Community Housing Capital (CHC) is among the nation’s largest nonprofit national affordable housing loan funds. Certified as a community development financial institution and a community development entity by the U.S. Department of Treasury’s CDFI Fund, CHC attracts public and private sector funds to finance the affordable housing development and preservation activities of the national NeighborWorks® network.

CHC provides both interim development loans and permanent multifamily loans with favorable rates and terms. Loans are underwritten with the flexibility required to finance complex transactions with multiple layers of subsidy. Since its inception in 2000, CHC has originated 298 loans totaling $327.2 million to 120 NeighborWorks® organizations financing more than 11,700 units of affordable housing across 36 states and the District of Columbia. Financing provided by CHC has facilitated $1.2 billion in total affordable housing development.

Over the past 13 years, CHC has built a high performing, self-sustaining, nonprofit business model that significantly leverages public and private sector grant equity to attract private sector capital from more than 30 socially-responsible lenders and loan participants. Using this business model, CHC has achieved remarkable capital leverage ratios of 20:1 in direct lending and 50:1 in total affordable housing development. CHC is recognized nationally for its ability to work collaboratively with a large group of socially-responsive investors and participation lenders to assemble the best mix of resources to finance the real estate development work of our borrowers. These resources serve as economic catalysts in communities across the country and provide flexible financing for high-quality affordable housing development. CHC is a member of the Federal Home Loan Bank of Atlanta, is CARS® Rated and is listed on Guidestar.org.

Why this Work Matters

Securing flexible financing for affordable housing development and preservation can be difficult in many markets across the country. Especially in today’s challenging economic times. For many affordable housing developments, finding a lender who understands the complexity of using multiple layers of subsidy or who has the capacity to originate loans with flexible rates and terms can be a challenge. Community Housing Capital, as a national lender, works to bridge gaps in those markets and bring loan capital from socially-responsive investors to finance high-quality affordable housing that
We are pleased to present Community Housing Capital’s 2013 Annual Report.

In 2013 nation’s economy and the housing market continued to improve after several very challenging years. Similarly, in 2013 Community Housing Capital (CHC) enjoyed one of the most successful years in our 13 year history. Since our launch in 2000, Community Housing Capital has originated 298 loans totaling $327 million to 120 NeighborWorks® organizations financing more than 11,700 affordable housing units across 36 states and the District of Columbia. Financing provided by Community Housing Capital has facilitated $1.2 billion in total affordable housing development. These are impressive and impactful numbers. Highlights of our 2013 success include:

- Record-breaking closed loan activity of $51 million and nearly $5 million in approved loans heading into fiscal year 2014.
- Better leverage of our balance sheet with more than $22 million in loans participated with other lenders.
- Continued achievement of all key financial targets, while fulfilling all of our financial covenants.
- Generating earned income that exceeded our operating expenses.
- Strengthening CHC’S financial position by increasing total net assets to $20.6 million with a very healthy capital ratio of 35%.
- Improved portfolio credit quality as our borrowers worked through challenging situations that arose during the recent recession.

This Report highlights real stories from CHC’S work that reflect the dramatic impacts of CHC lending and the lending that we facilitate. This Report also describes the wide diversity of innovative affordable housing development undertaken by NeighborWorks® organizations across the country. These developments have impacted thousands of very low and low-to-moderate income residents whose lives are significantly improved by the
Partners

**Equity Grant Investors:**
- Morgan Stanley
- State Farm

**Debt Investors:**
- Morgan Stanley
  - Bank of America
  - Deutsche Bank
  - Calvert Foundation
  - PNC Bank
  - Wells Fargo

**Loan Participants:**
- Morgan Stanley
  - mercyHOUSING
  - National Community Stabilization Trust
  - Mile High Loan Fund
2013 Loan Activity - $51,000,000

$ Activity by Loan Purpose

- Business to Business Credit Lines - $340,000
- Interim - $26,165,262
- Raw Land or Existing Buildings - $23,353,138
- Single Family Portfolio Purchases - $781,385
- Multifamily Permanent - $410,000
- New Construction or Substantial Rehabilitation - $23,353,138

Affordability by Area Median Income (AMI)

- Rental Units
  - <50% AMI: 287 Units
  - 51%-80% AMI: 348 Units
  - 81%-120% AMI: 3 Units

- For-Sale Units
  - Market Rate: 1 Unit
  - 81%-120% AMI: 23 Units

$51,000,000 Total Financing | $173,000,000 Total Development | 1099 Units
In an ever-changing financial environment, CHC has remained steady and constant. Even though they are a national lender, they are like the lender next door. They are responsive and friendly and really want to work with us to make our project happen and be successful. CHC is the best lending organization with whom we have worked.

Roy Nash, President & Chief Executive Officer, NeighborWorks Waco
**Financial Highlights** for years ending September 30, 2008 through September 30, 2013

<table>
<thead>
<tr>
<th>Years Ended September 30,</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; investments</td>
<td>$5,843,363</td>
<td>$6,394,176</td>
<td>$4,326,757</td>
<td>$8,958,753</td>
<td>$7,618,812</td>
<td>$6,620,705</td>
</tr>
<tr>
<td>Loans, less participations sold</td>
<td>33,572,437</td>
<td>34,740,453</td>
<td>41,603,356</td>
<td>42,229,920</td>
<td>46,799,185</td>
<td>51,692,798</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(620,524)</td>
<td>(2,068,000)</td>
<td>(2,122,298)</td>
<td>(1,817,003)</td>
<td>(932,997)</td>
<td>(995,299)</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>-</td>
<td>-</td>
<td>2,600,000</td>
<td>2,500,000</td>
<td>1,453,806</td>
<td>0</td>
</tr>
<tr>
<td>Other assets</td>
<td>449,867</td>
<td>333,672</td>
<td>261,947</td>
<td>1,582,644</td>
<td>1,905,465</td>
<td>1,913,401</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>39,245,143</td>
<td>39,400,301</td>
<td>46,669,762</td>
<td>53,454,314</td>
<td>56,844,271</td>
<td>59,231,605</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable &amp; secured borrowings</td>
<td>33,592,705</td>
<td>33,297,120</td>
<td>35,123,537</td>
<td>39,000,598</td>
<td>36,839,517</td>
<td>37,336,392</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>685,025</td>
<td>724,884</td>
<td>825,336</td>
<td>680,931</td>
<td>1,290,961</td>
<td>1,309,777</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>34,277,730</td>
<td>34,022,004</td>
<td>35,948,873</td>
<td>39,681,529</td>
<td>38,130,478</td>
<td>38,646,169</td>
</tr>
<tr>
<td>Net assets</td>
<td>4,967,413</td>
<td>5,378,297</td>
<td>10,720,889</td>
<td>13,772,785</td>
<td>18,713,793</td>
<td>20,585,436</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$39,245,143</td>
<td>$39,400,301</td>
<td>$46,669,762</td>
<td>$53,454,314</td>
<td>$56,844,271</td>
<td>$59,231,605</td>
</tr>
</tbody>
</table>

**Loans Under Management**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
</table>

*Audited financial statements available [here](#)
Financial Highlights* for years ending September 30, 2008 through September 30, 2013

<table>
<thead>
<tr>
<th>Years Ended September 30,</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income/Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned income, net of interest expense</td>
<td>$1,043,042</td>
<td>$1,324,183</td>
<td>$1,656,684</td>
<td>$2,308,112</td>
<td>$2,495,028</td>
<td>$2,497,330</td>
</tr>
<tr>
<td>Contributed revenue</td>
<td>300,000</td>
<td>2,853,000</td>
<td>6,073,253</td>
<td>3,000,000</td>
<td>5,593,130</td>
<td>2,345,205</td>
</tr>
<tr>
<td>Program expense</td>
<td>1,047,880</td>
<td>1,209,875</td>
<td>1,108,862</td>
<td>1,442,139</td>
<td>1,506,643</td>
<td>1,481,345</td>
</tr>
<tr>
<td>Support expense</td>
<td>203,092</td>
<td>410,059</td>
<td>589,982</td>
<td>750,077</td>
<td>973,007</td>
<td>1,002,547</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>120,000</td>
<td>2,146,365</td>
<td>688,500</td>
<td>64,000</td>
<td>667,500</td>
<td>487,000</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>$(27,930)</td>
<td>$410,884</td>
<td>$5,342,592</td>
<td>$3,051,896</td>
<td>$4,941,008</td>
<td>$1,871,643</td>
</tr>
</tbody>
</table>

**Key Ratios**

- Net assets/total assets: 12.66% - 34.75%
- Allowance for loan losses/total loans: 1.85% - 3.32%
- Non-accrual loans (NAL) & delinquencies > 90 days: 2.53% - 8.72%
- Net charge-offs/total loans: 0.00% - 2.01%
- Earned income/program expense: 99.54% - 149.40%
- Earned income/total operating expense: 83.38% - 90.75%
- Deployment ratio: 87.07% - 89.25%
If we had not been able to acquire financing, affordable units would have been lost and people would have lost their homes.

Jeff Eaton, president and CEO, Arbor Housing and Development

Meadowbrook Apartments, Corning, New York

Built in the 1950s, The Meadowbrook Apartments in Corning, N.Y., have fallen into a state of neglect. According to Jeff Eaton, president and CEO of Arbor Housing and Development (AHD), there have been few upgrades since the property was built. “The units are undersized, outdated and obsolete including the original bathrooms, kitchens and features that are not energy efficient,” he said. AHD saw the need and value in acquiring and upgrading the property.

“Many of the residents receive rental subsidies. They stay here because their choices are very limited. Our goal is to provide housing that allows residents and the community to flourish,” said Eaton.

Arbor Housing and Development wanted to change this scenario. “We want to provide housing that
The River Arts District in Asheville, N.C. is a neighborhood making a comeback. Many once-blighted buildings are now home to galleries, restaurants and coffee shops. The area has become popular and vibrant, attracting significant reinvestment including a large new apartment building that stands as a testament to the neighborhood’s rebirth as a lively and sought-after “hot spot”.

The Glen Rock Hotel is the transition point where the original residential area connects to the now thriving arts district. It could be called the last piece in the puzzle.

We knew if this type of investment kept going without including affordable housing, people who had lived here for years would be priced out.

James Dennis, Rental Development Officer, Mountain Housing Opportunities

MHO recently completed the interior part of the renovation creating 22 one-bedroom apartments, financed in part by CHC.

Residences at Glen Rock Hotel
Asheville, North Carolina

The River Arts District in Asheville, N.C. is a neighborhood making a comeback. Many once-blighted buildings are now home to galleries, restaurants and coffee shops. The area has become popular and vibrant, attracting significant reinvestment including a large new apartment building that stands as a testament to the neighborhood’s rebirth as a lively and sought-after “hot spot”.

The adaptive re-use of the Glen Rock Hotel (GRH) is Phase 3 of the River Arts Development project. The first phase of the Glen Rock Depot was acquired in 2006 and renovated in 2007. The “Corner Market” was once the old Southern Railway company store, and more recently, the Asheville Packing Company. It is now home to the Fine Arts League of the Carolinas, a premiere fine arts school offering classes in drawing, painting and etching.

“Mountain Housing Opportunities
$975,000 CHC Loan | $2,519,000 Total Development | 22 Units

Read More

Shops and restaurants surrounding the area where Glen Rock is being developed.
A little more than a century ago, the Valley neighborhood of Orange, N.J., was known as the millinery capital of the world, boasting dozens of hatting firms that made millions of hats, including Stetson. However, by the 1920s there were only five left, and by the time of the Depression there were none. The former Berg Hat Factory building was occupied by various businesses over the years, but has stood vacant and abandoned for the last 15 years.

Located next to a train line, this large, dilapidated building is the first thing suburban commuters see when they pass through Orange. “This is the biggest and most grim reminder of the deterioration and decline that hit the Valley’s industrial core,” explained Patrick Morrissy, founder and executive director of Housing and Neighborhood Development Services (HANDS).

HANDS has been at the center of a campaign to engage the community. Now, HANDS is helping Orange to re-invent itself by attracting public and private investment, redeveloping vacant buildings and becoming a thriving arts district where people want to visit and live. HANDS has been a big part of a collaborative effort with the arts community and has also developed a restaurant and redeveloped a historic fire house to include

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The Murphey School in Raleigh, N.C. has a rich history. As the oldest school in Raleigh, it was the site of peaceful school integration in 1960, setting the stage for integration across the state. By the late 1980s, however, due to its location and condition, the state was preparing to demolish the building. DHIC and community stakeholders worked together to push for legislation to preserve this important landmark. Through their efforts, the state leased the property to the City of Raleigh, which in turn leased it to DHIC. In 1990 DHIC undertook substantial

“With the help of CHC and our other partners we are able to provide needed services for the vulnerable senior population while preserving a piece of history.”

Gregg Warren, President, DHIC

“We’ve worked with CHC on numerous occasions. They understand our projects even though they are typically complex and involve moving parts that must come together at a critical point in time, for instance the timing of subsidies like tax credits.”

Gregg Warren, President, DHIC

Read More
Gulf Coast Housing Partnership (GCHP)

Belt Line Townhomes and the Corona Apartments, Baton Rouge, Louisiana

Belt Line Townhomes and the Corona Apartments are located across the street from each other in downtown Baton Rouge. Belt Line is a newly-constructed 32-unit rental community of two- and three-bedroom townhomes. The Corona Apartments is a historic rehabilitation project that involved the adaptive reuse of the first Olinde Furniture store in Baton Rouge as residential units. It has been transformed into 37 units, consisting of 24 one-bedroom and 13 studio apartments, some of which are set aside for the homeless.

Both developments were financed by Community Housing Capital (CHC). “We’ve developed a relationship with CHC over the years, initially around our Katrina response work through Whitney Bank. They are easy to work with and understand the complexity of our deals and the importance of our work in the communities we serve.”

Tom Champion, Director of Real Estate Development, GCHP

$4,000,000 CHC Loan | $35,700,000 Total Development | 196 Units
Everyone was in danger of losing an affordable place to live. Properties like South Meadow are at high risk of converting to market rate properties across the country, diminishing an already limited supply of housing that’s affordable.

Amy Demetrowitz, Director of Real Estate Development, Champlain Housing Trust

South Meadow, Burlington, Vermont

South Meadow was developed as a mix of apartment buildings and duplexes. The community is home to 148 individuals and families in Burlington, Vt. South Meadow is a mixed-income property, with some residents receiving subsidies and others paying market rate. Some have lived at South Meadow since the complex was built. The private owner who developed the property had fulfilled the affordability compliance requirements attached to the $4,500,000 CHC Loan | $19,000,000 Total Development | 148 Units.
Across the country, the foreclosure crisis has created a very visible scar: vacant, abandoned houses that take a toll on surrounding neighborhoods. In Waco, Texas, things are no different, but NeighborWorks® Waco (NWW) has implemented an innovative solution.

Through their PEARLS program, NeighborWorks Waco purchases foreclosed or distressed properties, rehabilitates them and offers them for rent with an opportunity for the tenant to purchase.

"Whether they’re REO or estate-owned properties, we go in and pick up a house that was distressed – probably the worst house on the street – and convert it to a high-quality rental property. The organization works closely with tenants, forming ongoing relationships with many."

Karen Saucedo, Chief Financial Officer, NW Waco
In support of its commitment to preserve and improve affordable housing, Southwest Minnesota Housing Partnership recently purchased seven properties scattered across rural areas in southern and central Minnesota. Originally built by the Zedakah foundation in the 1970s as project-based Section 8, the properties had never been renovated.

The properties were divided into two portfolios – A and B. The B portfolio was more challenging to finance because it required a loan that allowed time for the subsidies to come in, allowing a long-term solution for affordability. Underwriting these types of deals is one of CHC’s specialties. “CHC understands underperforming properties like these and their potential to become strong performers, as well as the

We work hard to provide more than just a roof over people’s heads. We give them a healthier place to live.

Kristie Blankenship, Director of Property and Asset Management, SWMHP
For years, Neighborhood Housing Services of South Florida (NHSSF) has concentrated on revitalizing the neighborhoods of Miami Gardens and Brownsville in Miami-Dade County. Located in the older urban core, the area was historically African-American and largely owner occupied. “Today’s young families want larger, more modern homes,” explained LeeAnn Robinson, chief operating officer at NHSSF. “Due to the age, size and condition of homes and a negative perception of the direction that the community was headed, young families were not coming in, and those with financial means were choosing places like Broward County where the housing stock is newer,” she said. “Seniors typically remained because of their small fixed incomes and high prices of housing alternatives, and families sometimes remained because of their multigenerational ties to the neighborhoods.

NHSSF Implemented a Comprehensive Strategy to Breathe New Life into Declining Neighborhoods.
Marshfield Commons, Woonsocket, Rhode Island

The town of North Smithfield, R.I., is designated as rural, but it feels more like a bustling suburb. With stores, restaurants and other businesses in close proximity to each other, it’s an ideal place to live.

As a result of the town’s success, many people who grew up in town can no longer afford to live there. Part of the town’s plan to boost its supply of affordable housing involved building on an underdeveloped parcel of land near the center of town. NeighborWorks Blackstone River Valley’s (NWBRV) successful track record made them the partner of choice. The organization’s history of developing senior housing in the area brought credibility and support in the community for the project.

Thirty-eight families who previously could not afford to live in a place that many of them considered home are living in this thriving area, living near where they work and spending their money locally.

“We’ve worked with CHC over the years. While many lenders have exited affordable housing finance, especially in smaller rural markets, CHC is still in the business of supporting the important work we do.”

Joe Garlick, Executive Director, NWBRV
Rural Ulster Preservation Company, RUPCO was named one of only 17 organizations nationwide to earn full green organizational accreditation from the office of Housing and Urban Development. High environmental standards are important in these and all RUPCO developments. “Our preservation efforts go beyond buildings,” said Joan Lawrence-Bauer, director of communication and resource development for RUPCO. “By protecting the environment, we ensure that people will be able to enjoy these properties for generations to come.” RUPCO is one of many CHC repeat borrowers. Made famous by the historic music festival in 1969, Woodstock, N.Y., has been a haven for artists of all types for more than a century. However, in this town where wealthy people have second homes, RUPCO is committed to making it a place where families can thrive.
NeighborWorks® New Horizons (NWNH) is undertaking its most ambitious slate of projects ever, resulting in more than 130 new units of affordable housing for low-income working families and the elderly in Connecticut. The developments will transform lives and strengthen communities in New Haven, Waterbury, Bridgeport, and Southington. Among them is the Elias Howe Elementary School, which stood vacant and boarded up for the better part of a decade in a neglected section of Bridgeport. NWNH is partnering with a local private

"With this housing, we were able to revitalize a blighted building and make a small dent in the number of seniors who are waiting for decent housing they can afford. NWNH is in the early phase of development of another 56-unit project in the area to deepen their impact and further stabilize this once-strong community."

Gloribell Lopez, Director of Operations and Programs, NeighborWorks New Horizons (NWNH)
Communitü HousingWorks (CHW)

Arizona Street Apartments

In decline for many years, the North Park neighborhood of San Diego, CA. is experiencing an upswing. With its cultural diversity and proximity to beautiful Balboa Park along with microbreweries, historic Craftsman cottages, coffee shops, restaurants, boutiques, a farmer’s market, The North Park Theatre and an arts district, the neighborhood has become trendy and attracted lots of interest. In fact, Forbes Magazine recently named North Park one of “America’s Best Hipster Neighborhoods.

Community members wanted to make sure that any redevelopment strategy would include housing that would be affordable and saw a mixed-income approach as an ideal solution, combining both affordable housing and market-rate housing opportunities in future plans. Community HousingWorks (CHW) purchased a large parcel of land formerly owned by AT&T, where they will construct two residential buildings. First, CHW will get approvals to develop a market-rate building for use as

An acquisition loan from Community Housing Capital provided the majority of the funds for the purchase. CHC was willing to take a high loan-to-value position on a land acquisition loan. They made a large commitment that allowed us to act competitively to purchase the land. It’s only because of their investment that we were able to close.

"An acquisition loan from Community Housing Capital provided the majority of the funds for the purchase. CHC was willing to take a high loan-to-value position on a land acquisition loan. They made a large commitment that allowed us to act competitively to purchase the land. It’s only because of their investment that we were able to close."

Dave Gatzke, Vice President of Acquisitions, Community HousingWorks (CHW)
**Board of Directors**

**Peter Lefferts, Chairman of the Board, Chair of the Executive/Finance Committee**

Member of the board of directors and audit-risk management committee of American Express Bank, FSB. Chairs the Bank’s compliance committee. Prior to retirement had 36-year international career as a financial services industry executive with Citicorp and American Express. Member of the board, executive committee, and strategic planning committee of Artspace Projects, Inc., a national nonprofit developer of affordable live-work spaces for creative artists. Chairs US project team in multinational task force to develop global standards for personal financial planning, under aegis of ISO-International Organization for Standardization. BA degree (liberal arts) Amherst College, MA (international studies) Johns Hopkins University. Course work (accounting and finance) New York University Graduate School of Business.

**Jim Paley, Vice Chair and Loan Committee Chair**

James Paley is the founding executive director of Neighborhood Housing Services of New Haven, Connecticut, who has transformed his organization from a small housing rehabilitation provider to one of the most respected producers of affordable housing in the nation. He also directs the New Haven HomeOwnership Center that provides homebuyer education and counseling to more than 500 clients each year. Dr. Paley earned his bachelor’s degree in government from Cornell University, his M.Ed. degree from the City College of the City University of New York, and a Ph.D. from Cornell University, where his dissertation focused on residential mobility in declining neighborhoods in New York City.

**Paul Mazzarella, Secretary**

Executive Director of Ithaca Neighborhood Housing Services in Ithaca, NY. He has over 25 years of experience in the planning and community development fields and has worked for both non-profit and government entities. He is currently a Visiting Lecturer at Cornell University and serves of the board of directors of the National NeighborWorks Association. Mr. Mazzarella earned an M.R.P. in regional planning from Cornell University; a B.A in political science from Duke University and completed an executive leadership program at Harvard’s Kennedy School of Government.

**Carl Sneed, Treasurer**

Mr. Sneed retired from State Farm Bank in 2010, where he held the position of Vice President and Chief Lending Officer. In this position, Mr. Sneed was responsible for all consumer lending products. He is currently the president of the Board for the Community Cancer Center in Bloomington-Normal, IL. He also serves on the boards of Illinois State University Foundation and the Multi-Cultural Leadership Program in his community. Mr. Sneed remains active with the Illinois Mortgage Bankers Association. He is a past president of the IMBA. Sneed earned his undergraduate degree from Illinois State University as well as a M.S. in Political Science and Public Administration.