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# An Impact Affordable Housing Fund around Underperforming Public Schools

**THE FIGURES REPRESENTED IN THIS PRESENTATION ARE ESTIMATES ONLY AND SUBJECT TO CHANGE BASED ON FLUCTUATIONS IN THE ECONOMY, MARKET AND OTHER CONSIDERATIONS.**

# The U.S. Affordable Housing Crisis:

## May 2016-Federal Reserve –Decline in Low Income Housing Units in Eight Major Cities

Community & Economic Development Discussion Paper  
No. 03-16 • May 2016

Table 2. Changes in Rented Housing Units 2010–14

	Gross Rent <\$500			Gross Rent \$500–\$750			Gross Rent \$1,500+		
	2010	Change 2010 to 2014	% Change 2010 to 2014	2010	Change 2010 to 2014	% Change 2010 to 2014	2010	Change 2010 to 2014	% Change 2010 to 2014
Atlanta	15,362	-2,619	-17.0%	17,128	-2,690	-15.7%	8,498	4,793	56.4%
Birmingham	9,196	-813	-8.8%	15,152	-389	-2.6%	621	649	104.5%
Jacksonville	12,064	-2,378	-19.7%	24,538	-918	-3.7%	5,702	4,304	75.5%
Memphis	15,529	-3,811	-24.5%	38,031	-4,232	-11.1%	3,045	2,073	68.1%
Miami	14,875	-2,133	-14.3%	18,266	-1,121	-6.1%	10,670	8,404	78.8%
Nashville	13,053	-1,558	-11.9%	33,573	-6,220	-18.5%	4,114	3,925	95.4%
Orlando	3,507	-532	-15.2%	8,135	-417	-5.1%	4,593	3,055	66.5%
Tampa	6,945	231	3.3%	12,734	-1,027	-8.1%	4,831	4,516	93.5%

Note: Rent levels are not adjusted for inflation. (The nature of the ACS data categories does not allow for this.) Cumulative inflation from 2010–14 was approximately 3 percent.

Source: American Community Survey 5-year estimates, 2006–10 and 2010–14

## Income, Poverty and Rent Affordability

There are many households in the state of Georgia where the main earner is employed at an hourly wage job at a fast food restaurant, grocery store, gas station, or in big box retail (i.e. Walmart, Target, Walgreens) with a salary of \$9-\$10 per hour or \$18,720-\$20,800 per year. The table below sets forth the most recent published Federal guidelines to determine the poverty Level threshold and monthly apartment affordability.

<b>Persons in Household</b>	<b>2017 Federal Poverty Level threshold 100% FPL</b>	<b>Hourly Rate (*)</b>	<b>Monthly Apartment Affordability</b>
1	\$12,060	\$5.80	\$335
2	\$16,240	\$7.81	\$451
3	\$20,420	\$9.82	\$567
4	\$24,600	\$11.83	\$683
5	\$28,780	\$13.84	\$799
6	\$32,960	\$15.85	\$916
7	\$37,140	\$17.86	\$1,031
8	\$41,320	\$19.87	\$1,148

(\*) Please note that the minimum wage rate for the State of Georgia is \$5.15 per hour. The Federal minimum wage rate is \$7.25 per hour. Nineteen states raised their minimum wage in 2017.

## The TriStar Impact Fund Target Market: Apartment Communities Built before 1980

- There are 40.2 million renters in the United States
- Of the 40.2 million renters, 11.2 million are below the poverty line
- The majority of renters living below the poverty live in properties that were built:
 

• Property Built after 2010	=	.83%
• Property Built after 2000	=	8.50%
• Property Built after 1990	=	15.70%
• Property Built after 1980	=	29.40%
• Property Built before 1980	=	70.60%
• Property Built before 1970	=	46.57%
• Average Year Built	=	1972



## TriStar Investment History

- In 1996, Marjy Stagmeier started organizing Reg S equity funds to purchase workforce housing properties in Atlanta. Through various funds, she has owned and/or managed in excess of 3,000 workforce housing apartment units.
- The majority of the tenants are single parents with 2-3 children, making an income of less than \$10 per hour or \$20,000 per year - below the poverty line of \$23,550 for a family of four.
- These properties tended to be in communities with underperforming public schools due to high transiency rates (apartment turnover), crime and other community issues. Accordingly, community programs were designed to address tenant and community issues including after-school, wellness, gardening and senior programs.
- The impact of these programs has been a direct improvement the performance of the local public school and community at-large.
- TriStar is organizing a \$25 million Reg D “Community Note” fund to purchase affordable workforce housing properties near underperforming public schools. The principal at TriStar have also organized Star-C Communities, a 501(c)3, to provide the community programming at the properties (Star-C.org)





## Example Property - Madison Hills Apartments-Cobb County, Georgia Brumby Elementary School

- Madison Hills Apartments (446 2/3/4 bedroom units) was acquired in December 2006. The property had 200 down units (mold/fire) and ownership organized a \$7.0 million renovation to the down units; however, the Commissions in Cobb County would not grant the construction permits due to the negative community impact of the property, most notably, the local elementary school – Brumby Elementary.
- Brumby Elementary was only one of two schools in Cobb on the Federal Watch List of Failing Schools. Madison was a major contributor to the schools poor performance due to it's number of large units that catered to families (the property represented approx 30% of the student base), high criminal activity and structural condition.
- The ownership organized an after-school program on-site and by 2012, we had 90 children in the program with a 100% pass rate on the CRCT standardized test.



# Madison Hills - Brumby Elementary Conclusion

By 2012, working with the programs at Madison Hills Apartments, Brumby Hills became a Title I School of Distinction

In December 2012, the investors of Madison sold the property to a new investment group. The After School Program was promptly closed. The test scores for Brumby went down after the After School Program closed

Brumby Elementary is no longer a Title I School of Distinction.

The new ownership sold the property in 2014 and created a large profit by raising rents beyond the demographic profile and reducing expenses by reducing security. The property is starting to decline. In 2014, Brumby fell over 139 points in the Rating of Georgia Elementary Schools. By 2016, Brumby has fallen 194 points in the Ratings.

Brumby Elementary School Rating 2013 = 708 (1,165  
Georgia Elementary schools)

Brumby Elementary School Rating 2014 = 847 (1,213)

Brumby Elementary School Rating 2015 = 856 (1,220)

Brumby Elementary School Rating 2016 = 902 (1,233)

# Brumby Elementary Impact Statistics

Launched ASK

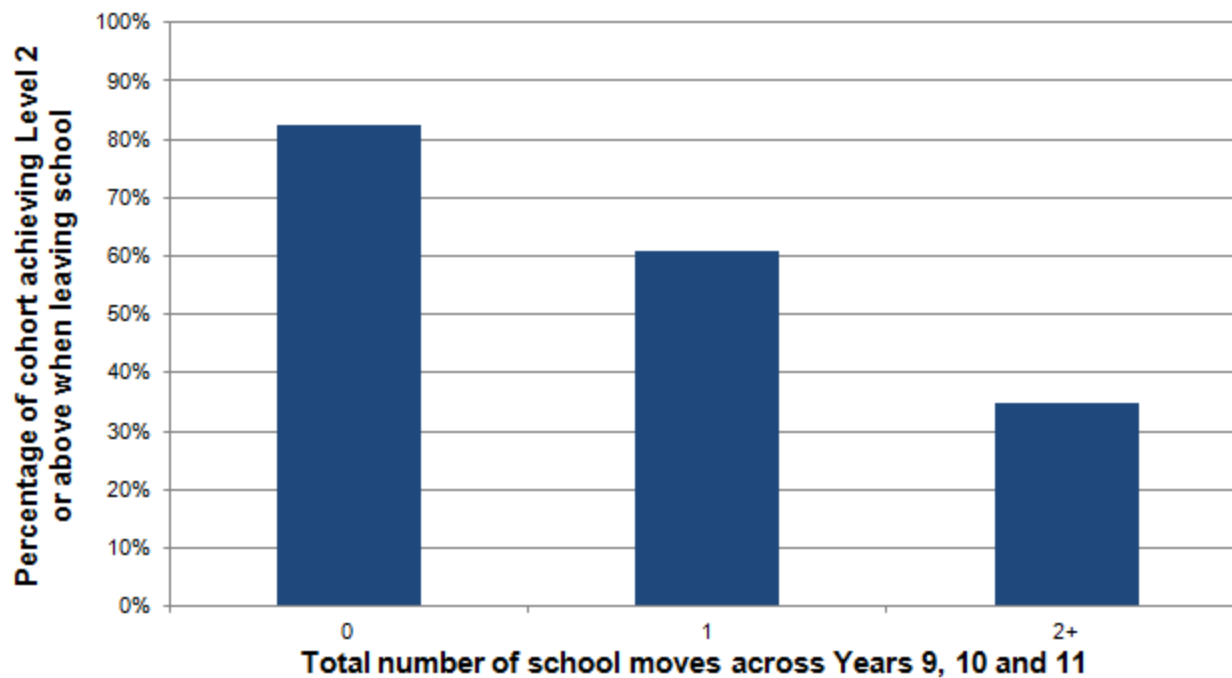
Title I School of Distinction

Metric	2006	2007	2008	2009	2010	2011	2012	2013
Transiency	356	349	298	284	264	261	191	n/a
Transiency %	67%	59%	56%	59%	51%	48%	41%	45%
Reading	75%	80%	84%	84%	89%	86%	88%	n/a
ED	68%	61%	62%	61%	75%	79%	79%	n/a





# Transiency and Student Performance



Source: Education Counts 2016

## Example Property - Willow Branch Apartments – Dekalb Co, Ga



Units: 186 1-2-3 Bedroom Units

Built: 1972

Located: 422 N. Indian Creek Rd; Clarkston, Georgia

School: Indian Creek Elementary Federal Watch List School



Challenges: Refugee Population living at an average HH income of \$18,750 (below the U.S. poverty line) High Crime

Willow Branch was purchased in 1996. In 2013, the partners of Willow Branch agreed to a partner buyout by the General Partner. A new FHA 223(f) 25-year fully amortizing loan was placed on the property combined with a new equity infusion.

# Willow Branch - Indian Creek Elementary School Rating 2013-2015

From 100% Percentile one of the worst performing Elementary Schools in Georgia – to 79th Percentile

[Georgia Middle School Rankings](#)  
[Georgia High School Rankings](#)  
[Georgia District Rankings](#)  
[Georgia City Rankings](#)

## Georgia Elementary School Rankings

Updated Wednesday, July 27, 2016, based on the 2015-16 school year test scores.

Other GA Rankings:  
 Middle Sch...  
 High Schools  
 Districts  
 Cities

Find school, district, city, zip in this ranking list...

Find!

Show Columns: Summary ▾

School Year: 2015 - 2016 ▾

My Schools 0 ▾



Rank (of 1233)	School	Grades	District	Students/Teachers			Ranking (2016 vs 2015)		
				# Students	Student/Teacher Ratio	Free/Disc Lunch Recipients	Average Standard Score (2016)	Rank (2015)	Rank Change From 2015
1001	Fowler Drive Elementary School	PK, KG-5	Clarke County	477	11.3	96.0 %	20.1	1005	4
1002	Palmetto Elementary School	PK, KG-5	Fullon County	556	13.9	86.5 %	20.1	941	61
1003	Norton Park Elementary School	PK, KG-5	Cobb County	884	12.8	91.6 %	20	960	43
1004	Burdell Elementary School	PK, KG-5	Bibb County	542	16.4	98.5 %	19.9	1023	19
1005	Louisville Academy	PK, KG-5	Jefferson County	523	14.9	100.0 %	19.8	1051	46
1006	Indian Creek Elementary School	PK, KG-5	DeKalb County	1,087	16.4	100.0 %	19.8	995	11
1007	Park Street Elementary School	PK, KG-5	Marietta City	555	13.2	90.3 %	19.8	1031	24

In October 2013, Willow and the Family Heritage Foundation began working with Indian Creek Elementary to improve their CRCT performance and school rating. **In 2014, Indian Creek was rated 1113/1213 or increased its standing by 33 rankings**

**In 2016, Indian Creek was ranked #1006/1233 schools or increasing by 197 in ranking!**



# Willow Branch Community





# Willow Branch - Star C Community Impact Model:

- 1. After School Programs
- 2. Wellness Programs
- 3. Gardening Programs



Family Wellness Day at Stone Mountain



2015 Dental Health Program

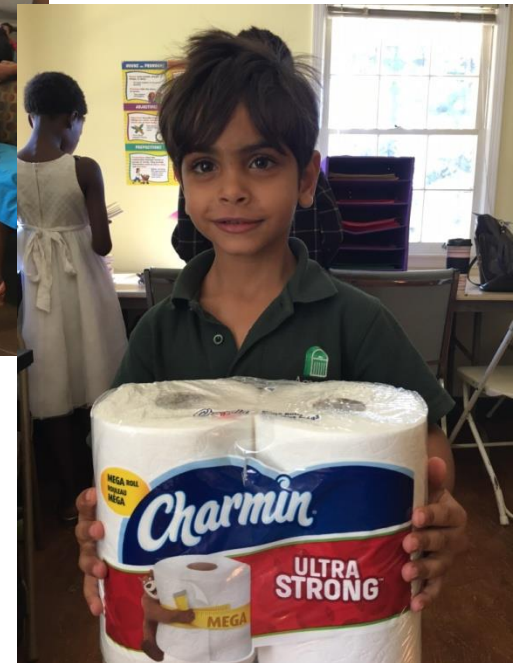


Willow Branch Resident Garden Plot



# Willow Branch: Wellness/Medical Navigation

- Collaboration: Emory University – Oakhurst Medical Clinic – a Federally Qualified Health Clinic
- 2Q 2017: 99 Individuals/Families Enrolled
- Wellness Events: Mental Health counseling, Back-To-School, Health Fair, On-Site Medical Enrollment



## 2Q FY2017 Metrics

- 20 Health Pro + Volunt. = \$15,080
- 47 Wellness Visits = \$ 8,883
- 101 Health Navigation = \$13,915
- In-Kind/Grants = \$31,137
  
- Total 2QFYE 2017 = \$69,015



# Star C – Back-To-School Oakhurst July 23<sup>rd</sup> Event



- \*50 residents participated;
- \*34 Children received a “school readiness” medical examination by a physician and dentist. All children were given a back pack with school supplies.
- \*Parents received a “home health care” gift bag with cleaning supplies, tooth paste, tooth brushes, soap and personal products. Thank you to all our donors and volunteers!



## Willow Branch - After-School

- Provides a free-after school program Monday-Friday from 3:00-7:00 and a free summer camp. We currently have an average of 2-3 volunteers everyday to assist. The children are given extracurricular activities, tutoring and homework assistance.

- 2Q 2016-2017: Enrollment: 80
- FYE 2016-2017: Avg Enrollment: 80
- 2Q 2016-2017: Volunteer Hours: 3,156



### 2Q 2017 Metrics

- 3,156+ volunteer hours (est) = \$ 75,113
- 8,860+ curriculum hours = \$ 64,235
- Total Value 1Q 2017 = \$ 139,348

- (\*) 2015 IRS Volunteer Rate=\$23.80 (Georgia) (as of 11/16/16)



## News & Culture

# Urban Gardens May Be the Key to Solving America's Crime



*Urban gardens* are certainly a welcome addition to cityscapes, but that's not all they are; new research shows that an increased presence of parks and other urban green spaces can actually reduce crime in the surrounding area.

While this field of research is relatively young, a few distinct examples have proven the ways in which urban gardens appear to reduce crime.

## The Research: Crime and Urban Gardens

In Youngstown, Ohio, a city that was struggling with high unemployment in 2010, a decision was made to convert the 31 percent of the city's land area that was vacant into urban gardens. Over a period of four years, this project advanced, and later, the community was invited to improve these various spaces as they liked, creating green spaces, community food gardens, and other spaces. A team of researchers examined crime data in these areas and found that since 2010, not only was violent crime reduced, but "spill-over" crime reduction occurred in nearby areas as well.



# Willow Branch: Community Garden Initiative

42 gardens Planted

The CEO of Fresh Harvest just moved to Willow and is sourcing produce for his garden to table delivery.



The average family of four in the US spends \$540/month on groceries. At a wage of \$8/hour, the grocery cost is 37% of a residents gross income. The net value created of a 600 sqft garden is \$677 (University of Oregon Study)

## 2Q FYE 2017 Metrics

42 Gardens @ \$677 Produce = \$28,434





## Willow Branch/Star C Community Impact Metrics

### 2Q 2016-2017



		2Q (Oct-Dec)						
		2016-2017	YTD	Measure	Value	2015-2016	Value	Notes:
Education	ASK-Volunteer Hours	1,449	3,156	\$23.80	\$75,113	8,390	\$199,682	2015 Hr Rate = \$23.80 (independentsector.org)
	ASK-Students Enrolled	80	80	0	0	62	0	Maximum per facility
	ASK-Curriculum Hours	4,800	8,860	\$7.25	\$64,235	33,120	\$240,120	Fed Min Wage - Based on 4 hrs dayx5 days/wk x 40 wks.
	ASK-School Ranking (*)	1,006	0	0	0	1,006	995	2014 Ranking=1172/1213 Schools (Schooldigger.com)
	Estimated Value of ASK	\$69,286			\$139,348		\$439,802	2016 Ranking=1006/1233 Schools (Schooldigger.com)
Wellness	Wellness-Individuals Registered	99	99	0	0	99	0	Per Christina Ottis
	Wellness-Volunteer Hours	372	558	\$23.80	\$13,280	101	\$2,404	2015 Hr Rate = \$23.80 (independentsector.org)
	Wellness-Doctor Volunteer Hours	20	20	\$90.00	\$1,800	47	\$4,230	2014 Hr Rate = \$90.00 (Volunteeringinamerica.gov)
	Wellness-Doctor	5	47	\$189.00	\$8,883	27	\$5,103	Medicare \$189/visit.
	Wellness-Oakhurst Screening	33	101	\$130.00	\$13,130	50	\$6,250	Per Oakhurst/Brenda Pace
	Wellness-Curriculum Hours	30	30	\$7.25	\$218	230	\$1,668	Fed Min Wage - Based on 3 hrs dayx4 days/wk x 40 wks.
	Wellness-One/One Navigation	3	3	\$189.00	\$567	22	\$4,158	Based on estimate of medical provider
	Tax Exemption Letters	0	0	\$15.00	\$0	0	\$0	Est \$15 value to pay a preparer
	In-Kind Donations/Grants	19,069	31,137	1	\$31,137	\$12,650	\$12,650	Corp Contributions / In Kind- 10/22 Event
	Estimated Value of Wellness	\$35,742			\$69,015		\$36,463	
Gardens:	Gardens Planted (#)	42	42	\$677	\$28,434	42	\$28,434	Per Oregon State University Study (Journal of Extension April 2014 Volume 52)
Total Value of After-School Program		\$69,286			\$139,348		\$439,802	
Total Value of Wellness		\$35,742			\$69,015		\$36,463	
Total Value of Gardens		\$28,434			\$28,434		\$28,434	
Total Social Impact of Star C in 2Q 2016-2017		\$133,462			\$236,797		\$504,699	
Annualized Total Social Impact FTE 2015-2016					\$236,797		\$504,698	

(\*) Subject to change

# Purchase Opportunities: Summer Commons 244 Units- Mix of Renovated & Blighted



- 144 Units-Phase I - 1971 Brick - 84 Down
- 100 Units-Phase II - 1998 Construction
  
- 15.82 Acres of land
  
- 44 1/1 ba Units ( 750 Sqft)
- 104 2/1.5ba Units (1,050 Sqft)-THomes
- 52 2/2 ba Units ( 950 Sqft)
- 48 3/2 ba Units (1,065 Sqft)
  
- Solid Brick Construction-100 Townhomes
- .5 Mile from I-75
  
- Cleveland Elementary (ranked 884/1233 Schools in the State of Georgia) - Within walking Distance
  
- In commercial district



# Area Description

## Summer Commons Apartment Community





# The Woods at Glenrose – Rents affordable at poverty line

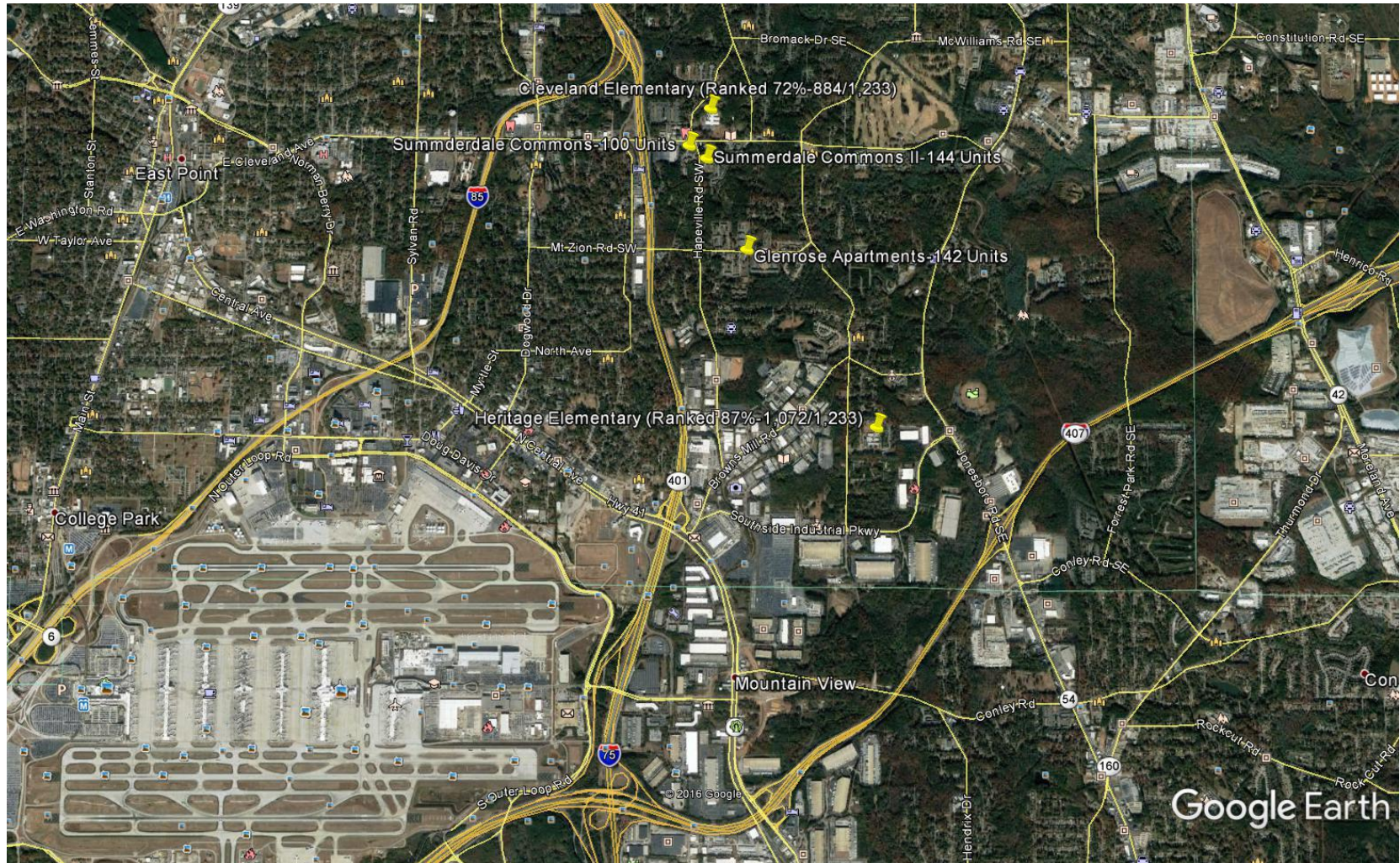
50 Mt. Zion Road SW | Atlanta, GA 30354



- 142 Units (built in 1969)/Solid Brick Construction
- 147,103 Total SqFt (11.89 Acres)
- 30 1/1ba Units ( 900 Sqft)
- 53 2/1ba Units (1,036 Sqft)
- 59 2/2ba Units (1,105 Sqft)
- Located close to all major Atlanta interstates, Downtown Atlanta and Hartsfield Jackson Atlanta Airport.
- Large-On Site Community Center Facility
- Large Vacant Lot for Community Gardens
- 98% leased with In-Place Cash Flow
- Feeds Heritage Academy - Ranked 1072/1233 Georgia Elementary Schools



# The Woods at Glenrose Map





# Community Investment Opportunities:

- 1. Invest in Low-Income Apartments with the Star-C programs. Impact Bond - 10 years, 3.7% average interest rate
- 2. 3Star Communities – a 501c3 that funds acquisitions
- 3. Organize introductions with prospective investors or influencers – Bring to a Star C Breakfast March 30th
- 4. Project Based Donations for Star-C Programs:
  - A. Kaboom Playground \$10,000
  - B. Techbridge- Building Star C Technology Platform \$100,000
- 5. Donate Product (Wellness programs – Hygiene, Cleaning Products) (ASK-Healthy Snacks)
- 6. Volunteer for our Wellness or ASK programs

