



**Neighborhood Housing Services
of Kansas City, Inc.**

2012 Annual Report



Our Mission:

*Revitalize and maintain designated
urban neighborhoods as vibrant
areas that attract people who value
diversity, historic architecture,
security, and community.*

FROM THE BOARD CHAIR & PRESIDENT

In a year when the economy continued to recover and funding sources were shrinking, Neighborhood Housing Services invested a total of \$1.6 million in metro Kansas City neighborhoods in FY 2012. Ongoing neighborhood revitalization was recognized by new partners and wider participation from existing partners.

NHS operates the only NeighborWorks® HomeOwnership Center within a 400 mile radius. In 2012, we demonstrated that we are truly a full service facility. Of the 141 families that attended our HUD Certified classes, 48 went on to purchase a home. Eleven of these families purchased previously foreclosed homes which NHS acquired, rehabilitated, and resold. An additional 28 existing homeowners received home repair grants from NHS and eleven more received low interest loans from NHS to complete energy improvement as part of the Energy Works KC program. This \$3,000,000, DOE funded program, is available to all KCMO residents wishing to improve energy efficiency in their homes and businesses.

Squier Park Townhomes, NHS' 16-unit townhome development, received \$1.1 million in funding from the City of Kansas City, MO for rehabilitation and financial restructuring of the property. Existing residents will enjoy renovated units, including new roofs, windows, paint, and appliances.

In 2012, NHS continued its tradition as an innovator in the affordable housing market. As the non-profit partner of the Bancroft School redevelopment, NHS will help convert a 100-year-old elementary school in Historic Manheim Park to 50 LEED Platinum apartments. This will be a \$14 million dollar investment in the neighborhood that will also provide over 12,000 square feet of community space.

Additional services require additional staff, and NHS has out grown its current office space. In 2012 NHS acquired a foreclosed office building to use as the new NHS office space. It will provide an additional 12,000 sq ft of rental office space for area small businesses. This office building acquisition and rehab is part of NHS' commitment to neighborhood reinvestment through rehabilitation.

NHS has several exciting opportunities in 2013. In addition to the completion of the Bancroft School Apartments and the Squier Park Townhome renovation, NHS will invest over \$300,000 in the renovation of our new office space, including \$100,000 in energy efficiency improvements. The HomeOwnership Center will expand by offering Spanish Language and Vietnamese Language Homebuyer Education classes, and by introducing a new NeighborWorks® approved Financial Capability curriculum.

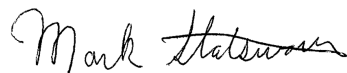
With over 17 acquisition/rehab projects currently in the Real Estate Development pipeline, NHS will continue to be a positive force to combat abandoned properties. NHS is currently developing an affordable housing loan pool, which will make it easier for low wealth households to purchase a home.

As a founding partner of both the Green Impact Zone and the Urban Neighborhood Initiative, NHS will use a recent \$300,000 Federal Home Loan Bank grant for home repairs to repair 30 houses.

AS NHS moves forward with plans for community redevelopment in 2013, we thank all of those who make our success possible, and look forward to new partnerships and new opportunities. Working together, we believe that anything is possible for neighborhoods that believe in themselves and are committed to their own success.



Turner Pettway, Board Chair 2012/2013



Mark Stalsworth, President/CEO



NHS BY THE NUMBERS...



141 Households
received
Homeownership
training



54 Households
purchased new
homes



29 Households
received home
improvement
assistance



11 Acquisition -
Rehabilitation
projects completed



\$1.2 million invested
in construction
projects



386 hours of
educational training
by NHS Staff and
Board

FOUNDATIONS FOR THE FUTURE

NHS was pleased to announce the start of two high profile projects in FY 2012: Squier Park Townhomes and Bancroft School. Each of these projects is scheduled to be completed in 2013.



The Squier Park project is a complete renovation of a 20-year-old 16-unit multi-family property that has 3 bedroom, 1 car garage townhomes located at the corner of Paseo and Armour Boulevards. The renovations will include new roofs, updated HVAC equipment, new windows,

upgraded kitchens and bathrooms, and other cosmetic improvements. The total renovation and refinancing cost is \$1.1 million and will be financed through a Federal HOME grant from the City of Kansas City, MO.

Bancroft is a former elementary school that was mothballed in 1999 and has been empty ever since. Through a partnership with the Dalmark Group of Lee's Summit, MO and the Make it Right Foundation of New Orleans, LA, this school and the surrounding grounds on the 4300 blocks of Tracy and Forest will become the site of 50 LEED platinum multi-family living units. It will also house a mobile medical clinic, community office space and gardens, a technology lab, gymnasium, and auditorium. This \$14 million tax credit project will be a significant development in the Manheim Park neighborhood.



IN THE COMMUNITY

As the NHS Community Liaison, Augusta Wilbon never has a dull moment. One of the key components of the NHS mission is to stabilize communities. To do this, Ms. Wilbon works directly with the residents to assist with crime prevention, explaining city programs, neighborhood beautification, youth programs, development, and illegal trash issues. She organizes and attends meetings with City Council members, KC Police departments, neighborhood groups, and other nonprofit organizations.

Through the NHS affiliation with NeighborWorks® America, each year Ms. Wilbon selects key individuals to attend the annual Community Leadership Initiative (CLI) training. The class of 2012 began the process of creating the Midtown Council; an effort to bring midtown neighborhoods and business partners together to work towards common goals of creating a five year development plan, increasing awareness of current businesses and amenities, and promoting investment opportunities. Their efforts will combine with the Front Porch Alliance to include youth between 12 and 17 years old. Officers for the Midtown Council have been elected and the meetings will begin starting Jan. 2013.



Ms. Wilbon's efforts and the relationships built between NHS and KC communities are seen in many ways. The Manheim Park Neighborhood Association is actively involved in the development of the landmark Bancroft School project. NHS and many additional community partners sponsor the yearly ABOPT program during NeighborWorks® week each June. Neighborhood residents are encouraged to attend city budget meetings each spring to have their voices heard. These efforts keep NHS focused ensuring the communities survive not only today, but for future generations.

In Ms. Wilbon's own words, "As the community liaison for NHS I have watched and assisted with building neighborhood capacity. It is very encouraging during my 9 years to see the number of young adults moving back to the urban core, taking advantage of our homeownership center education training

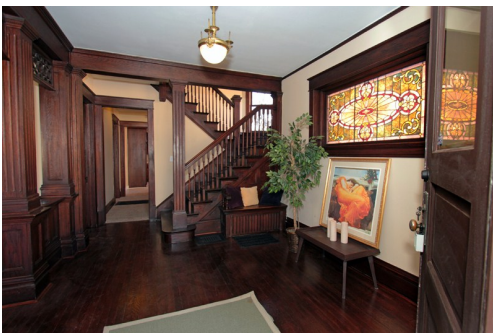
and purchasing their homes. Passionate residents are engaged in block watch and months of leadership training. Many have built and continue the maintenance of rain gardens/community gardens. They do a great job of getting their stories told by sponsoring home tours, porch parties, fun activities in their parks and holiday celebrations. Minor home repair/energy grants, banners, and neighborhood markers demonstrate their knowledge of knowing how to apply for all types of funding. Good cooks, wine tastings, monthly fellowship at neighborhood meetings and yard sales keep me focused.”

TWO DEPARTMENTS - ONE GOAL

The HomeOwnership Center (HOC) and the Real Estate Department (RED) have two very different functions at NHS. The HOC works directly with individuals in training, counseling, and financial assistance. The RED works with contractors, inspectors, and utility companies. The HOC oversees educational classes, home loans, and grants. The RED is responsible for all home acquisitions and rehabilitations. On the following pages, the outwardly different efforts of these departments will demonstrate the common goal: homeownership for prepared individuals to stabilize neighborhoods and communities.

RELOCATION

Sisters Ruby and Shirley faced an uncertain future when they were notified their home was in one of four blocks slated for demolition to make way for the new crime lab and police station campus for the city. This meant trying to



find a new home within their price range and still staying in the urban core which they love. After looking at over 20 homes, the two sisters found a place in historic Hyde Park that NHS had recently renovated. Over \$80,000 in renovations had been completed and the house was move-in ready. They knew instantly that this was the place they would call home.

STARTING OUT



Logan and Rachel were like so many young couples starting out. They were renting, going to school, and raising their young son. A bad situation with a landlord made Rachel realize that renting was no longer an option. “We needed to be somewhere that would provide us with a stable environment and we knew we were willing to wait until we found the right place.” For this family, it meant spending several

months living with relatives.

The couple learned of the monthly classes provided by the NHS NeighborWorks® HomeOwnership Center from a community email released by NHS. Attending this class was the first step toward homeownership. They began working to qualify for a loan utilizing several programs including the KC Dream Home Program.

As Rachel and Logan were preparing for homeownership, NHS was completing repairs on a home in Historic Manheim Park. Updates included new windows, doors, cabinets, furnace and A/C, interior & exterior paint, electrical and plumbing upgrades, an updated porch, and much more. Under the NHS construction leadership of Tom Jung and Jim Haake, the repairs were done in less than 30 days.

Rachel and Logan took possession of their new home at the end of June. Their 14-month-old son was very eager to start exploring the new place, found the stairs within 5 minutes, and fearlessly crawled up to the second floor. This young couple is very excited for the future they will begin to build in their first home.



ONE STEP AT A TIME

Darnell found his way to NHS when he spotted a home for sale in the neighborhood in which he had some interest. The house had been renovated by NHS for another client and when that deal fell through, it was back on the market. As it turned out, Darnell just wasn't quite ready to buy. So an agreement was reached where he would rent for the time being and work with the HomeOwnership Center®



to get him ready to purchase the house outright. As another interesting coincidence, Darnell's company has also been hired to do some construction repairs on other NHS projects. Truly a great partnership all around.

NEVER STOP DREAMING

Juana is like so many who were hard hit by the current recession. Her small business was unable to withstand the economic conditions. Ms. Lopez was forced to close the business. However, that didn't stop her from dreaming of having a home of her own. She had the perfect place already selected and when she came across other interested buyers she would point out all the potential 'negatives' of the house. NHS was one of those interested buyers.



The construction team knew the home was a sound investment, saw through her tactics, purchased the home, and began renovations. With a little help from her parents, Ms. Lopez was able to purchase the home --- recently renovated and move-in ready --- with a loan through NHS. Her determination and careful planning made her dream of homeownership a reality.

2013 NHS BOARD OF DIRECTORS AND STAFF

Board of Directors

Board Chair: Turner Pettway, US Bank N.A.

First Vice Chair: Steve Chinn, Stinson Morrison Hecker LLP

Vice Chair/Treasurer: Torrence Leathers, American Family Insurance

Vice Chair/Secretary: Greg Miller, Bank Midwest

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Charles Cooper: Shook, Hardy & Bacon L.L.P

Amy Crouse: Squier Park Neighborhood Association

Dee Evans: University of Missouri Kansas City

Shelly Foster: Wells Fargo Home Mortgage

Mike Frazier: Reece & Nichols Realtors

Eric Jones: Banking Executive

Dave Kimmis: K Graphic

Tina Schaefer: Hughes Hubbard & Reed, LLP

NHS Staff

Mark Stalsworth: President/CEO

Rob Rawlings: Chief of Operations

Tami Duvall: Chief Financial Officer

Stacy E. Purvis: Resource Development Officer

Marjorie Major: HomeOwnership® Center Manager

Latrice Stewart: HomeOwnership® Center Specialist

Marquetta Burks: Loan Officer

Tom Jung: Senior Construction Project Manager

Jim Haake: Construction Project Manager

Augusta Wilbon: Community Liaison

2012 COMMUNITY PARTNERS



NEIGHBORHOOD HOUSING SERVICES OF KANSAS CITY, INC.
SUMMARY OF FINANCIAL STATEMENTS
Year Ended September 30, 2012

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets		
	Cash	4,746,403
	Accounts Receivable	941,613
	Property Available for Sale	232,672
	Property and Equipment	531,971
	Real Estate Loans Receivables	788,088
	Other Long-Term Assets	381,242
	Investment in Subsidiaries	<u>207,976</u>
	Total Assets	<u>7,830,305</u>
Liabilities		
	Accounts Payable	232,322
	Accrued Expenses	23,238
	Escrows and Deposits	4,178,671
	Total Notes Payable and LOCs	<u>854,038</u>
	Total Liabilities	<u>5,288,270</u>
Net Assets		
	Unrestricted net Assets	540,967
	Temporarily Restricted net Assets	94,568
	Permanently Restricted Net Assets	<u>1,906,500</u>
	Total Net Assets	<u>2,542,035</u>
	Total Liabilities and Net Assets	<u>7,830,305</u>

NEIGHBORHOOD HOUSING SERVICES OF KANSAS CITY, INC.
SUMMARY OF FINANCIAL STATEMENTS
Year Ended September 30, 2012

CONSOLIDATED STATEMENTS OF ACTIVITIES

Support		
	Corporate and Foundation Donations	200,712
	Grants and Operating Assistance	<u>312,231</u>
	Total Support	<u>512,943</u>
Revenues		
	Housing Sales	1,112,395
	Service Contracts	906,133
	Interest on Notes/Investments	6,211
	Program Income	1,64,724
	Rental Income	3,322
	Miscellaneous	<u>7,652</u>
	Total Revenue	<u>2,200,438</u>
	Total Support and Revenue	<u>2,713,381</u>
Expenses		
	Program Services	2,197,479
	Management and General	174,799
	Fundraising	<u>124,857</u>
	Total Expenses	<u>2,497,135</u>
	Change in Net Assets	<u>216,245</u>

Functional Expenses



Neighborhood Housing Services
5835 Troost Avenue
Kansas City, MO 64110
Phone: 816-822-7703
Fax: 816-822-7212
Www.nhsofkcmo.org
Email: info@nhsofkcmo.org

NeighborWorks®
HomeOwnership Center



HOUSING DONE RIGHT!

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Neighborhood Housing Services has been a leader in Community Development since it was founded in 1974. During this time, NHS has constructed or significantly rehabilitated over 365 homes, provided purchase financing and repair funding for thousands of homes, and developed over 180 multi-family rental units. As a NeighborWorks® America Chartered Member, NHS has access to programs that are not available to many other not for profit agencies. This allows NHS to provide services more efficiently and effectively than is common among Community Development Corporations.