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This nonprofit has a solution to the housing crisis: Buy properties before investors get to them, then sell them to people who need them most

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Nonprofit Acts Housing has a solution to the housing crisis: Buy properties before investors get to them, then sell them to the people who need them most.

COURTESY OF ACTS HOUSING



A housing crisis afflicting American cities has been pricing people out of their

neighborhoods for years and turned home ownership into an unlikely dream. And with the cost of living continuing to climb, low-income people and communities of color are suffering the most.

In Milwaukee, where home prices are up almost 10% from a year ago, one organization is trying to keep properties out of the hands of wealthy absentee property investors who are contributing to soaring prices. ▶

Earlier this month, Act Housing, a real estate nonprofit founded in 1995 to help low- and middle-income homeowners, introduced the Acts Homeownership Acquisition Fund. The fund's goal is to buy up and then sell affordable homes for \$90,000 to \$140,00 that would cost new owners \$900 to \$1,200 in monthly mortgage payments.

“With the help of the Home Acquisition Fund, we will be able to quickly identify ownership opportunities, quickly purchase these homes with cash, no contingency offers, and then make them available to low- to medium-income families,” Act Housing’s vice president of real estate Dorothy York told *Fortune*.

Absentee real estate investors often make all-cash offers, which sellers often accept ahead of single-family buyers whose offers include mortgages and contingencies. That’s even true if the non-cash offer is higher, Act Housing CEO Michael Gosman told *Fortune*, saying he wants to disrupt that system. Z

The organization has already purchased its first property, a three-bedroom home that cost a total of \$90,000 on top of \$29,000 in repairs, *MarketWatch* first reported. It’s currently looking for a buyer at an asking price of \$135,000, a price that the group says is below what an investor might ask for the same property. Act Housing plans to acquire at least 100 properties annually, starting in 2023.

“We believe this is a fairly common spread we can achieve that lets us cover the staff costs of identifying these types of opportunities and overseeing the rehab and sale of the home,” said Gosman.

One of Acts Housing’s other initiatives is a homebuyer education program, which helps potential homeowners get preapproval for financing. The program will become a pipeline to properties acquired via the fund, according to York.

The 1,600 families currently in the nonprofit’s education program can also help protect the fund from an uncertain housing market, according to Gosman. With a large supply of buyers, it’s unlikely the nonprofit will ever have to wait long in between buying and renovating and then selling a house. Long waiting periods can open up real estate investments to potential losses from market downturns, he said.

Homebuyers will be the same demographic as those who already participate in the Act Housing programs, according to York, meaning 90% will be low- or middle-income and 80% will be from communities of color.

Those numbers represent a significant success in a housing industry marked by racial discrimination. Black households have the lowest homeownership rate in the country at 44.7%

[Zillow found](#) that Black applicants are denied mortgages at a rate 84% greater than their white counterparts.

York will lead the organization’s effort to buy the properties. “My parents lost their first home to foreclosure because they didn’t really know what they were doing, they weren’t

[according to the U.S. Census Bureau](#), compared to 74% of white households. Earlier this year,

prepared,” she said in a press release, adding that homeownership helped her to find stability in her adult life.

The fund is supported by a \$1 million grant from the Milwaukee-based Zilber Family Foundation, which invests in projects focused on increasing social and economic opportunity and improving quality of life in the city. The donation is the foundation’s largest ever gift to support affordable housing, according to the release.

While there are countless ways local governments and community organizations are trying to [alleviate the housing crisis](#), Gosman says that Act Housing’s acquisition fund strategy is unique. “We aren’t aware of any similar approaches being led by a nonprofit,” he said. “But we believe there are hundreds of communities that have these same challenges and are looking for solutions like this.”

The Community Development Alliance, an affiliation of community development funders in Milwaukee, supported the fund’s creation. The fund is a core component of the CDA’s [Collective Affordable Housing Plan](#), which aims to increase and preserve Black and Latinx homeownership and affordable housing in the city.

Since its founding, Acts Housing has helped over 3,000 families purchase homes, according to the release, aiding 170 families in 2022 alone.



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