Drew Charter School Integral in Atlanta Neighborhood Revitalization Success

BY THE NUMBERS

- Total Project Cost: $68,500,000
- NMTC Qualified Equity Investment: $46,000,000
- Total CAHEC NMTC Qualified Equity Investment: $12,000,000
- Construction Jobs: 297
- Permanent Jobs: 85 projected
- New Seats Created: 600 high school and 400 pre-K–8th grade

Community Characteristics
- Poverty Rate: 20.7%
- Median Family Income: 69.8% of area median income
- Unemployment Rate: 13.4%

Located just four and a half miles from downtown, East Lake is one of Atlanta’s most historic neighborhoods. Although a popular vacation spot for the state’s affluent families in the early 1900s, the area began to fall into disrepair. By 1995, East Lake had a crime rate 18 times higher than the national average and was home to one of the country’s roughest housing projects. Now, a successful neighborhood revitalization plan lead by the East Lake Foundation has transformed this community into a model for cities around the country trying to rejuvenate struggling, crime-ridden neighborhoods.

The East Lake revival began with the development of a mixed-income apartment complex where, in order to maintain an economically integrated community, half of the 500-plus units are rented at market rate and half are rented to low-income families. The development team and project leaders recognized that in order to ensure stability for residents, the revitalization plan needed to include a quality school. This vision lead to the opening of Charles R. Drew Charter School – Atlanta’s first charter school for students in kindergarten through fifth grade – in August of 2000.

As the school continued to see increasing success over the years, the need for a middle and high school became more apparent. CAHEC New Markets, LLC, which was awarded $45 million of New Markets Tax Credit allocation authority in the 2012 allocation round, provided $12 million of NMTC funding for the expansion of the high-achieving Charles R. Drew Charter School. The new 205,000 square foot middle and high school, which welcomed students for the 2014-2015 academic year, created 1,000 new student seats.

The significant academic achievement the students have accomplished over the years cannot be overstated. When the doors first opened in 2000, the school ranked 69 out of 69 public elementary schools. The elementary school and middle school are now ranked first and third, respectively, among Atlanta Public Schools.
What Is the NMTC?
Created by Congress as part of the Community Renewal Tax Relief Act of 2000, the New Markets Tax Credit Program incentivizes private-sector capital investments in businesses, real estate projects, and community facilities located in low-income urban and rural communities. The program is based on the idea that there are viable business opportunities in low-income communities and that a federal tax credit would provide attractive incentive to venture capitalists. Through Qualified Equity Investments in Community Development Entities, investors are able to claim a federal tax credit based on 39% of the investment amount. Community Development Entities use this investment capital to make loans or equity investments to qualified businesses located in economically distressed communities. The tax credit, which is 39% of the original investment amount, is claimed by investors over a period of seven years.

Named as one of the Top 25 Innovations in American Government by the Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government at Harvard University, the NMTC Program leverages $8 of private capital for every $1 of federal investment. In addition, since its creation, the program has helped create or retain over 560,000 jobs.

Who Is CAHEC?
Headquartered in Raleigh, NC, CAHEC is one of the nation’s leading nonprofit tax credit syndicators. CAHEC works with investors and developers in eleven states and the District of Columbia to help develop and foster healthy neighborhoods by raising equity capital and investing in affordable rental housing and community revitalization projects. CAHEC New Markets, LLC, a subsidiary of CAHEC, has received two NMTC awards totaling $75 million of allocation and has used the allocation to finance highly impactful community and economic development projects throughout the Southeast and mid-Atlantic region.