

Prepared for the
CITY OF SUGAR HILL

February 9, 2021

Prepared by



Bleakly Advisory Group

CITY OF SUGAR HILL

CITYWIDE HOUSING STUDY + NEEDS ANALYSIS



Gwinnett County, Georgia



Informed, Insightful, Innovative

Grounded in Real-World Conditions, Backed up by Insightful Research and Analysis

For twenty years, **Bleakly Advisory Group** has focused on helping clients understand how market and economic forces impact their real estate development aspirations. Our advice is grounded in our teams' deep experience in consulting and implementing for hundreds of satisfied clients. We understand what it takes to create a feasible development project and turn it into reality.

Bleakly Advisory Group provides advice to developers, landowners, investors, corporations, non-profits, public authorities, and governments dealing with a wide range of real estate-related issues. We take pride in providing our clients insightful, objective analyses based on a thorough understanding of market trends and their financial implications. We are a trusted advisor and determined to go the extra mile in helping our clients achieve their objectives; more than 50% of our assignments are from returning clients who recognize the value of our expertise.

We focus on the ideas that fall within the overlap of three drivers that shape our world: land and buildings, public policy, and money and finance. Our goal is to help clients maximize the benefits of their economic development and real estate activities within **five core capability areas**:

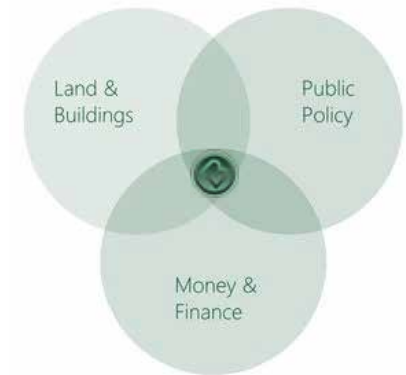
Real Estate Markets: Thorough analysis of the economic and demographic drivers of real estate markets and their potential, always seeking the best-fitting land use alternatives for a site or project.

Development Economics: Customized pro-formas based on a flexible proprietary model to help determine the most financially-feasible real estate development path.

Public Financing/Tax Increment Financing: Effective public financing plans and strategies to support clients' complex projects, including assistance in creating and utilizing Tax Allocation Districts (TAD), Georgia's version of tax increment financing.

Economic Impacts: Extensive experience preparing economic impact analyses for real estate development, transportation, and major infrastructure to help make a case for moving a project forward.

Development Strategies: Wide-ranging experience in creating innovative development and redevelopment strategies grounded in "real world" conditions backed up by research and analysis.



Bleakly Advisory Group focuses on the ideas that fall within the overlap of three drivers that shape our world:
land + buildings,
public policy, and
money + finance.

Bleakly Advisory Group is now doing business as
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Our new website address is
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Introduction



Purpose of this Analysis

The City of Sugar Hill, GA engaged Bleakly Advisory Groups, Inc. (BAG) to conduct a Citywide Housing Study and Needs Analysis in the fall of 2020.

The assessment provides the City of Sugar Hill with a perspective on how current and future residential market trends will impact the city over the coming years. The research, analysis, and conclusions provide vital inputs for making future land use, planning, and real estate development policy decisions—specifically, the city’s future housing needs across various home types, orientations, and target markets.

This Citywide Housing Study and Needs Analysis focuses on assessing the current housing inventory across several dimensions—owner vs. renter, attached vs. detached, etc., and determines the range of housing options needed in the future for the downtown district.

This report was prepared by Bleakly Advisory Group, Inc. on behalf of the City of Sugar Hill, GA. Bleakly Advisory Group President Geoff Koski directed and Consultant Alex Seidenberg managed the engagement.

The following report highlights the research, analysis, and conclusions of Bleakly’s Sugar Hill Citywide Housing Study and Needs Analysis.

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Executive Summary



executive summary



Overview

Like many cities regionwide, the City of Sugar Hill faces a distinct set of challenges related to the future of housing.

- National and regional economies have shifted dramatically, mostly shaken up by the 2008 housing crisis, leading to significant shifts in household economics, savings, and housing finance.
- Consumer preferences have shifted, and large segments of the home-buying and home-renting market are looking for different home types than demonstrated previously.
- Regional demographic trends suggest shifts in the housing and lifestyle preferences of households and individuals.

These trends and factors create a new reality in Sugar Hill's housing market, with a different demand from even the past 20 years.

Key Findings: Demand Drivers

- Sugar Hill already has the distinction of being one of the fastest-growing communities in the Atlanta metro area due to the city's desirable combination of location and assets.
- Shifting regional and local trends have resulted in older, smaller households and a host of different housing needs.
- There are more rental households in Sugar Hill today than there were 10 years ago – with those renters choosing to rent for lifestyle preferences rather than out of necessity.
- A majority of households in Sugar Hill are made up of middle-aged householders or seniors.
- Middle-aged and senior households simultaneously make up most of the highest income and lowest-income households, although there are far more high-income households in Sugar Hill.
- Relative to other communities in Gwinnett County and the Atlanta metro, Sugar Hill remains relatively affordable. However, there is still an abundance of opportunities to provide lower-income households with housing options.

executive summary



Key Findings: Housing Supply

- The price of new detached single-family homes in Sugar Hill has increased dramatically since 2014. Since 2014, the average new detached single-family home has increased by over \$122,000.
- Sugar Hill's rental inventory has more than doubled within the last five years, mostly due to Sugar Hill's low baseline of actual multifamily apartments along with the development of larger town center apartment units.
- More market-rate apartment units in the development pipeline will continue to increase rental inventory growth. The increased delivery of market-rate units and economic growth have resulted in steadily increased rents since 2010.
- The scarcity of readily developable land will continue to provide upward pressure on housing prices.



The Broadstone Sugar Hill

Key Findings: Housing Demand

Demand will be distributed among households of different ages, different incomes, and other housing tenure preferences.

- Sugar Hill's current housing supply trends correlate roughly with current demand; however, housing units' quantity and distribution will need to increase and vary to keep pace with future demand.
- Sugar Hill's housing market is primarily made up of large-lot single-family homes that are increasing rapidly in price, and this can leave other housing demand sectors unmet.
- Survey responses and stakeholder interviews suggest that there would be strong market demand for a diverse selection of housing types that are either currently offered in a limited capacity or not offered at all in Sugar Hill's housing market.
- Single-family homes will likely continue to be popular and should continue to be built to meet demand. However, other housing types should be allowed and encouraged where appropriate.
- As Sugar Hill's population and demand grow, the supply of housing accessible to moderate-income and lower-income households will become scarcer.

Project Location



project location



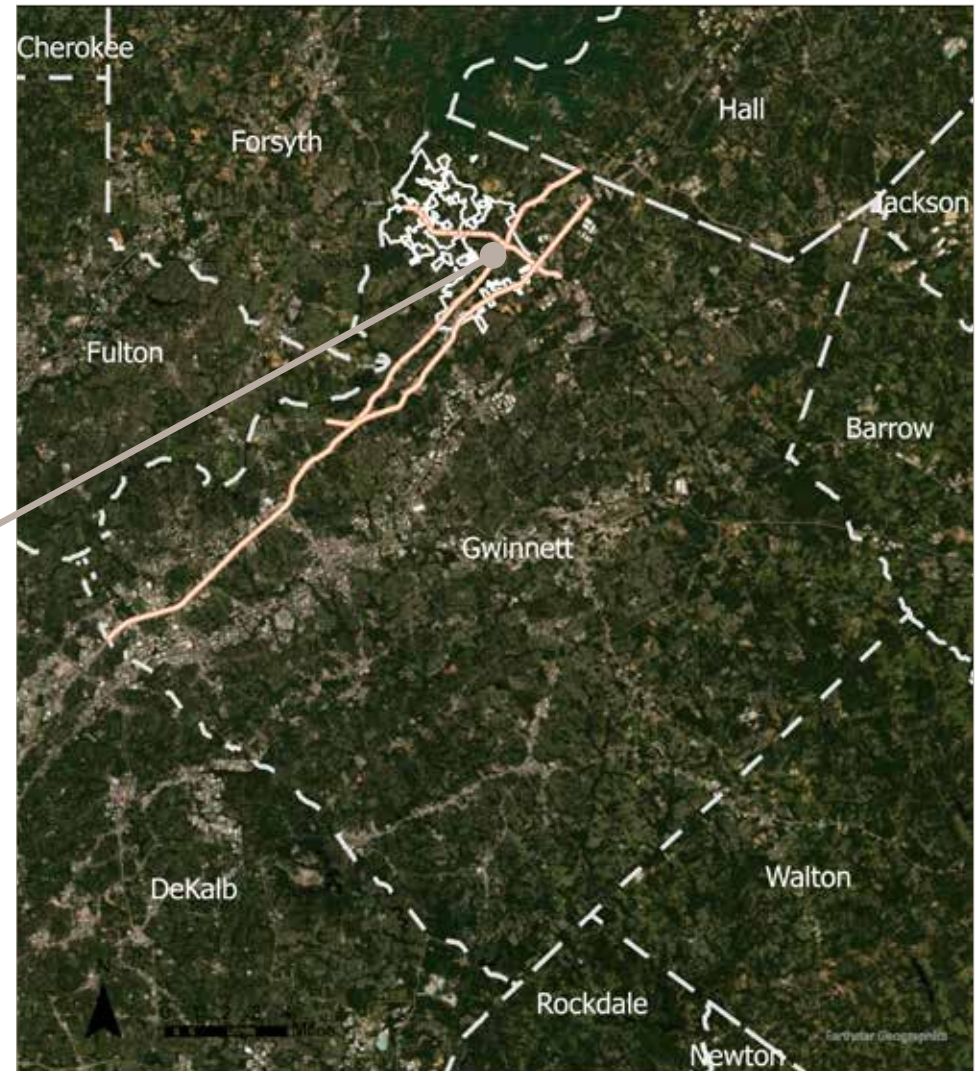
Description

- The City of Sugar Hill is in the Northwest corner of Gwinnett County, 37 miles from Downtown Atlanta and less than 10 miles from Lake Lanier. Peachtree Industrial Boulevard and Highway 20 intersect Sugar Hill, with Peachtree Industrial running north/south and Highway 20 running east/west. Buford Highway runs parallel to Peachtree Industrial Boulevard. Sugar Hill is just west of I-85 and I-985.



The image above calls out the City of Sugar Hill limits.

Exhibit 1-1 *Context Map*



Key Housing Demand Drivers



key housing demand drivers



Summary

National, Regional, and Local Housing Trends

Shifting regional and local trends have resulted in households that are older, smaller, and have a host of different housing needs.

Population Growth

Sugar Hill is part of an quickly growing county and metro area. Sugar Hill has grown at a higher annual rate than Gwinnett or the Atlanta metro area.

Age and Income

Middle-aged and older residents make up the bulk of households in Sugar Hill. They simultaneously make up the majority of the highest income and lowest income households, although there are far more high-income households in Sugar Hill.

Tenure Shift Trends

There are more rental households in Sugar Hill today then there were 10 years ago. Those renters are more often becoming “renters by choice” - choosing to rent for lifestyle preferences rather than need.

Affordability

Relative to other places in Gwinnett, Sugar Hill is relatively affordable. While this accommodates households with moderate incomes, there are many opportunities to provide lower-income households with housing options.



key housing demand drivers



Regional and National Trends

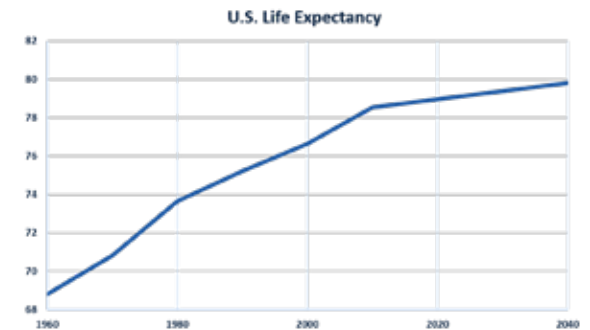
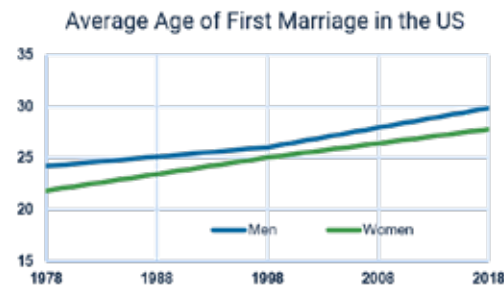
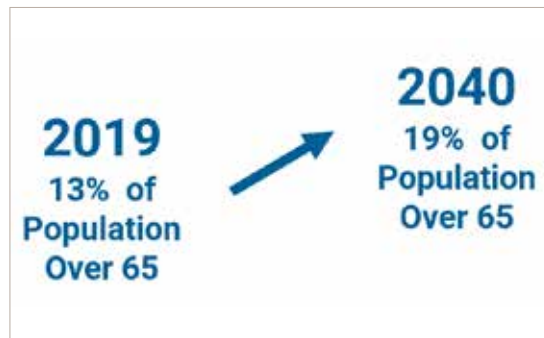
Trends that drive housing demand have seen dramatic upheaval over the past 40 years. Shifting demographic, economic, and social trends have collided to create a new reality for housing demand. A housing supply that was built largely in the 1980s does not match the needs of households in the 2020s.

Older residents will become an increasingly larger share of the population over the next 25 years. In 2019, 13% of the population was over age 65. In 2040 that cohort will make up 19% of the population.

Younger households are waiting longer to marry, have children, and establish households. Since 1998, the average age of the first marriage has risen by four years. And since 1970, the mean age of American mothers' first birth has increased by five years.

Smaller households are driving growth, particularly in the Atlanta metro region. Metro Atlanta households decreased from 2.5 people per household in 2000 to 2.2 people per household in 2018 - a measurable shift in less than two decades.

The shifting demographic, economic, and social trends nationally and regionally ought to catalyze a closer examination of housing policies, zoning, land use regulations, and economic practice. Those decades-old policies and regulations may have been fit to meet the needs of decades prior, but the needs of the present and future require housing policy to meet the needs of households in Sugar Hill in 2020 and beyond.



Source: Atlanta Regional Commission, the World Bank, the Lancet

key housing demand drivers



Countywide and Local

Sugar Hill is incorporated in Gwinnett County, one of the most populous and fastest growing counties in the Atlanta metropolitan region.

With a county population just under 1 million in 2020, the Gwinnett County 2040 Unified Plan projects a total population between 1.29 million and 1.56 million by 2040.

Between 2010 and 2018 the population in Gwinnett County grew by over 16%.

In 2019, Gwinnett County added the second most people (8,913) in the Atlanta metro region, just behind Fulton County.

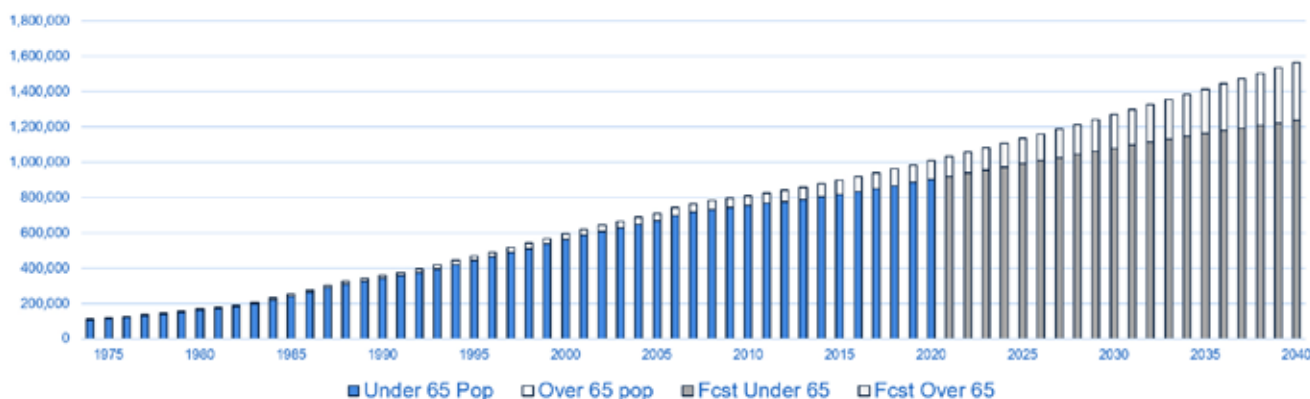
46% of Gwinnett County households are “small”, meaning they house 1 or 2 people per household.

Gwinnett County's population trends are unique in the metro area - particularly in regards to its aging population.

Seniors (ages 65+) will make up an increasing share of households over the next 20 years in Gwinnett. By 2040, seniors will make up an astonishing 21.2% of Gwinnett total population. This is an increase of 0.6% points projected over the next 20 years.

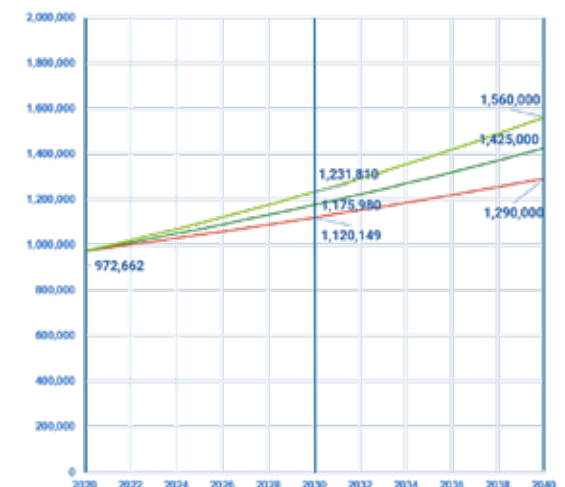
For Sugar Hill to meet a rapidly aging population's needs, it is important to consider what role housing plays in the equation.

Exhibit 1-2 **Gwinnett Population Forecast**



Source: ACS Census, Environ Analytics

Exhibit 1-3 **Gwinnett Population Forecast**



key housing demand drivers



Target Markets *Renters and Owners*

One reason for decreasing homeownership in the U.S. is an increase in **“renters by choice;”** households that could own a home but choose not to accommodate the need for mobility due to jobs, desire to downsize and avoid maintenance responsibilities, desire to live in a highly amenitized community or a variety of other reasons. **“Renters by choice”** often choose higher-end apartments in amenity-rich walkable developments or locations near job(s). They are willing to trade-off unit size for attractive and walkable amenities, including parks and trails, gathering places like the Sugar Hill Bowl, art and cultural sites like The Eagle, and high-quality, locally-owned food and beverage operations. While there is a demand for more sizeable (3+ bedroom) rental units, and this study recommends continuing to seek opportunities to meet this demand, **“renters by choice”** are a separate target market segment that typically pursues 1 to 2-bedroom units.

This market segment is historically limited in Sugar Hill, but newer rental options in and near downtowns and employment nodes have begun to change that dynamic. We recommend creating additional smaller unit rental housing options in walkable mixed-use settings; to attract singles and couples/professionals and downsizers to meet the local **“renter-by-choice”** demand while, at the same time, pursuing additional units that appeal to families in other locations, likely outside of downtown.

In a similar fashion, a portion of households seeking to buy homes in Sugar Hill would like to live near downtown. Like “renters by choice,” these households often smaller and seeking housing to fit an active lifestyle walkable to restaurants and other social options.

To meet this demand in Sugar Hill, we recommend the City use its land use controls to provide opportunities for builders to create a wider variety of for-sale product types that fit in the downtown context. These product types could include luxury-oriented townhomes, small lot detached single-family homes, duplexes, and other homes that are often referred to “missing middle” housing.

Exhibit 1-4 **Renters by Choice: Typical Market Segments**

Young Professionals	Mature Professionals	Downsizers
 <p data-bbox="157 1295 699 1360">Not ready to buy but earn enough to choose a high-end apartment.</p> <p data-bbox="157 1393 583 1425">Unit preferences: studio, 1-bedroom</p>	 <p data-bbox="777 1295 1339 1393">Prefer the convenience and flexibility of renting. Want the level of quality of for-sale, but none of the hassle.</p> <p data-bbox="777 1425 1260 1458">Unit preferences: 1-bedroom, 2-bedroom</p>	 <p data-bbox="1396 1295 1938 1393">Prefer the convenience of renting in amenity-rich communities. Want the level of quality of for-sale, but none of the hassle.</p> <p data-bbox="1396 1425 1885 1458">Unit preferences: 1-bedroom, 2-bedroom</p>

key housing demand drivers



Housing Preferences by Target Market Segments

The matrix below details the significant categories of buyer and renter households in the market today. Sugar Hill households in each category report difficulty finding appropriate housing options to fully meet demand, particularly for lower-income households, young professionals, and empty nesters.

Exhibit 1-5 Target Market Segments

	Below-Market Renters	Young Professionals	Young Families	Middle-Age Families	Middle-Age Singles and Couples	Empty Nesters
Age	All	22-34	25-35	35-55	35-55	55+
Household Income	<\$35,000	\$35,000+	\$50,000+	\$60,000+	\$60,000+	\$70,000+ or retired
Spending constraints	<ul style="list-style-type: none"> Limited savings 	<ul style="list-style-type: none"> College debt 	<ul style="list-style-type: none"> College debt Childcare costs 	<ul style="list-style-type: none"> Saving for college 	<ul style="list-style-type: none"> Variable 	<ul style="list-style-type: none"> Saving for retirement
Household composition	<ul style="list-style-type: none"> Singles Couples Families 	<ul style="list-style-type: none"> Singles Couples Roommates 	<ul style="list-style-type: none"> "Pre-families" Singles and couples who just had their first kid 	<ul style="list-style-type: none"> Singles and couples with 1+ kids 	<ul style="list-style-type: none"> Mostly singles May have kids on part-time basis 	<ul style="list-style-type: none"> Couples
Moving because...	<ul style="list-style-type: none"> Looking for better quality or management 	<ul style="list-style-type: none"> Graduated college Moving in with significant other 	<ul style="list-style-type: none"> Need more space Buying first home 	<ul style="list-style-type: none"> Need more space Kids entering grade school 	<ul style="list-style-type: none"> Major life change (divorce, job change, etc.) 	<ul style="list-style-type: none"> Downsizing
What they look for in a housing unit	<ul style="list-style-type: none"> Affordability trumps other preferences Accepts housing vouchers Standard level of finish in a well-maintained unit 	<ul style="list-style-type: none"> Willing to sacrifice space for a more amenitized building or "cool" location Low maintenance, on-site management 	<ul style="list-style-type: none"> Some space for their family to grow, but may also plan to move again before 2nd kid or grade school A small yard 	<ul style="list-style-type: none"> Single-family home with a yard Upgraded finishes compared to first home purchase A "forever home" where they can stay a while 	<ul style="list-style-type: none"> If moving from an apartment: an upgraded version of the apartment they lived in as a young professional If moving from a house: comparable level of finish 	<ul style="list-style-type: none"> Low maintenance without sacrificing the quality they have come to expect (large closets, master suite, etc.) Want to downsize without being cramped
What they look for in a community/ neighborhood	<ul style="list-style-type: none"> Safe neighborhood Good schools Convenience to employment and groceries 	<ul style="list-style-type: none"> Shops, restaurants, etc. entertainment options within walking distance Apartment amenities (pool, gym, etc.) 	<ul style="list-style-type: none"> Other young families A good place to raise a child, but do not want to give up proximity to shops and restaurants 	<ul style="list-style-type: none"> Safe neighborhood Good schools 	<ul style="list-style-type: none"> Value convenience and proximity—to work, children, and shops and restaurants 	<ul style="list-style-type: none"> Close to grandkids and/or other couples like them

Source: Bleakly Advisory Group

key housing demand drivers



Key Takeaways

- Sugar Hill's population has more than doubled in the last 20 years.

Population and Household Growth

In the last decade, Sugar Hill grew significantly faster than Gwinnett County and the Atlanta region.

Between 2010 and 2020, Sugar Hill's average household growth rate was 1.5 times greater than Gwinnett County's.

According to the U.S. Census records and estimates, Sugar Hill's population has more than doubled between 2000 and 2020.

The high annual household growth rate indicates that **Sugar Hill must produce enough new housing stock to match the growing housing demand.**

Exhibit 1-6 **Sugar Hill Population 2000 to 2020**

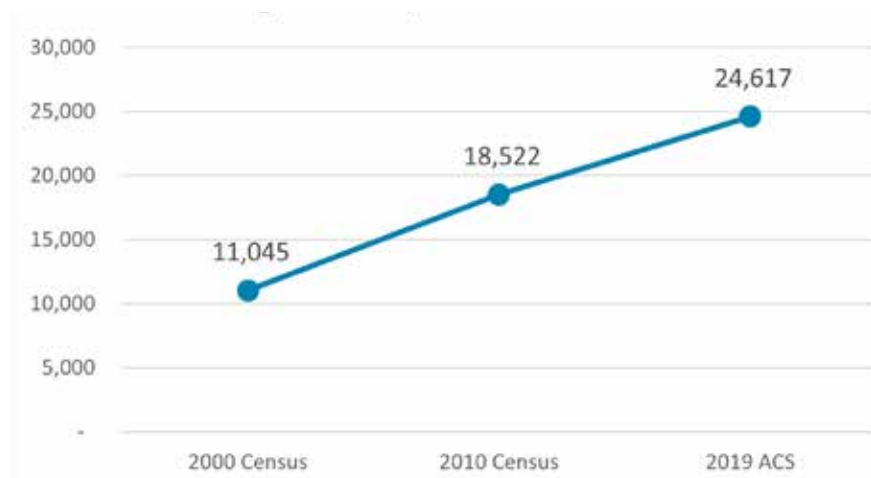
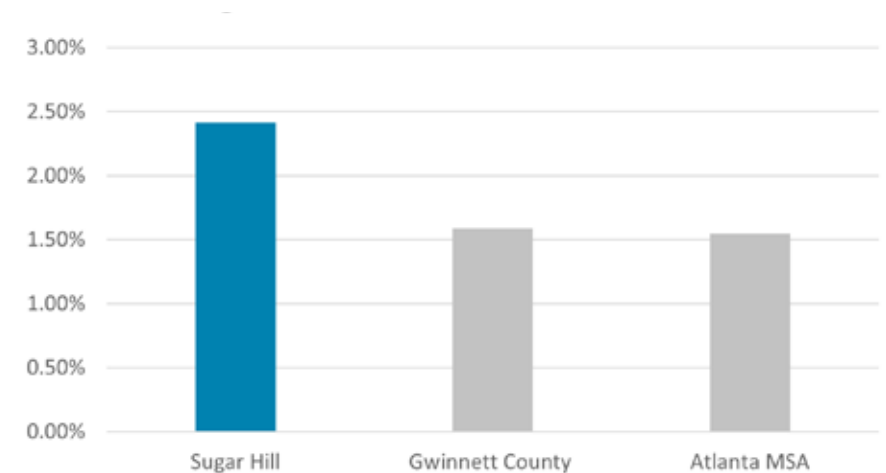


Exhibit 1-7 **Average Household Growth Rate 2010 to 2020**



Source: ACS Census, Environ Analytics

key housing demand drivers



Key Takeaways

- Sugar Hill's median household income is 127% of Gwinnett County's.
- Sugar Hill's median income has grown by over 18% since 2010. Gwinnett Co., has grown by 7% since 2010.

Household Incomes

The median household income in Sugar Hill is \$95,560, over \$20,000 greater than Gwinnett County and the Atlanta MSA's median household incomes. By comparison, Sugar Hill's median household income is 127% of Gwinnett County's.

Households earning between \$100,000 and \$250,000 account for 41% of Sugar Hill's median income distribution. This characteristic is distinct to Sugar Hill, as Gwinnett County and the Atlanta MSA have 30% and 28% of their households in this income bracket, respectively.

These elevated incomes lead to housing demand and production for higher-priced housing options.

While Sugar Hill's household incomes generally trend higher, middle-income and lower-income households are also prevalent.

20% of Sugar Hill's households earn \$50,000 or less annually, which provides evidence for needed affordable housing, or housing that is typically unable to be produced without some sort of public subsidy.

Exhibit 1-8 **Median Household Income 2020**

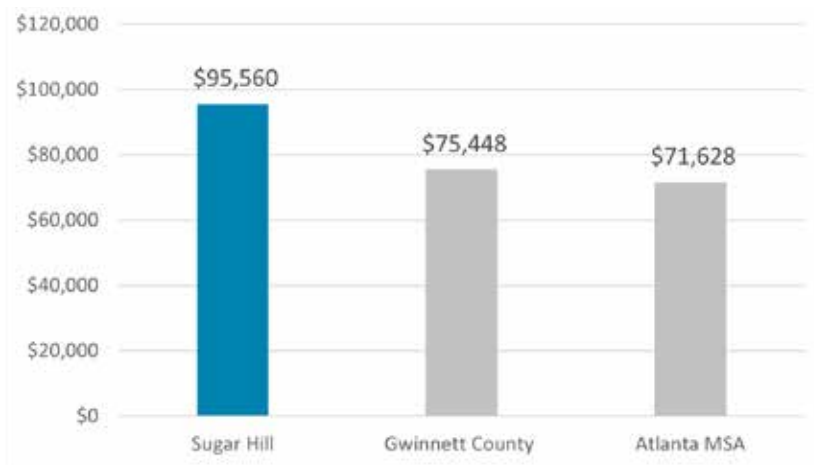
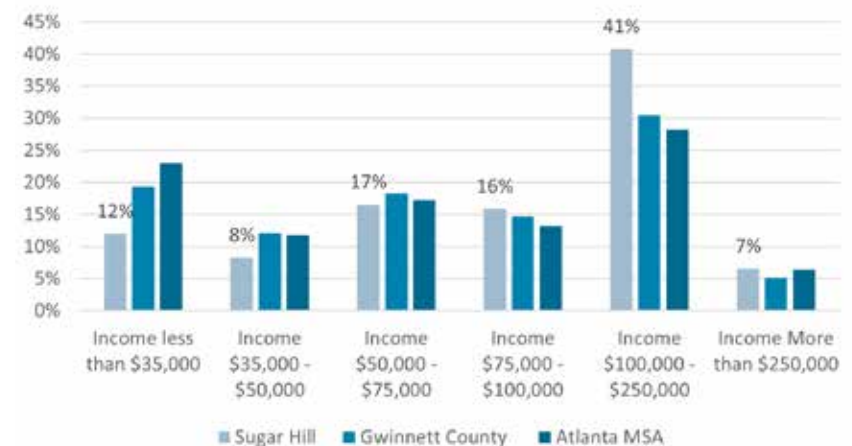


Exhibit 1-9 **Median Household Income Distribution**



Source: ACS Census, Environ Analytics

key housing demand drivers



Generational Cohorts

Compared to Gwinnett County and the Atlanta MSA, Sugar Hill has a slightly higher proportion of children present in households and a somewhat lower population percentage of seniors.

Sugar Hill's Generation X (40-55), Generation Z (8-23), and the Unnamed Generation (0-7) cohorts are larger than Gwinnett County and the Atlanta MSA. Sugar Hill differs from Gwinnett County and the Atlanta MSA in its smaller Millennials (24-39), Boomers (56-74), and Silent Generation (74+) cohorts. **Sugar Hill's relatively high concentration of families with young children typically drives local housing demand to single-family homes.** As these households age into empty-nesters and retirees, they will be seeking to "age-in-place" by downsizing to smaller homes with age-appropriate interior features and layouts in amenity-rich locations.

The Millennial cohort may soon see a boost due to Sugar Hill's investment in the downtown mixed-use housing, chic retail, and arts & entertainment venues. **COVID 19-era recessionary effects** such as the rise of remote-work and fall of commuting, and the desire to build equity in detached single-family homes away from urban populations **may also factor in the increase of the Millennial cohort in Sugar Hill.**

Exhibit 1-10 Generational Cohorts

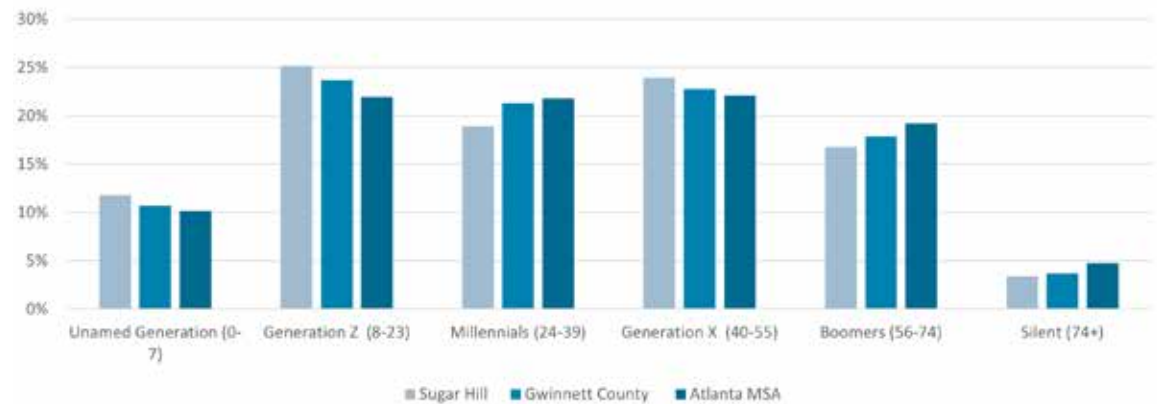
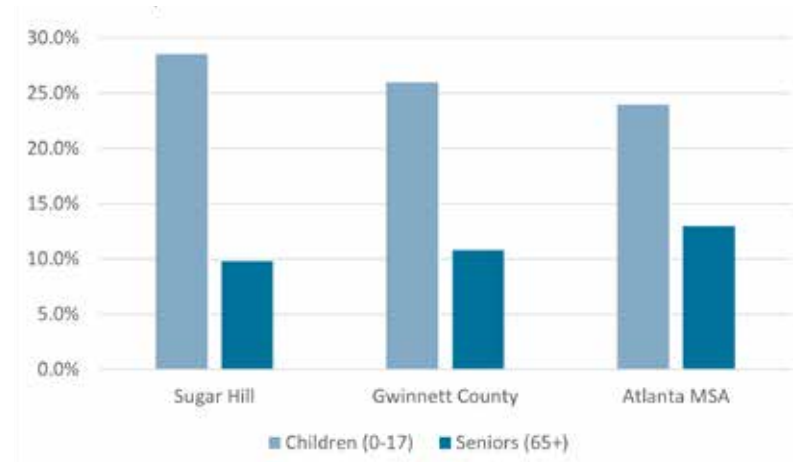


Exhibit 1-11 Population Breakdown: Children and Seniors



Source: ACS Census, Environ Analytics

key housing demand drivers



Household Size Makeup

Exhibit 1-12 **Owner Makeup All Income**

Age	1-Person	2-Person	3-Person	4+ Person	Totals
Up to 25	0%	0%	1%	0%	1%
25 to 34	1%	3%	2%	3%	9%
35 to 44	1%	2%	3%	11%	17%
45 to 54	2%	4%	11%	11%	28%
55 to 64	4%	13%	4%	5%	26%
65+	5%	11%	1%	1%	18%
Totals	13%	33%	22%	31%	100%

Exhibit 1-13 **Owner Makeup All Ages**

Income	1-Person	2-Person	3-Person	4+ Person	Totals
Up to 35K	6%	5%	1%	1%	15%
35K - 50K	1%	3%	2%	1%	10%
50K - 75K	3%	4%	3%	4%	16%
75K - 100K	2%	3%	2%	4%	16%
100K - 150K	1%	4%	7%	10%	22%
150K +	0%	16%	7%	11%	20%
Totals	13%	33%	22%	31%	100%

Source: Bleakly Advisory Group based on Census PUMS data

Household Incomes

Understanding householder age and income characteristics of a community can help to highlight which market segments are driving housing demand. Not only is this a reflection of consumer demand for both existing households and households that enter Sugar Hill, but it is also a reflection of the housing that is readily available to fit the varying needs of households at different price points.

Owner-Occupied Units

The majority of owner-occupied homes, 53%, are still occupied by three and four-person households, reflecting the ability to attract households with children. It is important to note here that these households may be increasingly populated with adult children- as more young Millennials and Gen-Z'ers are choosing to live at home, a long-term trend exacerbated by the ongoing pandemic. Many households are led by those between the ages of 35 and 65, but their combined family income is skewed up, with most earning above \$100,000 a year.

Older and wealthier 2-person households also make up a large portion of Sugar Hills occupancy, which makes up nearly 24% of the housing stock. Over the next 20 years, these households' housing needs will be varied- some will want to stay in their home, while others seek to downsize homes, move to Active-Adult communities, or move closer to adult children. Those with medical needs are likely to seek assisted care facilities or housing near clinics and regional hospitals.

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All Rental Units

57% of Sugar Hill area renters are 3+ person households, which can most often be categorized as a family with children. These households most frequently live in a large number of rental homes available in the area, and the age of the householder is typically between 25 and 54.

30% of Sugar Hill's renters have a combined household income of over \$100,000- revealing that renting is going on at all income brackets.

Exhibit 1-14 **Owner Makeup All Income**

Income	1-Person	2-Person	3-Person	4+ Person	Totals
Up to 35K	6%	5%	1%	1%	15%
35K - 50K	1%	3%	2%	1%	10%
50K - 75K	3%	4%	3%	4%	16%
75K - 100K	2%	3%	2%	4%	16%
100K - 150K	1%	4%	7%	10%	22%
150K +	0%	16%	7%	11%	20%
Totals	13%	33%	22%	31%	100%

Exhibit 1-15 **Rent Makeup All Income**

Income	1-Person	2-Person	3-Person	4+ Person	Totals
Up to 35K	5%	3%	2%	3%	13%
35K - 50K	4%	6%	2%	8%	19%
50K - 75K	4%	5%	6%	9%	24%
75K - 100K	3%	3%	4%	5%	15%
100K - 150K	2%	7%	4%	11%	24%
150K +	1%	0%	3%	2%	6%
Total	19%	23%	20%	37%	100%

Source: Bleakly Advisory Group, Census PUMS

Multifamily

67% of households that live in the areas' multifamily housing stock are one to two-person households. There is an even spread across all income and age categories for 1-2 person households, showing that some people will choose to rent multifamily even as they grow older or wealthier.

However, nearly all three and four-person households who rent multifamily have combined family incomes of less than \$75,000/year. These families typically have children at home and are less willing or able to spend the money to rent a house. They are more likely to be burdened by higher rents of new units, which will leave them with less money to spend caring for their family.

key housing demand drivers



Household Composition

A dichotomy of the local housing stock exists concerning household sizes and home types. **Notably, detached single-family homes make up 89% of the city's housing stock, while only 58% of households have three or more people.** The size of the home-to-household type disparity points to opportunities to meet additional demand by providing a more comprehensive range of options for the large numbers of households that don't have children. **This dichotomy will continue to grow as Gen X families age into empty-nesters.**

Similar to Gwinnett County and the Atlanta MSA, a plurality of Sugar Hill's households are "small" - meaning 1 to 2 people per household. However, small households make up a smaller percentage of overall Sugar Hill households when compared to Gwinnett and the Atlanta MSA.

Sugar Hill is home to a higher proportion of 3-4 person houses than Gwinnett County and the surrounding metro.

The distribution of medium and large households impacts housing demand, including size, character, and nearby school quality of different housing types.

Sugar Hill and Gwinnett County have the same share of large 5+ person households, 18%. This share is 150% larger than the Atlanta MSA's percentage of large households and indicates that Sugar Hill shares the family-oriented reputation for which Gwinnett County is known.

Exhibit 1-16 Household Composition

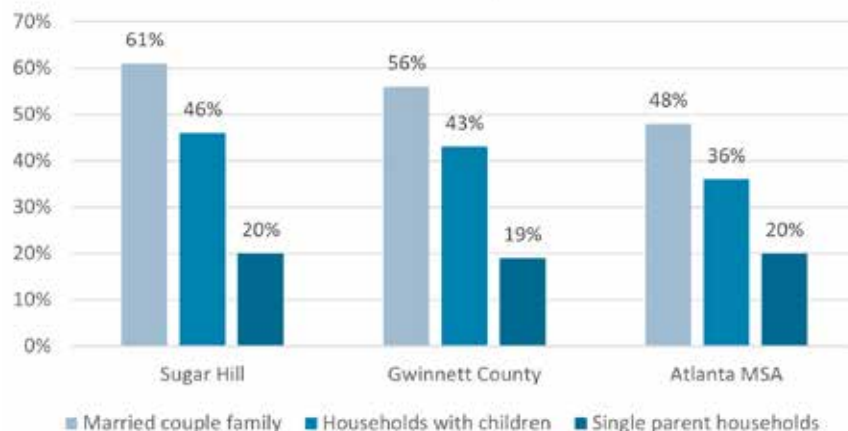
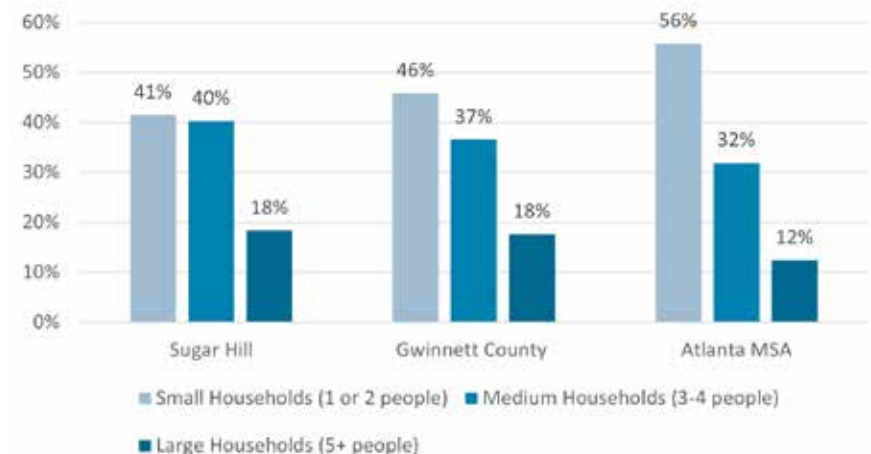


Exhibit 1-17 Household Size

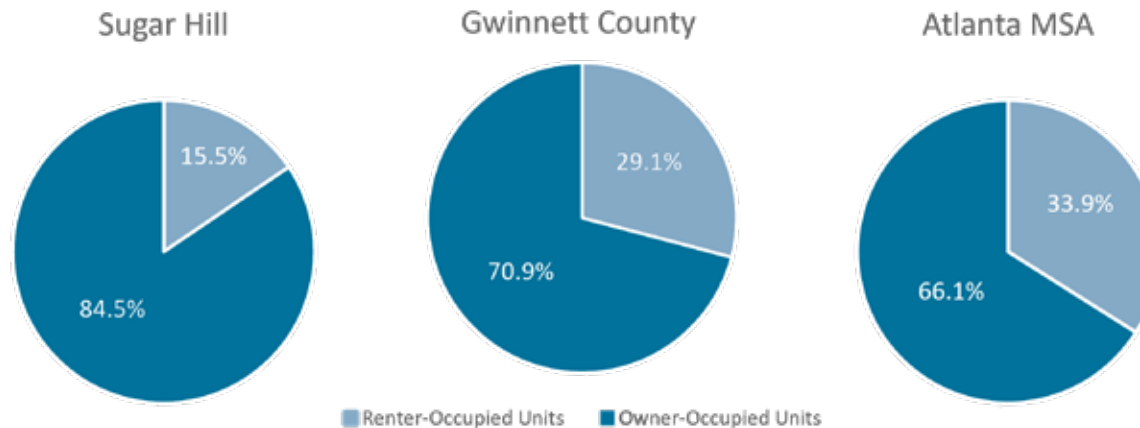


Source: ACS Census, Environ Analytics

key housing demand drivers



Exhibit 1-18 **Local Housing Demand Drivers - Tenure**



Source: Environ Analytics, ACS Census

Sugar Hill has a significantly higher rate of owner-occupied units than Gwinnett County and the Atlanta metro area.

84.5% of Sugar Hill housing units are owner-occupied, while 15.5% are renter-occupied.

High homeownership rates can often reflect policies that emphasize detached single-family zoning, especially in suburban markets. Prohibitive zoning can widen the gap between owner-occupied units and renter-occupied units by limiting the opportunities for non-traditional ownership products or rental products, in general.

Generally, for broad-based economic growth, it is recommended that policies are aligned to enhance opportunities for both renters and owners.

key housing demand drivers



Renter by Income

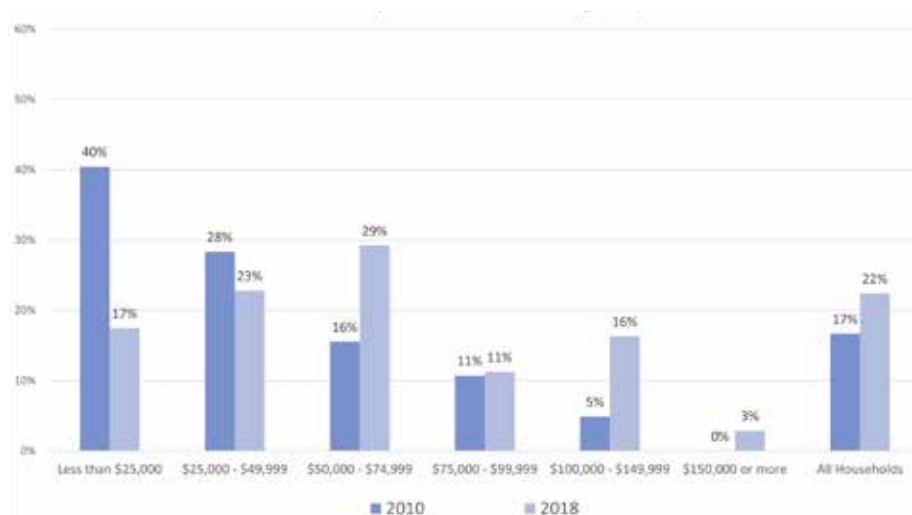
Sugar Hill's housing market has changed over the past decade due to the sweeping National and regional economic and demographic changes that have been occurring. One outgrowth of those changes has been a significant increase in the county's proportion and overall renters.

According to the US Census, renter households in Sugar Hill grew by approximately 488, from 2010 to 2018. Rentership grew in every income group except the lowest income households. The growth of renters in the city is primarily driven by households with mid to high range incomes. Renter households between \$50,000 to \$75,000 and \$100,000 to \$150,000 grew the most in that period, which illustrates a demand for higher-end, amenitized rental housing.

There are a bevy of reasons these income groups are renting rather than owning. This speaks to the decreasing ability of middle-income households to afford starter homes but also the switch that more affluent households are making towards rentership by choice.

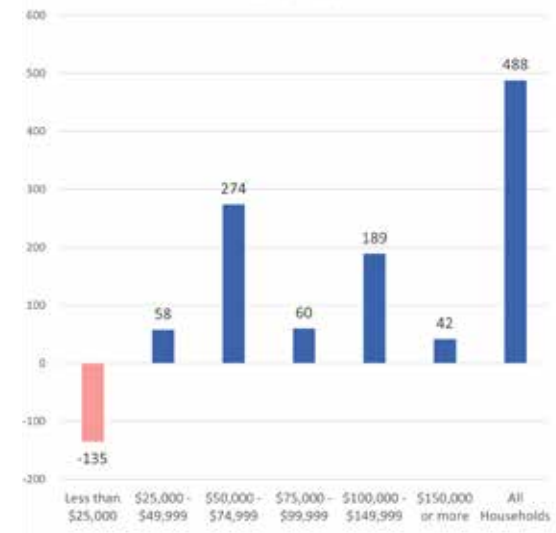
The charts below represent the change in the numbers of renters in Sugar Hill. The left chart illustrates that change as a percentage, where the right chart illustrates the absolute change.

Exhibit 1-19 Rental Rate by Householder Income



Source: ACS Census 5-Year Estimates

Exhibit 1-20 Change in Number of Renters by Householder Income



key housing demand drivers



Employment

In 2017, there were 2,600 workers in Sugar Hill, earning less than \$40,000 annually, nearly 60% of the local workforce.

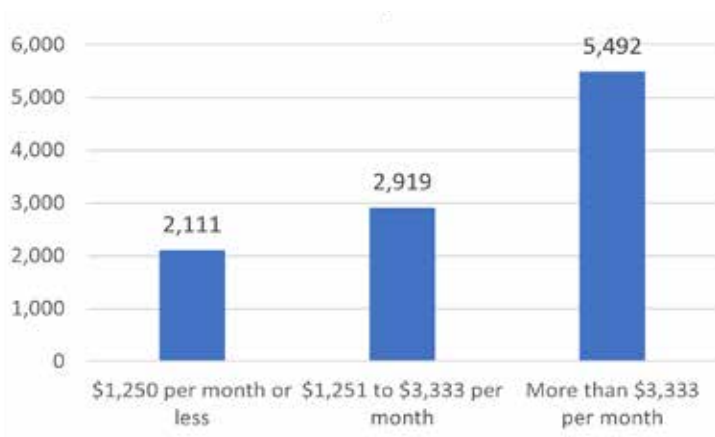
It is essential to consider the average wages of public servants such as firefighters, teachers, municipal workers, and medical workers alongside service workers in restaurants and retail. **Is it possible for them to be a part of the community? If so, what role does housing play in that equation?**

It is likely these employees have an increasingly difficult time finding appropriate housing within Sugar Hill, either because they cannot afford housing in Sugar Hill or because the housing products do not match what they are seeking. This condition negatively impacts economic development in the city; a lack of housing nearby hampers efforts to attract new local jobs. **Further, without homes affordable to the full spectrum of local workers—forcing them into long commutes on local and regional highways—exacerbates traffic issues.**

New, market-rate apartments such as those going up in Sugar Hill Town Center may be within reach for some of these households. However, it is reasonable to believe that many would become rent-burdened if they moved into new, market-rate apartments.

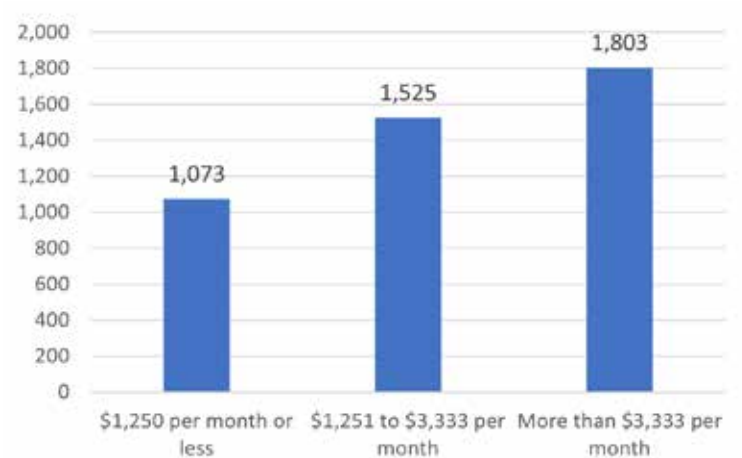
An array of different for-sale options, or expanded opportunities for options with limited availability - like townhomes - can help bridge this gap for owners.

Exhibit 1-21 Job Counts by Earning 2017 (Home)



The charts shown on this page represent Sugar Hill residents that travel to work (left) and employees that work in Sugar Hill but live elsewhere (right).

Exhibit 1-22 Job Counts by Earning 2017 (Work)



Source: *Census on the Map*

key housing demand drivers



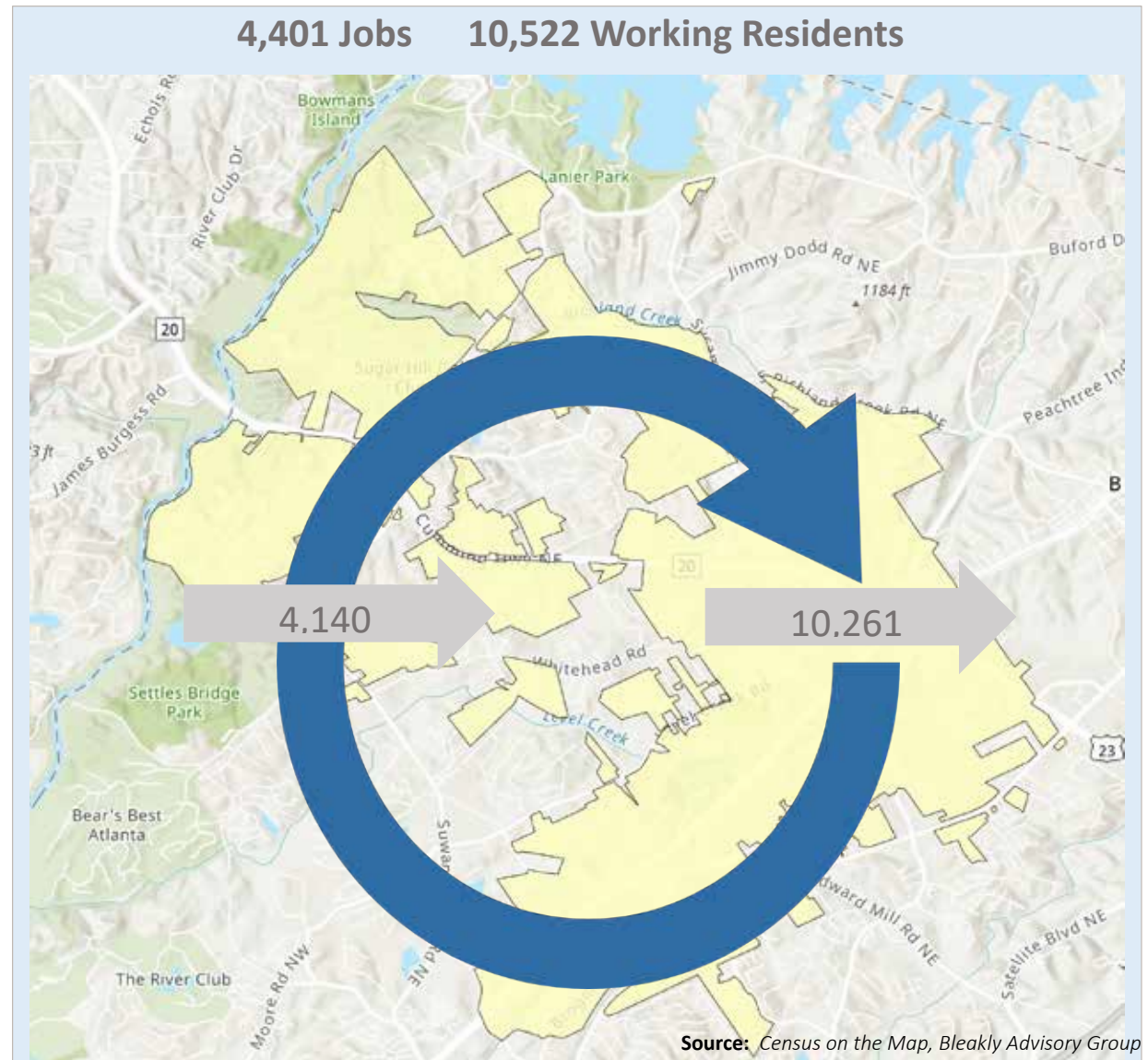
Exhibit 1-23 **Employment Inflow and Outflow**

The vast majority of Sugar Hill's working residents commute out to work, increasingly in high-paying jobs across diverse professional fields growing throughout the north side of the metro area.

As of 2017, only 261 employees were living and working jobs within the community, which may speak to the difficulty of living in Sugar Hill based on the wages of being an employee in Sugar Hill.

High growth across the auto-dependent Gwinnett County has increased commuting times while also enabling some workers to work closer to home.

Ultimately, the most considerable change in resident's commute is in work from home—already in an upswing at the beginning of the year, but has become an increasing norm across professional jobs in the pandemic era. This change in work has already shifted demand away from central cities and further into suburban markets.



key housing demand drivers



Key Takeaways

- 55% of Sugar Hill renters are cost burdened, and 41% of renters are severely cost burdened.
- 22% of homeowners are cost burdened.

Housing Affordability, Cost Burden

The rule of thumb says that housing-related expenses such as rent, mortgage payment, and utilities should be less than 30% of household income to be considered affordable for that household.

When a household pays more than 30% of their income toward housing costs, HUD considers that household “housing cost-burdened.”

The renter cost burden in Sugar Hill is high in absolute terms: more than half of all (54%) renter households are spending more than they can afford on rent in Sugar Hill.

Nearly one in four (22%) owner households is spending more than they can afford for a mortgage throughout Sugar Hill.

The cost burden of this housing phenomenon results from multiple factors. Those include; lower and stagnant wages of many local and regional workforce sectors and housing factors, such as the lack of quality, affordable housing, or the lack of right-sized housing options.

Exhibit 1-24 **Gross Rent as Percentage of Household Income**

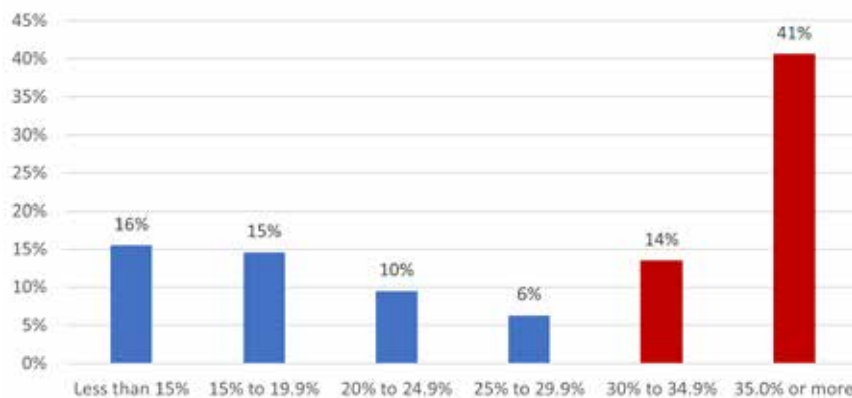
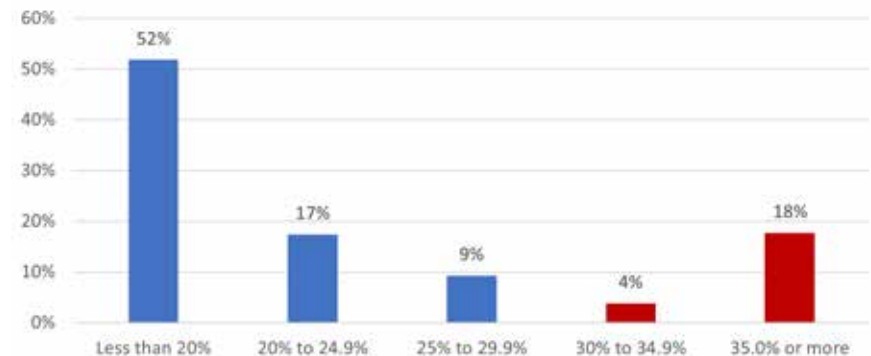


Exhibit 1-25 **Monthly Owner Costs as Percentage of Household Income**



Source: ACS Census

key housing demand drivers



Key Takeaways

- In Sugar Hill, most renters and homeowners pay between \$1,000 and \$1,500 in monthly costs.

Housing Affordability, Monthly Housing Expenses

Selected monthly owner costs, as defined by the Census Bureau, include mortgage payments (including second mortgages and home equity lines of credit), property taxes, home insurance, utilities, and condominium or mobile home fees.

80% of Sugar Hill homeowners pay between \$1,000 and \$2,500 in monthly costs.

Gross monthly rent, as reported in the ACS, includes the monthly costs for utilities, and fuels used in the home if these costs are paid by the rental household.

A quarter of Sugar Hill's renters pay between \$500 and \$1,000 in monthly costs. A quarter of Sugar Hill's renters pay between \$1,500 and \$2,000 in monthly costs.

In Sugar Hill, it is most common for both renters and homeowners to pay between \$1,000 and \$1,500 in monthly costs.

Exhibit 1-26 **Selected Monthly Owner Costs with Mortgage**

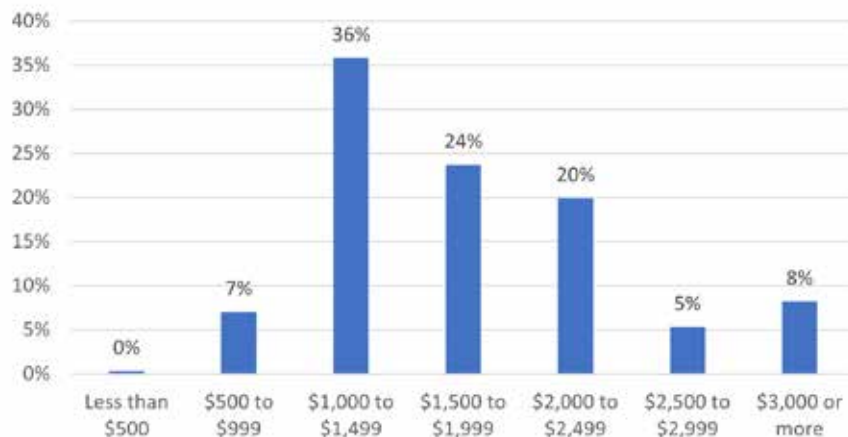
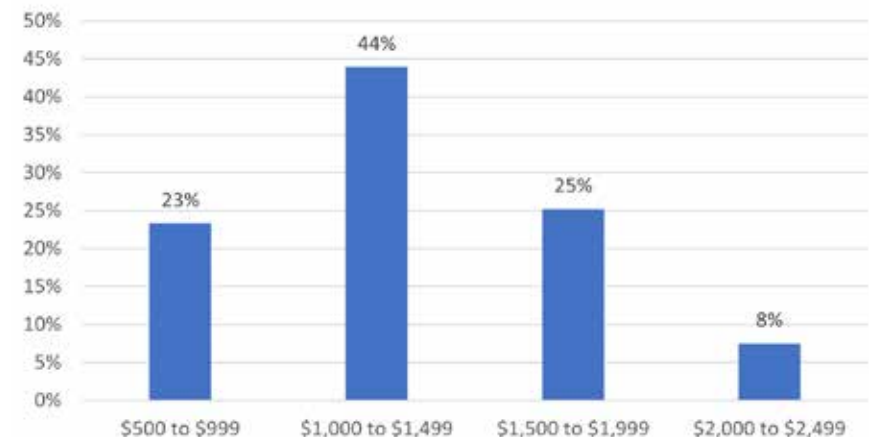


Exhibit 1-27 **Occupied Units Gross Monthly Rent**



Source: ACS Census

key housing demand drivers



2-Bedroom House Wage

Housing Wage is a metric used to calculate the hourly rate that one would need to get paid to work 40 hours a week to afford a fair market rent (FMR) two-bedroom unit.

A Housing Wage is calculated for each ZIP code. In Sugar Hill's zip code (30518), the FMR for a 2-bedroom unit is \$1,200.

The average housing wage in Sugar Hill's Zip Code is \$23/hour.

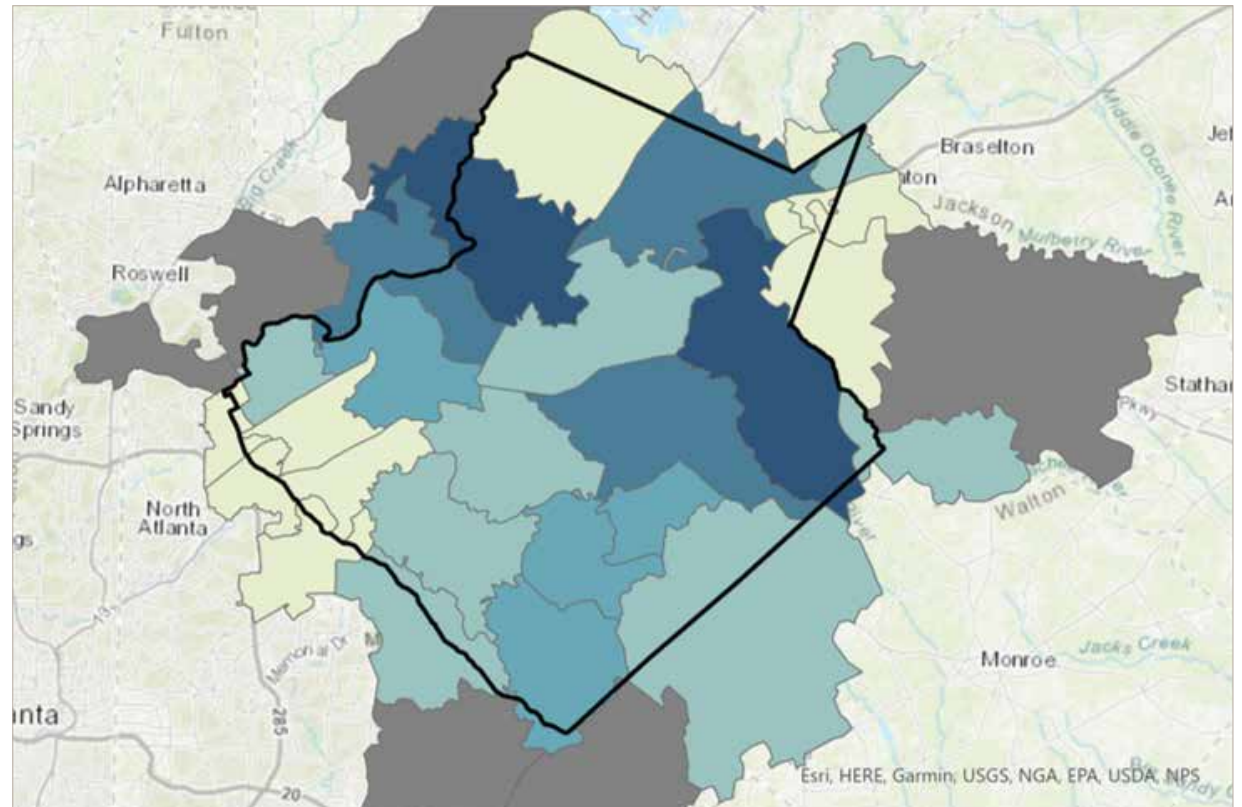
The upper limit of housing wage in Gwinnett is \$34.20/hour in ZIP code 30519, and the lower limit of the housing wage in Gwinnett is \$13.26/hour in ZIP code 30747

The minimum wage across Georgia and including Gwinnett County, is \$7.25/hour.

For someone getting paid the minimum wage in Sugar Hill, this means that **to afford a fair market rate two-bedroom unit**, they need to **work an average of 127 hours per week**.




The overwhelming pressure is evident - fair market rents in the area place an immense burden on residents or potential residents, making less than \$23/hour.

Exhibits 1-28 and 1-29 **Housing Wage and Working Hours**



Source: Department of Housing and Urban Development

Key:

	Gwinnett County		≤\$31
	≤\$23		≤\$34
	≤\$26		Outside of Gwinnett
	≤\$28		

	2-Bedroom FMR	2-Bedroom Housing Wage	Minimum Wage	Hours at Minimum Wage
Sugar Hill (30518)	\$1,200	\$23.05	\$7.25	127

Housing Supply Analysis



housing supply analysis



Summary

Supply Assessment

Sugar Hill's housing supply is predominantly made up of detached single family houses. The median home value in Sugar Hill is significantly higher than that of Gwinnett County or the Atlanta metro.

New Home Prices

The price of new detached single family homes in Sugar Hill has increased dramatically since 2014. Since 2014, the average new detached single family home has increased by over \$122,000.

Rental Trends


Sugar Hill's rental inventory has more than doubled within the last five years, mostly due to larger town center apartment units. More market rate apartment units in the development pipeline will continue to bring more growth in the rental inventory.

Along with increased demand for market-rate units, regional economic growth has resulted in steadily increasing rents since 2010.

housing supply analysis



Housing Product Landscape

Product Type	Image of Product	Citywide Housing Distribution	Geographic Location	Key Sugar Hill Examples
1 Unit Detached (Single-Family)		89% 1 Unit Detached	Consistent throughout the City of Sugar Hill	Brentford Station, Primrose Creek
1 Unit Attached (Townhome)		4% 1 Unit Attached	Peachtree Industrial Boulevard Corridor	Northmark in Sugar Hill
Large Multifamily (5+ Units/Bldg.)		2% Large Multifamily	Downtown Sugar Hill	Broadstone, The Bower
Small Multifamily (2-4 Units/Bldg.)		1% Small Multifamily	Bordering Downtown Sugar Hill	Plantation Ridge Apartments
Trailer, RV, and Boat		4% Trailer, RV, and Boat	Peachtree Industrial Boulevard Corridor	Peachtree Mobile Home Park

housing supply analysis



Key Takeaways

- An overwhelming majority - 89% - of Sugar Hill's housing stock is single-family detached houses.

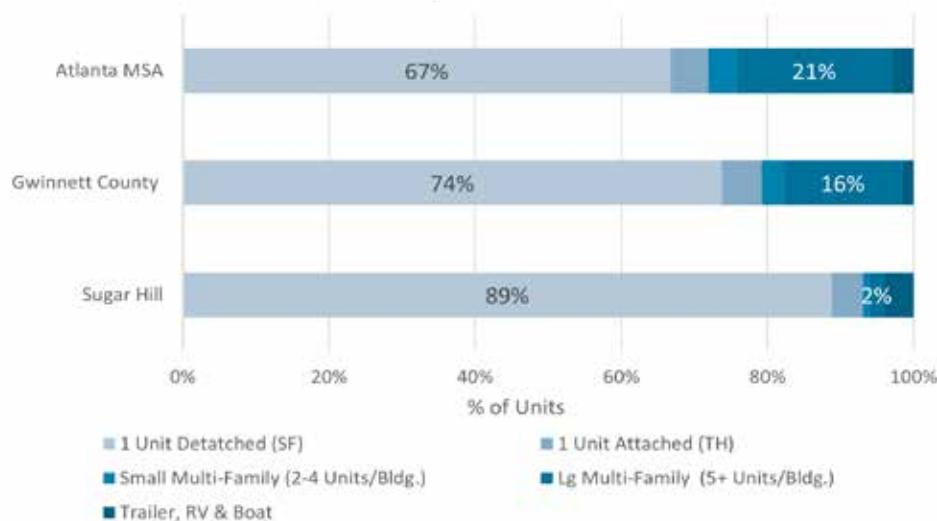
Housing Types

While highly visible apartment and townhome developments have diversified housing stock in recent years, Sugar Hill remains more homogeneous than Gwinnett County and the MSA as a whole.

When the diversity of housing stock is limited, so are the types of people who can afford to move into an area. Sugar Hill may seek to diversify its housing stock to capture the range of demand sought after in the area and ensure that as residents make their way through various life stages, they can remain a part of the Sugar Hill community.

Trailer, RV, and Boat housing units are more prevalent in Sugar Hill's mobile home communities than across Gwinnett or Atlanta. They provide low-cost rental opportunities in ways that new, market-rate apartments cannot. However, mobile-home renters are in charge of upkeep, which becomes ever costlier as it ages.

Exhibit 1-30 Housing Breakdown



Existing housing in Sugar Hill.

housing supply analysis



Age of Housing

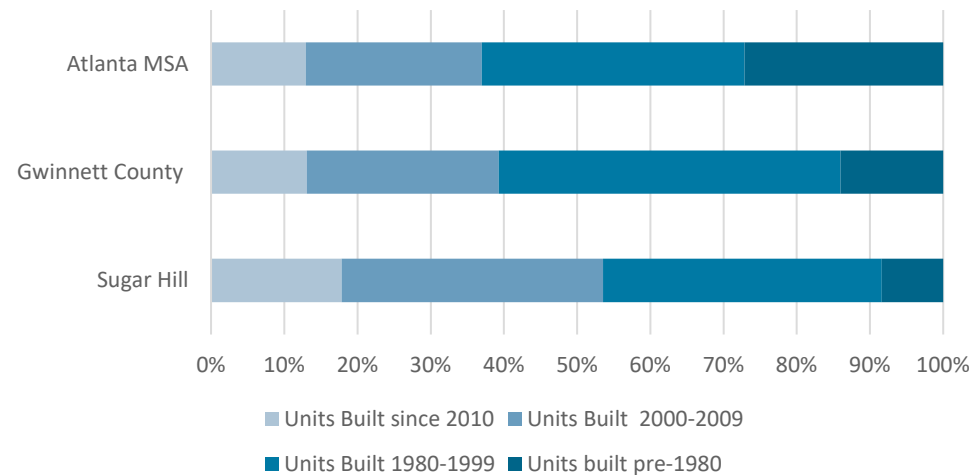
Most of the Single-Family Housing stock was constructed after 2000, with the first decade of the century dominating development in Sugar Hill, consistent with the outer-ring suburbs.

From 1980 to 2009, much of the woods and farmlands in Sugar Hill converted into the single-family housing stock.

Compared to the 2000s, the slowed growth in the 2010s reflected both the long-term effect of the mortgage crisis and the impact of the rising lot and labor prices it costs to build a home in Sugar Hill.



Exhibit 1-31 **Age of Housing**



Source: ACS Census, Environ Analytics

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Owner-Occupied Units

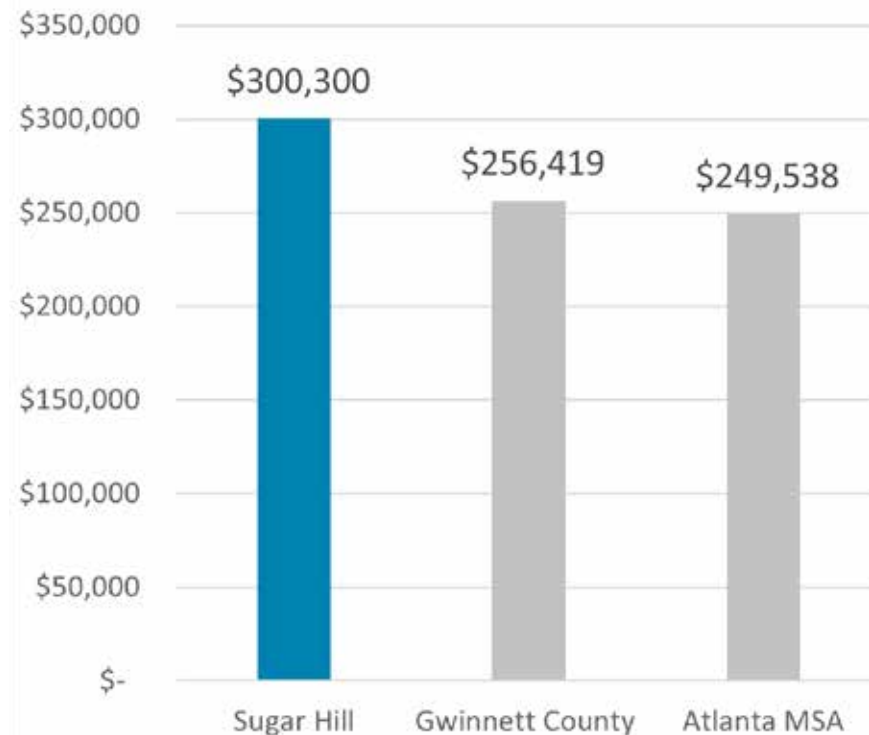
While median income has grown dramatically throughout the metropolitan area since 2016, high new home prices across Sugar Hill may play a part in driving median wages even further.

As of 2020, the median home value in Sugar Hill has risen to over \$300,000, nearly \$45,000 more than Gwinnett County.

Home costs are being driven both by high demand for the area and a newer, more expensive housing stock. If we consider the growth and scale of new detached single-family homes, we recognize a trend upward in price and size as developers intend to recover these increased costs. However, new housing options are still available for Sugar Hill residents—such as the uptick in townhomes in recent years.



Exhibit 1-32 **Median Home Price**



Source: Environ Analytics, ACS Census

housing supply analysis



Key Takeaways

- As a higher income housing market, Sugar Hill, home value distributions skew toward the higher end.
- As home prices continue to increase, it is important to maintain available housing for those who can only afford middle to lower value homes.

Home Value Distribution

Approximately 50% of Sugar Hill's owner-occupied housing stock is attainable to a family with a combined income of \$80,000 (Up to \$300,000 home), much less than Gwinnett or the MSA as a whole.* With Sugar Hill's Median Household Income approaching \$96,000, the existing median household is likely skewing the distribution of home values higher, compared to Gwinnett and the Atlanta MSA.

Exhibit 1-33 Owner-Occupied Home Values

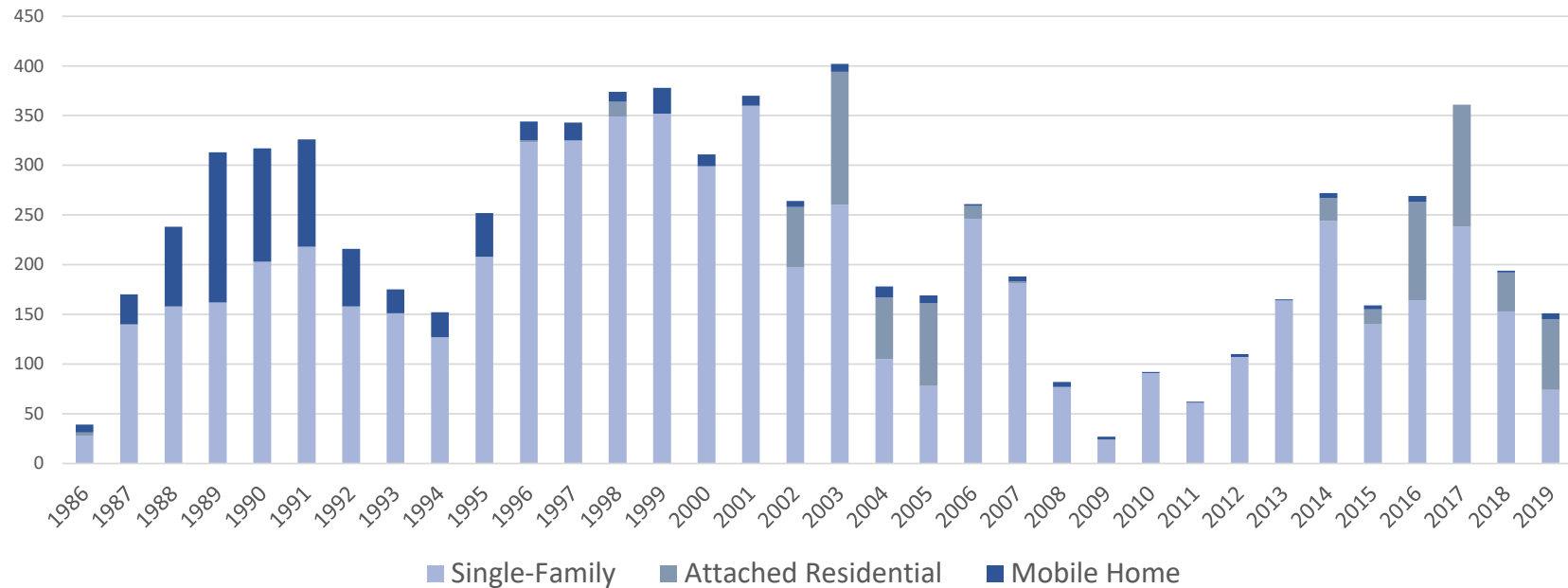


Source: ACS Census, Environ Analytics

housing supply analysis



Exhibit 1-34 **Residential Supply Assessment - Housing Permits by Year**



Source: Sugar Hill, GA Planning Department

Sugar Hill's residential permit history is a tale of three types split across single-family housing, mobile homes, and multifamily housing.

Sugar Hill's single-family housing stock has been characterized by the ebb and flows in accordance with larger national and regional economic trends, particularly recessions and recoveries.

Different product types - mobile homes and multifamily units - have emerged and subsided during different cycles.

Mobile homes permits peaked in 1991, and have been on the steady decline since the early '90s.

Multifamily permits emerged in the early 2000s, essentially disappeared with The Great Recession, and then increased sharply post-recovery in the late 2010s.

housing supply analysis

Historically, large-lot single-family homes have dominated Sugar Hill's housing. As home prices have gone up, townhomes have emerged as another option of homeownership. But as the supply of land becomes more scarce, Sugar Hill has the potential to expand its housing market to accommodate a wider variety of housing types.

Rental options are currently generally limited to garden-style complexes, townhomes. The emergence of town center apartments has expanded the renter pool options, but there is still the opportunity for different rental housing options, particularly at the smaller end.

Exhibit 1-35 Potential Housing Mix

For-sale housing types:



Large-lot single family

Can be developed as master-planned community (100+ units), builder community (20+ units), or infill



Small-lot single family

Can be developed as master-planned community (100+ units), builder community (20+ units), cottage community (6-10 units) or infill



Townhomes

Attached single-family products
Can be incorporated as one element in larger developments or as townhome-only development



Duplex / Quadplexes

Attached single-family products
Rarely built in new construction currently but provide an opportunity to expand for-sale options to middle-income buyers



Condominiums

For-sale multifamily product
Can be single-story or multiple stories



Lofts over commercial space

For-sale multifamily product
Can be part of a mixed-use development or incorporated into a commercial district

Rental housing types:



Mid- or High-rise Multifamily

4-20 story podium-built apartment buildings, generally having 200+ units



Garden Apartments

50+ unit apartment complexes, generally in several smaller buildings of 2-3 stories



"Town Center" Apartments

50+ units in street-fronted apartment building
Mimics style of mixed-use district



Townhomes

Attached single-family products
Can be designated rental community or as one element of a larger planned development



Small Multifamily

20 or fewer units in a single building or cluster of buildings
Rarely built in new construction



Apartments over commercial space

Rental multifamily product
Can be part of a mixed-use development or incorporated into a commercial district

housing supply analysis



Housing Preferences by Target Market Segment

This matrix addresses the types of housing units desired by the key housing target market segments. This analysis reveals that the county's recent apartment supply additions have helped meet demand from various market segments. But generally, the county lacks wide-spread offerings to meet the full range of household types' needs.

Exhibit 1-36 **Housing Preference Matrix**

MARKET AUDIENCE		Below-Market Rate Renters	Young Professionals	Young Families	Middle-Age Families	Middle-Age Singles and Couples	Empty Nesters
# of Bedrooms		1+	Studio, 1, or 2	2-3	3+	1, 1 w/ den, or 2	1 w/ den, 2, or 2 w/ den
Rental	Apartment	✓	✓	✓		✓	✓
	Townhome	✓		✓		✓	✓
	Single-Family Detached	✓		✓			
For-Sale	Condo		✓	✓		✓	✓
	Townhome	✓	✓	✓	✓	✓	✓
	Small-Lot Detached		✓	✓	✓	✓	✓
	Medium- to Large-Lot Detached			✓	✓		

Key:

- ✓ Check-marks signify the market audience is most likely to consider that housing type.
- A blue box indicates the housing offering is generally available in Sugar Hill.
- A red box means that the housing type offering is typically not available, or achievable locally and broadly due to regulatory or market forces.

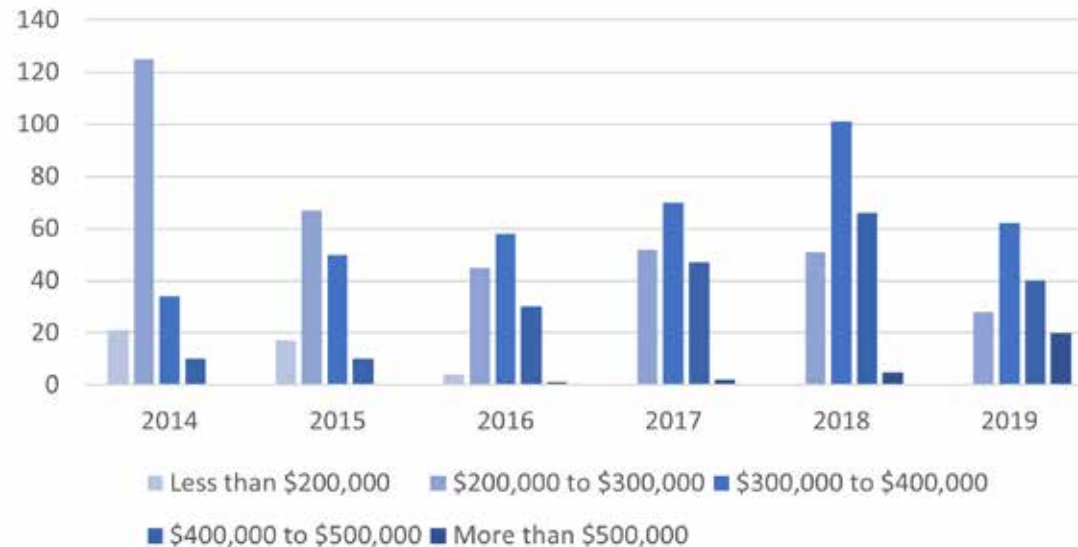
Source: Bleakly Advisory Group

housing supply analysis



Detached Price Distribution by Year

Exhibit 1-37 Detached New Construction Closings, 2014-2019



Source: SmartRE Data, Bleakly Advisory Group

Sugar Hill has historically been a middle-cost and middle-valued housing market in suburban Gwinnett County.

Housing costs between 2014 and 2019 indicate a shift towards a higher price, higher-value housing market. Like other suburban markets, in 2014, the Sugar Hill housing market produced newly constructed detached homes less than \$200,000, which most of the residential offerings priced between \$200,000 and \$300,000. However, by 2017 newly constructed homes less than \$200,000 no longer existed, and by 2019 the residential offerings priced between \$200,000 and \$300,000 dwindled significantly.

While lower costs, value-oriented residential options shrank since 2014, **upper-middle and higher cost residential options experienced growth in Sugar Hill's housing market. In 2015 there were 0 homes priced above \$500,000, and by 2019 there were 20.** And in 2014, there were ten homes priced between \$400,000 to \$500,000, which increased to 66 homes in 2018.

The cause of this dramatic shift is varied and mostly attributable to rising land prices and construction costs, which, along with regulatory requirements, determine development economics. This trend will likely continue if the variables above continue growing "as is."

housing supply analysis



Key Takeaways

- In 2019, only 19% of new detached housing was less than \$300,000.

For-Sale New Home Construction

Between 2014 and 2019, Sugar Hill's newly constructed detached housing has skewed significantly towards higher value options – which illustrates the trend of increasing housing prices locally and regionally. Since 2014, **Sugar Hill's new housing distribution has changed drastically**; the cost of new detached housing (77% of all housing) was less than \$300,000 in 2014. In 2019, that decreased to 19%. As the distribution of lower to middle-priced housing decreased, upper-middle and higher-priced housing have increased too.

Exhibit 1-38 Detached New Construction Closing by Price Interval, 2014-2019

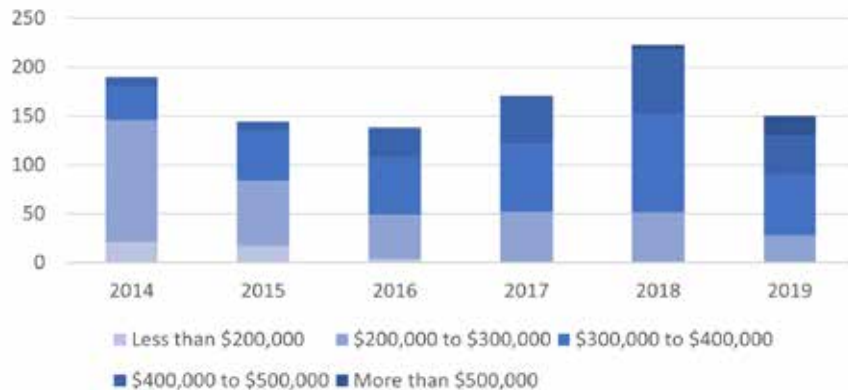


Exhibit 1-39 Occupied Units Gross Monthly Rent



Source: SmartRE Data, Bleakly Advisory Group

housing supply analysis



Key Takeaways

- In the last 5 years, newly constructed detached single-family home prices increased by over \$122,000.

For-Sale New Home Construction

Between 2014 and 2019, the average cost of a newly constructed home in Sugar Hill increased by over \$122,000, or 46% over six-years. As a point of comparison, the Atlanta MSA's average of freshly constructed homes increased by 13% for that same period.

The increase in detached housing prices results from a shift from middle-valued residential options to upper-middle and even luxury residential options. In Sugar Hill, there is a visible shift from 2017 to 2019, where middle-valued, detached single-family housing is getting phased out in favor of more expensive housing options.

The trend since 2014 in detached single-family options is a rapidly decreasing supply of newly built homes between \$200,000 and \$300,000, and a steady increase in newly constructed homes between \$400,000 and \$500,000. In 2014, there were 125 newly constructed detached homes priced from \$200,000 to \$300,000 and 10 homes priced from \$400,000 to \$500,000. **In 2019 there were only 28 homes priced from \$200,000 to \$300,000 and 40 homes priced from \$400,000 to \$500,000.**

Exhibit 1-40 **Sugar Hill Average New Home Price**



Exhibit 1-41 **Detached New Construction Closings**



Source: SmartRE Data

housing supply analysis



Key Takeaways

- From 2014 to 2019, average lot prices for newly constructed homes in Sugar Hill increased by 67%.

For-Sale New Home Construction

As stated previously, the average cost of a newly constructed home and a single-family lot increased dramatically, by over \$122,000, or 46% between 2014 and 2019. **Average lot prices for newly constructed homes increased by over \$31,000, or 67% during the same period.**

In 2014, the lot for detached, single-family home construction made up 18% of the total home cost. In 2019 that number increased to 20%, a slight decrease of 24% from 2018. The drastic increase in land prices in 2018 and the moderate incline of land prices between 2014 and 2019 has caused the homes built on that land to become more expensive.

A report by the Atlanta District of the Federal Reserve, which covers housing and economic issues in the Southeast, highlighted two of the largest drivers of increased housing prices are— the “historic lows and shortages” in the supply of housing and a drastic increase in the price of inputs for construction.

Exhibit 1-42 Home to Lot Ratios, 2014-2019



Source: SmartRE Data



housing supply analysis



Key Takeaways

- Townhome prices have increased from \$300,000 to \$400,000 and above.

For-Sale New Home Construction

The townhome market in Sugar Hill is relatively new. As a result, there is a four-year sample of data to analyze. Since 2014 the number of new townhomes being constructed and closed is trending upward. The number of townhomes built more than doubled between 2016 and 2019. **Since 2016, most townhome offerings prices are between \$200,000 to \$300,000.**

It is interesting to note that, like detached single-family homes, townhomes have also been susceptible to increased prices. In 2017 and 2017, there were 16 townhomes offered less than \$200,000, but since 2017 there have been 0. In their place, there has been an increase in townhomes priced from \$300,000 to \$400,000 and \$400,000 and above.

The movement towards higher-priced townhomes' options reflects wider market acceptance for a relatively new product type. Developers may turn to new product types to profit, considering expensive land prices. **The expansion of the townhome market points to the continually evolving nature of Sugar Hill's marketplace and the opportunity to introduce new housing types to match the market demand.**

Exhibit 1-43 New Construction Price Intervals for Townhomes



Exhibit 1-44 New Construction Price Intervals for Townhomes



Source: SmartRE Data

housing supply analysis



Comparing Products by Year *For-Sale New Home Construction*

The success of townhomes in Sugar Hill's housing market illustrates the demand for an alternative to the traditional historically prevalent model—detached single-family ownership. With the demand for townhomes comes increases in the prices of those unit types as well.

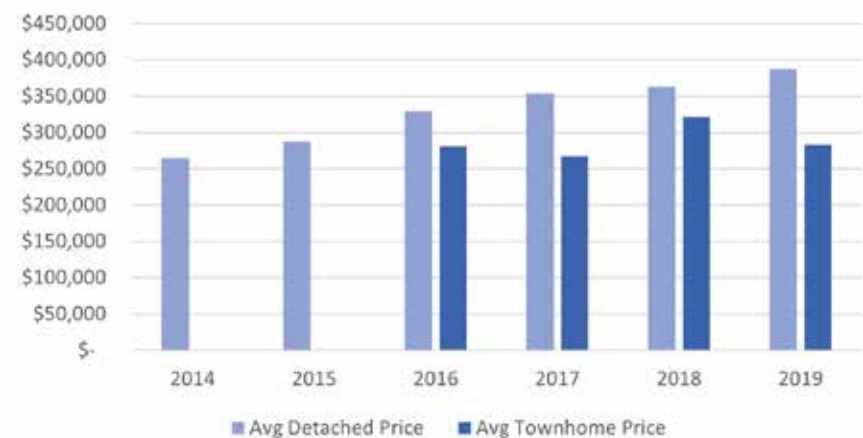
Townhomes appear to be operating as the value-oriented option for homeownership, which was available via detached single-family several years ago but has now gotten too expensive. **Because townhomes are a relatively new product that has gained quick acceptance in the Sugar Hill housing marketplace, it is worth considering whether “missing middle” housing types would also reach such acceptance.** Particularly given the increasing price trajectory of both townhomes and detached single-family homes.



Exhibit 1-45 Closing per Housing Type



Exhibit 1-46 Average Prices per Housing Type



Source: SmartRE Data

housing supply analysis



Multifamily Market

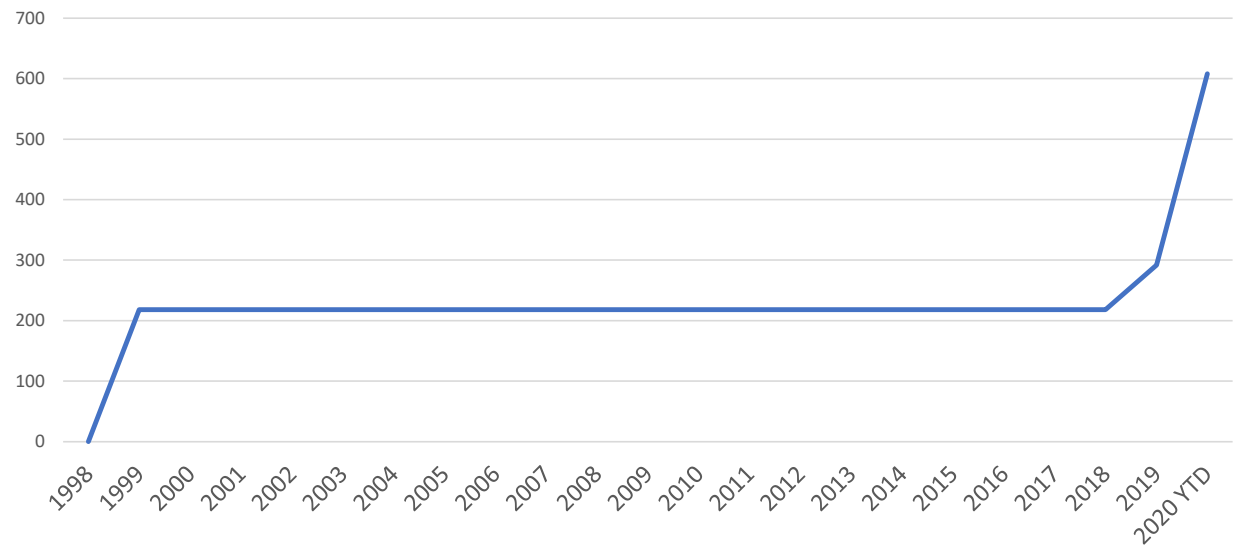
	Sugar Hill	Gwinnett County
Existing Units	608	65,404
Vacancy %	9.70%	7.20%
Avg. SF/Unit	1,008	1,025
Avg. \$/SF	\$1.53	\$1.22

Inventory

Single-family homes still dominate Sugar Hill's housing market, but the multifamily inventory has more than doubled since 2014, and there are more units in the development pipeline.

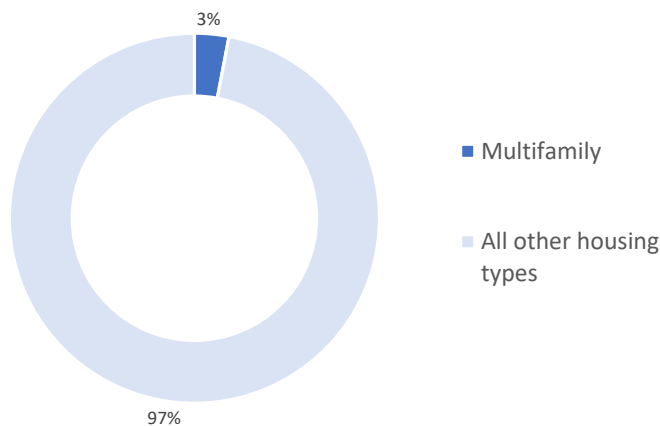
As of 2020, Sugar Hill has just over 800 multifamily units. The latest addition of 316 units comes from The Broadstone, which finished earlier this year. Cadence, formerly The Bower, is projected to bring another 293 units online in 2021. With the addition of Cadence, Sugar Hill will triple the total multifamily inventory in just over five years.

Exhibit 1-47 to 1-49 **Total Sugar Hill Multifamily Inventory**



Source: CoStar

Multifamily Units as Percentage of all Housing



housing supply analysis



Multifamily Market



Cadence Sugar Hill

Rental Prices

Multifamily rents across the city have continued to ascend yearly. While the last two years saw a slower growth pace, Sugar Hill's multifamily market continues to trend upward.

Increasing rents in a suburban multifamily market reflect the strength of the Atlanta MSA economy in the post-Great Recession era. Since 2010, multifamily units have increased by about \$0.40 per square foot.

Exhibit 1-50 **Market Asking Rent per Square Foot**

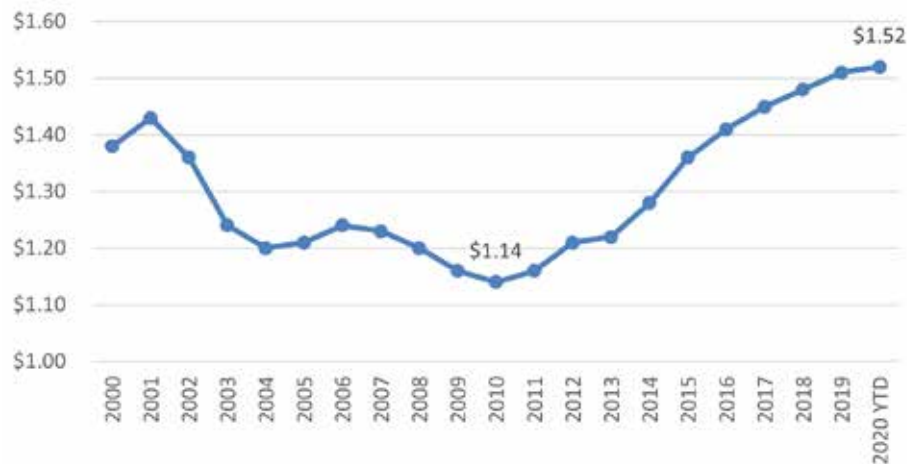
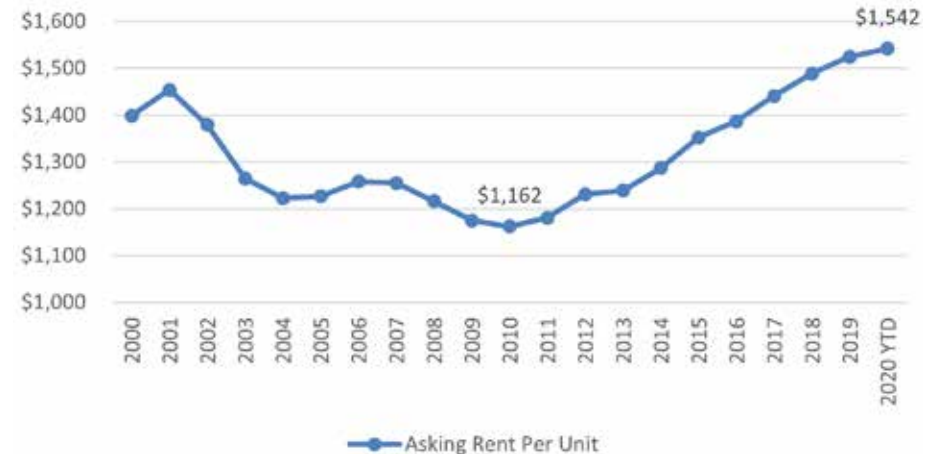


Exhibit 1-51 **Asking Rent per Unit**



Source: CoStar

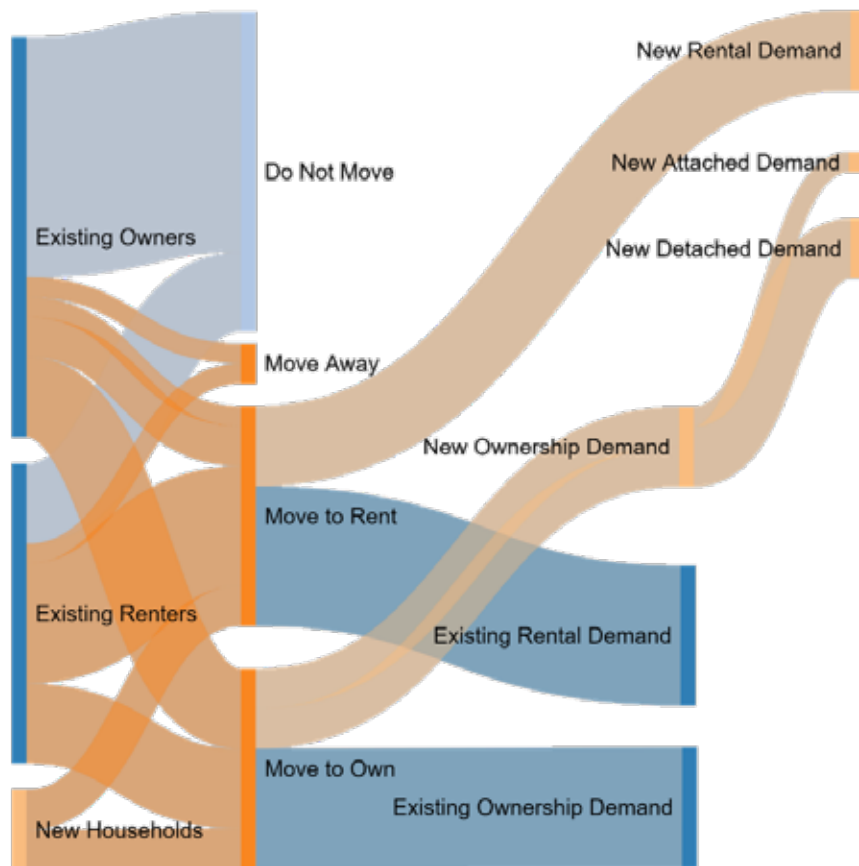
Housing Demand Analysis



housing demand analysis



Exhibit 1-52 **Housing Demand Methodology**



Source: Bleakly Advisory Group

A proprietary analytical model evaluated the potential housing outcomes of three household groups that drive housing demand in Sugar Hill:

- Owner households in turnover.
- Renter households in turnover.
- New households to Sugar Hill.

For each demand pool, data from numerous sources were utilized to forecast outcomes that, taken as a whole, determine the level of local demand potential for new housing of various types at various price points.

The results provide city-level forecasts of achievable annual new home production of for rent and for-sale housing.

The housing demand analysis for this study incorporates numerous data points specific to Sugar Hill:

- Population growth assumptions through 2025 at the local level based on ARC projections
- Transportation/commuting patterns
- Household composition / generational (age of householder) trends
- Household income patterns
- Housing turnover ratios
- Housing tenure preferences
- Housing type preferences

The diagram to the left illustrates the process undertaken in the Housing Demand Modeling Process.

housing demand analysis



Sugar Hill Annual Housing Demand Breakdown

Annual Sugar Hill Housing Production Possibility

- Detached Owner: 244 Units
- Attached Owner: 124 Units
- Rental: 237 Units

Total*: 605 Units

*Represents an achievable potential number of new homes to be absorbed into the housing market annually through 2025.

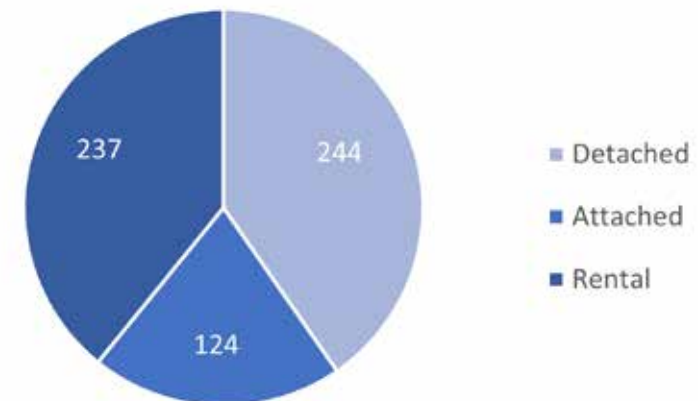
This level of production is still lower than the permitting years in Sugar Hill:

- Single-family: 360 Units, 2001
- Multifamily: 134 Units, 2003

The forecast demand potential conclusions, shown here and elsewhere, are indicative rather than predictive. The analysis results are based on assumptions derived from analyzing the demographic and housing trends in the city. The modeling results provide reasonable quantitative production possibilities for an average year over the next five years. Different outcomes may result.



Exhibit 1-53 **Annual New Demand by Housing Type**



Source: Bleakly Advisory Group

housing demand analysis



For-Sale Housing Demand

Approximately 66% of total ownership demand comes from households earning between 100% AMI and 200% AMI. These households represent the bulk of the current housing products being supplied, which aligns with the aforementioned housing market economics

At the higher end, there is measurable demand for high-end, luxury, executive-style housing.

At the lower end, there is also measurable demand for-sale housing options with households making up to 100% AMI. The development economics in Sugar Hill indicate that newly constructed housing types for this bracket have been mostly phased out in favor of higher returning, higher scale homes. While some of the demand for this price range of housing can be found in the resale market, if Sugar Hill wants to meet the all of the demand of residents new and old in this price range, they must make a concerted effort to ensure a for-sale housing product is available for households earning up to 100% AMI.

Exhibit 1-54 **Annual New For-Sale Demand by Cost**

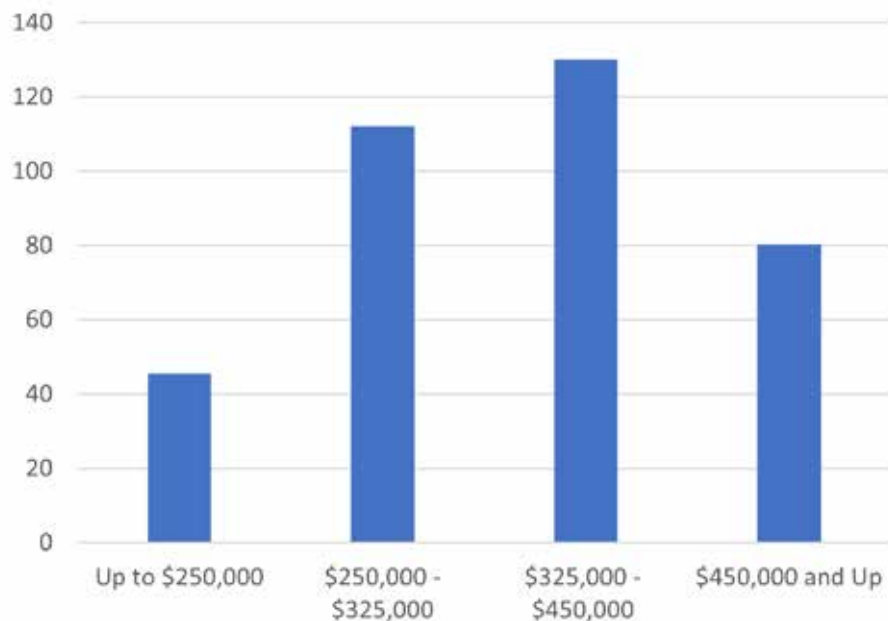


Exhibit 1-55 **Annual New Owner Demand**

Income	% AMI	Home Price Ranges	New Home Demand
Up to \$75,000	Up to 100%	Up to \$250,000	46
\$75,000 - \$100,000	100% - 150%	\$250,000 - \$325,000	112
\$100,000 - \$150,000	150% - 200%	\$325,000 - \$450,000	130
\$150,000 and up	200% and up	\$450,000 and up	80
Total:			368

Source: Bleakly Advisory Group

housing demand analysis

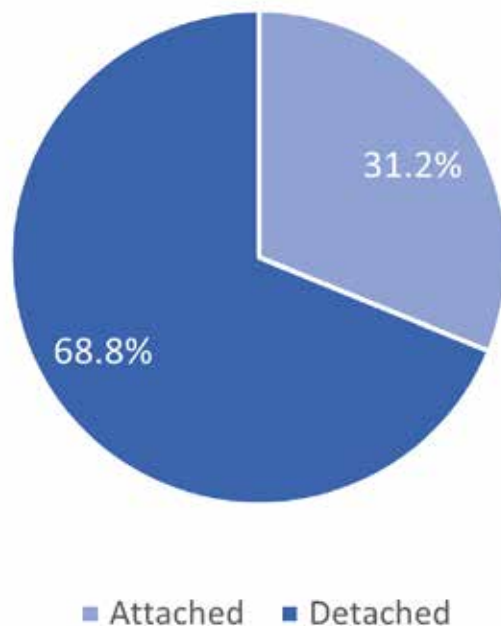


For-Sale Attached and Detached

The highest levels of demand tend to come from the middle segment of income-earning households. Detached demand trends towards the middle to upper earning households, while attached demand trends towards the middle to lower-earning households.

Sugar Hill continues to have a housing stock dominated by owner-occupied housing. Although this demand indicates a slight shift in owner-occupied products. As housing prices increase and barring a substantial market shift, attached for-sale housing may be the best opportunity for property ownership for households making up to 150% AMI in Sugar Hill.

Exhibit 1-56 Demand by Building Type



Source: Bleakly Advisory Group

Exhibit 1-57 Annual New For-Sale Demand by Type

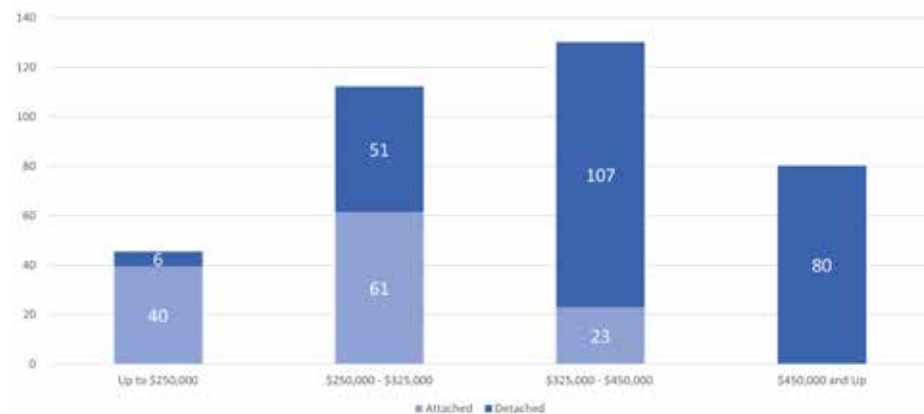


Exhibit 1-58 Annual New Owner Demand

Income	% AMI	Home Price Ranges	Annual Detached Demand	Annual Attached Demand
Up to \$75,000	Up to 100%	Up to \$250,000	6	40
\$75,000 - \$100,000	100% - 150%	\$250,000 - \$325,000	51	61
\$100,000 - \$150,000	150% - 200%	\$325,000 - \$450,000	107	23
\$150,000 and up	200% and up	\$450,000 and up	80	0
Total:			244	124

housing demand analysis



Citywide Gap Analysis

For-Sale Attached and Detached

Using a three year average of new home sales as a reference point compared to the estimated annual demand levels, Sugar Hill has a total owner-occupied new home production gap of 109 units. Sugar Hill's owner-occupied market produces most of its units between \$325,000 and \$450,000, and in doing so sufficiently meets demand with appropriate supply.

The largest supply gap comes at the highest end of the housing—the gap of 54 units identifies a market need for luxury, executive-style housing.

At the lowest end, there is a slight supply gap of 14 housing units—a majority of that demand comes from attached housing products that provide housing earning 100% AMI or less a more likely path towards homeownership.

Exhibit 1-59 **Sugar Hill Ownership Gap Analysis**

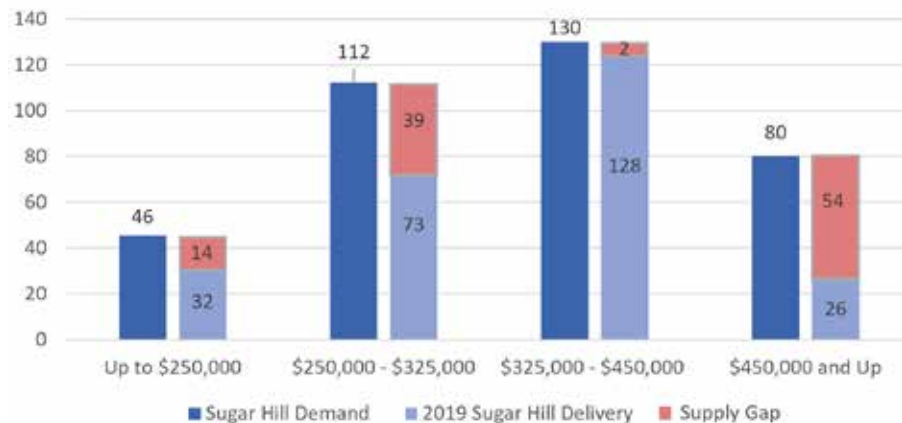
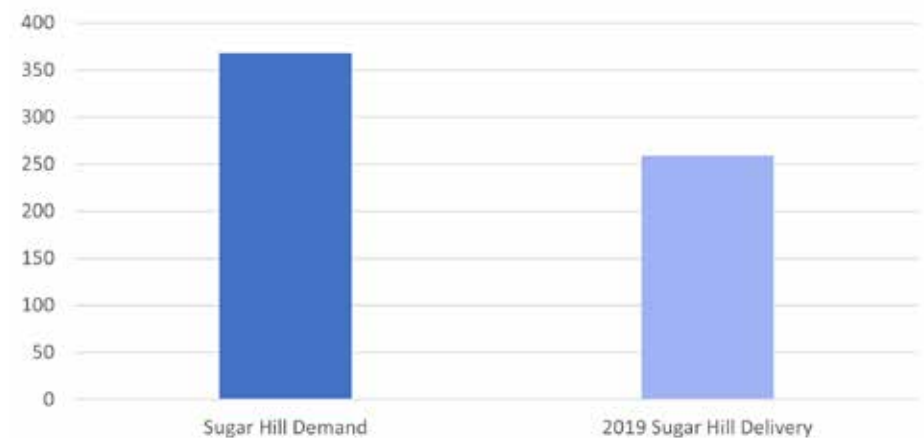


Exhibit 1-60 **Total Owner Demand Gap**



Source: Bleakly Advisory Group

Exhibit 1-61 **Gap Analysis**

Home Price Ranges	Demand	3-Year Annual Average Delivery	Gap
Up to \$250,000	46	32	14
\$250,000 - \$325,000	112	73	39
\$325,000 - \$450,000	130	128	2
\$450,000 and Up	80	26	54
Total:	368	259	109

housing demand analysis



Citywide Gap Analysis

Sugar Hill For-Rent Housing Demand

74% of all rental demand is from households earning 100% AMI or less, while 26% of rental demand is from households earning 100% and up. This indicates that demand for rental units is skewed towards middle and lower-income households.

The largest pool of rental apartment demand (39%) is driven by households earning between \$50,000 and \$75,000 annually. These households could reasonably afford Sugar Hill's market-rate rental housing stock that lies between \$1,250 and \$1,750.

There continues to be a market for newly constructed, amenitized rental units. There is also a market for value-oriented and affordable rental housing, which would likely require assistance from the public sector either in the form of subsidies, innovative gap financing, density bonuses, or expedited permitting.

Exhibit 1-62 **Sugar Hill New Multifamily Demand by Price**

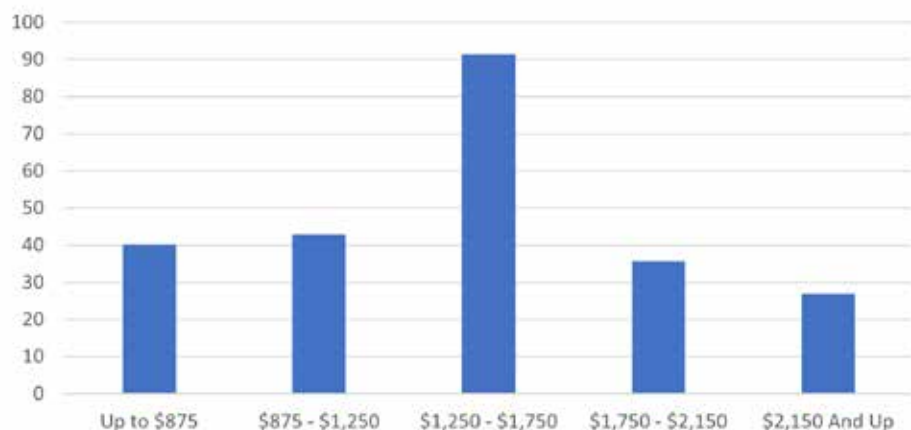


Exhibit 1-63 **Percent of Demand by AMI**

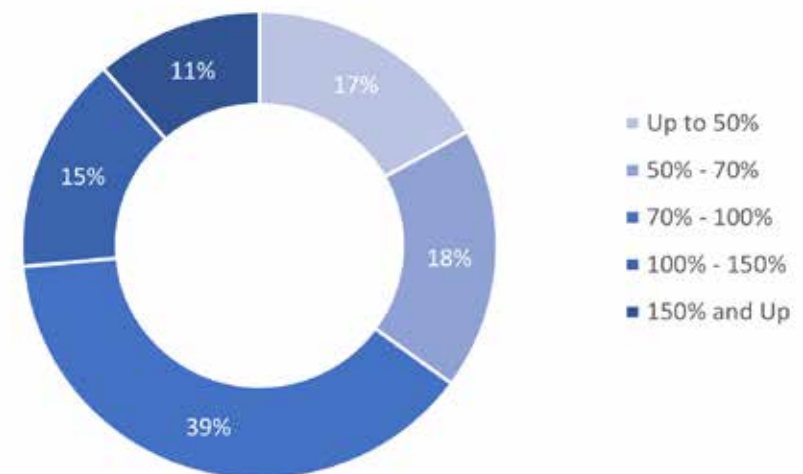


Exhibit 1-64 **Annual New Owner Demand**

Income	% AMI	Home Price Ranges	New Home Demand
Up to \$35,000	Up to 50%	Up to \$875	40
\$35,000 - \$50,000	50% - 70%	\$875 - \$1,250	43
\$50,000 - \$75,000	70% to 100%	\$1,250 - \$1,750	91
\$75,000 - \$100,000	100% - 150%	\$1,750 - \$2,150	36
\$100,000 - \$150,000	150% - 200%	\$2,150 And Up	27
Total:			237

Source: Bleakly Advisory Group

housing demand analysis



Citywide Gap Analysis

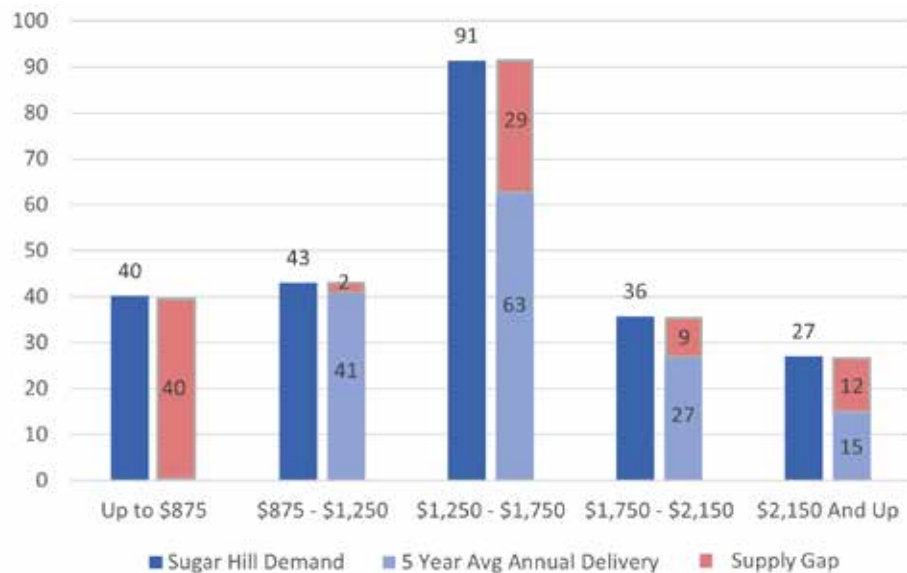
Sugar Hill For-Rent Housing Demand

Using a five-year average of multifamily delivery in Sugar Hill and annual demand, Sugar Hill has an annual rental gap of 133 units.

Based on this analysis, there is a supply gap in the number of units delivered vs. the number of units demanded at every price point. While the demand for units in the \$875 - \$1,250 and \$1,750 - \$2,150 price ranges are just short of meeting the supply, there is the ability for Sugar Hill's rental market to expand at a variety of price points.

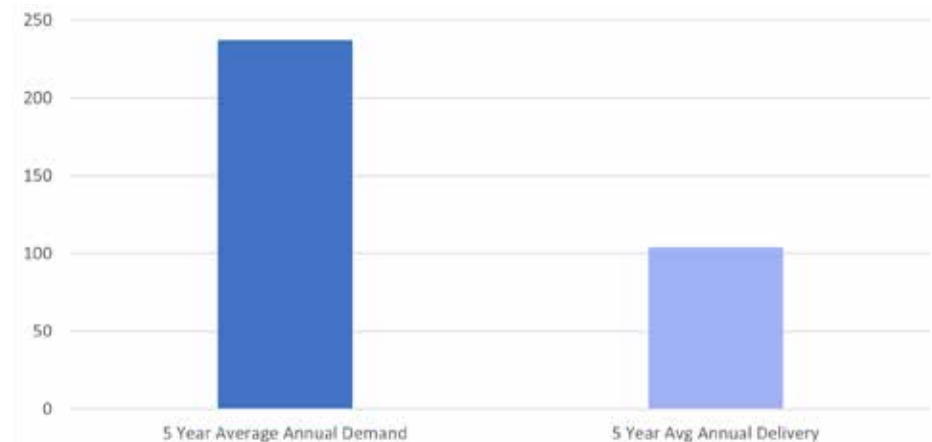
The highest levels of unmet demand are at the lowest levels because the development economics of affordable housing requires some measure of subsidy either locally or through Low Income Housing Tax Credits (LIHTC). The next highest level of unmet demand is at the middle price point, where a majority of newly constructed multifamily units are priced. This segment of the market, the likes of The Broadstone and the upcoming Cadence (formerly The Bower), still has room to grow in Sugar Hill, particularly with the popularity of the Downtown area.

Exhibit 1-65 **Sugar Hill Rental Gap Analysis**



Source: Bleakly Advisory Group

Exhibit 1-66 **Total Rental Demand Gap**



Rental Price Ranges	Demand	5-Year Average Annual Rental Delivery	Gap
Up to \$875	40	0	40
\$875 - \$1,250	43	41	2
\$1,250 - \$1,750	91	63	29
\$1,750 - \$2,150	36	27	9
\$2,150 And Up	27	15	12
Total:	237	104	133

Exhibit 1-67
Gap Analysis

housing demand analysis



Geographic Demand Distribution

Below is the summary of the total housing demand distributed across the three identified Sugar Hill geographies - Downtown, the Peachtree Industrial Corridor, and the Georgia Highway 20 Corridor.

These are achievable potential numbers for new homes to be absorbed into the housing market annually through 2025. The distribution of unit absorption across the city is likely to vary, particularly when considering available, developable land.

Shown below is one distribution scenario based on current and future trend analysis and forecasts. However, should the municipality not produce the units at levels as shown, demand will likely shift to the other areas of the city. Further, external circumstances over the next five years can impact the trajectory of housing demand and lead to potential alternative outcomes. Alternatively, national or international economic “shocks” could negatively impact demand throughout the county.

While these fundamental shifts—due to external forces—were contemplated in this analysis, it is difficult to predict their timing and impacts accurately. Thus, both the constant and accelerated growth demand scenarios are tied to statistical trends and future growth forecasts and assume no fundamental external shifts will occur in the near term.

Exhibit 1-68 **Demand Distribution For-Sale**

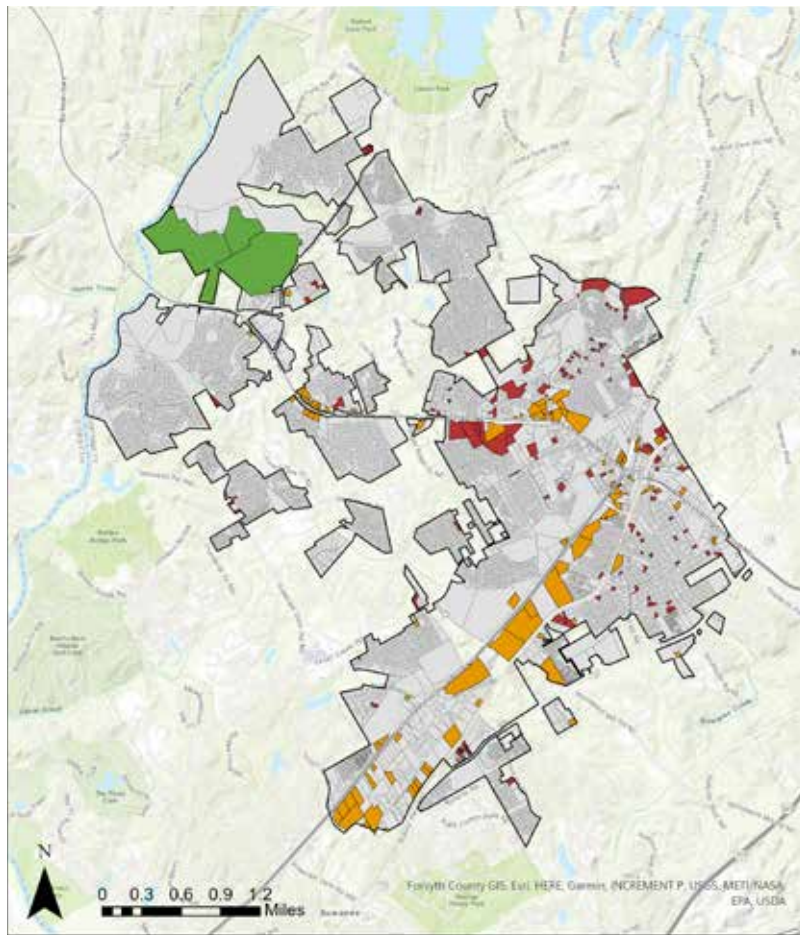
	For Sale	Detached Single-Family	Attached Single-Family	Condo/Loft
Downtown	78	24	30	24
Peachtree Industrial	130	100	30	0
Highway 20	160	120	40	0

Exhibit 1-69 **Demand Distribution For-Rent**

	Rental	Towncenter Multifamily	Small/Medium Multifamily	Rental Lofts
Downtown	187	180	0	7
Peachtree Industrial	20	0	20	0
Highway 20	30	0	30	0

Source: Bleakly Advisory Group

housing demand analysis



**Sugar Hill
Vacant Land Analysis**

**Vacant Land
ITS_P_T_22**

Commercial Vacant Land	Chattahoochee River District
Residential Vacant	City Parcels

Vacant Land Analysis

A parcel analysis was conducted in Sugar Hill to understand the availability of vacant, developable land for future housing. This analysis specifically looked at commercial vacant and residential vacant land uses in order to determine what would be potentially developable at the time this analysis was conducted.

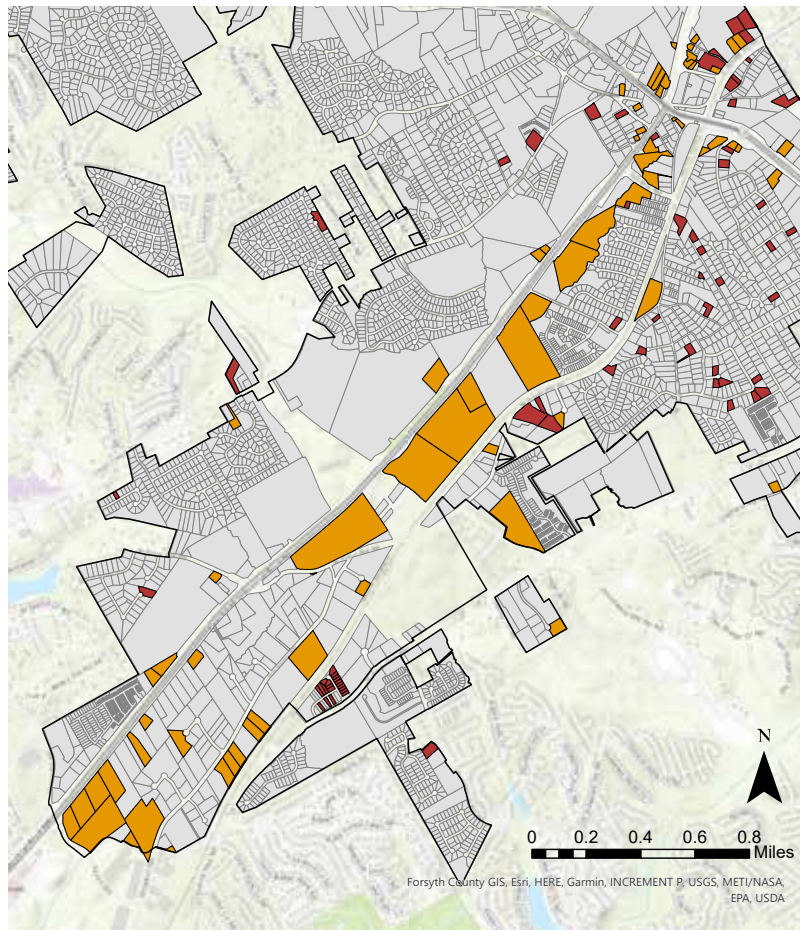
There are 104 commercially vacant parcels throughout the city that constitute roughly 302 acres of land, and 165 parcels of residential vacant land constitute 182 acres of land.

Due to the size and acreage of each parcel, we know that not all of these parcels are potentially developable so two further levels of analysis were conducted based on acreage.

1. The two most recent multifamily apartment developments - The Broadstone and The Bower - sit on parcels of 7.49 acres and 12.37 acres, respectively. In continuing with this trend, all potential parcels under 7 acres were filtered out.
2. A random selection of three newly constructed subdivisions was selected across the city. They represent a range of values - the lowest quarter, median, and highest quarter - and three geographically distinct parts of the city - the northwest sector along Highway 20, the northeast sector in the Highway 20 corridor, and the southwest sector along Peachtree Industrial Blvd. From the lowest value to the highest value the median parcel size in each subdivision was .24 acres, .14 acres, and .37 acres, respectively. The total land used to develop each subdivision was approximately 48 acres, 80 acres, and 280 acres, respectively.

Source: Sugar Hill Planning and Development, Bleakly Advisory Group

housing demand analysis



Sugar Hill Vacant Land Analysis Peachtree Industrial Corridor



Source: Sugar Hill Planning and Development, Bleakly Advisory Group

Vacant Land Analysis

Considering these two levels of analysis, the results were thus:

- There are 16 (11 commercial, 5 residential) vacant available parcels greater than 7 acres.
- There is not a single parcel larger than the smallest newly built subdivision in the aforementioned sample.
- There is one agglomeration of 8 parcels, consisting of four parcels over 7 acres, and four other parcels of varying sizes that when combined are just over 50 acres, surpassing the 48-acre subdivision developed recently.
- This analysis acknowledges the Chattahoochee River District but did not count it in regards to total numbers. This land is the largest contiguous area of developable land in Sugar Hill.

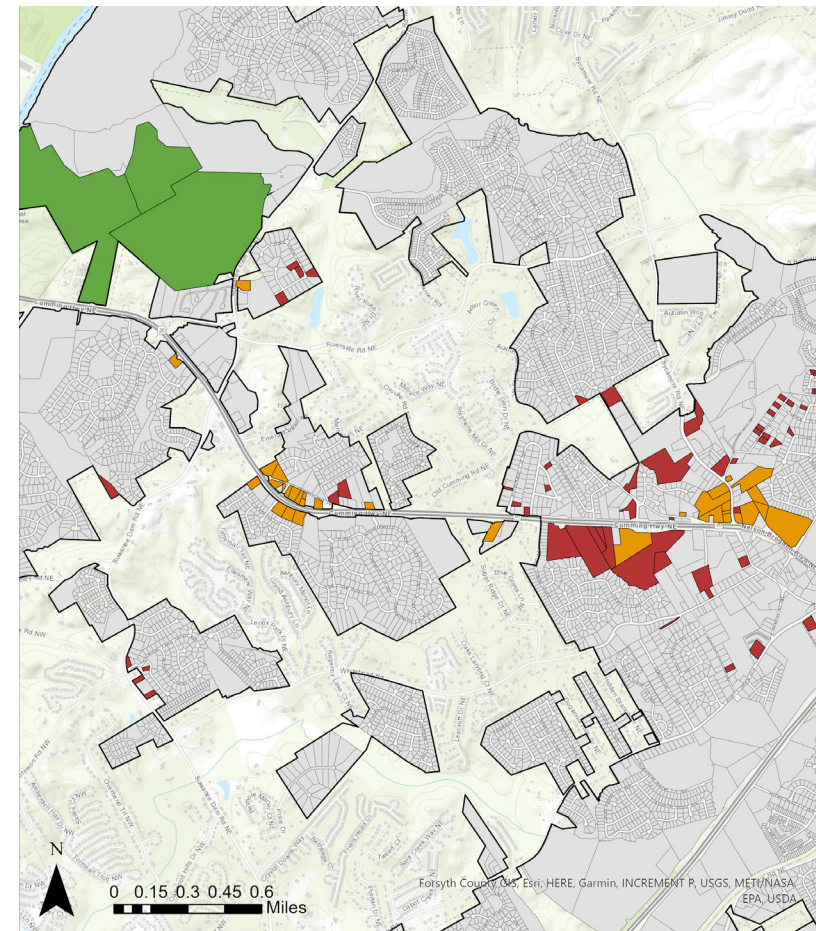


housing demand analysis

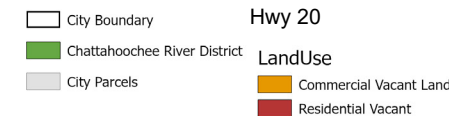


Vacant Land Analysis. What conclusions can you draw from this?

1. There is a shortage of available, developable land for conventional single-family housing types.
 - This supply shortage is a factor in increasing housing prices in the city.
2. There continue to be options for sustaining growth, albeit limited. The options are to obtain more land, through annexation or acquisition, or adjust the type of development to one that is less land-intensive.
 - The second option would likely require the retooling of city zoning codes and ordinances to allow for a wider variety of housing types, particularly for-sale products on smaller lots, or attached for-sale units.



**Sugar Hill
Vacant Land Analysis
Hwy 20 Corridor**



Source: Sugar Hill Planning and Development, Bleakly Advisory Group

Sugar Hill Housing Survey and Focus Group



sugar hill housing survey + focus group



Overview: Housing Survey Results

In fall of 2020, the City of Sugar Hill, Georgia retained Bleakly Advisory Group, Inc. (BAG) to to conduct a Citywide Housing Study and Needs Analysis; to analyze demographic and housing development trends within the Northwest corner of Gwinnett County, Georgia. The purpose of this study was to create a realistic evaluation of current and future market trends that will impact the city over the coming years. BAG studied trends driving recent residential development within the study area and forecast future demand potential. over the next 20 years.

We also evaluated existing land uses and the availability of suitable sites to accommodate future demand. As an early task, BAG conducted a housing survey and interviewed a representative sample of stakeholders to understand varying opinions on issues, challenges and opportunities within the study area. From those interviews and during the public meetings that followed, several consistent questions emerged, which helped to focus the market research.

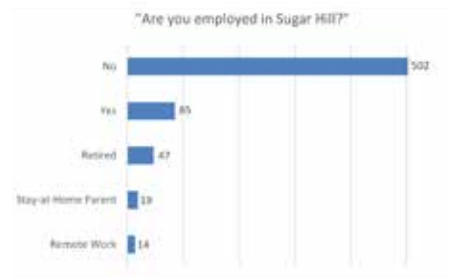
Highlights of the Sugar Hill Housing Survey and Focus Group engagement appear on the following pages.



sugar hill housing survey + focus group



Housing Survey Results



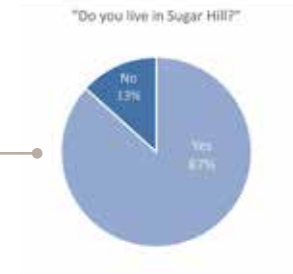
Survey10.png

Question O – “Are you employed in Sugar Hill?”

- 75% reported that they are not employed in Sugar Hill.
- 7% of those surveyed are retired.

Question Q – “Do you live in...?”

- 87% of those surveyed live in Sugar Hill.
- 10% reported that they live elsewhere in Gwinnett County.
- The remaining 3% live in the surrounding counties (Hall, Forsyth, Fulton, DeKalb), or in some cases, “Elsewhere in Georgia.”



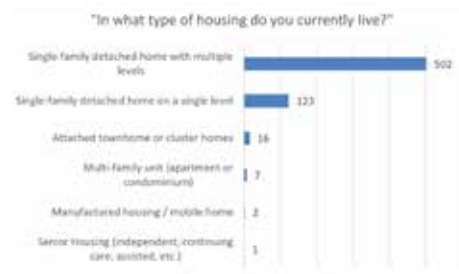
Survey5.png



Survey6.png

Question R – “If you live IN Sugar Hill, please select your top three reasons for choosing to live in your location.”

- “Schools” is the most frequently cited reason for living in Sugar Hill.
- “Affordable housing” and “small-town feel” were common write-in answers, though often accompanied by the concern that those Sugar Hill attributes are eroding.



Survey7.png

Question AC – “If you live ELSEWHERE, please select your top three reasons for choosing to live OUTSIDE of Sugar Hill?” (Choose all that apply) 82 responses.

- The most frequent answer was “Lack of the type of housing I want.” The second most frequent answer was, “Housing is too expensive here.”
- The two least frequent answers were “Safety” and “Schools.”

Question AL – “In what type of housing do you currently live?”

- 96% answered “Single-family home.”

sugar hill housing survey + focus group



Housing Survey Results



Survey11.png

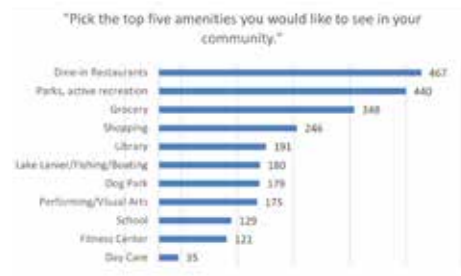
Questions AM, AN, AO, AP – “Do you plan to change your residence in the next 12-18 months?” ... “If you plan to change residence in the next 12-18 months, do you plan to own or rent?” ... “If you are likely to buy a home in the next 12-18 months, in which price range would you likely purchase?” ... “If you are likely to rent a home in the next 12-18 months, in which price range would you likely pay for rent each month?”

- 544 people responded that they do not plan on moving within the next 12-18 months.
- 107 people responded that they do plan on moving.
 - Of these 107, 86% indicated that they plan on owning a home.
 - Of these 107, 33% expressed interest in owning a home valued at \$201,000-\$300,000... 26% want to purchase a home valued between \$301,000-\$500,000... 13% want to buy a home over \$500,000.
- This should be considered when calls for cheaper homes are made in free-response answers later in the survey—it appears that almost 40% of Sugar Hill desire homes valued at over \$300,000.
- Of course, there is bias in this survey: of those who responded to the housing survey, 96% are already homeowners, and 55% of households make over \$100,000 annually.

sugar hill housing survey + focus group



Housing Survey Results



Survey8.png

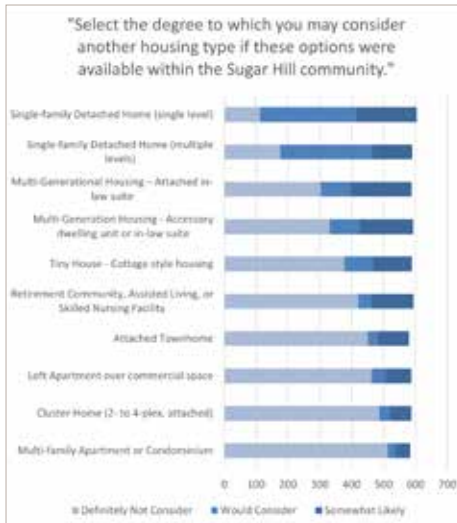
Question BB – "From the list below, pick the top five amenities you would like to see in your community."

- Top answer: "Dine-in restaurants." Followed by "Parks, active recreation." Followed by "Grocery."
 - In the open-ended free-response section at the end of the survey, a significant number of people called for the development of the Greenway.
- Bottom answer: "Daycare."

sugar hill housing survey + focus group



Housing Survey Results



Survey9.png

Question AQ – “Please select the degree to which you may consider another housing type if these options were available within the Sugar Hill community. The corresponding photos below provide a general reference for each housing type.”

- Survey respondents favor Single-family detached single-level homes above all other housing types.
- The least desirable housing type is a multifamily apartment or condominium.
 - This is made clear in the open-ended free-response section. People specifically call for more single-family detached construction and request that apartments not be constructed in Sugar Hill.

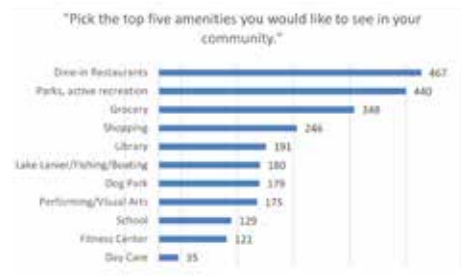
Again, there is implicit bias in the survey demographics; they fear congestion and loss of the “small-town feel” if apartments pop up.

- Loft apartments over commercial space was not a popular answer, statistically. However, in the open-ended section, people voiced their desires for loft apartments a-la-Suwanee.
- Multi-generational housing types were the 3rd & 4th most popular. Considering that ranch-style detached housing was the most popular, the support for this housing type indicates the desire for housing to accommodate the elderly and aging population.
- Tiny homes and cottages were surprisingly the 5th most favorable housing type.

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Housing Survey Results



Survey8.png

Questions BN and BO – Open Ended

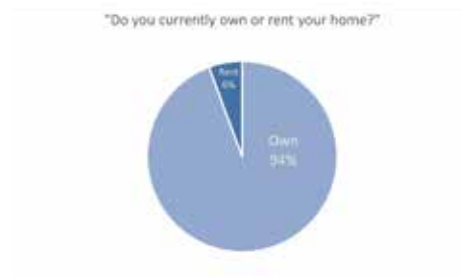
"What would you most like to see in housing options offered in Sugar Hill?"

"Do you have any other comments for us as we continue this project?"

sugar hill housing survey + focus group



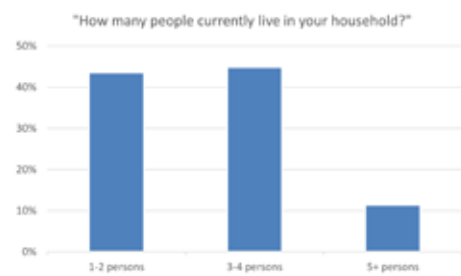
Housing Survey Results



Survey1.png

Question K – “Do you currently own or rent your home?”

- 94% of survey respondents were homeowners, and 6% were renters. In Sugar Hill, the actual tenure spread is 84.5% homeowner, 15.5% renter.
- One explanation for this is that renters are more likely to perceive themselves as transient to Sugar Hill and may lack the motivation to return feedback about their community.



Survey2.png

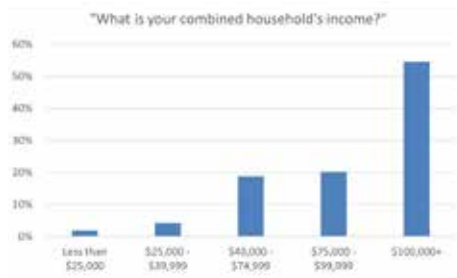
Question L – “How many people currently live in your household (including yourself and any children)?”

- The proportions of 1-2 persons and 3-4 person households are about equal, at 44% and 45% respectively. Spotlight data pinned the actual spread at 41% and 40%.
- Households with 5+ people responded at a rate of 11%. Spotlight data shows that 18% of Sugar Hill households are comprised of 5+ people.
- The proximity of the household size demographics between the survey results and Spotlight data suggests that the survey is representative of Sugar Hill's population.

sugar hill housing survey + focus group



Housing Survey Results



Survey3.png

Question M – What is your combined household's income?"

- 55% of households reportedly earn over \$100,000 each year.
- 39% of households surveyed earn between \$40,000 and \$100,000.
- 6% of Sugar Hill households surveyed reported a combined household income of less than \$40,000.



Survey4.png

Question N – "How long have you lived in your current location?"

- The most frequent survey response, at 32%, was "1-5 years."
- The least frequent survey response, at 6%, was "Less than one year."
- Almost half of the survey respondents answered with either "6-10 years" or "11-20 years."
- The 14% of 'old Sugar Hill' respondents who reported "21+ years" is significant.

As part of this study, a focus group made up of members of the public, private, and non-profit communities met for an extensive stakeholder engagement process to help identify how Sugar Hill is working to address housing issues and how they can improve.

- Affordability
- Downtown Investment
- Lot Scarcity
- Diverse Housing Options
- Land Acquisition & Growth



sugar hill housing survey + focus group



Stakeholder Engagement: Affordability

- The market is squeezing out seniors and those who are coming out of high school.
- Demand is robust for affordable housing in the city.
- There is no emergency housing at Buford Housing Authority. They are focused on LIHTC and RAD.
- All the ingredients are available for affordable housing in the city - housing authority, a willing city, and a variety of developers who would jump to do senior or family affordable housing. The tools are there to do affordable housing, and there needs to be political will.
- Along with land costs, the rising costs of construction and labor hamper affordability efforts.

Stakeholder Engagement: Downtown Investment

- Sugar Hill has invested in its downtown, a lot of people are going to want to live here, but there are not enough options to meet the demand.
- Investment in downtown helps instill confidence in the Sugar Hill market and the belief that the city will continue to grow.
- There are many recreation opportunities in Sugar Hill, which is another reason this market may continue to grow. Like Suwanee, Sugar Hill's Downtown area gives the city a destination and "high ceiling" with room to grow.

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Stakeholder Engagement: Lot Scarcity

- “Critical” shortage of lots contributes to the rising costs of housing and hampers potential affordability efforts.
- The pricing of land makes affordability difficult because of the supply scarcity.
- Townhomes may help those seeking homeownership as the key to affordability.
- Until there are more lots, prices will continue to increase because demand is there, and the land is scarce.

Stakeholder Engagement: Land Aquisition and Growth

- “Annexation and land acquisition could be a potential solution to the lot scarcity issue.
- The Sugar Hill greenway may be an avenue for more land acquisition.
- School boundaries are essential to consider when evaluating potential growth options

Stakeholder Engagement: Diverse Housing Options

- Multifamily demographic in Sugar Hill experienced a skew towards the older demo, which means more empty nesters.
- Smaller footprint housing opportunities - that may not be multifamily - would be attractive to smaller households.
- A confluence of factors has contributed to suburban apartments’ success - developers have been looking into suburban markets because in-town costs have gotten so expensive (land and demand cause prices to increase). Sugar Hill is “urbanizing” on a micro-scale while still maintaining its suburban character.
- There is a potential bump in suburban markets in the short term because of the COVID-19 pandemic, but developers anticipate that urban market growth will come back.

imagery



The imagery used in this report belongs to Bleakly Advisory Group or was collected from various online sources, such as Flickr Commons, City of Sugar Hill Facebook, etc.

It does not represent work designed or completed by Bleakly Advisory Group, rather it is shown to express an idea or provide an example.



BleaklyAdvisoryGroup

TERMS and LIMITING CONDITIONS

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