



CASE STUDY

Atlanta Land Trust / Georgia Trust for Historic Preservation

1575 Mozley Place & 1138 Harwell Street • Atlanta, GA 30314



About ULI (Urban Land Institute)

As the preeminent, multidisciplinary real estate forum, The Urban Land Institute (ULI) is a nonprofit education and research group supported by its diverse, expert membership base. Our mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI Atlanta

With over 1,400 members throughout the Atlanta District Council, ULI is one of the largest and most active ULI District Councils worldwide. ULI Atlanta's geography covers the entire state of Georgia, Alabama, and eastern Tennessee, and its members are dedicated to advancing the mission of ULI at the local level. ULI Atlanta brings together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs. We share knowledge through education, applied research, publishing, electronic media, technical assistance, programs and special initiatives that advance thought leadership around the responsible use of land and building thriving communities.

About HouseATL

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 in the City of Atlanta. HouseATL is an open taskforce – initiated through the convening power and resources of ULI Atlanta, The Arthur M. Blank Family Foundation, Central Atlanta Progress, Center for Civic Innovation, and Metro Atlanta Chamber of Commerce. These partners engaged more than 200 civic leaders to release 23 recommendations in September 2018 with an aspiration to invest \$1B in affordable housing over 8 – 10 years, producing and preserving 20,000 affordable units. Across all of HouseATL's 23 recommendations was the intention to work in more coordinated and collaborative ways – within sectors and across sectors.

The vision for HouseATL is for civic leadership in the City of Atlanta to have a shared, comprehensive set of policies and adequate funding to address housing affordability. One of the key barrier to achieve this vision is that affordable housing is a complicated subject matter, with a lack of knowledge and understanding. Case studies such as this have been developed to make it less complicated, to help real estate practitioners, policy makers, and other professionals better understand how affordable housing is developed and preserved. These case studies specifically highlight developments and models that warrant emulating.

HouseATL's recommendations were embraced by the City of Atlanta through the One Atlanta Housing Affordability Action Plan released in June 2019. HouseATL continues to advance the recommendations through four working groups – the Funders' Collective, Policy, Prioritizing Communities, and Education & Engagement.

In an effort to help regional leaders and real estate practitioners better understand how affordable housing development and preservation happens, these case studies were developed through a unique partnership with ULI Atlanta and GA Tech's Master's in Real Estate Development (MRED) program. The MRED graduate students acted as technical writers to research and develop these case studies. ULI Atlanta would like to provide a special thanks to ULI members Rick Porter and John Threadgill who lead the GA Tech MRED program and helped facilitate the partnership with the MRED graduate students as part of the program's coursework.

Quick Facts

Location	Atlanta, Georgia
Project Type	Single Family, Land Trust (Renovation, Historic Rehabilitation)
Site Size	0.15 acres (Mozley) and 0.15 acres (Harwell)
Land Uses	Residential
Specifications	Mozley Place – 1,292 sq ft; 3.0 bedroom, 2.0 bath Harwell Street – 1,479 sq ft; 3.0 bedroom, 1.5 bath
Owners/Developers	Atlanta Land Trust, Georgia Trust for Historic Preservation
General Contractor	Elemental Green Homes
Websites	atlantalandtrust.org www.georgiatrust.org
Study Researchers	Georgia Tech, Masters in Real Estate Development students Dupree Anderson Matrina Dorsey Carley Thorderson April Woods

Project Snapshot

Organization History	Atlanta Land Trust	Georgia Trust for Historic Preservation
Idea Inception	January 2007	1973
Formal Organization	December 2009	1973
Organization Type	Community Land Trust	Non-profit preservation
Mission	To deliver and steward permanently affordable housing proximate to the Atlanta BeltLine and other targeted areas in the City of Atlanta.	To work for the preservation and revitalization of Georgia's diverse historic resources and advocate their appreciation, protection and use.

Development Timeline

Homes Purchased	March 8, 2018	March 8, 2018
Design Started	2018	2018
Construction Started	2019	2019
Construction Completed	2020	2020
Sale/Marketing Started	February 2020	February 2020

Home Information	1138 Harwell St	1575 Mozley Pl
Year Built	1953	1920
Square Footage	1,479	1,292
Bedrooms	3	3
Bathrooms	1.5	2

Financing Sources

Construction Costs	\$150,000	\$160,000
The Georgia Trust for Historic Preservation	Revolving Fund for Endangered Properties Program	
Other Sources	\$100,000 grant from the 1772 Foundation to split between the homes ALT acquisition funds from TransFormation Alliance in the amount of \$14,000 for the property located at 1575 Mozley Place and \$24,960 for the property located at 1138 Harwell Street.	

Marketing Information

Asking Price	\$198,000	\$198,000
Area Comps	\$112,000 – \$425,000	\$112,000 – \$425,000
Affordability	80 – 90% AMI	80 – 90% AMI

In the spirit of advancing HouseATL's recommendation to expand understanding of the affordable housing development process for real estate practitioners and public officials, HouseATL's Executive Committee identifies and selects projects in the metro Atlanta area that showcase an innovative and scalable approach to affordable housing development and preservation.

The two projects featured in this case study are excellent examples of the power of partnership, in this case the partnership between The Georgia Trust for Historic Preservation and the Atlanta Land Trust. The two entities operate under different but complementary missions, the power of which, when harnessed together, can result in the delivery of impactful affordable housing to the Atlanta community.

Old Homes, New Model

The Atlanta Land Trust and The Georgia Trust for Historic Preservation are pioneering a new partnership model for ensuring affordability and preservation in Atlanta's historic Westside neighborhoods.

Cities across the United States are facing a multitude of issues around growth and development. Some of the most common, recurring, and significant issues related to managing growth and development is mitigating displacement of legacy residents and providing opportunities for low-income families to reside in communities with access to jobs, transit, parks and greenspace, good schools and affordable housing. To begin to tackle these affordability and preservation challenges, cities can turn to existing development models or begin to explore new development models proposed by public officials, planners, developers, designers, and engaged citizens.

In Atlanta, a group of organizations dedicated to protecting the history, diversity, and vibrancy of Atlanta has come together to craft a new model for preservation and affordability. Leading this charge are the Atlanta Land Trust and The Georgia Trust for Historic Preservation, two entities jointly using historic preservation as a driver to maintain affordability and diversity, while promoting sustainability in Atlanta's beautiful and cherished historic districts.



1138 Harwell Street Source: The Georgia Trust for Historic Preservation



1575 Mozley Place Source: The Georgia Trust for Historic Preservation

The Georgia Trust for Historic Preservation

The Georgia Trust for Historic Preservation (the Trust) was founded in 1973 as a nonprofit, mission-driven organization dedicated to the preservation and revitalization of Georgia's historic resources. In most cases, the Trust purchases a historic property and adds easements and restrictions in order to support the preservation of the property. Once the property is secured and protections are in place, the Trust seeks buyers interested in renovating the property, preserving the historic attributes, and sharing the property's history.

In 2017, the Trust recognized the changes underway in Atlanta, particularly Westside neighborhoods, influenced by the new development and improvements associated with the Atlanta BeltLine. Anticipating the potential need for historic preservation in these changing neighborhoods, the Trust identified eight of Atlanta's historic districts and began a process to protect historically and culturally significant homes.

During its search for potential preservation candidates, the Trust considered over 60 abandoned or unoccupied homes around the Westside Trail, a three-mile stretch of the Beltline that connects eight districts listed on the National Register of Historic Places (the National Register). Several of the candidate homes were already on the National Register and in districts deemed worthy of preservation. Many of the other homes on the Trust's list had already changed hands several times over the last two to three years, indicating that the area was quickly gentrifying. The Trust's team began identifying property owners who would be open to selling to a non-profit focused on preserving the history of their homes and neighborhoods.

While the Trust was founded on the principles of preservation, the need to formally address affordability became obvious as the organization observed the market and had discussions with community members. Recognizing the trends in Atlanta's housing market, the Trust partnered with the Atlanta Land Trust to help incorporate affordability as a core component of the end product.

"In a Venn diagram there's not a very big sliver of preservation *and* affordability projects," says Ben Sutton, the Director of Preservation for The Georgia Trust for Historic Preservation.

By leveraging the interests and expertise of the two organizations, the Trust and the Atlanta Land Trust identified a mutually beneficial approach using the community land trust model to apply tight resale restrictions to ensure long-term affordability and mitigate the cost of land. The Trust could then apply and enforce historic preservation easements to protect the valuable community resource, the sale of which would help fund necessary renovations.



Map of Atlanta's Westside Trail, Atlanta BeltLine, Inc.

Atlanta Land Trust

In 2007, the Atlanta BeltLine Partnership, recognizing the impact of the Beltline on surrounding communities, formed the Community Land Trust (CLT) Development Committee. The CLT Development Committee established a framework under which it could begin to address land use issues. The Atlanta Land Trust Collaborative formed soon after, and a board of directors and executive team were organized in early 2010. In 2017, the ALTDC changed its name to Atlanta Land Trust, Inc. Today, the Atlanta Land Trust (ALT) is run by a small, but mighty staff and overseen by a board including community members, non-profit, public and private sector representatives all seeking to improve housing affordability in Atlanta.

ALT is the primary community land trust in the city of Atlanta. The organization's mission is "to deliver and steward permanently affordable housing to support equitable, inclusive communities near the Atlanta BeltLine and other targeted areas in the City of Atlanta." The Atlanta BeltLine is a 22-mile multi-use trail built in a former freight rail corridor which encircles the Atlanta city core. The BeltLine has catalyzed residential and commercial growth but also put housing affordability at risk. ALT focuses on building a portfolio of permanently affordable housing and providing stewardship services for resale-restricted owner-occupied homes. ALT builds or purchases homes and retains permanent ownership of the land. The house is offered to low-income buyers under renewable land leases. In exchange for accruing equity via homeownership, the homeowner agrees to sell the home at resale-restricted affordable pricing to another low-income buyer. Through this agreement, ALT can create permanently affordable housing that also provides a homeowner with the chance to build wealth. These well-maintained properties also help stabilize communities.

The Partnership – the West Atlanta Preservation Initiative

The trustees of the Georgia Trust recognized the efforts by ALT to support affordable, sustainable housing, specifically on the west side of the BeltLine and a partnership began.

When the Trust acquired properties in two historic Westside neighborhoods, the Trust joined forces with ALT to preserve and revitalize the historic properties and to create permanent affordability for future owners in west Atlanta. The partnership and resulting program, the West Atlanta Preservation Initiative (the Initiative), has a goal to "demonstrate that it is feasible to rehabilitate and revitalize neighborhoods affordably and sustainably without displacing longtime residents." Through the Initiative, the Trust acts as the primary developer for the selected properties, and ALT identifies qualified homebuyers, acquires the property to be placed into ALT, and stewards the properties and homeowners on an ongoing basis.

The Initiative's First Purchase

In 2018, the Initiative's team learned about the historical significance of the property at 1138 Harwell Street. During the purchase consideration of the Harwell Street property, the team was offered the opportunity to also purchase an adjacent vacant lot and an additional single-family home on Mozley Place, all three of which were held by the family of Edward Johnson, an individual whose impact on the community makes these homes historically significant to Atlanta's cultural landscape.

Edward Johnson served as a Tuskegee Airman during World War II and later became Atlanta's first African American Master Electrician. Johnson built a home for his family at 1138 Harwell in the Washington Park neighborhood in 1953. Around the same time, relatives of Mr. Johnson's wife, Harriett, purchased 1575 Mozley Place, a 1920s, two-bedroom bungalow. Both houses remained in the Johnson family, even after Edward moved to an assisted living facility in the early 2000s. Mr. Johnson lived until 2019, but the Trust negotiated primarily with his three adult daughters to facilitate the sale. The family sold the homes to the Trust hoping to preserve the house so that future families could enjoy the sort of life that he and his family enjoyed while there.

Residents of Washington Park, the neighborhood in which the Harwell property is located, have in place a neighborhood plan that highlights the historical significance of the area as the first Atlanta suburb developed for African Americans. The plan seeks to preserve the historical significance of the neighborhood in the presence of new development pressures and includes the improvement and redevelopment of vacant residential lots and rehabilitation of deteriorating structures. The plan encourages and promotes actions that support a variety of income levels and seeks to retain longtime residents. In view of this neighborhood plan, the West Atlanta Preservation Initiative directed the Trust to set a sales price that would meet the community's goals, and ALT's ground lease establishes a deed restriction on the properties whereby the buyer of an ALT property in Washington Park receives up to 25 percent of the property's appreciation upon sale.

Financing

The homes were purchased in March of 2018 via funding from the Trust's \$2 million revolving fund, which is in place to finance operations and purchases of historic properties. The purchase price for the 1138 Harwell property was \$52,000 and \$40,000 for 1575 Mozley.

The homes were renovated primarily with the revolving fund, and a \$100,000 grant from the 1772 Foundation, which offers small grants to agencies committed to the preservation and revitalization of historic properties across the United States.

In accordance with the project's affordability goals, the two homes have now sold to homebuyers who meet income requirements at or above 80 percent of Area Median Income (AMI).

The sale of the properties replenished its revolving fund and the properties transfer to ALT to ensure permanent affordability through the community land trust. While the home ownership transfers to new owners, ALT retains ownership of the land upon which the homes are located. This arrangement reduces the

overall cost of the home to the new buyer, allows the new homeowners to benefit from home appreciation when they sell the home at a later date, and ultimately ensures long-term affordability of the property.

Permanent affordability is based on one of three land trust resale formulas:

- Appraisal-based formula: the homeowner's initial purchase price is increased over time by a specified percentage of the increased market value. Market value is determined by an appraisal at the time of purchase and the time of resale.
- Fixed-rate formula: the homeowner's affordable purchase price is increased over time by a fixed annual percentage rate of either simple or compound interest. The most common rates are between 1 to 2 percent.
- Index-based formula: the purchase price of the property cannot exceed the original purchase price, plus a small adjustment for annual AMI increases through HUD or the consumer price index.

Design & Construction

As mentioned, the purchaser of a Trust or Initiative property commits to renovate and maintain the property in a manner that will be sensitive to the historic integrity of the site. In this instance, with these two homes, the Trust elected to manage the home renovations directly and relieve the new owners of the renovation responsibility.

When the Trust acquired the homes, they were in poor condition. Both were vacant, vandalized, and stripped of all wiring. The Harwell Street home had a severe termite problem, water leaks in the basement, and squatters using the home illegally.

Throughout 2019, the Trust worked alongside contractor Joe Thomas with Elemental Green Homes to develop renovation plans, permit the projects, and complete the extensive renovations. The homes were completed and listed for sale in February of 2020.

The contractor was able to preserve most of the original interior features of each home, maintaining the charm and architectural detailing common during the period in which the homes were originally built. The team was also able to retain all the original windows, over 80 percent of the original interior plaster walls, and over 75 percent of the original wood flooring. At the home on Mozley Place, the contractor used an existing foundation extension to add an extra bedroom and bathroom. Both homes now feature updated kitchens and new mechanical systems. Donations of new cabinetry and new flooring, where needed, helped to keep construction costs within budget.

In addition to affordability, the Trust and ALT both value sustainability. Leveraging a previous experience of the Trust with the Greater Atlanta Home Builders Association's EarthCraft high-performance building design certification, both homes were renovated as EarthCraft Sustainable Preservation pilot projects and achieved EarthCraft certification. EarthCraft standards address the challenging energy, water, and climate conditions of the Southeast US and help ensure that homeowners can benefit from significant utility savings and improved indoor air quality.

1575 Mozley Place



Living Room before renovations, Source: The Georgia Trust for Historic Preservation



Living Room after renovations, Source: Chris Herrin Photography



Before renovations, Source: The Georgia Trust for Historic Preservation



Kitchen after renovations, Source: Chris Herrin Photography



Bathroom before renovations, Source: The Georgia Trust for Historic Preservation



Bathroom after renovations, Source: Chris Herrin Photography

1138 Harwell Street



Entry before renovations. Source: The Georgia Trust for Historic Preservation



Entry after renovations. Source: Chris Herrin Photography



Living room before renovations. Source: The Georgia Trust for Historic Preservation



Living Room after renovations. Source: Chris Herrin Photography



Kitchen before renovations. Source: The Georgia Trust for Historic Preservation



Kitchen after renovations. Source: Chris Herrin Photography

Incorporating EarthCraft standards into the historic renovation proved challenging as maintaining the interior integrity while upgrading the structure and systems to contemporary standards was difficult. Much of the work that contributed to increased energy performance took place in the homes' basements and attics. The contractor's diligence paid off, however, and at 1138 Harwell Street the new HVAC system, building envelope seal, and new appliances improved energy efficiency and reduced air leakage by 70 percent.

While the sustainability enhancements did affect renovation costs by approximately 10 percent or more, sustainability was viewed as integral to the renovation and EarthCraft certification was always part of the plan. Even with these additional, yet integral costs, the Mozely Place renovation came in right on budget, and the Harwell Street renovation came within 5 percent of the target budget, an achievement for which Ben Sutton gives credit to the contractor and a partnership with the Lifecycle Building Center.

Pricing Approach & Feasibility

The sales price for each home was set to be affordable to families at 80 percent of AMI¹. To arrive at that number and before finalizing the project's budget and marketing strategy, the Trust team attended numerous community meetings. Their goal was to come in at the lowest price possible without losing money on the renovations.

With the goal of achieving affordable preservation and with the completion of the Westside trail, the team was optimistic that they could achieve marketable prices. The area's comparable analysis report showed recent home sales priced on a weighted average of \$150,000, with the highest home listed at \$425,000 and the lowest at \$112,000. Based on that data and ALT's initial sales price calculation, the Trust set the sales price for each home at \$198,000.

Marketing

To find the right buyer, ALT relies on its community home buying seminars. These seminars are conducted monthly and are targeted to renters in the area. Because the community land trust model is unfamiliar to most, these meetings are a good way to help potential home buyers fully understand the land trust model and the opportunities it affords buyers.

According to Sutton, the Trust prefers to keep its homes off traditional real estate marketing platforms, thereby avoiding those simply looking for investment properties. The team instead uses Zillow, local media, press releases, participation in community meetings and open houses to market the properties and highlight the historical significance and character of each home.

¹ Area Median Income (or AMI) is set on an annual basis by the Department of Housing and Urban Development (HUD) to determine eligibility for various federal and state housing programs. HUD develops income limits based on a family's AMI estimates and fair market rent area definitions and homeowner sale price maximums for each metropolitan area. The Atlanta MSA's 2020 AMI can be found here: https://www.investatlanta.com/assets/2020_income_rent_max_price_web_5E2zmXD.pdf

Because the homes are not listed on traditional platforms, the buyer pool is somewhat limited. Adding to the complications is the introduction of a land trust model, which is generally unfamiliar to most prospective home buyers. The task of finding the right buyer who meets the income requirements and who also agrees to the terms of the land trust model may prove somewhat challenging.

Another challenge for potential buyers is the limited number of available mortgage programs. ALT currently has four lender partners, each of whom must stay within underwriting guidelines that also allow the lenders to sell the mortgages on the secondary market. ALT is currently looking to expand their lender partners.

Conclusion & Lessons Learned

When faced with the challenge of creating more sustainable affordable housing, community leaders are getting creative. Community organizations are using marketing strategies at the neighborhood level to introduce residents to alternative manners in which to afford homeownership.

Since its inception, ALT pursued partnerships with developers and mortgage lenders to provide housing that is both sustainable and permanently affordable. ALT uses each experience to structure future joint ventures, partnering with developers who secure financing and building strong relationships with a small number of innovative, community-focused lenders who will provide mortgages for homes on land leases.

The Trust and ALT together are committed to preserving historic housing on the west side of the BeltLine and keeping housing affordable for low-income Atlantans via the West Atlanta Preservation Initiative. This first joint venture, the redevelopment of 1575 Mozley Place and 1138 Harwell Street, resulted in two beautiful, affordable, and sustainable homes. The home at 1575 Mozley Place is a fully renovated 3-bedroom, 2-bathroom bungalow, and the home at 1138 Harwell Street is a fully renovated 3-bedroom, 1.5-bathroom home. Once complete, the properties were placed in the Atlanta Land Trust, securing permanent affordability for the homes.

Through this important partnership, the team can continue leverage their collective skillsets to open doors and access a greater range of opportunities to provide services and resources for wider variety of communities and constituents. Looking forward, the partners are seeking additional philanthropic dollars to create additional funding streams to help keep renovation and resale costs low.

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