



# Updating Middle Neighborhoods Housing Stock to Appeal to Today's Homebuyers, Part 1

*webinar presented by:*

The Middle  
Neighborhoods  
Community of Practice  
(CoP)



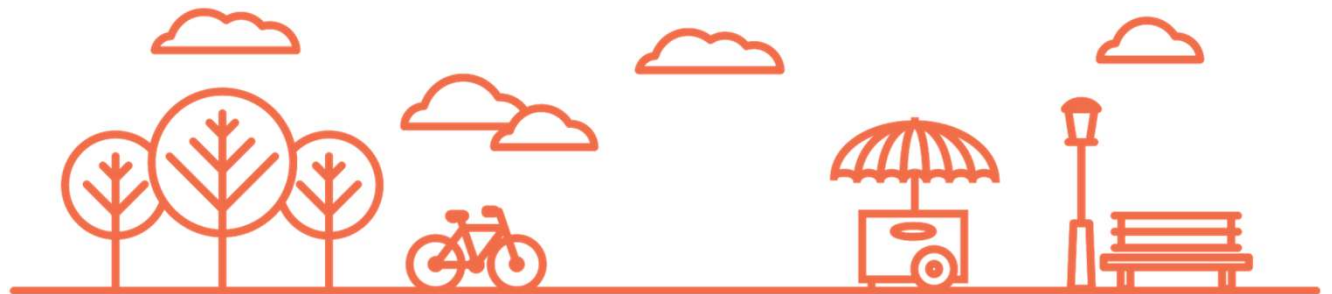
Marcia Nedland, Moderator



## MIDDLE NEIGHBORHOODS

**National Initiative** focused on mobilizing attention to reverse the trend of decline in middle neighborhoods. The initiative does this through research, policy analysis, communications, and advocacy.

The initiative is coordinated by the **National Community Stabilization Trust** and is advised by a **Steering Committee** of 20 prominent researchers, practitioners, and policy makers.

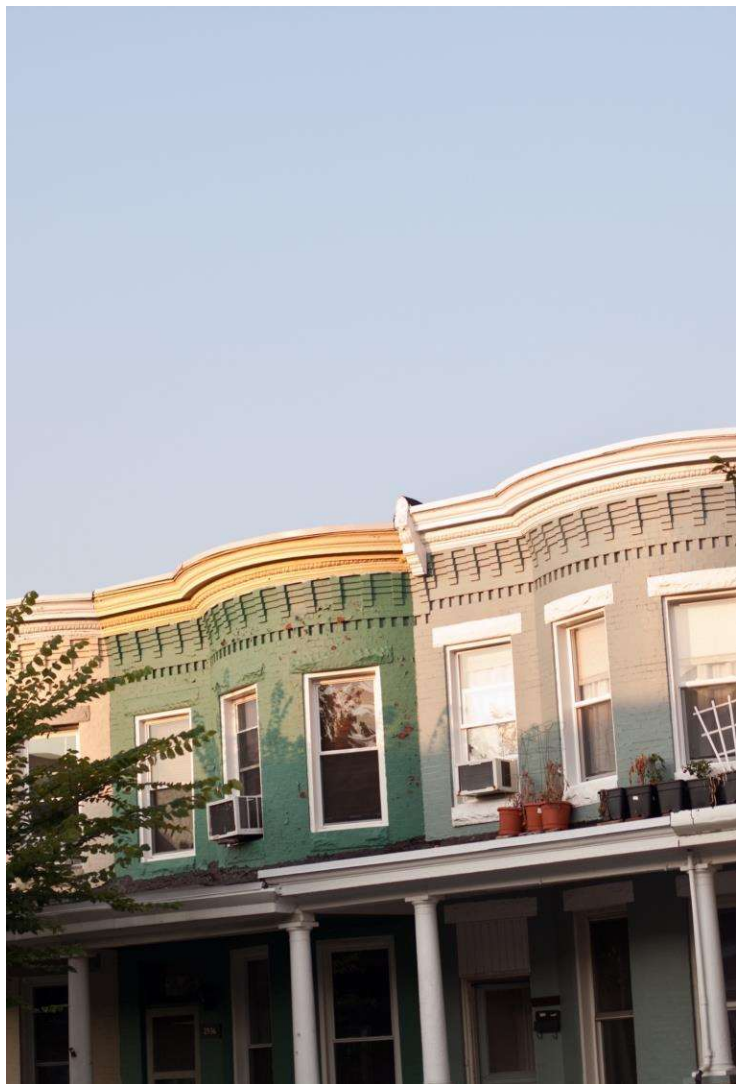


*This webinar presented by*  
**The Middle  
Neighborhoods  
Community of  
Practice  
(CoP)**

The **Middle Neighborhoods CoP** is an informal, facilitated network of over 300 practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

The CoP is supported by **NeighborWorks America** and staffed by a small team of organizers.

Join the Community of Practice at [middleneighborhoods.org](http://middleneighborhoods.org).



## Characteristics of Middle Neighborhoods

- ▶ Mostly single family housing: built for families with children.
- ▶ Still well more than 50% owner-occupied, but slowly eroding.
- ▶ Housing stock is aging, still in generally acceptable condition, but lacks features and updates to compete well for today's homebuyers.
- ▶ Property values range from slow decline to flat to underperforming against city and/or inflation.
- ▶ Most of our members do not see hyper-inflation of housing price as a risk in their middles. Only a few middle neighborhoods, those in prime locations and usually mostly white, are appreciating, even gentrifying.
- ▶ More racially and ethnically diverse, a holder of hard-won middle household wealth.



## Middle Neighborhoods Are Faltering In Their Sustainability

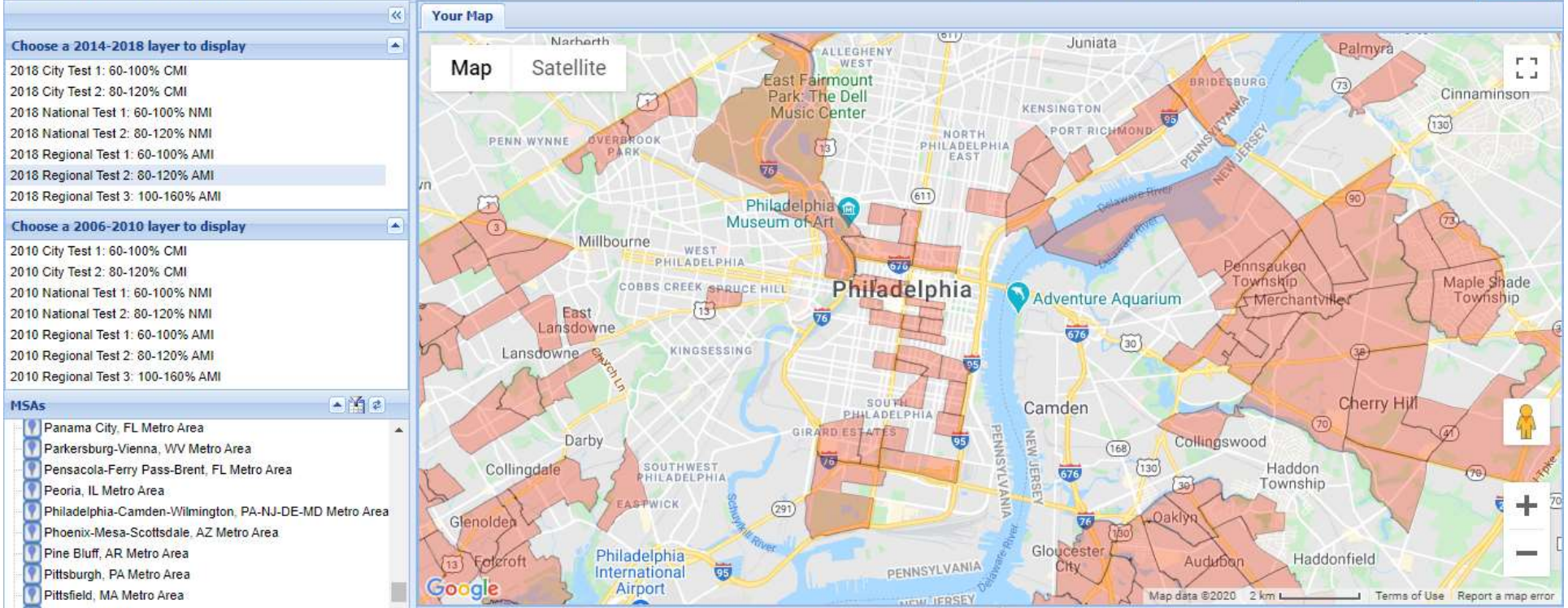
- ▶ Ability to *reliably attract replacement owner occupants* and other neighborhood-friendly buyers.
- ▶ Ability to *generate home values that support quality maintenance*, repairs and updates without appraisal gaps.
- ▶ Ability to *repel irresponsible investors*.
- ▶ Ability to *maintain engaged residents taking stewardship* of the neighborhood.
- ▶ Ability to *deliver home equity to owners and revenue to municipal government*.



<http://middleneighborhoods.reomatch.com/>

Click [here](#) to learn more about defining Middle Neighborhoods

Refresh Your Map Zoom Questions or feedback?



Displaying census tracts with median household incomes between 80 and 120 percent of regional/MSA median (\$69,465), or \$55,572 – \$83,358

# Today's Agenda

- ▶ Welcome and Introductions
  - ▶ Atlanta Neighborhood Development Partnership, Inc.
  - ▶ Home Headquarters, Inc.
  - ▶ Q&A
  - ▶ Closing
-

# Presenters

Jay Perlmutter

Director of Single Family Development  
Atlanta Neighborhood Development  
Partnership, Inc.  
Atlanta, GA

Kerry Quaglia

Chief Executive Officer  
Home HeadQuarters, Inc.  
Syracuse, NY





Atlanta Neighborhood Development Partnership, Inc.

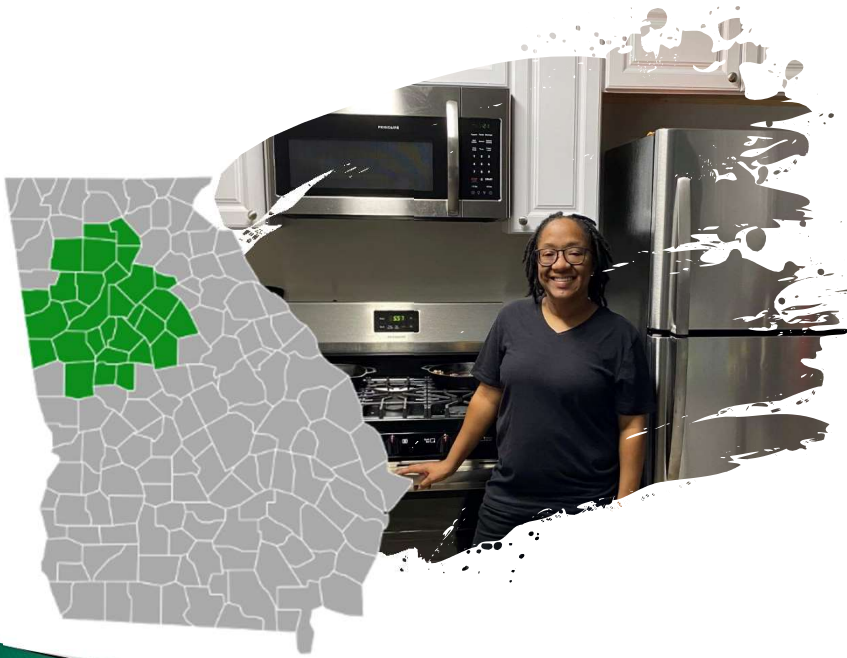


*Updating Middle Neighborhood Housing Stock to Appeal to  
Today's Homebuyers* Wednesday November 18, 2020

  
CHARTERED MEMBER

# OUR WORK

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.



## Advocacy/Community Engagement

Identifying and training neighborhood leaders to make neighborhood change from the inside

## Lending

Capital for development of affordable housing and other community development facilities

## Down Payment Assistance

Providing critical resources for low- and moderate-income families (especially Veterans) to achieve homeownership

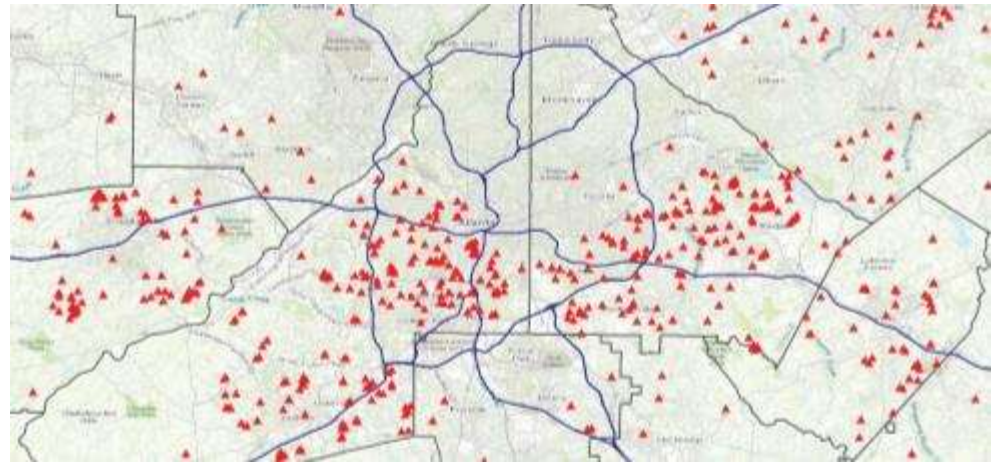
## Development of Affordable Housing

Single-Family: Nearly 700 homes developed since 2008

Multifamily: 390 in development, nearly 1,000 by 2020-21

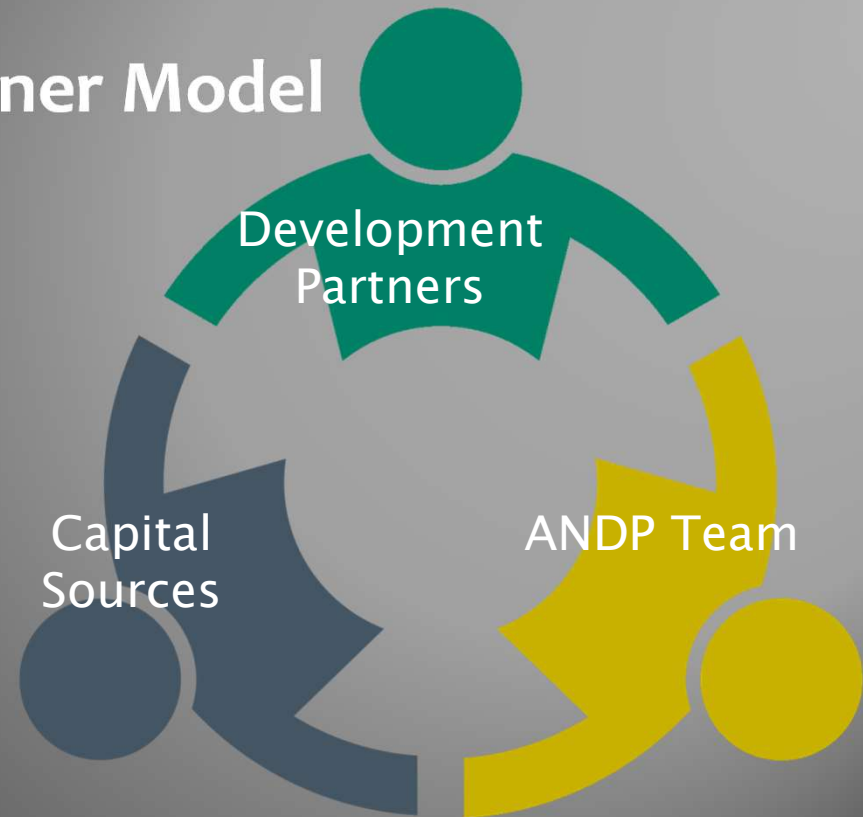
# Single-Family Housing Development

- Focus on scattered-site, single-family acquisition and rehab
- Financing/Funding sources: mix of federal (NSP, CHDO, NMTC, CMF) and private partnerships
- 10-county primary focus, especially in slow recovery neighborhoods
- Targets: Veterans, Families between 80–120% AMI



## »» The ANDP Private Partner Model

- ✓ Strategic Partnerships
- ✓ Share Risk
- ✓ Share Reward
- ✓ Increase Scale and Impact
- ✓ Geographic Diversification
- ✓ Grow Capital Sources



## ANDP Single-Family Production Fiscal Year 2016 – 2021

Single Family Production					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 (Goal)
<b>Overall Production</b>	<b>55</b>	<b>66</b>	<b>83</b>	<b>122</b>	<b>120</b>
NSP & CHDO	19	18	12	12	12
Private Partners	29	48	65	52	60
ANDP – Place Based	7	8	6	2	18
Single-Family Rental	-	-	-	56	30

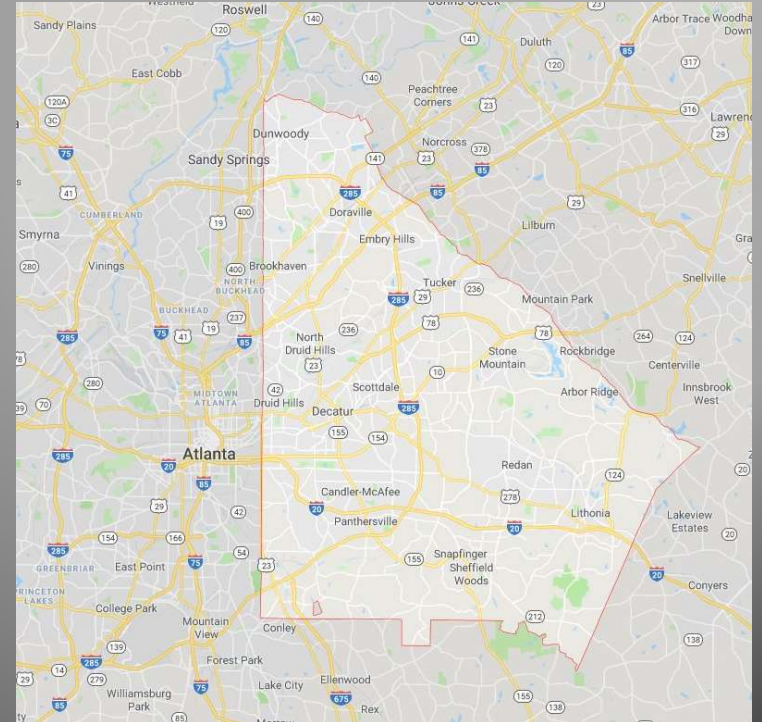
**Notes:**

- ANDP Fiscal Year – July 1 to June 30
- NSP/CHDO production declining; FY20 included CHDO awards from 4 counties and 1 continuing NSP program
- Shifts in acquisition sources and increasing costs are driving a change from rehabs to new construction

# DeKalb County

- Population: 756,558 (4<sup>th</sup> most populated in GA)
- 54.9% African American
- 314,302 Housing Units, 54% Homeowner Occupied
- Median value of owner occupied homes: \$176,000
- Median monthly owner cost w/mortgage: \$1,477
- Median monthly gross rent: \$1,062
- Households with broadband subscription: 81%
- Median Household Income (2017): \$55,876
- Per Capita Income (2017): \$32,110
- Persons in Poverty: 15.3%
- Unemployment Rate: 3.6% (July 2019)

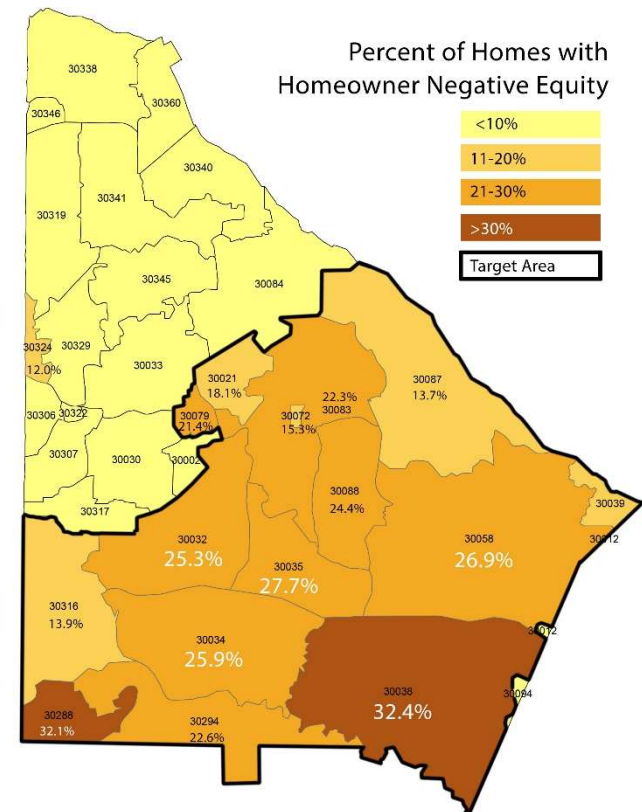
(U.S. Census data)



# Loss of Wealth & Equity in South DeKalb

➤➤ Primary Targets: 15 South DeKalb Zip Codes

Q4 2017	South DeKalb	North DeKalb	Georgia	US
Negative Equity	17.3%	5.9%	11.9%	9.1%
Home Equity Lost	\$1.04 Billion	\$0.5 B	\$13 B	\$416 B
% AA	82%	17%	31%	13%
% White	10%	67%	59%	76%



# ANDP HOME SOUTH DEKALB

## >> \$20 Million Investment Plan

- 100 new/renovated single-family affordable homes
- Utilize green, healthy rehab standards
- Increase ANDP capital to affordable housing developers
- Lift homeownership levels with increased awareness of down payment assistance
- Partner to improve health & economic equity outcomes
- Engage resident leaders to strengthen neighborhoods.





## 830 Churchill Court, Stone Mountain, GA 30349



<b>TDC</b>	\$147,786 Acq: \$88,225, Rehab: \$44,140
<b>Bed/Bath/SF</b>	4B/4BA, 2,600 SF
<b>Year Built</b>	1989
<b>Sale Price</b>	\$170,000

**Acquisition Source:** Fannie Mae via National Community Stabilization Trust

**Rehab Scope:** New HVAC condenser, repair siding, new driveway, new kitchen cabinets/countertops and appliances, cosmetic updates

## 3661 Sterling Ridge Way, Decatur, GA 30032



<b>TDC</b>	\$206,370 Acq: \$124,000, Rehab: \$55,691 (over initial budget of \$43,000)
<b>Bed/Bath/SF</b>	4B/2BA, 1,392 SF
<b>Year Built</b>	1984
<b>Sale Price</b>	\$192,500

**Acquisition Source:** Wholesaler

**Rehab Scope:** New HVAC, open wall  
between kitchen and living room,  
new windows, new kitchen  
appliances, cosmetic updates

## MIDDLE NEIGHBORHOOD UPGRADES

- Kitchen – Replace laminate countertop with hard stone; replace cabinets if budget allows
- Replace appliances
- Where budget allows, remove walls to create open floor plan between kitchen and living room
- Add 2<sup>nd</sup> bath (half or full); better to have 2 bed – 2bath than 3 bed – 1bath
- Accent light feature or design element
- Virtual Staging to assist with smaller homes or spaces





# Improving Middle Neighborhoods

HOME Headquarters, Inc.  
Kerry P. Quaglia, C.E.O.

# *Home HeadQuarters, Inc.*

- 25 Years of Neighborhood & Community Development
- Serves Syracuse and CNY
  - Homebuyer Education
  - Loans & Grants
  - Property Development
- Redeveloped more than 800 formerly vacant properties
- Top lender for Commercial and Investor financing within the City of Syracuse
- #1 Residential home improvement lender in the City of Syracuse
- Upstate NY only non-profit Real Estate Brokerage Firm – CNY Affordable Realty



*How do we improve middle neighborhoods?*

*What approaches has Home Headquarters developed to assist with this issue?*

- ✓ Real Estate Development – Acquisition and Rehab of existing housing stock
- ✓ Financing – Providing financing to existing owners wishing to improve/modernize their homes

## *REAL ESTATE DEVELOPMENT*

Property selection is **CRITICAL**

- Private, distressed market
- NCST
- Avoid severely distressed (Land Bank) properties

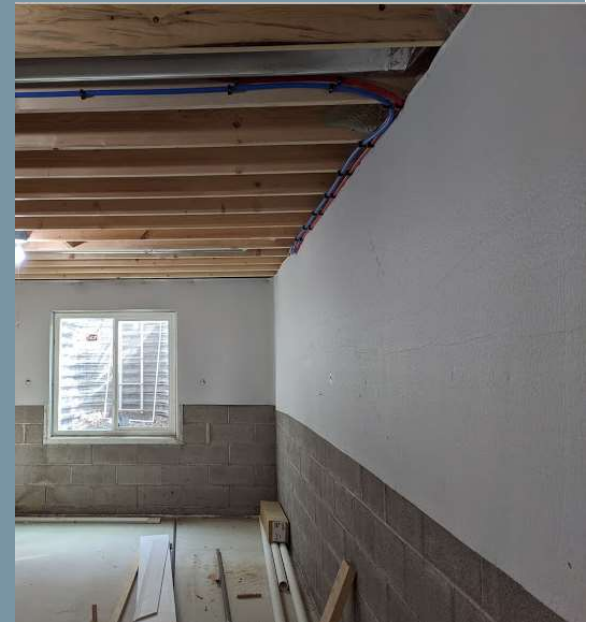


## *REAL ESTATE DEVELOPMENT-continued*

Work scopes – Covering both rehab items and property improvements that will modernize the home and make it more attractive in today's market!

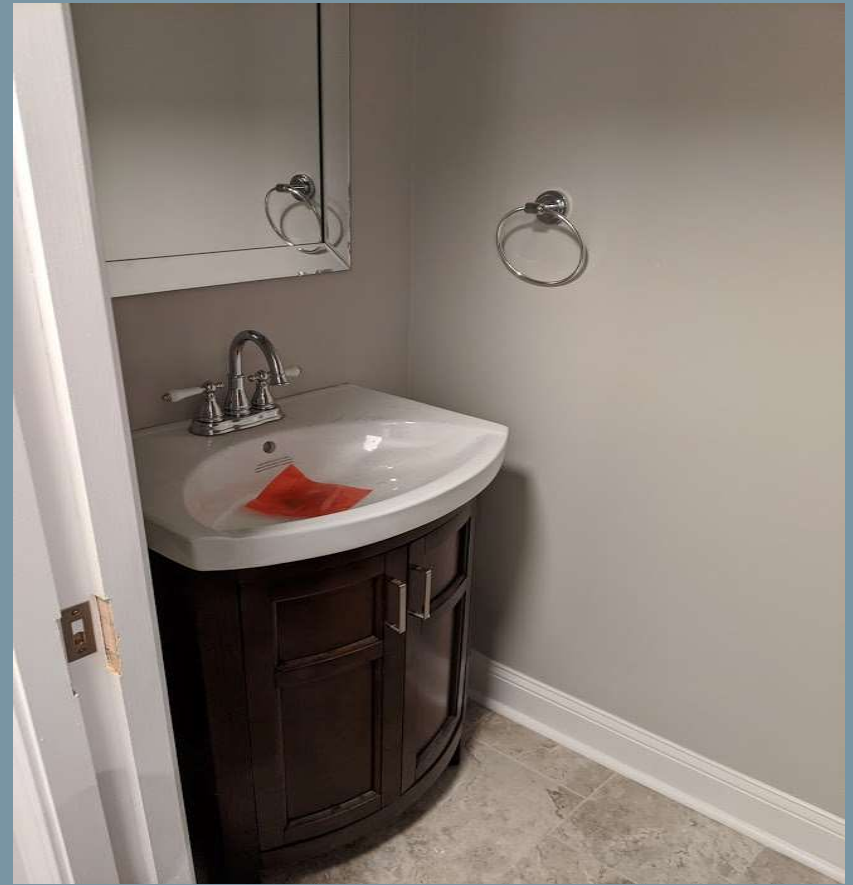
- Rehab – Roof, windows, electrical, plumbing
- Property Improvements – Usually require subsidies as the cost of the improvements exceed the after-rehab appraised value
  - Modernize kitchens and baths (they sell homes)
  - Add a full or half-bath
  - Change floorplan to create open space (open concept between kitchen, dining area and living room)
  - Add a dormer
  - Add a garage
  - Make basement functional
  - Provide a shed

Making the basement more functional!

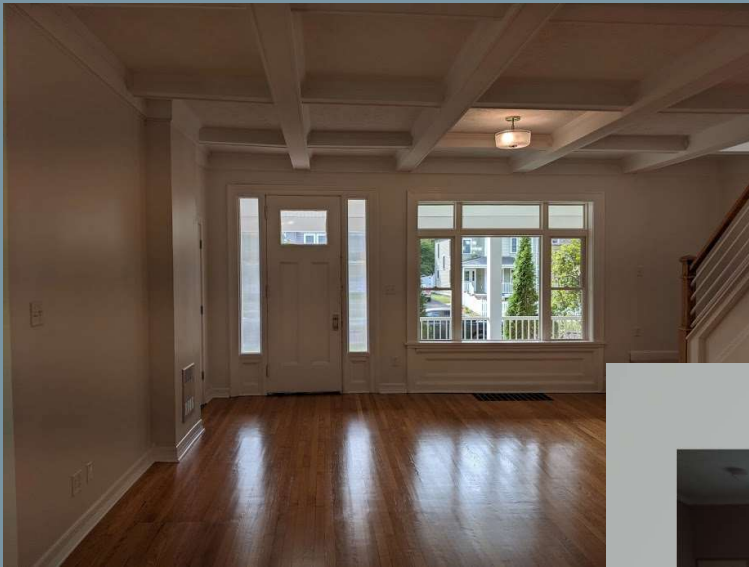




*Adding a new bathroom or half bath significantly improves the marketability of the property.*



*New buyers want an open floor plan.*



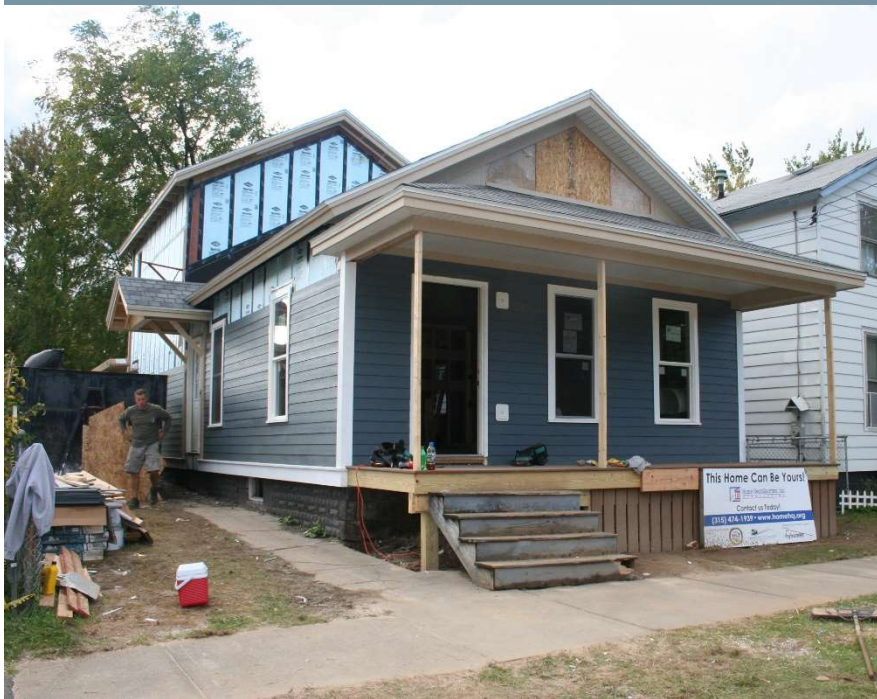
*A dormer adds significant living space.*



*A dormer adds significant living space.*



*A dormer adds significant living space.*



## *FINANCING*

- Assist homeowners who want to make significant improvements to their homes (HHQ finances approximately 600 loans a year)
- Add a garage
- Convert a garage into living space
- Add an office
- Modernize kitchen and baths
- Add a deck



## ***FINANCING:*** The key to making this work !!!

**Invariably the costs will exceed the appraised value of the home – must have flexibility to provide greater than 100% LTV**

*Or special discounted financing (1% loans)*

### ➤ Example:

- Purchase price: \$70,000
- Desired rehab: \$30,000
- Appraised value (after market): \$90,000
- Loan Amount: \$98,000 (2% down payment)
- LTV: 108%



## *CONCLUSION*

- Through innovative development and financing mechanisms, homes in Middle Neighborhoods can be improved such that they are more desirable for today's purchasers who are looking for more modern conveniences.
- Appraised values are a major obstacle, but that can be overcome with creative financing.



# Upcoming Webinars

Updating Middle Neighborhoods Housing Stock to Appeal to Today's Homeowners, Part 2: Financing Strategies

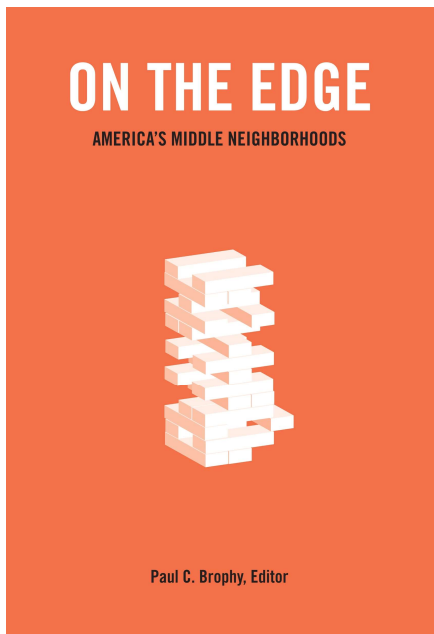
- ▶ Tuesday, December 15
- ▶ Noon

# Subscribe

Center for Community Progress  
Check out: The Cornerstone Webinar Series



# Questions or Ideas?



For more Information

[www.middleneighborhoods.org](http://www.middleneighborhoods.org)

Mapping Tool: <http://middleneighborhoods.reomatch.com/>

## MIDDLE NEIGHBORHOODS

May 2019 Newsletter



Cleveland community celebrates opening of new bike lane in Old Brooklyn with Mayor Frank Jackson. Photo credit: Old Brooklyn Community Development Corporation.

### [What We Talk About When We Talk About Middle Neighborhoods](#)

By Nelson Beckford, The Cleveland Foundation

Picture this: a rectangular table with 30 leaders from Cleveland's community development field. We were there to discuss the concept of "middle neighborhoods" and to provide a recap of the Middle Neighborhood working group meeting in Cleveland for those who weren't able to join. I didn't know what to expect. Will the group take offense to the term "middle neighborhood"? [Read more](#)