



# PARTNERING FOR AFFORDABILITY

A Homebuilder Toolkit

APRIL 2025

# INTRODUCTION

## A Toolkit for Homebuilders

Partnerships between homebuilders and nonprofits have driven innovation in home design, maximized capital for for-sale development, and increased investment in new, local homebuilders and their businesses. The Partnering for Affordability Homebuilder Toolkit **is designed for builders of for-sale single-family, townhome and condo properties across Metro Atlanta.**

With this toolkit, homebuilders will gain:

- **Proven strategies** to increase affordable for-sale homes
- **Partnership models** that have increased the supply of affordable homes in Metro Atlanta
- **Resources to secure land and scale production** through nonprofit collaboration

The tools and case studies throughout this toolkit are aimed at promoting partnerships between homebuilders and nonprofits to pursue opportunities for land acquisition, design innovation, and increased affordable home production.

## About HouseATL

This toolkit has been developed by HouseATL as part of its advocacy efforts to increase affordable homeownership opportunities for homebuyers of low and moderate incomes across the region. HouseATL is a cross-sector group of civic leaders committed to building the political and community will for a comprehensive and coordinated housing affordability action plan for Atlanta. HouseATL is structured as a membership coalition with an Advisory Board providing governance functions. It is fiscally and operationally sponsored by the Community Foundation for Greater Atlanta.

## Acknowledgements

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Atlanta Community Land Trust  
Atlanta Habitat for Humanity  
Atlanta Neighborhood Development Partnership  
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Focused Community Strategies  
Fortas Homes  
Habitat for Humanity International  
HomeAid Georgia  
NeighborWorks America  
O'Dwyer Homes  
Sovereign Realty and Management  
Southern Crescent Habitat for Humanity, Inc.  
3384 Residential



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# METRO ATLANTA'S AFFORDABILITY CONTEXT

## The Black-White Homeownership Gap

The housing crisis disproportionately<sup>1</sup> impacted Black households across Metro Atlanta and the rate of Black homeownership has yet to recover back to its pre-recession rate of 55%. As of 2022, only 50.5% of Black households in Metro Atlanta owned their homes, compared to 76.25% of their white counterparts. This racial homeownership divide, seen in all major MSAs across the country, contributes to and perpetuates income inequality. As homeownership is one of the largest creators of wealth in America, Black Atlantans who do not have access to homeownership opportunities lack the ability to build generational wealth and increase their overall assets.

<sup>1</sup>U.S. Census, American Community Survey 5-year estimates, 2018-2022.

According to the Atlanta Wealth Building Initiative, white families in Metro Atlanta have 46 times as much wealth as their Black counterparts, nearly four times larger than the national wealth divide<sup>2</sup>. This contributes to Atlanta having the highest income inequality in the nation. In addition to being a critical wealth creation tool, homeownership is often a pathway to housing affordability for many Metro Atlantans as renters are more than twice as likely as homeowners to be housing cost burdened.

**There is evidence of a significant number of mortgage-ready Black households that could access homeownership under the right market conditions.** The Metro Atlanta area is home to an estimated 176,000 Black residents who are mortgage-ready with a FICO score of 620 or higher, a debt-to-income ratio not exceeding 25 percent, no foreclosures or bankruptcies in the past 84 months, and no severe delinquencies in the past 12 months. This represents the second highest proportion of mortgage-ready Black residents of all metro areas studied by the Urban Institute Housing Finance Policy Center<sup>3</sup>.

## Other Barriers to Homeownership

Access to homeownership varies significantly by income level, as a 3-person household earning up to 80% of area median income, or \$73,500 per year, not only has a more

difficult time saving for a down payment but may struggle to find homes on the market within a price range they can afford. A 2023 study conducted by Axios Atlanta found that it can take nearly 10 years for the average family in Georgia to save for a 10% down payment on a typically priced home<sup>4</sup>. With a 10% down payment, low-income families are likely to be able to afford homes priced at \$240,000, nearly half of the median sales price on the market. **Homebuyer subsidy in the form of down payment assistance is a critical ingredient to almost any affordable home sale equation, and through nonprofit partnerships, homebuyers can access thousands of dollars in assistance**, allowing them to purchase homes in the low to mid \$300,000s. Home design innovation is another key component to serving this demographic of homebuyers, as smaller homes are naturally more affordable and can serve as starter homes for first-time homebuyers.

A regional snapshot developed by the Atlanta Regional Commission in 2023 has shed light on the ongoing racial disparities faced by households across Metro Atlanta. While homeownership rates are relatively high in Atlanta compared to other populous metro areas, homeownership rates amongst Black, Asian, and Hispanic households remain significantly lower than the white homeownership rate<sup>5</sup>.

<sup>2</sup>Carmardelle, Alex, and Jarryd Bethea. Atlanta, GA, 2023, *Building A Beloved Economy: A Baseline and Framework for Building Black Wealth in Atlanta*, <https://1bn.90a.myftpupload.com/wp-content/uploads/2024/10/AWBI-BuildingABelovedEconomy-Final1.pdf>.

<sup>3</sup>Perry, Vanessa Gail. 2020, *2020 State of Housing in Black America*, [https://www.nareb.com/site-files/uploads/2020/11/2020-SHIBA\\_Report.pdf](https://www.nareb.com/site-files/uploads/2020/11/2020-SHIBA_Report.pdf).

<sup>4</sup>Wheatley, Thomas, et al. 2023, *It Takes Georgians Nearly 10 Years to Save a Home*, <https://www.axios.com/local/atlanta/2023/07/05/it-takes-georgians-nearly-10-years-to-save-for-a-home>.

<sup>5</sup>Wright, Will. "Homeownership Rates by Race and Ethnicity: A Snapshot Review." *Atlanta Regional Commission*, June 2023, [33n.atlantaregional.com/regional-snapshot/homeownership-rates-by-race-and-ethnicity-a-snapshot-review](https://33n.atlantaregional.com/regional-snapshot/homeownership-rates-by-race-and-ethnicity-a-snapshot-review).



## Metro Atlanta For-Sale Market

While homebuyers may be mortgage-ready, and down payment assistance is readily available in the region, the Metro Atlanta housing market does not always offer the home buying opportunities this population demands. Metro Atlanta has suffered a severe housing shortage for years, which is beginning to level out in 2024 for the first time since 2019. As of December 2024, the region had 3.7 months of housing supply on the market with a median sales price of \$388,000<sup>6</sup>.

While single-family housing starts have increased, a large portion of construction occurs at the higher end of the market, further constraining affordable for-sale housing supply. The region's outdated zoning laws, minimum lot sizes, material mandates, and lengthy permitting processes have all served to make development larger and more costly. Starter-homes, or two and three-bedroom homes for sale under \$300,000, are rarely brought to the market outside of specific affordability initiatives and partnerships.

As homeownership is one of the largest wealth creation tools available for low and moderate-income families, our toolkit prioritizes the development of for-sale homes and seeks to demonstrate how **intentional partnerships between homebuilders and nonprofit organizations** can address the growing deficit in the market and overcome the barriers presented by regulation, land cost, or limited capital.



<sup>6</sup>"Atlanta MSA – December 2024 Market Recap." *Georgia Multiple Listing Service*, [www.gamls.com/statistics](http://www.gamls.com/statistics).

# THE IMPORTANCE OF PARTNERSHIPS

Given the challenges in the Metro Atlanta market, nonprofit-homebuilder partnerships have emerged as a solution to increase the supply of available affordable for-sale properties. These partnerships serve to benefit not only the Atlanta housing market as a whole, by balancing and diversifying the types of products available for homebuyers, but also offer significant efficiencies and benefits to nonprofits and homebuilders alike.



## Homebuilder Benefits

Homebuilders working in partnership with nonprofits have benefited from lower cost land acquisition opportunities, access to lower cost capital and financing, opportunities for business growth and innovation, and the ability to more readily take advantage of public incentives and grant funding tied to affordable production. When leveraging an effective model for partnership, homebuilders have seen an increase in their overall bottom line, multiplied their development capacity, and been able to align activities within their own mission to build and support their communities.

## Nonprofit Benefits

Nonprofits have benefited significantly from the unique expertise of homebuilders. Partner homebuilders have significant knowledge of the local housing market and zoning policies and are able to identify properties and develop more efficiently than their nonprofit partners. Oftentimes nonprofits have relied on homebuilders to provide expert consultation and design services for difficult-to-build lots and unique in-fill properties.



## MODELS FOR EFFECTIVE PARTNERSHIP

The table on the next page summarizes four models for homebuilder-nonprofit partnerships that can lead to the creation of affordable, for-sale homes. The table summarizes which party, the nonprofit (NP) or homebuilder (HB), is primarily responsible for each phase or task within the development process. Detailed explanation of each model can be found in the following section.



## MODEL 1

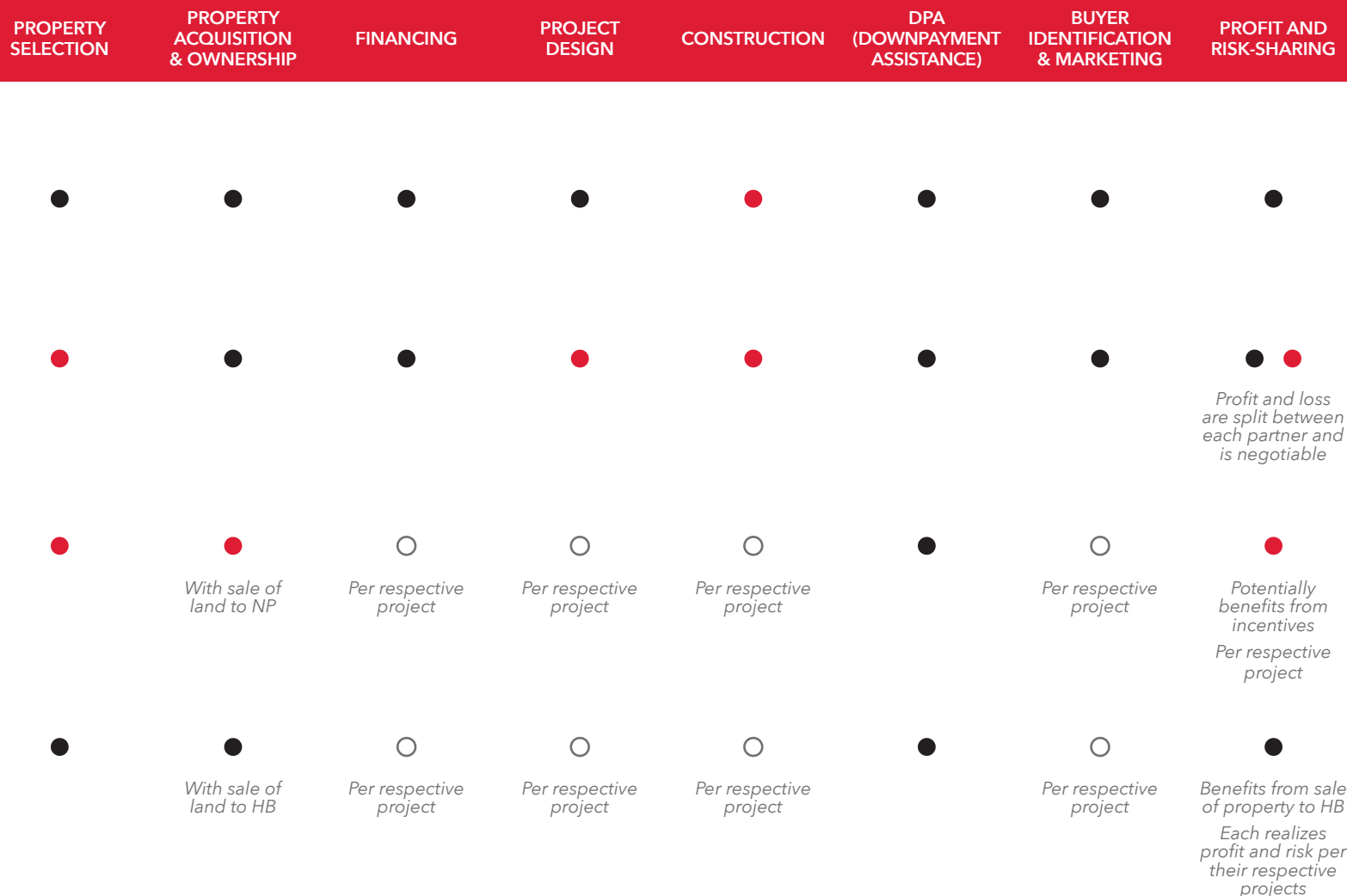
## Fee-for-service

## Risk-sharing with Nonprofit Financing

## Homebuilder-initiated Mixed-income Development

Nonprofit-initiated  
Mixed-income  
Development

● Homebuilder   ● Nonprofit   ○ Either





# MODEL 1

## Fee-for-service

One of the most common ways nonprofits are working with homebuilders is through a fee-for-service model that leverages the talents and expertise of homebuilders while allowing the nonprofit to maintain primary control over the development process.

While simple, this model is a great entry point for homebuilders to begin working with nonprofits, and often evolves into stronger, more collaborative partnerships for future projects. Fee-for-service partnerships provide ample work for homebuilders and are particularly beneficial for nonprofits without in-house contractors.

Through this model, the nonprofit partner will retain control over property selection, due diligence, project design, property acquisition, ownership, and the securing of financing. In most cases, the nonprofit will request and accept bids from homebuilders to develop projects to their set specifications and requirements. In some scenarios, such as with hard-to-develop lots, nonprofits

may hire homebuilders to provide specific design expertise to help develop a successful project.

While the nonprofit will assume responsibility for property maintenance, subsidy provision, marketing, homebuyer sourcing, and homebuyer qualification, the homebuilder is responsible for the construction phase of the project. The homebuilder will charge for overhead and profit, which may be reduced in alignment with a nonprofit's overall mission and bottom line, but will otherwise not be responsible for permitting or financing fees. The nonprofit will incur all profits and losses attributed to the project, but may negotiate or seek to work with homebuilders who can offer lower overhead in order to make affordable projects more feasible.

# MODEL 2

## Risk-sharing with Nonprofit Financing

This model provides for a fully integrated partnership where both the nonprofit and the homebuilder share both the risk and profit of each development project.

This innovative partnership model enables nonprofits to benefit from the deep market production expertise of local homebuilders, while providing homebuilders with a stable and consistent flow of capital. Homebuilders must be aligned in serving the nonprofit's mission and geographic priority areas, but are given the agency to identify projects, propose project design and budgets, and innovate within their scope of expertise. This model is particularly well-suited to local homebuilders looking to grow their production beyond the fee-for-service model and take on significant decision-making responsibilities as well as recognition and accountability for the resulting development.

### Property Selection and Due Diligence

Under this model, property selection and due diligence is the responsibility of the partnering homebuilder, who is given the agency to identify and recommend properties to the nonprofit as they fit their overall mission and objective. Homebuilders are expected to present a comprehensive proposal for each property identified, making a strong argument that the property can be acquired, constructed/renovated to the nonprofit's standards, and sold at an affordable cost to an income-qualifying homebuyer. Should the proposal meet these thresholds, the nonprofit will move forward with acquisition of the property.

# MODEL 2

## Risk-sharing with Nonprofit Financing

### Property Ownership and Acquisition

Homebuilders work with real estate agents, who are then hired and paid for by the nonprofit partner at acquisition. Earnest money and all acquisition financing is provided by the nonprofit and transferred directly to the closing attorney at acquisition. After acquisition, the homebuilder is fully responsible for moving the project forward.

### Construction

During the construction phase, the homebuilder is responsible for all day-to-day activities. The homebuilder takes on the responsibility of confirming zoning, ensuring sewer capacity, ordering surveys, and other pre-development activities to ensure the project moves forward efficiently. The homebuilder will secure permitting for the project and provide a scope of work and budget for the construction and/or rehabilitation of the property. During this time, the homebuilder will submit invoices or draws for the cost of materials and labor and is fully reimbursed by the nonprofit.

### Property Maintenance Until Sale

While holding costs will remain the responsibility of the nonprofit owner, homebuilders may be leveraged to provide maintenance services during this time. All costs are reimbursable and will be paid by the nonprofit partner.

### Marketing and Homebuyer Identification

Once completed, the nonprofit lists the home for sale and hires an agent to represent them. However, the agent and nonprofit work in lockstep with the homebuilder and oftentimes the homebuilder will support the marketing of the property. Given the profit-sharing model, it is in each partner's best interest to identify a homebuyer and sell the property as quickly as possible.





# MODEL 2

## Risk-sharing with Nonprofit Financing

### Homebuyer Qualification and Income Screening

While this partnership model centers the nonprofit and homebuilder as key collaborative partners, the identification of skilled real estate agents is critical for the success of the model. Ideally, the nonprofit will work with agents who are well-versed in affordable housing and income qualification so they are able to successfully explain requirements to prospective homebuyers as well as collect documentation to qualify and screen homebuyers.

### Identification of Down Payment Assistance

A benefit of partnering closely with nonprofit organizations is that they are able to identify and/or provide capital for down payment assistance to their homebuyers. With sufficient subsidies, homes may be sold at market rate to income-qualifying homebuyers, increasing homebuilder profit. In this model, the

nonprofit is responsible for identifying and supporting homebuyers in securing down payment assistance and works with both real estate agents and mortgage brokers who are well-versed in local down payment assistance programs. While this process can often delay the disposition of the home, there is evidence that more and more industry professionals are becoming well-versed on these programs, speeding up the process.

### Profits and Losses

Under this model, the nonprofit aims to break even or receive a small profit from each home sale. All profits and losses are shared between the nonprofit and the homebuilder, with the nonprofit reinvesting their profit into future home builds. The nonprofit and homebuilder would negotiate a profit and loss sharing arrangement that provides adequate motivation and incentive for both parties to identify feasible projects and keep costs low.

# MODEL 3

## Homebuilder-initiated Mixed-income Development

There are recent examples in Metro Atlanta of local homebuilders initiating partnerships with nonprofit organizations to support the development of mixed-income housing.

Homebuilders may pursue a mixed-income model for several reasons, but oftentimes their interest in providing low and moderate-income housing is tied to incentives, grant programs, or policy requirements. In Metro Atlanta, and across other jurisdictions in the country, inclusionary housing programs may incentivize or require homebuilders to set-aside a certain number of units within a development to serve low and moderate-income buyers. These programs may provide critical gap financing to a project or allow the builder to develop more units than by-right zoning allows in exchange for committing to developing affordable units. In these cases, homebuilders who are held to affordability requirements are able to partner with local nonprofits to fulfill this requirement, often partnering with local land trusts or

nonprofit developers to identify qualifying homebuyers and transfer the home into long-term affordability.

### Property Selection and Ownership

Under this model, the homebuilder has complete purview over the selection of property. Homebuilders will typically enter into a partnership with a nonprofit with the property in-hand and site planning complete. The property will be subdivided and parcels designated for affordable units will often be sold to the nonprofit partner either before or after construction is complete. However, in the case of partnering with a land trust, the land would be transferred into the land trust after the home is sold to a qualifying homebuyer.

# MODEL 3

## Homebuilder-initiated Mixed-income Development

### Financing and Construction

All project financing and construction would typically be identified by the partner developing the property. If land is subdivided and sold to a nonprofit partner, the nonprofit would be responsible for financing and constructing the home. In the case of partnering with a land trust, the homebuilder would be responsible for obtaining financing and constructing the entirety of the project, which would typically be a mixed-income development. Additionally, the respective owner of each parcel would be responsible for maintaining the property until sale.

### Down Payment Assistance and Homebuyer Identification

Nonprofits can provide the most benefit to homebuilders when identifying down payment assistance and sourcing qualified homebuyers for set-aside properties. Homebuilders can leverage the nonprofit's experience

serving low and moderate-income homebuyers and often benefit from a nonprofit's pipeline of qualified homebuyers. Nonprofits work with vetted realtors and mortgage partners to support qualified homebuyers throughout the homebuying process. They can also typically identify multiple sources of down payment assistance and other sources of subsidy that can help qualifying homebuyers afford their home. In partnering with a land trust, affordable homes will enter into the land trust and remain affordable into perpetuity.

These partnerships are particularly beneficial as they leverage both the development expertise of homebuilders while allowing an experienced nonprofit to manage homebuyer qualification, income screening, and the identification of homebuyer assistance. This takes a significant burden off of the homebuilder, allowing them to focus on the success of the entire project rather than tie up their time focusing on the set-aside homes.



# MODEL 3

## Homebuilder-initiated Mixed-income Development

### Profit and Loss

Under this arrangement, the homebuilder would only realize a profit on the market-rate units in the project, but would be paid for the property when sold to their nonprofit partner. If partnering with a land trust, the property would be sold at an affordable price and may need subsidization from other sources to avoid a loss at sale. In a successfully financed project, any losses would be subsidized through grants provided by the local government or philanthropy, or through incentives, such as density bonuses. The home sale may also be cross-subsidized by the market rate units that are part of the project. Homebuilders would typically only enter into such a partnership after developing a project design and development pro forma that is profitable, and 100% of the profit from the homebuilder's developed units would be retained by the homebuilder.

As the homebuilder has the bulk of the development and financing responsibilities under this model, they are the party that takes on the largest amount of risk. That being said, the homebuilder retains all profit and is also able to take advantage of public financing, subsidy, or other incentives offered in exchange for developing permanently affordable housing.

### Fees

If partnering with a land trust, this model would typically be governed by a Memorandum of Understanding between the two parties. The homebuilder may be expected to pay a stewardship fee at the time of home sale, which is retained by the land trust and helps cover long-term stewardship costs of the land. Partnerships with nonprofits are more flexible and could be governed by a negotiated agreement that is mutually beneficial for each party.

# MODEL 4

## Nonprofit-initiated Mixed-income Development

This emerging model emphasizes multiple owners within a larger project. In recognition of the benefits of mixed-income communities, nonprofits in Metro Atlanta and across the country are beginning to find ways to develop planned communities in partnership with expert homebuilders.

These projects typically involve large parcels of land that are planned and subdivided by nonprofit housing developers to include lots designed for multiple uses and/or incomes. The community plan provides a framework to the project, allowing for a community with a diverse array of housing types, sold at different price points. By carving out a portion of the land to serve market rate or higher-income buyers, nonprofits are able to plan for a balanced community as well as utilize proceeds from land sales to support their mission.

### Property Selection and Ownership

This model is typically initiated by nonprofit developers, where the nonprofit has access to, or ownership of,

discounted land. While the property is typically controlled by the nonprofit, it may be subdivided and/or sold as-is to homebuilder partners. Each partner retains ownership of separate parcels which they develop as part of a larger community plan or redevelopment effort. Due diligence is the responsibility of each partner as they develop their respective homes within a larger project, and sales agreements will typically include stipulations as to the scope of the project. Liens may be placed on the property, by the nonprofit, to ensure the homebuilder develops the land to the agreed upon stipulations. Land will typically be conveyed at a slight discount to market rate.

# MODEL 4

## Nonprofit-initiated Mixed-income Development

### Construction Financing and Subsidy

Construction financing is the responsibility of each partner as they develop their respective homes within a larger project. Homebuilders may benefit from lower land costs when partnering with nonprofits who have access to land donations and discounted land. The nonprofit can convey the property at a slight discount in return for building in alignment with the community plan.

### Homebuilding

Under this development model, each partner designs and builds their respective homes as part of a larger project. Each partner is also responsible for property maintenance, marketing the property, and sourcing and qualifying homebuyers. In this way, this model allows for the development of diverse products, meeting the various needs of homebuyers on the market.

### Down Payment Assistance and Homebuyer Identification

Each partner under this model is responsible for marketing, identifying, and qualifying homebuyers for their respective properties. Nonprofits initiating the project will retain the responsibility of identifying down payment assistance and other homebuyer subsidies to support low and moderate-income homebuyers in purchasing their home.

### Profit and Loss

Under this model, each respective partner would realize the profit and/or loss from sale of their properties. The sale of land to a homebuilder developing market-rate housing may support the subsidization of the nonprofit's affordable development, helping fill development gaps and minimize potential for loss. Depending on the overarching community plan and objectives, the partnering homebuilder has the flexibility to design and sell properties according to their own development model and can profit accordingly.





# CASE STUDIES

## MODEL 1

Fee-for-service

## MODEL 2

Risk-sharing with Nonprofit  
Financing

## MODEL 3

Homebuilder-initiated  
Mixed-income Development

## MODEL 4

Nonprofit-initiated Mixed-income  
Development

## MODEL 1

# FEE-FOR-SERVICE

### Focused Community Strategies & Fortas Homes

Jim Cheeks at Fortas Homes began working with local nonprofit Focused Community Strategies (FCS), a place-based community development organization, in 2010 after responding to a bid.

Since then, Fortas Homes, which specializes in in-fill development, intentional design, and the development of affordable and innovative housing solutions, has become a regular partner of the Historic South Atlanta-based nonprofit. In 2020, Fortas was approached by FCS, which has been delivering affordable housing solutions within its footprint for many years, to help design and develop a home on a difficult-to-develop lot located between the Historic South Atlanta and Lakewood Heights neighborhoods. The 25x100 foot lot posed significant challenges, and FCS feared they would have to purchase the neighboring lot in order to build anything on the property. Leveraging their expertise and experience, Fortas Homes was able to replicate a recent 12-foot wide product they had designed for another affordable development in the city.



Given the neighborhood's zoning, the builder had to go through a short variance process to adjust the side setbacks allowing them an extra foot of width for the two-story, 2 bed, 1.5 bath home.

Fortas Homes designed and developed the home using a simple fee-for-service model, with FCS financing the project. Once completed, FCS marketed and sold the home to a qualifying homebuyer, relying on their in-house homebuyer assistance and mortgage products to ensure the homebuyer could afford the \$195,000 home. While FCS contracts homebuilders at a lower cost than other fee-for-service projects might offer, Fortas Homes has been successful in building a profitable development model due to the cost-efficient projects they bring to the table. Through this model, both the homebuilder and nonprofit were able to realize a financially viable partnership structure, allowing for future investment in their mission and business.



## MODEL 1

# FEE-FOR-SERVICE

### ANDP and Fortas Homes – Project on Public Land

The Atlanta Neighborhood Development Partnership (ANDP) was approached by the Decatur Development Authority (DDA) with a development opportunity off Commerce Drive.

The city wanted to develop a series of cottages, which would be permanently affordable using a land trust model. ANDP received the land at no cost from the DDA, utilizing a seller note and deed to protect the seller, ensuring the property would be developed according to the agreed upon project scope. ANDP leveraged their internal single-family capital fund, as well as funding from the U.S. Department of Treasury's Capital Magnet Fund program, to bring working capital to the project, and engaged long-time partner Fortas Homes to develop the homes. The DDA and the City of Decatur had already hired an architect and developed a conceptual design for the property, and they also provided

some additional subsidy to ensure homes could all sell to families earning up to 100% of area median income through a newly formed land trust.

Fortas Homes was hired on a fixed fee service model to build the homes according to the DDA's design, and ANDP worked in partnership with the DDA to market and sell the homes. ANDP engaged a real estate agent with experience in affordable programs and homebuyer assistance and worked with the DDA and the Decatur Land Trust to market homes to City of Decatur and Decatur School employees. All sales had to be approved by the Decatur Land Trust. Fortas Homes benefited from a straightforward project on land that would otherwise have been unavailable for development and the nonprofit received a modest developer fee for bringing the project to fruition. Upon home sale, the land was transferred into the Decatur Land Trust, ensuring the homes will remain affordable for families long into the future.



## MODEL 2

# RISK-SHARING WITH NONPROFIT FINANCING

### 3384 Residential and Cam10

3384 Residential, founded by Atlanta local Van Hardimon, has partnered with nonprofit organizations to deliver residential developments since 2010.

Van Hardimon began partnering with a local affordable housing nonprofit, the Atlanta Neighborhood Development Partnership (ANDP), in 2016 and has developed more than 80 homes through their partnership model. 3384 Residential's partnership with ANDP is governed by a long-term Memorandum of Understanding, which is updated with new addendums for each project. The overarching agreement specifies how the two partners will work together, with ANDP providing the financing for each project and 3384 Residential providing project management and construction. Profit and loss sharing may change on a project-by-project basis, but typically profits are split equally between ANDP and 3384 Residential. If there is a loss, 3384 Residential is only liable for 25% of the loss and the ANDP will bear the remainder. This might result in a reduction of 3384 Residential's overall fee or final bill. This arrangement provides motivation for both parties to identify

innovative and feasible projects that are well suited for low and moderate-income homebuyers.

One of their most recent projects under this model, dubbed Cam10, was built in the Atlanta Campbellton Road Corridor near Therrell High School. Hardimon first envisioned the 10 townhome project in 2021, when he noticed that a vacant lot on his regular commute had been on the market for quite some time. He had his team at 3384 Residential begin looking into its zoning classification to see if it was a good fit for development. The lot was zoned as part of the SPI-20 Greenbriar Special Public Interest District which encouraged mixed-use and/or higher density townhome development, allowing the team to create something unique and cost-efficient on the property. They brought the idea to their partners at ANDP, who agreed with their project design and recognized the opportunity to build affordable for-sale homes on the lot. ANDP was also able to leverage New Market Tax Credit financing for this project, exemplifying how this innovative financing mechanism can be used towards the development of affordable, for-sale homes.





## MODEL 2 RISK-SHARING WITH NONPROFIT FINANCING

### 3384 Residential and Cam10

Due to the unique partnership model developed by ANDP, 3384 Residential was able to take full responsibility and agency in designing and constructing the project. They completed due diligence, and ANDP purchased the lot using their real estate agent. Once the property was acquired, 3384 Residential handled pre-development work, including undergoing the Special Administrative Permit (SAP) process. This approval process was made simpler due to the lot's special zoning classification, and they did not have to undergo neighborhood association or Neighborhood Planning Unit approval processes in order to move forward with the project. 3384 Residential's development expertise further expedited the process, as they were able to design the project in a way that was consistent with the Greenbriar Special Public Interest district. The project was approved by the city within just a couple of months. Throughout the development process, the builder regularly submitted invoices to ANDP to cover labor, material, and holding costs. All homes have 3 bedrooms and 3.5 bathrooms, one car garages, 1,600 square feet of heated space, and both a front porch and rear deck. Vertical construction was completed in May of 2024.

Homes were marketed jointly by 3384 Residential and ANDP, with a priority on exposing potential buyers to down payment assistance (DPA) programs that ANDP could help them access. Due to available DPA programs, 3 of the homes sold to

homebuyers earning up to 80% of area median income (AMI) and the remaining 7 were sold to homebuyers earning between 80% and 120% of AMI, with the last two buyers closing in November 2024. Homebuyers received between \$45,000 to \$92,000 in DPA from ANDP and its partners, helping them to purchase the homes at sales prices between \$324,900 and \$329,900. The first buyers moved into their home in August of 2024 and they closed on their final sale in November 2024.

Cam10 marks the latest of many successful projects developed in partnership by 3384 Residential and ANDP, through a model that allows the homebuilder to take the lead. Hardimon views ANDP as not only a partner but their financing entity, benefiting from their rotating capital fund and unique use of New Market Tax Credit and other innovative financing. The nature of their funding strategy means capital is nearly always available to invest in a viable project. Of their partnership, Hardimon says "ANDP believes in a lot of what we approach them with, and they ask pertinent questions about what could potentially go wrong, both partners looking at it in a similar way. We both have skin in the game: ANDP brings their equity, and 3384 Residential brings our time and capacity. While this means we might have to bypass other profitable deals, having ANDP involved means we have a partner on the project, lowering our risk and allowing us to increase our overall production volume."

## MODEL 3

# HOMEBUILDER-INITIATED MIXED-INCOME DEVELOPMENT



### O'Dwyer Homes

O'Dwyer Homes – a local Atlanta, family-owned and operated homebuilder – has for many years partnered with HomeAid Georgia and other nonprofit organizations to support the communities in which they work.

In 2023, leadership at O'Dwyer Homes began looking at tangible ways they could increase affordable housing options within their community as housing became more and more expensive. While they initially considered purchasing additional property and

building off-site affordable housing, they came to the conclusion that it would be a better use of their labor and talent to integrate the affordable homes into their market-rate subdivisions. Reserving homes within their already planned projects would allow them to develop up to two affordable for-sale homes per year, approximately 1 to 2% of their annual production.

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*When we started this process 2 years ago I thought it would be as simple as selling a house at a breakeven price, but there is a lot more to getting a process that works for each organization. I'm excited to see how this evolves in the future.*

## MODEL 3 HOMEBUILDER-INITIATED MIXED-INCOME DEVELOPMENT

### O'Dwyer Homes

To learn about the nuances of affordable housing and identify a nonprofit partner, O'Dwyer Homes reached out to HomeAid Georgia who in turn connected them to HouseATL in the fall of 2023. With their assistance, a model was identified within their upcoming communities. Under this model, O'Dwyer Homes completes construction of the affordable home in conjunction with the other homes in the subdivision, and then sells the home at cost to the nonprofit. Both O'Dwyer's economies of scale with construction and elimination of profit will produce significant savings for the nonprofit, relative to the nonprofit's ability to directly develop a home. The nonprofit will then be able to market and sell the home to a qualifying homebuyer, offering a soft-second mortgage to subsidize the purchase. Utilizing a soft-second mortgage equaling the difference between the acquisition price and the final home sale price (approximately \$100,000), the nonprofit is able to sell the home at market rate and protect O'Dwyer's other properties from appraisal risks. This also allows an opportunity to ensure longer term affordability. When the homebuyer eventually resells their home, the nonprofit can recoup the soft-second mortgage, resulting in a net profit for the nonprofit which can be funneled into future mission-oriented work.

Ultimately, O'Dwyer Homes aims to break even on the sale of each home to their nonprofit partner and is looking into ways to subsidize the sale or develop smaller homes in order to keep costs down. They have learned that the affordable housing process takes several different organizations as well as local support for the local jurisdictions to move the needle forward. They have had recent success requesting zoning variances that would allow them to develop smaller homes in exchange for selling the home to a low and moderate-income homebuyer. As they build out their model, they are working through a number of challenges, including: whether the model would work better if they sold the lot to the nonprofit prior to building the home; working through how this model works for only a portion of the homes in a larger development; identifying nonprofits that work in each of the communities in which they build across Georgia; and determining how a below-market home sale would impact appraisals for the rest of the homes within their development and protecting themselves against any future appraisal issues.

## MODEL 4

# NONPROFIT-INITIATED MIXED-INCOME DEVELOPMENT



### Browns Mill Village

In fall 2019, Atlanta Habitat for Humanity (Atlanta Habitat) designed their first mixed-income community and approached Cityscape Housing, a local production developer and homebuilder, to partner with them in developing the land.

Atlanta Habitat broke ground on Browns Mill Village, a master planned subdivision community of 134 single-family, townhome, and duplex-inspired houses on 31.4 acres five miles from downtown Atlanta. Atlanta Habitat envisioned a master planned community that would help close the affordable homeownership gap in Atlanta, and this project was a unique opportunity for the nonprofit homebuilder to create a community that would provide opportunities for families at various income levels to invest in

affordable, sustainable homes in a safe neighborhood with ample green space.

Cityscape was referred to Atlanta Habitat as a potential partner to bring this vision of a mixed income community to fruition. Cityscape, led by Robb Jones and Ralph Cook, Jr., is a real estate development and lifestyle firm focused on producing attractive, affordable, and quality intown housing. They have had tremendous success in contributing to the revitalization of Kirkwood, Reynoldstown, Summerhill, and most recently, South Atlanta. Working across Georgia, Alabama, and South Carolina, Cityscape has successfully developed their own internal strategy for affordable housing production for moderate-income homebuyers, centered on building and stewarding strong partnerships.



## MODEL 4 NONPROFIT-INITIATED MIXED-INCOME DEVELOPMENT

### Browns Mill Village

Cityscape partnered with Atlanta Habitat and the Atlanta Neighborhood Development Partnership (ANDP). The partnership was initiated through the negotiated sale of 22 single-family homesites from Atlanta Habitat to Cityscape and 6 single-family homesites from Atlanta Habitat to ANDP. There was flexibility within the project and the organizations worked together to agree on an acquisition price that allowed for a profitable project while keeping homes at an affordable price point. Cityscape worked within the existing project zoning, requesting a zero lot line for the division of each townhome, allowing them to build 59 townhomes on land that would ordinarily accommodate 28 single-family homes. The strategic design of the project allowed for economies of scale, resulting in a project that did not have to be heavily subsidized.

Of the 59 townhomes built by Cityscape, 12 units were developed and financed through a joint-venture with ANDP. ANDP brought New Market Tax Credit financing, charitable and low interest rate financing, and down payment assistance to the project, enabling 8 of the first 12 homes to be sold to families earning up to 80% of area median income. The balance of homes were financed by Cityscape and sold to families earning between 100 and 120% of area median income. Cityscape leveraged their relationship with real estate brokers with experience in local down payment

assistance programs, helping moderate-income homebuyers access the assistance they needed to afford the home. Homes have been selling at a fast pace and all but 7 homes have been completed.

Browns Mill Village not only represents a new development model for Atlanta Habitat, it is also an innovation for Metro Atlanta's planned communities. While Atlanta Habitat planned the development of the property and discounted the lots for Cityscape to build on, leadership at Cityscape emphasized the importance of bringing their own housing model to the project. This approach allowed Cityscape to leverage their real estate experience to bring added value to this Atlanta Habitat community. Extra density built into the project design, as well as their ability to call on long-term partners within the community development space, helped Cityscape overcome financing challenges. While some private institutions initially had concerns about how Atlanta Habitat homes would align with their market positioning, Cityscape successfully secured financing and was able to work with a Community Development Financial Institution (CDFI) – Reinvestment Fund – to finance the project. CDFIs often offer more flexibility and recognize value in innovative projects that provide diverse housing options, making them the perfect fit for Browns Mill Village.



# EMERGING INNOVATIONS AND OTHER OPPORTUNITIES FOR PARTNERSHIP

## Metro Atlanta Opportunity: Leveraging Privately-owned Land

Homebuilders and nonprofit developers alike are facing the challenge of heightened land costs across Metro Atlanta, making it more and more difficult to bring diverse for-sale products to the market. As housing advocates navigate this tight market, undeveloped land owned by private entities and faith-based organizations across the city presents an opportunity for partnership. Some private owners are interested in developing their land to benefit the community, but need the expertise of homebuilders and nonprofit developers to bring their vision to fruition. Landowners can benefit from the development expertise of homebuilders to help them navigate surveying, valuation, and other design elements, while leaning on nonprofits for their experience serving low and moderate-income homebuyers in the community.

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## Leveraging Homebuilder Expertise

As evidenced across partnership models, nonprofits benefit greatly from the knowledge, innovation, and experience of the homebuilders. Aside from partnering in development, nonprofits have started to incorporate homebuilder expertise into other levels of their decision making. **Encouraging homebuilder membership on their Board of Directors, hiring homebuilders as expert consultants on projects, and soliciting models for different home designs are all ways Atlanta nonprofits are leveraging the unique skills and counsel of local homebuilders.**

## Commitment to Workforce Development and Business Growth

As mission-oriented organizations, many of Atlanta's nonprofits are not only interested in partnering with homebuilders on the production of housing, but are committed to helping local homebuilders grow their business. The Atlanta Neighborhood Development Partnership's model has emphasized partnership with BIPOC and women homebuilders, with an aim to help rebuild homebuilding capacity lost during the Great Recession. Their efforts have helped many homebuilders exponentially increase their production capacity, hire employees, and scale their business. Taking a place-based approach, Focused Community Strategies has paired housing development activities with workforce

development efforts, supporting residents in obtaining the skills and certifications needed to become general contractors. This has resulted in the renovation of more than 31 homes and the creation of a new Atlanta homebuilding business.

## Valuation Challenges

Affordable homeownership can be achieved by either subsidizing the development of a newly developed or rehabilitated home, or subsidizing the homebuyer with layered down payment assistance, or a combination of the two. As home prices increase in Metro Atlanta, there is a concern that affordable for-sale products intentionally sold at lower prices may have negative impacts on neighboring home values, and may even be detrimental to a homebuilder's market-rate portfolio. Some nonprofits rely on upwards of tens of thousands of dollars in down payment assistance to assure homebuyers can afford homes listed at market prices, benefiting both the builder and the overall market. Additionally, there have been conversations within the industry to develop a method of categorizing home sales as affordable on the Multiple Listing Service, so that they are taken out of the pool for valuation comps. While both nonprofits and homebuilders continue to find ways to work around this growing challenge, there is an opportunity for industry innovation to make this work easier not only in Metro Atlanta, but on a national scale.



# IN CONCLUSION

The models and case studies demonstrated in this toolkit exemplify the hard work and innovation of the Metro Atlanta nonprofit and homebuilding community and their efforts to move the needle forward on the development of affordable homeownership options in the region. Partnerships between nonprofit and for-profit builders are feasible and mutually beneficial, particularly when partners come to the table with a shared vision and desire to serve their communities. Through this mission alignment, nonprofits and for-profit builders have been able to design creative models for co-development that honors each organization's priorities while achieving the shared goal of building homes that are affordable to low and moderate-income homebuyers.

*The Partnering for Affordability Homebuilder Toolkit was developed by Rose Community Consulting, LLC on behalf of HouseATL.*