

AFFORDABLE HOUSING IN PITTSBURGH

A Collaborative Approach to Neighborhood Development in Southwest Atlanta



ACKNOWLEDGMENTS

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ABOUT THE ANNIE E. CASEY FOUNDATION

The Annie E. Casey Foundation is a private philanthropy that creates a brighter future for the nation's children by developing solutions to strengthen families, build paths to economic opportunity and transform struggling communities into safer and healthier places to live, work and grow.

For more information, visit the Foundation's website at www.aecf.org.

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introduction 2

**a collaborative neighborhood
development plan** 4

Engaging the Community 4

A Phased Redevelopment Approach 6

Finding the Right Partners to Accelerate Progress 9

strategic shift 11

results 13

lessons and recommendations 13

conclusion 15

endnotes 16

SIDEBARS

A CLOSER LOOK AT PITTSBURGH, ATLANTA 3

THE ATLANTA CIVIC SITE 4

A FOCUS ON COMMUNITY SAFETY 5

CREATING A LASTING LEGACY 8

DIVERSE FUNDING SOURCES 13



introduction

Pittsburgh is one of Atlanta’s oldest neighborhoods. Established in the 1880s and named for its industrial resemblance to the Pennsylvania city, the Southside community became a haven for working-class African Americans and a thriving business epicenter.¹

Things began to change in the 1960s, however, as residents moved to surrounding suburbs and home values declined. Subsequent decades of disinvestment and discriminatory policies, compounded by the 2008 foreclosure crisis, left Pittsburgh with some of the highest poverty and unemployment rates in Georgia. Today, the neighborhood’s median household income is just \$22,819,² compared to \$56,183 for the state.³

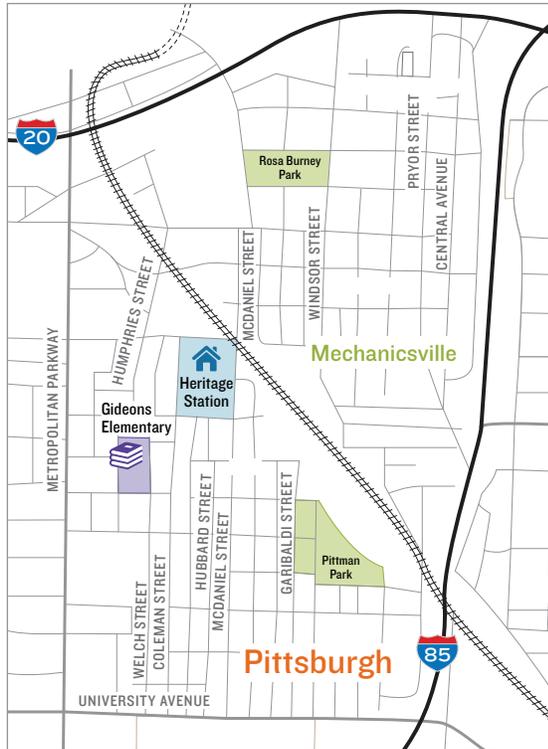
Recognizing that safe, stable housing is necessary for communities to thrive, the Annie E. Casey Foundation launched a multipronged approach in 2009 to help revitalize Pittsburgh, largely focused on renovating 53 homes throughout the neighborhood. Since then, 43 of those properties have been redeveloped and rented or sold at accessible prices. The remaining 10 properties have been transferred to local nonprofits that plan to redevelop and keep them affordable.⁴

Collaboration has been a critical factor in the project’s success. Casey and its partners have used a mix of tools — including community land trusts,⁵ land banking,⁶ creative financing sources and down-payment assistance programs — to reduce vacancies, increase homeownership and create a variety of affordable housing options.

Along with physical redevelopment, this work has sought to support community leadership, engagement, safety and beautification to strengthen the neighborhood’s public image and encourage home sales among a diverse group of buyers. The Foundation funded community cleanups and façade improvements for local businesses, partnered with city officials for greater code enforcement of vacant properties and provided grants to local nonprofits to help owners with low incomes throughout Pittsburgh make home repairs.

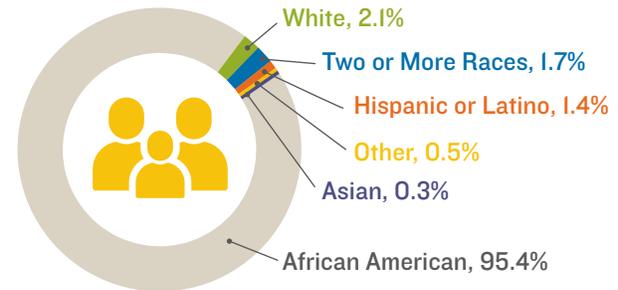
This report highlights lessons, opportunities and challenges that have arisen since the launch of the effort. It also offers recommendations that are guiding Casey’s ongoing work. The Foundation hopes other mission-driven funders, investors, developers and policymakers can use them to create more economically inclusive communities, preserve and expand access to safe, long-term affordable housing options and, ultimately, combat the tide of displacement that has swept over Pittsburgh and many other communities of color throughout the nation. More than ever, this work is needed to help stabilize neighborhoods as they grapple with the economic fallout from the coronavirus pandemic.

A CLOSER LOOK AT THE PITTSBURGH NEIGHBORHOOD IN ATLANTA



FOUNDED: 1883

TOTAL POPULATION: 3,590



LOCATION: 2.5 miles south of downtown, bordered by I-85, Metropolitan Parkway and the Atlanta BeltLine

COMMUNITY HIGHLIGHTS: Community gardens, more than 30 churches, Pittman Park Recreation Center (with Olympic-sized pool), Salvation Army Kroc Center, Pittsburgh Yards

AVERAGE ANNUAL INCOME: \$22,819 (for comparison, average annual rent for a one-bedroom unit in Atlanta is \$20,736⁷)

Sources: The American Community Survey and the Longitudinal Employer-Household Dynamics Program.

Pittsburgh was established in 1883 by African American laborers and former plantation workers, many of whom sought stable housing and jobs with the nearby railroad companies. By the 1920s, the neighborhood was home to a thriving African American business district — including a drugstore, barber shops, restaurants and a funeral home — as well as the city's first African American orphanage and several educational institutions.⁸

"I've lived here, in the house I grew up in, all my life," says Pittsburgh resident Annette Samuels. "This neighborhood has a rich history and a really tight sense of community. Growing up, we were like a family. Everyone looked out for other people's kids. It was great. I called it the magic of Pittsburgh. There were weekly baseball games at the park, roller skating, bicycling and swimming. All those things were available to kids — they became part of the magic. There were a lot of professionals, like doctors and lawyers, in the neighborhood, and we had our own little business section on McDaniel Street."

Though that strong sense of community remains today, decades of disinvestment, predatory lending practices, crime and blight have taken their toll on the neighborhood. Pittsburgh's population and business infrastructure began to decline in the 1950s and '60s with desegregation and the rise of suburbs. As more affluent residents — both white and African American — moved to other city neighborhoods and beyond, federal and local redlining policies⁹

created financial barriers that made purchasing and renovating vacant properties in African American communities like Pittsburgh difficult. By 1990, the neighborhood had lost more than half its population.¹⁰

The Great Recession in 2008 dealt another devastating blow. African Americans in Pittsburgh, like many throughout the nation, were targets for subprime lending and other forms of mortgage fraud, resulting in high foreclosure rates. Absentee landlords, banks and holding companies, abetted by years of deregulation in the housing market, left properties overgrown and neglected. By 2010, 36% of Pittsburgh properties were vacant,¹¹ spurring greater vandalism and crime.

"Things have changed over time," says Samuels. "A lot of people lost jobs in the recession and started moving out to other areas. I'm not always sure why, but I think there became a stigma with Pittsburgh and the other neighborhoods around it. People started associating them with crime and low incomes, but that's not all necessarily true."

Samuels and her neighbors are hungry for opportunity and community-based resources, like a grocery store or a farmer's market. She says she hopes that projects like the Atlanta BeltLine¹² and the redevelopment of Pittsburgh Yards will "bring the neighborhood back to where it was."¹³

a collaborative neighborhood development plan

The Casey Foundation has been working since 2001 to help families in Atlanta’s Adair Park, Mechanicsville, Peoplestown, Pittsburgh, Summerhill and Capitol Gateway neighborhoods — known collectively as Neighborhood Planning Unit V (NPU-V) — access the opportunities and support they need to thrive.

While these efforts initially focused on people-based programs, including early childhood education and workforce training, the Foundation came to realize the important role that stable housing — or the lack thereof — would play in the neighborhood’s success. In 2009, Casey began pursuing a more comprehensive neighborhood transformation strategy with the following goals:

- provide and protect high-quality, energy-efficient, affordable housing options;
- cultivate neighborhood assets and improve safety; and
- increase economic stability through homeownership and other wealth-building opportunities.

As a first step, Casey made a \$3 million program-related investment (PRI)¹⁴ to purchase 53 vacant homes throughout Pittsburgh that it wanted to renovate and sell at affordable prices. Unlike traditional grants, PRIs are made with the intention of earning the funds back by a specified time at a below-market interest rate.

Casey transferred the homes to the Fulton County/City of Atlanta Land Bank Authority, a public entity that helps stabilize neighborhoods by holding and temporarily managing vacant, abandoned and tax-delinquent properties to return them back to productive use. The Foundation then cleared any remaining title issues, insured and boarded up the homes and established a regular maintenance schedule.

Engaging the Community

To continue advancing the work, Casey partnered with a large coalition of community groups on a master planning process to identify needs, neighborhood assets and potential land uses within Pittsburgh. More than 200 residents, business owners, developers

and local leaders participated in a series of planning meetings, visioning sessions and walking tours to share their concerns and hopes for the future. The stakeholder group focused on urban design, housing, economic development, sustainability and transportation. The process also included an extensive inventory of vacant homes, which residents were paid to complete along with interns from local universities. The teams conducted visual assessments and answered a series of questions to classify the condition of each property.

THE ATLANTA CIVIC SITE

Atlanta is one of two civic sites, along with Baltimore, where the Casey Foundation has a special connection and long-term commitment to child and family well-being. Since 2001, the Atlanta Civic Site team has been working to increase opportunities for NPU-V residents by focusing on neighborhood revitalization, promoting entrepreneurship and wealth-building strategies, strengthening local organizations to galvanize community involvement and promoting high-quality early childhood education and child development.

Major Milestones



A FOCUS ON COMMUNITY SAFETY

Creating and maintaining a sense of community safety is a critical component of any neighborhood transformation strategy. All residents — existing and prospective — deserve the right to go about their daily activities free from violence and harm. When they feel safe, they are more likely to both invest in and benefit from neighborhood assets, including parks, businesses and community spaces.

To increase safety around the redevelopment sites, the Casey Foundation took several steps, including:

- informing public officials, police officers, community organizers and residents of upcoming construction work and requesting their input and support;
- hiring community members for landscaping and other subcontracted roles;
- concentrating renovations geographically so workers could oversee equipment simultaneously at multiple sites;
- using iron cages to discourage the theft of air conditioning units;
- waiting until homes were occupied to bring in appliances; and
- installing hidden cameras and bars on windows that match the pane pattern to provide homebuyers who wanted them with security in an aesthetically pleasing way.

Bobby Williams, Sr., who grew up in Pittsburgh, was one of the residents hired to help with the redevelopment efforts. He and other community members prepared the first phase of houses and secured them during construction.

“Me and other people who have grown up in the neighborhood have seen so many things,” says Williams. “That’s why I got involved to help clean up the houses that had been sitting for a while, board them up and put on locks. That allowed the workers to move forward. I was excited to see that progress, and so were other people on the street.”

Williams also has been an active participant in Pittsburgh community meetings, which he says are critical in creating a safer environment. “Crime has gone down because the police commander has been coming to meetings and hearing from people. I can tell that [the police] were trying to address those issues.”

The only downside of the revitalization efforts, Williams says, has been the increase in property taxes. Many of his neighbors are worried about how they will keep up now that their houses are being appraised at higher values, causing higher tax bills. However, he sees advocacy as the key and hopes local policymakers will continue addressing the concerns of longtime residents. “When people speak up, positive things happen.”



Community members were hired to help clean and board up homes prior to redevelopment.

The resulting *Preservation of Pittsburgh Neighborhood Master Plan*¹⁵ was completed in 2012. The plan identified nine core principles for future revitalization efforts:

- 1 Restore and reoccupy vacant buildings
- 2 Fill in vacant lots
- 3 Preserve affordable housing
- 4 Create high-quality open spaces throughout the neighborhood
- 5 Support youth-related activities
- 6 Create walkable streets
- 7 Enhance community resources
- 8 Attract more residents
- 9 Create more space-efficient and pedestrian-friendly parking solutions

A Phased Redevelopment Approach

Once the master plan was complete, Casey hired a real estate partner, Clark Property Consulting (Clark), and a law firm specializing in community development, Reno & Cavanaugh, to help execute a redevelopment process aligned with the recommendations community members had developed. The Foundation and Clark designed and issued a request for proposals in 2013 to identify a developer that could restore a subset of the vacant houses Casey had purchased and sell them to an economically diverse set of buyers. Specifically, the Foundation wanted to attract three types of buyers: people earning less than 80% of the area median income — which at the time was \$53,051 for a single-person household in metro Atlanta¹⁶ — those earning less than 80%–120% of the area median income and buyers without income restrictions. By doing so, it



Bus and walking tours were held to highlight neighborhood assets.

hoped to catalyze new investment in the neighborhood — eventually leading to an increase in overall property values and paving the way for other developers to renovate more of Pittsburgh’s vacant homes. As it was, the cost to rehabilitate a house in the neighborhood was often higher than the anticipated selling price.

The REAL Group — composed of two private developers, the head of a local nonprofit and a community-based realtor — was selected from a small pool of qualified applicants. In 2014, REAL began by auditing Casey’s 53 homes to determine which were most viable for the first phase of redevelopment and calculating projected costs. Of the eight houses identified, half were located near the intersection of Beryl and Rockwell streets; the others were scattered throughout the neighborhood.

Rehabilitation efforts began in 2015, using multiple sources of funding, that included a \$1 million low-interest equity equivalent investment from Wells Fargo,¹⁷ Housing Opportunity Bond¹⁸ financing from Invest Atlanta and additional grant funds from Casey.

The Foundation launched the next redevelopment phase a year later with Atlanta Neighborhood Development Partnership (ANDP), a nonprofit development and advocacy organization that promotes, creates and preserves mixed-income communities throughout the metropolitan Atlanta region. In addition to loans and grants from Casey, ANDP obtained a federal New Markets Tax Credit investment to help with the costs.

Unlike the first eight homes, the 11 in this phase were located on just two streets — eight on Welch and three on Beryl. Based on previous experience, Casey’s real estate partners believed that spatially concentrating redevelopment block by block would produce more visible progress and excitement among community members and increase interest among buyers. The houses’ proximity also made the construction process more efficient and secure, allowing contractors to move their workers and materials more quickly down the street.

To complement the redevelopment and challenge negative attitudes about

“I’d like Pittsburgh to be a safe, livable community where people can raise a family, worship and become self-sustainable ...”

— excerpt from community visioning card

Pittsburgh, Casey launched a campaign with residents and local partners to highlight the positive attributes of the neighborhood. These efforts included community cleanups, walking tours with local officials to identify needs and advocate for greater code enforcement of vacant properties, open houses and bus tours for prospective tenants, the production and distribution of “Pittsburgh Pride” house flags and a social media campaign to share positive stories from the community. The Foundation also supported a range of educational courses — including homeowner protection and first-time buyer workshops — and made grants to help existing owners, particularly elderly ones, make necessary repairs to their properties. In addition, Casey partnered with Access to Capital for Entrepreneurs, a community development financial institution, to provide technical assistance and capital to local businesses.

The houses were initially priced from \$75,000 to \$105,000. Though market demand was slow at first, causing some houses to sit for six months or more, all 19 homes from the first two phases had been sold by early 2018. The process took more than \$3.5 million in combined investment, as well as significant time and human resources.



Prospective homebuyers were able to tour redeveloped houses and interact with real estate partners.



The Pittsburgh Rise festival, which featured outdoor activities and live entertainment, was held in May 2016 to celebrate the neighborhood.

CREATING A LASTING LEGACY

Tamacia King grew up in Pittsburgh, in what she calls the “big family house” on Hubbard Street. Though she moved away in 1966 at the age of 11, she returned to the neighborhood in 2003.

Her husband, William King, first came to the neighborhood in 1978 from Rochester, Minnesota, as part of his job training teachers throughout the Southeast in cursive handwriting techniques. After traveling across the United States and globally, he decided to permanently plant his roots in Pittsburgh in 1991 and begin a Christian ministry.

Drawn together by a strong sense of faith and the desire to serve their community, the couple, who met in 2009, married in 2012. They then began renting a home on Coleman Street, where they lived for seven years until their landlord let them know he was selling.

The Kings had been encouraged many times by community partners and friends to make the leap from renting to buying but never felt ready. If they were to purchase a home, though, the couple knew they wanted to stay in Pittsburgh.

Natalie Keiser, a senior associate at the Foundation who oversees Casey’s neighborhood transformation work in Atlanta, was one of the people urging the Kings to consider

homeownership. She often ran into them at Pittsburgh neighborhood meetings and would share information about various opportunities, including Atlanta Habitat for Humanity’s (Atlanta Habitat) homebuyer program.

Atlanta Habitat is the city’s largest nonprofit developer of affordable single-family housing. The organization builds and renovates energy-efficient homes in select neighborhoods throughout Atlanta and South Fulton County. Then it sells them via a 30-year, zero-interest mortgage to qualified first-time buyers who, because of their income, might be unable to access more traditional lending options. In exchange, buyers must commit to completing a series of requirements, including a comprehensive 12-session homeownership course, financial coaching and a minimum of 250 volunteer hours spent building their own home and the homes of others. Atlanta Habitat considers this “sweat equity” to be core to its mission of building community and partnering with families to provide “a hand up, not a handout.”

The organization became an important partner in the Pittsburgh revitalization work. The Foundation coordinated redevelopment of its homes with Atlanta Habitat’s construction plans and engaged its staff in the rebranding campaign to accelerate visible progress in the neighborhood and provide a range of options for prospective buyers like the Kings.

By the time the couple decided to move ahead, the wait list for buyers interested in beginning Atlanta Habitat’s program was more than two years long. But by a miracle, they say, a spot opened up.

“We had some work to do to get our income up and meet the qualifications,” says Tamarca. “We worked on that for a couple months and officially started building our home in January of 2019.”

The Kings worked with volunteers to construct the home, attended community meetings and organized other neighborhood events to bring people together. Tamarca also spearheaded the installation of a community garden in an abandoned lot owned by Atlanta Habitat.



Tamarca and William King are proud to call Pittsburgh home.

“They’re great contributors,” says Melissa Klein, Atlanta Habitat’s director of family services. “They offer a lot of resources to our other families and are always looking for ways to use what they have to strengthen the neighborhood. That’s one of the things I love about them.”

The Kings officially moved into their new home in January 2020. Though it rained that day, they gathered all the volunteers who had helped them along the way and released doves to mark the occasion.

“Everyone worked so hard,” says Tamacia. “It was so beautiful.” Like all Atlanta Habitat buyers, the couple will be on a one-year rental plan to ensure that buying is still right for them. During that time, they must also complete their final set of requirements, including participating in five financial coaching sessions.

“Once people move into their new home, they’re required to meet with a financial coach to review their spending plans,” says Klein. “When you switch from renting to owning your home, you have to start thinking about the long-term investments you need to make in your house — and in yourself — to be successful and prepared for a rainy day. The coaching helps people to be accountable for making that transition financially. If they don’t do it, they don’t get to buy their house.”

The Kings believe their home-buying journey was ordained by God. The house they built is next door to the one on Coleman Street they rented for seven years and across the street from Tamacia’s sister’s home. It is also around the corner from the big house she grew up in.

“We were meant to be here,” Tamacia says. “I mean, who else gets to build a house at this age — 65 and 75? This is our legacy home, the place where we will get to see our four children, 12 grandchildren and seven great-grandchildren come up.”

For William, the house represents a sense of peace and stability. “You know you’re going to get to be here. This is permanent,” he says.

Finding the Right Partners to Accelerate Progress

For its remaining 34 homes, the Casey Foundation worked with Clark to implement a diverse set of programs — including lease-to-purchase and various rental options — with local organizations that shared its revitalization mission and had the relationships and infrastructure in place to mobilize.

In each of the following examples, the Foundation turned over vacant homes or lots at no cost, and the partner organization used its own capital for the renovation and lease or sale efforts. The partners also signed agreements defining and affirming their commitment to affordability, housing quality and energy efficiency, as well as local hiring and subcontracting. Accountability measures, including income verification for prospective occupants and home inspection reports to evaluate the quality of construction, were also built into these agreements.

- **THE ANDREW P. STEWART CENTER**, a nonprofit in Pittsburgh that provides educational, wellness, economic development and housing services to families with children enrolled in the local elementary school, received and renovated four homes for its lease-to-purchase program. The center also took responsibility for three other Casey homes, which were already renovated, for the same program.
- **NONPROFIT ATLANTA LAND TRUST AND PADSPLIT**, a private developer, have partnered to renovate an abandoned duplex into a co-living space for approximately 10 renters earning up

to 60% of the area median income, or \$34,740.¹⁹ The tenants will each have their own rooms that they pay separate rent for, but share common areas, such as the living room and kitchen. Furniture, utilities, Wi-Fi, laundry facilities and other services will be provided at no additional charge.

PadSplit is financing the renovations and providing property management services. As owner, Atlanta Land Trust will ensure permanent affordability through its community land trust restrictions.

- **QUEST COMMUNITIES**, a nonprofit housing developer, is in the process of converting a vacant property into an eight-unit multifamily structure that will include one- and three-bedroom apartments. Casey conducted initial predevelopment work for the project, including demolishing an existing deteriorated structure on the site, organizing a community design process, spearheading the rezoning efforts and providing Quest with seed funding for architectural, engineering and permitting work.
- **AN INDEPENDENT LOCAL REAL ESTATE AGENT** helped Casey acquire a vacant property that was adjacent to another Foundation-owned house in need of costly repairs. After the acquisition, Casey sought input from residents, who helped develop a design for six new urban townhomes on the land, and applied for a zoning variance to allow for the increased density. The Foundation then transferred the lots to ANDP for redevelopment and provided a grant to help subsidize the costs associated with selling the units to buyers earning less than 80% of the area median income. As the townhomes are completed and sold, ANDP will transfer

them to Atlanta Land Trust to ensure permanent affordability.

- **THE ATLANTA POLICE FOUNDATION** is developing two homes that will be offered for purchase to selected officers with incentives such as a \$500 monthly stipend for three years and down-payment assistance in exchange for their participation in community meetings and other events to connect with residents about safety and law enforcement.
- **SWOPE DREAMS**, a nonprofit established in memory of affordable housing developer Drew Swope, financed the redevelopment of one of Casey's homes and sold it to a veteran earning less than 80% of the area median income. This property has been transferred to Atlanta Land Trust to ensure permanent affordability.

The Casey Foundation also partnered with Invest Atlanta, the city of Atlanta's economic development agency, to provide down-payment assistance on five homes for buyers earning less than 80% of the area median income who

have received a 203(k) loan²⁰ from the Federal Housing Administration. Under this arrangement, the cost of needed renovations is built into the buyer's mortgage, and the homeowner engages a licensed contractor to complete the renovations with the assistance of a third-party consultant and oversight of the lender.

Through these partnerships, 24 properties have been redeveloped and rented or sold at accessible prices. The remaining 10 are still under development.

"For funders stepping into the community development and affordable housing space, finding the right partners who share your values is critical," says Keiser. "All the developers we worked with were committed to quality and affordability and were able to leverage other resources for the work. The real estate agents, including Derrick Duckworth with AreaWest Realty, were intimately familiar with the community and were willing to piece together various programs and incentives to open up new housing opportunities for lower-income residents."



Redevelopment efforts in progress on Beryl Street.

strategic shift

By 2015, Atlanta’s real estate market had largely recovered from the recession. While home and rental prices skyrocketed, the number of affordable housing units steadily declined. Though the city saw just a 6% increase in the median household income between 2013 and 2016, an estimated 95% of the 10,000 new apartments built during that same period were considered “luxury.”²¹

This trend eventually carried over to several NPU-V neighborhoods, including Pittsburgh. Private developers, encouraged by the progress they saw with Casey’s houses, were investing in the community again. Pittsburgh homes that once were difficult to sell for \$75,000 were now going for more than \$200,000.

There also was an increase in major development projects surrounding the neighborhood, including the Atlanta BeltLine and new development around

the former Turner Field stadium. In 2017, the Foundation recognized the financial pressure this boom would place on longtime NPU-V residents (see figure below) and decided to shift its focus and grant making for subsequent phases from attracting mixed-income buyers to developing a continuum of long-term, affordable housing options for those who might soon be priced out.

“We’re proud to be part of a group of mission-aligned partners working to preserve housing affordability in one of Atlanta’s historic neighborhoods,” says John O’Callaghan, president and CEO of ANDP. “Supporting long-term residents remains important work as the city’s landscape continues to evolve.”

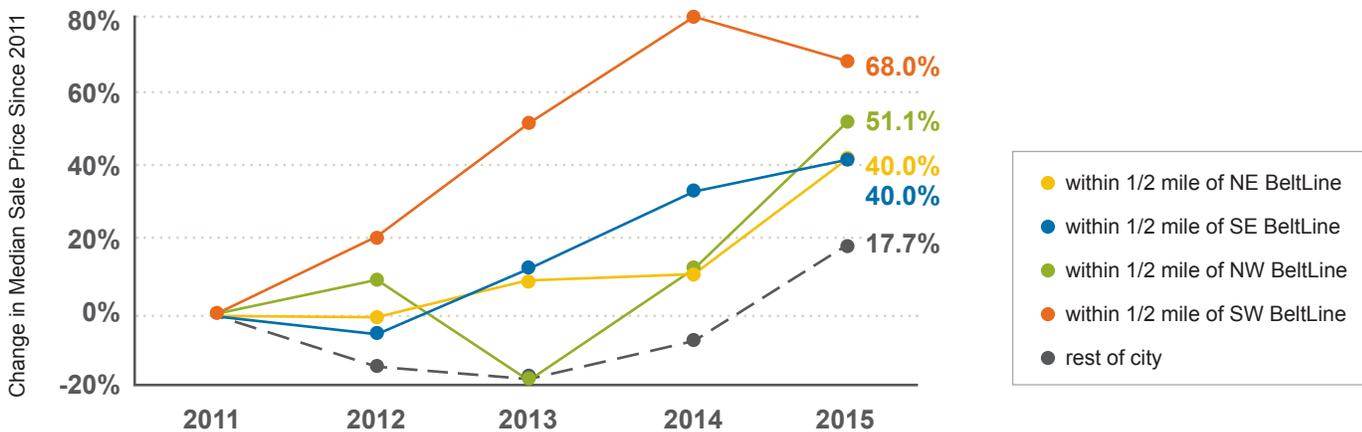
To do so, Casey and its development partners began transferring more homes to Atlanta Land Trust. The organization was established in 2009 to maintain affordability in neighborhoods at risk of gentrification

and displacement due to development along the Atlanta BeltLine and other areas throughout the city.

With community land trusts, individuals own their home and ground lease the land it sits on from a nonprofit. Appreciation on the ground-leased homes is capped at a rate comparable to area median income growth, ensuring affordability for future buyers. Homeowners are still able to build equity as they pay down their mortgage principal and receive tax benefits on the mortgage interest, but when they sell, they cannot sell at a price above the capped affordable price.

Land trusts permanently ensure affordability by increasing the life of the subsidy investment for generations to come, rather than allowing it to expire when the original homeowner sells the house. While homeowners may see less of a financial windfall when they sell, they still realize a significant

Cumulative Change in Median Sale Price: 2011 to 2015



This chart demonstrates the profound effect the Atlanta BeltLine has had on the communities it passes through. Pittsburgh is located in the southwest segment, which has experienced the highest price increases.²²

Source: Analysis completed by Dan Immergluck and Tharunya Balan.

return — while leaving some money on the table to help future residents.

“We are working with communities to co-create transformational solutions,” says Amanda Rhein, executive director of Atlanta Land Trust. “For us, it’s about ensuring community control and creating more inclusive, equitable neighborhoods throughout Atlanta.”

Traditional affordable homeownership models, on the other hand, typically

use a forgivable lien to cover any subsidies and loosen income restrictions after a few years or when the homeowner sells the house. This helps build individual wealth for the first homeowner, who is able to sell at market rate, but does nothing to help preserve long-term affordability. Thus, affordable housing service providers must continue filling a leaking bucket of affordability in the community by investing in additional subsidies and developing more affordable homes.



A completed Casey home on Welch Street.

MORTGAGE ASSUMPTIONS	
Mortgage Amount	\$135,000
Interest Rate	5.00%
Monthly Principal and Interest Payment	\$725
Annual Taxes	\$2,000
Annual Insurance	\$1,200
Monthly Mortgage Insurance	\$120
Total Monthly Payment	\$1,111

These mortgage assumptions apply to both examples below, which compare a traditional subsidy forgiveness model to a community land trust model. Though the equity is lower, the sale price remains affordable for future buyers.

Traditional Affordable Housing Example

2019 PURCHASE	
Estimated Market Value	\$225,000
Affordable Housing Subsidy	-\$65,000
Reduced Purchase Price	\$160,000
Minus Down Payment Assistance	-\$25,000
Mortgage Amount	\$135,000
Estimated Monthly Payment	\$1,111
SALE IN 10 YEARS	
Annual Appreciation Rate	6%
Total Appreciation (6% x 10)	60%
Sale Price	\$256,000
Minus Remaining Mortgage Balance	-\$109,812
Equity to Homeowner at Sale	\$146,188

Community Land Trust Example

2019 PURCHASE	
Estimated Market Value	\$225,000
Affordable Housing Subsidy	-\$65,000
Reduced Purchase Price	\$160,000
Minus Down Payment Assistance	-\$25,000
Mortgage Amount	\$135,000
Estimated Monthly Payment	\$1,111
SALE IN 10 YEARS	
Annual Appreciation Rate (Capped Annually)	2%
Total Appreciation (2% x 10)	20%
Sale Price	\$192,000
Minus Remaining Mortgage Balance	-\$109,812
Equity to Homeowner at Sale	\$82,188

DIVERSE FUNDING SOURCES

Together with its partners, the Casey Foundation used the following funding tools to support its comprehensive neighborhood development strategy in Pittsburgh:

- The 53 properties were initially acquired and maintained with **program-related investments**.
- Casey's initial private development partner was able to access a **Housing Opportunity Bond** loan from the city's development authority and an **equity equivalent investment** (also referred to as EQ2) from Wells Fargo.
- Atlanta Neighborhood Development Partnership was able to obtain a federal **New Markets Tax Credit** investment for single-family home development, which it applied to its work with Casey in Pittsburgh.
- Casey and its partners counseled homebuyers on how to access available **down-payment assistance programs** through the city's development and housing authorities. ANDP also offered down-payment assistance, made possible through grants from financial institutions.
- Through its own **community development financial institution**, ANDP has been able to tap funding from public and private sources, which it then relends for various community development efforts, including those in Pittsburgh.
- Swope Dreams and the Andrew P. Stewart Center both rely heavily on **individual donations**, which the organizations have used to renovate homes throughout Pittsburgh.
- Five individual homeowners have used **203(k) loans** from the Federal Housing Administration to renovate their houses.

results

As of May 2020, the Casey Foundation and its partners have invested more than \$8.1 million into the Pittsburgh housing initiative. Forty-three of the 53 properties Casey acquired in 2009 have been redeveloped and rented or sold at accessible prices. The remaining 10 properties have been transferred to local nonprofits committed to redeveloping them and keeping them affordable.

Approximately 30% of the properties are designated as rentals, while the other 70% will be for homeowners. On average, these buyers and renters earn 73% of the area median income, or \$42,294.²³ Seventy-two percent are African American, 22% are white and 6% are Asian.²⁴

Upon the effort's completion, 72 units of mixed-income housing will have been created and preserved. Ultimately, the Foundation hopes that 33% of these units will be transferred to Atlanta Land Trust for permanent affordability.

lessons and recommendations

Much has been learned from Casey's efforts over the past 11 years to help return Pittsburgh to the thriving neighborhood it once was, including the importance of implementing a multifaceted approach. Simply renovating vacant homes and building new ones is not enough to fully revitalize communities that have been ravaged by decades of disinvestment. Those activities must be complemented by broader efforts to strengthen neighborhoods — such as community cleanups, public art installations, greater code enforcement and safety measures — that are developed and led by residents and community-based organizations.

It is also important to recognize that change takes many years. Residents in neighborhoods like Pittsburgh are understandably skeptical given the long history of predation and discrimination their communities have faced. Developers and other partners must commit to establishing trust, sharing

information and seeking residents' input on an ongoing basis. This work requires flexibility and a willingness to shift strategies and time horizons based on resident feedback and broader market trends. Casey staff regularly attend monthly neighborhood association meetings to report on progress, answer questions, gain input on designs and share homeowner resources.

Below are other key lessons and recommendations that have emerged from this work.

- **Collaboration** — among like-minded funders, developers, community-based nonprofits, city officials and government agencies — has been critical to the turnaround that is taking place in Pittsburgh. No one organization is capable of addressing the affordable housing crisis alone. Multiple funding sources are needed to bridge the gap between the cost of acquisition and development and what

lower-income buyers and tenants are able to pay. For these households to thrive, diverse partnerships are needed to support other facets of the community, including local businesses, public safety, education and recreational spaces.

- Concentrating redevelopment activities on one street or cluster of blocks is an effective way to more quickly spur optimism and attract buyers. While it might be more time consuming to acquire adjacent properties than those with readily identified owners that are scattered throughout a neighborhood, doing so helps demonstrate momentum and can motivate broader investment.
- Security measures that are implemented with the buy-in of residents, such as cameras, cages for air conditioning units and exterior lighting, can help protect unoccupied homes while construction is underway and foster a greater sense of community safety. It is also helpful for developers to cultivate trusting relationships with community members and hire them to oversee active construction sites and report trespassing when workers are not present.
- Given that the private housing market is designed to generate profit, not protect affordability, policy regulations and consumer protections are necessary to ensure individuals at all income levels are able to access safe, stable housing and remain in their communities should they choose to. The federal Community Reinvestment Act, for example, has long served as an important tool for reversing

the harmful effects of redlining²⁵ by requiring banks to lend in all communities where they take deposits. This law and others that ensure equal lending opportunities for low- and moderate-income buyers, especially those of color, must be protected — so, too, must laws requiring homebuyer education and the provision of public down-payment assistance, such as the Federal Home Loan Bank Act.

- Homeownership education requirements, like those recently enacted by Fannie Mae,²⁶ are an important tool for preventing foreclosures and protecting homebuyers against predatory activity, and should be mandatory for all first-time buyers. Homeownership education has been shown to help potential buyers increase their understanding of the mortgage process, improve their credit scores and strengthen their communication with lenders in times of crisis.²⁷ Realizing that vision will require greater public funding and support.
- Community land trusts and land banking authorities help maintain homeownership opportunities for lower-income individuals in fluctuating markets and promote upward economic mobility over time.²⁸ These entities should be eligible for public affordable housing resources and bolstered by housing regulations, such as those that tax community land trust homeowners only on the restricted value of their property rather than issuing them a market rate property tax.

- One of the biggest obstacles to providing affordable housing is the cost of purchasing property when in competition with private investors. The best time to purchase property in neighborhoods that have experienced disinvestment is when values are low; this will allow funders to oversee as much property as possible before market pressures take effect. The average cost of acquisition on Casey's 53 vacant properties in 2009 was approximately \$30,000. Now, similar vacant properties are selling for closer to \$100,000.
- Progress can be accelerated by acquiring properties that are ripe for combined and higher-density usage.



Brandi Oates helping shape plans for her new Pittsburgh home.

conclusion

Pittsburgh is in the midst of a significant and promising transition. Over the last several years, the vacancy rate has continued to decline as more people decide to plant their roots in the neighborhood and help return it to the vibrant community it once was. At the same time, nearby redevelopment projects — such as Pittsburgh Yards, the Atlanta BeltLine, Hartsfield-Jackson Atlanta International Airport and Fort McPherson — are beginning to create opportunities that residents in the neighborhood have been unable to access for too long.

Without coordinated and sustained action to create and preserve affordable housing, however, these projects also have the potential to displace lower-income individuals and families who would not otherwise be able to afford rising rents, property taxes and home costs. The Casey Foundation will continue supporting policies and practices to address the affordable housing crisis and help ensure residents of all income groups can remain in their communities should they choose to.

These efforts include:

- funding Enterprise Community Partners, a national nonprofit that operates a local Atlanta office, to preserve existing affordable multifamily rental properties in the area, including Capitol View Apartments in Adair Park;²⁹
- supporting the Atlanta Volunteer Lawyers Foundation's Standing With Our Neighbors initiative, which provides local families with free legal counsel and other sources of support to help them navigate difficult landlord-tenant issues including forced evictions, mold problems and utility shutoffs;
- partnering with the nonprofit HouseProud to provide home repairs to low-income veterans and elderly homeowners;
- convening and funding the Gideons Housing Task Force, a coalition of community-based groups focused on creating and preserving affordable housing options for residents living within the local Gideons Elementary School attendance zone; and
- participating in HouseATL, a collective of more than 80 organizations from the nonprofit, real estate, academic, advocacy, philanthropic and government sectors that have partnered with Atlanta Mayor Keisha Lance Bottoms to create or preserve 20,000 affordable housing units throughout the city by 2028.

Collaboration will be crucial to sustaining the progress being made in Pittsburgh, especially as communities continue to grapple with the devastating effects of the coronavirus pandemic. With an increasing number of families facing economic uncertainty, it is more important than ever to ensure affordable housing options.³⁰

Casey hopes the lessons and recommendations shared in this report can help not only community development partners and policymakers in Atlanta but also others throughout the United States who are working to preserve affordability and partnering with residents to transform their neighborhoods into inclusive places to live, work, play and thrive.

endnotes

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