

# Creating Homeownership & Economic Opportunity

Atlanta Neighborhood Development Partnership, Inc.



Study of Homeowner Savings, Retention, and Wealth Creation for ANDP Homebuyers in Metro Atlanta

August 2019







ATLANTA  
NEIGHBORHOOD  
DEVELOPMENT  
PARTNERSHIP, INC.  
Building the region's future,  
neighborhood by neighborhood

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## About ANDP

The mission of ANDP is to promote, create and preserve mixed-income communities through direct development, lending, policy research and advocacy that result in the equitable distribution of affordable housing throughout the metropolitan Atlanta region. ANDP was created in 1991 as a result of the merger of the Metropolitan Atlanta Chamber of Commerce's Housing Resource Center and the Atlanta Economic Development Corporation's Neighborhood Development Department. The impetus for ANDP's creation was to address the diminishing supply of affordable housing in Atlanta as well as to help reclaim declining neighborhoods in its core. Throughout its history, ANDP has supported the creation of more than 11,000 units of housing for people of low-to-moderate incomes. ANDP is a Chartered Member of the NeighborWorks Network.



# Executive Summary

This report offers findings on 482 homebuyers who purchased homes from ANDP in the Atlanta metropolitan region beginning in 2009, when ANDP directed all of its attention towards combating metro Atlanta’s devastating foreclosure crisis. The results demonstrate that ANDP’s homebuyers have achieved considerable savings, high homeownership retention rates, and lower foreclosure rates than regional and national averages. The analysis further indicates that ANDP’s longer-term homebuyers (i.e. buyers who have been living in their homes for five or more years) have significantly benefited from down payment assistance and home value appreciation, leading to substantial gains in household wealth. These findings suggest the important role that nonprofits can play in providing affordable, sustainable homeownership options that enable lower-income households and families of color to gain wealth and stability, even in the wake of economic crises.

## BACKGROUND: ANDP’S EFFORTS TO PROVIDE AFFORDABLE HOMEOWNERSHIP IN THE WAKE OF THE FORECLOSURE CRISIS

When ANDP directed its attention towards combating metro Atlanta’s foreclosure crisis in 2009, our region was on the brink of economic disaster. Fueled by a toxic mix of mortgage fraud, predatory lending, investor speculation, and stagnant job growth, foreclosures exploded in late 2007 and 2008. By 2010, metro Atlanta had the third highest rate of foreclosures among the nation’s largest metros, and by 2012 it had the highest inventory of government-backed real estate owned (REO) properties in the country.

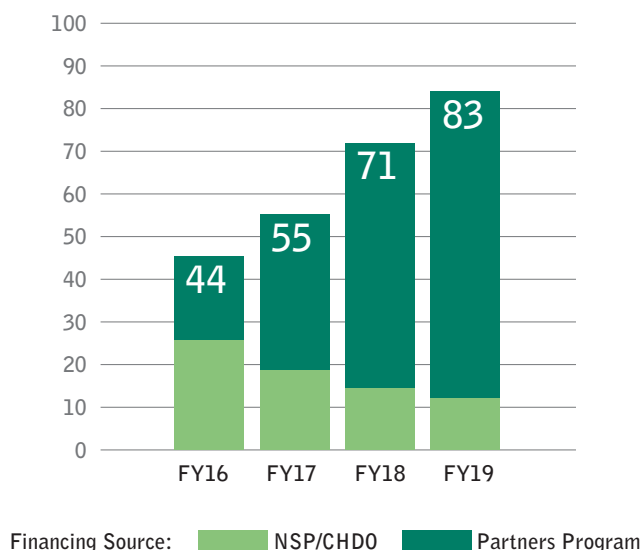
Recognizing the devastating impact of foreclosures on local families and communities, ANDP began acquiring, redeveloping, and repopulating foreclosed and abandoned homes in 2009 largely through the U.S. Department of Housing and Urban Development (HUD)’s Neighborhood Stabilization Program (NSP). Since 2009, ANDP has partnered with six local NSP jurisdictions (the City of Atlanta and DeKalb, Douglas, Fulton, Gwinnett, and Rockdale Counties) to renovate and sell 284 foreclosed homes to low- and moderate-income (LMI) homebuyers. In 2010, ANDP began acquiring donated REO properties for redevelopment, with 53 REO properties sold to date. As NSP funding began to dry up in 2013/2014, ANDP took strategic action to continue this important work by becoming a designated Community Housing and Development Organization (CHDO) in several local

jurisdictions, enabling ANDP to access federal HOME funds for housing redevelopment. ANDP also significantly diversified its funding sources and began partnering with mission-aligned private developers in order to rehab homes at increased scale.

In the wake of declining NSP funds, ANDP has doubled its single-family production over the past three years through enhanced efficiencies and fundraising efforts, including the successful allocation of Capital Magnet Funds and New Markets Tax Credits from the U.S. Department of Treasury’s Community Development Financial Institutions (CDFI) Fund. ANDP is currently focused on redeveloping homes in gentrifying in-town neighborhoods as well as hard-hit suburban areas that are still struggling with depressed home values, disinvestment, and high rates of homeowner negative equity. In South DeKalb County, for instance, ANDP is working to align stakeholders from across the public, private, and nonprofit sectors to restore family and neighborhood wealth and build the resiliency of local communities.

## Increasing Our Scale

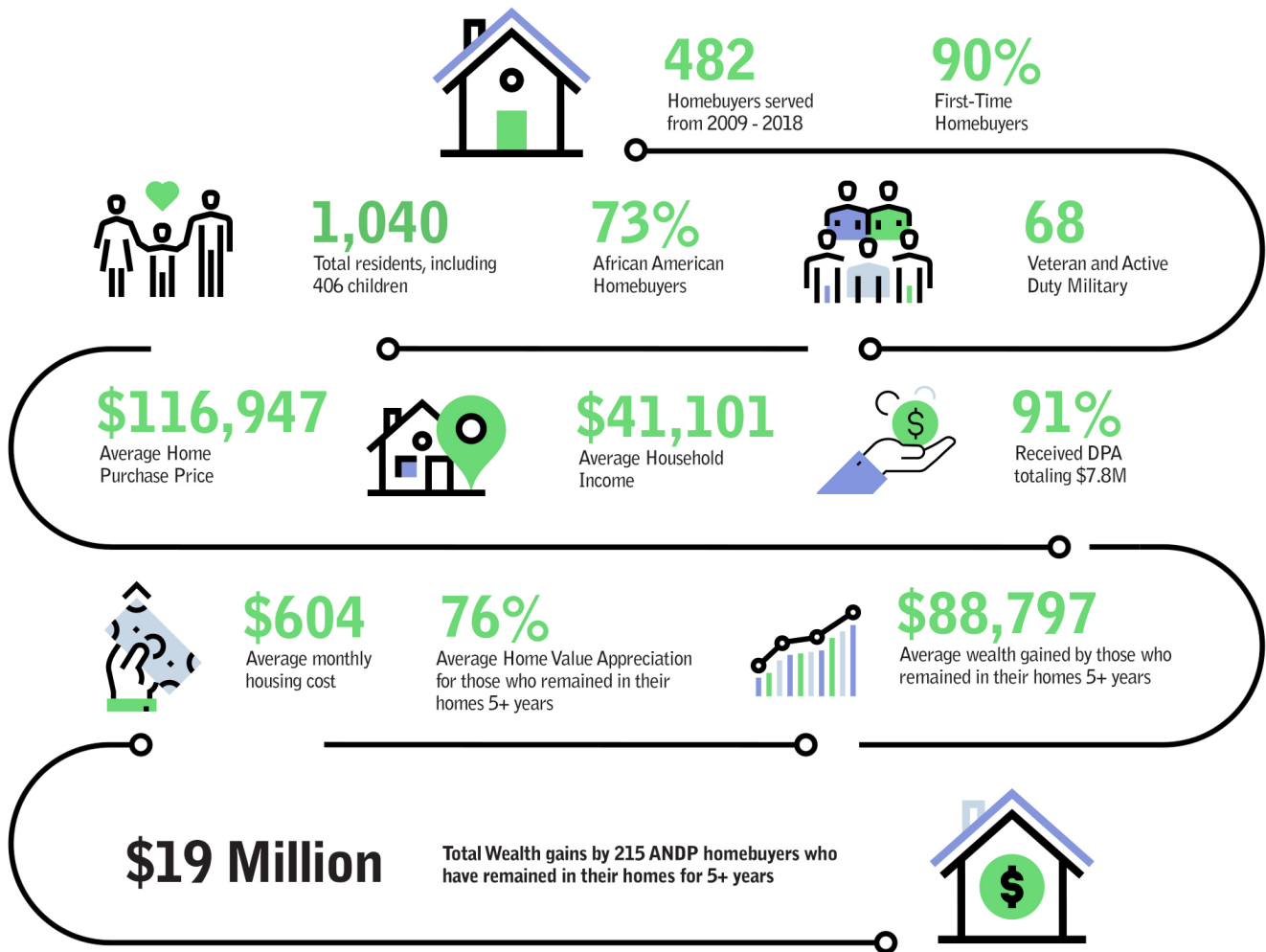
Figure 1. ANDP Single-Family Housing Production





# Creating Homeownership & Economic Opportunity

A study of ANDP homebuyers served since the foreclosure crisis.



## Neighborhood Stabilization Program

From 2009 to 2015, nearly all homes renovated by ANDP were financed through the Neighborhood Stabilization Program (NSP). NSP was first authorized by Congress in 2008 to provide targeted emergency assistance to help reduce the number of foreclosed and abandoned properties and restore depressed housing markets. Under the program, state and local governments could use their NSP funds to acquire, demolish, and rehabilitate foreclosed or abandoned properties; establish land banks; and/or offer down

payment and closing cost assistance to low- and moderate-income (LMI) homebuyers. The NSP program also required that grantees set aside a portion of funds to serve very low income households, i.e. those earning 50% of Area Median Income (AMI) or less. Within these guidelines, grantees were given wide latitude to develop their own NSP programs and funding priorities in order to most effectively meet the needs of their communities.

## OUR ANALYSIS

# Homebuyer Savings, Retention, and Wealth Creation

In late 2018, ANDP examined its homebuyer records in order to better understand our impact on the families and communities we've served since the beginning of the foreclosure crisis. In particular, we sought to answer the following questions:

1. How many of ANDP's homebuyers are still living in their homes? (i.e. What is our homebuyer retention rate?)
2. What cost savings have ANDP's homebuyers experienced in comparison to similarly-situated renters?
3. How much wealth have our homebuyers gained through the provision of down payment assistance, home value appreciation, and mortgage pay-down?

Answering these questions was of critical importance to assess the value of ANDP's single-family rehab work on local families and neighborhoods and inform future ANDP investment decisions. This data can also be instructive for local policy makers who direct limited resources to meet Atlanta's affordable housing crisis.



This Lithonia, Georgia home sold for \$149,900 in 2016 and represents one of 130 ANDP homes sold to homebuyers in DeKalb County since 2009.

## PREVIOUS ANDP RESEARCH

### Impact of Rehab Investments on Neighboring Distressed Properties

During the Great Recession, ANDP worked to strategically lift home values, reduce underwater rates, and empower residents in neighborhoods mired by negative equity. The goal was to expand homeownership options and restore equity in largely minority, low-income neighborhoods that were slow to recover from the devastating foreclosure crisis. To measure the impact of our work in these distressed neighborhoods, we conducted a study of two counties where we have had considerable production.



**Douglas County NSP**  
(September 2015 Study) - An investment of \$2.3 million in single-family home renovation of 53 homes led to an increase of \$14.6 million in values of surrounding distressed neighborhoods. For every one dollar spent on rehab, values of neighboring homes were lifted by \$6.



**DeKalb County NSP**  
(September 2017 Study)  
An investment of \$8.9 million in single-family home renovation of 164 homes led to an increase of \$141 million in values of surrounding distressed neighborhoods. For every one dollar spent on rehab, values of neighboring homes were lifted by \$16.

Download and read more about these studies online at [www.andpi.org/underwater](http://www.andpi.org/underwater).

## OUR ANALYSIS

# Methodology

For the study, ANDP first looked at the 482 homebuyers it had served as of November 2018. Among these households, we assessed a broad range of factors such as homebuyer race, age, gender, ethnicity, income, number of children, marital status, down payment assistance received, etc. We also calculated the homebuyers' monthly mortgage and interest costs based on information provided in their purchase and sales agreements, client intake forms, and HUD settlement statements.

In order to determine whether these homebuyers still owned their homes, we cross-checked internal records of homebuyer closing dates with the last sales dates recorded on local tax assessors' websites and on Zillow.com.

In order to estimate how much wealth ANDP's homebuyers have gained since purchasing their homes, we differentiated between: A) homebuyers who still own the homes they purchased from ANDP; and B) homebuyers who have since sold their ANDP homes.

For group A, we measured the difference between these homebuyers' initial purchase price and what their homes are now valued at, using November 2018 Zillow home estimates ("Zestimates").<sup>1</sup>

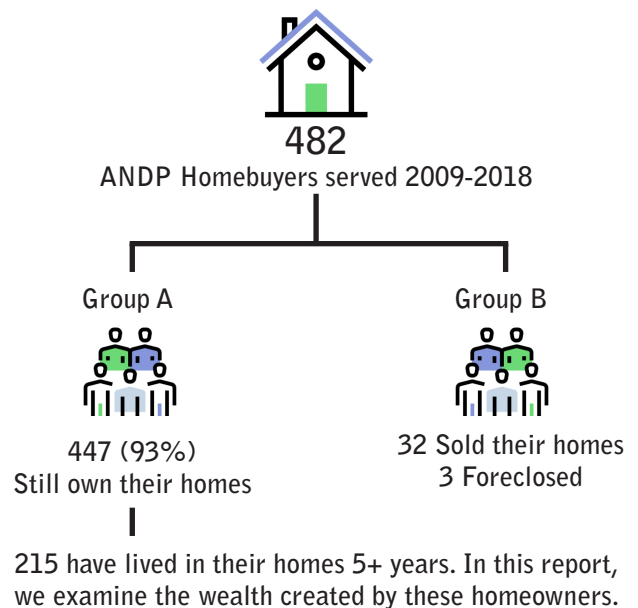
For group B, we calculated the difference between the homebuyers' initial purchase price and what they sold their homes for. For both groups, we also factored in how much the homebuyers contributed to their down payment (if anything); how much the homeowners have paid down their mortgages (assuming timely payments on 30-year mortgages); and how much they received in down payment assistance, if applicable.

We then measured how long the homebuyers had been living in their homes and compared this to the affordability period of their soft-second mortgages (i.e. down payment assistance loans), which differ based on the homebuyers' source(s) of financing.

Taking all of these factors into consideration, we formulated the following calculation:

$$\begin{aligned} &\text{Current Home Value (Zestimate or Resale Price)} \\ &\quad - \text{Remaining 1st Mortgage (If applicable)} \\ &\quad - \text{Remaining 2nd Mortgage (If applicable)} \\ &\quad - \text{Homebuyer Down Payment (If applicable)} \\ \hline &= \text{Wealth Creation} \end{aligned}$$

This measurement differs from a simple calculation of home value appreciation because it takes into consideration the equity investments that homeowners have been making over time by paying down their first and second mortgages. It therefore returns a higher value than home value appreciation alone. Ultimately, this formula seeks to answer: "If a homeowner were to sell their house today, how much wealth would they walk away with that they didn't have when they first purchased from ANDP?"



<sup>1</sup> The Zestimate home valuation is Zillow's estimated market value for a home, computed using a proprietary formula. It is a starting point in determining a home's value and is not an official appraisal. ANDP decided to utilize Zestimates as a proxy for current home values rather than appraised values, which tend to lag behind market values. We also found the data from Zillow to be much easier to work with given our multi-County geography.



## OUR FINDINGS

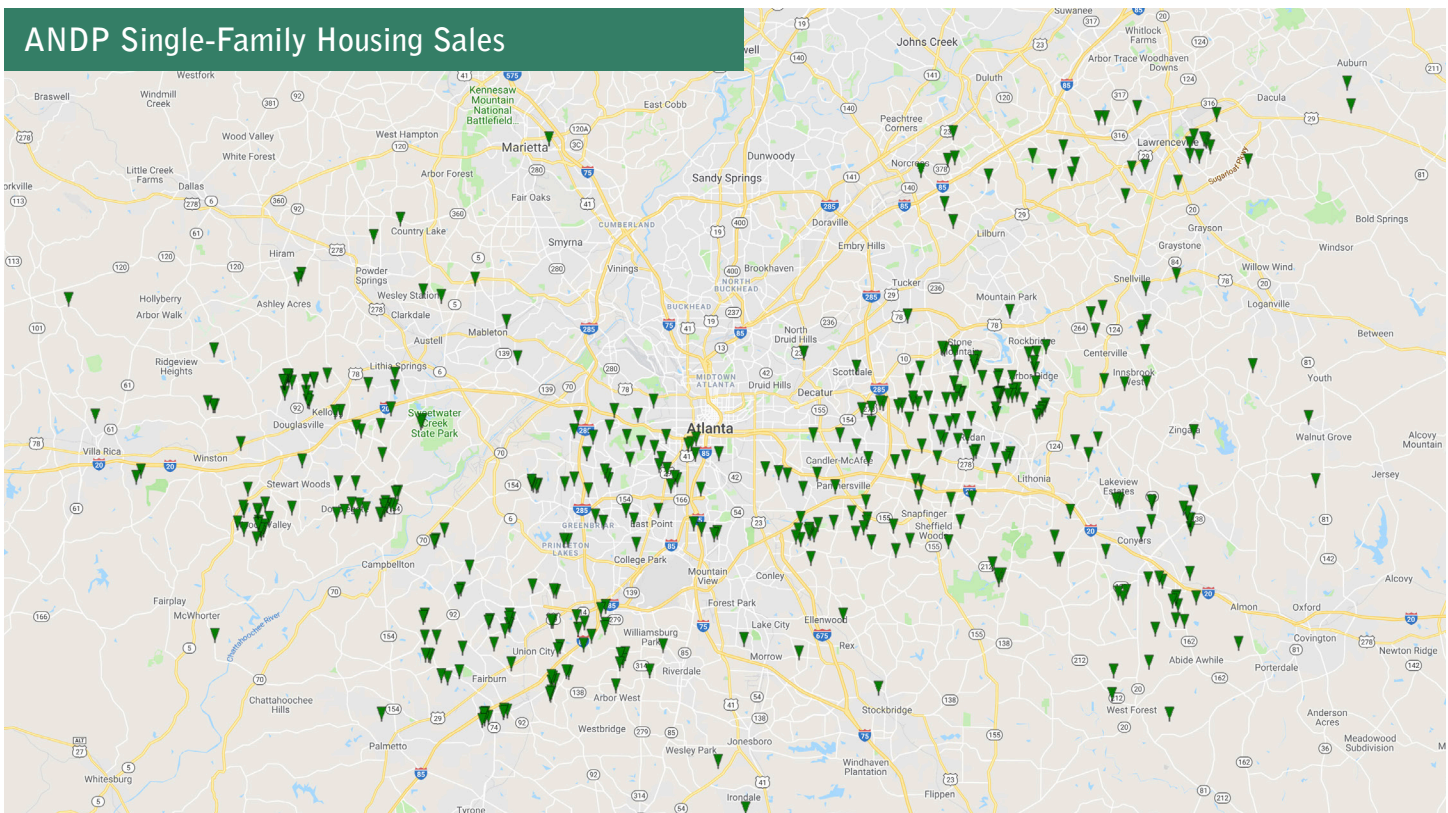
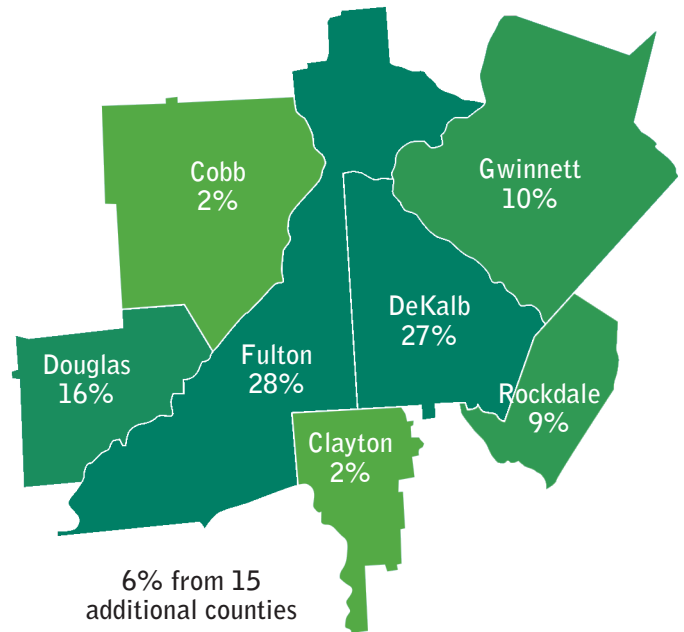
# 1. ANDP Home Sales, 2009 - 2018

From 2009 to November 2018, ANDP identified 482 homebuyers who purchased homes from ANDP. With an average household size of 2.16, ANDP served a total of 1,040 residents during this time, including 406 children. Nearly 90% of ANDP's buyers were first-time homeowners, and their average age was 39 years. Approximately 73% of the buyers were African American; 20% White; and 7% Racially Mixed/Other. The majority (60%) of ANDP's homebuyers were female, and approximately 25% were single mothers.

A total of 68 homebuyers were Veterans, Active Duty Military Personnel, Reserve or Guard Members or Gold Star Family Members, served through ANDP's Veterans Housing Program, in partnership with The Home Depot Foundation. Approximately 65% of ANDP's homebuyers were low-income – meaning they earn less than 80% of Area Median Income (AMI) – and the remainder were low-to moderate-income, earning no more than 120% of AMI.

Homes were purchased throughout 22 counties of metro Atlanta, with the majority sold in Fulton, DeKalb, Douglas, Gwinnett, and Rockdale counties (See Figure 2).

Figure 2. ANDP Single-Family Housing Sales by County, 2009 - 2018





## OUR FINDINGS

# 2. Homebuyer Retention

By comparing buyers' purchase dates with last sales dates, we found that 93% of ANDP's homebuyers are still living in their homes today.

This is significant considering that nearly half the U.S. population moves every five years, and that lower-income families are more likely to experience involuntary moves leading to decreased family and neighborhood stability; increased student transience; and poorer educational and behavioral outcomes for children experiencing housing instability (Reynolds, Chen, and Herbers, 2009; Phinney, 2013; Curtis and Warren, 2015; Underwood, 2018).

We also found that only three ANDP homebuyers experienced bank foreclosures during this time. The last ANDP homebuyer to experience foreclosure purchased their home in July 2011; no homebuyers who purchased from ANDP since then have foreclosed on their homes.

Of the 32 ANDP homebuyers who have resold their homes since purchasing from ANDP, they lived in their homes for 3.6 years on average before reselling. With an average purchase price of \$106,166, these homebuyers sold their homes for \$33,264 or 31% more than they purchased them.

Today, these homes are valued at \$176,250 on average, meaning that if ANDP's homebuyers had maintained ownership they would have experienced home value appreciation rates of approximately 66% on average.

## Impact of Homeownership on Neighborhood Stability & Child Outcomes

Homeownership provides a platform of stability for families, children, and their communities to thrive. Research from the Pew Charitable Trusts (2013) suggests that home equity is directly linked to upward mobility for families and their children and can help break the cycle of intergenerational poverty for many low-income families of color. Additional research indicates that school performance suffers when children move frequently, which is more likely to be the case for families who rent than own (Reynolds, Chen, and Herbers, 2009). This is particularly true in gentrifying neighborhoods, where renters are twice more likely to be displaced than homeowners, since rents typically rise more quickly and more dramatically than property taxes. Also, homeowners are more likely to stay in place in gentrifying neighborhoods given neighborhood attachments and the prospects of longer-term wealth gains (Florida, 2017; Martin and Beck, 2018).

One important measure of neighborhood stability is the student "churn" or "mobility" rate, which refers to the amount of students transferring into or out of a school during the school year. High churn rates are typically associated with economic factors such as financial instability, eviction, or displacement caused by rising housing costs, leading to lower school achievement, behavioral issues, and increased risks of not graduating/delayed graduation among students. According to Georgia's Department of Education, as a school's churn rate increases, its score on the College and Career Ready Performance Index (CCRPI) often decreases. By providing greater stability for families and their children, affordable homeownership helps anchor students, leading to improved individual and neighborhood outcomes.

### 3. Homebuyer Savings

Locally and nationally, owning a home has often been found to be more affordable than renting. According to the Urban Institute (2018, pp. 15): “The median [U.S.] family spends 28.1 percent of its income to pay rent but spends only 26.8 percent of its income to afford the monthly mortgage payment, including taxes and insurance, given a 3.5% down payment; this share of income is even lower for families who made a 20 percent down payment.”

Although home prices have been rising in recent years, homeownership still remains a relatively affordable option in Atlanta, which ranks 10th out of the 33 largest metros for mortgage affordability (ibid.). In metro Atlanta, 72.5% of homes are affordable to households earning the Area Median Income (AMI), compared to the U.S. average of 60% (Atlanta Regional Commission, 2017).

Homeowners are also less cost burdened than renters both locally and nationally, with 47% of renters paying more than 30% of their incomes on housing compared to 22% of homeowners in metro Atlanta (Joint Center for Housing Studies, 2018). Even though homeowners earn almost double what renters make in metro Atlanta (\$80,000 compared to \$42,000 for the median family), they only pay 11.7% more in housing costs (ibid.).

In our study we found that ANDP’s homebuyers follow these trends, typically experiencing lower housing cost burdens than regional averages. Of ANDP’s 482 homebuyers,

- Average household income was \$41,101.
- Average home purchase price was \$116,947, representing 35% of their income.
- 91% of 482 homebuyers received DPA or closing cost assistance to reduce their home purchase price.
- From 2009 to November 2018, ANDP’s homebuyers received a total of \$7.77M in homebuyer assistance, or \$16,854 on average per homebuyer.
- DPA reduced monthly housing costs, such that homebuyers paid \$511 on average in mortgage and interest and \$604 per month including insurance, property taxes, and other fees, representing 17.6% of their annual income.
- Only 6% homebuyers were found to be paying more than 30% of income towards housing costs, compared to the regional average of 22% among homeowners and 47% among renters.

In addition, ANDP’s homebuyers received more ‘bang for their buck’ compared to similarly situated renters. In 2018, for example, the typical ANDP house was 1,437 sq. ft. with 3BR/2BA, and ANDP homebuyers were paying approximately \$914 in monthly housing costs including mortgage and interest, insurance, and taxes. Meanwhile, Fair Market Rent for a 3BR rental unit in metro Atlanta was \$1,344 in 2018 - an increase of 26% since 2009.

#### Down Payment Assistance

Despite the fact that most homebuyers do not put down 20% towards their home purchase price, most consumers think they need to put down a larger down payment than is needed (Urban Institute, 2018).

For many families - particularly lower-income ones - smaller down payments can actually be beneficial, allowing them to “invest some savings in other assets, retain some savings for the event of adverse events, and gain greater leverage of the home’s appreciation” (Immergluck, Earl, and Powell, 2018, pp. 2).

But although there are at least 2,527 active low-down payment mortgages and other DPA programs available across the country - with 1,304 agencies offering them at the local, state, and national levels - only about 3% of homes sold nationwide are closed with DPA. In the Atlanta metro area, 44% of black households are eligible for DPA and could receive an average DPA of \$8,773 should they utilize DPA programs (Urban Institute, 2018).

Raising greater awareness of these resources and lowering down payment requirements could go a long way towards enabling more families of color to become homeowners.

With the support of Wells Fargo, NeighborWorks America, The Home Depot Foundation, Bank of America and many others, ANDP has connected more than 800 homebuyers to down payment assistance since 2009.

OUR FINDINGS

## 4. Wealth Creation

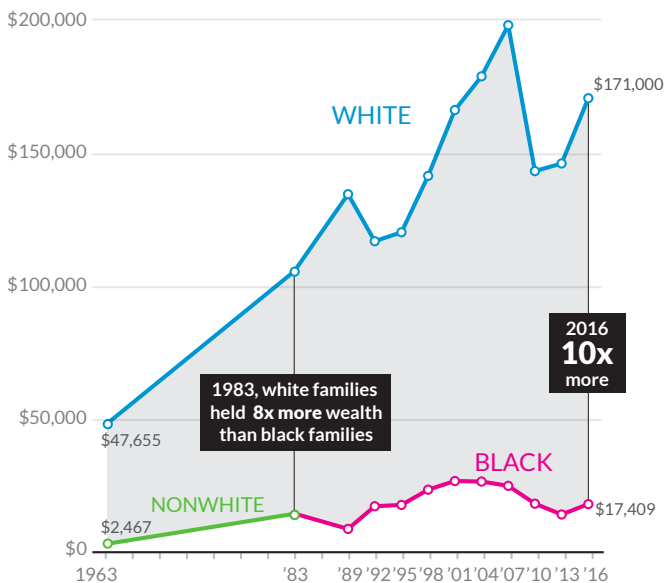
ANDP homebuyers have experienced considerable wealth gains due to home equity, which is often the largest source of wealth for most Americans - especially families of color. For black families in particular, home equity typically represents 52% of household wealth and can provide a path to wealth creation by serving as a “forced savings” mechanism and as an investment wherein homeowners reap the bulk of the gains from home value appreciation (Joint Center for Housing Studies, 2018; Immergluck, Earl, and Powell, 2018, pp. 2). Homeowners also stand to benefit from fixed interest rates and tax advantages like the mortgage interest deduction, homestead exemptions, and property tax limitations, which help shield them from unpredictable changes in rent and land values due to gentrification or other economic factors.

Expanding opportunities for affordable homeownership has been suggested as one of, if not the most effective ways of building wealth for low-income families and reducing the racial wealth divide. The racial wealth gap has been

growing over the past five decades and has reached the point where white households hold more than ten times the wealth of blacks (Urban Institute, 2017; see Figure 3).

Homeownership provides a tremendous opportunity for low-income households and families of color to build wealth but unfortunately remains out of reach for many families. In metro Atlanta, for example, the share of recent black homebuyers declined by 50% from 2005 to 2015 - the steepest decline in the country (Joint Center for Housing Studies, 2017) - and the homeownership gap now stands at 27.3%, with 75.4% of white households and 48.1% of black households owning a home in metro Atlanta (Prosperity Now, 2017; see Figure 4). Studies suggest that if racial disparities in homeownership were eliminated, median black wealth would grow by \$32,113 and the wealth gap between black and white households would shrink by 31% (Demos and the Institute on Assets and Social Policy, 2016).

Figure 3. Median Family Wealth by Race/Ethnicity, 1963-2016 (Source: Urban Institute, 2017)

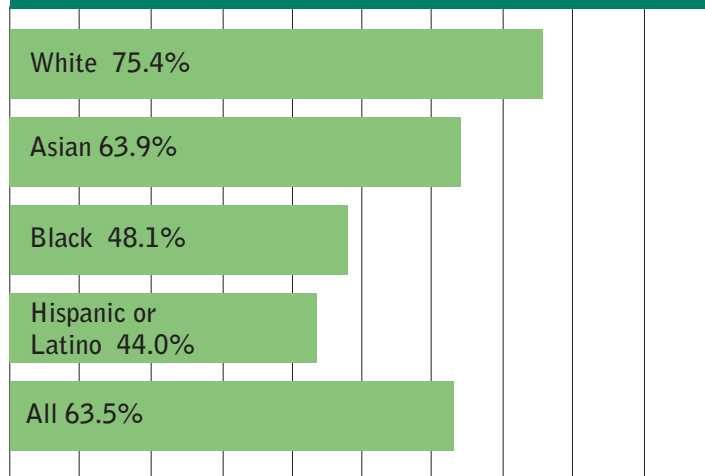


Source: Urban Institute calculations from Survey of Financial Characteristics of Consumers 1962 (December 31), Survey of Changes in Family Finances 1963, and Survey of Consumer Finances 1983-2016.

Notes: 2016 dollars. No comparable data are available between 1963 and 1983. Black/Hispanic distinction within nonwhite population available only in 1983 and later.

URBAN INSTITUTE

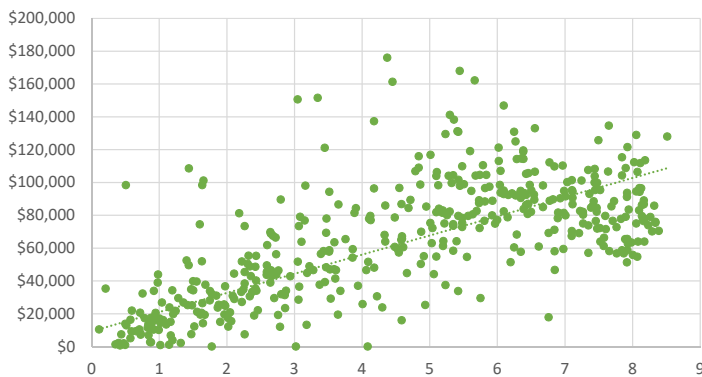
Figure 4. Homeownership Rates in Metro Atlanta (Source: Prosperity Now, 2017)





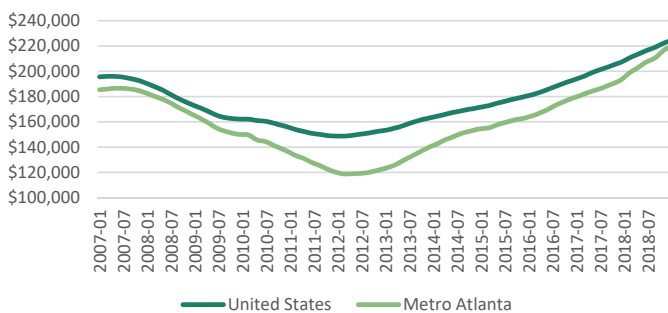
ANDP’s findings corroborate the important role that affordable homeownership can play in building wealth for low-income families and families of color. Based on our homebuyers’ November 2018 Zestimates (or their resale prices, if they sold their homes) and calculations of how much they have been paying down their first and second mortgages, ANDP found a substantial correlation between how long homebuyers have been living in their homes and home much wealth they have gained since purchasing from ANDP (see Figure 5).

**Figure 5. Wealth Created Per Years of Homeownership**  
Source: ANDP



Unsurprisingly, ANDP homebuyers who have been living in their homes longer have been able to experience the greatest wealth gains as the market has recovered in recent years - particularly since the market bottomed out in March 2012 in metro Atlanta (See Figure 6).

**Figure 6. Home Values in Metro Atlanta and US, 2007-18**  
Source: Zillow



Since then, home values in metro Atlanta have rebounded by 89% as of March 2019. ANDP buyers - the majority of whom purchased their homes in the midst of the trough or soon thereafter - have thus benefited from a strongly appreciating housing market.

In order to gain a more nuanced sense of wealth creation for our homebuyers, we narrowed down our sample size to look at homeowners who purchased their homes prior to November 2013 and who thus would have had the opportunity to live in their homes for five or more years and thereby experience steadier, longer-term gains in home price appreciation. This subset totaled 240 homeowners. The majority of these homeowners purchased their homes in Fulton, DeKalb, and Douglas Counties, and 93% purchased their homes through the Neighborhood Stabilization Program. The vast majority of the homebuyers were thus eligible to receive significant down payment assistance (\$19,147 on average) from local NSP jurisdictions and/or other sources, helping to reduce their mortgage debt. The majority (60%) of the homebuyers earned 80% of Area Median Income or less; 89% were African American; and their average purchase price was \$100,050.

Of these 240 homebuyers, 215 are still living in the homes they purchased from ANDP. These 215 homebuyers have seen their home values appreciate by 76.7% on average based on November 2018 Zestimates. By comparison, home values increased by 46.7% across the U.S. during the same time frame according to Zillow’s Home Value index. When taking into account how much down payment assistance ANDP’s homebuyers received and how much they have been paying down their first and second mortgages, these buyers have experienced approximately \$88,797 in wealth creation since purchasing their homes. This means that, if the homeowners were to sell their homes today, they would have on average \$88,797 more in wealth than when they first bought their homes from ANDP. This equals \$19 million in wealth creation for the total 215 ANDP homebuyers who have been living in their homes for five years or more.

## Building Green, Healthy Homes

ANDP's work to acquire and renovate once-abandoned homes has helped preserve the life of deteriorating structures, thereby reducing landfills and carbon emissions. In partnership with Southface Institute - the Southeast's leading nonprofit in sustainability - ANDP has established internal environmental standards that allow residents to experience long term savings in utility and maintenance costs. Our rehabs include energy-saving features such as the installation of vapor barriers; energy efficient HVAC systems; weather stripping; low-flow water fixtures; low-VOC carpeting;

and Energy Star appliances. Thanks to support from The Kendeda Fund and others, ANDP is currently implementing an updated "Healthy, Green" standard with an even more ambitious rehab scope designed to reduce exposure to moisture and carcinogens in the home while leading to reduced energy consumption. We are also conducting energy audits on a sample of 30 homes rehabbed at different standards – including EarthCraft certification – in order to compare overall energy reductions.



Before and After: Renovation of a home in Atlanta's Historic Pittsburgh neighborhood.



# Why Homeownership Matters

Homeownership may not be the right choice for everyone, but for those families who are ready and willing to become homeowners, it offers unique and special benefits. Homeownership builds a foundation to lift families out of the cycle of poverty. For most buyers, homeownership leads to wealth creation. As a family's home equity grows, they enjoy better living conditions overall. In today's market, monthly mortgage payments are substantially less than monthly rental fees for similar homes or units. When a family moves into an affordable house of their own, their quality of life often improves in a myriad of ways.

## Stable Neighborhoods

Homeowners move far less frequently than renters, so they become part of a neighborhood for a more extended period enabling them to build strong social connections and cohesion.

## Educational Achievement

The children of homeowners are significantly more likely to remain in school until the age of 17 than the children of renters, especially among low-income households. Children of homeowners are twice as likely to pursue post-secondary education, as reported in a study published by the Federal Reserve Bank of New York.

## Healthy Outcomes

There is more and more evidence each year demonstrating a correlation between quality housing conditions and reduced rates of childhood asthma and other physical illnesses.

## Civic Participation

Homeowners have a more significant financial stake in their neighborhoods than renters, and as a result, they tend to be more involved in their communities.

## Building Generational Wealth

In most cases, the home you purchase will increase in value over time. When this happens, "equity" is created. Building equity can lead to the creation of small businesses, money to send children to college, home repairs, or even your retirement nest egg.

## Black Homebuying After the Crisis: Appreciation and Segregation Patterns in Fifteen Large Metropolitan Areas (2018)

Dan Immergluck, Stephanie Earl, Allison Powell  
Urban Studies Institute, Georgia State University

ANDP's findings are consistent with recent studies of home value appreciation rates for low-income buyers of color. Findings from the Survey of Consumer Finances, for instance, suggest that increases in black home equity began sometime around 2013, and that from 2013 to 2016 black homeowners saw slightly greater appreciation rates than whites (13.1% compared to 11.6%).

Furthermore, a recent study of home price appreciation in fifteen U.S. metropolitan areas conducted by Immergluck, Earl, and Powell (2018) found that, from 2012 to 2017, black homeowners experienced an average of 38.2% in home value appreciation compared to 29.9% for whites, with an average real gain in 2017 dollars of \$65,000 per black homeowner.

The study found that in medium- and high-appreciation metros, black homeowners tended to see higher levels of appreciation than white homeowners, and buyers in lower-income and racially diverse neighborhoods tended to see higher appreciation rates than buyers in majority-white neighborhoods. In metro Atlanta, for instance, blacks experienced an average of 49.9% in home value appreciation compared to 45.6% among whites.

This research suggests that homeownership is an increasingly sound investment for blacks and other people of color, especially in higher-appreciating metros.

*To see the report, visit Georgia State University's Urban Studies Institute at*

<https://urbaninstitute.gsu.edu/>



## OUR FINDINGS

### Conclusions and Implications

ANDP's findings demonstrate that homebuyers who purchased an ANDP home and have owned it for five or more years have increased their household wealth by \$88,797 on average. ANDP's homebuyers have furthermore benefited from down payment assistance and fixed mortgage rates and are significantly less housing cost burdened than other owners and renters in metro Atlanta. With 93% of ANDP's homebuyers still living in their homes, families and communities served by ANDP have additionally benefited from greater residential stability and reduced student transience.

Increasing homeownership rates – particularly in low-income communities and communities of color – should play a central role in addressing our region's affordable housing and wealth inequity issues and in slowing gentrification pressures near our urban core. Studies have shown that affordable homeownership provides a platform of stability for lower-income families and households of color to enhance their overall well-being and the lives of their children, leading to higher rates of student achievement, improved health outcomes, a heightened sense of community pride and engagement, and greater economic mobility for homeowners and their children. Affordable homeownership further provides a critical opportunity for families to build wealth and increase their savings for health care, college, professional training, starting their own business, and other opportunities. Lastly, it can act as a buffer against gentrification particularly when property tax limitations, anti-displacement policies, and affordability parameters are put in place through mechanisms like deed restrictions, community land trusts, limited equity cooperatives, and shared appreciation second mortgage loans.

Moving forward, further analysis could be conducted to break down appreciation rates and wealth creation by homebuyer ethnicity/race and compared on a

neighborhood-by-neighborhood basis. Although we do not anticipate home values to continue appreciating at the high rates seen since 2013, current forecasts from Zillow and other sources predict continued (albeit more modest) increases in the years ahead.

It is important to note that homeownership is not for everyone and cannot be treated as an infallible strategy for solving regional housing issues or building family and community wealth. Strategies for preserving and expanding affordable rental options are critical too. As the recent foreclosure crisis demonstrated, there are significant risks associated with homeownership that must be navigated at the individual and institutional levels. What we have attempted to show here, however, is that the benefits of homeownership can, in the long-term, often outweigh many of these risks and lead to more equitable outcomes for families of all socio-economic and racial backgrounds.

**With 93% of ANDP's homebuyers still living in their homes, families and communities served by ANDP have additionally benefited from greater residential stability and reduced student transience.**

## Building Wealth and Stability for Our Nation's Veterans



Veterans and military families are often among the nation's most vulnerable groups when it comes to accessing affordable, stable housing. In Georgia, 7.9% of Veterans live in poverty; 24% pay too much for housing; and 16% are living in homes with one or more major problems of quality, crowding, or cost (Housing Assistance Council, 2016).

ANDP launched a Veterans Affordable Housing Program in 2013 in order to better serve local Veterans' housing needs and help them build wealth through homeownership. From 2013 to the end of the study period (November 2018), ANDP served a total of 68 Veteran homebuyers. Of these, 30 Veterans purchased homes that were donated to ANDP by Bank of America, JPMorgan Chase, and Wells Fargo, thus helping to significantly reduce their purchase price.

ANDP's Veteran homebuyers received \$15,048 on average in down payment or closing cost assistance thanks to lead support from The Home Depot Foundation, and additional support from Scott Hudgens Family Foundation and others. On average, ANDP's Veteran homebuyers paid 18% of their incomes towards housing costs – much less than the 30% threshold traditionally suggested by housing advocates. Because ANDP launched its Veterans Program in 2013, few of our Veteran homebuyers have been living in their homes for five years or more; however, they have benefited greatly from the recent market upturn. With an average tenure of 2.9 years, ANDP's Veteran homebuyers have seen their homes appreciate by approximately 13% per year and have accumulated an estimated \$19,045 in wealth per year since purchasing their homes.

“I had anxiety about this process – especially being a first-time homeowner at 55. But the process was so smooth. If it weren't for ANDP and their partners who support this program, this wouldn't have happened.”

Carol Corbin, U.S. Army Veteran and participant in ANDP Veterans Home Purchase Program.

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*For additional recommended readings, visit [www.andpi.org/cthg](http://www.andpi.org/cthg).*



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