Social Impact Housing Investment
Innovating a new model for affordable housing

2019 Planning for Healthy Communities Conference
COMMUNITY SOLUTIONS works to achieve a lasting end to homelessness that leaves no one behind.
REAL RESULTS.
A data-driven movement is redefining what is possible in ending homelessness.

84 communities are participating in Built for Zero

11 communities have ended veteran or chronic homelessness

113,084 individuals housed by Built For Zero communities since 2015

44 communities have achieved a measurable reduction

73 communities have achieved quality real-time data
“The connection between housing and health is coldly logical. The sick and vulnerable become homeless, and the homeless become sicker and more vulnerable.”

-Dr. Seiji Hayashi

How Health and Homelessness are Connected—Medically (January 25, 2016)
Opinion

California Has a Housing Crisis. The Answer Is More Housing.
...but more housing isn't the full answer

Hint:
It’s all about the system
Our Response

The "Conway" Model

In communities with a housing supply gap, we develop new housing through a four-part model:

1. Non-profit owned
2. Social-impact financed
3. Connected to the housing system
4. Property-management plus model
What is Social Impact Investment?

Community Solutions defines social impact investment as a financial investment in a project with an investor expectation of a below-market (concessionary) return in exchange for a defined positive social benefit. Investors expect to get their money back in 7-10 years, with a 2-3% return and a meaningful and lasting impact on the effort to end homelessness in America.

The investment may be:
- structured as debt or equity
- leveraged by market-rate or CDFI debt
- paired with traditional philanthropy
The Original Model

Left: Prince George Ballroom, New York, NY
Right: The John and Jill Ker Conway Residence, Washington DC

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Proof of Concept Project 1:

Abrigo Apartments – Aurora, Colorado

- 66 unit building
- As tenants turn over, will work with VA to place veterans with VASH vouchers; will house 44 veterans within two years

Total Project Cost: $8M
- $2.5M of Social Impact Equity (capped 3% return)
- $5.5M First Mortgage
- Full non-profit ownership after seven years
1 mile from new VA campus (opening 2018)
Moving to Scale:

CS has successfully piloted this concept in the Denver Metro Area and is working to deliver it in Charlotte and other high-cost housing markets.
Proof of Concept Project 2:

Healthcare Partnership – Multiple Cities

- **Model 1:** Prioritize placement based on overlap between CES priorities and “super-users” of health systems
- **Model 2:** Health insurers support housing to reduce costs among insured population
- Health systems contribute impact capital/direct rent subsidies paid for by cost savings to the system
Proof of Concept Project 3:

Community Land Trust – North Hartford, CT

- $3.5M social impact investment to acquire and rehabilitate 100 units in the North Hartford Promise Zone
- Three goals: reduce negative health impacts of poor housing, improve housing stability, preserve affordability
- Units will be rented at or below 50% AMI rents
- Units will be owned by a community land trust and preserved for long term affordability
- Leveraged by $4M of private/CDFI debt
Benefits

**Speed/Efficiency** Projects can be delivered to market in less than 90 days

**Scalable Model** As the model is proven in more communities, it will scale quickly to become a new approach to housing

**Property Management Plus** Putting people first to ensure better outcomes for tenants

**Financial Sustainability** The financing structure provides a source of equity and recurring revenue for the sponsor

**Flexibility** Units can be made available for populations and individuals with the greatest need

**Creates a Community** Tenants stay connected to the coalition of local service providers
Property Management / Services

Over nearly 30 years, Community Solutions has developed field-leading experience managing permanent supportive housing. CS’ “property management plus” approach creates an optimal outcome for both residents and investors.

**Tenanting Process** CS works with the VA and other housing agencies to prioritize individuals experiencing or at risk of homelessness for these homes. With few exceptions, all individuals are eligible except those with criminal convictions for sexual offenses or the production of methamphetamines. However, a high standard is placed on tenants once they are resident in our buildings. We find we can achieve maximum social impact by lowering barriers to housing and maintaining high standards once residents are in housing.

**Management** CS relies on a full-time on-site manager who is trained in the services and needs of the tenant population. Additionally, a network of local service providers is established to provide customized support services when needed. Accounting, tax, legal, construction and other responsibilities are handled by the national CS team. The CS team is able to provide hands-on management of the properties in its portfolio and real-time data for investors about the impact and financial performance of any asset.

**Additional Partnerships** CS partners with a host of local organizations in each community that can provide needed services to the veteran population. Job-training, workforce placement, health services and transportation services are examples of the assistance that CS coordinates for its tenants.
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