THE FACTOR

AFFORDABLE HOUSING & UPWARD MOBILITY IN CHARLOTTE

2015 ANNUAL REPORT
Last place. That’s where a recent Harvard study ranked Charlotte among the nation’s top 50 cities in the likelihood of a person rising out of childhood poverty. As hard as it is to face, this sad statistic has become a catalyst for public good. A civic task force is dissecting the issue and intense public conversation is taking place on how we as a community can fix this enormous problem. One thing is for certain, increasing the supply of affordable housing will be top priority.

The Housing Partnership has always been a voice for improving outcomes and better standards of living. Our work has focused on mobility with best practices, proven solutions and a record of success. At times it’s seemed as if our message has gone unheard, but not now. This is a challenging yet hopeful time to be in the business of revitalizing neighborhoods and developing affordable housing while educating and empowering future homeowners. Beyond mobility, another critical “M” word is driving us forward.

More.
Average rent is high in Charlotte. Thousands of low to moderate-income families pay more than 30% of their monthly income for housing, leaving little for necessities like groceries and medical treatment and virtually nothing for additional education, training or experiences that can lead to greater opportunity. Workforce proximity to public transportation is vital. Creating and fostering healthy, thriving neighborhoods that serve the economically struggling is a critical priority.

Our education efforts are more important than ever as the cost of living in Charlotte continues to rise. We are creating a new one-on-one financial coaching model as a complement to our excellent existing programs on homeownership, foreclosure prevention and financial literacy.

The Housing Partnership’s response to Charlotte’s affordable housing crisis is a combination of revitalization, education and development. We take a holistic approach to what is needed at a particular place and time, remaining nimble in the face of constantly changing market conditions.
Having a stable household is intimately intertwined with whether a person receives a good education and a good education is the key factor in upward mobility,” says Sharika Shropshire, an attorney and Housing Partnership board member.

The Duke law school graduate has a personal story of mobility. She grew up in Dillon, South Carolina, and was educated in the “Corridor of Shame” region of impoverished rural school districts that made national headlines. “When I was a high school cheerleader and we went to away games, it was an eye-opening experience for me,” she says. “That was the first time I actually saw the disparity and it was a catalyst for me to go to college and be able to help others. I realized there was more to life than the bubble I grew up in.”

“If the very essential needs of shelter and safety are not met, progression beyond that is virtually impossible.”

Today Sharika is an attorney and director of the Immigrant Justice Program for Legal Services of the Southern Piedmont, a not-for-profit firm that assists clients who wouldn’t otherwise be able to afford representation.

“My clients struggle to find housing that is below market rate yet not below code. What is available on the open market is often not up to minimum standards. They suffer uninhabitable conditions and predatory landlord practices. I often refer people to The Housing Partnership. It is a great community resource, developing and revitalizing affordable apartments and houses, which are often along transit lines. It helps families stabilize financially when they pay no more than 30% of their income on rent.”

“Opportunity is tied to having eye-opening experiences and getting outside the bubble, regardless of where you fall on the income spectrum,” believes Sharika. “Eye-opening moments go both ways. When it comes to housing, people need to see places like Brightwalk where market-rate and affordable housing mix together so harmoniously. It does work and it benefits all of us.”
As rent kept going up and up where he lived near Park Road, Marcus Lucke began to wonder if he would ever be able to buy a place of his own. At 26, he figured that was a long way off, but while heading to NoDa one evening to meet friends, a house under construction caught his eye. It was one of the affordable homes being built by The Housing Partnership on scattered sites across the Druid Hills neighborhood. On a whim, he called the number on the sign, connecting with Brenda Lewis at The Housing Partnership. Together they reviewed his credit history and analyzed his financial situation. Marcus then attended The Housing Partnership’s mandatory 8-hour Homebuyer Education Class. “At first I felt overwhelmed with information, but it was actually an awesome experience,” says Marcus, who grew up in Charlotte and works for a wholesale distributor of plumbing supplies. “While I thought I knew a lot about saving and budgeting, I came out of the program with a whole new level of awareness. Every single person should go through it before buying a house.”

After completing the homebuyer requirements, Marcus learned he was eligible for downpayment assistance from The Housing Partnership through a grant from Wells Fargo targeted for Druid Hills. His is one of the homes being built in partnership with the City of Charlotte specifically for individuals and families earning less than 80% of area median income.

“It’s a cool neighborhood. People are welcoming. There are a lot of young people as well as people who have lived here for a long time. My house has a great open floorplan and is really energy efficient, so the electricity bills are low.” Druid Hills is just off Statesville Avenue, about a mile from Uptown. Marcus often gets on his bike after work and pedals through the city. “My advice is to set a goal, make a budget, work hard and learn all you can. Buy a house you absolutely love where you feel safe,” Marcus says. “I could not have gotten a better house in Charlotte.”
“One of the biggest obstacles to adequate affordable housing in Charlotte may be the name itself,” says Mayor Jennifer Roberts. “We should call it what it really is: housing for school and healthcare workers, for bus drivers and public safety officers. Many of these people, who are so important in our lives, are unable to afford living in the community they serve.”

“Housing and social mobility go hand-in-hand,” says Mayor Roberts. “In many other major cities, but especially Charlotte, families that earn less, pay much more for housing than the economically optimum 30%. This makes it nearly impossible to juggle all of their other expenses. There is no way for them to get ahead.”

“While the Harvard social mobility study was a civic wake-up call, The Housing Partnership has been chipping away at this problem for decades. They know what works and are doing it, but the demand is growing dramatically. And there are barriers, many having to do with attitude. The enormous success of Brightwalk has shown us that many individuals and families want to live in diverse, mixed-use, mixed-income neighborhoods. Particularly the approximately 44 people - half of them under 35 - who are moving to Charlotte each day. This model is an antidote to economic isolation which perpetuates the cycle of poverty.”

“We need to support it and plan around it. It’s not about taking anything away. It’s about adding more options.”
Another way to alleviate economic isolation is to bring higher income individuals and families into lesser-served communities while having strategies to ensure gentrification doesn’t drive displacement of long-time residents. The Housing Partnership has demonstrated that this balance can be achieved through the development of mixed-income communities. In Druid Hills, a neighborhood at risk for gentrification, The Housing Partnership is revitalizing existing homes by completing modest repairs and improvements, while also preserving affordable housing by building new homes for families earning less than 80% of area median income. Across the street, in the Brightwalk community, The Housing Partnership embarked on a 10-year neighborhood redevelopment effort that involved demolishing a blighted apartment complex and replacing it with approximately 346 units of affordable apartments and 320 units of beautiful market-rate single-family homes. Brightwalk has brought a mix of incomes into an area that was formerly all low income, and is providing opportunity for new retail development and schools enriched with children from a variety of backgrounds.

Affordable housing provides families with a level of financial stability that can open new doors to pursue larger goals, such as saving for college or purchasing a home. Once these families reach this next step, The Housing Partnership offers financial education and homebuyer training to provide them with important skills in budgeting, understanding financial products and how to seek and manage a mortgage.

When you support The Housing Partnership you are investing in an economically equitable Charlotte that provides opportunities for all working families. We thank our partners for working with us toward this important shared goal.

Darren Swanson
Board Chair

Julie Porter
President

The Housing Partnership is dedicated to developing and deploying strategies aimed at improving economic mobility and other socioeconomic problems. At our core, we build and manage high-quality, safe and affordable workforce housing for families throughout Charlotte and other areas. Evidence has shown that one of the most effective ways to provide a family with an improved level of financial stability is by offering them housing that is affordable for their income level. In 2015, The Housing Partnership provided 86 more units of affordable housing, including 20 that were focused on formerly homeless veterans.

While building new affordable housing is immensely important, it does not fully address the broader challenges around economic mobility. However, building that same affordable housing within a stable neighborhood with higher-ranking schools, good jobs and access to transportation is a highly effective tool for breaking the cycle of economic isolation. Unfortunately, this is no easy task. Developing affordable communities in more affluent areas of Charlotte brings with it significant challenges, such as increased land cost and, all too often, misplaced neighborhood opposition.

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Julie Porter
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## Financials

### Revenue and Support

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Restricted Net Assets</td>
<td>$665,526</td>
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<tr>
<td>Grants &amp; Contributions</td>
<td>$4,172,952</td>
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<tr>
<td>Rental Income</td>
<td>$11,458,484</td>
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<tr>
<td>Interest Income</td>
<td>$459,641</td>
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<tr>
<td>Home &amp; Single-Family Lot Sales</td>
<td>$3,264,267</td>
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<tr>
<td>Other Income</td>
<td>$1,445,137</td>
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<tr>
<td><strong>Total Revenue and Support</strong></td>
<td><strong>$21,465,407</strong></td>
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### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Program Costs</td>
<td>$6,896,615</td>
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<tr>
<td>Support Services</td>
<td>$1,859,672</td>
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<tr>
<td>Interest Expense</td>
<td>$2,747,568</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$11,393,995</strong></td>
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### Change in Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Temporarily Restricted Net Assets</td>
<td>$158,013</td>
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<tr>
<td>Permanently Restricted Net Assets</td>
<td>$280,000</td>
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<tr>
<td>Unrestricted Net Assets</td>
<td>$1,828,419</td>
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<tr>
<td><strong>Total Change in Net Assets</strong></td>
<td><strong>$2,596,432</strong></td>
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### Assets

- **Unrestricted Cash**: $5,894,154
- **Restricted Cash**: $628,814
- **Accounts Receivable**: $82,197
- **Grants Receivable**: $802,080
- **Interest Receivable - Single-Family Loans**: $597,652
- **Interest Receivable - Multifamily Loans**: $198,602
- **Reserves and Escrows**: $8,441,574
- **Notes Receivable**: $8,189,989
- **Projects in Development**: $16,079,141
- **Rental Property**: $99,568,954
- **Land Held for Sale**: $9,890,247
- **Other Assets**: $2,599,073

**Total Assets**: $147,046,669

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable &amp; Accrued Expenses</td>
<td>$6,139,762</td>
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<tr>
<td>Notes Payable</td>
<td>$78,456,855</td>
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<tr>
<td>Non-controlling Interest</td>
<td>$29,377,560</td>
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<tr>
<td><strong>Net Assets</strong></td>
<td><strong>$33,098,549</strong></td>
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**Total Liabilities and Net Assets**: $147,046,669
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Cumulative</th>
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</thead>
<tbody>
<tr>
<td>Families Counseled</td>
<td>1,387</td>
<td>22,298</td>
</tr>
<tr>
<td>Homeowners Created</td>
<td></td>
<td>3,294</td>
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<tr>
<td>Rental Homes Completed</td>
<td>82</td>
<td>2,667</td>
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<tr>
<td>Affordable Housing</td>
<td>$32,812,373</td>
<td>$521,673,974</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2015 BOARD OF DIRECTORS

J’Tanya Adams, Secretary
Neighborhood Representative
(Second term)

Amanda K. DeWeese
Carolina PR/Chernoff Newman
(First term)

Douglas Robertson
Fifth Third Bank
(Second term)

Toby Bartlett
JE Dunn Construction
(First term)

Harvey Gantt (a)
Gantt Huberman Architects
(Second term)

Sharika Richardson Shropshire
Legal Services of Southern Piedmont
(First term)

Gene Bodcott
New Forum
(First term)

Tom Ingram, Vice Chair
The Ingram Group, LLC
(Second term)

Eileen Sternerson
Wells Fargo
(Second term)

Rev. John Cleghorn
Caldwell Memorial Presbyterian Church
(Second term)

Patsy Kinsey (a)
Charlotte City Council
(First term)

Darren Swanson, Chair
Bank of America
(First term)

Brian Collier
Foundation for the Carolinas
(First term)

James Mitchell
Community Leader
(Second term)

Darryl White, Vice Chair
Habitat for Humanity
(First term)

Beth Crigler
Novant Health Foundation
(First term)

Lance I. Pritchett
Pesta, Finnue & Associates
(First term)

Shawn Williams
Neighborhood Representative
(First term)

Nancy Crown
Bank of America CDC
(First term)

Betty Chafin Rash
Community Leader
(Second term)

Mary Wilson
Community Leader
(Second term)

Patsy Kinsey (a)
Charlotte City Council
(First term)

(a) Appointed Member
This annual report is dedicated to the memory of Nancy Crown, former board member, community leader and advocate for affordable housing.

If you are familiar with affordable housing in Charlotte, you probably knew Nancy Crown. Nancy worked for Bank of America Community Development Corporation and in that role was responsible for the development of thousands of units of affordable housing in Charlotte and around the country.

Never shy, Nancy was a vocal advocate for the poor in our community, striving to ensure they had stable, affordable housing and appropriate services that improved their quality of life. She joined The Housing Partnership’s Board of Directors in 2014 and provided critical strategic guidance into our future plans with a laser-like focus on developing affordable housing. Nancy also served on numerous other boards and volunteered her time generously to civic and non-profit groups. We will miss her terribly at The Housing Partnership, in our community and in our industry.

MISSION STATEMENT:
The Charlotte Mecklenburg Housing Partnership develops affordable housing, creates vibrant communities and provides opportunity for strong futures.

VISION STATEMENT:
Everyone lives in a safe, affordable home in a vibrant community that supports independence, opportunity and advancement.
The truth is that a home is more than simply a physical dwelling place. It has a profound impact, both now and later, on the people who inhabit it.

A decent, safe and affordable home creates a foundation for healthy child and family development.

Routines can be established and social connections formed.

Education is uninterrupted and healthcare needs are addressed.

Well-being replaces distress.

Mobility is possible.

Lives are transformed.

Outcomes change.