

# Breaking Barriers for Under-Resourced Developers

Insights and Recommendations for Developers,  
Philanthropists, Land Banks, and Other  
Stakeholders

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Cover Photo: A new affordable development under construction in Atlanta, Georgia. (Photo: Center for Community Progress)

## About the Center for Community Progress

The Center for Community Progress helps people to transform vacant spaces into vibrant places. Since 2010, their team of experts has provided urban, suburban, and rural communities looking to revitalize vacant properties with the tools and resources needed to address those properties at the policy and systems level. As the only national nonprofit dedicated to vacant property revitalization, Community Progress drives change by uncovering and disrupting systems that perpetuate entrenched vacancy and property deterioration. Community Progress has delivered customized, expert guidance to leaders in over 300 communities and provided hundreds of hours of free educational resources as well as leadership programming to help policymakers, practitioners, and community members across the country return properties to productive use. To learn more and get help for your community, visit [www.communityprogress.org](http://www.communityprogress.org)

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# Executive Summary

Real estate developers without access to wealth face many barriers to entering the industry, let alone advancing their careers. These developers, referred to as “under-resourced” in this report, typically have limited access to capital and focus on developing in disinvested neighborhoods. Many of these under-resourced developers are non-white—and Black and Hispanic developers in particular are underrepresented in real estate development. This underrepresentation is not surprising given their underrepresentation in the real estate sector more broadly as well as in homeownership, which is one of the most effective ways to build wealth.

Many developers seek to work in the communities where they grew up to build properties that meet community needs. Their lived experience and community ties position them to lead redevelopment efforts with care and cultural competency. For many of these developers, this means working in disinvested neighborhoods with a high number of vacant properties, as these are disproportionately located in historically segregated neighborhoods. In these neighborhoods with weak real estate markets, the obstacles are even greater, especially when it comes to developing parcels that meet key needs. It is nearly impossible for anyone to develop green, affordable infill housing, despite this property type being in high demand in urban areas grappling with systemic vacancy—but this is especially a challenge for under-resourced developers.

To understand and address this issue, the Center for Community Progress created the Raising the Roof initiative. Raising the Roof brought together a cohort of 10 developers from the Metro Atlanta area to discuss the barriers they face working in real estate development. **This report is a summary of the challenges these developers encounter and offers recommendations for how key partners (such as land banks, financial institutions, philanthropic organizations, and local governments) can support under-resourced developers across the country in building more green, affordable infill housing.**

Community Progress makes the following recommendations to address the ongoing challenges these developers face:

- 1 Elevate the visibility of under-resourced developers, and build a development network tailored to their needs.** Those looking to partner with under-resourced developers often cannot find them, and those developers looking for resources frequently cannot access supporting organizations. This would be solved by creating professional organizations for under-resourced developers. These organizations could provide access to potential partners and mentors, offer education



**It is nearly impossible for anyone to develop green, affordable infill housing, despite this property type being in high demand in urban areas grappling with systemic vacancy.**

and networking opportunities to developers at different career stages, and create a website for potential partners to connect with them.

- 2 **Cultivate emerging developers' skill sets.** Developers without access to wealth do not have up-front financial resources or close social ties to other experienced developers. This prevents them from improving their skill sets and advancing in the field. Financial institutions should provide technical assistance and development coaching for under-resourced developers so that they can navigate processes—like applying for loans—more effectively.
- 3 **Enable developers to produce more product earlier in their careers.** Lack of access to adequate, flexible capital early in their careers as well as the perception of under-resourced developers as “risky” causes them to advance in their careers more slowly than their better-resourced peers. These developers should be provided with easier access to up-front and working capital. Financial institutions should consider loosening loan eligibility criteria so that more under-resourced developers are eligible for loans. They should also provide more supportive loan products, increasing affordability through financing assistance and offering more flexibility in predevelopment funds and working capital.
- 4 **Make production of green, affordable infill housing in disinvested areas achievable.** In disinvested neighborhoods, the cost to develop green, affordable infill housing is simply too high to keep end products affordable. For under-resourced developers to complete these projects in their communities, development costs must be reduced through development cushion and lower acquisition costs. This can be achieved by leveraging government partnerships, revising zoning requirements where appropriate, and providing flexible and cushion funding. Local governments can waive or lower fees, prioritize inspection of affordable units, and offer tax abatements and/or direct subsidies. Land banks and community land trusts are also strong potential partners to support affordability goals.
- 5 **Increase adoption and durability of green systems in affordable infill housing units.** Currently, both installation and maintenance of green systems are a barrier to developers' use. Green building contractors are difficult to source, and green building has higher up-front costs. While these practices generate cost savings long term, they are poorly understood by end users. The sector and its partners must popularize the use of green systems through up-front capital and expanded education and partnership.

## What do we mean by “under-resourced” developers?

This report refers to real estate developers without access to wealth as “under-resourced.” They typically have limited access to capital and focus on developing in disinvested neighborhoods. Many of these under-resourced developers are non-white—and Black and Hispanic developers in particular are underrepresented in real estate development. These developers face many barriers to entering the industry and advancing their careers.

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# Introduction

It is difficult to break into the real estate development industry. Successful development requires significant capital and careful risk management before developers see a return on investment. Though development is never without challenges, developers without access to wealth face greater challenges.

Developers with more modest-sized firms and projects struggle to assemble land, procure loans and investments, and build a portfolio of projects. Mission-driven developers—who prioritize positive community impact—often struggle to access capital.<sup>1</sup> These challenges are compounded in communities with limited financial resources and weak real estate markets. These development hurdles become even harder to overcome with riskier property types, such as affordable housing. Though the affordable housing gap in the United States is enormous and growing,<sup>2</sup> securing the financial resources to develop it remains a struggle—especially in disinvested neighborhoods.



*A building crew works on the framing of new affordable homes in Atlanta. (Photo: Community Progress)*

- 1 “A Brief on Community Development Finance,” (Neighborhood Allies, March 2023), <https://neighborhoodallies.org/wp-content/uploads/2023/06/Real-Estate-Finance-Brief.pdf>.
- 2 J. P. Julien and Shelley Stewart III, “Mapping the US Affordable Housing Crisis and Unlocking Opportunities for Economic Mobility,” (McKinsey Institute for Economic Mobility, August 11, 2025), <https://www.mckinsey.com/institute-for-economic-mobility/our-insights/mapping-the-us-affordable-housing-crisis-and-unlocking-opportunities-for-economic-mobility>.

Black and Hispanic developers are underrepresented in real estate development.<sup>3</sup> This is a barrier to economic mobility and means that these populations are often excluded from land control and decision-making in their own communities. Though there is limited research examining the intersection of real estate development with race and ethnicity, existing data indicate clear disparities. In what the US Census Annual Business Survey defines as the “real estate and rental and leasing” sector, Black Americans comprise only 1 percent of business owners but 14 percent of the total US population.<sup>4</sup> Similarly, Hispanic Americans comprise 4 percent of business owners in this sector while making up 19 percent of the population.<sup>5</sup>

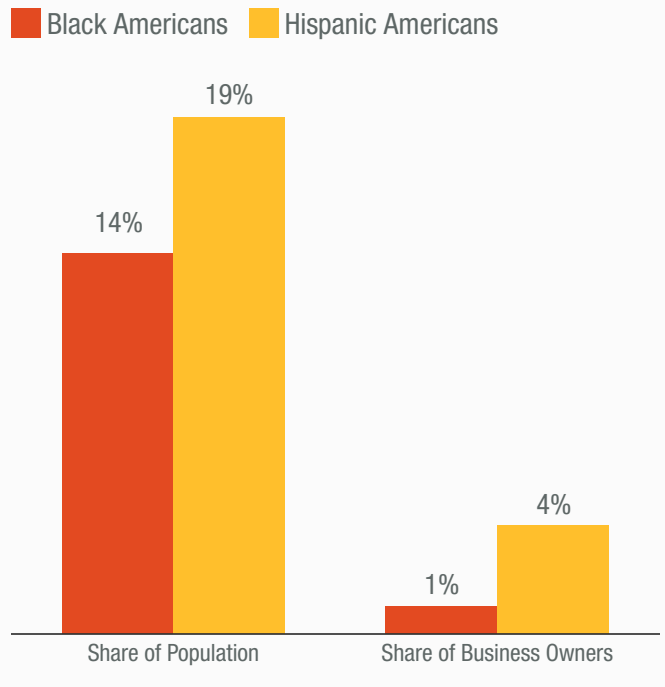
This gap is even larger in the real estate development subsector. A 2023 analysis estimates that of 112,046 real estate developers in the US, only 447 (0.40 percent) are Black and 175 (0.16 percent) are Hispanic.<sup>6</sup> Data on other racial groups are also sparse. For example, outcome differences between and disparities within subgroups of Asian American/Pacific Islander (AAPI) developers are obscured by the aggregation.<sup>7</sup>

These realities of the real estate development sector led the Center for Community Progress to create the Raising the Roof initiative. Raising the Roof sought to identify and better understand the challenges developers who serve disinvested neighborhoods face: A significant population of these neighborhoods’ residents tend to be low-income and/or people of color.

Over the course of 12 months, Community Progress brought together a cohort of 10 developers from the Metro Atlanta area. These developers came from a range of demographic

## Business Ownership Does Not Reflect Population Diversity

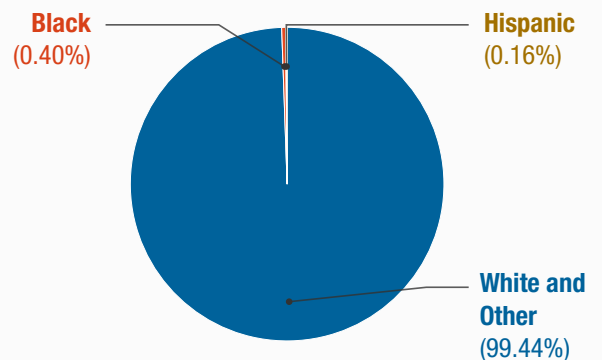
The chart highlights disparities between population representation and business ownership in the “real estate and rental and leasing” sector.



Source: Peter Eberhardt et al., “Why a Report on Developers?” in *Breaking the Glass Bottleneck*.

## Severe Underrepresentation of Black and Hispanic Developers

A 2023 analysis found that of approximately 112,000 real estate developers nationwide, only 447 are Black and 175 are Hispanic.



Note: Limited data are available for other racial and ethnic groups, including AAPI developers, making it difficult to assess disparities within subgroups.

Source: Jordan Fan, ed., *State of Asia America: Changing Lives Through Real Estate* (Asian Real Estate Association of America, 2024).

3 Peter Eberhardt et al., “There Is a Representation Crisis in the Real Estate Development Industry,” in *Breaking the Glass Bottleneck: The Economic Potential of Black and Hispanic Real Estate Developers and the Constraints They Face* (Grove Collective Foundation, March 2023), <https://reports.groveimpact.org/breaking-the-glass-bottleneck/representation-crisis/>.

4 Peter Eberhardt et al., “Why a Report on Developers?” in *Breaking the Glass Bottleneck*, <https://reports.groveimpact.org/breaking-the-glass-bottleneck/why-a-report-on-developers/>.

5 Eberhardt et al., “Why a Report?”

6 Eberhardt et al., “Why a Report?”

7 Jordan Fan, ed., *State of Asia America: Changing Lives Through Real Estate* (Asian Real Estate Association of America, 2024), <https://www.areas.org/resource-asia-america-report>.



*Touring a kitchen under construction in an affordable new build. (Photo: Community Progress)*

backgrounds (e.g., racial, cultural, economic) and development areas of focus (e.g., commercial, single-family, multifamily). During each convening, the cohort connected with different local development organizations and discussed different topics and challenges that arose in past and ongoing projects—from capital stacks to green building practices. These conversations highlighted the barriers and gaps in support that these developers face at different stages of their careers and the property development process.

**This report summarizes the challenges Community Progress heard from these developers and offers recommendations for how key stakeholders such as land banks, financial institutions, philanthropic organizations, and local governments can enable under-resourced developers to build more green, affordable infill housing—not just in Atlanta but also nationally.** Green, affordable infill housing is the focus of this report because it is in high demand and has enormous benefits for communities,<sup>8</sup> yet is particularly tricky to produce. These recommendations are drawn from insights provided by the cohort, existing field research, and Community Progress’ expertise working in communities facing systemic vacancy across the country.

This report includes:

- Additional context for understanding its scope and recommendations;
- Recommendations for how to better support under-resourced developers, identifying specific challenges and corresponding tactics to address these challenges along with case studies; and
- An appendix containing more information about the cohort.

<sup>8</sup> “Why Do Affordable Homes Matter?” (National Low Income Housing Coalition, accessed September 15, 2025), <https://nlihc.org/explore-issues/why-we-care>.

# Laying the Foundation

This section provides context for the focus of Community Progress’ recommendations: interventions to remove barriers for under-resourced developers working in disinvested neighborhoods to build more green, affordable infill housing. This is because of the complexities created by the confluence of factors—these developers, these neighborhoods, this property type—and the enormous potential to revitalize neighborhoods if these challenges are addressed.

## Why under-resourced developers?

Addressing disparities between groups in any sector requires understanding *who* is most impacted and ensuring that interventions reach them effectively. The limited data on real estate development sector demographics make identifying these developers challenging.

However, an observation from the Raising the Roof cohort and existing research is that **developers who do not have access to family wealth face significant additional challenges.**

Access to wealth is key to success in development projects. Developers without wealth lack a network to call on to get seed money. They are less likely to have connections to networks that can provide education and knowledge. They are less connected to other developers, impeding partnerships that are key to success in early projects and throughout development careers.

All developers without access to wealth face these challenges—and developers of certain racial and ethnic demographics are less likely to have access to wealth. In 2022, the median wealth of white families was \$285,000, compared to just \$44,900 for Black families and \$61,600 for Hispanic families.<sup>9</sup> While white households make up 66 percent of US households, they hold 84.2 percent of total family wealth.<sup>10</sup> Black families hold only 3.4 percent of wealth but make up 11.4 percent of households. Hispanic families hold 2.3 percent of wealth and make up 9.6 percent of households.<sup>11</sup> Homeownership—



**Developers who do not have access to family wealth face significant additional challenges.**

9 Aditya Aladangady, Andrew C. Chang, and Jacob Krimmel, “Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances,” *FEDS Notes*, Board of Governors of the Federal Reserve System, October 18, 2023, <https://www.federalreserve.gov/econres/notes/feds-notes/greater-wealth-greater-uncertainty-changes-in-racial-inequality-in-the-survey-of-consumer-finances-20231018.html>.

10 Aladangady et al., “Greater Wealth.”

11 Aladangady et al., “Greater Wealth.”

one of the most effective ways for families to build wealth<sup>12</sup>—sees similar disparities. The documented gap between white homeownership rates and the rates of Black and Hispanic homeownership remains significant, and white homeowners see a greater return on investment for homeownership.<sup>13</sup> And despite decades of government interventions, such as the Clinton administration’s National Homeownership Strategy and George W. Bush’s American Dream Downpayment Initiative in 2003, the gap has widened.<sup>14</sup>

Access to personal and family wealth strengthens a developer’s ability to secure financing because lenders and investors view personal assets and established credit as indicators of reliability. This creates additional barriers for those who start out with less wealth. Given the necessity of access to wealth to succeed as a developer, it is unsurprising that Black and Hispanic developers are underrepresented in real estate development. Removing barriers to their participation would generate significant positive impacts for individuals, communities, and the sector.

Representative access to wealth via real estate development is a key to economic mobility. The racial wealth gap will not be solved through individual homeownership alone: Greater wealth is made through real estate development. Beyond individual wealth, developers also lift up others, drawing on their knowledge and connections to hire from within their communities.

These developers are also better equipped to steward positive outcomes for their communities. Non-white residents have been historically excluded not only from homeownership but also from land control and decision-making about their

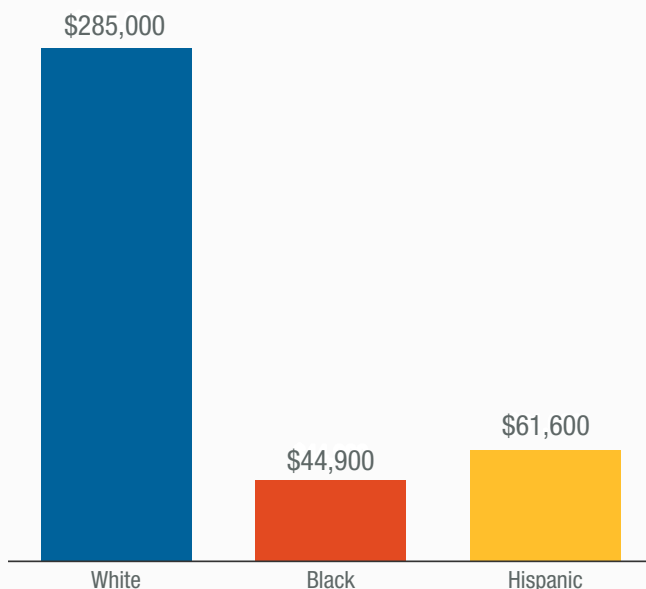
12 Jung Hyun Choi and Amalie Zinn, “The Wealth Gap Between Homeowners and Renters Has Reached a Historic High,” *Urban Wire* (blog), Urban Institute, April 19, 2024, <https://www.urban.org/urban-wire/wealth-gap-between-homeowners-and-renters-has-reached-historic-high>.

13 “Homeownership by Race and Ethnicity of Householder,” (US Census Bureau, September 28, 2023), <https://www.census.gov/library/visualizations/interactive/homeownership-by-race-and-ethnicity-of-householder.html>; and “Racial Differences in Economic Security: Housing,” (US Department of the Treasury, November 4, 2020, <https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing>.

14 Laurie S. Goodman and Christopher Mayer, “Homeownership and the American Dream,” *Journal of Economic Perspective* 32, no. 1 (2018): 31–58, [https://www.urban.org/sites/default/files/publication/96221/homeownership\\_and\\_the\\_american\\_dream\\_0.pdf](https://www.urban.org/sites/default/files/publication/96221/homeownership_and_the_american_dream_0.pdf).

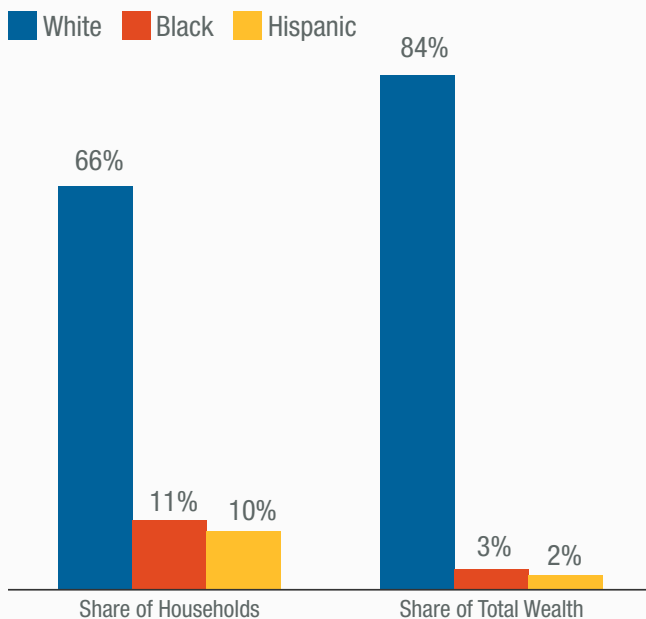
## Median Family Wealth by Race and Ethnicity

In 2022, the median wealth of white families was over six times higher than that of Black families and more than four times that of Hispanic families.



## White Families Hold a Disproportionate Share of US Wealth

Despite representing a majority of households, white families hold a disproportionately high share of total wealth, while Black and Hispanic families hold far less relative to their population size.



Source: Aditya Aladangady, Andrew C. Chang, and Jacob Krimmel, “Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances,” FEDS Notes, Board of Governors of the Federal Reserve System, October 18, 2023.

neighborhoods. When residents feel the redevelopment process is responsive to their needs and experiences, they feel more positive about the result.<sup>15</sup> Developers who live in the neighborhoods where they work have the cultural competency and relationships with other residents to understand the needs redevelopment projects must meet and navigate the process with sensitivity.

Finally, removing barriers for under-resourced developers will benefit the sector. One estimate anticipates that a representational increase in the number of Black and Hispanic developers could generate as much as \$102 billion in revenue annually, along with generating wealth and creating new jobs in communities that need additional workforce development.<sup>16</sup>

Throughout this report, “under-resourced developers” refers to developers who do not have access to wealth and are focusing on development in disinvested neighborhoods. Many of these developers are Black and/or Hispanic, or part of another non-white demographic whose community is still grappling with the impacts of discrimination or unjust land use practices.

## Why disinvested neighborhoods?

All communities have some vacant properties, and they are a necessary part of a healthy real estate market. However, some communities have *many* of these properties. When widespread property vacancy and deterioration contribute to a decline in the living conditions of a neighborhood, that neighborhood is experiencing a harmful cycle known as systemic vacancy.<sup>17</sup>

Residents of these systemically vacant neighborhoods face negative impacts to their ability to build wealth and personal well-being.<sup>18</sup> Systemic vacancy also harms community-wide stability. In Atlanta, widespread vacancy has contributed to an estimated \$1 to \$2.7 million in lost property tax revenue annually and a loss of up to \$153 million in property values.<sup>19</sup>

A disproportionate number of vacant, abandoned, and deteriorated (VAD) properties are in historically segregated neighborhoods. This is the result of decades of well-documented discriminatory lending practices, unjust land use, and disinvestment in communities across the country.<sup>20</sup>

## What do we mean by “systemic vacancy”?

Systemic vacancy is the community experience of widespread property vacancy caused by the combined actions of people, policies, and processes. The cycle of systemic vacancy can be broken down into four main parts that work together to perpetuate the cycle: equity challenges, triggers, market shifts, and the impact of increased vacancy on the community. Communities experiencing poverty and equity challenges are more vulnerable to the triggers of systemic vacancy.

15 Andrew Binet et al., “Ownership of Change: Participatory Development of a Novel Latent Construct for Neighborhoods and Health Equity Research,” *Social Science & Medicine* 309 (2022): 115234, <https://www.sciencedirect.com/science/article/pii/S0277953622005408?via%3Dihub>; and Jinhee Kim, Jennifer Green, Erica McIntyre, and Christopher Standen, “Considering Residents’ Health and Well-Being in the Process of Social Housing Redevelopment: A Rapid Scoping Literature Review,” *Journal of Urban Health* 101 (2024): 1000–1014, <https://link.springer.com/article/10.1007/s11524-024-00915-2>.

16 Peter Eberhardt et al., “Removing the Constraints on Black and Hispanic Developers Would Generate Large Economic Benefits,” in *Breaking the Glass Bottleneck*, <https://reports.groveimpact.org/breaking-the-glass-bottleneck/removing-the-constraints/>.

17 “Explaining the Cycle of Systemic Vacancy,” (Center for Community Progress [blog], August 24, 2023), <https://communityprogress.org/blog/explaining-systemic-vacancy/>.

18 “How Vacant and Abandoned Buildings Affect Communities,” (Center for Community Progress [blog], April 10, 2024), <https://communityprogress.org/blog/how-vacant-abandoned-buildings-affect-community/>.

19 “Progress Points: Systemic Vacancy: The Costs of Vacant, Abandoned, and Deteriorated Properties,” (Center for Community Progress, 2022), <https://communityprogress.org/wp-content/uploads/2022/06/Progress-Points-Systemic-Vacancy-Cost-of-Vacancy-2022.pdf>.

20 Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (New York: Liveright Publishing Corporation, 2017); and Cheryl W. Thompson et al., “Racial Covenants, a Relic of the Past, Are Still on the Books Across the Country,” NPR, November 17, 2021, <https://www.npr.org/2021/11/17/1049052531/racial-covenants-housing-discrimination>;

Redeveloping these properties in disinvested neighborhoods is imperative to improve health, quality of life, and economic outcomes for their residents. Many financial institutions focus on addressing the lack of affordability in hot real estate markets and judge the success of these initiatives by the number of affordable units added.<sup>21</sup> However, redeveloping properties in disinvested neighborhoods comes with additional challenges. The costs of acquiring land, obtaining clear title, removing or upgrading existing structures, and addressing potential remediation needs add up<sup>22</sup>—often to more than the property will be worth after it has been rehabbed.<sup>23</sup> This makes it nearly impossible for developers to get these projects to pencil out. With many developers choosing to build or rehab properties within communities where they have lived experience—and with many under-resourced developers coming from disinvested communities—this report focuses on barriers that become even higher when the property in question is in a neighborhood experiencing systemic vacancy.



**Redeveloping properties in disinvested neighborhoods is imperative to improve health, quality of life, and economic outcomes for their residents.**

## Why infill?

Infill, or new construction on existing urban land, is a vital piece of neighborhood revitalization. The presence of even one deteriorated property reduces the value of surrounding properties. An analysis of these properties in Cleveland, Ohio, found that “properties within 500 feet of a vacant, tax-delinquent, and foreclosed property lost 9.4 percent of their value.”<sup>24</sup> For a homeowner, stagnation or loss of equity can be devastating. This negative impact on property values makes addressing these parcels a priority.

## Why affordable housing?

From starter homes to rentals, there is a severe shortage of affordable housing in the United States. Over 42 million (almost one-third of) households were cost-burdened in 2021. This problem intensifies for households at lower income levels.<sup>25</sup> There are 10.9 million rental households who can be considered “extremely low-income”—renters who are 30 percent of the area median income or at or below the federal poverty line. These renters face a shortfall of nearly 7.1 million homes.<sup>26</sup> Lower-income renters are also far more likely to live in substandard housing: In 2021, nearly 12 percent of renters

21 “Housing Goals Performance,” (US Federal Housing Finance Agency, last modified December 12, 2024), <https://www.fhfa.gov/programs/affordable-housing/housing-goals-performance>; and Ann Thompson, “The Banks’ Role in Creating Affordable Housing,” CET/PBS, accessed October 3, 2025, <https://www.cetconnect.org/the-banks-role-in-creating-affordable-housing/>.

22 J. Terrence Farris, “The Barriers to Using Urban Infill Development to Achieve Smart Growth,” *Housing Policy Debate* 12, no. 1 (2001): 1–30.

23 Kim Graziani, *Reimagine Delinquent Property Tax Enforcement*, (Center for Community Progress, October 2022), 4–10, <https://communityprogress.org/wp-content/uploads/2022/10/2022-10-Reimagine-Delinquent-Property-Tax-Enforcement.pdf>.

24 Stephan D. Whitaker and Thomas J. Fitzpatrick IV, “The Impact of Vacant, Tax-Delinquent, and Foreclosed Property on Sales Prices of Neighboring Homes,” (Federal Reserve Bank of Cleveland, Working Paper No. 11-23, 2011), <https://www.clevelandfed.org/publications/working-paper/wp-1123-the-impact-of-vacant-tax-delinquent-and-foreclosed-property-neighboring-homes>.

25 Makinizi Hoover and Isabella Lucy, “The State of Housing in America,” (US Chamber of Commerce, September 3, 2025), <https://www.uschamber.com/economy/the-state-of-housing-in-america>.

26 Raquel Harati, Dan Emmanuel, Katie Renzi, and Andrew Aurland, *The Gap: A Shortage of Affordable Homes* (National Low Income Housing Coalition, March 2025), <https://nlihc.org/gap>.

earning under \$15,000 lived in inadequate homes, compared to 6 percent of those earning \$75,000 or more.<sup>27</sup>

Developers struggle to develop affordable housing without substantial public and private investment. Constructing affordable housing, let alone maintaining it, costs more than final sale or rental income is expected to produce.<sup>28</sup> This gap stymies affordable housing development, especially in heavily disinvested communities. Yet these are the communities that have the most to gain from affordable housing investments, where a lack of affordable housing impacts economic mobility.

## Why green building?

Green building, or resource-efficient and sustainable building, is broadly considered to be best practice for new construction. Although the up-front cost of green building is higher, over time these solutions lead to cost savings for property managers and occupants, improve property values, and provide neighborhoods with positive economic development impacts.<sup>29</sup> Implementing green building practices, such as the use of fewer toxins and better ventilation, reduces respiratory issues and asthma and improves residents' health. Green systems are also documented to bring other benefits: Units are easier to clean, attract fewer pests, have fewer moisture and dampness issues, and provide increased safety both inside the units and in the community.<sup>30</sup>

## Why Atlanta as a case study?

The challenges documented in this report are not unique to Atlanta. However, the Raising the Roof cohort was convened from a pool of Atlanta developers because the city's administration has a history of working to address inequity in development opportunities. As a result of those efforts and a number of other factors, the city has built a strong Black middle class and generated Black millionaires who have come to characterize contemporary Atlanta. Despite historic opportunities within the Atlanta region, under-resourced developers still reported substantial barriers in the real estate development sector and in the utilization of existing programs offered by the City. If these challenges are present in Atlanta, then they are no doubt even more acute in urban areas without a history of interventions.

27 Carlos Martín, Alan Mallach, Todd Swanstrom, Austin Harrison, and Sophia Wedeen, *Catalyzing a Movement to Produce Greater Public, Private, and Civil Resources to Improve Housing Conditions Through Home Repair Programs* (Harvard University Joint Center for Housing Studies, August 2024), <https://www.jchs.harvard.edu/research-areas/working-papers/catalyzing-movement-produce-greater-public-private-and-civil>.

28 "The Cost of Affordable Housing: Does It Pencil Out?" (Urban Institute, accessed September 21, 2025), <https://apps.urban.org/features/cost-of-affordable-housing/>.

29 "Economic Benefits of Green Infrastructure," (US Environmental Protection Agency, last updated June 2, 2025), <https://www.epa.gov/green-infrastructure/economic-benefits-green-infrastructure>.

30 Jill Breyse et al., "Health Outcomes and Green Renovation of Affordable Housing," *Public Health Reports* 126, no. 1 (suppl.) (2011): 64–75.

## The Housing Affordability Crisis



**42 million**

households were cost-burdened in 2021



**10.9 million**

rental households are considered "extremely low-income"



**7.1 million**

shortfall of affordable homes



**12 percent**

of extremely low income renters live in substandard housing

# Success for Under-Resourced Housing Developers is a Game of Chance

To bring green, affordable infill housing to life, under-resourced developers are forced to play a game of chance. Starting out behind because they lack start-up funds, even minor setbacks can stack the board against them.


Try to reach the finish line to build green, affordable infill housing...if you can.

**START**

**1** You inherited wealth or have an investor network. **START HERE**

No inherited wealth, early capital, or investor network? **SLOW START**

A targeted professional network connects you with resources. **START NOW**



**2** You're searching for development opportunities.

**3** Property owners can't find you, deals pass you by. **START OVER**

Property owner finds you in a targeted developer directory, you build out a concept. **NEXT STEP**



**4** You identify and bid on a property for affordable housing.

**5** Outbid! Rising prices make property acquisition for affordability harder. **GO BACK**

Land bank offers you a discount for prioritizing affordability. **KEEP GOING**



**6** Offer Accepted!

**7** Learning property development as you go slows progress. **MISS A TURN**

Mentors teach you process, accelerating project. **NEXT STEP**



**8** You're planning the development.

**9** Bank rejects loan request for lack of experience and weak pro forma. **START OVER**

Free technical assistance improves your proforma and lender's confidence. **NEXT STEP**



**10** Financing approved! Predevelopment moves forward.

**11** Need more funding for the ALTA survey. **MISS A TURN**

Predevelopment costs paid through accessible loans. **NO TIME LOST**



**12** You submit final plans for preconstruction approvals.

**13** Minimum square footage rules block project. **BACK TO PLANNING**

City revises zoning to permit modest, affordable housing. **KEEP GOING**



**14** Zoning board approves your project.

**15** Lender rejects request, deems creative options like tiny homes or land trusts "not feasible." **RETHINK PROJECT**

Flexible capital supports less conventional housing development. **KEEP GOING**




**16** You start construction!

**17** Weather, permits, and supply chain issues stall your project and drain resources. **MISS A TURN**

A major economic downturn makes development riskier and financing harder to secure. **MISS TWO TURNS**

Flexible capital keeps the project on track despite unexpected setbacks. **KEEP GOING**



**19** Construction is almost done!

**20** You beat the odds and developed green, affordable infill housing in your community.

**FINISH**



The SOLUTIONS (highlighted yellow) can address gaps for under-resourced developers

Want under-resourced developers to succeed? Transform this game of chance into a pathway to success.

- Strengthen developers' skills.** Create opportunities for free or low-cost technical assistance, mentoring, and targeted professional networks.
- Improve access to capital.** Develop financing structures and increase access to flexible capital, allowing mission-driven developers to weather crises.
- Change systems.** Reduce barriers in predevelopment, zoning, and public processes that make it hard to develop green, affordable infill housing.

# Opportunities and Recommendations

This section details five key recommendations that would remove barriers for under-resourced developers and aid them in creating green, affordable infill housing in disinvested neighborhoods. Each recommendation identifies a specific challenge and offers tactics to help developers overcome this challenge, and provides examples of where these solutions have been implemented successfully.

## RECOMMENDATION 1

### Elevate the visibility of under-resourced developers, and build a development network.

**CHALLENGE: Those looking to partner with developers cannot find developers, and developers looking for resources cannot find them.**

No listing presently exists that identifies non-white developers.<sup>31</sup> Though there are many existing building, construction, and realty-focused professional and race-affinity organizations, none currently maintain a database of developers of color. This makes these developers hard to find.

This is in part because many infill developers do not lead with the title of developer, despite serving in this role. A developer oversees the project from start to end: identifying the opportunity, assembling financing, overseeing construction, and eventually leasing or selling. However, developers in the Raising the Roof cohort who work on small-scale projects reported positioning themselves professionally as realtors or general contractors rather than “developers.”

This decision came in part from a sense of impostor syndrome: The term “developer” evokes an association with large-scale projects and access to capital and power these developers do not have. They also shared concerns about not being taken seriously as *developers*—and felt that positioning themselves as realtors, for example, was more strategic. This challenge emerged early in the recruiting process for the Raising the Roof initiative: It was difficult to identify developers to invite because there is no simple way to

<sup>31</sup> A listing of Black and Hispanic developers is being developed by The Initiative for a Competitive Inner City (ICIC) and Grove Impact.

distinguish a realtor who personally buys and renovates a home prior to listing from a realtor who only sells homes.

These developers also shared that they struggle to access resources and partnerships that are vital to advancing their careers. A critical part of becoming a successful developer is learning the development process from an experienced mentor. Through mentorship, developers can learn development and funding processes firsthand, gaining experience while limiting their personal financial risk. A few developers in the cohort have been able to find mentors for early projects, with the mentor serving as a joint venture partner or an investor. Others have partnered with their friends or spouses to limit financial risk while establishing their business. But others broke into the development sector alone, working independently.

However, the cohort reported that working independently has unintended consequences. It fosters a competitive atmosphere. When forced to work alone, developers are primed to think of others in the development industry as competitors in the struggle to be awarded projects or access financing, rather than as potential partners.

The inability to partner also limits the size of project a developer can take on, especially early in their career. The cohort reported that a positive reputation—that is, being perceived as experienced and trustworthy—is what enables them to take on larger projects. This reputation is cultivated by succeeding at larger opportunities—which, in turn, are only possible at first through partnership. Less experienced developers who are interested in working on joint venture projects with more experienced developers are often unable to connect with these more experienced developers directly due to their different socioeconomic statuses and social positions. When developers cannot partner and build up their reputations, they eventually hit a ceiling in the sector.

### **SOLUTION: Create professional organizations for non-white developers.**

While many trade organizations related to real estate already exist today and while they do great work, there are few organizations across the country that serve the specific needs of non-white developers. In many communities, these organizations are ill-suited to offer relevant educational programming or affinity-based networking events.

The local landscape—including available resources, ongoing equity initiatives, and the capacity of existing developer organizations to expand their offerings to better serve non-white developers—will affect whether the organization should be housed under an existing one or created as an independent entity. In Atlanta, the Greater Atlanta Home Builders Association (GAHBA) supports the home-building industry and has several councils under its umbrella. However, it does not have a council that represents the interests of under-resourced developers, or of Black and Hispanic or non-white developers. Developers are also only one subset of its membership.



**When forced to work alone, developers are primed to think of others in the development industry as competitors, rather than as potential partners.**

An effective professional organization for these developers would:

- **Provide access to potential partners and mentors.** This would allow entry-level developers to network with more experienced peers for potential partnership and mentorship. Accessing mentors and partners will help developers tackle larger, more ambitious projects and take on less risk.
- **Offer education and networking opportunities to developers at different career stages.** A professional organization could offer programming and technical assistance to better position under-resourced developers to partner with each other or with larger development companies seeking to support these developers. These education opportunities could serve as a starting point for lenders and philanthropists to work directly with these developers, expanding the lenders' and philanthropists' opportunities to fund target projects and communities. These opportunities could also connect developers to other trade and real estate professional organizations, supporting local business-to-business enterprises.
- **Create a site for a public-facing portal for under-resourced developers.** A professional organization could facilitate a listing for these developers to self-identify and provide additional information, such as their business name, experience, and projects to date as well as the types of partnerships and opportunities they are seeking.

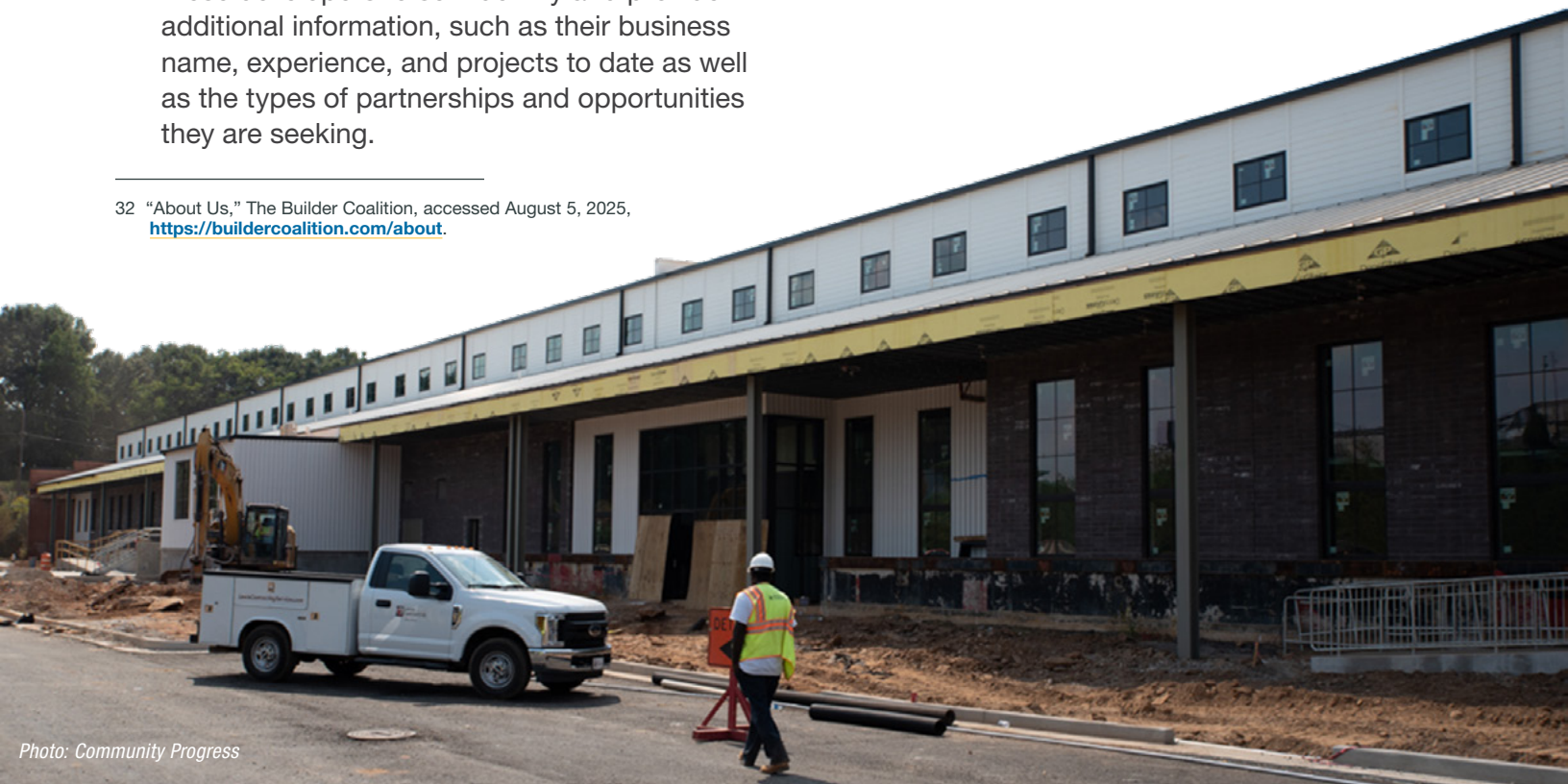


## CASE STUDY

### The Builder Coalition

Located within the Greater Boston area, The Builder Coalition (TBC) began as a convening for non-white real estate professionals and has grown into a stand-alone organization. TBC provides professional development opportunities for these developers and leverages access to development projects. TBC also facilitates the TBC Institute, a networking and education-building opportunity for emerging professionals, and the TBC Innovation Center, which researches and disseminates best practices for removing barriers in the real estate industry.<sup>32</sup>

<sup>32</sup> "About Us," The Builder Coalition, accessed August 5, 2025, <https://buildercoalition.com/about>.



## RECOMMENDATION 2

**Cultivate emerging developers' skill sets.****CHALLENGE: Developers without up-front financial resources or close social ties to other developers struggle to improve their skills and advance in the field.**

Developers without access to wealth are at a disadvantage when they enter the industry, setting up two key challenges. First, a lack of up-front capital prevents these developers from accessing additional capital. Second, social position means that many developers do not have anyone in their networks with experience securing financing for substantial projects, and thus no one to teach them how to navigate the loan application process.

Many first-time developers, particularly Black and Hispanic developers, depend on their own personal finances and credit-worthiness to secure funding for early projects, using their network to acquire property and begin the predevelopment process. Unlike financially resourced developers, they are risking their personal capital and time to gain experience.

This hurts these developers' personal finances and increases their chances of being subject to predatory lending schemes. Many of these developers already face financial disadvantages. Black households have a substantial debt overhang: Debt-to-asset ratios show higher debt across all age groups due to disparities such as credit constraints and predatory lending, higher interest costs, and fees.<sup>33</sup> This is compounded by the reliance on credit scores, a system that has repeatedly been proven to be racially biased, thus creating barriers to entry.<sup>34</sup> In 2022, Black and Hispanic consumers in Atlanta were behind Asian and white consumers by 100 points on average in credit scoring, negatively impacting their ability to get private financial assistance.<sup>35</sup>

When developers learn about development processes and pathways outside of traditional financing, they gain practical experience but tend to remain uninformed about financial requirements within the underwriting and application processes. One of the biggest challenges developers at all experience levels noted is the difficulty in understanding the underwriting process or how the financial institution evaluates risk. Misunderstanding of the application process and prerequisites financial institutions require leads to application denials; this leaves under-resourced developers without the financial support they anticipated and contributes to mistrust.



**Unlike financially resourced developers, under-resourced developers are risking their own personal capital and time to gain experience.**

33 Alex Camardelle, *Roots of Wealth: Unearthing Black Prosperity in the South*, (Kindred Futures, 2025), 30–31, <https://kindredfutures.org/wp-content/uploads/2025/08/RootsofWealth-R4.pdf>.

34 *Past Imperfect: How Credit Scores “Bake In” and Perpetuate Past Discrimination* (National Consumer Law Center, updated 2024), [https://www.nclc.org/wp-content/uploads/2016/05/20240227\\_Issue-Brief\\_Past-Imperfect.pdf](https://www.nclc.org/wp-content/uploads/2016/05/20240227_Issue-Brief_Past-Imperfect.pdf).

35 John Walsh et al., *Atlanta Market: Keys Unlock Dreams Initiative*, (Urban Institute, 2022), 12, <https://www.urban.org/sites/default/files/2022-10/Atlanta%20Market%20-%20Keys%20Unlock%20Dreams%20Initiative.pdf>.

Even better-resourced members of the cohort mentioned their increased reliance upon community investments and financing outside financial institutions. One cohort member has a family trust, which they use and then repay to support development projects. However, this kind of alternate funding pathway does not contribute to building a relationship with a banking establishment for future projects or familiarizing developers with how banks make funding decisions. For developers, always relying on their own money means earning less. Borrowing provides leverage to do larger deals and a higher volume of them, which in turn provides a better return on investment. And when developers rely on their own money, they take on all the risk, rather than spreading it between the developer and the bank. Such a practice also prevents developers from raising their credit. Paying back loans increases credit score, reducing costs to borrow—which does not happen if a developer never takes out loans from a bank.



## CASE STUDY

### Momentum Capital's Equity, Diversity, and Inclusion Real Estate Training Initiative

In Atlanta, Momentum Capital's Equity, Diversity, and Inclusion (EDI) initiative provided emerging non-white developers with training and financial coaching to help them access flexible capital.<sup>35</sup> Program participants reported an increase in technical expertise, leaving them better equipped to pursue creative financing and pursue projects that matter to them, such as affordable housing.<sup>36</sup>

36 Tommy Lester, "Advancing Community & Economic Development in Atlanta: Momentum Capital's Approach," (Momentum Capital, June 11, 2025), <https://momentuscap.org/insights/economic-development-atlanta/>.

37 "Fifteen Emerging Real Estate Developers from Atlanta Region Graduate from Program Intended to Boost Local Economy, Affordable Housing," (Capital Impact Partners [press release], May 13, 2025), <https://www.capitalimpact.org/blog/edi-real-estate-developers-graduation-2025/>.





*Developers supervise the construction of an affordable new build in Atlanta. (Photo: Community Progress)*

In short, a lack of wealth at the outset of a development career leaves many developers with no formal education regarding traditional funding structures, no experience with them, or both. Funding institutions—even those eager to welcome first-time, low-income, and/or non-white developers—are inundated with applications they are unable to approve, and developers are left frustrated with the process.

### **SOLUTION: Provide technical assistance and development coaching.**

Cohort members reported that additional guidance on navigating funding application processes would lower the barrier to accessing capital. This could come in the form of technical assistance. Development coaching could educate entry-level developers on the underwriting and application process, green building practices, sustainable community development, and capital stack preparation. This would equip entry-level and emerging developers with the ability to obtain necessary funding and decrease the time financial institutions spend reviewing improperly prepared or ineligible applications.

The best way to provide technical assistance and development coaching depends on local context. A professional organization serving non-white developers could offer technical assistance or development coaching workshops. Developers would also benefit from learning this information directly from financial institutions. If entry-level developers could purchase development consulting as part of their financing, this would streamline capital stack review and processing by potential funders. If established, these financial institutions could build relationships with developers earlier in their careers, providing them with increased capabilities and a stronger ability to scale. If community development financial institutions (CDFIs) and community banking establishments could receive Community Reinvestment Act (CRA) points for offering development education, this would further help disinvested communities sustain a development pipeline by leveraging local talent who support their local banks.

## RECOMMENDATION 3

## Enable developers to produce more product earlier in their careers.

### CHALLENGE: Under-resourced developers lack access to adequate, flexible capital and financial institutions perceive them as risky.

Limited access to wealth makes early entry into development difficult. Individuals with access to wealth, wealthy connections, or investor networks can enter the market by their mid-twenties. Due to historic constraints, many non-white developers have no or limited generational wealth through investment funding or gifts from their families and the family's network. Cohort participants reported first accessing private capital in their early to mid-forties, years to decades later than their white counterparts.

One contributing factor is a lack of relationships with necessary partners (e.g., established developers, contractors, and labor) during early career stages. But another key barrier is lack of access to investment capital. Current financing standards—still heavily tied to personal credit scores and neighborhood credit profiles—reinforce patterns of historic disinvestment rather than helping dismantle the discriminatory system.<sup>38</sup> The unjust practices of racial zoning and covenants, appraisal bias, historic credit constraints, and other racially biased practices have “created an architecture of wealth extraction from communities of color and produced racial gaps in lending that will persist absent intervention.”<sup>39</sup>



## CASE STUDY

### MassHousing's Equitable Developers Fund

The Equitable Developers Fund (EDF) aims to reduce inequities in access to capital by supporting non-white developers and other developers facing social or economic disadvantages. The fund provides financial tools such as working capital lines of credit and standby letters of credit (a bank's guarantee of payment if its client fails to provide it).<sup>40</sup> These tools remove financial barriers that prevent under-resourced developers from entering the field.

38 Bruce C. Mitchell et al., *Decades of Disinvestment: Historic Redlining and Mortgage Lending Since 1981*, (National Community Reinvestment Coalition, May 2024), <https://ncrc.org/decades-of-disinvestment/>.

39 Liam Reynolds, Vanessa G. Perry, and Jung Hyun Choi, “Closing the Homeownership Gap Will Require Rooting Systemic Racism Out of Mortgage Underwriting,” *Urban Wire* (blog), Urban Institute, October 13, 2021, <https://www.urban.org/urban-wire/closing-homeownership-gap-will-require-rooting-systemic-racism-out-mortgage-underwriting>.

40 “MassHousing and MHC Announce the Opening of the Equitable Developers Fund,” (National Council of State Housing Agencies, May 14, 2024), <https://www.ncsha.org/hfa-news/masshousing-and-mhic-announce-the-opening-of-the-equitable-developers-fund/>.

## **SOLUTION: Provide developers with easier access to up-front and working capital.**

Instead of continuing with traditional tools, financial institutions seeking to increase equity and create opportunities in disinvested communities must create new structures to attract and sustain under-resourced developers. The cohort reported difficulty in securing capital to support all phases of development but most notably for acquisition and predevelopment funding.

This lack of access to capital could be addressed by financial institutions, philanthropic organizations, and government agencies through the implementation of:

- **Loosened financial requirements**, by changing eligibility criteria so that more under-resourced developers are eligible for loans; and
- **Supportive loan products**, by providing financing assistance and more flexibility in predevelopment funds and working capital to make loans more affordable.

### ***Loosen financial requirements***

Financial institutions should consider the following changes for financial requirements to enable under-resourced developers to access loans:

- Lowering credit score threshold;
- Using credit score not as a hard disqualifier but rather as an enhancement—offering applicants with a high credit score certain benefits; and
- Assessing development history more flexibly—not disqualifying developers who have not already completed a large volume of development projects.

### ***Provide supportive loan products***

Under-resourced developers need funding or financial products with more supportive and affordable terms. Without those loan products, developers who do not have access to wealth cannot compete with or keep up with developers who have access to wealth.

Financial institutions should consider the following changes to make loan products more affordable:

- Longer terms;
- Interest rate-only payments;
- Lower fees or fee waivers; and
- Standby lines of credit.

These terms would help under-resourced developers preserve working capital, improve cash flow, and reduce up-front costs as well as position them better to absorb unexpected expenses.

## **What is predevelopment?**

The predevelopment phase of a new construction project is a crucial step. During this period, developers gather information, plan, design, secure permits, conduct feasibility studies, and do site analysis to mitigate future risk and ensure the project can be completed. Even though construction has not begun, the due diligence in this step consumes significant time and resources. Developers must pay for permits, inspections, put down deposits, assemble their teams, and more.

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## RECOMMENDATION 4

# Make production of green, affordable infill housing in disinvested areas achievable.

### **CHALLENGE: The cost to develop green, affordable infill housing is too high to keep sales prices or rents affordable.**

Developers who seek to build green, affordable infill housing face several barriers. Land costs in rising markets are too high, zoning requiring larger houses makes development too expensive, and theft happens, thus driving up construction costs.

The first barrier is that the cost of land in higher density areas is high. An early indicator of a project's future affordability is the cost of the property's acquisition. Properties in poor condition with no identifiable or engaged owner, properties owned by speculators, and heirs' properties with



## CASE STUDY

### **Historic District Development Corporation's Front Porch Project**

An example of the costs of increased competition in Atlanta was shared during one convening by a local partner, the Historic District Development Corporation (HDDC). HDDC is a nonprofit community development corporation focused on the redevelopment of Sweet Auburn, a historically Black neighborhood. One of its projects, the "Front Porch," is located less than a mile from the Atlanta Beltline and the King Memorial MARTA Station. It is situated directly along the route of the Atlanta Streetcar and is near the planned suburb of Iman Park and the recently gentrified Old Fourth Ward. As progress on the development continued, Sweet Auburn became a more desirable location, and this increased interest drove up the land acquisition costs.

When HDDC began development of the Front Porch project in 2019, it needed to acquire many parcels, including a parcel at 362 Auburn called "Supreme Fish." Supreme Fish was appraised at \$300,000, but the owner wanted \$1.3 million. After HDDC purchased several adjacent properties, the appraisal value of Supreme Fish went up to \$500,000, and the owner asked for \$1.5 million. When HDDC was finally able to buy the property in 2022, it ended up paying \$1.2 million.

Rising land costs were just one of HDDC's challenges. Between property acquisition, development delays, and rising supply costs, what was initially envisioned as a \$24 million development in 2019 increased to \$37.5 million at capitalization<sup>41</sup> in 2024, forcing HDDC to drop some of its green components and move away from providing the ownership opportunities it had hoped to include in the original proposal. More information and a breakdown of the jump in cost can be found in Appendix B.

<sup>41</sup> Capitalization in property development refers to the actual final cost of a project in comparison to what it was expected to cost at the beginning of the project. The unexpected costs and inflation experienced in developing a property are captured by capitalization.

clouded title all encumber the developable property supply. In disinvested neighborhoods, if the property owner anticipates (or is holding out for) future value, even a parcel with a low assessed value can be expensive to acquire.

These costs can also rise quickly. Cohort members shared that they are often the first to develop in neighborhoods with weak markets. But as their development projects improve the neighborhood, the market gets stronger, attracting competing developers with access to better financial support. With the increase in demand and heavily financed competitors, land values can quickly rise and stymie developers' ability to continue working where they initially began.

When the demand is high and supply is low, costs increase. When heightened demand leads to higher land costs, developing property to sell at an affordable price quickly becomes financially impossible and forces developers to pass those costs on to future buyers via higher sale prices. To develop in property markets that are heating up, under-resourced developers must quickly find accessible loans, lines of credit, or outside investment, leaving them less competitive in securing limited real estate purchase opportunities compared to monied developers and larger investor-backed firms.

Local zoning requirements are another factor impeding affordable housing creation. Many cohort members found minimum square footage requirements to be cost prohibitive, as they increase development costs and impact their ability to offer an affordable product. For example, when using the average industry standard of \$150 per square foot and requiring a new home to be a minimum of 2,000 square feet versus 1,500 square feet, the home construction cost alone increases by an additional \$75,000.<sup>42</sup>

Minimum home square footage requirements vary by municipality and property location. Developers may request variances or lead efforts to change local policies to support developing a smaller, affordable product. However, the process of requesting a variance and meeting with local stakeholders may take months and offer no guarantees of approval. For less-resourced developers, this cost in time and energy threatens already thin margins.

This pushes developers who can scale up to pivot to developing market-rate housing to make their developments financially viable.

Although many under-resourced developers find ways to continue building despite unexpected costs and challenges, the thin margins of affordable housing development can be easily disrupted by any unexpected event.

At one Raising the Roof convening, an experienced guest developer shared the story of his first commercial development project in the Vine City neighborhood of Atlanta—an office building. During construction, his air conditioning units were stolen, and recently installed windows were broken. The cost of replacement AC units and windows as well as the costs to contract security guards were unplanned, borne by him alone, and ultimately



**His willingness to be the first developer working in Vine City provided future developers with advantages that he did not benefit from.**

<sup>42</sup> Chris Denson and J. Thomas Perdue, *A Review of Lot and Home Size Minimums in Georgia*, (Georgia Public Policy Foundation, September 14, 2023), <https://www.georgiapolicy.org/publications/a-review-of-lot-and-home-size-minimums-in-georgia/>.



A builder installs flooring on an infill home getting ready to be sold by the Atlanta Land Trust. (Photo: Community Progress)

resulted in additional cost and time impacts not accounted for when the development began. Now that his office building and adjacent apartments exist, other developers have begun pursuing projects in what is now a much more stable community *because* of his initial project. His willingness to be the first developer working in Vine City provided future developers with advantages that he did not benefit from.



## CASE STUDY

### The City of Atlanta's Welcome H.O.M.E. Program

The Welcome H.O.M.E. program offers a streamlined permitting approach for affordable housing developments and allows for those developments that include a percentage of income-restricted units to work with a designated, coordinated team for the permitting process. This process provides anticipated timelines up front to potential applicants to assist developers in better planning their development process.<sup>43</sup>

## **SOLUTION: Reduce development costs through development cushion and lower acquisition costs.**

There are many options to support developers taking on the difficult challenge of developing green, affordable infill housing in disinvested areas.

<sup>43</sup> "Affordable Housing Guide," (City of Atlanta Department of City Planning, accessed October 6, 2025), <https://www.atlantaga.gov/home/showpublisheddocument/62033/638484304411830000>; and "Welcome H.O.M.E.," (City of Atlanta, Department of City Planning, accessed October 6, 2025), <https://www.atlantaga.gov/government/departments/city-planning/housing/affordable-housing/welcome-h-o-m-e>.

The following strategies can lower barriers:

- Leveraging government partnerships to reduce development costs;
- Revising current zoning requirements where appropriate; and
- Providing cushion and flexible funding and innovative products.

### **Leverage government partnerships**

Government and quasi-governmental partnerships can reduce fees, utility costs, time, and permitting costs. When developing green, affordable infill housing in disinvested neighborhoods, it is vital for these entities to help developers reduce cost and time wherever possible.

Governments should consider offering the following, in exchange for the guarantee that a certain percentage of units will be kept affordable:

- Waiving or lowering permitting fees;
- Waiving or lowering fees for utility costs (e.g., disconnecting or reconnecting electric or water, meter relocation), in cases where utilities are managed by local government; and
- Prioritizing green, affordable infill housing for inspection.

Government entities can also offer financial incentives to make affordability more possible.<sup>46</sup> Two ways to do this are tax abatement and direct subsidies. The Community Development Block Grant (CDBG) Program,<sup>47</sup> HOME Investment Partnerships Program,<sup>48</sup> and Low-Income Housing

44 “Development Incentives and Agreements,” (City of Austin [Texas], accessed September 2, 2025), <https://www.austintexas.gov/department/development-incentives-and-agreements>.

45 “Fee Waivers,” (Inclusionary Housing, accessed September 2, 2025), <https://inclusionaryhousing.org/designing-a-policy/land-dedication-incentives/fee-waivers/>.

46 This publication is not a comprehensive guide to housing incentives for affordable housing. Local governments should explore the range of available options, including “Housing Policy Library,” (Local Housing Solutions, accessed October 3, 2025), <https://www.localhousingsolutions.org/housing-policy-library/>; and *Tool: Incentives to Develop: The Housing Affordability Toolkit*, (National Multifamily Housing Council, April 2019), 48–110, [https://housingtoolkit.nmhc.org/wp-content/uploads/2019/04/F\\_NMHC\\_PDF-Sections\\_Tools-FULL\\_PG-48-TO-110-1.pdf](https://housingtoolkit.nmhc.org/wp-content/uploads/2019/04/F_NMHC_PDF-Sections_Tools-FULL_PG-48-TO-110-1.pdf).

47 “Community Development Block Grant Program,” (US Department of Housing and Urban Development, accessed October 3, 2025), <https://www.hud.gov/hud-partners/community-cdbg>.

48 “HOME Overview,” HUD Exchange, US Department of Housing and Urban Development, accessed October 3, 2025, <https://www.hudexchange.info/programs/home/home-overview/>.

## 🔍 CASE STUDY

### **The City of Austin’s SMART Housing Program**

In Austin, Texas, the SMART (Safe, Mixed-Income, Accessible, Reasonably Priced, Transit-Oriented) Housing program offers certain fee waivers (including permitting, capital recovery, and construction inspection fees) for developers who agree to offer a designated amount of affordable housing, comply with accessibility and green building standards, and meet public transportation access requirements. Additionally, the City of Austin offers density bonuses based on a site’s base zoning and a developer’s agreement to set aside a portion of units for income-restricted affordable housing.<sup>44</sup> The fee waivers through the SMART Housing program save approximately \$1,500 per unit of single-family infill housing.<sup>45</sup>



Tax Credit (LIHTC)<sup>49</sup> provide federal funding for a range of affordable housing development activities to many municipalities. Disinvested communities should explore making use of this funding, but these programs are insufficient to support all the needs of under-resourced developers.

State and local governments should also provide funding by diverting general funds, earmarking specific tax revenue for this purpose, or implementing bond measures. One less widely implemented financial incentive that governments should consider is an Affordable Housing Trust Fund (AHTF). AHTFs are reliable, flexible funding sources created at the local, state, or county level that support various affordable housing activities. Since these are not federal funds, they are unrestricted by federal subsidy program guidelines and can be tailored to local contexts.

Another form of governmental partnership can be offered through quasi-governmental organizations such as land banks. Land banks are public entities with unique powers to put vacant, abandoned, and deteriorated properties back to productive use according to community goals.<sup>50</sup>

Land banks can maximize their partnerships with mission-driven developers by offering lower acquisition costs in exchange for affordability provisions and by leveraging the land bank's land depository tool to hold properties tax exempt during predevelopment. This would allow mission-driven developers to save additional capital that could be reallocated to the development.

Though land banks and land bank partnerships are not right for every municipality, many disinvested communities benefit from them, and those without land banks can partner with other organizations that serve similar functions.

49 "Low Income Housing Tax Credit," (Illinois Housing Development Authority, accessed October 3, 2025), <https://www.ihda.org/developers/tax-credits/low-income-tax-credit/>.

50 "What Is a Land Bank?" (Center for Community Progress [blog], April 22, 2025), <https://communityprogress.org/blog/what-is-a-land-bank/>.

51 "Housing Millage," (Kalamazoo County Government, accessed October 3, 2025), <https://www.kalcounty.gov/1148/Housing-Millage>; and Al Jones, "Housing for All' Millage Is Set to Help Families and Individuals Recover," *Second Wave Media*, September 15, 2025, <https://secondwavemedia.com/housing-for-all-millage-is-set-to-help-families-and-individuals-recover/>.

52 "Land Banking Depository Agreement Program," (Metro Atlanta Land Bank, accessed October 3, 2025), <https://www.metroatlantalandbank.org/wp-content/uploads/2020/11/Land-Banking-Depository-Agreement-Program-.pdf>.



## CASE STUDY

### Kalamazoo County's "Homes for All" Housing Millage

In 2020, voters in Michigan's Kalamazoo County passed an eight-year, 0.75-mill property tax that provides a dedicated funding source to create affordable housing. As of Spring 2025, approximately 1,400 new housing units received Housing Millage funding, and the Kalamazoo County Board of Commission had awarded grants for a variety of projects, including to developers. One developer received \$1 million in funding to rehab a hotel into 83 affordable rental units.<sup>51</sup>



## CASE STUDY

### The Land Banking Depository Agreement Program of the Metro Atlanta Land Bank

The land banking depository agreement program of the Metro Atlanta Land Bank (MALB) allows an entity to transfer a property to the land bank to be held tax-exempt for up to five years while an affordable housing project is completed. After development is complete, MALB transfers the property back to the initial entity. MALB also offers maintenance and insurance as pass-through costs.<sup>52</sup>

Historically, MALB had only partnered with local nonprofit developers and the Atlanta Land Trust. However, MALB is currently piloting a project with a mission-driven developer to support the development of 100 affordable housing units. Land banks in other parts of the country could similarly permit mission-driven developers to take advantage of their land depository programs.



## CASE STUDY

## The Infill Housing Lots Disposition Policy of the Detroit Land Bank Authority

The Infill Housing Lots Disposition Policy of the Detroit Land Bank Authority provides a 50 percent purchase price discount if 25 percent of the units are affordable to 80 percent of AMI, or an 80 percent discount if 25 percent of the units are affordable to 50 percent AMI. The land bank requires the developer to agree to 10 years of affordability monitoring by the City of Detroit.<sup>53</sup>

### *Revise current zoning requirements, where appropriate*

Cities should also review zoning and minimum home square footage requirements to ensure they are truly in service of new construction types and community needs, rather than merely creating an additional hurdle to affordability. Many communities still have outdated requirements originating from historically discriminatory policies and practices intended to limit who could access land and what they could use it for.<sup>54</sup> Where appropriate, governments should support flexible zoning or reduce square footage requirements in exchange for affordability provisions.

The level of government at which square footage requirements are set varies state to state. For example, the State of Georgia does not impose a uniform standard for permitting square footage reductions but instead passes the determination of a minimum square footage allowance to local governments. This means that in some Georgia communities, local policy has stymied affordable housing development even where demand for decreased minimum square footage exists.<sup>55</sup> In 2023, House Bill 517, intended to address excessive lot and home size requirements, was presented to the Georgia legislature but ultimately did not advance beyond the subcommittee hearing.<sup>56</sup> Communities must look to local and state regulations to determine where and how flexible zoning policy can be established.



**Governments should support flexible zoning or reduce square footage requirements in exchange for affordability provisions.**

53 “Detroit Land Bank Authority: Amended and Restated Vacant Land Policy,” (Detroit Land Bank Authority, May 2024), [https://dlba-production-bucket.s3.us-east-2.amazonaws.com/Land-reuse/POLICIES+-+VLP+Revised+to+Include+Improved+Lots+\(FINAL+May+2024\).pdf](https://dlba-production-bucket.s3.us-east-2.amazonaws.com/Land-reuse/POLICIES+-+VLP+Revised+to+Include+Improved+Lots+(FINAL+May+2024).pdf).

54 For a brief history of zoning laws and their impact on racial segregation in the United States, see George Fatheree, “A Brief History of Racial Zoning and How to Reverse the Lasting Effects of Housing Discrimination,” (Urban Land Institute, February 20, 2024), <https://urbanland.uli.org/a-brief-history-of-racial-zoning-neighborhood-associations-and-municipal-zoning>.

55 Tiny House Hand Up (THHU) received a recent victory in its lawsuit against the City of Calhoun’s ban on building homes less than 1,150 square feet, with the judge ruling that the City could not apply its ban on smaller homes against THHU. See Phillip Suderman, “Victory! Court Rules in Favor of Georgia Nonprofit’s Challenge Against Calhoun’s Ban on Building Small Homes,” (Institute for Justice [press release], August 7, 2025), <https://ij.org/press-release/victory-court-rules-in-favor-of-georgia-nonprofits-challenge-against-calhouns-ban-on-building-small-homes/>.

56 Denson and Perdue, *Review*.

### ***Provide cushion and flexible funding and innovative products***

Access to quick, flexible capital is necessary to cushion developers against unexpected or unavoidable cost changes. Although funders always recommend that developers create funding cushions for their projects, under-resourced developers struggle to do so with current affordable housing margins. With these margins, under-resourced developers are risking their livelihoods to build.

One suggestion uplifted by the Raising the Roof cohort was a flexible line item that could be paid through the capital stack if economic shifts occur. Cushion funding could be provided as up-front, accessible capital to be used in case of property acquisition cost increases. It would help these developers ensure that green, affordable infill housing can still be built.

Funding is also needed to support innovation. Developers in Atlanta and across the country are advancing innovative affordable housing products, such as leveraging development through community land trusts,<sup>57</sup> and diverse affordable housing initiatives (e.g., tiny homes, affordable condominiums)—but funding has not kept up. Developers in the cohort raised instances where an affordable housing development was funded and built but homebuyers incurred difficulty mortgaging the final product due to limits within underwriting. Funding models need to become less dependent on traditional loan structures and more flexible to assist with constructing affordable housing. Financial institutions must assess whether their underwriting criteria permit alternative forms of development or ownership, especially for disinvested communities where it is most needed.

57 Community land trusts (CLTs) are nonprofit organizations, governed by CLT residents, community residents, and nonprofit and public representatives, that provide permanent community control of land and affordable housing. For more information about community land trusts, see Kim Graziani, *Land Banks and Community Land Trusts: Partnering to Provide Equitable Housing Opportunities Now and for Future Generations*, (Center for Community Progress, 2021), <https://communityprogress.org/wp-content/uploads/2021/11/Land-Banks-and-Community-Land-Trusts-LB-CLT-TA-Report.pdf>.

*Floorplan of an affordable home being sold by the Atlanta Land Trust. (Photo: Community Progress)*



## RECOMMENDATION 5

## Increase adoption and durability of green systems in affordable infill housing units.

### CHALLENGE: Installation and maintenance of green systems are a barrier to developers' use.

Actualizing affordability is one hurdle—and implementing green building and community sustainability practices is an additional challenge requiring more up-front capital. Under-resourced developers generally lack the initial investment to ensure these practices are included within affordable products. Though the financial incentives for green building provisions are generally reimbursable, they require up-front capital that these developers do not have. In discussing green building practices, cohort members referenced the industry adage of that it can be “done fast, done cheap, or done well.”



**Many developers in the cohort were personally supportive of green building but raised high cost as a deterrent to implementing it.**



## CASE STUDY

### The Solar and Energy Loan Fund's SAGE Homes Fund

The Solar and Energy Loan Fund (SELF) offers flexible loans and financing to assist in the creation and implementation of green housing.<sup>58</sup> Its SAGE Homes Fund provides \$25,000 to \$2 million “market-rate, flexible loans for small to mid-size affordable and workforce housing developments (including mixed use developments).”<sup>59</sup> Developers must meet—among other criteria—a minimum of 30 percent of residents having low to moderate income, and these loans can be used for green predevelopment and gap funding.<sup>60</sup>

New construction must follow building codes and regulations, but beyond minimum standards, the level of green building an affordable housing development achieves is up to the individual developer. Many developers in the cohort were personally supportive of green building but raised high cost as a deterrent to implementing it, especially in affordable infill housing projects. Most incentives for green building are available as deferred income tax benefits (e.g., credits, deductions). Under-resourced developers often do not have the up-front capital, which prevents them from benefiting from future reimbursement. The cohort also raised the point that green building and sustainable practices are more recent. As a result, some developers are

58 “SAGE Homes: Financing Options for Developers,” (Solar and Energy Loan Fund [SELF], accessed September 2, 2025), <https://solarenergyloanfund.org/loan/sage-homes-financing/>.

59 “SAGE Homes.”

60 “SAGE Homes.”

unfamiliar with the benefits of these practices and/or are reliant on outside expertise to incorporate them.

In Atlanta, developers reported that few local companies install or repair green systems. Developers may be able to find companies outside of the city, but these companies are often reluctant to travel out of their standard service area. Cohort members reported they have an easier time finding companies to install basic or limited green systems than more innovative technologies. Additionally, many standard crews engaged for property repair/maintenance are unable to service the green systems.

Atlanta is a substantial metropolitan area, with the city having a population of over 500,000 and the greater metro area having a population of 6.3 million.<sup>61</sup> If this lack of an available, educated workforce hinders the adoption of green building practices in a region as population dense as Atlanta, then smaller communities are no doubt facing the same issues.

The cohort also pointed out that many end users are unfamiliar with green systems. Buyers and renters may view green systems (e.g., ductless mini-split air conditioning unit) as inferior due to lack of understanding or perception of them as lower quality, leading to a less desirable unit for the developer. The lack of familiarity also makes them more prone to user error and increased maintenance needs.

## **SOLUTION: Popularize the use of green systems through up-front capital and expanded education and partnership.**

Increasing the use of green systems requires tackling the problems of both capital and awareness of their long-term value.

### ***Provide up-front capital***

Although under-resourced developers are interested in providing affordable, green systems, they cannot do so with the current status quo of tax rebate funding. Impact capital or philanthropic funding administered through grants or green-focused organizations could serve as a bridge for these developers to provide green rehabilitated or new housing. Property tax abatement or a revolving loan fund could also be implemented to serve in the gap until developers receive deferred income tax benefits.

### ***Expand education and partnership***

Promoting expansion of green building firms and their connections with developers and property managers would help expand the adoption of green systems. A professional organization for developers could take the lead in curating up-to-date resources and connecting developers with vetted service providers for installation and maintenance.

## **What is green building?**

This report refers to green building to encompass a range of building practices that improve a building's resource efficiency. Green building may include practices like the use of fewer toxins during construction (e.g., zero-VOC paints), installing systems that improve energy efficiency like insulation and window air sealing, and building with materials and designs that can withstand extreme weather events. Although the up-front cost of green building is higher, over time these building solutions lead to cost savings for both property managers and occupants, improve property values, and provide neighborhoods with positive economic development impacts.

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<sup>61</sup> "QuickFacts: Atlanta City, Georgia," (US Census Bureau, accessed September 30, 2025), <https://www.census.gov/quickfacts/fact/table/atlantacitygeorgia/PST040223>.

Wrap-around business development would enable existing green building and consulting firms to scale their operations effectively. These firms would benefit from additional resources to scale up, train, and retain more staff. Connecting developers with green building training and certification programs would help them grow and attract new green building construction opportunities. This could be funded by CDFIs and other banking institutions and could be implemented in partnership with local governments, nonprofits, and other organizations that provide job training.

A robust, multilevel education campaign is also necessary to help developers, property managers, and end users become aware of the value of green systems. Developers and property managers would benefit from ongoing education about green systems, including their potential to lower maintenance and long-term costs. A professional organization for developers or a green building solutions organization could provide developer education. End-user education should happen upon purchase or rental: For example, an informational one-pager could accompany a lease or purchase agreement along with any other required legal disclosures. Green building practices are often positioned as good for the environment—but these technologies are also positive from a business and cost-saving standpoint. For developers with thin margins, the conversation needs to shift from focusing on green building as environmental stewardship but rather as a positive from a business/cost-savings standpoint.

Many green building practices, such as the use of kickout flashing to control water runoff or low/zero-Volatile Organic Compounds (VOC) paints, may have higher up-front costs. However, the use of these green building solutions saves money and time due to lower maintenance and potential health costs. If a developer constructing multifamily properties or multiple single-family houses used green building practices during construction, future owners or homeowners associations could potentially save money on maintenance.<sup>62</sup>

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62 Nick Gromicko and Kenton Shepard, “Kickout Flashing,” (International Association of Certified Home Inspectors, accessed October 1, 2025), <https://www.nachi.org/kick-out-flashing.htm>; and Valentina Grandesso, “Low VOC vs No VOC Paint: Are They Really That Different?” (Healthier Homes [blog], accessed September 29, 2025), <https://www.healthierhomes.com/post/low-voc-vs-no-voc-paint>.



## 05

# Conclusion

Insights from the Raising the Roof cohort highlighted the urgent need for additional support for under-resourced developers. Closing the representation gap by addressing these barriers will take time, especially for those working to bring crucial affordable infill housing to neighborhoods that have experienced historic disinvestment. It will require changes in policy and practice from financial institutions and local governments, commitments of partnership and capital, and infrastructure for professional development. But these changes are not just beneficial to these developers. They will also help the entities who can actualize them—as well as the communities these developers serve and the broader real estate sector.

Community Progress encourages financial institutions, philanthropic organizations, and local governments to use this report to help under-resourced developers support their communities and create opportunities for all people to thrive.



*The Raising the Roof Cohort plays a real-life version of the game on page 12 at a gathering on May 29, 2025. (Photo: Community Progress)*

## Appendix A

# Additional Information About the Raising the Roof Initiative and Developer Cohort

The Raising the Roof cohort supported smaller nonprofit and mission-driven, for-profit property development firms committed to neighborhood-scale residential projects that help to heal communities impacted by vacant, abandoned, and deteriorated properties.

The initiative assembled a cohort of Metro Atlanta developers to:

1. Learn more about the challenges, needs, and solutions for redeveloping vacant, abandoned, and deteriorated properties and particularly how those challenges have impacted developers or development firms led by non-white individuals that serve neighborhoods with significant non-white populations; and
2. Understand land banks and their potential portfolios of properties, and build and deepen relationships with other revitalization-focused developers and practitioners.

Cohort members are those who are or have been small-scale developers, including those with more modest portfolios and projects. These developers have or have had:

- Firsthand knowledge and deep commitment to community-focused development;
- Experience serving geographies or neighborhoods impacted by long-term disinvestment and a history of harmful public land use policies and laws that have disproportionately impacted neighborhoods with predominately Black and/or Hispanic populations;
- Experience serving geographies with predominantly or significant populations of low-income residents experiencing housing instability; and
- Experience developing green, affordable infill housing in communities impacted by widespread vacancy and disinvestment.

### Cohort Participants

Name	Development Firm
<b>Hilda Abbott</b>	RudHil
<b>Ralph Cook, Jr.</b>	Cityscape
<b>Jefferson Dominguez</b>	Jefferson Construction
<b>Karen Hatcher</b>	Sovereign Realty
<b>Derrick Holland</b>	Trinity Development Partners
<b>Pavan Iyer</b>	eightvillage
<b>Robb Jones III</b>	Cityscape
<b>Tim Le</b>	NDI Maxim
<b>Kiyomi Rollins</b>	The Ke'nekt Cooperative
<b>Booker T. Washington</b>	Techie Homes

Community Progress partnered with the following Atlanta institutions to help facilitate education and conversation when the Raising the Roof cohort convened:

- **Atlanta Neighborhood Development Initiative (ANDP):** “Established in 1991, ANDP develops, finances, and advocates for affordable housing at scale that promotes racial equity and healthy communities where families thrive. Today, ANDP is working to address the growing gap in wealth and homeownership between Black and white households, especially in neighborhoods of great risk of gentrification and displacement.”<sup>63</sup>
- **Historic District Development Corporation (HDDC):** HDDC is one of Atlanta’s oldest surviving community development corporations and the only nonprofit organization specifically dedicated to preserving the availability of affordable housing in the Old Fourth Ward district.”
- **The Guild:** In 2015, The Guild started out as Atlanta’s first co-living company, creating spaces for “changemakers”—entrepreneurs, artists, and community organizers—to live, work, gather, and thrive. It takes a systems approach to creating collaborative, inclusive, and sustainable communities, with the aim of addressing the root causes of economic inequality. Today, The Guild’s current development projects focus on creating a pathway for community ownership.<sup>64</sup>
- **SK Collaborative:** SK Collaborative is an environmental construction consulting firm that helps developers and builders get green building certification.<sup>65</sup>

These organizations attended cohort convenings and provided examples and education to the participating developers. The cohort formally met for 30 hours over the course of five individual meetings. However, the developers quickly identified one another as partners and allies in a shared struggle, and their enthusiasm for and engagement with the program and each other extended far beyond these formal convenings. The developers attended various optional events arranged through the initiative, including site tours of properties in the Greater Atlanta metro area and a meeting with the DeKalb Regional Land Bank. They also independently arranged to meet with each other for lunch and other get-togethers: Over the course of the five convenings, they would reference conversations they had with one another outside the formal structure of the program. This eagerness speaks both to the dedication of these developers and the need for a formal organization that can support these professional connections.

The formal convenings occurred on the following dates and were structured around the following:

- **July 23, 2024:** At this first convening, developers and staff from local land banks introduced themselves and their projects and began sharing the challenges they face.
- **September 19, 2024:** Hosted by ANDP, this convening focused on existing funding programs. Various local industry leaders (CDFIs, nonprofit, philanthropic, and government entities) also attended.
- **February 3, 2025:** Hosted by HDDC, this convening focused on sustainability. HDDC provided insight on the history of Sweet Auburn, the Front Porch Project, and community-led efforts to revitalize the neighborhood.
- **May 20, 2025:** Hosted by The Guild, this convening focused on the organization’s community land trust and the 918 Dill Ave development.
- **May 29, 2025:** Hosted by SK Collaborative, this convening focused on green building and sustainable development.

63 “Our Work,” (Atlanta Neighborhood Development Partnership, Inc., accessed September 29, 2025), <https://www.andpi.org/ourwork>.

64 “About Us,” (The Guild, accessed September 29, 2025), <https://www.theguild.community/about/>.

65 “About Us,” (SK Collaborative, accessed September 29, 2025), <https://www.skcollaborative.com/about-us/>.

## Appendix B

# Capital Stack and Pro Forma Examples

The following capital stack and pro forma examples were generously supplied by the Historic District Development Corporation (HDDC) and The Guild, two Atlanta institutions that partnered with Community Progress to make the Raising the Roof initiative possible.

Both developments were designed with maximum affordability and green building practices in mind. However, during capitalization, both organizations encountered greater costs than anticipated. For these projects to “pencil out,” these developers had to compromise on their initial visions. These examples show how difficult it is for under-resourced developers to maintain affordability and meet green building goals.

### HDDC The Front Door

The Front Door Project was planned as a green, mixed-use development with opportunities for affordable homeownership, commercial and residential rental, urban agriculture. The initial blueprint included solar panels to lower energy costs and community education about solar energy for residents. Many Atlanta households are cost burdened by unexpected utility surcharges, and solar electricity would have provided utility cost relief. The project also included a rooftop garden so residents and business owners could have urban agriculture as an amenity; affordable retail space as an anti-displacement tool for legacy Black-owned businesses; and diverse affordable housing options, including ownership opportunities. The development aimed to support residents across the socioeconomic spectrum in Sweet Auburn.

But during predevelopment, the acquisition process for 362 Auburn and market changes increased project cost.

#### The Front Door Pro Forma: Project Costs

	Original: October 2019	Current: August 2025	Percent Change
<b>HDDC Equity</b>	\$2,200,000	\$6,836,369	<b>+210.74%</b>
<b>Pref Equity</b>	\$3,241,192	\$0	<b>-100%</b>
<b>NMTC</b>	\$0	\$6,190,500	<b>-</b>
<b>Grant Funding/Eastside TAD</b>	\$2,000,000	\$4,000,000	<b>+100%</b>
<b>Total Equity</b>	\$7,441,192 (33%)	\$17,026,869 (45%)	<b>+128.81%</b>
<b>Total Debt</b>	\$15,250,819 (67%)	\$20,430,000 (55%)	<b>+33.96%</b>
<b>Total Project Costs</b>	\$22,692,011	\$37,456,869	<b>+65.06%</b>

In 2018, HDDC made several offers to purchase the deteriorated 362 Auburn property at its appraised value of \$300,000. The owner countered \$1.3 million, which was out of budget for HDDC. After HDDC purchased the adjacent properties, 362 Auburn remained in center of the future development. Despite several offers at the appraised value, the owner of 362 Auburn declined. To continue work, HDDC began planning the Front Porch project as two buildings separated by the missing parcel. When the owner of 362 Auburn offered to sell, HDDC acquired the property for \$1.5 million despite the property's appraised value of \$500,000. Although the acquisition was beneficial, it added unplanned costs to the development.

During development, the COVID-19 pandemic began. This increased the demand for land and costs on trade, materials, and staffing. Internationally shipped materials faced delays and the cost for replacement items and staff to implement them increased. These factors compounded into development delays, pushing the project beyond its anticipated timeframe and adding significantly to costs.

Initial budgeting put the project at \$24 million. By 2022, this anticipated budget was \$32.2 million.

After capitalization, HDDC found the project was \$5.2 million over budget. To make the development possible, it had to diverge from some of its original design goals.

Although the original plan would have been funded by the initial \$24 million, increased costs made it impossible for the project to pencil out. HDDC had to identify ways to reduce project cost: These measures included eliminating the solar panels and removing ownership opportunities. The project also scaled back community offerings. For example, the original design for the rooftop garden included a learning kitchen where residents could participate in healthy cooking demonstrations. To lower equipment and plumbing costs and allow the project to move forward, the kitchen was removed from the project. Although The Front Door is still a valuable addition of new

### How Project Costs Changed

**Original Plans:** \$24 million

**Capitalization:** May 2022

**Budget:** \$32.2 million

**Actual:** \$37.4 million

**Shortfall:** **\$5.2 million**

### The Front Door: Product

	Original: October 2019	Current: August 2025	Percent Change
Retail Tenants	30	14	-53.33%
Retail SqFt	31,110	29,600	-4.85%
Residential Rental Beds	28	67	+139.28%
Residential Rental Units	14	33	+135.71%
Residential Rental SqFt	12,943	34,494	+166.5%
For Sale Beds (Condos)	25	0	-100%
For Sale Units (Condos)	14	0	-100%
For Sale SqFt (Condos)	18,509	0	-100%
Total Beds (Rental/Condos)	53	67	+26.41%
Total Units (Residential/Retail)	58	47	-18.96%
Total SqFt (Residential/Retail)	65,562	64,094	+2.44%

## The Front Door: Affordability and Rental Mix

	60% AMI	80% AMI	Market Rate		
<b>Co-living Beds</b>	48	0	10		
<b>Studio Beds</b>	1	0	2	<b>Total Affordable Beds</b>	52
<b>One-bedroom Units</b>	0	3	3	<b>Total Beds</b>	67
<b>Co-living Units</b>	20	0	4		
<b>Studio Units</b>	1	0	2	<b>Total Affordable Units</b>	24
<b>One-bedroom Units</b>	0	3	3	<b>Total Units</b>	33

housing for the community, its compromises on green building and homeownership options are an example of how developers struggle to offer affordable, green housing product to neighborhoods where these options would have immense impact. If HDDC had received a development cushion to protect the project during economic instability, or upfront capital to ensure the implementation of the green building initiatives, a greater impact could have been achieved for the residents and surrounding community.

## The Guild's 918 Dill

918 Dill featured permanently affordable apartments above a neighborhood grocery store with commercial kitchens and community spaces—illustrates the unique challenges and risks that innovative affordable development models face compared to conventional market-rate development.

As is the case with many affordable housing projects, The Guild struggled to access reliable financing. After receiving a conditional term sheet for a construction loan from a national CDFI in mid-2021, the project endured over two years of shifting underwriting criteria despite meeting previously established requirements. For example, requirements evolved from needing a permanent lender letter of intent (LOI) to requiring an expensive forward commitment compromising the project's ability to pencil. Interest rate increases from the lender further destabilized financing by lowering debt coverage ratios, while the lender maintained separate, undisclosed financial projections that created information asymmetries. These delays exposed the project to additional market risks during a critical inflationary period.

Additionally, over the course of the financing period, construction costs escalated due to supply chain disruptions and material price increases. As shown in the following financial progression, these challenges compounded over time, driving total project costs from \$6.2 million to \$10.9 million.

Though the project began with a funding gap of only \$125,000 in the first quarter of 2021, between financing challenges and increased construction costs, that gap had increased to over \$2.5 million by the third quarter of 2022. While market-rate developments may absorb such overruns through increased rents, projects committed to affordability must find alternative solutions.

The project's community-responsive design also added financial complexity. Located at a key intersection in a food desert, the project featured a neighborhood grocery store to meet local community needs and demands. Smaller grocery stores in underserved areas are viewed as considerable risks by lenders,

### 918 Dill Pro Forma

This chart highlights the financing challenges faced by The Guild as it sought to complete an affordable development project at 918 Dill.

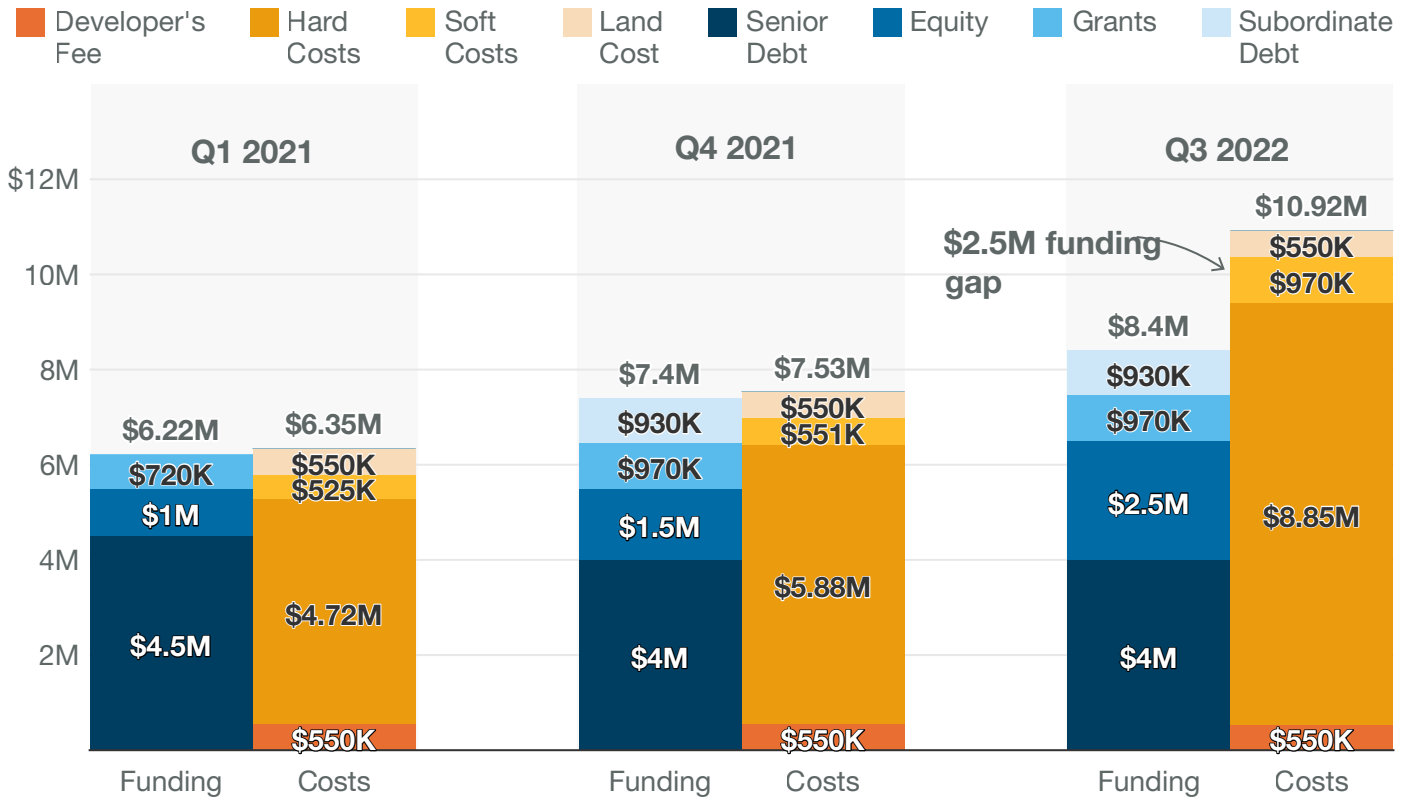


Chart: Center for Community Progress • Source: The Guild

particularly when they are too small to attract national or regional grocers. Consequently, the project faced significant difficulty getting its grocery tenants approved by underwriters.

Despite these challenges, the project successfully adapted and secured necessary funding. Through its innovative equity buyback model—where residents gradually purchase shares of ownership, buying out philanthropic equity providers—the project secured the capital needed to close its funding gap while keeping rents affordable. After establishing a trust-based relationship with a new CDFI lending partner, the project ultimately closed on its construction financing.

Although The Guild was able to complete the development, there are notable changes from the original plan. The original design included an elevator; developers in the cohort raised the lack of an elevator as an unmet community need, as senior and supportive housing is limited within the surrounding community. Without an elevator, residents who have mobility limitations are not able live at 918 Dill, as the ground floor is reserved for commercial space.