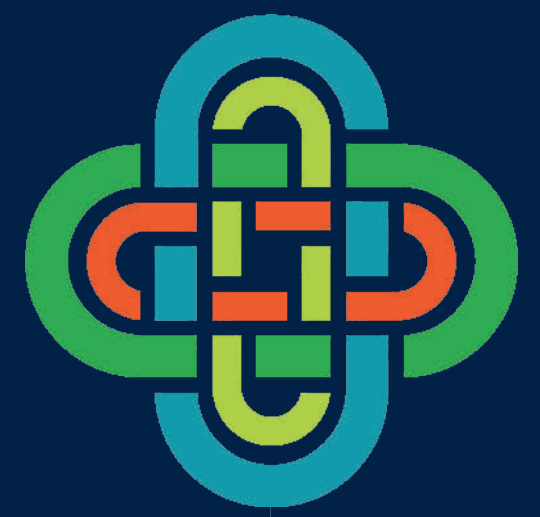


# ROTATIONAL CAPITAL FUND

Prosperity in Place

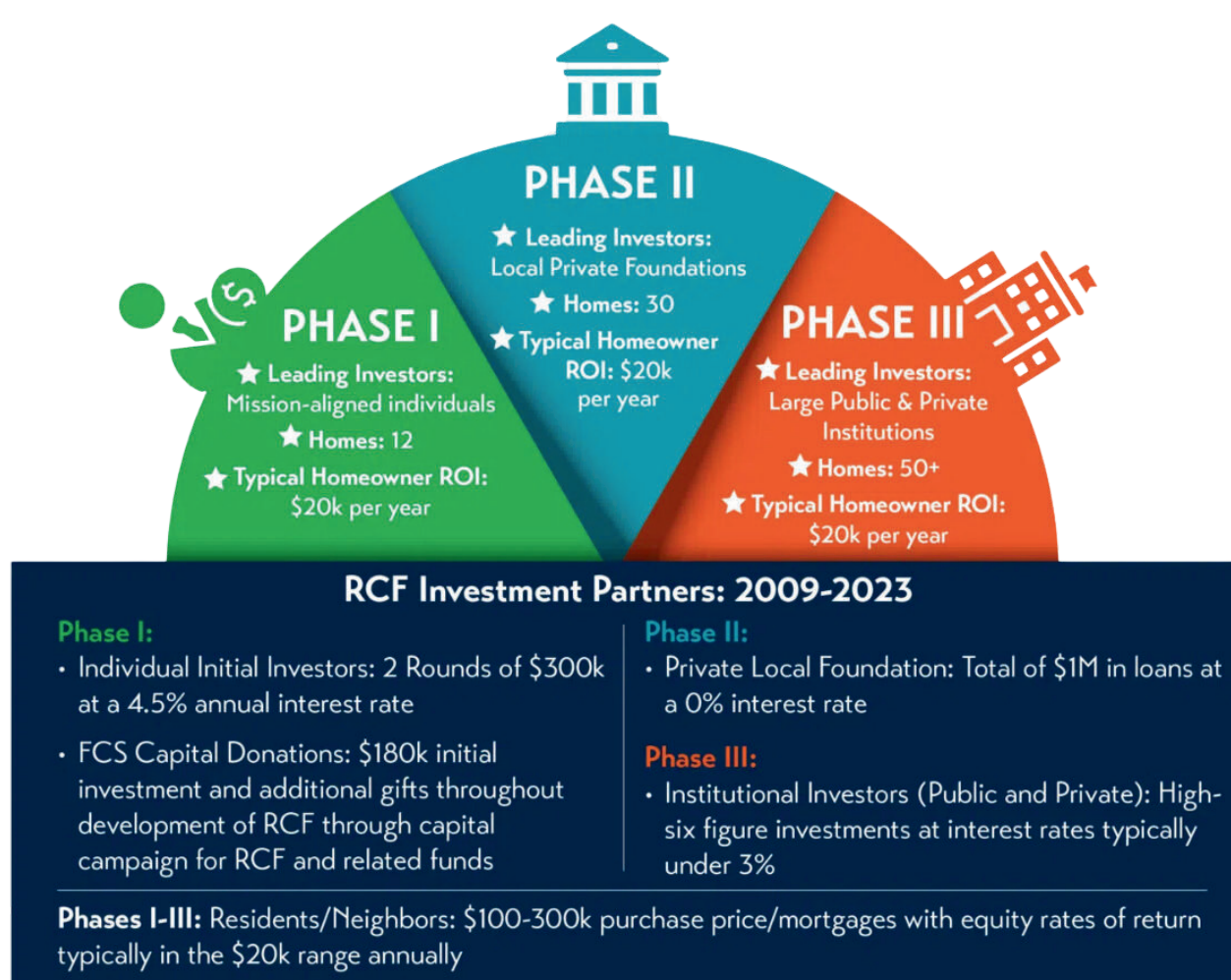


## THE PROBLEM

In the wake of the 2008 financial crisis, Historic South Atlanta experienced widespread foreclosures. South Atlanta neighbors were robbed of wealth and stability in the built environment. Unethical real estate risks taken by wealthy individuals and investment funds left South Atlanta vulnerable. At the outset of the RCF work, approximately 170 of 530 homes in the neighborhood were vacant (a 32% vacancy rate). In partnership with the neighborhood, the FCS board and friends joined together to see what action could be taken.

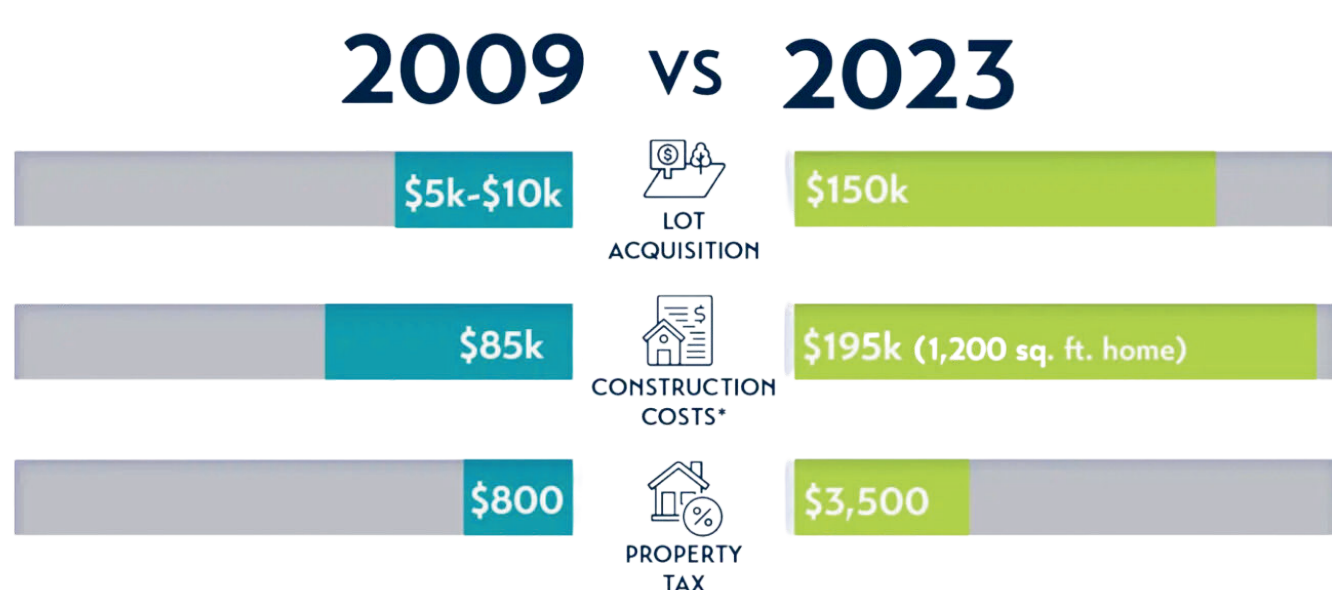
## THE APPROACH

In response, FCS established a Rotational Capital Fund (RCF) to acquire, stabilize, and sell over 100 homes to existing residents and new neighbors over a timespan of less than fifteen years. The RCF unfolded in three distinct phases, beginning with individual investors, then local private foundations, and finally large institutional investors. The fund was first established at \$480k in 2009, with \$300k at a 4.5% annual interest rate, paired with \$180k initial investment by FCS. This was placed in a fund owned by FCS subsidiary, Charis South Atlanta, LLC. Throughout the life of the fund, larger and low-interest rate investments have allowed RCF to withstand dramatic cost increases while maintaining affordability.



## THE PEOPLE

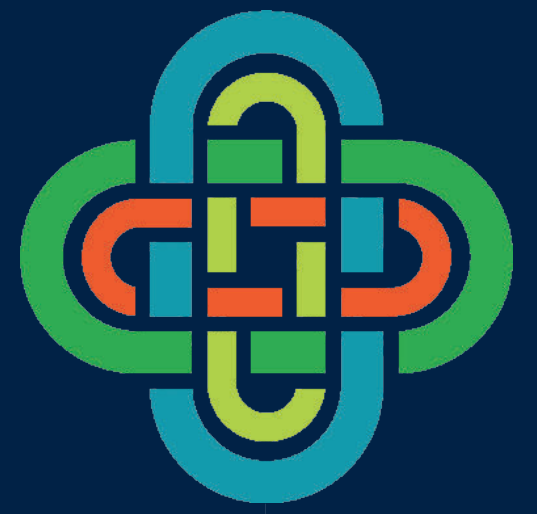
The RCF consists of many partnerships. Individual and institutional investors that believed in the FCS mission offered their time, expertise, and capital, and all gained their expected returns. Neighbors and residents risked financial resources, and ultimately received the greatest return on financial and personal investment in South Atlanta. Notable partners include Invest Atlanta, Community Foundation for Greater Atlanta, PNC Bank, Northern Trust, and local foundations.



\*(Architecture, Contractors including GC, Trades)

# ROTATIONAL CAPITAL FUND

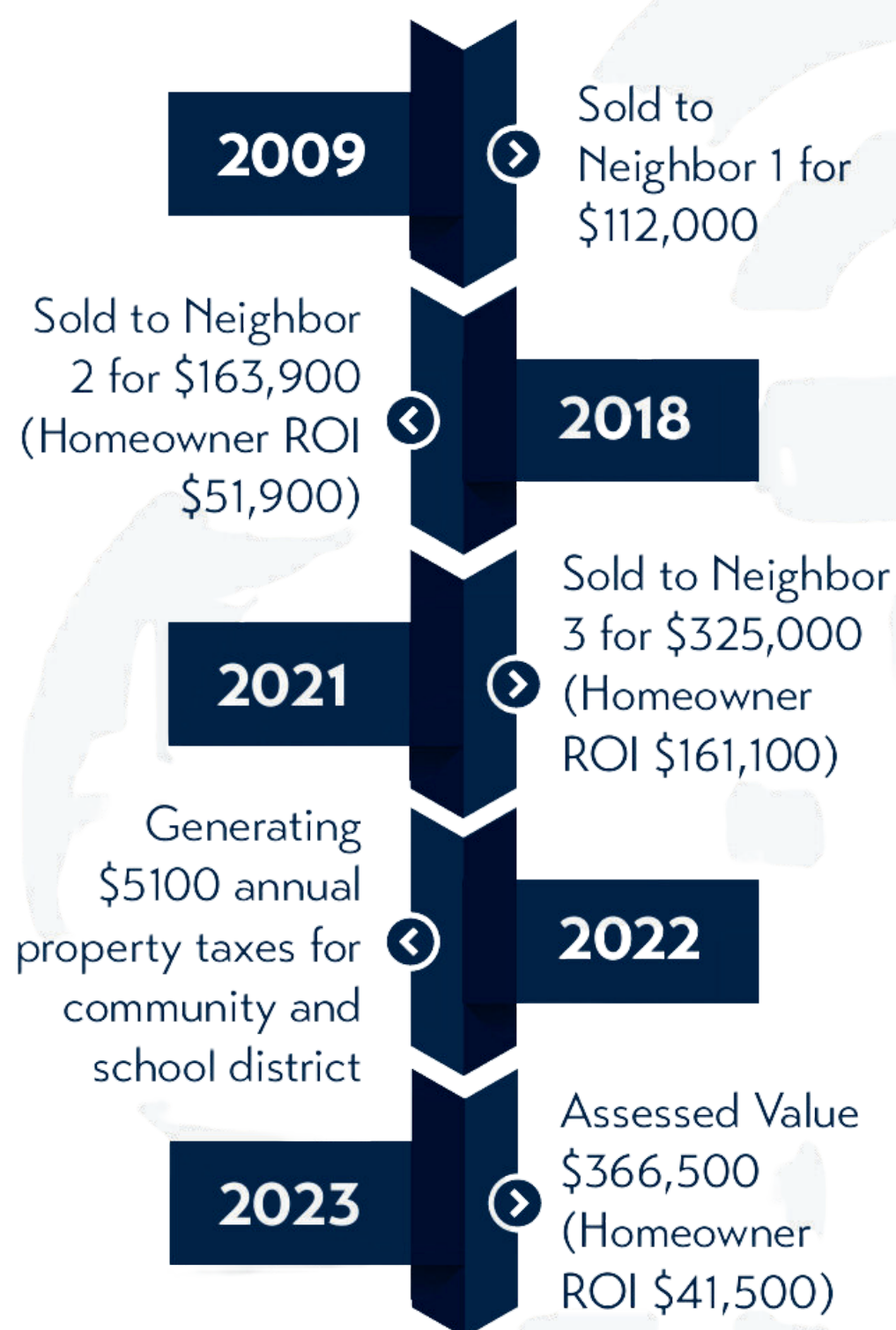
*Prosperity in Place*



## THE RETURN

In all 3 phases, residents and neighbors saw a \$100-300k purchase price and mortgages with equity rates of return typically in the \$20k range annually. To date, the RCF has allowed for the acquisition, development, and sale of over 100 homes to legacy residents and new neighbors at affordable price points, with another 30 homes at varying points in development. Further, the neighborhood vacancy rate has been reduced to 20%.

### 144 BROWN ROI TIMELINE



Scan to access the full RCF Case Study:



## WHY FCS?

The RCF is currently capitalized at the multi-million dollar level, and has led to the creation of a parallel fund that develops rental housing for neighbors with incomes at 30-80% AMI. FCS anticipates completing and selling an additional 10-15 single-family homes per year through 2026, and looks forward to the development of an emerging CDFI, a land trust ownership option, and other innovation.

As FCS and its South Atlanta neighbors look toward the future of the RCF and holistic neighborhood development more broadly, they are in community with individuals and institutions seeking to move ever deeper in the direction of racial equity and justice. Looking to the future, it is important to consider these questions: How must organizations like FCS and neighbors like those in South Atlanta continue to adapt, pivot, and learn to ensure holistic neighborhood development without displacement? How might the RCF model be expanded to invite concrete financial investment (and return) into the fund itself from neighborhood residents?



**FOCUSED  
COMMUNITY  
STRATEGIES**