Tackling Vacancy and Abandonment:
Strategies and Impacts after the Great Recession

Center for Community Progress
Vacant Spaces into Vibrant Places

Federal Reserve Bank *of* Cleveland
Cleveland | Pittsburgh | Cincinnati

Federal Reserve Bank *of* Atlanta

This article is excerpted from ***Tackling Vacancy and Abandonment: Strategies and Impacts after the Great Recession***, a new edited volume from the **Center for Community Progress** and the **Federal Reserve Banks of Atlanta and Cleveland**.

Building Resilience:
Leveraging Innovative Partnerships and Low-Cost Capital to Meet Affordable Single-Family Housing Needs

John O'Callaghan
Mandy Eidson

Introduction

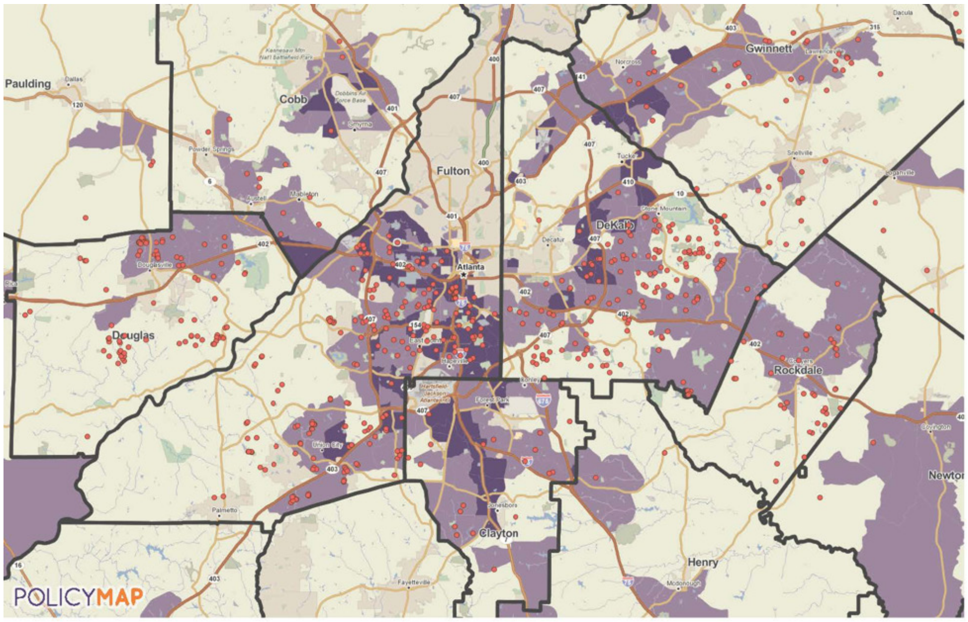
More than a decade after the 2007-2008 foreclosure crisis, our nation is reckoning with social, economic, and racial disparities compounded by the effects of the COVID-19 pandemic. In addition to its immediate public health impacts, COVID-19 has deepened already pervasive inequities faced by low-income families and people of color, for whom the American Dream has never been an equal-access opportunity. Communities of color that have historically suffered from disinvestment and other discriminatory practices have borne the brunt of COVID-19, with minorities experiencing higher death rates, job losses, and business closures than Whites.

In this climate, COVID-19 has thrown a spotlight on the deep racial inequities in housing and other systems while illustrating the fundamental importance of housing stability to protecting public health. Rising housing costs, supply gaps, and displacement risks facing long-time residents have been severely compounded by the pandemic, presenting new challenges for already disadvantaged residents and neighborhoods. Now more than ever, community development organizations are tasked with building organizational resilience to address growing housing challenges and deliver a scaled response to our nation's dire housing needs.

Since its inception in 1991, the Atlanta Neighborhood Development Partnership, Inc. (ANDP) has been at the forefront of building scalable and replicable models for addressing systemic disparities through affordable housing development. In particular, the organization's Foreclosure Response Program—launched in 2008 in direct response to the devastating foreclosure crisis—has proven a resilient model for affordable single-family development, which is badly needed in cities like Atlanta, where the bulk of affordable housing is single family and where the homeownership divide and related wealth gap between Black and White households present one of the greatest obstacles to racial equity. Over the years, ANDP has adapted its single-family production strategies in response to changing market conditions and funding opportunities, enabling the organization to become a regional leader in rehabilitating and repopulating single-family homes for low- and moderate-income (LMI) households.

As new resources at the local and federal levels emerge to address affordable housing challenges, ANDP is doubling down on its efforts to further scale its production

Figure 1. ANDP Single-Family Developments Shaded by LMI Census Tracts, January 2010 – June 30, 2020



ANDP-rehabilitated properties   Low-income census tracts   Moderate-income census tracts

Note: Several properties in outlying areas have been excluded from the map owing to visual formatting restrictions.
Source: Atlanta Neighborhood Development Partnership

and mitigate the more recent impacts of the COVID-19 pandemic. Beginning in 2020, the organization has embarked on an unprecedented plan to preserve or build 2,000 units of affordable housing over the next five years, including 1,250 affordable multifamily units; 500 affordable homeownership units; and 250 single-family rental units. Key to the organization's success will be its continued ability to respond nimbly and flexibly to uncertain market conditions–a skill that ANDP has honed over the past decade through the creation of risk-sharing partnership models and innovative strategies for raising capital.

In this report, we share how ANDP's development model has evolved and expanded since the foreclosure crisis and how other nonprofit housing organizations can use these strategies to minimize risks, build resilience, and maximize outcomes for LMI residents and communities of color. Today, with the longer-term impacts of the COVID-19 pandemic still unfolding, such strategies offer compelling examples of how to mount an effective response to the array of challenges facing our nation's most vulnerable residents and communities.

Building Resilience: ANDP's Comprehensive Foreclosure Response Efforts

Over the past 13 years, ANDP has developed and continuously refined a production model that prioritizes and links risk-sharing partnerships and leverages enterprise-level capital to achieve scale in developing affordable single-family housing. This work began in 2008 when ANDP shifted from being a primarily urban-focused multifamily housing developer to launching a large-scale Foreclosure Response Program focused on rehabilitating vacant and blighted single-family properties. At the time, Georgia was facing the nation's highest rate of bank failures, and Atlanta consistently ranked in the nation's top metro areas for foreclosures (Georgia Watch, 2010). In response, ANDP's board of directors unanimously voted to redirect all of the organization's programming (housing development, lending, and advocacy) toward combating metro Atlanta's devastating tide of foreclosures. Since that time, ANDP has increased its production of single-family housing from a six-home pilot to a pipeline now totaling over 700 homes benefiting LMI families, with 122 single-family units affected in fiscal year 2020 alone.

ANDP's Foreclosure Response Program has achieved significant outcomes for local residents and neighborhoods. Of the 700+ single-family units rehabilitated by ANDP as of June 30, 2020, the majority of ANDP's production has been scattered throughout the Atlanta MSA, with a targeted focus on predominantly African American LMI communities south of Interstate 20 and along the Interstate 85 corridor (see Figure 1). Residents

Table 1. ANDP Homebuyer Demographics by Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
# Home-buyers	86	62	64	51	39	38	54	68	53	70	**585**
# Household Members	193	120	142	111	83	116	119	139	102	128	**1,253**
# Children	83	45	57	40	32	60	44	48	34	40	**483**
Average Income	$41,458	$39,347	$40,027	$36,002	$38,544	$39,767	$43,008	$46,116	$46,305	$47,974	**$42,561**
Average AMI Level	70%	70%	77%	67%	73%	65%	81%	83%	79%	77%	**75%**
Average Sales Price	$109,976	$98,440	$89,092	$102,738	$115,797	$125,727	$143,512	$151,144	$155,957	$168,406	**$126,287**
Average DPA	$19,940	$19,633	$16,751	$18,193	$12,863	$10,973	$12,916	$11,691	$8,464	$6,632	**$14,113**
% Receiving DPA	100%	100%	98%	96%	97%	95%	81%	68%	55%	41%	**82%**
% Female	67%	77%	63%	49%	46%	55%	56%	56%	51%	50%	**58%**
% Hispanic	0%	0%	0%	6%	8%	11%	9%	10%	9%	13%	**6%**
% African American	94%	98%	83%	63%	56%	63%	61%	53%	62%	61%	**71%**
% White	6%	2%	17%	29%	38%	29%	30%	28%	30%	29%	**22%**
% Other	0%	0%	0%	8%	6%	8%	9%	19%	8%	10%	**7%**

Source: Atlanta Neighborhood Development Partnership

in these areas were especially hard hit by the foreclosure crisis and suffered disproportionately from high rates of homeowner negative equity in its wake. In some suburban counties–where the poor population more than doubled from 2000 to 2015 (Brookings Institution, 2017)–ANDP has often been one of the few affordable housing nonprofits, and in some cases the only one, engaged in rehabilitating and repopulating single-family homes for LMI households.

As indicated in Table 1, which shows a breakdown of ANDP's homebuyer demographics by fiscal year, ANDP's work has primarily benefitted low-income families, first-time homebuyers, African Americans, and female heads of household. The program has served over 1,250 residents, including 483 children, with an average household income of $42,561, or 75 percent of area median income. Approximately 82 percent of ANDP's homebuyers have received down-payment assistance to help reduce their home purchase costs, allowing families with limited savings to access homeownership and build equity. With an average home purchase price of $126,287, the majority of ANDP's homebuyers have found homeownership to be more affordable than renting.

In addition to providing cost savings for LMI residents, ANDP's single-family work has further helped build resident and neighborhood wealth, restore lost homeownership levels, and enhance neighborhood stability and other outcomes in communities hard hit by the foreclosure crisis. Through studies commissioned in Douglas and DeKalb Counties, ANDP has found as much as a 15:1 leveraging effect for every dollar invested in home repairs, which helps to lift property values in neighborhoods mired in negative equity and restore home equity among affected families (ANDP and Epic Intentions, 2015; ANDP and DeKalb County, 2017). Furthermore, a 2019 study conducted by ANDP found that homebuyers who have been living in their homes for five years or longer have experienced $88,797 in average wealth gains through home price appreciation, down-payment assistance, and mortgage paydown. The study also found that 93 percent of ANDP's homebuyers are still living in their homes, leading to greater neighborhood stability, lower student transiency rates, and improved educational outcomes (ANDP, 2019).

Today, ANDP remains focused on developing affordable single-family homes in distressed neighborhoods and generating wealth for low-income families and families of color. The restoration of equity is of utmost importance in metro Atlanta, which currently leads the nation in income inequality and ranks second-to-last for upward mobility (Bloomberg, 2018; Chetty et al., 2014). Given the 10:1 wealth divide and 29 percent homeownership gap between White and Black households (Omeokwe, 2020), expanding affordable homeownership opportunities for households of color is critical to addressing many of the pervasive racial disparities witnessed across our city and nation.

Adapting to changing market conditions: From NSP to private capital and partnerships

ANDP's scaled production and its impact have been predicated on thoughtful strategies to adapt to changing market conditions and transition its work from being largely HUD funded to being supported by a diverse mix of public, private, and charitable funds. Simultaneously, the organization has forged risk-sharing partnerships with private developers to maximize acquisition opportunities and learn from the efficiencies of the private sector. As ANDP pursues its goal to preserve or build 2,000 units of affordable housing by 2025, the organization will continue to build on these strategies while navigating new challenges posed by COVID-19.

Key to the early success of ANDP's Foreclosure Response Program was federally funded programs, including the Neighborhood Stabilization Program (NSP)[1] and HOME funding for designated community housing development organizations (CHDOs).[2] Authorized by Congress in three rounds from 2008 to 2010, the NSP provides targeted emergency assistance to reduce the number of foreclosed and abandoned properties and restore depressed housing markets. The NSP fueled the bulk of ANDP's single-family housing production from 2010 to 2015, during which time ANDP established partnerships with seven metro Atlanta jurisdictions to implement their NSP programs. ANDP became one of the largest NSP1 and NSP3 producers in the nation, with over $34 million in NSP funding leveraged since 2010.

When NSP funds began to dry up, ANDP made a strategic decision in 2013 to apply for certification as a community housing development organization in several local jurisdictions. By becoming a CHDO, ANDP increased its access to federal HOME funds for foreclosure redevelopment administered by local governments so that it could continue to redevelop single-family homes at scale. Although becoming a CHDO added complexity to ANDP's internal operations—since each jurisdiction has different program requirements and disbursement processes—it allowed ANDP to continue rehabbing single-family homes at minimal financial risk, since ANDP is reimbursed for all cost overruns on homes acquired and redeveloped through the HOME program. In addition, ANDP has been able to rotate approximately 60 percent of proceeds from the sale of its HOME-funded homes to rehabilitate additional HOME properties, further augmenting its single-family pipeline.

Another strategy that ANDP enacted to mitigate the impact of declining NSP funds was its participation in real estate owned (REO) disposition programs, including bank REO portfolios.

From 2013 to 2017 ANDP received more than 50 single-family REO properties, largely from Bank of America and Wells Fargo. Acquired at no cost to ANDP, many of these homes were redeveloped and made available at highly affordable prices for veterans and other low-income buyers. From 2016 to 2018, ANDP additionally benefited from "first look" opportunities to bid on discounted REO properties held by Fannie Mae and Freddie Mac through the Neighborhood Stabilization Initiative (NSI).[3] However, these offerings decreased over time as foreclosures dwindled and the availability of REOs declined.

Transitioning to philanthropic support and private developer partnerships

When it became apparent that federal funding for the redevelopment of foreclosed properties was diminishing, ANDP's board of directors approved plans to expand homeownership production outside of traditional HUD funding sources and implement innovative risk-sharing partnerships with local private developers. Although programs like the NSP and CHDO came with distinct advantages–including full reimbursement of project costs–these programs entailed significant compliance and reporting functions and limited ANDP's ability to serve

Table 2. Evolution of ANDP Single-Family Development Capital Resources and Financial

Timeline	Program	Resources	Risks
2008	Pilot Homes	$20k/home philanthropy; Debt: HPN, Self-Help, CDFIs	Full Risk
2009-2020	NSP	HUD funding via competitive county NSP bids	Compliance Risk
2013-Present	HOME	HUD funding via competitive county HOME bids	Compliance Risk
2013-2017	REO Donations	REOs: direct and via NCST; CDFI construction debt	Limited Risk
2013-2015	Private Partner Pilot	$200k initial enterprise capital; CDFI debt	Shared Risk
2016-2019	Private Partner	$2M-5.5M enterprise capital; social impact; CMF; NMTC	Shared Risk
2020	Private Partner Expanded	$8.8M enterprise capital; social impact; CMF; NMTC	Shared Risk
2020-2025	"2K by 2025" Campaign	$438M: enterprise, philanthropy, social impact, CMF, NMTC	Shared Risk

Source: Atlanta Neighborhood Development Partnership

particular jurisdictions where funds were allocated. By raising private capital, ANDP has been able to broaden its impact across the 10-county metropolitan region, take advantage of unique acquisition opportunities in distressed markets, and leverage private funds to access other sources of public capital such as new markets tax credits (NMTCs)[4] and the Capital Magnet Fund (CMF).[5] These strategies have positioned ANDP to embark on its recently launched "2K by 2025" plan to preserve or create 2,000 units of affordable housing by 2025. ANDP anticipates that this initiative will leverage $438 million in total investments sourced from enterprise-level debt, social impact funds, $18 million in charitable grants, and public funds like the CMF, NMTCs, and low income housing tax credits, with approximately $100 million invested in single-family homeownership projects and $40 million in single-family rental units.

ANDP's pursuit of new production strategies and capital resources (Table 2) has enabled the organization to grow while minimizing operational risks. From its initial six-home pilot in 2008–when ANDP assumed full financial risk for project delivery–to today, ANDP has navigated a changing environment of federal funding and acquisition opportunities while innovating risk-sharing execution models with private developers and securing more flexible capital such as philanthropic grants and enterprise-level debt. These strategies have ultimately bolstered ANDP's financial position and capacity to serve its mission at greater scale.

Transitioning from its reliance on HUD funding has been a long but rewarding process for ANDP, requiring considerable relationship-building and fundraising capacity. ANDP's first significant foray into raising private charitable capital for single-family housing development was its "One Home Makes a Difference" campaign from 2012 to 2015, which leveraged over $4 million in private equity to rehabilitate 275 homes in hard-hit metro Atlanta neighborhoods. Funds were raised through new and existing relationships with local and national corporations, foundations, and individuals, as well as bank settlement funds and funding from NeighborWorks America–of which ANDP became a chartered member in 2013.[6] That same year, ANDP further broadened its Foreclosure Response Program to include a special focus on veterans and active duty personnel, generously funded by the Home Depot Foundation and other veteran-focused groups.

Since the "One Home Makes a Difference" campaign, ANDP has continued to expand its charitable fundraising through annual campaigns and special initiatives such as "Home South DeKalb," a three-year initiative launched in 2018 to invest $20 million and restore a minimum of 100 single-family homes in hard-hit neighborhoods of suburban South DeKalb County. With generous support from Kaiser Permanente and the Kendeda Fund, ANDP has incorporated higher energy-efficiency protocols and health standards for its South DeKalb homes while providing down-payment assistance, homebuying resource guides, and other "housing plus" benefits to local residents.

A critical component of ANDP's work is understanding when and where to lead community development activity and when to support the work of others. Whereas in suburban areas like South DeKalb ANDP has taken on a "community quarterback" role–given ANDP's expertise in scattered site work and the absence of other high-capacity nonprofits active in these areas–it has strategically taken a more supportive role in inner-city revitalization efforts. Recent urban initiatives include ANDP's involvement in Atlanta's Pittsburgh neighborhood, a fast-gentrifying, historically African American community south of downtown where ANDP is partnering with the Annie E. Casey Foundation (AECF) to redevelop and construct single-family homes on parcels that AECF acquired in the wake of the foreclosure crisis. In Atlanta's distressed Westside neighborhoods such as Vine City and English Avenue, ANDP has also recently entered into a partnership with the Westside Future Fund to redevelop an initial 30 homes. By participating in these initiatives, ANDP is able to leverage private capital for developing affordable single-family housing to support the broader place-based efforts of local stakeholders who are well positioned to lead holistic community transformation.

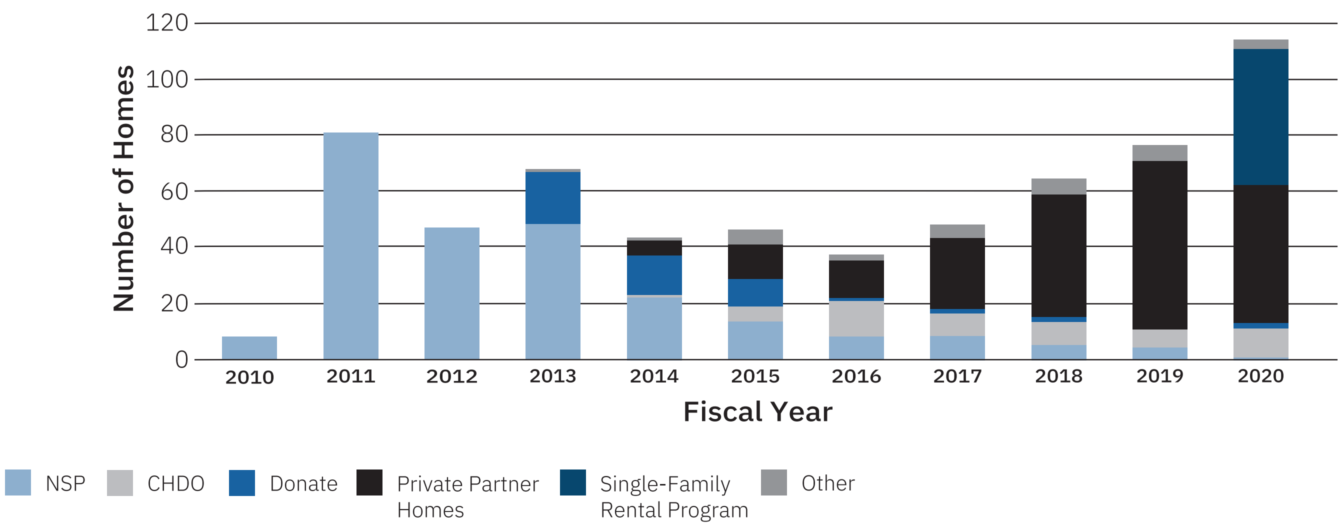
ANDP's Private Developer Partnership Program

Critical to ANDP's scaled production has been its innovative Private Developer Partnership Program, which the organization first piloted in mid-2013 as it began transitioning away from the NSP. Confronted with dwindling HUD subsidies for the development of foreclosed properties, the organization began developing strategic partnerships with mission-aligned private developers to rehabilitate affordable single-family homes using a market-based flip model. Working with as many as eight general contractors ranging in size from sole proprietorships to scaled single-family developers, ANDP deploys its own capital to fund projects and collaborates with its partners to maximize "first look" opportunities for REOs. Partners scout for projects that meet ANDP's geographic mission, sustainability, and financial objectives, while ANDP provides portfolio oversight and delegates decisions on project execution and scope of work. ANDP also provides community engagement support, expanded access to down-payment assistance, close connections to real estate professionals serving LMI borrowers, and parcels for new construction. The program has become a hallmark of ANDP's operations, with private partners accounting for 79 percent of ANDP's homeownership production during ANDP's 2020 fiscal year (July 1, 2019—June 30, 2020).

Through this program, ANDP benefits from the efficiencies and production capacity of its private-sector partners while maintaining a lean core staff. ANDP partners with developers that are mission-aligned, have a demonstrated track record of working in ANDP's lower-income target areas, and can ensure sales points affordable to households earning no more than 120 percent of area median income. Beyond wanting to further ANDP's mission, private partners benefit from incentives such as developer and management fees and profit splits from sales proceeds. Partners also share a smaller portion of loss risks. Since ANDP provides all the capital for home acquisition and construction costs, its partners are freed from having to carry these or associated debt costs on their books. Many of the smaller, African American–led contractors with which ANDP partners have been able to increase their staff and business operations as a result of these partnerships, allowing them to recover from the aftermath of the foreclosure crisis that devastated countless minority developers and real estate professionals. For these groups, the presence of a strong nonprofit partner that can consistently provide steady business and pay timely invoices is the recipe for fueling their growth.

As depicted in Figure 2, ANDP's production of single-family housing more than doubled from fiscal year 2016 to fiscal year 2020, largely because of its Private Developer Partnership Program. Over the years, ANDP's private partners have been critical to implementing new programs such as ANDP's Veterans Program, NMTC Program, and place-based initiatives in areas like Atlanta's Pittsburgh neighborhood and South DeKalb County. More recently, ANDP has begun partnering with several of its private partners to construct new single-family

Figure 2. ANDP Single-Family Production by Fiscal Year and Program Type



Source: Atlanta Neighborhood Development Partnership

Table 3. ANDP Single-Family Production by Fiscal Year and Disposition Type

Disposition	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
For Sale	15	88	54	67	50	50	40	55	70	81	66	636
For Rent	0	0	0	7	0	3	4	0	1	1	51	67
Lease-Purchase	0	0	0	0	0	0	0	0	0	1	5	6
Total	**15**	**88**	**54**	**74**	**50**	**53**	**44**	**55**	**71**	**83**	**122**	**709**

Source: Atlanta Neighborhood Development Partnership

homes. Since pricing estimates for new builds are typically easier to predict and control than those for distressed properties–whose rehab costs can be difficult to estimate at the time of purchase–this approach is often proving to be more financially reliable than ANDP's conventional rehab work.

In addition to augmenting ANDP's production of single-family housing for homeownership, private partners have been critical to managing ANDP's increased single-family rental and lease-purchase portfolio, which saw the addition of 56 units in fiscal year 2020, as shown in Table 3. In recent years ANDP has been actively adding to its single-family rental portfolio in order to: (1) address the need for affordable rental opportunities in metro Atlanta, where rents have been rising dramatically and the bulk of affordable housing is single family; (2) ensure greater ownership of single-family rentals by nonprofits as opposed to institutional investors, who often charge high fees and strip away wealth from local neighborhoods; (3) preserve affordability in gentrifying areas, thereby reducing displacement and enhancing neighborhood stability; and (4) help position families from renting to owning over time. To this end, ANDP launched a city-focused Atlanta Single-Family Preservation Initiative (ASFPI) in 2020 that is on track to

Table 4. ANDP Enterprise-Level Capital for Single-Family Development by Fiscal Year

	2014	2015	2016	2017	2018	2019	2020
Enterprise-Level Capital	$200,000	$600,000	$2,275,000	$2,525,000	$4,100,000	$5,550,000	$8,800,000
Number of Investors	2	2	5	6	7	9	10
Weighted Average Interest	3.13%	3.21%	3.18%	3.19%	3.15%	3.07%	2.55%
Weighted Average Term (mos.)	36	36	69	65	61	57	64

Source: Atlanta Neighborhood Development Partnership

preserve over 55 units of affordable single-family rental homes by year-end 2021. Two of ANDP's private developer partners are providing rehabilitation and property management services for this initiative, which is serving a very low-income clientele, the majority of whom (more than 70 percent) hold Section 8 vouchers.

Beyond its private development partners, ANDP has partnered with other organizations to expand access to down-payment assistance for ANDP and non-ANDP homebuyers, filling yet another mission niche. In recent years ANDP has successfully managed several privately funded down-payment assistance programs through special opportunities provided by NeighborWorks America/Wells Fargo, Bank of America, and the Federal Home Loan Bank of Atlanta.[7] Considering that saving for a down payment and other upfront costs is often the greatest barrier for first-time homebuyers, these programs have been pivotal in expanding local affordable homeownership opportunities. Through these programs, more than 1,000 metro Atlanta homebuyers have received some form of down-payment assistance thanks to ANDP's efforts.

Leveraging low-cost, enterprise-level capital to build resiliency

Another essential strategy of ANDP's efforts to build resiliency and scale its work has been its success in raising low-cost, enterprise-level debt to support its production of single-family housing. When ANDP first launched its Foreclosure Response Program, the organization was borrowing at high rates (6 percent interest and higher) on a property-by-property basis, requiring individual draws and transaction fees for each home. Beginning in 2012, ANDP began pursuing unsecured, lower-cost, enterprise-level loans from local and national banks that it could use as rotating capital for its single-family work. As depicted in Table 4, ANDP has since increased its enterprise-level debt sources to $8.8 million, with 10 mission-aligned investors providing program-related investments for its single-family homeownership work. ANDP's enterprise-level loans have an average interest rate of 2.55 percent and typical terms of three to seven years, providing the organization with a sustainable cash source for acquiring and developing single-family homes. While the majority of ANDP's single-family investors are CRA-motivated banks,[8] ANDP has also been successful in securing social impact funds from groups like NeighborWorks Capital, the Community Foundation for Greater Atlanta's GoATL Fund, and the newly formed Atlanta Affordable Housing Fund.

The process of raising enterprise-level capital has involved significant relationship building with investors and the internal capacity to manage multiple investment applications, reporting, and compliance needs. The payoff, however, has been substantial. Raising longer-term, lower-interest enterprise-level debt has enabled ANDP to reduce its net borrowing and debt management costs by approximately $8,500 per home, compared to what it would otherwise cost were ANDP still borrowing at 6 percent to 6.5 percent interest on a property-by-property basis and managing construction draws. These savings translate into reduced costs for homebuyers and improved financial outcomes for ANDP.

Raising enterprise-level capital has also been pivotal to the success of ANDP's NMTC program, which ANDP launched in 2017 with its first $10 million NMTC suballocation from the Housing Partnership Network (HPN). At this time, ANDP partnered with the Smith NMTC Associates and the HPN to build on Habitat for Humanity International's creative use of NMTCs for single-family homeownership projects, which Habitat first developed for its membership of high-capacity nonprofit developers. ANDP subsequently partnered with the HPN in 2019 on a second $10 million NMTC suballocation and is partnering with Reinvestment Fund and Enterprise Community Partners on two separate 2021 NMTC transactions. Through the NMTC program, ANDP receives upfront cash to quickly acquire, rehabilitate, and sell single-family homes to LMI families in NMTC-eligible census tracts. Thanks to the cash infusion, NMTC proceeds are providing a critical subsidy to cover the gap between what it costs to buy, rehabilitate, and sell single-family homes at affordable prices and/or provide down-payment assistance in distressed neighborhoods. However, ANDP must provide a leveraged investment for NMTC equity that cannot be secured by property-level loans. For this reason, obtaining unsecured, low-cost, enterprise-level capital is central to ANDP's successful use of NMTCs.

Low-cost, longer-term (seven years or more) capital is also central to increasing ANDP's single-family rental portfolio. In 2020, ANDP leveraged highly competitive mortgage capital from RBC Bank and Renasant Bank with below-market impact investments from the Atlanta Affordable Housing Fund to access low-cost debt sourced from the City of Atlanta's housing opportunity bond and managed by Invest Atlanta. In early 2021, Atlanta Mayor Keisha Lance Bottoms and the Atlanta City Council approved an additional $50 million in bond funding, with an eye toward ultimately issuing $100 million in housing opportunity bonds to preserve or create approximately 3,500 affordable units across the city (SaportaReport, 2021). Thanks to these sources as well as an additional $750,000 in social impact investment from the Community Foundation for Greater Atlanta's GoATL Fund in South DeKalb County, ANDP has been able to double its single-family rental portfolio to 100+ homes and is on track to preserve or create 250 single-family rental homes by 2025 as part of its goal to build 2,000 units in five years.

The Impact of COVID-19 and Strategies on the Horizon

In the wake of the COVID-19 pandemic, the need for expanded affordable single-family homeownership and rental opportunities is all the more pressing, particularly for low-income residents and families of color. As countless reports have already indicated, the pandemic has disproportionately affected minorities from both a health and a socioeconomic perspective. Disparities in health care and access to health care have contributed to vastly higher COVID-19 case counts among Black residents in areas like Fulton County, where African Americans comprise 43 percent of the population but are suffering 69 percent of COVID-19-related deaths (Georgia Department of Public Health, 2020). African Americans have also been more likely to suffer job and income losses and fall behind on their mortgage and rental payments, putting them at greater risk of foreclosure or eviction as a result (U.S. Census Bureau, 2020).

In this context, the already severe racial homeownership and wealth divisions are anticipated to widen further, especially considering that banks have been raising minimum credit scores, thus disadvantaging countless minority households that were already disproportionately targeted by predatory lenders preceding the foreclosure crisis and that have lower credit scores on average than Whites (Omeokwe, 2020). Furthermore, for-sale single-family housing inventory has declined, particularly in more affordable areas where Black families are more likely to purchase homes but are facing increased competition from other mortgage-ready households (Fairweather, 2020). And unlike many families that have been able to relocate to more affordable areas owing to expanded remote-work opportunities, African American workers–20 percent of whom hold jobs that allow them to work remotely, compared with 30 percent of Whites–have had fewer chances to move to more affordable or higher-opportunity areas in COVID-19's wake (Fairweather, 2020).

In metro Atlanta, ANDP has witnessed heightened demand among prospective LMI homebuyers as mortgage rates have decreased. However, the organization has experienced increasing difficulty in meeting demand because of rising development costs and a severe shortage of affordable inventory. Supply chain disruptions have led to significant increases in the costs of lumber and other materials and backlogs in the availability of household appliances. In the long term, this poses a risk for both developers of affordable single-family housing like ANDP and prospective LMI homebuyers in terms of creating untenable price increases. However, the risk that homebuyer sales will dip owing to broader macroeconomic conditions is mitigated in part by the simple fact that demand for affordable, quality, single-family homeownership and rental units is likely to continue to exceed supply and that the market will adjust correspondingly.

To confront the potential risks from COVID-19, ANDP is drawing from the lessons it has learned over the past decade to remain nimble and responsive to ever-changing market conditions. As ANDP pursues its five-year, 2,000-units plan, the organization is continuing to test new product models, including lease-purchase, accessory dwelling units, new construction, and smaller homes, all with an eye toward reducing displacement, building minority wealth through homeownership, and improving the financial trajectory of LMI families. Working with private development partners with the experience and sophistication to provide precise cost projections is also essential, as is continuing to raise low-cost, enterprise-level capital for new NMTC investments. Last but not least, ANDP's growing single-family rental portfolio is providing additional security for the organization while preserving affordability in an otherwise uncertain housing market.

Although the impetus for present-day housing challenges differs from that of the 2007–2008 foreclosure crisis, many of the strategies implemented since then have the potential to help stem negative housing effects related to the COVID-19 pandemic. What is needed now more than ever is the funding, political willpower, and strategic leadership to ensure that we not only avoid further entrenching existing disparities but also work actively to reverse centuries-old inequities that threaten our nation's most vulnerable residents and the shared communities we inhabit.

John O'Callaghan *serves as the president and CEO of the Atlanta Neighborhood Development Partnership (ANDP), where he leads the organization's programs to develop, finance, and advocate for affordable housing on a scale that promotes racial equity and healthy communities where families thrive. O'Callaghan spent nearly a decade in local government, serving as a Fulton County commissioner, Atlanta City Council member, and director of intergovernmental affairs under Atlanta Mayor Maynard Jackson. Prior to ANDP, O'Callaghan spent 11 years with Fannie Mae. His board appointments include the Housing Partnership Network, the National Housing Conference, Framework, and the Atlanta Metropolitan College Foundation. He is actively engaged in national and local policy work to address racial equity and the wealth gap through better use of government funding to support affordable homeownership. O'Callaghan is leading ANDP's "Closing the Gap" unit plan and capital campaign to develop and preserve 2,000 units of affordable housing by 2025. He is a graduate of Georgia Tech.*

Mandy Eidson *is an Atlanta native and currently senior manager of the ANDP Loan Fund, a CDFI subsidiary of the Atlanta Neighborhood Development Partnership (ANDP) that provides loans to affordable housing developers. Eidson received her bachelor's degree in English from the University of North Carolina–Chapel Hill and a master of science degree in urban studies from 4Cities, a unique program funded by the European Union in which a cohort of international students spend two years studying community development in Brussels, Vienna, Copenhagen, and Madrid. She is passionate about conducting purposeful research and securing mission-driven capital to finance affordable housing and promote equitable outcomes in metro Atlanta and Georgia. She has received extensive training in community development from NeighborWorks America, the Opportunity Finance Network, and the University of New Hampshire's Carsey School of Public Policy.*

Endnotes

[1] A component of the Community Development Block Grant (CDBG) program, the NSP is administered by the Department of Housing and Urban Development (HUD) and was first authorized by Congress in 2008 through the Housing and Economic Recovery Act. The NSP was subsequently funded through two additional rounds in 2009 and 2010 (NSP2 and NSP3). Under the program, state and local governments can use their NSP funds to acquire, demolish, and rehabilitate foreclosed or abandoned properties; establish land banks; and/or offer down-payment and closing cost assistance to LMI homebuyers. The NSP program also requires that grantees set aside at least 25 percent of funds to serve very low-income households, that is, those earning 50 percent of area median income (AMI) or less. Within these guidelines, grantees are given wide latitude to develop their own NSP programs and funding priorities in order to most effectively meet the needs of their communities (HUD, 2020a).

[2] HUD's HOME Investment Partnerships program, enacted through the 1990 Cranston-Gonzalez National Affordable Housing Act, is an ongoing grant source for states and localities to increase affordable homeownership and rental opportunities for households earning 80 percent of AMI or less. Participating jurisdictions must set aside at least 15 percent of their HOME allocations for community housing development organizations (CHDOs), which are nonprofit housing developers that apply for CHDO designation to state and local governments (HUD, 2020b).

[3] The NSI was a program developed by the Federal Housing Finance Agency (FHFA) and administered by the National Community Stabilization Trust (NCST) in 2014 to dispose of REOs held by Fannie Mae and Freddie Mac in 30 select markets across the United States. Metro Atlanta received designation as an NSI market in 2015, enabling nonprofits like ANDP to have an "enhanced first look" at Fannie Mae and Freddie Mac foreclosed properties that were not yet publicly listed for sale, allowing for savings through a quicker sale and the receipt, in some cases, of funds for demolition of certain properties based on market costs (FHFA, 2017).

[4] Authorized under the Community Renewal and Tax Relief Act of 2000, the NMTC program is jointly administered by the U.S. Department of Treasury's CDFI Fund and the Internal Revenue Service. NMTCs provide a 39 percent tax credit for investors that invest in community development entities (CDEs) serving low-income communities (CDFI Fund, 2021b). Although NMTCs are typically used to support larger-scale retail and community facilities and mixed-use projects (including multifamily rental housing), in recent years ANDP and others have pioneered a strategy to expand utilization of NMTCs for the development of affordable housing for homeownership. ANDP received its first two NMTC suballocations from the Housing Partnership Network in 2017 and 2019 to finance the development of more than 135 affordable single-family homes. Building on this success, ANDP is implementing 2021 NMTC projects with Reinvestment Fund and Enterprise Community Partners.

[5] Established under the Housing and Economic Recovery Act of 2008, the CMF is a competitive grant opportunity administered by the CDFI Fund for qualified CDFIs and nonprofit housing organizations to finance affordable housing activities and related economic development and community facilities projects in distressed areas. Funding for the CMF comes from allocations made by Fannie Mae and Freddie Mac and varies from year to year (CDFI Fund, 2021a). To date, ANDP has secured a total of $2,433,750 in CMF funds in fiscal years 2016, 2017, and 2019 to develop a minimum of 183 single-family homes. As with the NMTC program, the CMF is providing ANDP with a critical subsidy source for its homeownership projects, particularly benefiting households earning 80 percent of area median income or less. However, CMF funds are highly competitive, must be leveraged 10:1 with outside capital, and have more complex reporting requirements and less subsidy per home than NMTCs.

[6] NeighborWorks America (NWA) is a congressionally chartered nonprofit that provides grants, professional training opportunities, technical assistance, and other services to more than 240 community development organizations nationwide. The NWA supports organizations that provide communities with affordable housing, financial counseling and coaching, training, and resident engagement and collaboration in the areas of health, employment, and education.

[7] These include: (1) ANDP's Affordable Housing Assistance Program (AHAP), which provided $1.9 million in down-payment assistance to 67 LMI families in 2016–2017 through a one-time Bank of America funding opportunity; (2) a $5 million Wells Fargo/NeighborWorks America NeighborhoodLIFT down-payment assistance program launched in 2018, which provided 0 percent, five-year forgivable down-payment assistance loans to more than 280 LMI families across metro Atlanta's five core counties; and (3) an Affordable Housing Program launched in 2020 through the Federal Home Loan Bank of Atlanta, which provides up to $1 million annually in down-payment assistance funds for member banks serving low-income households.

[8] The Community Reinvestment Act (CRA), enacted in 1977, requires regulated financial institutions to invest in LMI communities where they do business. Banks regulated by the Federal Reserve, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation are rated on their CRA performance and accountability to LMI communities, which can affect their business standing and their ability to acquire other banks, enact mergers, and so forth. Banks can also receive CRA credit by investing in nonprofits like ANDP that are directly engaged in serving LMI communities (Federal Reserve, 2021).

References

Atlanta Neighborhood Development Partnership and Epic Intentions. 2015. Impact of Rehab Investments on Neighborhood Home Values in Douglas County, GA. Retrieved from: www.andpi.org/policy

Atlanta Neighborhood Development Partnership and DeKalb County. 2017. DeKalb County Neighborhood Stabilization Program Impact on Families & Communities. Retrieved from: www.andpi.org/policy

Atlanta Neighborhood Development Partnership. 2019. "Creating Homeownership & Economic Opportunity: Study of Homeowner Savings, Retention, and Wealth Creation for ANDP Homebuyers in Metro Atlanta." Retrieved from: www.andpi.org/wealth

Bloomberg. 2018. "Atlanta Ranks Worst in Income Inequality in the U.S." October 10. Retrieved from: www.bloomberg.com

Brookings Institution. 2017. "The Changing Geography of US Poverty." Testimony by Elizabeth Kneebone before the House Ways and Means Committee, Subcommittee on Human Resources, February 15, 2017. Retrieved from: https://www.brookings.edu/testimonies/the-changing-geography-of-us-poverty

CDFI Fund. (2021a). Capital Magnet Fund. Retrieved from: www.cdfifund.gov

CDFI Fund. (2021b). New Markets Tax Credit Program. Retrieved from: www.cdfifund.gov

Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez. 2014. "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." Quarterly Journal of Economics 129 (4): 1553–1623. Retrieved from Opportunity Insights website: https://opportunityinsights.org/paper/land-of-opportunity

Department of Housing and Urban Development. 2020a. Neighborhood Stabilization Program Grants. Retrieved from: https://www.hud.gov.

Department of Housing and Urban Development. 2020b. The HOME Program: HOME Investments Partnerships. Retrieved from: www.hud.gov.

Fairweather, Daryl. 2020. "Black Homebuyers Face Steeper Price Increases, Sharper Declines in Homes for Sale Than White Homebuyers during the Pandemic." September 14. Retrieved from Redfin website: www.redfin.com.

Federal Housing Finance Agency. 2017. Neighborhood Stabilization Initiative Program Fact Sheet. December 12. Retrieved from: www.fhfa.gov.

Federal Reserve Board. 2021. Community Reinvestment Act (CRA). Retrieved from: https://www.federalreserve.gov.

Georgia Department of Public Health. 2020. Georgia Department of Public Health Daily Status Report. Retrieved October 4, 2020 from: https://dph.georgia.gov/covid-19-daily-status-report.

Georgia Watch. 2010. "Georgia Foreclosure Crisis Part One: The Rippling Effects of Reckless Lending." Retrieved from: http://georgiawatch.org.

Omeokwe, Amara. 2020. "Coronavirus Pandemic Threatens to Widen Racial Homeownership Gap." Wall Street Journal, September 20. Retrieved from: www.wsj.com.

Opportunity Insights. 2020. "Percent Change in Employment." Retrieved from: https://tracktherecovery.org.

SaportaReport. 2021. "Atlanta's Massive Affordable Housing Bond Program Is Officially a Go." January 15. Retrieved from: https://saportareport.com.

U.S. Census Bureau. 2020. "Week 14 Household Pulse Survey: September 2 - September 14." Retrieved from: https://www.census.gov/data/tables/2020/demo/hhp/hhp14.html

Publication Team

Editors
Robert E. Finn, Center for Community Progress
Lisa Nelson, Federal Reserve Bank of Cleveland
Sarah Stein, Federal Reserve Bank of Atlanta

Project Manager
Sherilyn Narker

Designer
Peter Hamilton

Copy Editors
Sally Burke
Jim Greene

Managing Editor
Nancy Condon

Managing Designer
Odie Swanegan

Communications Liaison
Jennifer Leak

Acknowledgments
The publication team would like to acknowledge the following individuals, whose expertise, support, and insight were critical to the development and completion of this volume: Ann Carpenter of the Atlanta Fed's Community and Economic Development Department; the Atlanta Fed's Public Affairs Department; and Justin Godard, Kathy J. Guillaume-Delemar, Nia Bolden, Danielle Lewinski, Payton A. Heins, and Janell O'Keefe of the Center for Community Progress.

About the Center for Community Progress
The mission of Center for Community Progress is to foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods. Founded in 2010, Community Progress is the leading national, nonprofit resource for urban, suburban, and rural communities seeking to address the full cycle of property revitalization. The organization fulfills its mission by nurturing strong leadership and supporting systemic reforms. Community Progress works to ensure that public, private, and community leaders have the knowledge and capacity to create and sustain change. It also works to ensure that all communities have the policies, tools, and resources they need to support the effective, equitable reuse of vacant, abandoned, and deteriorated properties.

About the Federal Reserve System
The Federal Reserve System (the Fed) is made up of 12 Reserve Banks that, together with the Board of Governors in Washington, DC, serves as the central bank of the United States. As the US central bank, the Federal Reserve conducts monetary policy, promotes financial stability, provides payment services to financial institutions, supervises banks, and promotes community and economic development.

About the Federal Reserve Bank of Atlanta
The Federal Reserve Bank of Atlanta sits in the Federal Reserve's Sixth District and covers all of Georgia, Florida, and Alabama and portions of Louisiana, Mississippi, and Tennessee. The Atlanta Fed's Community and Economic Development Department supports the Federal Reserve's mandate of stable prices and maximum employment by working to improve the economic mobility and resilience of people and places for a healthy economy. To do this, we conduct research and create data tools to uncover the barriers to and opportunities for improved economic mobility as well as to make the data easily accessible for community and organization planning and decision-making. We engage stakeholders to help organizations and communities understand relevant issues and undertake cross-sector solutions. And we track and elevate issues facing the lower-income resident of the Southeast.

About the Federal Reserve Bank of Cleveland
The Federal Reserve Bank of Cleveland, the Federal Reserve's Fourth District, covers all of Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia. The Cleveland Fed's community development team promotes the economic resilience and mobility of low- and moderate-income people and communities throughout the Fourth District. We conduct research and engage with stakeholders on issues affecting access to credit, quality jobs, education, small business, and housing with the goal of increasing economic opportunity and helping people and communities thrive.

Center for Community Progress
communityprogress.org

Federal Reserve Bank of Cleveland
clevelandfed.org

Federal Reserve Bank of Atlanta
atlantafed.org