, 30%, comes from local taxes, with the balance coming from State and Federal funding.
- Based on County School District enrollment of 26,145 FTE students, the average cost of education is \$8,133 per student with \$2,473 per student funded through local taxes. This local share was used to estimate the net fiscal impact of multi-family housing on the County School System.

Douglas County School District Budget 2015-16	
Sources of Revenue	
Local Revenues	\$ 66,743,964
State Revenues	\$ 137,248,937
Federal Revenues	\$ 15,470,398
Total Revenue	\$ 219,463,300
Revenue from Local Taxes	\$ 66,743,964
% of Revenue from Local Sources	30.4%
Total Enrollment	26,145
Average School Revenue/FTE Student from General Fund	\$ 8,394
Average School Revenue/FTE Student from Local Sources	\$ 2,553
Expenditures	
Instruction	\$ 143,537,462
Pupil Services	\$ 6,793,459
Staff Services	\$ 11,794,561
General Administration	\$ 8,159,700
School Administration	\$ 15,557,959
Transportation	\$ 11,566,723
Maintenance & Operations	\$ 15,216,887
Total Expenses	\$ 212,626,751
Average Expenditure/FTE Student	\$8,133
Local Share of Cost/FTE Student @ 30.4%	\$2,473

Source: GDOE, BAG

Douglas County School District Expenditures per Student



MULTI-FAMILY FISCAL IMPACTS

DEMOGRAPHIC MULTIPLIERS

Estimated Population and School-Aged Children: Douglas County Multi-Family Housing							
Housing Type	Units	Occupancy Rate	Estimated Occupied	Resident Multiplier	Estimated Residents	School Aged Children Multiplier	Estimated School Aged Children
Multi-Family Demographics							
Senior Rental Housing	180	98%	176	1.5	265	0	0
Multi-Family Rental Housing							
1 bedroom	855	95%	813	1.49	1,211	0.080	68
2 bedroom	6,059	96%	5,816	2.03	11,807	0.300	1,818
3 bedroom	214	98%	210	3.34	700	0.870	186
Occupied Units @	7,308	96%	7,015				
Total Residents/Total Pupils					13,983		2,072
Total Residents/Pupils/unit					1.91		0.28

Source: Fannie Mae Foundation Residential Demographic Multipliers for Georgia/BAG

* The distribution of units by number of bedrooms is estimated by BAG based on project web sites.

- Based on unit counts and multipliers for multi-family housing in Georgia, BAG estimates that apartment properties currently house nearly 14,000 residents and 2,100 school-aged children
 - Represents 9.9% of the County’s resident population and 7.9% of school district enrollment
 - Average multiplier of 1.91 persons and 0.28 students per occupied unit across all multi-family housing types and # of bedrooms

MULTI-FAMILY FISCAL IMPACTS

NET FISCAL IMPACTS

- BAG estimates that the County receives \$255/unit in property taxes plus \$215/HH in LOST proceeds per occupied apartment unit – or total local revenues of \$462/Unit including other revenues from TAVT, fines, fees, etc.
- County service costs are calculated at \$364 per capita or \$726/occupied unit
- Net fiscal impact on the County Budget is estimated at a deficit/loss of \$1.7 million or \$235 per unit
 - Assumes that the County receives 70% of total LOST proceeds

Estimated Current Year Fiscal Impact Douglas County Multi-Family Housing					
Housing Type			Occupied Units/ Population/ Students	Total Local Revenues	Per Unit
County Revenues					
Property Taxes @ Mils	11.27	Digest	\$165,478,713	\$1,864,449	\$255.12
County Share of LOST @	\$215	Per HH	7,015	\$1,511,589	\$206.84
Total Local County Revenues		Total MF Units	7,308	\$3,376,038	\$461.96
County Expenditures @	\$364	Per Person	13,983	\$5,095,157	\$726.32
Deficit/Surplus				(\$1,719,119.52)	(\$235.24)
School District Revenues					
Property Taxes @ Mils	19.80	Digest	\$165,478,713	\$3,276,479	448.34
ELOST @	\$275	Per HH	7,015	\$1,928,131	
Total Local School District Revenues				\$5,204,610	\$741.93
School District Expenditures @	\$2,473	Per Pupil	2,072	\$5,124,979	\$730.57
Deficit/Surplus				\$79,631	\$11.35

- The School District receives a very slight surplus or breaks even due to:
 - The School District receives 100% of ELOST and
 - Per student multipliers are comparatively low
 - A marginal increase in enrollment/unit would turn impacts negative

DOUGLAS COUNTY HOUSING MARKET STUDY AND MULTI-FAMILY FISCAL IMPACT ANALYSIS

Summary Recommendations and Conclusions

DRAFT: November 7, 2016



SUMMARY RECOMMENDATIONS

- A primary objective of County policy regarding multi-family housing should be to encourage the transition of rented SF homes and townhomes back to owner occupancy, while giving renter households more choices to live in managed apartment communities
- The County should encourage the location of a majority of future multi-family housing in incorporated areas
- The County should accommodate demand for roughly 600 to 900 apartment units (in total) within unincorporated areas over the next decade (3 to 4 projects)
 - This ratio assumes that the cities will continue to accommodate the majority of new multi-family construction
 - At least one of these projects could be age restricted/ oriented to “Senior Living”
- The County should support multi-family communities which:
 - Are in walkable locations and support redevelopment of downtown or mixed-use areas
 - Serve a broader spectrum of renters, including millennials, empty nesters, retirees and households who rent by choice rather than for economic reasons
 - Are accessible to concentrations of local jobs
- The majority of existing multi-family development should be permitted to densities above 10 units per acre IF
 - Higher density is accompanied by investment in better quality construction or more project amenities
 - Higher density accommodates a broader mix of units that appeal to different market segments as noted above