

A Developing Story

Business News



THE HOUSING PARTNERSHIP

www.cmhp.org

WEDNESDAY, DECEMBER 19, 2007

SECTION 8

THE NEXT
BIG THING

The Housing Partnership 2007 Annual Report

The Housing Partnership is a leader. One that has been recognized for its innovative thinking, its commitment to the community, and its focus on providing affordable housing solutions. This year's Annual Report highlights the organization's achievements and its vision for the future.



...the next big thing...

...the next big thing...



...the next big thing...



...the next big thing...

...the next big thing...

...the next big thing...

AFFORDABLE HOUSING ALONG THE LIGHT RAIL.



...the next big thing...

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.

Read all about it

Affordable housing is making headlines: Specifically, the lack of affordable housing across our nation. Prevailing wisdom is that housing costs should not exceed 30% of household income, but that math doesn't compute for an

estimated 12 million families who spend more than half of their annual income on housing. This leaves little for other basic necessities like food, transportation, or medical care. More and more workers making minimum wage are losing the fight for economic

stability. So are teaching assistants, bank tellers, certified nurse aides and other professionals.

The good news is that The Housing Partnership is creating quality affordable housing opportunities at a rapid pace in Charlotte. It's a success story that's continuing to develop. And you can read all about it right here.



Affordable housing is in the news

It seems like every time you pick up a newspaper there's a story about the gaping and growing need for affordable housing in the United States. Like everywhere else, the gap between housing costs and wages is getting larger in North Carolina. Our state's

northwest Charlotte which continue to be as well-maintained today as when the ribbon was cut 15 years ago. With all that has followed, each development completed becomes our "face to the public."

Quality and collaboration are the

good results, The Housing Partnership is regularly approached with new projects and possibilities. Based on best business practices, we move forward with viable opportunities that dovetail with our mission. We are particularly known for our experience and success with Tax Credit Development which provides incentive for private investors to invest in affordable housing.

COMMUNITY IMPACT

Fiscal Year	Families Counseled	Homeowners Created	Apartments Completed	Increase in Property Values
1990		2		\$ 90,000
1991		22		\$ 1,254,000
1992		53	162	\$ 7,915,000
1993	624	18	47	\$ 3,870,000
1994	540	31	0	\$ 2,015,000
1995	471	28	55	\$ 1,820,000
1996	622	37	77	\$ 4,873,000
1997	876	35	251	\$ 8,408,000
1998	955	50	180	\$ 10,694,000
1999	892	64	0	\$ 6,212,000
2000	843	40	109	\$ 11,422,000
2001	541	106	6	\$ 11,148,000
2002	480	85	68	\$ 14,073,000
2003	655	98	46	\$ 13,610,563
2004	780	52	273	\$ 29,906,188
2005	753	96	166	\$ 30,373,949
2006	769	111	301	\$ 28,374,829
2007	1,134	161	19	\$ 22,156,577
Total	10,935	1,089	1,760	\$208,236,106
Total Housing Units		2,849	Counseling Program Began in FY93.	

TYPICAL AFFORDABLE HOUSING TAX CREDIT DEVELOPMENT: THE PROCESS

- 1 Develop vision for project
- 2 Evaluate potential sites
- 3 Obtain site control through contract or purchase
- 4 Determine best site use (i.e., family or elderly, number of units, zoning)
- 5 Submit applications to N.C. Housing Finance Agency and the local Housing Trust Fund. Secure permanent loans, if necessary
- 6 After funding commitments are received, pre-development phase begins
- 7 Complete site and building design with architects, engineers and contractors
- 8 Close with investors and lenders, if possible at this point
- 9 Begin construction
- 10 Begin leasing/ribbon cutting
- 11 Begin long-term management duties
- 12 Consider ownership of property (after 15+ years)

population is expected to gain 2.6 million residents by the year 2020 with a larger percentage of growth in low-income and elderly households. In Charlotte, population growth is expected to reach 30,000 annually. These trends illustrate the tremendous challenge ahead. It's a challenge that The Housing Partnership views as an opportunity and is positioned to meet head-on.

There are many different ways to approach the affordable housing crisis. The Housing Partnership's proven methods are among the most effective in the country. It's been a learning process that began with apartments in the Seversville neighborhood of

keys to our success, from the initial planning and site selection throughout the design and construction process and beyond to long-term management of properties. Choosing the right partners is crucial, too, whether it's a financial institution, government agency or private developer. So is operating in a community that is proactive about developing affordable housing. Charlotte City Council has consistently supported these efforts, beginning with the creation of The Housing Partnership in 1998 and later the Housing Trust Fund in 2001 which offers financing for affordable housing in the Charlotte community.

After years of good choices and

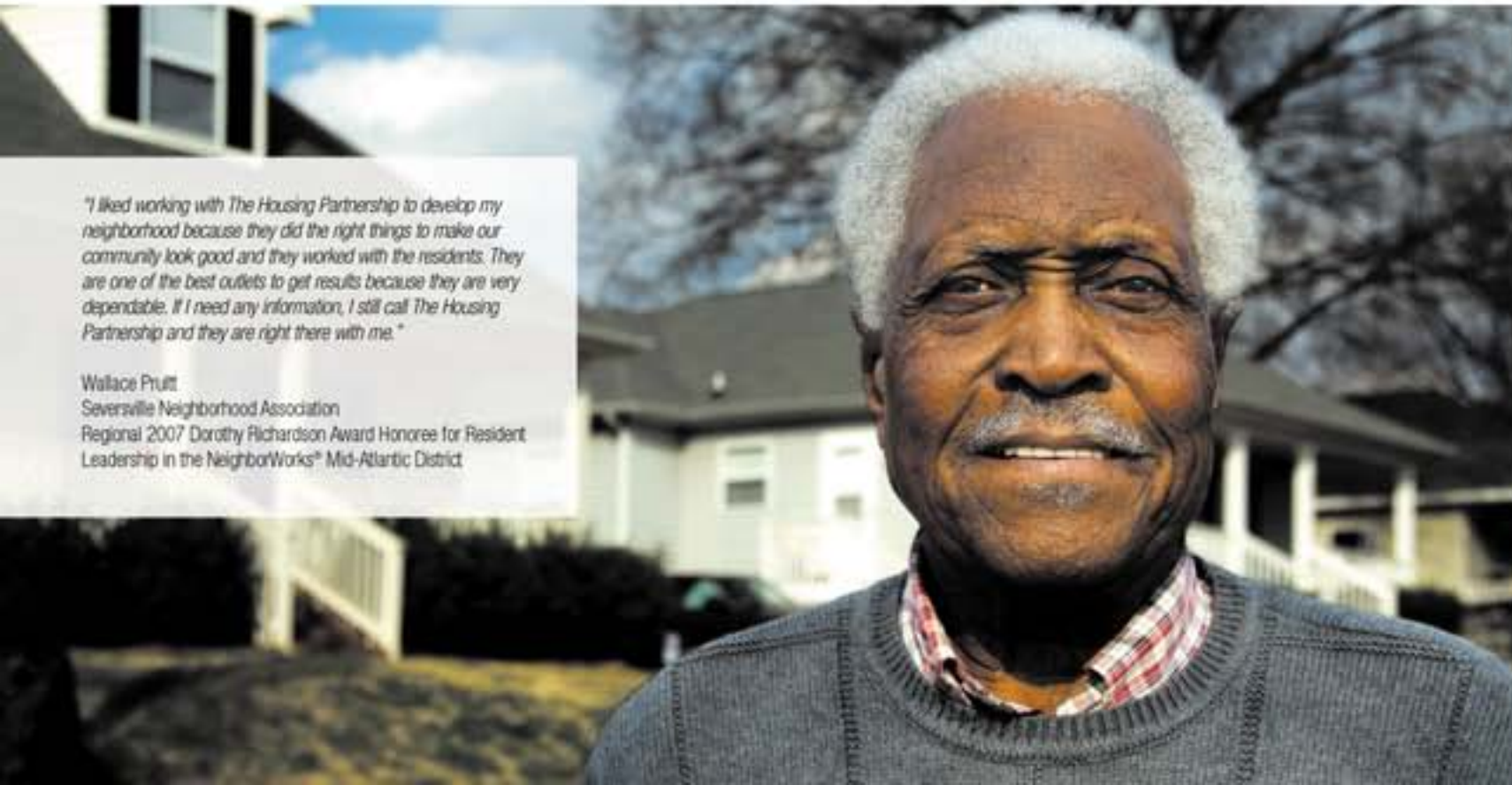


"Working with The Housing Partnership has provided us with the opportunity to express our company's commitment to mixed-income communities. Combining our business success with their nonprofit development niche has created an effective strategy to revitalize neighborhoods in the Charlotte area. Our first project together was The Park at Oaklawn, which was a great success. It was an expression of public-private partnership at its best. The clamor for the homes and customer satisfaction told the story."

Bob Zweier, President, Sausy Burbank

"We look forward to continuing to work with The Housing Partnership on projects that give individuals at varying income levels the opportunity to afford a nice home. Our management team's core principle to keep its designs distinctive, yet work with partners committed to affordability, is a win-win for Charlotte. We've been able to create some wonderful opportunities together, which is exactly what we like to do as a Charlotte-based business with national recognition."

Jim Burbank, Chairman, Sausy Burbank



"I liked working with The Housing Partnership to develop my neighborhood because they did the right things to make our community look good and they worked with the residents. They are one of the best outlets to get results because they are very dependable. If I need any information, I still call The Housing Partnership and they are right there with me."

Wallace Pruitt
Seversville Neighborhood Association
Regional 2007 Dorothy Richardson Award Honoree for Resident Leadership in the NeighborWorks® Mid-Atlantic District

The South Oak Story



An affordable place to live and transportation. These two basic necessities make living a full and productive life possible which is why the development of South Oak Crossing is a pivotal event in the history of The Housing Partnership. It's the first affordable development along Charlotte's new light rail line, and residents are moving in now. Located off Old Pineville Road at Arrowood, South Oak is within walking distance to Arrowood Station on the city's new transit line. It is a mixed-income development with 92 of the 192 units at market value.

The Housing Partnership purchased the 10-acre site six years ago, before the light rail route was even established.

Being on the route has made the development even more viable and desirable. South Oak was financed by a complex combination of investments including tax exempt bonds, Housing Trust Fund, tax-credit equity, a CMHP loan, Hope VI funds and Neighborhood Reinvestment funding.



FRED DODSON, VP & Chief Operating Officer, The Housing Partnership

"Affordable housing goes well beyond numbers and paperwork. It's a living thing with its own heartbeat. The demand may always outstrip the supply, but for every family that succeeds in getting into their own home, the course of generations is positively impacted."

**DEVELOPMENTS UNDER
LONG-TERM MANAGEMENT:**

- Anita Stroud
- Belmont Springs
- Brighton Place
- Cheshire Chase
- Druid Hills duplexes
- Grant Station
- Pleasant View I & II
- Village of Rosedale I & II
- Seversville Apartments
- Shelton Knoll
- The Gables at Druid Hills
- Tyvola Crossing
- West Downs
- Rivermere



Forecast



THIS YEAR'S MILESTONES AND WORKS-IN-PROGRESS/FUTURE PLANS

The Housing Partnership continues to increase the affordable housing opportunities in Charlotte. Since inception, we have assisted 1,100+ families in purchasing homes through the Homeownership Department which prepares customers to purchase homes through counseling and training services and assists purchasers in buying homes using mortgages at affordable rates. In addition, we have built or financed 1,760 rental units, representing an increase in the Charlotte-Mecklenburg tax base of more than \$208 million.

NOW UNDER DEVELOPMENT

Live Oak Seniors - Construction is underway for 50 units of affordable housing for seniors adjacent to Phillips Place near South Park Mall. Funds are from the Housing Trust Fund, HOPE

VI loan, tax credit equity and state tax credit loan. This project is in partnership with the Charlotte Housing Authority. Apollo Equity Partners is the tax credit investor. Bank of America and Pappas Properties are also involved in the development of market-rate commercial and residential structures on adjacent parcels of land. The development is named Ashley Park.

Double Oaks - The Housing Partnership is determining best use for this site off Statesville Avenue. Affordable multi-family and senior rental units, market-rate rental and affordable and market-rate homeownership are planned as well as civic uses and potential commercial. A development agreement between City of Charlotte and The Housing Partnership has been approved by City Council. We are working with city and civic partners and requesting foundation support. Acquisition loans were made by Wachovia, the Housing

Partnership Network, and NHSA-CDFI (Neighborhood Housing Services of America - Community Development Financial Institution Funds).

Wingate - The City approached The Housing Partnership in June about completing Wingate housing development. The Housing Partnership purchased Seymour Apartments which have been demolished and incorporated into a larger tract provided by the city. This new development will be subdivided for the construction of new, for-sale single-family homes.

Arbor Glen - This is a joint project between The Housing Partnership, Crosland and the Charlotte Housing Authority located off Clanton Road near West Boulevard. It includes 47 single-family lots for sale. Construction is underway with one half of the lots sold and 17 loans closed to date. Homes are being built by Saussy Burbank.

South Oak - Our newest multi-family has 192 family units at Old Pineville and Arrowood Roads near South Boulevard. This development is close to 100% complete. It is mixed-income with 100 affordable units. The total development costs \$19.2+ million, financed via bonds, Housing Trust Fund, tax credit equity, HOPE VI funds, and Neighborhood Reinvestment funding. The rental office is open. The Housing Partnership has received 100+ applications to date with 61 approved. The anticipated completion is Spring 2008.



Joy Paige, Wachovia Community Affairs Manager - Charlotte Headquarters Region

"Wachovia is a long-time supporter of The Housing Partnership, because we share a common goal - building strong communities. When we make a grant or a community development loan, we expect that investment to spark change and growth in a community that will continue for years to come. The Housing Partnership works every day to create sustainable economic opportunity for low- and moderate-income individuals and families. It is a force that is making a great difference in many lives and we're proud to support those efforts."

Financial Section

JULY 1, 2005 – JUNE 30, 2006 FISCAL YEAR

REVENUE AND SUPPORT

Increase in Restricted Net Assets	\$ 858,116
Other Grants & Contributions	\$ 3,961,131
Rental Income	\$ 5,474,094
Interest Income	\$ 940,405
Home & Single Family Lot Sales	\$ 509,944
Other Income	\$ 1,358,681

Total Revenue and Support \$13,102,371

ASSETS

Unrestricted Cash	\$ 1,250,977
Restricted Cash	\$ 2,634,240
Accounts Receivable	\$ 203,982
Grants Receivable	\$ 255,379
Interest Receivable Single-family Loans	\$ 526,594
Interest Receivable Multi-family Loans	\$ 527,209
Reserves and Escrows	\$ 9,252,909
Notes Receivable	\$14,235,145
Projects in Development	\$10,295,837
Rental Property	\$52,647,152
Other Assets	\$ 2,695,178
Total Due from Affiliates	\$50,553,463

EXPENSES

Program Costs	\$ 9,887,915
Support Services	\$ 1,522,473
Interest Expense	\$ 87,755
Total Expenses	\$11,498,143

CHANGE IN NET ASSETS

Temporarily Restricted Net Assets	\$ 527,716
Permanently Restricted Net Assets	\$ 275,000
Unrestricted Net Assets	\$ 801,512
Loss Allocated to Non-controlling interest	\$ 1,322,462
Total Change in Net Assets	\$ 2,926,690

COMMUNITY IMPACT

Families Counseled	1,134
Homeowners Created	161
Apartments Completed	19
Increase in Property Values	\$208,236,106

LIABILITIES AND NET ASSETS

Accounts Payable & Accrued Expenses	\$ 1,784,411
Notes Payable	\$38,971,246
Non-controlling Interest	\$14,721,687
Net Assets	\$39,047,258
Total Liabilities and Net Assets	\$94,524,602



Opinion Page



LETTER FROM THE CHAIR AND PRESIDENT

It has been a great year at The Housing Partnership. We explored new opportunities to strengthen family homeownership, build affordable housing developments, and revitalize entire neighborhoods and corridors. This year we completed new homes, began new rental communities and set about master planning Double Oaks, our largest effort to date. We are also especially proud that during a time of rising construction costs, we were still able to build Charlotte's first new affordable rental housing along the Lynx light rail line.

We know we are facing challenges as we look to the future development of quality affordable housing. Housing organizations will continue to be stretched by the need to provide more housing for workforce families while also struggling with the difficulties related to the city-wide single-family foreclosures. Both challenges have motivated us to explore new partnerships, new funding sources and perhaps new ways of doing business.

The balancing act for The Housing Partnership will be to work with solid partners, and deal with the challenges while not overextending our capabilities. We're a small organization with great capacity and we must be strategic in carrying out our mission. The foreclosure problem in itself is a tremendous challenge. We will have a role in helping mitigate the effects on our neighborhoods, but we will need partners to help us.

While focusing on solutions for these new challenges, we still need to continue providing safe, decent housing for low- and moderate-income families in our community. Our customers will continue to need counseling so that they can buy that first house and sustain homeownership. Some will desperately need good, affordable rental housing. There will be plenty of work to do.

We will also continue our revitalization efforts to create lasting and transformative change. There are still neighborhoods which need our services. We will be involved in the revitalization of the Double Oaks community for several years to come.

None of the challenges before us should make us hide our head in the sand. We will deal with them as we have always done - strategically, in a thoughtful manner so that in the end we continue to provide Charlotte with well-managed, affordable, workforce housing. We accept every challenge as an opportunity for growth.

Dean Devillers
Chair

Pat Garrett
President

Recent developments and the continuing stories.

REVITALIZATION

REPORT 2007

DOUBLE OAKS

- Purchased Double Oaks Apartments and secured important parcels of property.
- Developed Double Oaks master plan.
- Declared Double Oaks a HUD-City Revitalization Area.
- Received a \$25 million commitment from the City of Charlotte for implementing the revitalization of Double Oaks.

DRUID HILLS

- Awarded tax credits for 48 rental family units proposed for Kohler Avenue.
- Received funding for construction of new multi-family for-sale homes along Kohler Avenue.
- Darryl Gaston, Vice-President of the Druid Hills Neighborhood Association, was elected to The Housing Partnership's Board of Directors.
- Completed the rehabilitation of 8 units on Franklin and Olands Streets.

THE PARK AT OAKLAWN

- Project was a finalist for the Turner prize, receiving national recognition with the project published on the University of California at Berkeley website announcing all finalists.

LAKWOOD

- Continued to assist the Lakewood Community Development Corporation through the acquisition and demolition of property

necessary for further implementation of the Lakewood Neighborhood Plan.

- Planned for the construction of new for-sale single-family homes.

SEVERSVILLE

- Neighborhood Community President Wallace Pruitt was recognized by NeighborWorks® America as a 2007 Dorothy Richardson Award Honoree.

WINGATE

- Purchased and demolished Seymour Apartments, working with the City to relocate all the residents and incorporating the property into a larger tract that will allow for construction of new for sale single-family homes.

HIGHLIGHTS:

- Led HUD Secretary Alphonso Jackson in collaboration with Republican Rep. Robin Hayes and Democratic Rep. Mel Watt on a tour through Statesville Avenue Corridor to view HUD's investment in Charlotte's neighborhoods.
- Pam Sylfert, former Charlotte City Manager, received Honorable Mention for NeighborWorks® America's 2007 Government Service Award.
- Eight residents attended leadership training in Baltimore, focusing on effective citizenship and resident-driven community-change efforts.

AGENDA 2008

The Housing Partnership is currently revitalizing communities following plans developed with stakeholders and consideration of housing development and quality of life trends in targeted neighborhoods:

LAKWOOD NEIGHBORHOOD PLAN

The Housing Partnership is currently working with the Lakewood Community Development Corporation on construction of for-sale single-family homes as Phase III of this Plan's implementation.

STATESVILLE AVENUE CORRIDOR PLAN

- Druid Hills: 48 rental family units and 45 for-sale homes are planned for Kohler Avenue. Acquisitions will also continue in Druid Hills as this Plan is further implemented.
- Double Oaks: Continue to develop and plan with public and private partners to address issues regarding relocation, zoning, environmental concerns and financing.

WINGATE

The Housing Partnership is currently working to re-develop 28 for-sale single-family homes in this neighborhood. All homes will be consistent with the character of the neighborhood.

EDUCATION

REPORT 2007

HOMEOWNERSHIP EDUCATION

- Reached out to over 1,400 people with homeownership outreach program seminars.
- Pre-purchase advisory and education services assisted 735 families with an average income of \$37,704, from which 161 became new homeowners.
- Thirteen classes were provided to customers who were pre-purchase ready, from which 226 future homeowners graduated.
- Eleven sessions were provided to customers facing more intensive credit issues to prepare them for future homeownership. In total, 151 customers obtained assistance with overcoming obstacles preventing them from owning a home.
- Seventy-three percent of the Homeownership Center of Charlotte's new homeowners were families headed by women.
- New homeowners purchased at an average sales price of \$127,593.
- Continued to provide mortgages to customers who graduated from homeownership classes as appropriate.

DELINQUENCY:

- The average delinquency rate for loans originated by The Housing Partnership was 8.8% at fiscal year's end as compared to the Federal Housing Administration's rate of 12.5%. With long-term affordable homeownership as a primary goal, the Homeownership Center of Charlotte provided delinquency counseling to 268 families.
- Four delinquency and foreclosure prevention workshops were given.

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 fifth successful Home Giveaway event sponsored by the Charlotte Regional Realtor® Association.
- The Housing Partnership became the first non-profit to be approved to originate North Carolina Housing Finance Agency mortgage loans.
- Relationships were established with 7 realty companies/banks for automatic referral to the Homeownership program.
- Worked with Department of Housing and Urban Development to provide seminar to possible foreclosure victims.

AGENDA 2008

- Continue to provide quality services to families seeking homeownership in the core areas of:
 - Professional one-to-one advising
 - Homeownership education, and
 - 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, employers for direct referrals to the program.
- Develop stronger partnerships with banking representatives.
- 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 Housing Partnership's portfolio as well as provide classes on delinquency and foreclosure prevention.
- 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.
- Continue work with Croftland and the Charlotte Housing Authority on homes in Arber Glen.

DEVELOPMENT

REPORT 2007

RENTAL COMMUNITIES:

- The Housing Partnership began lease up for 192-unit South Oak Crossing, its second bond deal and Charlotte's first new affordable rental development along the light rail line.
- Began construction of Ashley Park (formerly known as Live Oak Seniors) – a 50-unit development for seniors over 55 in the South Park area.
- Began discussions with investors about Seversville and Cheshire Chase Apartments regarding long-term disposition plans.
- Acquired property for future affordable rental housing developments.

HOMEOWNERSHIP COMMUNITIES:

- The Housing Partnership continues to provide housing for 12 Katrina evacuee families.
- Completed and closed HOPE VI and other funding needed for the construction of Arber Glen Single Family Homes (the redevelopment of the former Dalton Village). Began construction – forty-seven homes planned with 15 lots reserved for Charlotte Housing Authority buyers. Fifty-five percent of the lots have sold. Homes by Saussey Burbank.

HIGHLIGHTS:

- The Housing Partnership held a ribbon cutting for South Oak Crossing.
- New databases were created to track real estate acquisitions, funded mortgage files and Notes and Deeds.
- Development team led by Pappas Properties, including The Housing Partnership, Greenhawk Development Partners, Citiventure Associates and Colonial Properties Trust, was chosen by the Charlotte City Council to proceed with development of transit stop area at Scalegbank.
- Received tax credits for 48 affordable rental units on Kohler Avenue.
- Won the North Carolina Housing Finance Agency 2007 Housing North Carolina Award for Rivermere, a family rental community at Mt. Island Lake with 192 affordable and market-rate apartments developed in collaboration with the Charlotte Housing Authority and the City of Charlotte.

AGENDA 2008

The Housing Partnership is currently working on the following rental and homeownership opportunities:

RENTAL COMMUNITIES

- Continue to lease up units at South Oak Crossing.
- Refinance the debt on CMHP Properties in order to pay for renovations to apartment complexes and set up a development line of credit.
- Continue the construction of Ashley Park.
- Develop template to evaluate purchase of apartments and expiring tax-credit property opportunities.

HOMEOWNERSHIP COMMUNITIES

- Continue to supervise construction of Arber Glen single family homes.

STRATEGIES

- The Housing Partnership will continue to explore acquiring property and other opportunities for future developments.
- The Housing Partnership will continue to develop relationships with market-rate developers for opportunities to collaborate on joint projects.



Board of Directors

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Federal Reserve Bank

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Attorney at Law

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Alonzo Woods
University Park Baptist Church

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

This annual report is dedicated in honor of two great champions of The Housing Partnership's work:

Pamela Syfert, Charlotte's former City Manager, retired this year. She worked to gain attention for the need for affordable housing in her various roles at the City of Charlotte. She played an instrumental role in creating the 1987 Housing Task force that developed the model for what would become The Housing Partnership. She served on the committee that implemented the model and provided guidance during our early years. We appreciate the legacy she left the community and the charge she left us to develop safe, well-run affordable properties.

Clifford Roberts, The Housing Partnership's Senior Vice President of Business Finance, also retired this year. He furthered the organization's mission and programmatic needs through a variety of roles beginning in 1996. He arrived at a time when we desperately needed the guidance with the expanding complexities of our accounting system. Cliff's ability to think strategically through the numerous aspects of each new development or re-development will be greatly missed.

Thanks Pam and Cliff.

Special remembrances are also paid to Tom Brooks, NeighborWorks® America, and Willie Green, Druid Hills, both of whom we lost last year.

