

Proactive Preservation of Unsubsidized Affordable Housing in Emerging Markets: Lessons from Atlanta, Cleveland, and Philadelphia

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Executive Summary

The need for preserving affordable housing is often seen as a “crisis” only in those real estate markets with extremely limited supply of housing and rapid rates of price appreciation. In the cities of Atlanta, Cleveland, and Philadelphia, median housing prices range from \$60,000 to \$250,000, initially suggesting widespread affordability.¹ However, housing actually remains out of reach for many residents. Further, in many areas within each city, renewed demand and corresponding investment threaten to gentrify neighborhoods (i.e., increase real estate prices) and reduce the availability of unsubsidized affordable units, also known as naturally occurring affordable housing (NOAH).² This paper seeks to answer the question of how policymakers and mission-driven organizations can get ahead of real estate price appreciation and proactively preserve the vulnerable affordable housing stock.

I used a four-part methodology to answer this question. First, I identified “emerging markets,” areas that have not yet experienced the price appreciation effects of gentrification, but may soon.³ The case study cities provided ideal locations for this analysis because of the currently isolated nature of gentrification around downtowns, anchor institutions, or other gentrified neighborhoods.⁴ Second, I evaluated the housing stock in these areas, finding that emerging markets were overwhelmingly made up of one- to four-unit housing units. Third, I interviewed local stakeholders and national experts who discussed the main challenge in gentrifying areas with high numbers of NOAH units: finding the balance between improving the quality of the housing stock while preserving its long-term affordability for low-income residents. Those interviews informed the fourth and final step, in which I analyzed three strategies that may address this challenge: robust land bank and land trust partnerships, long-term lease-purchase programs, and low-interest renovation loans with affordability requirements.

These strategies align well with both the current efforts of mission-driven developers and the nature of emerging markets. By focusing on one- to four-unit properties in areas at risk of future gentrification (i.e., emerging markets), this research suggests it is possible for mission-driven organizations and policymakers to get ahead of gentrification and proactively preserve vulnerable unsubsidized affordable housing for low-income residents.

¹ Zillow Research (2017).

² While there is no universal definition or metric with which to definitively define gentrification, price appreciation is often a primary component and will be used synonymously with gentrification in this paper.

³ I used *Governing Magazine*'s analysis of gentrification in metropolitan areas across the country to identify currently “non-gentrified” neighborhoods that are closest to becoming gentrified. See Section 2 on Understanding Emerging Markets and Appendix B for a full definition of emerging markets and gentrification methodology.

⁴ Mallach, Allan (2017). Personal Interview.

Introduction

The need for preserving affordable housing is often seen as a “crisis” only in those real estate markets with extremely limited supply of housing and rapid rates of price appreciation. In the cities of Atlanta, Cleveland, and Philadelphia, median housing prices range from \$60,000 to \$250,000, initially suggesting widespread affordability.⁵ However, housing actually remains out of reach for many residents. Further, in many areas within each city, renewed investment and demand threaten to raise the price of currently unsubsidized affordable units.

Gentrification, “the process by which decline and disinvestments in inner-city neighborhoods are reversed,” increases the rate of housing price appreciation, threatening the supply of affordable housing in cities across the nation.⁶ Rising housing costs not only diminish the effectiveness of monies used to create new and preserve existing affordable housing options, but also threatens to displace current residents, particularly low-income homeowners and tenants, whose incomes are not rising as fast as housing prices.⁷ As newly constructed housing largely fails to provide options affordable to the lowest income groups due to historically low for-sale housing construction and increasingly high-end rental stock additions, preservation of existing affordable housing is increasingly important.⁸ Thus, the challenge in areas with high numbers of unsubsidized, yet affordable, housing units and increasing real estate prices is to improve the quality of the housing stock while preserving its long-term affordability for low-income residents.

Affordable housing exists along a spectrum with formally subsidized units on one end and, on the other, unsubsidized housing that remains affordable due to age, amenities, or general desirability.⁹ Because the latter, known as naturally occurring affordable housing units (NOAHs), receives no federal or state subsidies, owners are not required to maintain the property’s affordability over time.¹⁰ NOAHs lose their affordability in two ways: first, through renovations, which can increase the value and subsequent price of the housing unit, a process known as upward filtering; and, second, through

⁵ Zillow Research (2017).

⁶ While there is no universal definition or metric with which to definitively define gentrification, price appreciation is often a primary component and will be used synonymously with gentrification in this paper. See also Freeman (2005), 463.

⁷ Joint Center for Housing Studies (2017a)

⁸ Ibid. and Joint Center for Housing Studies (2017b).

http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/harvard_jchs_americas_rental_housing_2017.pdf.

⁹ Minnesota Preservation Plus Initiative (2013). “Affordable” housing is typically defined as costing no more than 30 percent of a household’s monthly income.

¹⁰ Abello (2017).

deterioration and ultimate condemnation, or downward filtering.¹¹ In gentrifying areas, NOAHs are more susceptible to the price appreciation effects of upward filtering.

While gentrification is widespread in some cities, in others, its effects are uneven, limited to an immediate area around the downtown, anchor institutions, or other gentrified neighborhoods. For cities like Atlanta, Cleveland, and Philadelphia, these areas of transition, or “emerging markets” as they will be referred to in this paper, often have not seen the same levels of price appreciation as adjacent neighborhoods. Interestingly, this research finds emerging markets also have an abundance of one- to four-unit buildings, a property type increasingly attractive to some investors since the recession of 2008.¹² By focusing on the one- to four-unit properties in emerging markets, is it possible for mission-driven organizations and policymakers to get ahead of gentrification and proactively preserve vulnerable unsubsidized affordable housing options?

My paper proceeds to answer this question using the following methodology: first, it contextualizes the general status of housing affordability in each of the case study cities. Second, it identifies emerging markets (i.e., potential areas of future gentrification) using U.S. Census data and analyses of that data done by the Harvard Joint Center for Housing Studies. Third, guided by interviews with leaders of mission-driven organizations and national experts, it provides an overview of the current challenges for preserving affordability more generally. The fourth section, which draws on these interviews, evaluates three promising approaches toward proactively preserving affordability in emerging markets, for the most vulnerable owners and renters: robust partnerships between land banks and land trusts, long-term lease-purchase (i.e., rent-to-own) programs, and low-interest renovation financing loans with affordability requirements.

Ultimately, these are not completely novel strategies. However, the paper seeks to demonstrate the importance of their implementation in addition to more robust efforts to track the effects of gentrification and identify vulnerable properties within particular geographic areas. Ideally, using this research, mission-driven organizations and policymakers can focus limited resources more efficiently and incentivize greater participation from private actors to assist in not only the preservation but also the expansion of the supply of unsubsidized affordable housing options over the long term.

Contextualizing Affordability in Atlanta, Cleveland, and Philadelphia

¹¹ Minnesota Preservation Plus Initiative (2013).

¹² Goldstein (2017).

Metropolitan Atlanta, Cleveland, and Philadelphia are not the highest-cost markets in the United States.¹³ In fact, they are better known for their distressed neighborhoods than for their gentrified ones.¹⁴ However, as national settlement trends generate higher demand for urban lifestyles, once-distressed neighborhoods are beginning to see renewed interest among private investors.¹⁵ According to Zillow's Home Value Index, from January 2017 through January 2018 values of for-sale homes increased 8 percent in Atlanta, 11 percent in Cleveland, and 10 percent in Philadelphia, while values in over 90 percent of zip codes in all three cities grew during the same time period.¹⁶ Similarly, an analysis of Zillow's Rental Index reflects an annual increase of between 1.2 and 4 percent in monthly rents across the three cities' rental markets year-over-year.¹⁷ Thus, the increased potential for price appreciation among both renter- and owner-occupied housing units threatens to further reduce already limited options for low-income residents. The following section provides a broad overview of the current state of housing affordability in the case study cities.

Renter-occupied housing affordability

Approximately 23 percent of the renter-occupied housing units in the Atlanta and Philadelphia Metropolitan Statistical Areas (MSA) have monthly gross rents of less than \$800, as do over half of the rental units in the Cleveland MSA (**Figure 1**).¹⁸ Units at this price level represent an important component of the affordable housing stock in Atlanta, Cleveland, and Philadelphia, particularly for renter households earning below 50 percent of the area median income (AMI) (**Figure 2**).¹⁹ Nevertheless, despite their lower prices relative to "hot" housing markets, many units renting for less than \$800 remain unaffordable for low-income residents. Illustratively, in Atlanta, more than three-quarters of the rental units in one- to four-unit buildings are affordable for those making 80 percent of

¹³ See Table W-13 in Joint Center for Housing Studies (2017a). Out of the top 100 metropolitan areas in the United States, the MSA's of Atlanta, Cleveland, and Philadelphia are ranked 49th, 58th, and 23rd, respectively, for Total Burden as a Share of All Households. See also Appendix B for a brief demographic analysis.

¹⁴ Atlanta, Cleveland, and Philadelphia have 30.7, 90.3, and 49.3 percent of the city population in distressed zip codes according to the Distressed Community Index (2017).

¹⁵ Interviewees identified neighborhoods such as areas south of Interstate 20 like the West End in Atlanta; Tremont West in Cleveland; and Brewerytown in Philadelphia.

¹⁶ Zillow Research (2017).

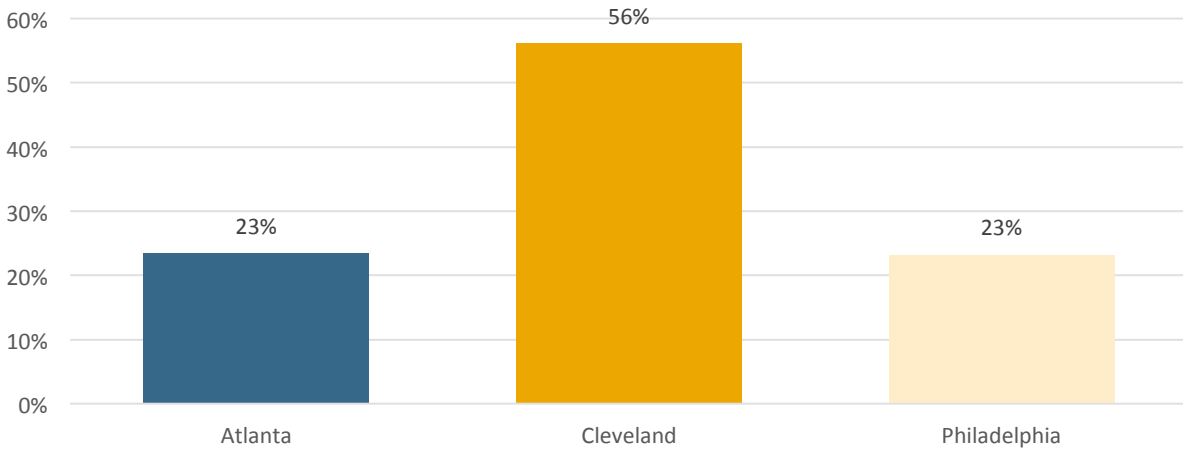
¹⁷ Ibid.

¹⁸ Previous studies have used \$750 gross monthly rent as a threshold for NOAHs. The data available for this report includes subsidized units and therefore is not reflective of the percentage of renter-occupied NOAHs. Further, the data was provided by cohort and thus \$750 could not be used. See Immergluck, Carpenter, and Lueders (2016).

¹⁹ This analysis relies on the U.S. Department of Housing and Urban Development's (HUD's) fiscal year 2015 income limits of 50 percent AMI for a household of four in each county that contains the city. In Fulton County, Georgia: \$34,100; Cuyahoga County, Ohio: \$33,050; Philadelphia County: \$40,550.

AMI but less than 20 percent are affordable for those making 50 percent of AMI. In Cleveland and Philadelphia, while 93 percent and 83 percent of units, respectively, are affordable to those making 80 percent of AMI, a little less than half are affordable for those making 50 percent of AMI (**Figure 3**).²⁰

Figure 1: Renter-occupied units with monthly gross rents under \$800 by metropolitan statistical area (MSA), 2015

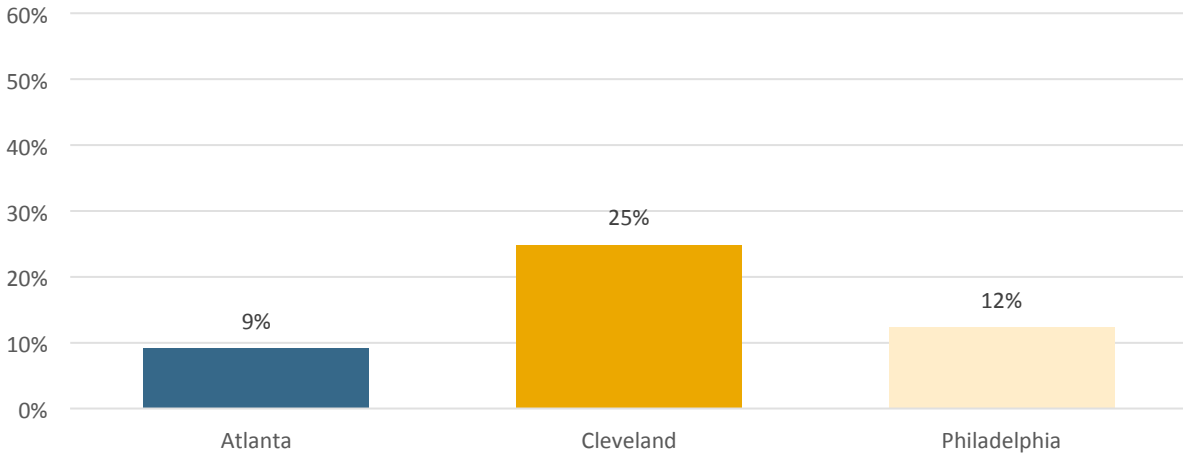


Note: Universe includes all renter-occupied units in the respective MSA.

Source: Joint Center for Housing Studies of Harvard University tabulations of 2015 one-year American Community Survey (ACS) data.

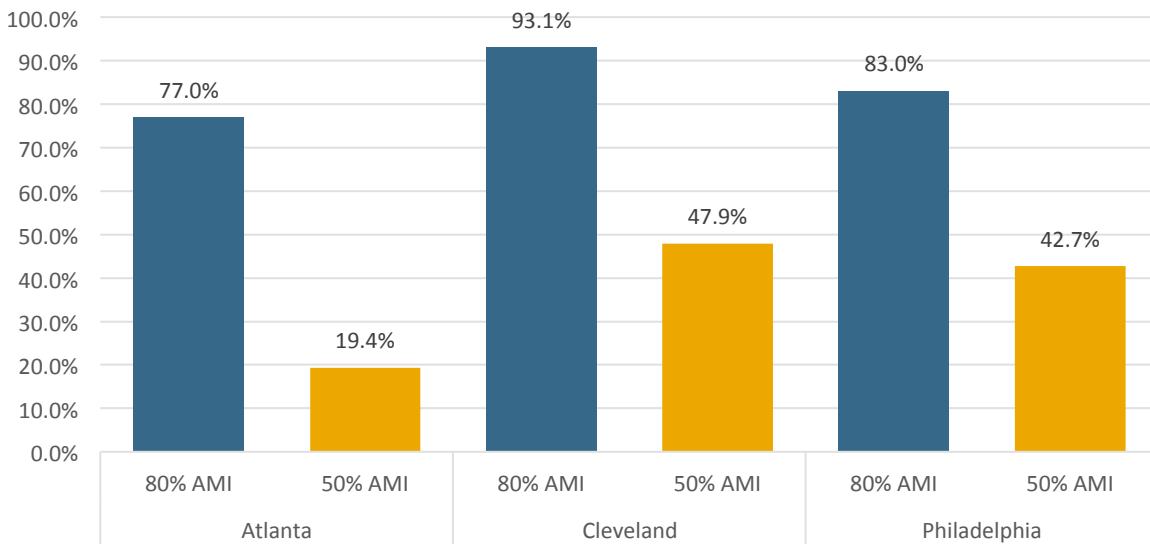
Figure 2: Renter-occupied units with monthly gross rents under \$800 in one- to four-unit buildings by MSA, 2015

²⁰ This analysis relies on the U.S. Department of Housing and Urban Development’s (HUD) fiscal year 2017 income limits of 50 percent and 80 percent AMI for a household of four in each city. Renter-occupied affordability is calculated assuming 30 percent of annual income is spent on rent. Because the data are available only in ranges (e.g., \$600 to \$799 gross rent), the entire range value within which the 30 percent “affordable” rent falls is included in the calculation.



Note: Universe includes all renter-occupied one- to four-unit buildings defined as single-family detached, single-family attached, 2 unit, and 3 to 4 unit structures.
 Source: Joint Center for Housing Studies of Harvard University tabulations of 2015 One-year American Community Survey (ACS) microdata.

Figure 3: Percent of renter-occupied units in one- to four-unit buildings affordable to respective AMI by MSA, 2015



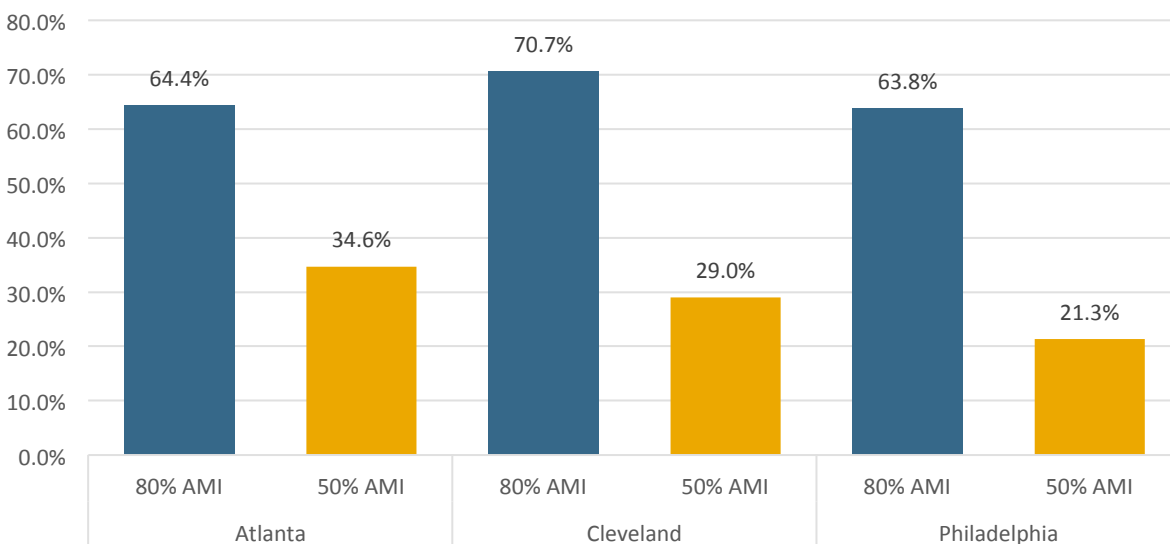
Note: Universe includes all renter-occupied one- to four-unit buildings defined as single-family detached, single-family attached, 2-unit, and 3- to 4-unit structures. "Affordable" is defined as a rent below 30 percent of AMI based on HUD 2017 Income Limits for a family of four.

Source: U.S. Department of Housing and Urban Development Income Limits (2015); Joint Center for Housing Studies of Harvard University tabulations of 2015 one-year American Community Survey (ACS) microdata.

Owner-occupied housing affordability

In all three metro areas, about two-thirds of owner-occupied units are affordable for households making 80 percent of AMI, but less than 35 percent are affordable to those making 50 percent of AMI (Figure 4). However, in addition to acquisition costs, long-term maintenance costs of NOAHs are a unique concern for owner-occupied units, particularly in places with high levels of low-income homeownership. In its analysis of declining homeownership rates in Philadelphia, the Pew Charitable Trusts, a Philadelphia-based nongovernmental nonprofit research organization, notes that “stagnant incomes, rising home prices, and tight credit following the housing crash and recession” prevent many residents, especially low-income renter households, from purchasing or maintaining a home despite a large supply of low-priced properties.²¹

Figure 4: Percent of owner-occupied units in one- to four-unit buildings affordable to respective AMI by MSA, 2015



Note: Universe includes all owner-occupied one- to four-unit buildings defined as single-family detached, single-family attached, 2-unit, and 3- to 4-unit structures. “Affordable” is defined as a home value with a mortgage requiring less than 30 percent of AMI based on a monthly mortgage calculator for respective AMI by Nerdwallet. Assumptions include 20% down, \$300 other debt obligations, average credit 630-689, 5.293% interest rate. Source: Nerdwallet <https://www.nerdwallet.com/mortgages/how-much-house-can-i-afford>; U.S. Department of Housing and Urban Development Income Limits (2015); Joint Center for Housing Studies of Harvard University tabulations of 2015 one-year American Community Survey (ACS) microdata.

Overall, while often seen as cheaper alternatives to high-cost markets, “warm” markets like Atlanta, Cleveland, and Philadelphia still do not have an adequate supply of affordable housing for either

²¹ Pew Charitable Trusts (2014).

renters or owners. Expanding offerings amidst growing demand and price appreciation will require innovative and proactive approaches. The next section discusses emerging markets as one such proactive approach.

Understanding emerging markets

Carol Naughton, President of Purpose Built Communities, an Atlanta-based foundation that bolsters the leadership and technical capacity of other nonprofits, offers her partners simple advice: buy land now.²² While this is extremely difficult in practice, emerging markets may provide mission-driven organizations an opportunity to get ahead of price appreciation and stretch limited resources.

It is important to consider the real estate market's inherent unpredictability and therefore, the additional risk associated with investment in markets that have future price appreciation potential, but have not yet appreciated. While all real estate investment contains some level of risk, it is true that investments in emerging markets are higher-risk. However, if a city is truly concerned with providing affordable housing for low-income households, there is little downside to investing in these neighborhoods since some strategies, like the renovation financing program proposed in the final section of this paper, may actually encourage renovations at minimal cost (and risk) to the city while simultaneously improving the housing stock and maintaining affordability. For this reason, many organizations have undertaken efforts to predict where gentrification might occur.²³ Below is the methodology used in this report to track gentrification and identify emerging markets in the three case study cities.

Identifying emerging markets

In this report, emerging markets were identified in the cities of Atlanta, Cleveland, and Philadelphia using a definition of gentrification that references both a 2005 paper by Lance Freeman, a professor of urban planning at Columbia University, and an analysis from *Governing Magazine* that tracked the phenomenon in cities across the country in 2015.²⁴ Focusing on *Governing's* "non-gentrified" tracts, this report identifies above-average growth across six indicators, including educational

²² Naughton (2017).

²³ Commercial displacement is another risk associated with gentrification, but outside of the scope for this paper.

²⁴ This section uses one method to identify emerging markets in order to provide an analysis of tract-level Census data outlined in Appendix A. Using this technique, emerging markets can be compared to already gentrified areas and the city as a whole across a variety of metrics. See Maciag (2015) and Freeman (2005).

attainment, median income, home value, rent, and demographic change, to determine which tracts were closest to gentrifying (i.e., emerging markets).²⁵

The maps in **Appendix A** show a vast majority of emerging markets located adjacent to downtowns, gentrified neighborhoods, or both. This pattern reaffirms the idea of gentrification as a flow that begins at a point of investment and expands outward, rarely “leap-frogging.”²⁶ After identification, data from the U.S. Census was analyzed to better understand the housing stock within emerging markets. The following section discusses the results.

Characteristics of emerging markets

For owner-occupied housing units, there is a clear gradient in the value of for-sale housing units within emerging markets when compared to those in gentrified areas (**Figure 5**). A similar analysis for renter-occupied housing units reveals a less consistent trend, suggesting that home values may be a better indicator for predicting future areas of gentrification at the city level (**Figure 6**).²⁷

The analyses also show a large preponderance of one- to four-unit properties in the three cities’ emerging market areas (**Figure 7**). In fact, since the foreclosure crisis of 2008, one- to four-unit properties have been of increased interest among mission-driven developers due to the higher frequency of vacancy, disrepair, or abandonment and their more frequent conversion from owner-occupancy to renter-occupancy.²⁸ Recent announcements by the government-sponsored enterprises, Fannie Mae and Freddie Mac, regarding new financing options for the acquisition of one- to four-unit properties further corroborate a renewed interest from both investors and new residents in this sector of the housing stock.²⁹

²⁵ A full description of the methodology is available in Appendix A.

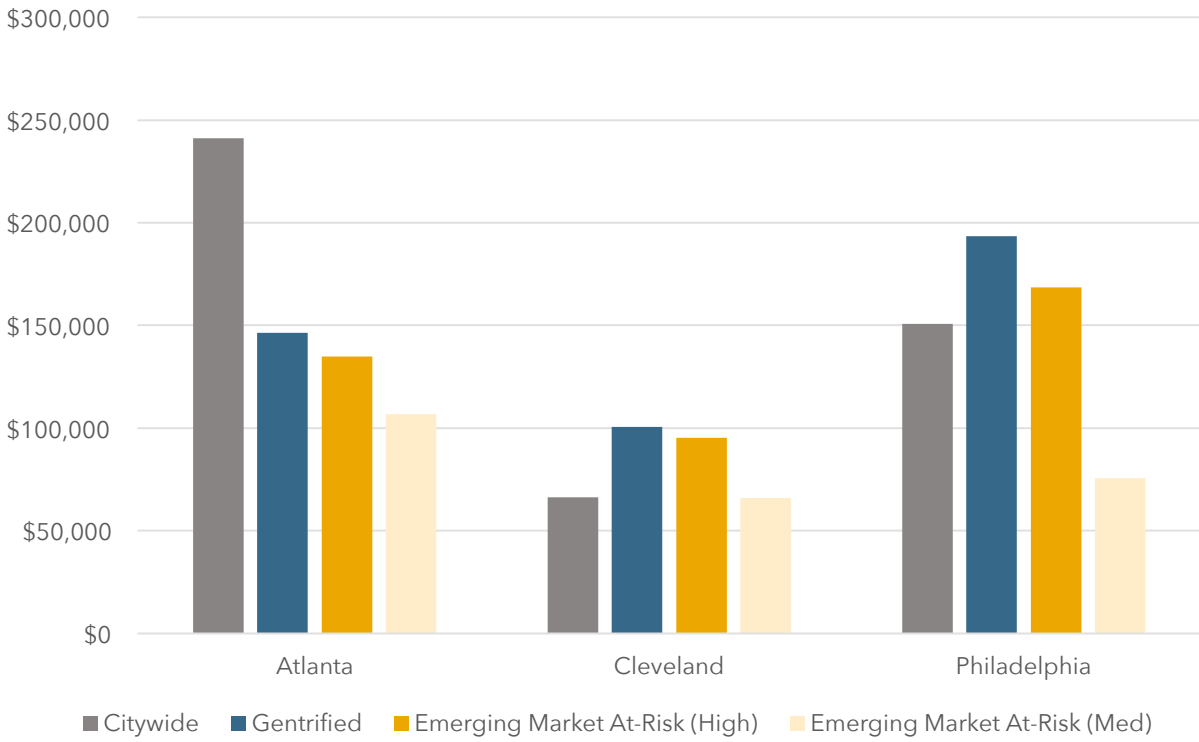
²⁶ Mallach (2017).

²⁷ Both median home value and median rent were used in the definition of emerging markets.

²⁸ Adams (2017).

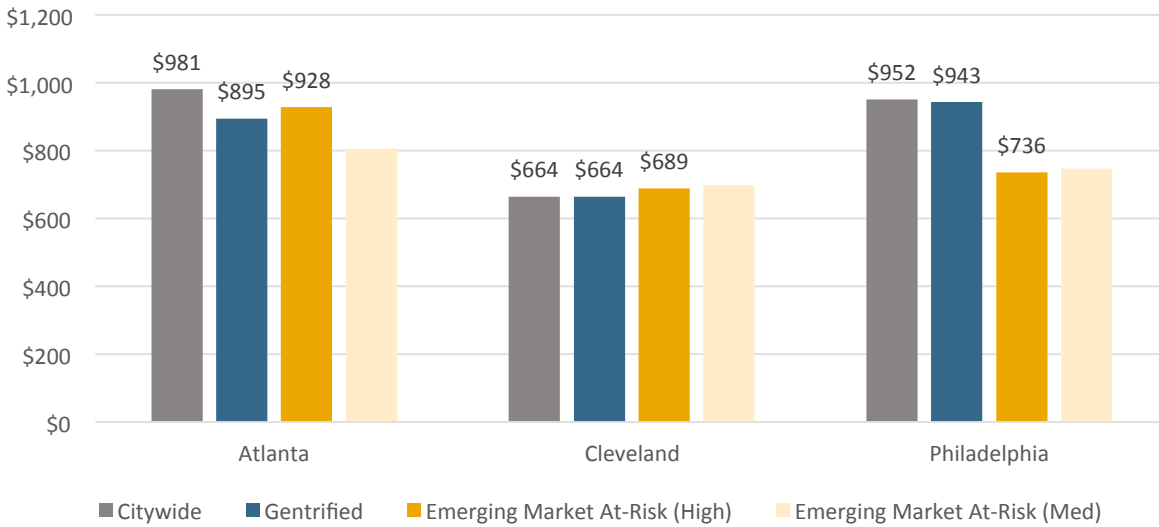
²⁹ Goldstein (2017).

Figure 5: Median home value for owner-occupied housing units by geography, 2015



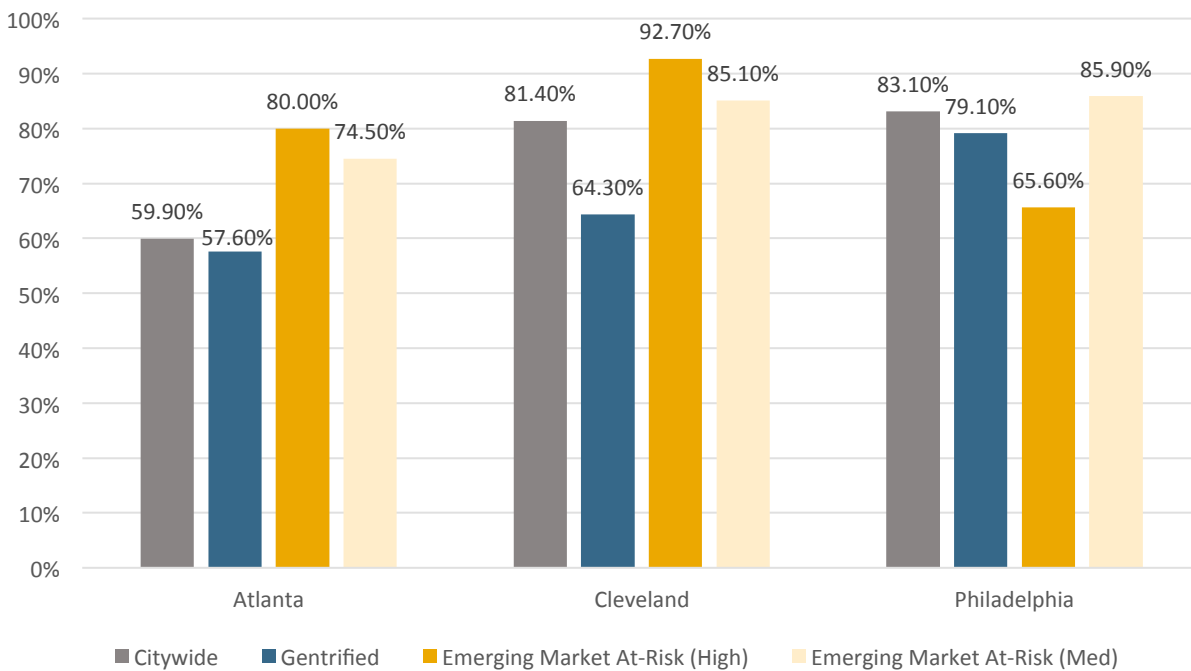
Source: Joint Center for Housing Studies of Harvard University tabulations of 2015 one-year American Community Survey (ACS) microdata.

Figure 6: Median gross rent for renter-occupied housing units by geography, 2015



Source: Joint Center for Housing Studies of Harvard University tabulations of 2015 one-year American Community Survey (ACS).

Figure 7: One- to four-unit properties as percent of housing stock within defined geography, 2015



Source: Joint Center for Housing Studies of Harvard University tabulations of 2015 one-year American Community Survey (ACS).

Challenges in affordable housing preservation

Gentrification can increase property values and in doing so encourage owners to renovate older units to make them more appealing to those willing and able to pay more for housing in a changing neighborhood.³⁰ Improvements to the quality of an aging stock of NOAHs may result in better quality housing, but could also lead to tenant displacement from either the renovation process itself or the higher housing costs after the renovations are completed. For local mission-driven developers and national housing experts, the overarching challenge is balancing quality of life improvements for residents while preserving affordability.³¹ Although multi-faceted and complex, three aspects of this challenge were repeatedly identified by interviewees: property acquisition, homeownership, and renovation financing.

Property acquisition

In certain markets, conditions do not support robust renovations because the acquisition and remodeling costs outweigh future values. Leaders of community-based organizations in Cleveland, for example, worry that buying units in areas that might gentrify could lead to large financial losses due to ultimately lower resale prices in those areas that still outweigh the total costs of renovations. Under these conditions, noted Frank Ford from Cleveland's Thriving Communities Institute, subsidies might be needed to minimize losses that occur from local non-profits buying and renovating market-rate units in potentially gentrifying parts of the city.³² However, with declining federal funds and the end of federal programs like the Neighborhood Stabilization Program (NSP), cities and organizers may well need to find other funding sources in order to continue acquiring properties.³³

Homeownership

Homeownership is a well-known strategy to increase stability for low-income renter households in gentrifying areas, as homeowners largely benefit from neighborhood price appreciation.³⁴ However,

³⁰ Helms (2003).

³¹ Based on the conversations I conducted among various stakeholders in the case study cities. A complete list of interviewees can be found in Appendix C.

³² Ford (2017).

³³ "Congress established the Neighborhood Stabilization Program (NSP) for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. It relies on the purchase and redevelopment of foreclosed and abandoned homes and residential properties." See HUD (2017).

³⁴ Herbert, McCue, and Sanchez-Moyano (2013).

tax expenses and maintenance requirements, particularly when unexpected or significant, can present barriers to homeownership. According to a report from the Pew Charitable Trusts, after years of inaccuracy, the City of Philadelphia corrected its property valuation in 2012, which caused residential taxes to rise sharply and increased the financial burden for many low-income homeowners.³⁵ Strategies for providing resources and programmatic support for renters and low-income homeowners to weather these financial shocks are at the forefront of many mission-driven organizations' agendas.

Renovation Financing

In Atlanta, organizations like the Atlanta Neighborhood Development Partnership (ANDP) used funding from the City's Housing Opportunity Bond Program, which aimed to expand affordable housing throughout the City, to focus on long-term, energy-efficient renovations after acquiring properties.³⁶ The legislation to create the \$75 million program in the City of Atlanta was approved by the City Council and signed by former Atlanta Mayor Shirley Franklin in 2007.³⁷ Over the past ten years, the initial \$35 million bond sale leveraged \$257 million in other funding to create 2,100 units of affordable housing.³⁸ In 2017, amidst the pressure on housing prices from the BeltLine development, the remaining \$40 million was approved to be released.³⁹ However, many remain concerned that reliance on housing bonds will have only a small impact on the region's affordable housing shortage and that alternative resources may be necessary.⁴⁰

Potential strategies for augmenting affordable housing preservation efforts

In all three cities, public and nonprofit entities are trying to address the challenges of acquisition, homeownership, and renovation financing, particularly for the one- to four-unit properties that make up a large share of the housing stock in the three cities' "emerging markets." In particular, interviews with local mission-driven developers and national housing experts⁴¹ generally highlighted three broad areas of activity: land bank and land trust partnerships, rent-to-own programs, and low-interest renovation financing to support needed repairs or desired improvements. While components of these approaches are well-established, focusing on their implementation in emerging markets may offer

³⁵ Pew Charitable Trusts (2013).

³⁶ Adams (2017).

³⁷ Pendered (2017).

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Immergluck (2017).

⁴¹ See Appendix C for a complete list of interviewees.

mission-driven organizations a unique opportunity to simultaneously improve the quality of the housing stock and retain long-term affordability for low-income residents.

Strategy 1: Land banks and land trusts: a natural partnership

The Center for Community Progress, a Flint-based nonprofit aimed at transforming underutilized land in cities across the United States, defines a land bank as a governmental or nonprofit entity that acquires vacant, abandoned, or tax-delinquent properties and ultimately converts “liabilities into productive assets.”⁴² A community land trust, on the other hand, is a “nonprofit organization that obtains land and develops housing and other community needs and ensures their permanent affordability.”⁴³ Traditionally, land banks are established to address increased abandonment and property deterioration in distressed neighborhoods.⁴⁴ Alternatively, land trusts offer communities the opportunity to control a portion of the housing stock in perpetuity, often an effective counter amidst rapidly changing socioeconomic conditions.⁴⁵ As John Emmeus Davis, the former housing director of Burlington, Vermont, wrote in a 2012 article published by *Shelterforce*, “land banks have a disposition problem. Land trusts have an acquisition problem.”⁴⁶ He added that land trusts often lack the “monies and powers made available to land banks,” but the properties owned by land banks often have no affordability restrictions on their future sale prices.⁴⁷ Given the difficulties described by mission-driven organizations in acquiring properties, let alone ensuring robust renovations and long-term affordability, establishing a robust partnership between land banks and land trusts in emerging markets may provide a long-term pipeline of properties prior to a neighborhood’s experiencing price appreciation and increased competition for property acquisition from private actors.

Land Banks

Most land banks do not have the power of eminent domain, but are given broad powers to assemble land, most often among parcels with delinquent tax obligations.⁴⁸ The enabling legislation in Georgia, for instance, defines land banks as “an independent tax-exempt authority with an independent board and the power to extinguish delinquent taxes with generally broad acquisition and disposition

⁴² Center for Community Progress (2017).

⁴³ Women’s Revitalization Project (2017).

⁴⁴ HUD (2009).

⁴⁵ Sorce (2017).

⁴⁶ Davis (2012).

⁴⁷ Ibid.

⁴⁸ HUD (2009).

authority.”⁴⁹ In this model, full ownership is gained via a judicial process through which the land bank can also “waive back taxes and clear titles [thus facilitating the] transfer of ownership of a tax-delinquent property [to a developer] for redevelopment purposes.”⁵⁰

While land banks often seek to maximize the financial returns on their holdings, some advocates believe that the disposition process should give greater preference to entities focused on long-term preservation of affordable housing.⁵¹ Mission-driven organizations like the Community Justice Land Trust in Philadelphia could potentially scale efforts to preserve affordability over the long-term in these appreciating markets through a formal partnership with the City’s land bank.⁵² Such a relationship would require only an incremental shift in preference as Philadelphia’s Land Bank, created in 2013, already disposes of 50 percent of properties to affordable housing developers, compared to 30 percent to market-rate developers and 20 percent to green space.⁵³

Land Trusts

In a 2016 paper, the Grounded Solutions Network, a network of community land trusts across the United States and national advocacy organization, defined a land trust broadly as a nonprofit or nongovernmental organization that acquires, retains, and manages scattered parcels of land on behalf of a place-based community with the intention of never reselling those lands.⁵⁴ The land trust sells the physical house at a reduced price to new low-income homeowners (such as single mothers earning below 50 percent of AMI). However, the trust retains ownership of the land while granting the right to occupy the site through a ground lease.⁵⁵

While the goal of a land trust is to have “people build equity from day one and have an ownership stake,” there are restrictions placed on the resale value of the home.⁵⁶ Some criticize this practice as limiting the potential equity a homebuyer receives, especially in highly appreciating markets; however, this policy ensures that even in these highly appreciating markets (e.g., emerging markets), homes remain relatively affordable to future buyers.

⁴⁹ OCGA sec. 48-4-60 et seq. (SB 284). See also Norman and Michael (2014).

⁵⁰ HUD (2009).

⁵¹ Davis (2012).

⁵² Women’s Revitalization Project (2017).

⁵³ City of Philadelphia (2017b).

⁵⁴ National Community Land Trust Network (2016).

⁵⁵ Himura (2017).

⁵⁶ Misak and Peres (2017).

The most successful land trusts are put in place before the market appreciates since this limits expenses associated with acquiring properties. However, by relying on heavily discounted or donated properties, land trusts can still exist in gentrified markets. Partnerships with land banks are one example that can lower acquisition costs and also facilitate more rapid access to properties, two factors which make it easier for a land trust to rehabilitate distressed properties and preserve affordability on a greater scale in emerging markets.

According to a 2017 report, the nation's 242 land trusts have produced 9,543 housing units (a small fraction of the nation's 135 million housing units).⁵⁷ Although small, many land trusts have successfully created and preserved affordable housing in areas that have experienced significant price appreciation. For example, Dudley Neighbors Inc. (DNI), a community land trust created by the Dudley Street Neighborhood Initiative (DNSI), has created 225 permanently affordable homes in Boston.⁵⁸

Current state of relationships

The relationships between land banks and land trusts in the three case study cities vary widely. For example, the Cuyahoga County Land Reutilization Corporation, or Cuyahoga Land Bank, plays an active role in the City of Cleveland's disposition and revitalization of underutilized properties. Of the 32,000 vacant or tax-delinquent properties in the greater Cleveland area, the County's Land Bank acquired and demolished 2,200 unsafe structures while transferring another 1,400 lots to productive uses.⁵⁹ Further, the Land Bank, as well as other local jurisdictions, donates properties to the Land Trust division of Neighborhood Housing Services of Greater Cleveland (NHS).⁶⁰ This gives the Land Trust Program an opportunity to accumulate land for their affordable housing preservation mission. As of 2017, the Land Trust program was managing 26 units in total, half of them rental and half owner-occupied.⁶¹

The Fulton County/City of Atlanta Land Bank Authority incorporated as a nonprofit organization in 1991 with the "public purpose of returning property—which is in a nonrevenue generating, non-tax producing status—to an effective utilization status in order to provide housing, new industry and jobs for the citizens of the County."⁶² In the mid-2000s, after local community members voiced concern

⁵⁷ Community Wealth.org (2017).

⁵⁸ See History of DNI, <https://www.dudleyneighbors.org/background.html>. See also Davis (2010). The land trust model has also gained traction in New York City, where activists, motivated by successes in cities like Burlington, Vermont, have moved to convert public housing complexes to community land trusts. See Savitch-Lew (2018).

⁵⁹ City of Philadelphia (2015), 32 n. 37.

⁶⁰ Misak and Peres (2017).

⁶¹ Ibid.

⁶² State of Georgia (1992).

about affordability along the BeltLine,⁶³ the Land Bank began more intentional efforts to preserve housing affordability in areas at risk of gentrification. As a result, the Land Bank’s governing board adopted a new policy in 2007 that explicitly stated it sought to acquire “potential development sites in anticipation of rapidly rising land prices” and leverage “future strategic governmental purposes such as affordable housing.”⁶⁴ Because of this new policy, the Land Bank is currently holding 30 properties for a future land trust.⁶⁵ However, the complexities around property acquisition and limited capacity will make it challenging to bring this initiative to fruition.⁶⁶

Land banks did not exist in Pennsylvania before 2012, when then-Governor Thomas Corbett signed enabling legislation allowing the creation of land bank authorities across the state.⁶⁷ In Philadelphia, the establishment of the City’s Land Bank in 2013 followed a significant consolidation of the land holdings of fifteen major City agencies “under one umbrella,” which created a “single point of contact—or ‘Front Door’—for would-be developers of city land.”⁶⁸ This consolidation was intended to increase the efficiency of the land disposition process.⁶⁹ The Land Bank’s creation was the next step in this process and was intended to further streamline the disposition of the City’s more than 40,000 vacant parcels.⁷⁰ A streamlined process may help produce more units for low-income tenants, especially through potential partners like the Community Justice Land Trust, which was founded in 2010 and currently has 100 affordable units in the development pipeline in emerging markets like Mantua, Germantown, and Point Breeze.⁷¹

Limited impact to date, struggles to scale, but effective when implemented

It is clear that increased coordination between land banks and land trusts can lower the acquisition costs and lessen the bureaucratic, legal, and market timing challenges of expanding access for some lower-income residents. However, the impact of land trusts remains limited, even in areas already partnered with land banks. Furthermore, land bank and trust partnerships do not address the

⁶³ The Atlanta BeltLine is a 22-mile loop of abandoned rail right-of-way that the City of Atlanta is transforming into 1,300 acres of new trails and 700 acres of new parks. If fully completed, it will connect 45 of Atlanta’s neighborhoods and include new transit options. The project estimates that 28,000 new housing units and \$20 billion of new “economic development” will result from this investment. More information is available at the organization’s website: <https://beltline.org/about/the-atlanta-beltline-project/>

⁶⁴ Goldey (2015).

⁶⁵ Ibid.

⁶⁶ HELP Org. in ATL (2015).

⁶⁷ Rolland (2013).

⁶⁸ Kerkstra (2012).

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Women’s Revitalization Project (2017).

fact that the ultimate price of the home may remain out of reach for residents, especially those unable to access sufficient mortgages or down payments to cover the costs, even with the additional funds provided through down payment assistance programs.

Ultimately, scaling this strategy requires a more proactive role to be played by both entities to simplify the process of property identification, acquisition, and disposition. Philadelphia's governmental restructuring and consolidation of land holdings offers a promising model for increasing access to affordable housing preservation sites in the long run.⁷² For this reason, emerging markets would offer ideal sites for these partnerships to focus and expand their efforts. Proactive acquisition of land in these areas could "lock-in" affordability, potentially allowing the benefits to reach a larger group of low-income residents. Finally, by lowering the entry price of homes, these partnerships could amplify the efforts of programs aimed at helping renters transition to homeownership.

Strategy 2: Establishing pathways for renters to enter homeownership

While homeowners are not completely insulated from sudden changes in the market, in general, homeownership can reduce the risk of displacement due to price appreciation alone. In fact, all else equal, homeowners largely benefit from an appreciating market. Thus, many advocate for programs aimed at preserving affordability by expanding access to homeownership.⁷³ Lease-purchase programs (also known as "rent-to-own" programs) are an approach that is regaining attention as a way to achieve this goal. These programs typically involve a mission-driven developer, community-based organization, or private corporation that purchases or develops a property and structures a long-term lease for a prospective buyer. Leases can vary in length from three years to fifteen years, but all end with an opportunity for the tenant to purchase the property.⁷⁴

Long-term models demonstrate initial success

Some long-term lease-purchase deals (15 years or more) utilizing the Low-Income Housing Tax Credit (LIHTC) have been successful. CHN Housing Partners (CHN), previously known as Cleveland Housing Network, first began its lease purchase program using LIHTC in 1987 and is considered a model for this type of long-term program.⁷⁵ The CHN lease-purchase program offers future homebuyers with

⁷² Sauer (2017).

⁷³ Herbert, McCue, and Sanchez-Moyano (2013).

⁷⁴ Cleveland Housing Network (2015).

⁷⁵ Because of the longevity of this program, many of the capacity hurdles that other organizations face to begin such programs have been overcome.

incomes below 60 percent AMI the option of purchasing their home after 15 years of renting. Using an approach known as the equivalency principle, leases are structured at rates that mirror future mortgage amounts. While the management of this program requires a large organizational capacity for CHN, the success is evident. Within three years of purchase eligibility (i.e., by year 18), CHN sees between 85 and 90 percent of renters successfully transition to being homeowners.⁷⁶

Community-based organizations in Atlanta are beginning to implement their own versions of lease-to-own programs that may expand access to homeownership to more residents, particularly renters of one- to four-unit properties.⁷⁷ For instance, in the Mechanicsville neighborhood, 74 new and refurbished homes developed in partnership with the State's Department of Community Affairs, the SUMMECH Community Development Corporation, and private housing developers Columbia Residential and Brock Built Homes, recently received over 1,500 applications for a 15-year lease-purchase opportunity.⁷⁸ Due to the high demand for similar lease-purchase opportunities, Atlanta Neighborhood Development Partnership (ANDP), an organization born from the merging of the Atlanta Chamber of Commerce's Housing Resource Center and the Atlanta Economic Development Corporation's Neighborhood Development Department in 1991, is another mission-driven nonprofit developer looking to expand these opportunities throughout the region.⁷⁹

Some concerns with lease-purchase often apply to those programs structured for less than five-year rental periods, as this short duration may not be enough time for low-income households to significantly alter their credit score or save for a substantially larger down payment.⁸⁰ Furthermore, short-term contracts are governed by fewer regulations, and the complexities of both the lease and purchase terms may favor the landlord more often than the tenant. In addition, there are questions around the long-term feasibility of using tax credits to structure lease-purchase deals.⁸¹ While expansion of the LIHTC program through a bill like the Affordable Housing Credit Improvement Act of 2017, proposed by Senators Maria Cantwell (D-WA) and Orrin Hatch (R-UT), could potentially increase

⁷⁶ Cleveland Housing Network (2015).

⁷⁷ Adams (2017).

⁷⁸ Trubey (2016).

⁷⁹ Adams (2017).

⁸⁰ Stevenson and Goldstein (2016).

⁸¹ Such questions were raised in response to the author's NeighborWorks America Gramlich Presentation, August 22, 2017, NeighborWorks America District of Columbia Headquarters. Presentation feedback.

available tax credits, other funding sources may be better for the longevity and scalability of lease-purchase programs currently reliant on tax credits.⁸²

The equivalency principle and emerging markets

As introduced above, CHN's equivalency principle structures the participant's fifteen-year rental rate to ultimately reflect the property's monthly mortgage payments. This policy prepares future owners for the financial responsibility of homeownership. Because of the gradual rent increases and the long-term commitment to a property, tenants in emerging markets could greatly benefit from participation in a lease-purchase program as a pathway to homeownership. Furthermore, by purchasing properties in emerging markets, mission-driven developers can "lock-in" affordability for future homeowners while simultaneously allowing tenants to avoid potential rent appreciation shocks. However, the effectiveness of lease-purchase in emerging markets depends on how future property appreciation is factored into the lease escalation terms.

For example, in emerging markets, the potential for future property value appreciation may require a higher rental rate since the equivalency principle incorporates many ownership costs, such as property taxes. Thus, while the ultimate purchase price may be lower than market value after 15 years, the rental rate may be higher than alternative rental options. According to CHN, participants often purchase their home for 50 percent of market value, but the organization acknowledges that the exact savings for residents varies by neighborhood.⁸³ Thus, an effective lease-purchase program requires the organizational capacity to carefully structure leases that can both escalate the rent to a realistic value for the neighborhood while also considering the realistic ability of a tenant to pay over time.

The potential of lease-purchase

Despite their challenges, lease-purchase programs, according to ANDP, have as an overall benefit the long-term preparedness of a tenant for homeownership. For example, in the final years of a lease-purchase program, in addition to incorporating the intensive credit repair strategies the program provides, tenants are required to complete financial literacy courses and receive homeownership counseling, which have proven to be effective strategies for ensuring successful transitions to

⁸² A summary of the bill is available at <https://static1.squarespace.com/static/566ee654bfe8736211c559eb/t/58c001ed579fb364709b7719/1488978414769/AHCIA+comprehensive+summary.pdf>.

⁸³ Cleveland Housing Network (2015).

homeownership.⁸⁴ Therefore, even if a tenant decides to forego purchasing the home at the end of their lease period, deciding to either purchase another home or continue renting elsewhere, from ANDP's perspective, the tenant is generally prepared to transition to homeownership.

Strategy 3: Incentivizing private owners through low-interest rehabilitation financing

Even among lower-priced NOAHs, renovation costs often require additional expenditures due to deferred maintenance that increase the overall investment required of any developer. Repairs and updates to the basic building systems (i.e., electrical, water pipes, roofs, and other critical structures) of a property can be prohibitively costly for low-income homeowners. Moreover, many low-income households do not have the money they need to pay for unexpected repairs to their home. Further, low-income homeowners could be financially challenged if the housing market appreciates rapidly and property taxes are regularly adjusted to reflect the higher values.

To address these long-term costs associated with homeownership, particularly resulting from maintenance and property taxes, entities in the case study cities have implemented policies and programs to support the transition to or preservation of long-term affordable homeownership. Some of these programs also have the dual benefit of renovating an aging housing stock.

Recently, Philadelphia, 38 percent of whose homeowners earned less than \$35,000 annually,⁸⁵ has developed ways to mitigate these challenges. For example, The Healthy Rowhouse Project, a Philadelphia-based advocacy organization, notes that many Philadelphia homeowners have fixed incomes but live in older properties that are likely to have high maintenance costs.⁸⁶ In 2017, a \$60 million housing bond was approved by the City of Philadelphia to fund a basic systems repair program (BSRP) that provides low-income homeowners access to free home repairs for eligible projects such as roof repair, exterior structural deficiencies, or leaking water and sewer lines.⁸⁷ An additional \$40 million in city-issued bond financing is slated for release in summer 2018 and will provide homeowners with up to \$25,000 in low-interest loans, rather than grants, to make similar repairs.⁸⁸

In addition, to alleviate the tax burden on long-time residents caused by a reassessment of property values in 2012, the City Council approved the Longtime Owner-Occupants Program (LOOP), which granted a tax abatement for eligible households. Beginning in 2013, owners who had lived in their

⁸⁴ Mayer and Temkin (2013).

⁸⁵ Center for Architecture and Design (2014).

⁸⁶ Ibid.

⁸⁷ City of Philadelphia, Division of Housing and Community Development (2017).

⁸⁸ McCabe (2018).

homes since 2003, qualified as income eligible (80 percent of AMI or \$65,000 for a family of four), and experienced a 300 percent increase in tax obligation, were eligible for a tax exemption through 2023.⁸⁹ Another program offered homeowners in similar situations a tax deferral to the time of sale.⁹⁰

However, the limitations of state and local financing for grant programs like these led the City to explore ways to “finance a new revolving loan fund that will assist moderate-income homeowners with incomes too high to qualify for the grant program with ultra-low-interest repair and maintenance loans,” as well as a way to “provide funding to small private landlords to upgrade their rental properties in exchange for an agreement to keep rents at an affordable level.”⁹¹

In the United States, most rental housing is privately owned. Therefore, private owners must play a role in efforts to preserve the stock of affordable rental units, particularly in emerging markets.⁹² One potential way to increase the number of affordable housing “developers” is by working with individual property owners intending to renovate NOAHs in emerging markets.

For example, offering low-interest renovation loans to the owners of one- to four-unit properties in exchange for affordability requirements is one approach toward expanding the supply of affordable housing units in emerging markets. This was the tack taken by Tapestry Development Group (TDG), a nonprofit affordable housing developer in Atlanta that in 2017 won a \$70,000 grant in a competition hosted by the Georgia Department of Community Affairs, Georgia Advancing Communities Together, JP Morgan Chase Bank, and the Atlanta branch of Enterprise Community Partners.⁹³ The grant specifies targeting properties serving households at 80 percent AMI or below, equivalent to \$48,000. According to the proposal, the low-cost capital will be tied to an affordability requirement for at least 10 years or the term of the loan.

In a white paper released in January 2017, Tremont West Development Corporation of Cleveland, a community development corporation established in 1979, also outlined a series of forward-looking strategies aimed at preserving affordable housing on the city’s near west side using incentives for private owners of one- to four-unit properties.⁹⁴ One proposed strategy included a program to encourage the renovation and eventual owner-occupancy of small-multifamily properties that would “encourage a high standard of property stewardship and [provide] a built-in safety blanket for the

⁸⁹ City of Philadelphia (2017a).

⁹⁰ City of Philadelphia (2018).

⁹¹ Smith (2017).

⁹² Haas (2017). See also, Helms (2003).

⁹³ Rattray (2017).

⁹⁴ Rioridan (2017).

property owner in the form of steady rental income.” While not specifically identified in the organization’s memo, it seems there is potential for a low-interest loan program to fulfill this need.

For emerging markets, these types of programs are ideal because they leverage market conditions to gain affordable units in the midst of, and to make improvements to properties at risk of, price appreciation. Furthermore, such programs provide a benefit to the property owner for retaining low-income residents, thereby potentially reducing the risk of displacement. While in its initial stages, this type of program may offer a new approach for preserving and expanding affordability opportunities, particularly in emerging markets.

Emerging markets offer an ideal testing ground for future expansion of these strategies

My conversations with community-based organizations revealed that there was a lack of explicit proactive implementation of policies in emerging markets. However, many agreed that they were important sites for affordable preservation efforts. The three approaches outlined above are at various stages of development and implementation. For those interested in the preservation of affordable housing, they do not represent radical ideas, but rather strategically incremental shifts in focus, organizational structure, and policy. Indeed, some organizations have already developed methods to identify emerging markets at a finer grain.

In Philadelphia, for example, the Reinvestment Fund, an organization that aims to transform low-income communities by attracting investment in catalytic amenities such as grocery stores, tracked changes in annual home sales prices within Census block groups to document the path of gentrification in the Brewerytown neighborhood.⁹⁵ Similar “early-warning” systems are being refined in other cities.⁹⁶ For emerging markets particularly, property- and neighborhood-level data offer an important granularity that may assist in the more efficient and effective acquisition of properties at more affordable prices.

Companies like FixList, a Philadelphia-based startup real estate market analysis firm, use data to better understand real-time local market trends. Using property-level data and analytical databases, cities and mission-driven developers can narrow their acquisition and preservation efforts to those neighborhoods most at risk of price appreciation.⁹⁷ Accurate, timely data can alert advocates for affordable housing to areas of growing market pressure. Indeed, this practice already occurs. In the case

⁹⁵ Goldstein and Weidig (2015).

⁹⁶ The Urban Displacement Project at the University of California, Berkeley is the latest iteration of the Early Warning Toolkit developed by Professor Karen Chapple and the Center for Community Innovation. The toolkit aims to analyze the relationship between transit investment and neighborhood change. See Chapple (2009) and Chapple and Loukaitou-Sideris (2017).

⁹⁷ Mosley (2017).

of ANDP, leaders became concerned about the rapid growth in the number of foreclosed single-family homes during the financial crisis and the purchase of those homes by outside investors.⁹⁸ However, real-time databases, such as those FixList is developing, may allow more informed decisions to be made proactively rather than reactively. Leaders of local mission-driven organizations see potential in this product, as many feel there are relatively few affordable real estate analytics options for similar mission-driven developers like themselves.⁹⁹

Conclusion

Many of the most popular strategies used in the preservation of unsubsidized affordable housing are contingent on public policies, most notably annual budget appropriations, tax credit allocations, and management of publicly owned land. A combination of these factors, in addition to competition from private sector actors, contributes to the difficulties in successfully scaling affordable housing preservation programs and policies such as those described above. But the loss of affordable housing due to price appreciation is not an unavoidable side effect of increased investment in and demand for housing in our cities.

I have argued that mission-driven organizations and policymakers can be proactive in the preservation of affordable housing by focusing policies and programs on NOAHs in areas likely to experience gentrification (which in the case study cities meant a focus on one- to four-unit buildings). In warm-market cities like Atlanta, Cleveland, and Philadelphia, the presence of these emerging markets creates a unique opportunity for the implementation of comprehensive strategies that focus on long-term stability for vulnerable housing units and populations.

Broad preservation of affordable housing cannot be achieved without the combined efforts of public officials, mission-driven developers, and private individuals. Through more robust partnerships between land banks and land trusts, carefully structured lease-purchase programs, and low-interest financing for rehabilitation of properties, stakeholders can maximize the efficiency of their limited resources, particularly in emerging markets. Additional research would do well to analyze the programs discussed here and further develop potential implementation plans for emerging markets. Overall, incentives to attract additional private actors interested in not only preserving but expanding the supply of affordable units could help stakeholders overcome barriers to scale.

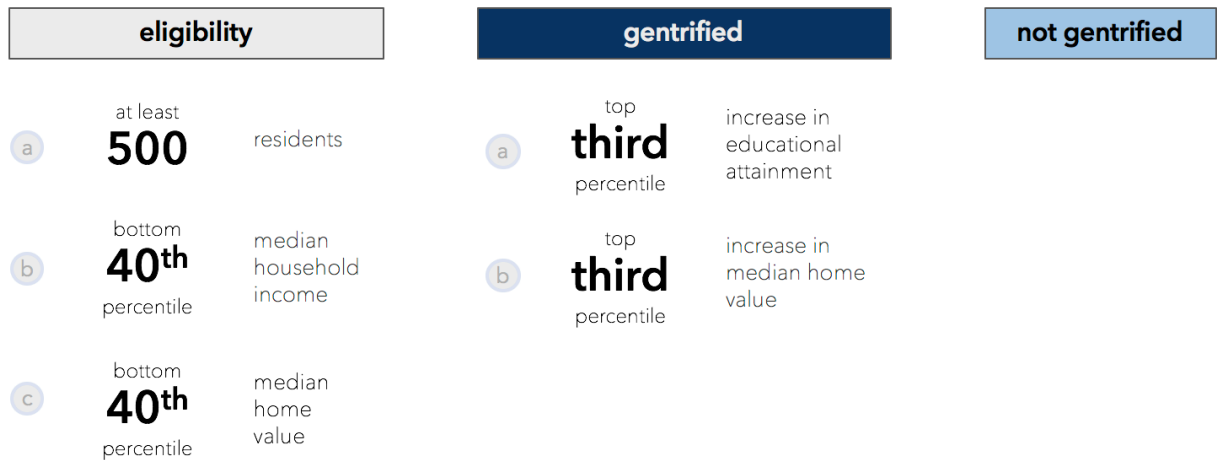
⁹⁸ Immergluck (2013).

⁹⁹ Sauer (2017).

Appendix A: Emerging Market Methodology

The *Governing Magazine* gentrification definition uses data from Census Tracts, which were first divided into two categories, eligible and non-eligible, as shown below in **Figure A1**. Among the eligible tracts, changes in educational attainment and median home value were calculated between 2000 and 2013 and compared to the metropolitan area.¹⁰⁰ Changes in the top third were classified as gentrified. Among the non-gentrified tracts, changes in six indicators were compared and an index created from these values.¹⁰¹ Changes greater than two standard deviations from the mean were classified as “high risk” tracts, while changes between one and two standard deviations were considered “medium risk.” This process is summarized in **Figure A2** below.

Figure A1: Governing Methodology



¹⁰⁰ The metropolitan areas for Atlanta, Cleveland, and Philadelphia are defined as follows: Atlanta-Sandy Springs-Roswell, GA; Cleveland-Elyria, OH; Philadelphia-Camden-Wilmington, PA-NJ-DE-MD. More detailed maps and delineations can be found at <https://www.census.gov/geographies/reference-files/time-series/demo/metro-micro/delineation-files.html>.

¹⁰¹ The index relies on the changes of the following six indicators: share of population over 25 with bachelor’s degree, share of non-Hispanic white residents, share of non-Hispanic black residents, median gross rent, median home value, and median household income. Data represented normalized tract level data from the 2000 Census and 2011-2015 5-year American Community Survey. Tracts were chosen by identifying those that fell primarily within each city boundary. Equal weights were applied to each factor studied. The original database was compiled by the Joint Center for Housing Studies of Harvard University.

Figure A2: Emerging Market Index

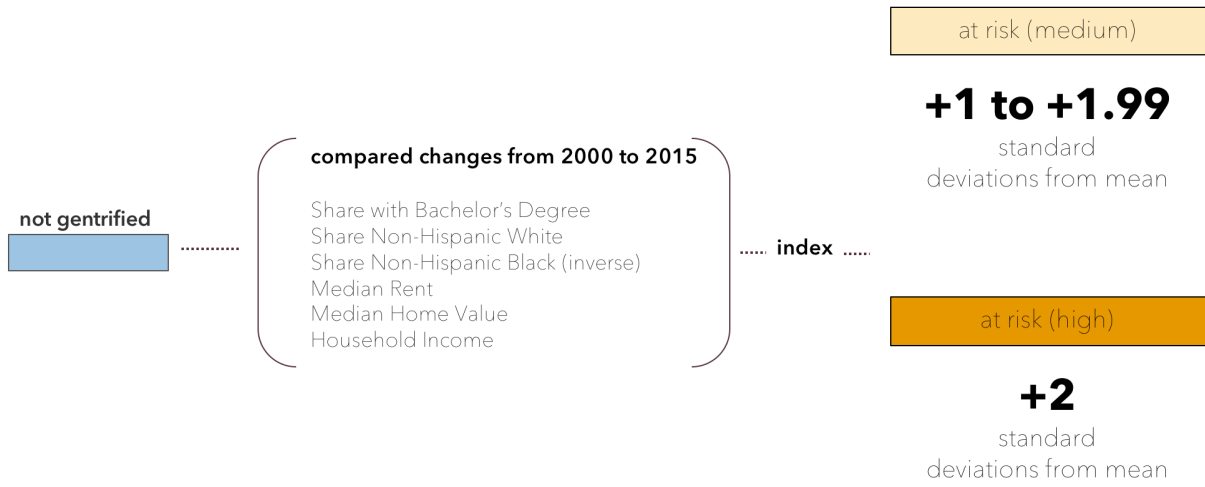
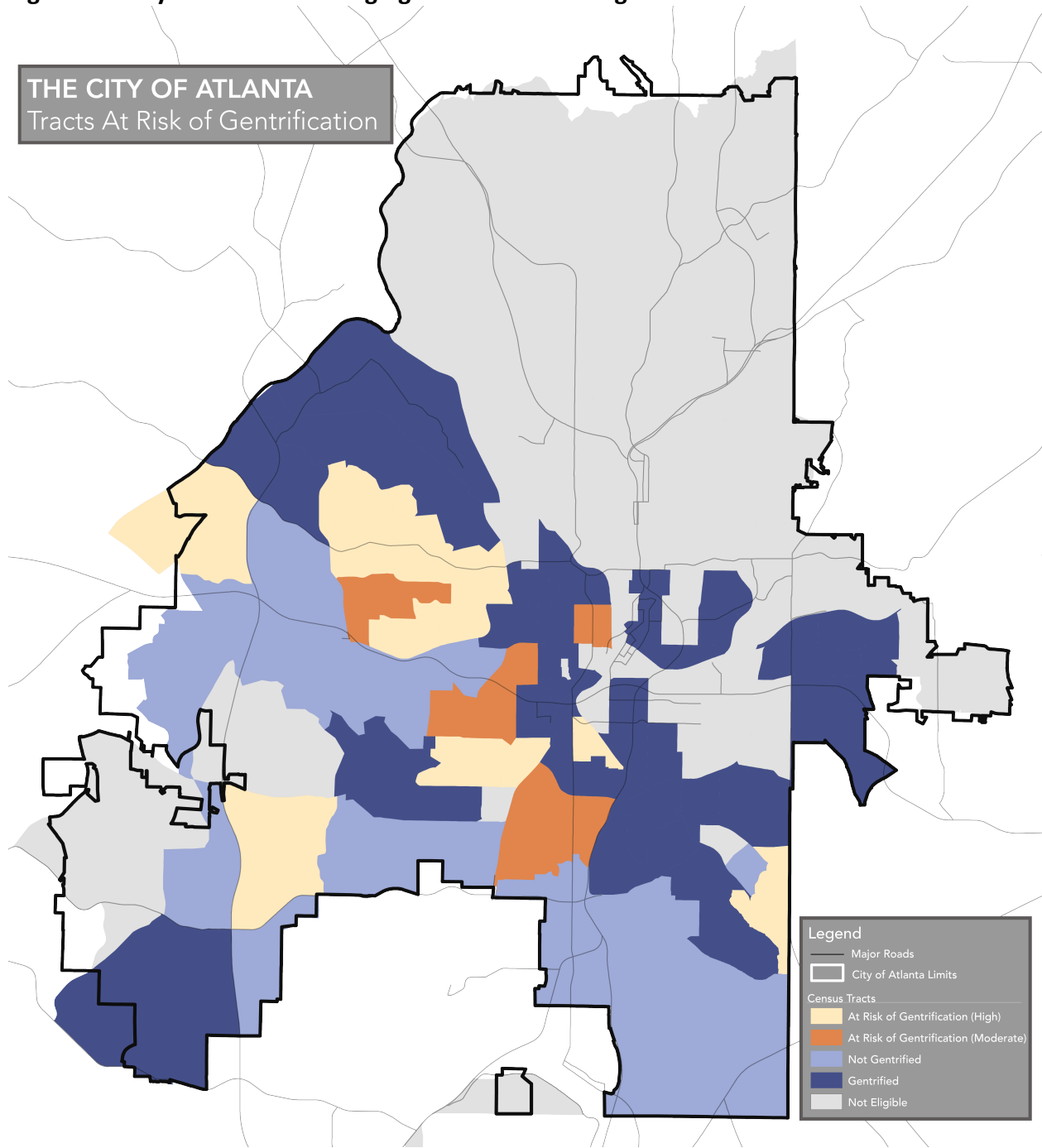
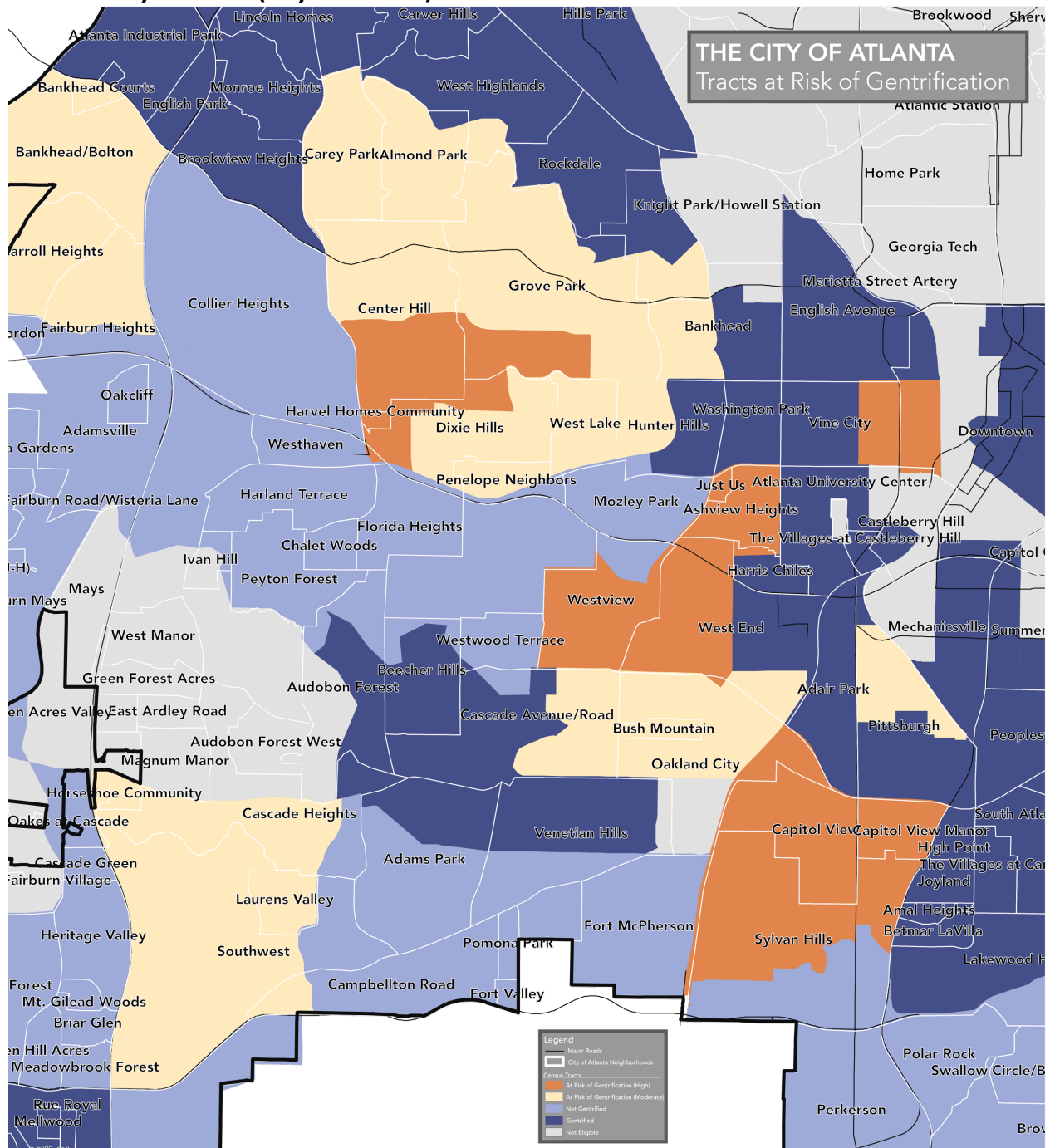


Figure A3: City of Atlanta—Emerging markets at risk of gentrification



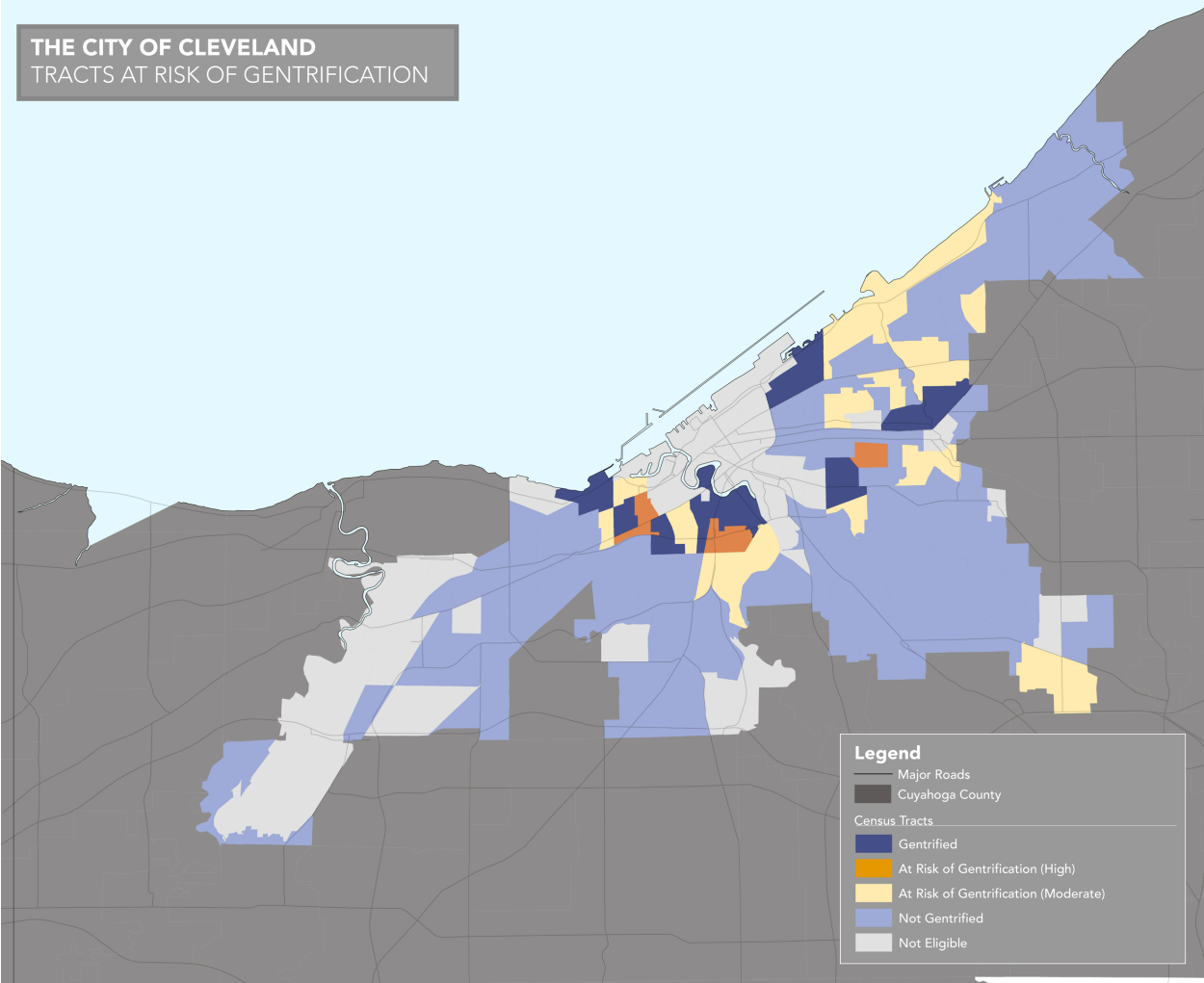
Source: US Census 2000; ACS, 2011-2015 5-Year Estimates; JCHS Normalized Data 2000-2015

Figure A4: Gentrification as a flow that begins at a point of investment and moves continuously outward (City of Atlanta)



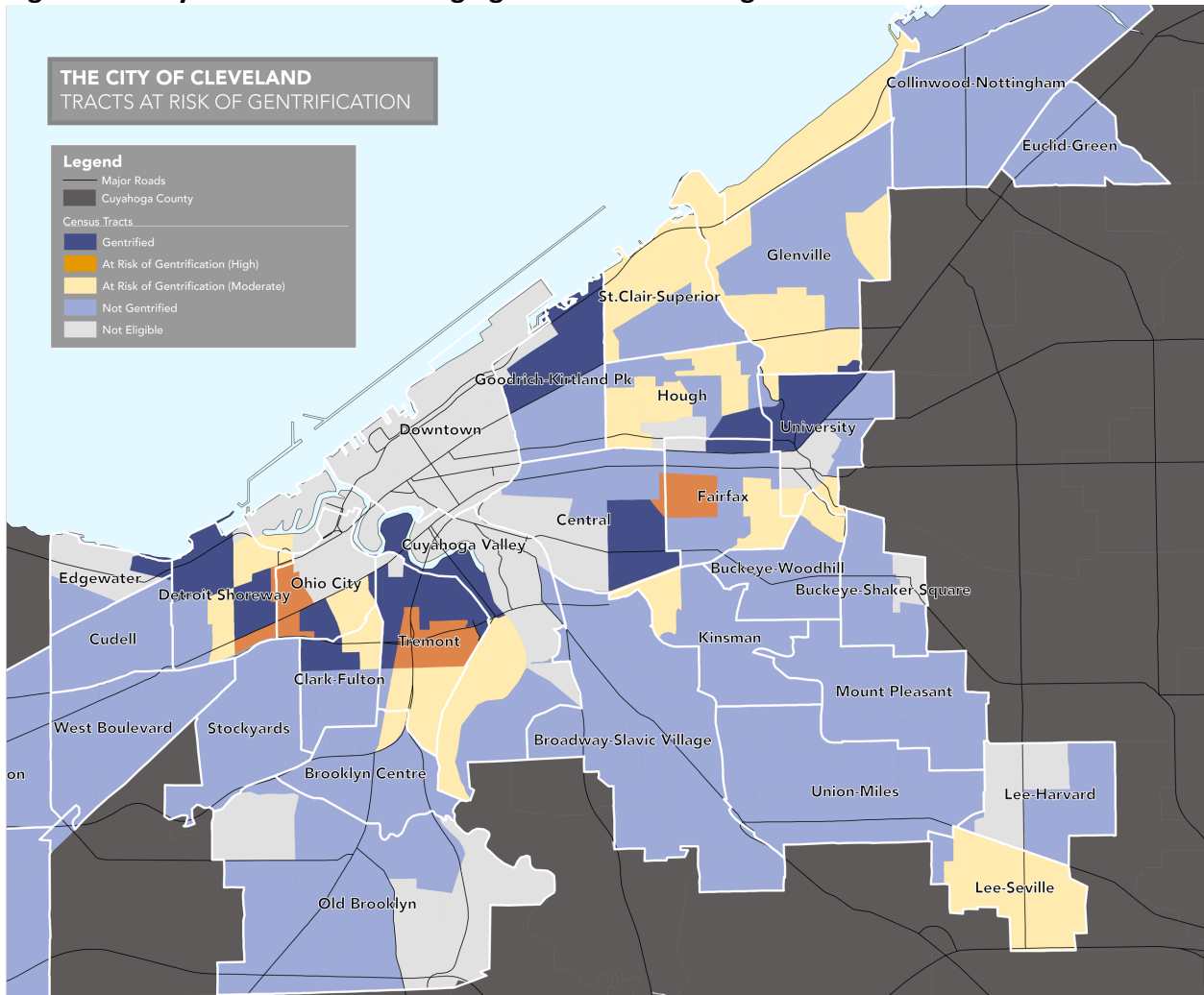
Source: US Census 2000; ACS, 2011-2015 5-Year Estimates; JCHS Normalized Data 2000-2015

Figure A5: City of Cleveland—Emerging markets at risk of gentrification



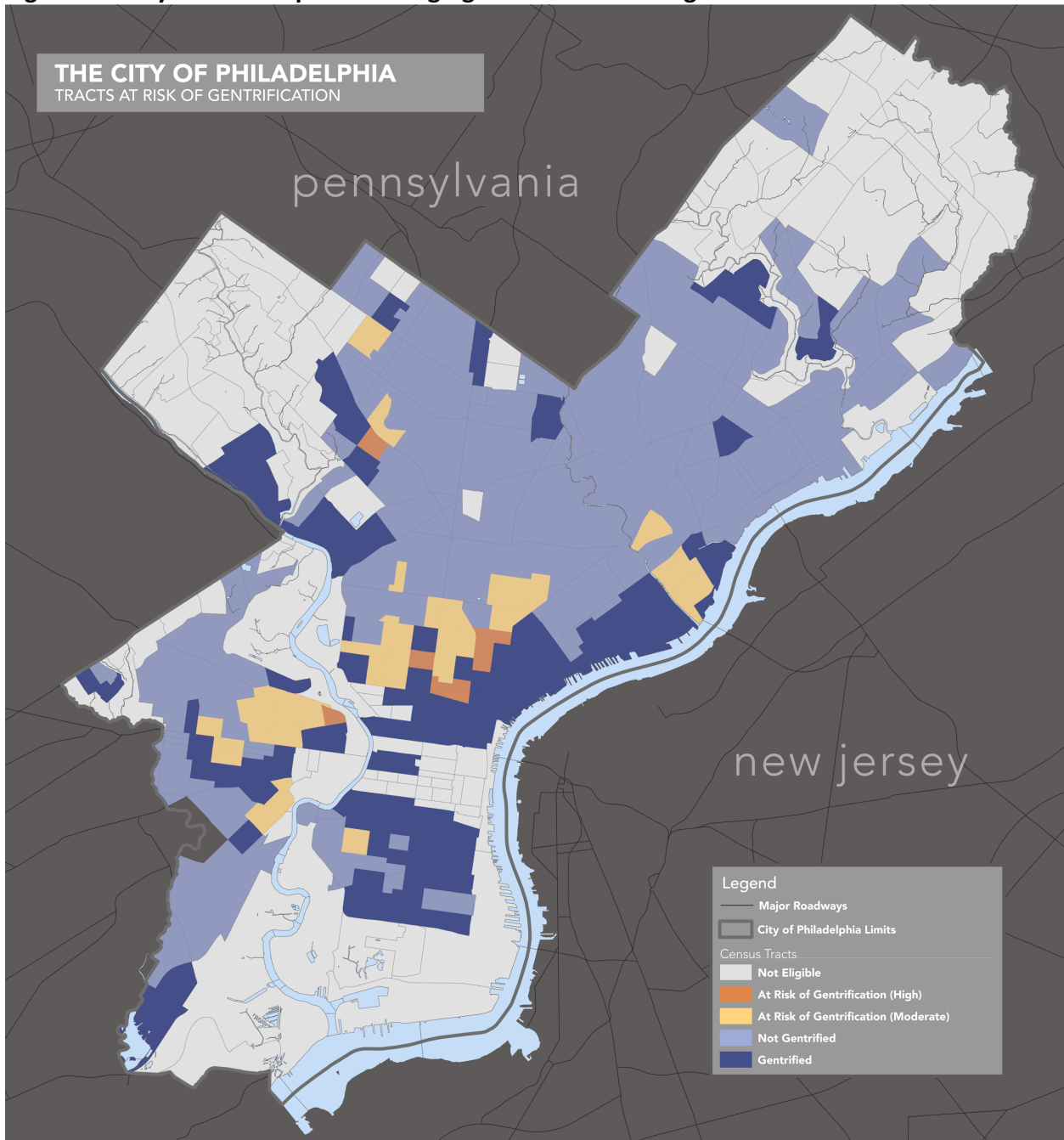
Source: US Census 2000; ACS, 2011-2015 5-Year Estimates; JCHS Normalized Data 2000-2015

Figure A6: City of Cleveland—Emerging markets at risk of gentrification



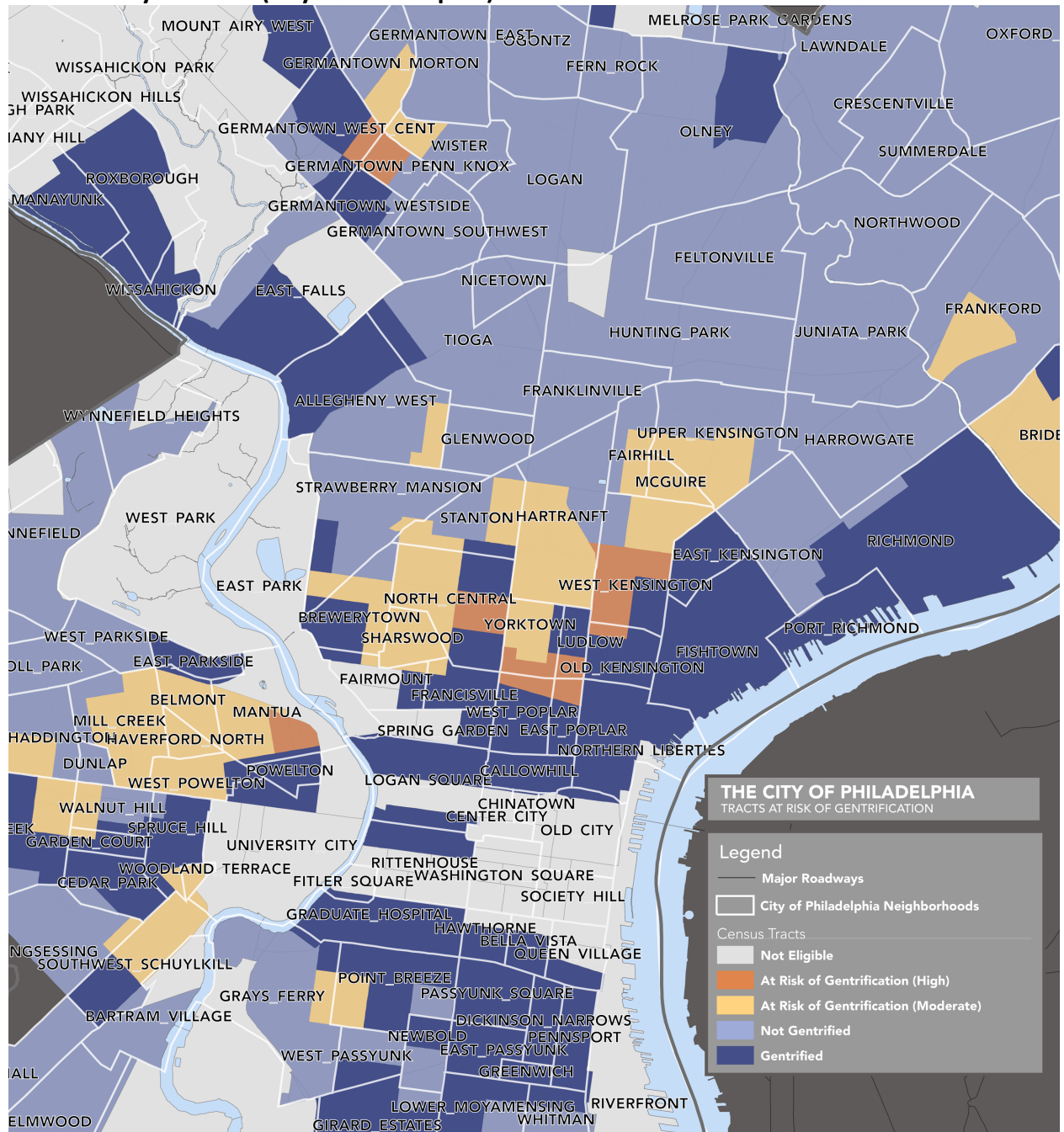
Source: US Census 2000; ACS, 2011-2015 5-Year Estimates; JCHS Normalized Data 2000-2015

Figure A7: City of Philadelphia—Emerging markets at risk of gentrification



Source: US Census 2000; ACS, 2011-2015 5-Year Estimates; JCHS Normalized Data 2000-2015

Figure A8: Gentrification as a flow that begins at a point of investment and moves continuously outward (City of Philadelphia)



Source: US Census 2000; ACS, 2011-2015 5-Year Estimates; JCHS Normalized Data 2000-2015

Appendix B: Additional Market Statistics

The following section provides additional data on the demographic and real estate characteristics of the three case study cities. Philadelphia is the largest city population-wise with 1,555,072 residents as of 2015, compared to 448,900 and 390,584 for the cities of Atlanta and Cleveland, respectively. These figures mark an increase for both Atlanta (8.57 percent) and Philadelphia (3.3 percent), but a decline for Cleveland (4.6 percent) since 2010. Demographically, approximately 40 percent of each city's population identified as non-Hispanic White, while 43 percent identified as non-Hispanic Black in Philadelphia, compared to 53 percent in Atlanta and 52 percent in Cleveland.

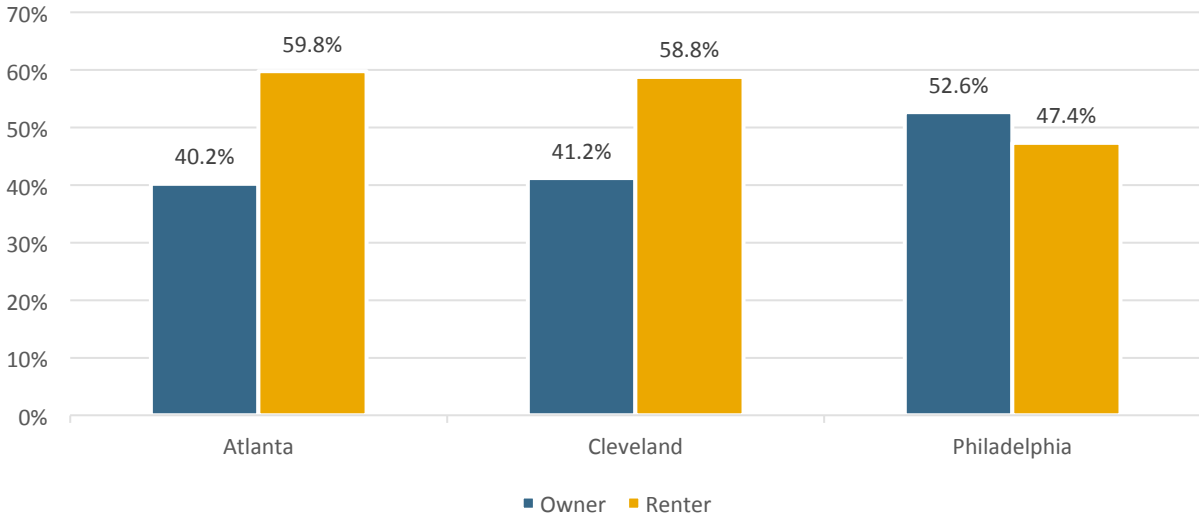
Median household income in Atlanta was \$47,527, compared to in \$26,150 Cleveland, and \$38,253 in Philadelphia. Interestingly, these are far lower than the metropolitan median income for the same time period of \$57,000 for Atlanta-Sandy Springs-Roswell MSA, \$49,925 Cleveland-Elyria MSA, and \$62,513 for the Philadelphia-Camden-Wilmington MSA. In Atlanta, 25 percent of the population was below the poverty level, while 36 percent of Cleveland residents and 26 percent of Philadelphians were considered living below the poverty level among those for whom poverty status is determined. Median home values in 2015 were higher in the metropolitan area for both Cleveland (\$138,900) and Philadelphia (\$236,600) than the respective cities (\$69,600 and \$145,300), but higher in the City of Atlanta (\$209,200) than the metropolitan area (\$168,100).

Overall, Atlanta and Cleveland both contain a majority of renters. Philadelphia, due to its large number of historically affordable rowhomes, has a slight majority of homeowners (**Figure B1**). This proportion decreased to 53 percent in 2015 from a peak of 59 percent in 2000.¹⁰² However, the number of renter-occupied one- to four-unit buildings was substantial as well.¹⁰³ In Atlanta, just under 30 percent of renter-occupied households lived in one- to four-unit structures, while over 60 percent in both Cleveland and Philadelphia lived in this housing type (**Figure B2**). Between 2000 and 2015, the cities of Atlanta, Cleveland, and Philadelphia lost one- to four-unit structures as shown in **Figure B3**. Despite this trend, one- to four-unit buildings still make up at least half of the units in Atlanta and 80 percent citywide in Cleveland and Philadelphia (**Figure B4**).

¹⁰² Warner (2014).

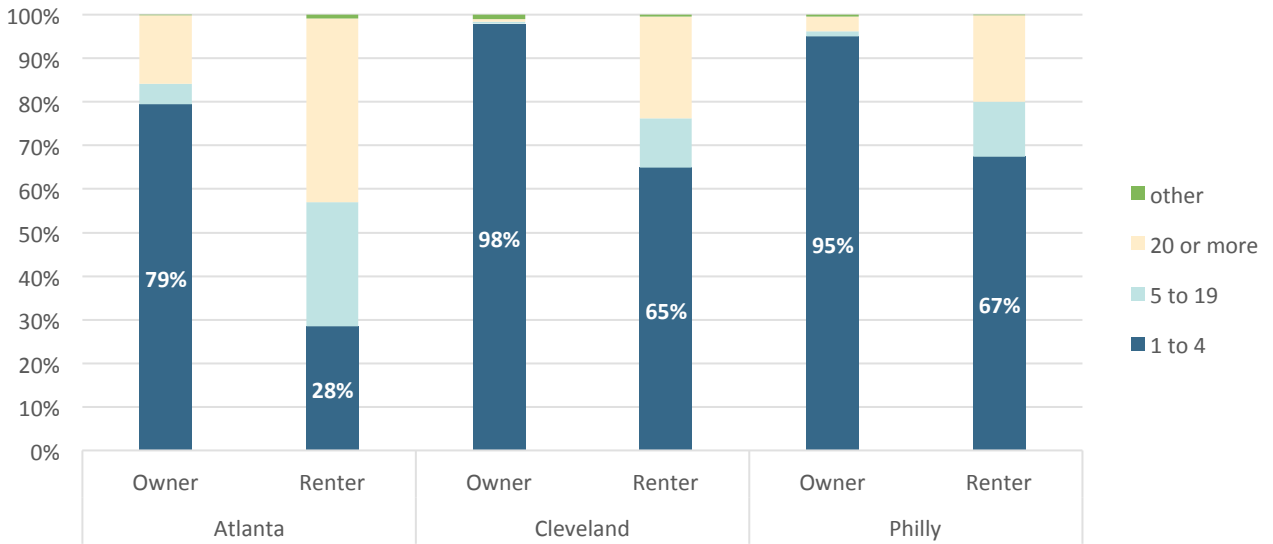
¹⁰³ This paper defines one- to four-unit properties using the following Census designations: single-family detached, single-family attached, duplexes, and three- or four-unit tri- or quadraplexes.

Figure B1: Tenure, 2015



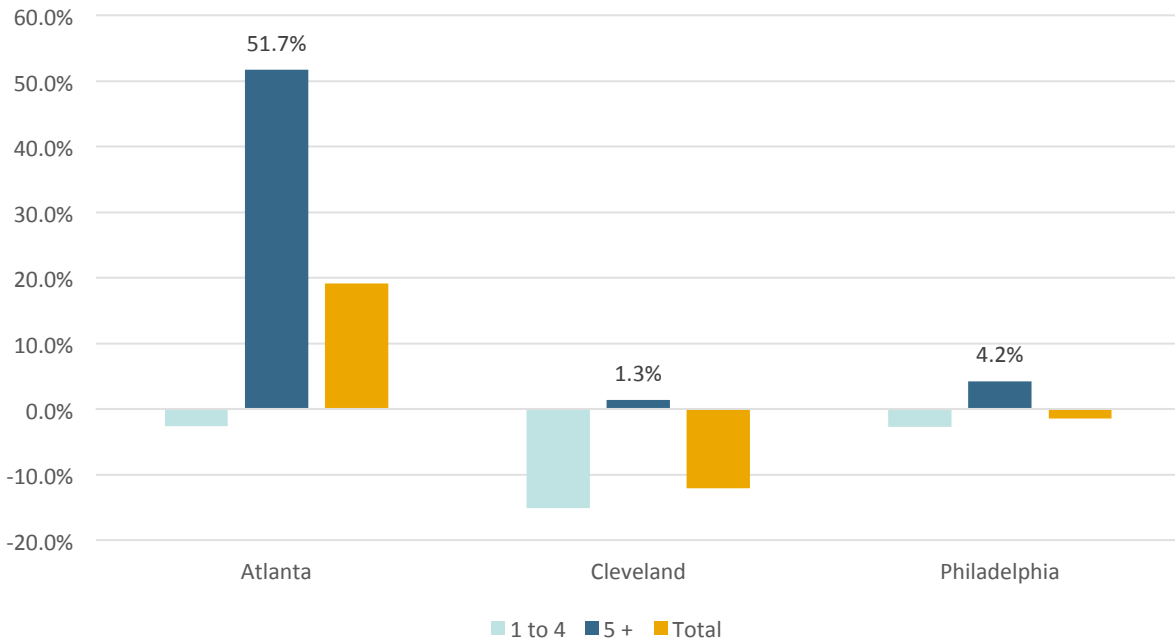
Source: ACS, 2011-2015

Figure B2: Units in structure by Tenure by City, 2015



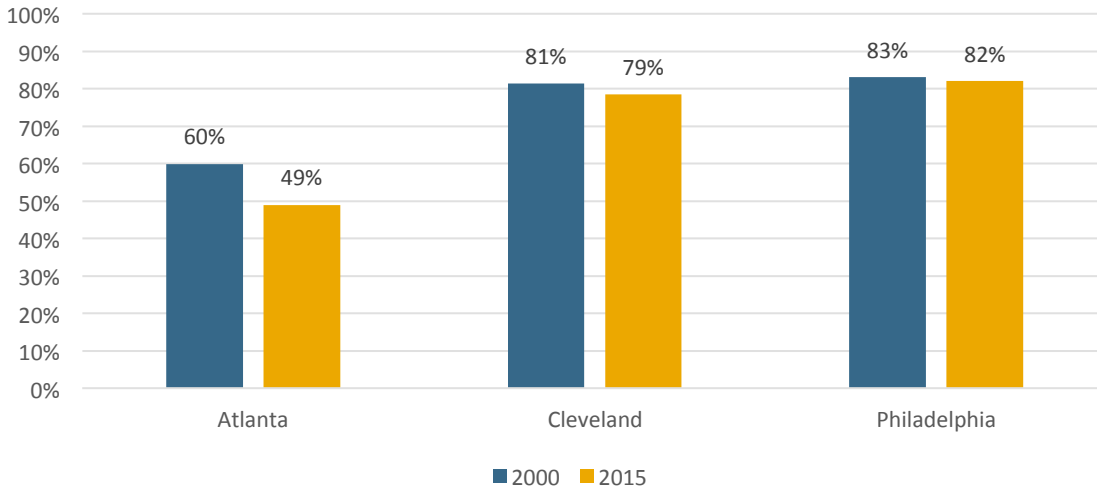
Source: ACS, 2011-2015; JCHS Normalized Data.

Figure B3: Change in total housing units by units in structure, 2000-2015



Source: US Census 2000, ACS, 2011-2015.

Figure B4: Change in one- to four-unit buildings as a percent of total housing stock, 2015



Source: ACS, 2011-2015; JCHS Normalized Data.

Appendix C: List of Interviews and Advising Team

Core Advising Team

Joint Center for Housing Studies of Harvard University

Chris Herbert, *Managing Director*

David Luberoff, *Deputy Director*

NeighborWorks America

Paul Singh, *Director, Community Stabilization*

Tamar Greenspan, *Senior Director, Policy*

Interviews

Atlanta

Dan Immergluck, *Professor, Andrew Young School of Policy Studies, Georgia State University*

Susan Adams, *Senior Director for Policy & Community Engagement, Atlanta Neighborhood Development Partnership, Inc.*

Sarah Haas, *Program Director, Enterprise Community Partners*

Cleveland

Frank Ford, *Senior Policy Advisor, Thriving Communities Institute, Western Reserve Land Conservancy*

Cory Riordan, *Executive Director, Tremont West Community Development Corporation*

Michael Pires, *Deputy Director, Neighborhood Housing Services of Greater Cleveland (NHS)*

Marge Misak, *Land Trust Program Director, Neighborhood Housing Services of Greater Cleveland*

Philadelphia

Andy Frishkoff, *Executive Director, Philadelphia LISC*

Rick Sauer, *Executive Director, Philadelphia Association of CDCs*

Stacey Mosley, *Founder and Chief Executive Officer, FixList*

National Experts

Alan Mallach, *Senior Fellow, Center for Community Progress*

Beth Sorce, *Director of Capacity Building, Grounded Solutions Network*

Jenifer Wagley, *Deputy Director, Avenue Community Development Corporation, Houston*

NeighborWorks Staff

Lynn Peterson, *Senior Relationship Manager, Real Estate*

Sarah Sturtevant, *Manager, Community Stabilization*

Sarah Parmeter, *Senior Manager, Community Building and Engagement*

Elena Kaye-Schiess, *Rural Specialist*

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