ATLANTA NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GEORGIA UNDERWATER April 2015





DEVELOP A REPLICABLE METHODOLOGY TO ANALYZE THE LEVERAGING EFFECT OF HOME IMPROVEMENT INVESTMENTS IN UNDERWATER NEIGHBORHOODS IN METRO COUNTIES.

SUCH METHODOLOGY CAN BE SHARED WITH COMMUNITY DEVELOPMENT PRACTITIONERS ON A NATIONAL SCALE TO DEMONSTRATE THE ECONOMIC VALUE OF STRATEGIC COMMUNITY INTERVENTION IN VULNERABLE NEIGHBORHOODS.





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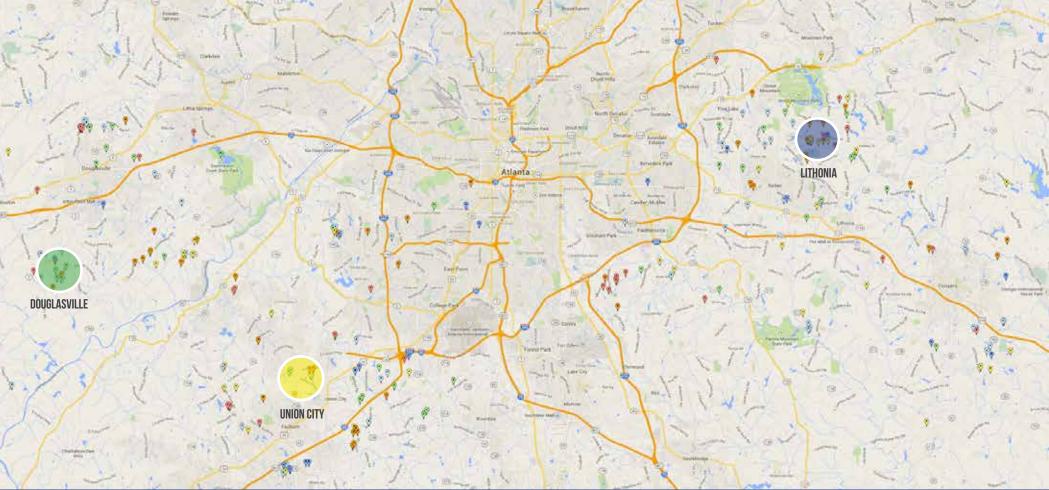
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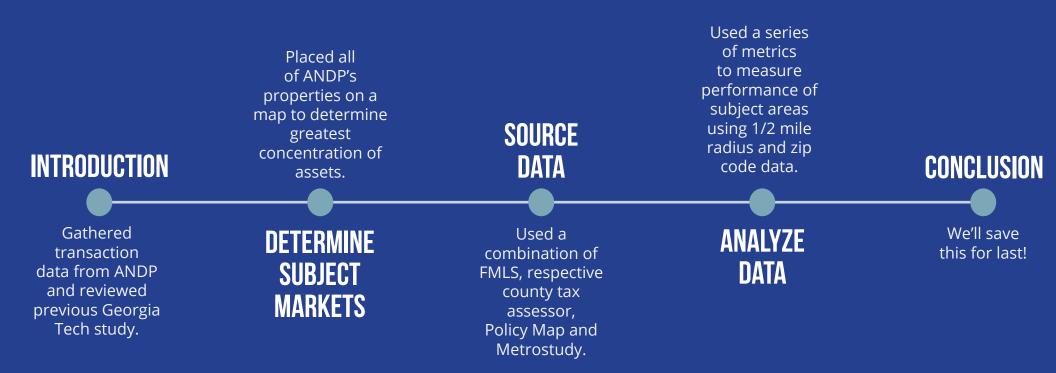
THE DREAM TEAM

ANDP PROPERTIES

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source: BATCHGEO

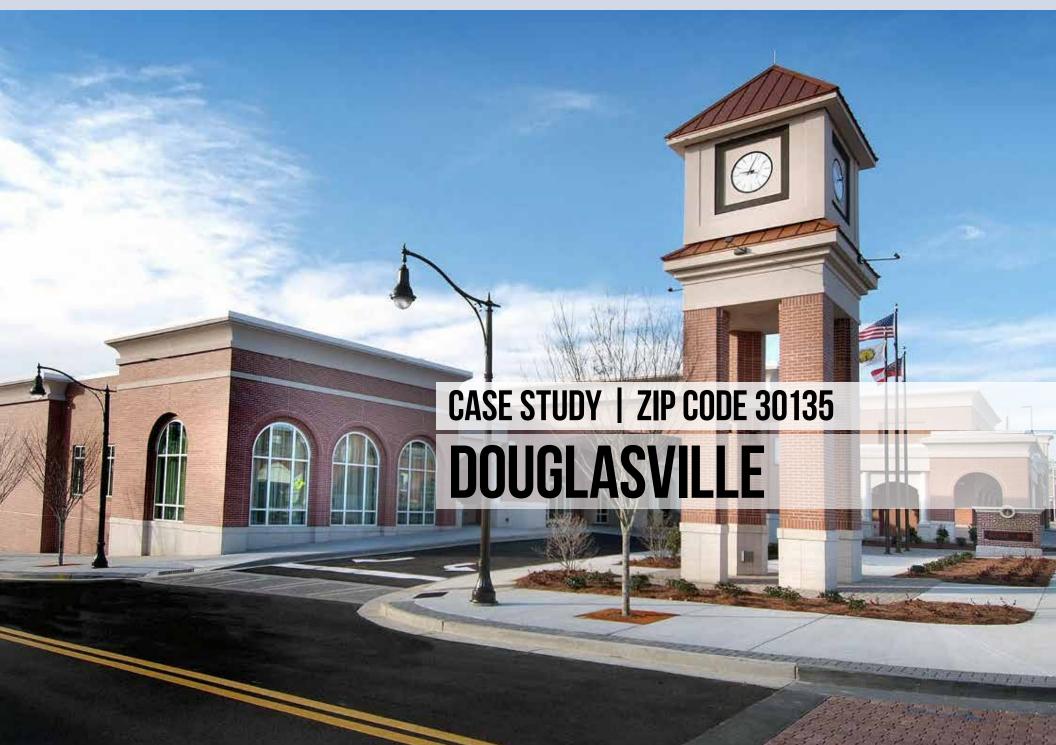




NEIGHBORHOOD PREMIUM

- The metric used to evaluate the impact ANDP's investments have had on increasing property values as represented by fair market home sales.
- This premium is calculated by comparing the average annual sales price changes (fair market sales only) in a smaller neighborhood proximate to ANDP's home investment against the sales price changes in a more diverse area defined by the zip code.
- While this "Neighborhood Premium" does not totally isolate ANDP as the sole influence on a given neighborhood, it does provide a strong correlation of the benefits ANDP brings to an area in encouraging sales price appreciation in addition to the greater market forces impacting the region as a whole.





DOUGLASVILLE

CASE STUDY | ZIP CODE 30135





Subject Property: 6319 Magnolia Court, Douglasville, GA Closing Date: October 22, 2013 Sales Price: \$120,000 Year Built: 2003 Detached SFR Type: Bedrooms: 3 Bathrooms: 2 Square Footage: 1,527

SUBJECT

- The home was acquired by ANDP in an REO sale for \$97,923
- ANDP invested \$72,118 in rehab work
- Fair market sale occurred in 2013 for \$120,000 suggesting a gain of 22.5%

ADDITIONAL NEIGHBORHOOD INVESTMENT

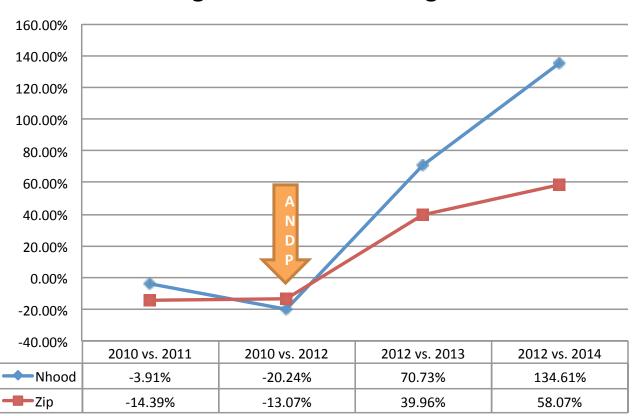
- ANDP entered this neighborhood (.5 mile radius of subject property) initially in 2012.
- ANDP has invested approximately \$181k (including the subject) in rehabilitating 3 total properties in this neighborhood between 2012 2013.
- These investments have generated and average 20.5% price appreciation between acquisition and disposition.

source: FMLS

CASE STUDY | ZIP CODE 30135 DOUGLASVILLE

SALES PRICE TRENDS

- ANDP first entered this neighborhood in 2012 and made two subsequent investments in 2013.
- Prior to ANDP's initial investment, sales in the neighborhood in the years 2011 and 2012 declined at a faster rate than the zip code vs. a base year of 2010.
- Since ANDP's initial investment, the neighborhood broke trend with the zip code and began a faster recovery ending with a 135% price appreciation from 2012 to 2014 vs. only 58% for the zip code.



Avg. Sales Price % Change

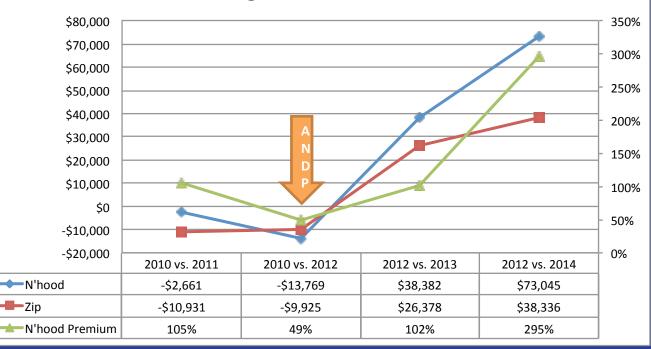
source: FMLS

CASE STUDY | ZIP CODE 30135 DOUGLASVILLE

SALES VALUES & NEIGHBORHOOD PREMIUM

- For the years prior to ANDP's investment, the Neighborhood Premium dropped from approx. 105% to approx. 50%. After ANPD's investment in 2012/2013, the Neighborhood Premium spiked to 295% in 2014.
- While the subject neighborhood appears to have a price premium to the entire zip code, the sharp increase in the Neighborhood Premium in after ANDP's investment indicates a significant impact by ANDP's investment.

Avg. Sales Price \$ Change with Neighborhood Premium



source: FMLS

CASE STUDY | ZIP CODE 30135 DOUGLASVILLE

MARKET INDICATORS







This Douglasville case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP's significant investment in the area.

\$132,277 Total Net and pinvestment in subject neighborhood

\$381,799

INCREASE IN VALUE OF SOLD Homes in Subject Neighborhood After andp investment (11 Sales in 2014)

289% YIELD ON ANDP INVESTMENT IN SUBJECT NEIGHBORHOOD'S ACTUAL SALES

NEIGHBORHOOD Premium

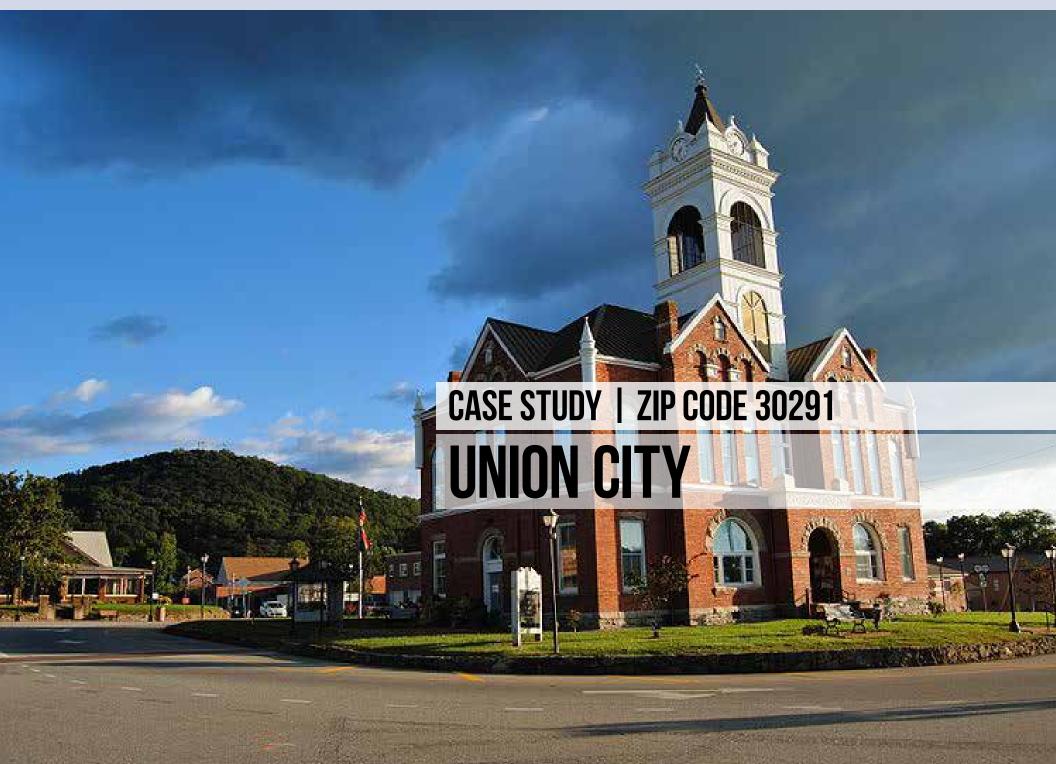
(PREMIUM OF THE NEIGHBORHOOD VS. The ZIP code based on the year andp first invested in the neighborhood 2012 VS. 2014)

\$34,709 value premium/sold home

295% NEIGHBORHOOD PREMIUM (2012 TO 2014)

DOUGLASVILLE CASE STUDY

CONCLUSION



UNION CITY

CASE STUDY | ZIP CODE 30291





Subject Property: 8553 Lake Meadow Drive, Union City, GA Closing Date: June 28, 2012 Sales Price: \$80,000 Year Built: 2001 Detached SFR Type: Bedrooms: 4 Bathrooms: 2 Square Footage: 1,468

SUBJECT

- The home was acquired by ANDP in an REO sale for \$77,800
- ANDP invested \$45,030 in rehab work
- Fair market sale occurred in 2012 for \$80,000 suggesting a gain of 2.8%

ADDITIONAL NEIGHBORHOOD INVESTMENT

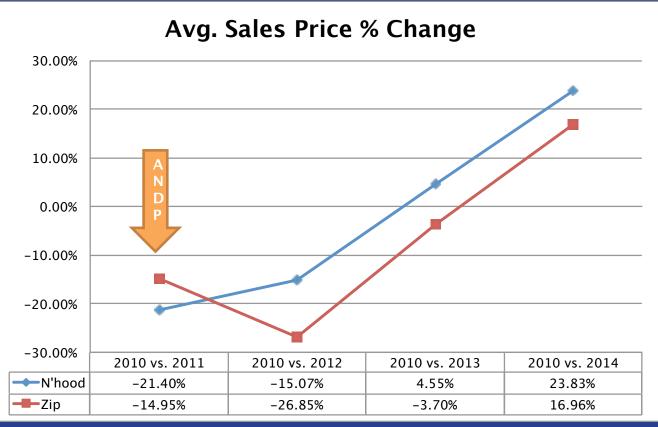
- ANDP entered this neighborhood (.5 mile radius of subject property) initially in 2010.
- ANDP has invested approximately \$270k (including the subject) in rehabilitating 6 total properties in this neighborhood from 2010 2013.
- These investments have generated and average 13% price appreciation between acquisition and disposition.

source: FMLS

CASE STUDY | ZIP CODE 30291 UNION CITY

SALES PRICE TRENDS

- ANDP first entered this neighborhood in 2010 and made subsequent investments each year in 2011 through 2013.
- Since ANDP's initial investment, the neighborhood broke trend with the zip code and began a faster recovery ending with a 24% price appreciation from 2010 to 2014 vs. only 17% for the zip code.



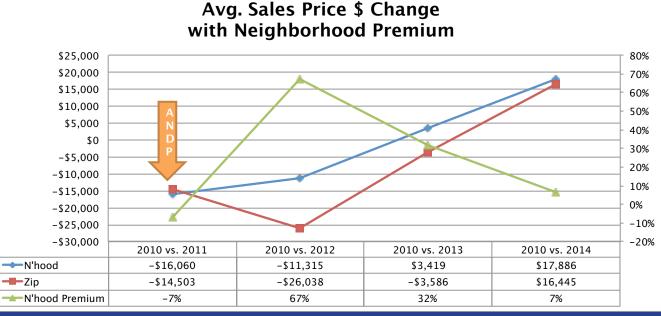
source: FMLS

CASE STUDY | ZIP CODE 30291

UNION CITY

SALES VALUES & NEIGHBORHOOD PREMIUM

- Prices for fair market sales vs. the base year of 2010 further highlights the neighborhood outperforming the zip code following ANDP's entry into the neighborhood in 2010.
- From 2010 to both 2011 and 2012, the neighborhood declined at a reduced rate to the zip code turning positive in 2013 and 2014.
- The Neighborhood Premium line represents the differential between the neighborhood's improvement and the zip code's gains from a peak of 67% in 2012 to a current premium in 2014 of 7%.
- While the premium has declined over time, it is not an indication that the neighborhood is regressing but a quite encouraging result that the zip code is catching up and improving along with the neighborhood.



source: FMLS

CASE STUDY | ZIP CODE 30291

UNION CITY

MARKET INDICATORS

NEIGHBORHOOD





This Union City case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP's significant investment in the area.

\$269,340 Total Net and pinvestment In subject neighborhood

\$33,143 INCREASE IN VALUE OF SOLD HOMES IN SUBJECT NEIGHBORHOOD AFTER ANDP INVESTMENT (23 SALES IN 2014)

12% YIELD ON ANDP INVESTMENT IN SUBJECT NEIGHBORHOOD'S ACTUAL SALES

NEIGHBORHOOD Premium

(PREMIUM OF THE NEIGHBORHOOD VS. The ZIP code based on the year andp first invested in the neighborhood 2010 VS. 2014)

\$1,441 VALUE PREMIUM/SOLD HOME

7% NEIGHBORHOOD PREMIUM (2010 TO 2014)

UNION CITY CASE STUDY

CONCLUSION

CASE STUDY | ZIP CODE 30058 LITHONIA

LITHONIA

CASE STUDY | ZIP CODE 30058





Subject Property: 6390 Shadow Square, Lithonia, GA Closing Date: November 14, 2012 Sales Price: \$112,500 Year Built: 2008 Attached Townhouse Type: Bedrooms: 3 Bathrooms: 2 Square Footage: 1,506

SUBJECT

- The home was acquired by ANDP in an REO sale for \$100,000.
- ANDP invested \$42,825 in rehab work.
- Fair market sale occurred in 2012 for \$112,500 suggesting a gain of \$12,500 or 12%.

ADDITIONAL NEIGHBORHOOD INVESTMENT

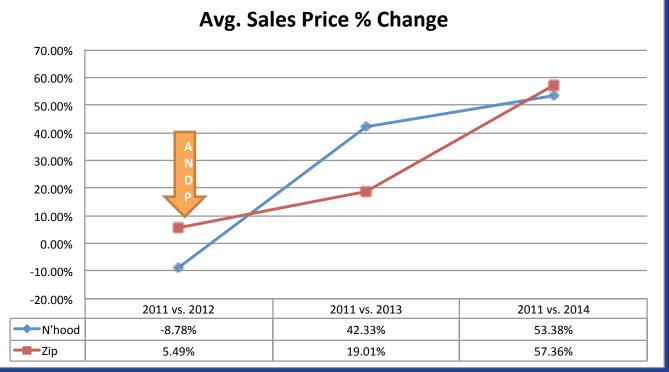
- ANDP entered this neighborhood (.5 mile radius of subject property) initially in 2011.
- ANDP has invested approximately \$247K, (including the subject) in rehabilitating 10 total properties in this neighborhood from 2011 2013.
- These investments have generated and average 22% price appreciation between acquisition and disposition.

source: FMLS

CASE STUDY | ZIP CODE 30058 LITHONIA

SALES PRICE TRENDS

- ANDP first entered this neighborhood in 2011 and made subsequent investments each year in 2012 through 2013.
- At ANDP's initial investment, the neighborhood average sale prices trend resulted in an unfavorable 8.78% decrease; whereas, the zip code trend resulted in a favorable 5.49% increase. In 2013, the neighborhood trend exceeded the zip code trend resulting in 42.33% and 19.01%, respectively.
- The neighborhood trend ended with a 53% price appreciation from 2011 – 2014; however, the zip code ended with a slightly higher price appreciation of 57% from 2011 – 2014.



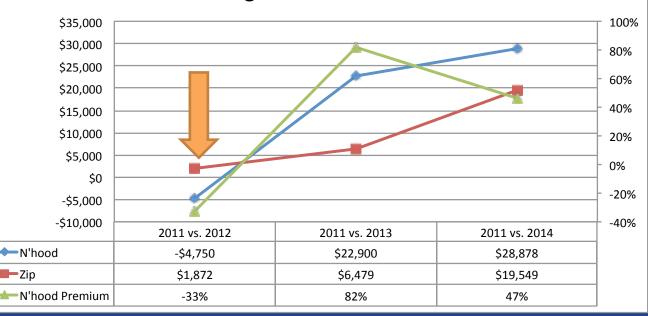
source: FMLS

CASE STUDY | ZIP CODE 30058

LITHONIA

SALES VALUES & NEIGHBORHOOD PREMIUM

- The change in fair market sales vs. the base year of 2011 indicates that the neighborhood outperformed the zip code following ANDP's entry into the neighborhood in 2012.
- From 2011 to 2012, the neighborhood declined slightly; however, in 2013 and 2014 the change turned positive. The zip code experienced positive changes in 2013 and 2014; however, the changes were less than neighborhood.
- The Neighborhood Premium line represents the differential between the neighborhood's improvement and the zip code's gains. After ANDP's investment in 2012, the Neighborhood Premium peaked at 82% in 2013 and ended with a current premium of 47% in 2014.
- The decline in the price premium over the years, is a positive indication that the neighborhood and zip code prices are improving.



Avg. Sales Price \$ Change with Neighborhood Premium

source: FMLS

CASE STUDY | ZIP CODE 30058

LITHONIA

MARKET INDICATORS







This Lithonia case study focused on a .5 mile radius around the subject property confirms that the neighborhood has outperformed the surrounding areas and was influenced by ANDP's significant investment in the area.

\$246,779 Total Net and pinvestment in subject neighborhood

\$55,974 INCREASE IN VALUE OF SOLD HOMES IN SUBJECT NEIGHBORHOOD AFTER ANDP INVESTMENT (6 SALES IN 2014)

23% YIELD ON ANDP INVESTMENT IN SUBJECT NEIGHBORHOOD'S ACTUAL SALES

NEIGHBORHOOD Premium

(PREMIUM OF THE NEIGHBORHOOD VS. The ZIP code based on the year andp first invested in the neighborhood 2011 VS. 2014)

\$9,328 VALUE PREMIUM/SOLD HOME

47% NEIGHBORHOOD PREMIUM (2011 TO 2014)

CASE STUDY | ZIP CODE 30058

LITHONIA

SUMMARY

- Case studies confirm that neighborhoods where ANDP has invested have fair market sales that outperform the larger area's fair market sales identified as the "Neighborhood Premium".
- As home sales increase, there is a positive impact on homeowner's equity and additional tax base to the locality to support public improvement. However there appears to be a significant lag in the tax valuations reflecting the fair market sales values.

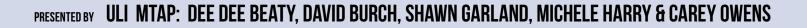
KEY ASSUMPTIONS/RISKS

- Analysis does not account for any non-ANDP investments made in other homes in the neighborhood that may have impacted values.
- Analysis compares the neighborhood to the zip code in an attempt to account for any macroeconomic factors that impacted home values across the region, however there may be other unknown factors in the neighborhood or zip code that need further analysis to gauge their impact on home valuations.

FURTHER RESEARCH & ANALYSIS

- To value the impact on a neighborhood beyond market sales, apply the neighborhood premium to all homes within a given neighborhood to estimate the potential home value appreciation ANDP had an influence on – i.e implied ROI on ANDP invested dollars.
- Compare areas where ANDP has multiple investments in close proximity vs. more dispersed investments to understand the differences to refine investment strategy to maximize the returns on future ANDP investment dollars.
- Optimize the ANDP circle of influence by evaluating larger areas around a subject property to find the optimum radius in calculating the Neighborhood Premium.
- Utilize other data sources, such as FMLS and Metrostudy to facilitate data gathering and analysis.

ANDP CASE STUDY AREAS SUMMARY



ULI MTAP QUESTIONS?

