

THE HOUSING PARTNERSHIP ANNUAL REPORT 2009

Homework pays off.



THE HOUSING
PARTNERSHIP

Our Mission

To expand affordable and well maintained housing and promote stable neighborhoods for low and moderate income families with a continuing interest in the ability of occupants to more fully enter the economic mainstream.

Our Vision

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


Assignment: Decent, affordable housing for all.

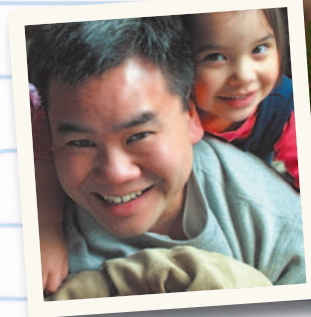


Affordable housing is a cornerstone of stable families and strong communities. It provides the security that is a springboard to success, which is measured in many ways: less crime and lower drop-out rates, a stronger tax base, more efficient use of municipal dollars, a vibrant economic outlook. Plus intangibles like quality of life and a prevailing attitude that says 'all is well' and 'great things are possible here.'

Charlotte-Mecklenburg Housing Partnership is a study in affordable housing accomplishment. These pages provide a year in review, a report card of great progress and the potential for much more.

(REVITALIZATION)

We can't  erase the past, but we can work toward a bright future.



*The McNeel
opening summer 2010*

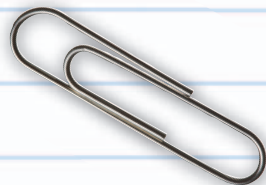
NOTES

Revitalization is one of our strongest subjects.

Planning, patience and perseverance pay off. That's what The Housing Partnership has learned through its revitalization efforts, which began in the early 1990s. At that time, Genesis Park was a crime engine affecting the whole city, a destination for drug deals with the accompanying violence and distress. Residents feared for their safety as property values deteriorated. Problems began seeping over to adjacent Greenville where The Housing Partnership was building new homes. To protect The Housing Partnership's investment, a holistic strategy was developed in conjunction with the Charlotte-Mecklenburg Police Department and neighborhood leaders to turn Genesis Park around. In doing so, it was apparent that surrounding neighborhoods would benefit as would all of Charlotte.

This strategy not only became a template for The Housing Partnership to follow when working in other targeted neighborhoods, it garnered national attention when the revitalization of Druid Hills won the MetLife Foundation Community-Police Partnership Award. Today this formerly challenged area is a model community with empowered residents, enhanced infrastructure and housing, better safety and a park. Genesis Park, Greenville and Druid Hills would become part of the City's comprehensive Statesville Avenue Corridor Plan which also encompassed the extraordinary HOPE VI transformation of The Park at Oaklawn. Efforts have now turned to a comprehensive revitalization of the Double Oaks community. Funding has been secured and the infrastructure is near completion. Construction is underway on nearly 150 family apartments, 72 units of senior housing and a child development center. Giving new life to targeted neighborhoods pays off. It's one of the things The Housing Partnership does best.

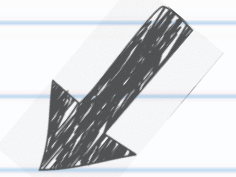
Double Oaks Day Care



before Fairview Homes



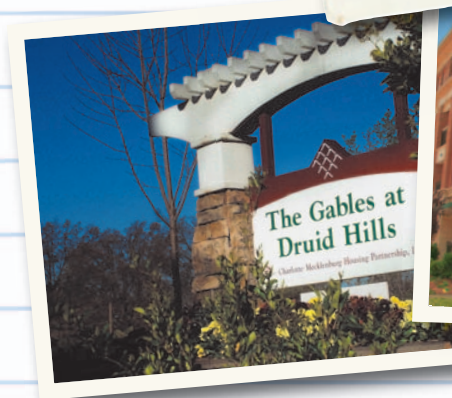
after The Park at Oaklawn



"Revitalization encompasses everything The Housing Partnership does. We utilize the education and development components as well as finance, services and construction expertise. You can't just pull one thread from the cloth and call it revitalization. It is all of these pieces woven together."

- Stan Cook, Community Liaison
The Housing Partnership

Druid Hills



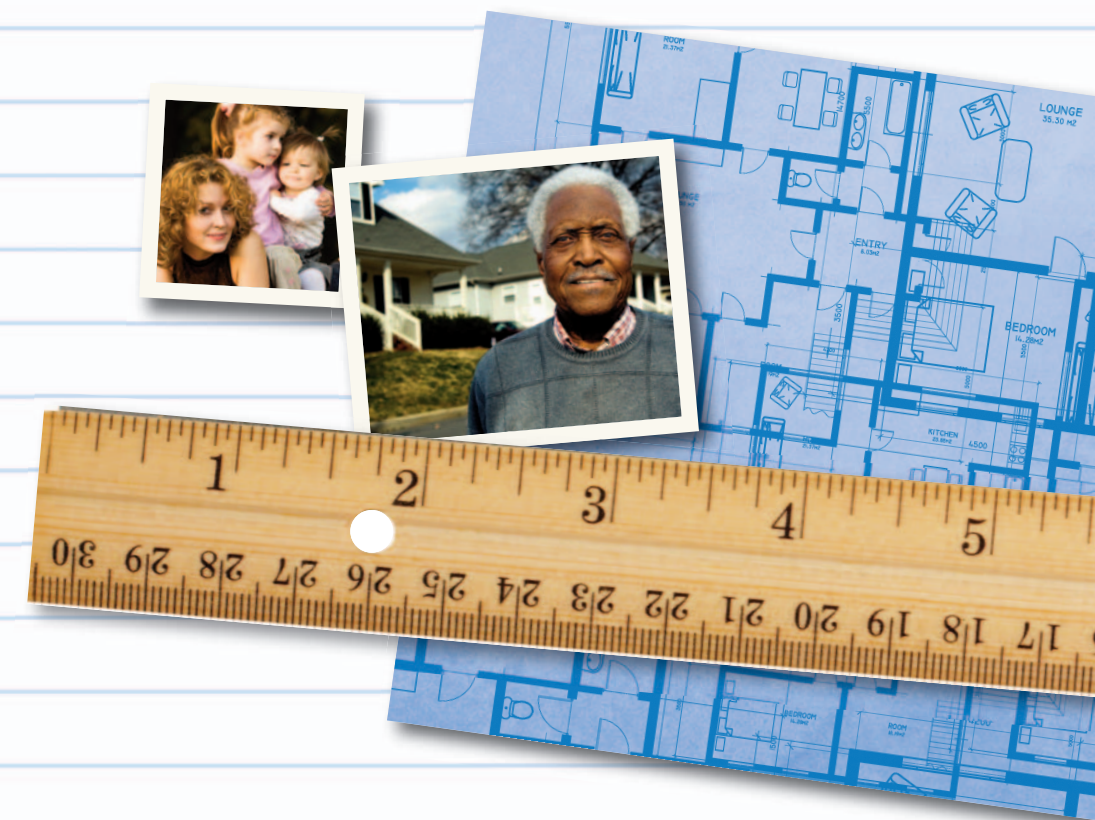
The Gables Phase II opening summer 2010

The Alexander opening fall 2010



(EDUCATION)

Our success
is measured by
the success
of our
homeowners.



(Education)

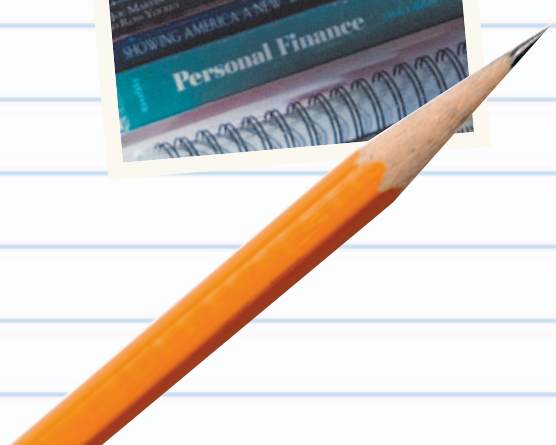
NOTES

Homeownership education is a very smart move.

Education pays off. It can make the dream of homeownership possible for motivated buyers and also keep that dream alive without fear of foreclosure. The Housing Partnership has always been a major advocate of financial literacy which is more critical than ever in light of monumental changes in the national economy and, in particular, the real estate market. New classes and seminars have been added to address the changing credit guidelines, stimulus programs, delinquency and foreclosure prevention, default counseling and even the purchase of foreclosed homes. More than 1,000 individuals were served through programs last year.

The Housing Partnership has also stepped up its role in educating the community on affordable housing needs and established relationships with area companies, builders and banks for automatic referrals to in-house programs. Although the ability to originate first mortgages has changed due to stricter lending guidelines, The Housing Partnership is still able to qualify customers for downpayment assistance and continue to provide second mortgages and originate first mortgages for customers as appropriate.

From advising to advocacy, homeownership education has a pivotal role in helping individuals and families secure affordable housing and maintain the financial commitment over time. It continues to be a tool to help accomplish revitalization and development efforts within targeted neighborhoods as well. More crucial now than ever, and constantly evolving to meet market needs, education services provided by The Housing Partnership have a tremendous impact on Charlotte.



(DEVELOPMENT)

Housing holds
us together.



SpringCrest

(Development)

NOTES

A thriving neighborhood creates a world of possibility.

Stability pays off. It is a fact that unless basic requirements for food and shelter are met, the higher needs of education and employment cannot be adequately addressed. This is why creating affordable for-sale and rental homes in Charlotte matters so desperately much. It pays off for service, public safety and healthcare workers, teachers and others with vital, yet low to moderate income jobs throughout the Charlotte area. It pays off in a sense of groundedness and provides a stepping stone of opportunity for moving up. From good design to desirable locations, our customers are interested in the same things the rest of the real estate market requires. This means that development offerings are constantly evolving to meet those needs. **Current areas of focus are transit-oriented building, sustainability and the use of green development techniques.**

From single and multi-family to workforce and senior rental development, The Housing Partnership's efforts have had a profound impact on the city. **Development is used to accomplish revitalization within targeted neighborhoods and as stand alone opportunities to help individuals and families.** With two decades of experience, steadfast public and private partners and a proven team approach, The Housing Partnership has gained the skills and capacity to manage long-term, large-scale redevelopments such as The Park at Oaklawn and now Double Oaks.

Another thing learned is that development does not end when construction is completed. Maintaining the integrity of property over time is a key factor of success and a core strength of The Housing Partnership. The financial model used to evaluate potential developments is continually improving as the product continues to evolve. **Every development undertaken is an investment in people, in Charlotte, in the future.**



The McNeel



A stronger community is the point.

Delivering quality affordable housing requires skill across the curriculum. There's a science to it and the numbers have to work. Effective written and spoken communication is key, as is a mastery of geography and history. For optimum results, it's critical to be organized, to do the homework. This is how The Housing Partnership stays ahead of the curve, making affordable housing a reality in Charlotte. And improving the quality of life for all.





REPORT & AGENDA + FINANCIAL SUMMARY

REPORT CARD
FOR YEAR

2009



Revitalization Report

January 1, 2009 – December 31, 2009

Completed relocation of tenants of Double Oaks Apartments under Uniform Relocation Act with 21 families utilizing their relocation benefits to purchase a home.

Demolished all Double Oaks Apartments buildings to the foundation.

Began construction of tax credit rental properties in Double Oaks, which include The McNeel Apartments – a 48-unit multi-family rental development, Gables Phase II – a 72-unit elderly development, and The Alexander Apartments – a 96-unit multi-family development and daycare.

Received Approved Audubon Lifestyles Design™ designation for Double Oaks, which indicates that the current land use plan is consistent with the International Sustainability Council (ISC) Principles of Sustainability.

Completed loan documents with the City of Charlotte for a \$25 million package for Double Oaks, which includes grants, loans, and loan guarantees.

Received additional funding for Double Oaks from Wachovia and a Housing and Urban Development Economic Development Initiative grant.

Continued infrastructure planning for Double Oaks.

Continued to explore various options for an area park in Double Oaks and financing from Mecklenburg County Parks and Recreation.

Continued work with Shook Kelley and LandDesign to further refine the Double Oaks master plan and develop the pattern book and branding strategy necessary to sell development pads to private developers and home builders.

Purchased two additional properties in the Rachel/Olando Street area as part of a continued effort to enhance stability in targeted areas of Druid Hills.

Continued to work with the Druid Hills Neighborhood Action Team to share planning updates.

(REPORT / AGENDA)

HIGHLIGHTS:

Won a Neighborhood Excellence Initiative Award from Bank of America.

Continued to assist the Resident Leadership Council in planning activities that are geared towards leadership capacity development with their attendance at a biannual training institute in Milwaukee sponsored by NeighborWorks® America.

Participated in the Neighborhood Stabilization Program coordinated by the City of Charlotte, which involves the purchase and rehabilitation of foreclosed houses.

Revitalization Agenda 2010

Continue to develop and maintain relationships with service providers who serve or might serve targeted neighborhoods.

Maintain strong partnership with Charlotte-Mecklenburg Police Department.

Track foreclosures in targeted neighborhoods and make recommendations about acquisitions caused by foreclosure.

Continue to acquire properties in targeted neighborhoods for redevelopment.

Continue to develop and plan with public and private partners to address issues regarding zoning, environmental concerns and financing.

Remove the foundations at Double Oaks and totally clear the site once an infrastructure plan is approved.

Manage payments to and communicate with Double Oaks relocatees regarding new developments as they become available in Double Oaks.

Work on a plan to develop additional affordable senior rental units in Druid Hills and find funding source.

Education Report

January 1, 2009 – December 31, 2009

Homeownership Education:

Provided counseling and education to 131 families who purchased a home.

New homeowners purchased at an average sales price of \$107,664.

Conducted 6 Avenues to Homeownership classes for 91 attendees and sent follow-up letters every 6 months to check their progress on the tasks outlined in the class.

Provided 12 seminars/workshops in which over 885 attendees received information regarding services.

Approved 18 customers for down payment assistance.

Continued to provide first and second mortgages to customers who graduated from homeownership classes as appropriate.

Established a new relationship with 7 banks/mortgage companies for automatic referral to program and continued to nurture relationship with local Housing and Urban Development (HUD) representatives who refer customers to the program.

Delinquency/Foreclosure Prevention:

Provided seminars and attended events in the Peachtree, Wingate and Thomasboro communities.

Provided foreclosure counseling to some of the 600 attendees of the NeighborWorks America and Federal Reserve HOPE Now clinic.

Provided foreclosure prevention information to participants at all seminars and workshops attended throughout the year.

Had an average delinquency rate of 14.8% for loans originated by The Housing Partnership as compared to the Federal Housing Administration's rate of 15.04%. With long-term affordable homeownership as the primary goal, the Homeownership Center of Charlotte provided delinquency counseling to 462 families.

HIGHLIGHTS:

Provided separate homebuyer education classes for Habitat for Humanity customers.

Re-certified as a HUD approved counseling agency for two years.

Education Agenda 2010

Continue to modify classroom curriculum and expand educational program to ensure an intensive and interactive approach is employed to assist customers in implementing what they've learned into their daily lives.

Reach a broader audience with homeownership education through marketing efforts and by establishing additional partnerships with realty companies, banks, schools, community-based organizations and employers.

Increase financial literacy education, emphasizing the effects purchasing a home has on finances, and the more restrictive nature of lender guidelines and loan products.

Ensure public is aware of changing foreclosure prevention guidelines and leverage program funding and opportunities to better assist customers threatened by foreclosure.



Development Report

January 1, 2009 – December 31, 2009

Managed payments to and communicated with Double Oaks relocates about the new rental opportunities that will be available by the end of 2010.

Received 2009 allocations of tax credits for the three rental developments in Double Oaks with all 216 units being constructed simultaneously using 2 different general contractors.

Completed lease up of all 50 units at SpringCrest at Ashley Park.

Obtained a zero interest \$1,000,000 loan commitment for land acquisition from the Foundation For the Carolinas Nell Rose Bates Affordable Housing Fund.

Purchased 4.6 acres for the development of Westinghouse Apartments, a 90-unit apartment home community in Southwest Charlotte.

Managed inventory of vacant property until ready for development.

Renovated West Downs Apartments, a 28-unit apartment home community in West Charlotte.

Bought investors' interest in Seversville Apartments.

HIGHLIGHTS:

Held a 20th Anniversary Celebration, which included the ground breaking and naming of 2 tax credit developments in Double Oaks and a luncheon event honoring 20 years of accomplishments on behalf of affordable housing.

Development Agenda 2010

Monitor all units under the oversight of The Housing Partnership to ensure that the properties are maintained to the organization's high standards and that appropriate tenant records are maintained.

Apply for rehab tax credits for Seversville Apartments.

Complete construction, secure certificates of occupancy and lease up The Gables II Apartments (72 units), The McNeel Apartments (48 units) and The Alexander Apartments (96 units).

Continue to participate in planning and development of plans for the Scaleybark rail station and new affordable rental housing.

Seek Program Related Investments (PRIs) from a variety of sources, particularly foundations, to provide short-term development funding with favorable terms.



January 1, 2009 – December 31, 2009
Fiscal Year

REVENUE AND SUPPORT

Increase in Restricted Net Assets	\$ 602,020
Grants & Contributions	\$ 5,178,293
Rental Income	\$ 7,512,391
Interest Income	\$ 858,687
Home & Single-Family Lot Sales	\$ -
Other Income	\$ 122,042
Total Revenue and Support	\$ 14,273,433

EXPENSES

Program Costs	\$ 16,737,035
Support Services	\$ 1,805,640
Interest Expense	\$ 1,944,652
Total Expenses	\$ 20,487,327

CHANGE IN NET ASSETS

Temporarily Restricted Net Assets	\$ (632,719)
Permanently Restricted Net Assets	\$ (970,000)
Unrestricted Net Assets	\$ (3,133,014)
Total Change in Net Assets	\$ (4,735,733)

ASSETS

Unrestricted Cash	\$ 3,313,859
Restricted Cash	\$ 610,008
Accounts Receivable	\$ 133,737
Grants Receivable	\$ 1,565,164
Interest Receivable - Single-Family Loans	\$ 604,879
Interest Receivable - Multi-Family Loans	\$ 146,652
Reserves and Escrows	\$ 6,431,712
Notes Receivable	\$ 12,329,446
Projects in Development	\$ 28,757,466
Rental Property	\$ 71,347,911
Other Assets	\$ 2,256,730
Total Assets	\$127,497,564

LIABILITIES AND NET ASSETS

Accounts Payable & Accrued Expenses	\$ 4,671,252
Notes Payable	\$ 71,894,646
Non-controlling interest	\$ 20,054,431
Net Assets	\$ 30,877,235
Total Liabilities and Net Assets	\$127,497,564





NOTES

Letter from the Chair and President

We've said it many times before, but it bears saying again: At The Housing Partnership, we are what we've learned over the past 20 years. We represent an organization that is large enough to meet complex housing needs within Mecklenburg County and yet nimble enough to know how to adapt its strategies to the changing conditions of the community and economy.

Safe, decent and affordable housing is a cornerstone of stable families and communities. That is why we commit our resources to homeownership education and neighborhoods. When the work is done, we leave but we never walk away. Our ongoing relationship is that of neighbor and/or reinvestment to sustain progress. We retain our neighbor status in Seversville where we have Seversville Apartments and The Park at Oaklawn where we have Anita Stroud Senior Apartments. Our reinvestment activities are as needed to ensure absentee landlords do not jeopardize a neighborhood's stability.

It is heartening to see the resilience of communities like Greenville, where our quality and affordable homeownership opportunities bolstered a neighborhood. This neighborhood, which was our first community-wide effort, had strong leadership above and beyond The Housing Partnership's efforts. Greenville's success charts the course for a community like Double Oaks, which is on a ten-year path to becoming a more positive neighbor to Greenville and other Statesville Avenue Corridor communities.

The Housing Partnership and each of our associates believe that being prepared is the key to success. So we practice what we teach through our Homeownership Center of Charlotte. We know that educated and vested homeowners are capable of sustaining homeownership and creating neighborhoods whose success can be measured through social indicators as well as a stronger tax base. So we are vested, as well as the residents, in our revitalization neighborhoods and our workforce and senior housing communities.

As you will see in the report and agenda sections of this annual report, we monitor our goals and budget closely to ensure efficient use of public and private dollars. Our revitalization, education and development results contribute to a vibrant Mecklenburg County.

Building and creating a quality product, as well as being prepared, ensure we make the grade. You'll see that evidenced as we build and lease up the first three developments in Double Oaks – The Gables II, The McNeel and The Alexander (which includes a new building for Double Oaks Day Care) – as well as in our expansion of financial literacy opportunities to homeowners and renters throughout Mecklenburg County.

We've done our homework. We took the time to examine the entire landscape of the working poor in Mecklenburg County. We strive for an A on every assignment. The hard-working families and fragile seniors in our communities deserve a valedictorian effort.

James R. Simpson
Chair



Pat Garrett
President



NOTES

Board of Directors

William Ahern Federal Reserve Bank	Wayne Osella Wachovia
Mayor Pro Tem Susan Burgess (a)* Charlotte City Council	Roger Parham Headline Realty
William K. Burton Bank of America	Major Kerr Putney* Charlotte-Mecklenburg Police Department
Will Caulder Rodgers Builders	Ellen Rogers Bank of America
Dean Devillers* Cashel Rock Investors	Lisa Sawicki PriceWaterHouseCoopers
Ted Fillette Legal Aid of North Carolina, Inc.	Jim Simpson Wood Partners
Larry Fraser Woolpert	John Stokes BB&T
Harvey Gantt(a)** Gantt Huberman Architects	Linda D. Thomas Duke Energy
Darryl Gaston Neighborhood Representative	Keva Walton* Charlotte Chamber of Commerce
Bert Green Habitat for Humanity	Wendy Logan-Way Neighborhood Representative
Richard Korenich** Charlotte-Mecklenburg Police Department	Mary Wilson** Department of Social Services
James Mitchell (a)** Charlotte City Council	Alonzo Woods The Park Ministries
Angeles Ortega Moore former Executive Director of Latin American Coalition	* Retired Member ** Newly Elected Member (a) Appointed Member

*This annual report is dedicated to the memory
of Nell Rose Bates and Susan Burgess*

Nell Rose Bates was a devoted teacher in Charlotte-Mecklenburg Schools for many years. She died in 2008, leaving as her legacy a bequest that positively impacts children living in poverty. Her generous gift established the Nell Rose Bates Affordable Housing Fund through the Foundation For The Carolinas. It provides a no-interest revolving loan fund for the creation of quality affordable housing opportunities in stable neighborhoods.

The Housing Partnership is delighted to be the first recipient of a loan from the Nell Rose Bates Affordable Housing Fund. We will honor her legacy by creating quality homes that enhance the lives of workforce families.

Thank you, Ms. Bates, for your example of generosity and your lasting gift to Charlotte.

Former Mayor Pro Tem **Susan Burgess** was a determined public servant elected to the Charlotte City Council for five terms. She also served on The Housing Partnership's Board of Directors. She died June 16, 2010. Her legacy of service was expressed best by her own words when she said, "I love my city and its people, and it has been an honor for me to represent them."

Susan was a voice of the people on the City Council, working tirelessly to understand complex issues and meet with constituents. She advocated for affordable housing as part of her love for all of Charlotte's citizens.

Thank you, Susan, for your determination and your willingness to give so much of yourself to Charlotte and to The Housing Partnership.



THE HOUSING
PARTNERSHIP

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The HOMEOWNERSHIP
CENTER of CHARLOTTE



CHARTERED MEMBER



CHARLOTTE.

