

Red. It's the color of energy. It's the color of passion. And at The Housing Partnership, it colors every single thing the organization does. That's because red defines these core goals:

Revitalization, Education, Development.

The Housing Partnership's neighborhood revitalization efforts continue to transform the landscape of Charlotte and Mecklenburg County in a positive way. Through homeownership education programs, hundreds more people each year are able to find and buy an affordable home. And the development of entire new neighborhoods means the organization is actually creating affordable housing to help meet the demand. By focusing passion and energy in these three key areas, The Housing Partnership is making steady forward progress.

Until everyone in Mecklenburg County lives in a decent, affordable home, The Housing Partnership will continue to see and think **R.E.D.** To create positive energy in a city, effort has to be directed toward the people and the neighborhoods that are struggling. That's the reality of interdependence, and it's been the basis for The Housing Partnership's commitment to revitalization since its beginning in 1989. The organization has shaped policies and programs around the truth that the whole is only as healthy as the sum of its parts.

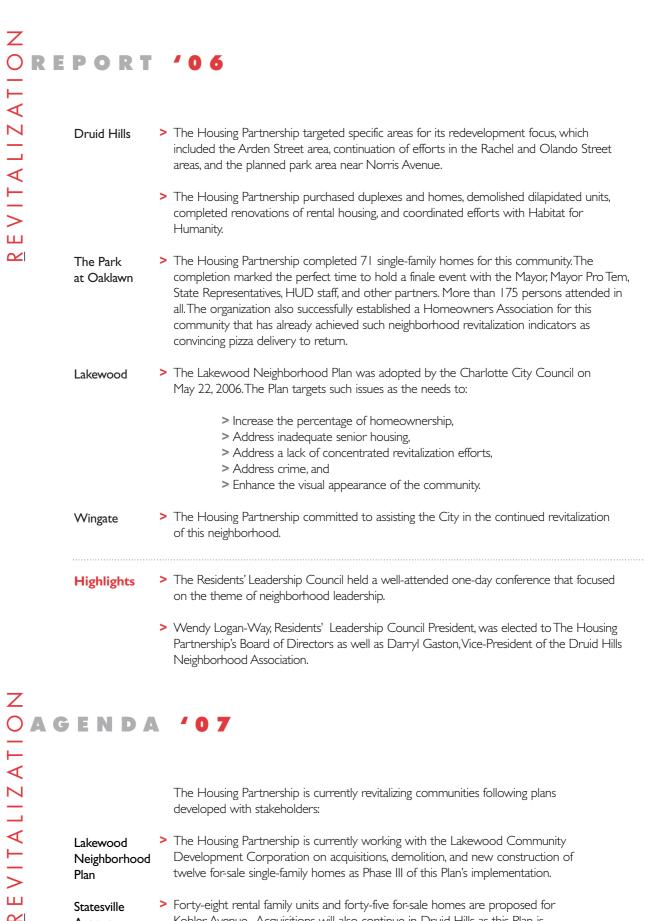
<u>R</u>EVITALIZATION

The Housing Partnership has formed powerful partnerships with city and county government, financial institutions and community activists in working to get the job done in Genesis Park, Druid Hills, Seversville, Lakewood, Greenville, and The Park at Oaklawn. Together with its partners, The Housing Partnership has succeeded in transforming these and other fragile communities into safe, stable and vibrant places to live. Revitalization needs will continue to grow and evolve along with the rapidly changing Charlotte area. The Housing Partnership is prepared to meet them as part of its revitalization objectives.



REVITALIZATION. EDUCATION. DEVELOPMENT.

THINK RED.



Statesville

Kohler Avenue. Acquisitions will also continue in Druid Hills as this Plan is Avenue further implemented. Corridor Plan > The Housing Partnership is currently working to rid the community of some undesirable Wingate property through planning, negotiating the purchase of apartments, and re-developing 28 for-sale single-family homes in this neighborhood. All homes will be consistent with the

character of the neighborhood.

twelve for-sale single-family homes as Phase III of this Plan's implementation.

> Forty-eight rental family units and forty-five for-sale homes are proposed for

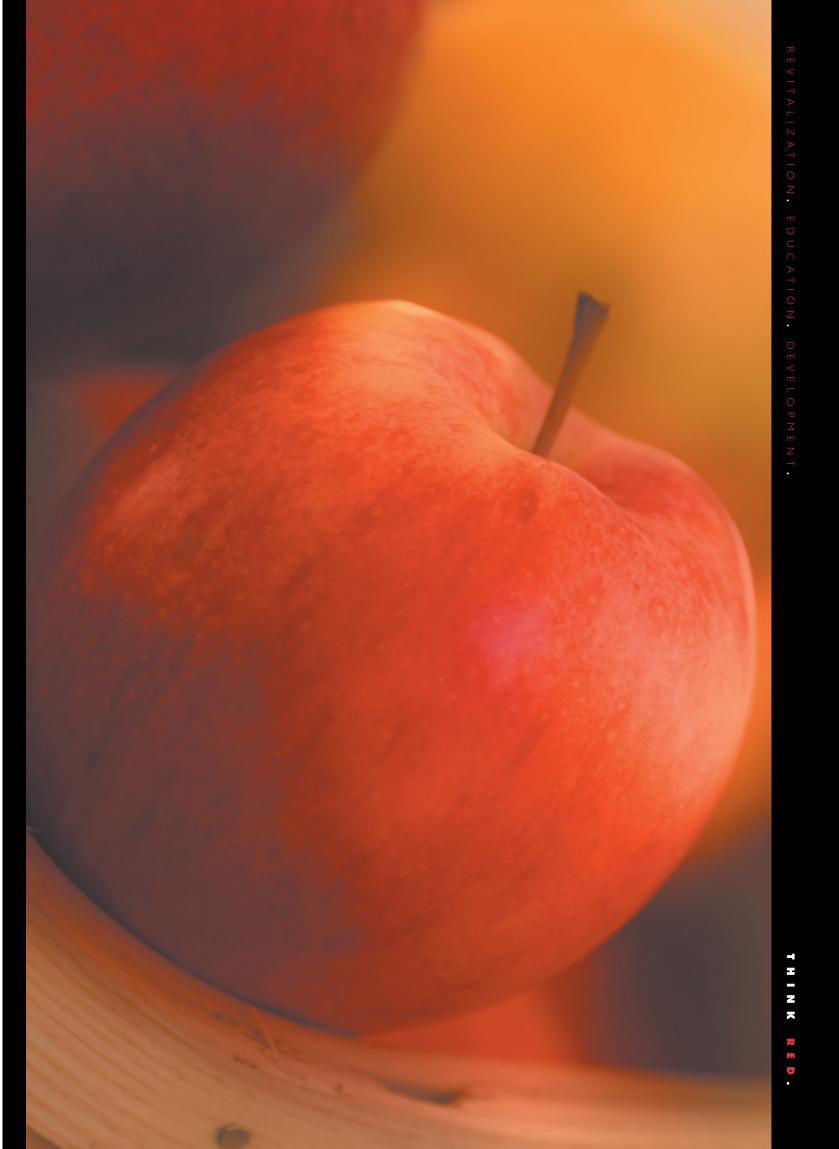
"The cooperation between the City and The Housing Partnership is a true testament that teamwork can be successful for neighborhoods. As I travel across the Country, I am constantly amazed how recognized Charlotte is for our investments and success in neighborhoods. This success is due in large part to the hard work and commitment of The Housing Partnership. Their effective and innovative approach to revitalizing communities – some of Charlotte's most challenged neighborhoods – has had positive effects on those communities and our City as a whole. They have proven that developing strategic partnerships between public agencies, the business community and non-profit organizations can lead to astonishing results. The families that live in the Greenville, Genesis Park, Seversville, Lakewood and Druid Hills communities can attest to that."

 Patrick McCrory Mayor, City of Charlotte Providing knowledge that opens the door to homeownership is the work of the professional, certified educators and advisors of The Homeownership Center of Charlotte (HCC). This successful education program was established by The Housing Partnership in 1994, formalizing and expanding the important classes and the one-on-one advising that the organization has offered all along.

EDUCATION

Hundreds of new participants each year dedicate themselves to the goal of homeownership, and their advisors help them learn about personal budgeting, overcoming obstacles, credit checks, mortgage products, and delinquency prevention. Special opportunities for financing with below market rates and even down payment assistance are available to those who successfully complete the program. Some graduates are also eligible for entrance into a special Home Giveaway event sponsored in partnership with the Charlotte Regional Realtor[®] Association. At The Housing Partnership it is known that homeownership does not come easily for most people, but it is possible with education and hard work. The organization is dedicated to making it happen.

Beyond homeownership, The Housing Partnership is also dedicated to the education of the community at large through advocacy efforts related to the importance of revitalization, education, and development. It's the organization's job to make sure everyone understands the vibrant nature of R.E.D.



Homeownership Education

- > Twelve classes were provided to customers who were pre-purchase ready, from which 168 future homeowners graduated.
- > Eleven sessions were provided to customers facing more intensive credit issues to prepare them for future homeownership. In total, 147 future homeowners participated.
- > Pre-purchase advisory and education services assisted 527 families with an average income of \$32,408, from which 108 became new homeowners.
- > New homeowners purchased at an average sales price of \$123,054.
- > Sixty percent of the Homeownership Center of Charlotte's new homeowners were families headed by women.

Individual Development Accounts

> Seventeen future homeowners enrolled in a 2:1 matched savings program to assist with down payment expenses up to \$2,000.

Delinquency Prevention

> The average delinquency rate for loans originated by The Housing Partnership was 7.6% at fiscal year's end as compared to the Federal Housing Administration's rate of 12.37%. With long-term affordable homeownership as a primary goal, the Homeownership Center of Charlotte provided delinquency counseling to 242 families.

Highlights

> The Homeownership Center of Charlotte was re-certified as a Housing and Urban Development Housing Counseling Agency.

> The Homeownership Center of Charlotte conducted its fourth successful Home Giveaway event sponsored by the Charlotte Regional Realtor® Association.

- > Continue to provide quality services to families seeking homeownership in the core areas of:
 - > Professional one-to-one advising
 - > Homeownership education
 - > Financial assistance
- > Continue to promote partnerships and market to potential future homeowners by:
 - > Continuing to participate in the Home Giveaway
 - > Conducting Spring and Fall marketing efforts
- > Continue to conduct 8-hour homebuyer education and financial literacy education classes.
- > Continue to build partnerships with realty companies, banks, and employers for direct referrals to the program.
- > Continue to provide financial assistance (first mortgages and down payment assistance) to low- to moderate-income families, including specific financing for customers purchasing in The Housing Partnership's developments.
- > Continue to maintain an average delinquency rate no greater than FHA for loans in The Homeownership Center of Charlotte's portfolio.
- Participate in revitalization, homeownership education, and affordable housing development discussions at the local and national level.
- Advocate for policies and laws protecting mortgage and foreclosure policies.

"I think the Charlotte Regional Realtor[®] Association has been incredibly fortunate to have the relationship that we have had for the last five years with The Housing Partnership. Our relationship is a great example of using the strengths and resources each other has to achieve something important. I think The Housing Partnership is filling a critical need with its homebuyer education program. With issues of predatory lending and foreclosures, it is all the more important that buyers understand what they are getting into both before they buy and after they buy. In our view, the homeownership education component is the whole point of our Home Giveaway program. Giving away the home is incidental. Every single person that successfully completes the homeownership program is a winner. It is all about education.

- Anne Marie Howard

CEO and Legal Counsel, Charlotte Regional Realtor® Association



There is a lack of decent, safe and affordable housing in Mecklenburg County just as there is across the United States. And the need grows greater each year. The amount a household must earn per hour by working 40 hours a week, 52 weeks a year to afford a two-bedroom apartment is more than double the national minimum wage.

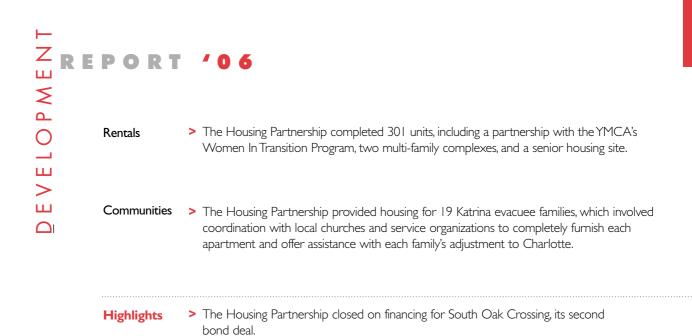
DEVELOPMENT

Because decent affordable housing opportunities are needed, The Housing Partnership develops them through a myriad of local, state and federal partnerships and resources. From the booming Mountain Island community to Charlotte's burgeoning west side, The Housing Partnership's award-winning multi-family and senior rental units are some of the most attractive, wellmanaged and well-built apartments on the market and have remarkably low vacancy rates. To date, these developments represent an investment in the community of more than \$186 million with more to follow.



REVITALIZATION. EDUCATION. DEVELOPMENT

THINK RED.



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The Housing Pa	artnership is currently working on the following rental and homeownership opportunities:
Arbor Glen	 Forty-seven single-family homes are being built in this redevelopment area in partnership with the Charlotte Housing Authority and Saussy Burbank.
Live Oak Seniors	Fifty units for seniors over 55 are being built in the South Park area as part of a large mixed-use, mixed-income community in partnership with the Charlotte Housing Authority.

South Oak > Multi-family complex with 192 units is being built. Crossing

The Housing Partnership is also continuing to explore acquiring property and other opportunities for future developments.

"The Housing Partnership is a great example of how an organization can continuously press forward to find innovative solutions for the development of affordable housing while working with for-profit and non-profit partners in an ever-evolving development environment. The Housing Partnership has been able to achieve success by aligning its mission with those of its partners, including Fannie Mae's. That is why they will be a key player in any effort Charlotte undertakes for the development of affordable housing."

– Albert "Rusty" Mills Director, FannieMae Carolinas Community Business Center

FROM THE CHAIR & PRESIDENT



There was no way The Housing Partnership could have realized that when we made the decision to produce new homes in the Greenville Community in our beginning years that we decided our revitalization strategy for the next seventeen years. It is really hard to believe that it has been seventeen years and that it all started with revitalization.

Along the way we have clarified our approach to revitalization and added strategies for success, including education and development. A formal plan including buy-in from various partners, particularly the targeted neighborhoods, became the first step for approaching challenges. We added homeownership opportunities and foreclosure prevention to invest in the stability of our neighborhoods. We became builders and developers to ensure the products we were producing were of high standards. It became important for our units, whether developed for homeownership or rental, to be attractive and well-managed so we added a property management component.

As we continue the revitalization of the Greater Statesville Avenue, we have new challenges. We must encourage economic development in our neighborhoods as new neighbors want opportunities to shop at a nearby grocery store or get their prescriptions filled at a convenient location. Since we have never aspired to be nor do we even have the expertise needed to develop those opportunities, we have to find partners to help us take our projects to the next level.

So once again we are learning the importance of having partners in all of our Revitalization, Education and Development activities. Sometimes those partners are governments - local, state and federal. Other times we must have the help of the private business community. But the key element is that we always need the help of the neighborhoods in which we work. Whether those neighbors have been there many years or have moved into a new home, their help is absolutely essential to our success.

Another big challenge in our revitalization focus of the Greater Statesville Avenue Corridor is the need to improve the deteriorated housing that has passed its useful life. We've accomplished a lot to date and we have many new renters who enjoy living in well-managed units at reasonable rents, but there is much more to do. The challenge is huge, but we are ready for the opportunity to further improve rental units and continue to develop access to decent, affordable homeownership. We can't wait to bring together old and new partners to make this happen.

Dean Devillers

Chair Jean felitton

Pat Garrett President

A Garrett

LETTER

STATEMENTS

JULY 1, 2005 – JUNE 30, 2006 FISCAL YEAR

REVENUE AND SUPPORT

ASSETS

Increase in Temporarily Restricted Net Assets	\$ 6,304,470	Cash	\$ 4,024,069
Other Grants & Contributions	\$ 2,753,864	Accounts Receivables	\$ 4,263,919
Rental Income	\$ 1,710,393	Notes Receivable	\$19,681,774
Interest Income	\$ 1,245,674	Projects in Development	\$ 4,959,387
Home & Single Family Lot Sales	\$ 688,021	Rental Property	\$16,390,555
Other Income	\$ 481,054	Other Assets	\$ 1,233,759
Total Revenue and Support	\$13,183,476	Total Assets	\$50,553,463

EXPENSES

Program Costs	\$ 4,751,071
Support Services	\$1,448,513
Interest Expense	\$ 47,176
Total Expenses	\$6,246,760

LIABILITIES AND NET ASSETS

I	Accounts Payable & Accrued Expenses	\$ 1,308,446
	Notes Payable	\$14,052,739
	Net Assets	\$35,192,278
	Total Liabilities and Net Assets	\$50,553,463

CHANGE IN NET ASSETS

Temporarily Restricted Net Assets	\$6,304,470
Permanently Restricted Net Assets	\$ 400,000
Unrestricted Net Assets	\$ 232,246
Total Change in Net Assets	\$6,936,716

COMMUNITY IMPACT

Families Counseled	769
Homeowners Created	111
Apartments Completed	301
Increase in Property Values	\$186,079,529



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Andrea Young Bebber Attorney at Law

Tim Breslin * Duke Energy

Mayor Pro Tem Susan Burgess (a) Charlotte City Council

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Julius L. Chambers * Ferguson Stein Chambers Law Offices

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Angela Mauldin ** Branch Banking & Trust

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Angeles Ortega Moore ** Latin American Coalition, Inc.

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Jim Simpson ** Wood Partners

Chief Darrel W. Stephens (a) Charlotte-Mecklenburg Police Department

Beverly Stewart ** Wachovia Corporation

Ken Szymanski * Charlotte Apartment Association

Keva Walton ** Charlotte Chamber of Commerce

Wendy Logan-Way, Secretary Neighborhood Representative

Priscilla Wills * Wachovia Corporation

Alonzo Woods University Park Baptist Church

* Retired Member
** Newly Elected Member
(a) Appointed Member

This annual report is dedicated to the memory of PQ Henderson.

PQ passed away this year. He was a devoted board member who taught us a lot about management of our rental units. We still use his guidance on many of the challenges we face in providing safe, well-run rental properties.

THINKRED

Thanks, PQ.

Our Mission

Charlotte-Mecklenburg Housing Partnership, Inc. is a broad-based, private, non-profit housing development and finance corporation organized to expand affordable and well-maintained housing within stable neighborhoods for low and moderate income families in Charlotte and Mecklenburg County with a continuing interest in the ability of occupants to more fully enter the economic mainstream.

Our Vision

Everyone in Mecklenburg County lives in a decent, affordable home.



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