



# TRISTAR

REAL ESTATE INVESTMENT

[www.tristarinvest.com](http://www.tristarinvest.com)

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## Meet the Socially Responsible Landlord

### Greetings!

The real estate investment world has a tremendous opportunity to impact the communities in which it invests, either favorably or negatively. How? Landlords are in the unique position to control when and how resources are spent at their property (i.e. security, community programs, tenant screening, capital investment, etc.) and how much goes into their personal pocket at the end of the month. The socially responsible landlord (yes they exist) sees beyond their own personal bottom line and instead, navigates resources to impact not only their property, but their community at large in a positive and measurable way.

### Sample Community Challenges:

**1. Housing** - affordable workforce housing apartments are needed more than ever as income gaps continue to widen and urban areas become more costly to live for the very people who support the city. Subsidized housing in new construction supports this with a tiny allocation toward affordable housing; however, the demand remains daunting. The simple solution is that instead of spending large sums of money for new construction to allocate affordable housing for a lucky few, we should focus on the older communities in need of rehabilitation that will provide more affordable housing for the masses. In other words, there is not a shortage of affordable housing, but a shortage of sustainable business models and socially responsible landlords with the vision to revitalize functionally obsolete older apartment properties for the global community good.

**2. Social need** - working families at the poverty level need help. Many families are now single parent households who hold multiple minimum wage jobs to make ends meet for their children at home. There are three areas of dire need:

- **Education** - after-school hours between 3-6 pm are a dangerous time for unattended children and teenagers. This is where many children need help with after-school studies rather than unsupervised extracurricular activities that may lead them astray. Do you know the people who build prisons look at the literacy level of a community at the fifth grade as one of the determinants of how many prisons will be needed in the future? We need to help these families and the schools can't do it all.
- **Food/Nutrition** - the friendly neighborhood grocery store is miles away from families in low-income areas. In many areas, especially refugee communities, gardening programs can make the difference between paying utility bills or

going hungry. What we do with excess land in some apartment communities could go to gardening programs.

- Medical Assistance - many working families fall into what is commonly known as the "Insurance Gap" where their income level falls in between \$7,500-\$28,000 per year and they are technically not insurable by the Affordable Care Act or Medicaid. Accordingly, they crowd local hospitals, driving up indigent health costs which everyone pays for through higher insurance rates. The impact of affordable medical options hit home for us when learning of an 8-year old child who was falling behind on his studies due to months of dealing with an abscessed tooth, and whose parents could not afford the dentist. There are many people who are unaware of their affordable medical options.

### **The TriStar Thesis:**

The partners at Tristar have been operating affordable apartment communities through a business model that addresses the core concerns of failing communities, with measurable and significant success. Madison Hills Apartments is an example of one of these communities. This Cobb County property is 446 units with 2, 3 and 4 bedroom units that attracts large families with many young children. The property was in severe decline and the local elementary school (Brumby Elementary) was recognized as a failing school by the Department of Education. We designed a community impact program and through a major renovation, many volunteer hours by community individuals and disciplined leadership, the 90 children enrolled at our After-School Program had a 100% pass rate on the CRCT school test. By 2012, Brumby Elementary was a Title-1 School of Distinction. With a successful elementary school, this Cobb community started to thrive. We are seeing this success at other workforce apartment communities that we own and manage.



Madison Hills Apartments - Cobb County, Georgia

Here is how Tristar has been targeting work-force housing properties to favorably impact the community:

**1.Housing** - We are purchasing right and implementing tenant screening, security and capital programs to stabilize the community. Rents are held at affordable levels and adjusted based on operating expense increases and not market demand.

**2.Community Service Organization** - We are allocating a portion of the monthly

collections towards free community programs including After-School, Teen, gardening and a Wellness Center through a partnership with the Emory School of Public Health. Rather than going to an empty apartment after school, our children are ushered directly to our program center, provided snacks and tutoring from dozens of volunteers. We also provide extracurricular activities such as a school choir, violin or other musical lessons. Please see our community service vision with the nonprofit organization:

**Star C Communities:**



<http://star-c.org/>

**3. Other Programs** - We are looking at the needs gap and seeking partnerships with organizations to provide technical training and other services for our residents here. We at TriStar strive to demonstrate that being Socially Responsible creates positive for many pockets, including our residents and the community at large. On the real estate investment side, stay tuned for the launch of a TriStar Social Impact Investment Fund that will focus on purchasing "for profit" workforce housing properties with an alliance with Star C Communities- a 501(c)(3). The results will be investments in workforce apartment communities that will provide small returns with the promise of greater social change to the betterment of local communities

Please see our **TriStar Deal Example Review of the month.**

**TriStar Community Impact Fund Deal Example:**

### Willow Branch Apartments



Willow Branch Apartments is a 186-unit workforce housing apartment community in

Clarkston Georgia that has been owned and managed by the one of TriStar partners since 1996, and integrates our community program thesis. The property is 100% leased with a wait list, and caters to refugees with over 600 residents living on site and an average household income is less than \$17,000 per year. Since 2002, the property has operated an After-School Program with 60 children enrolled (with a wait list of 30+) and recently partnered with the Emory School of Public Health to launch a "Wellness Center" to assist our families with the navigation to affordable medical services at local health clinics. We also have an active urban gardening program where our residents can have their own garden plot to harvest fresh produce for their own consumption or sale at the local farmers market.

### **Measurable Social Impact: *The Report Card***

TriStar has created an internal audit-able set of metrics that will allow us to report social progress to our investors. In 2014, the community programs at Willow Branch created an estimated \$603,620 in social impact - mainly through the 18,373 volunteer hours at our various programs. This represents a measurable 12% return on the value of the community. Neighboring Indian Creek Elementary school has also benefited from our programs, coming from a 2013 ranking of 1164 out of 1165 Elementary Schools in the State of Georgia to 1113 out of 1172 in 2014.



Violin concert by the Children enrolled at the After-School Program  
Willow Branch Apartments

TriStar is interested in hearing your feedback on this article and its efforts to make a difference in the community.

Sincerely,

**TriStar Partners**

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