

Social Impact Housing Investment

Innovating a new model for affordable housing

2019 Planning for Healthy Communities Conference

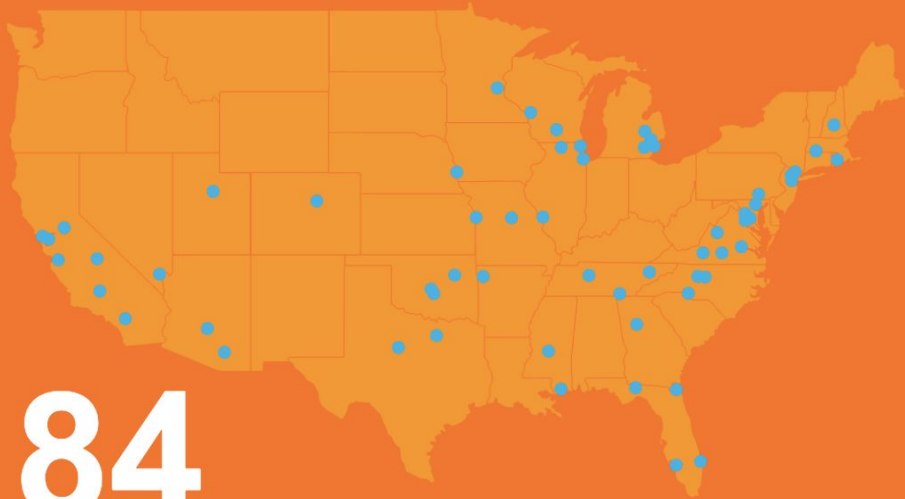


COMMUNITY SOLUTIONS

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

Connection Between Health & Homelessness

“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)

The Atlantic

Connection Between Housing & Homelessness

The New York Times

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



26.1 M SF OFFICE SPACE



COMMONGROUND GOLF COURSE

Denver School of SCIENCE & TECHNOLOGY

BLADIUM SPORTS & FITNESS CLUB - DENVER



1 mile from new VA campus (opening 2018)

ABRIGO APARTMENTS

FITZSIMONS GOLF COURSE

R LIGHTRAIL LINE

Fitzsimons Station

SAND CREEK PARK

ANSCHUTZ MEDICAL CAMPUS
FITZSIMONS LIFE SCIENCES

PARK LANE PARK & ELEMENTARY

COMMUNITY SOLUTIONS



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**.

Tenancing 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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