



2013 ANNUAL REPORT

Acquisition, Change, Preservation

A Letter from the President

Dear Friends,

Robert Kennedy once said, “Progress is a nice word. But **change** is its motivator.” Looking back at my first three full years as President of HPI, I have gained a stronger understanding of the meaning of his words.

HPI has seen a lot of progress in the last three years. Our asset base has grown from \$7.6 million to \$26 million. Our expenses have steadily decreased. Our total capital (net assets) has increased from \$2.2 million to \$8.7 million over this same time period. Our rental portfolio has grown from just over 500 apartments and single family houses to nearly 1,200.

It is the ongoing **acquisition** of single-family and multi-family affordable housing units that has driven our growth. This ongoing acquisition has been driven by the change happening in the world around us. Resources many of us have long assumed would remain available in affordable housing have gone away—no more Federal funds to create housing for low-income seniors, the future of Low Income Housing Tax Credits up for debate, fewer dollars for Section 8 housing.

While these resources have steadily decreased, demand for services and housing has steadily increased. These winds of change have made the **preservation** of affordable housing more crucial than ever—HPI’s continued progress and growth has become more crucial than ever.

Our goal is to self-sustain through our ownership and management of our rental portfolio, while preserving much needed affordable housing for our community. In doing so, we can provide a growing number of families with quality property management, safe homes, a strong sense of community, and stability.

Nothing lights the fire of progress quite like change. And change, as they say, is inevitable.

Sincerely,



Mike A. Hynes, HPI President



FY 2013 Accomplishments

- Completed construction on St. Bartholomew Senior Housing, **changing** the lives of 24 seniors (photo #1).
- **Acquired 65 apartments** on Nightingale Road with contributions from the Attorney General of Kentucky and Metro Louisville (photo #2).
- Completed development of **9 single-family homes** at Boxelder Crossing (photo #3).
- **Acquired 47 single-family houses** in Shelbyville.
- Provided school supplies for **250 children** in HPI rental communities (photo #4).
- Completed construction of the Fawn Lakes cottages, HPI’s most energy-efficient homes to date (photo #5).
- **Acquired 16 houses** in the Valley Forest subdivision of Fern Valley.
- Assisted with the redevelopment of **210 apartments** for seniors at Hillebrand House, **preserving** affordable housing in Old Louisville (photo #6).
- Assisted **174 homeowners** with Unemployment Bridge Program applications—**preserving** their homes while they look for new employment.
- Provided coats and toys for **39 families** for the Holidays (photo #7).
- Created the PATH program for a tailored, supported path to homeownership to **change** lives.
- Established a Maintenance Dispatch Center to maximize the efficiency of repairs and maintenance across our real estate portfolio.

HPI Departments & Services

ASSET & PROPERTY MGMT

HPI currently owns and manages 1,152 units of residential property affordable for low to moderate income families in multi-family apartment communities and single-family homes.

PROGRAM SERVICES

HPI provides services to families and seniors living in our rental communities through our Resident Services Program as well as educational opportunities that include mortgage readiness analyses, one-on-one financial counseling and Home Buyer Education classes. Our Foreclosure Intervention program has worked with families to preserve their homes and avoid foreclosure.

HOUSING PRODUCTION & CONSTRUCTION

Multi-Family Rental: Acquires and rehabilitates distressed properties through the adaptive reuse of existing structures and new construction.

Single-Family Homes: Builds and rehabilitates affordable single-family houses, using HPI programming to help stabilize neighborhoods and homeowners.

Construction Management: Builds HPI’s single- and multi-family homes as well as third party construction.

Development Consultation: Works with for-profit builders and other non-profits to help them acquire financing to develop affordable housing.

Neighborhood Stabilization Program: Purchases, renovates, builds and sells existing foreclosed homes or lots to first-time home buyers with supportive services and education.

Acquisition:

FOR A SELF-SUSTAINING HPI

In a move to create self-sustainability as an organization, HPI has *acquired* single-family and multi-family properties into our rental portfolio.

With many Low-Income Housing Tax Credit properties reaching the end of their compliance periods, HPI's

move to *acquire* these properties *preserves* much-needed affordable housing for families and individuals throughout Jefferson County.

During FY 2013, HPI acquired 65 apartments on Nightingale Road off Poplar Level Road. In addition to funds from Ken-

tucky's Foreclosure Settlement, HPI leveraged private financing and a \$500,000 grant from Louisville Metro to support much-needed renovations and updates to the apartments on Nightingale Road.

"When a home is foreclosed upon ... you're foreclosing on that family,"

— Jack Conway.

For some of the families, the day that HPI *acquired* the properties was the first day they had running hot water in over a year. When housing is forgotten the families living in it get forgotten. HPI has reclaimed the housing for the families who live on Nightingale Road.

Residents on Nightingale Road will benefit from HPI's attention to quality property management and maintenance as well as resident services.

Our organization now controls 51% of the apartments in Nightingale's 1400 block.

Change:

TRANSFORMING A BUILDING INTO A COMMUNITY

One of the things Hannah Farley, HPI's Operations Manager Assistant, loves most about her job is watching the transformation of newly *acquired* buildings *change* into safe and affordable apartment communities. "I love to see what the apartments used to be like and then what we've turned them into" Hannah says.

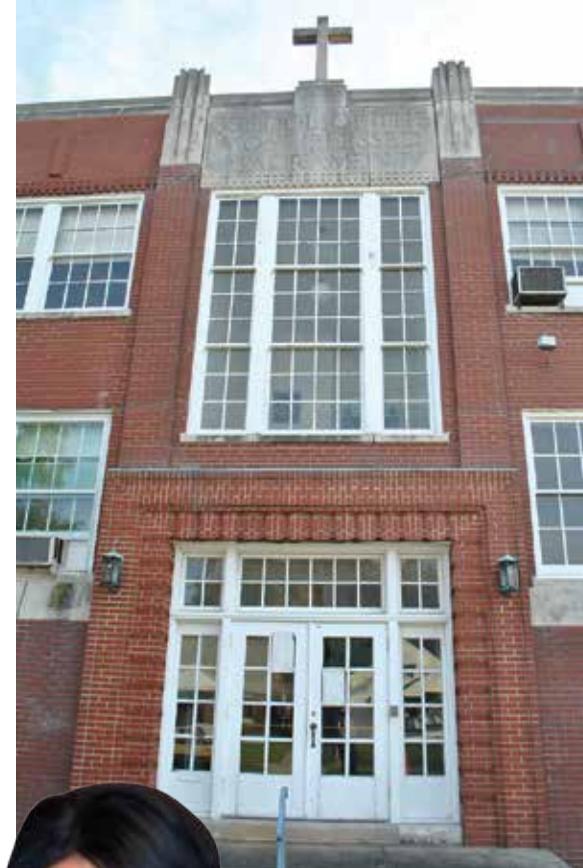
HPI's current project that excites her most is Most Blessed Sacrament Catholic School. "I went there in Kindergarten and 1st grade. My great-grandparents lived on the same street and I remember attending the parades and haunted houses at the school." Hannah looks forward to watching Most Blessed Sacrament become home for people who need affordable housing.

The former Catholic school building is currently under construction and will be home to 30 seniors who need affordable housing. HPI will apply for Silver LEED certification for the building, making it extremely energy efficient. HPI's Property Maintenance staff has been trained on the energy efficient features of the building throughout the construction process.

Most Blessed Sacrament will open in August 2014.

"Many people would consider the properties HPI acquires as 'dangerous', but HPI sees them differently. To HPI they are new opportunities to create community"

— Hannah Farley.



Most Blessed Sacrament, HPI's next Senior Apartment Community.



Preservation:

THE KEY TO A SUSTAINABLE HOUSING SOLUTION

How do you know that the work you do truly *preserves* quality affordable housing? For HPI, we only have to look to Partridge Pointe for that answer.

When we *acquired* Partridge Pointe in 2004, this rental community was a dangerous place. Families were trapped in an unsafe environment because of neglect and mismanagement. We did not give up and today it is a thriving community filled with families proud to be apart of a community again.

During Fiscal Year 2013, HPI began its Supply Our Students School Supply Drive. With overwhelming support from donors and volunteers, HPI was able to handout school supplies and backpacks to 247 children. The children came from all over HPI's rental portfolio and the event was held in front of Partridge Pointe's water park.

Encouraged by the success of this event, HPI spent Fiscal Year 2013 expanding its programming to include Resident Services. The sense of community nurtured by the families living at Partridge Pointe has been an inspiration to our staff. In fact, a group of children from Partridge Pointe came together during the spring of 2013 and performed at our Annual Dinner as HPI Rocks.

Today, Partridge Pointe maintains a steady occupancy rate of 90-95%. Families here feel safe and there is a

sense of community again. That's the sort of progress HPI works for when we *preserve* affordable housing!



The HPI Rocks choir practicing before their performance.

Join the fun! Get Involved!

DONATE!

A gift of as little as \$25 can help seed a community garden at an HPI property. Donate online today at **WeAreHPI.org**.

VOLUNTEER!

Volunteer for our next event or find out about volunteer opportunities on our website at **WeAreHPI.org**.

STAY INFORMED!

Sign up for e-newsletters on our website at **WeAreHPI.org** or follow us on Facebook or LinkedIn!

EDUCATE

Are you or is someone you know planning on buying a house in the future? Check out our Counseling and Education courses available in person or online!

PROMOTE

Engage your company, join our Board of Directors or one of our committees and enrich HPI with your ideas.

JOIN A DONOR CIRCLE

The most effective way you can contribute to HPI is through donations. Become a member of one of our Donor Circles and enjoy a lifetime of HPI commitment.



Virginia Copley volunteered to be HPI Rock's choir master!



Volunteers paint the fences of an HPI Property in Old Louisville to preserve the historic beauty of the street.



Stock Yard Bank volunteers pitch in to help with the School Supply Drive.



Volunteers playing games and having fun during the School Supply Drive!

Combined Statement of Financial Position

Fiscal Year Ending June 30, 2013

ASSETS

Cash, Cash Equivalents, and Receivables: \$5,824,264

OTHER ASSETS

Prepays: \$341,515
 Investment in Real Estate Developments: \$55,787,741
 Homes in Progress: \$8,641,261
 Captive Insurance: \$74,000
 Office Furniture and Equipment, net: \$163,463
 Other: \$1,237,180
Total: \$72,069,424

LIABILITIES AND NET ASSETS

Current Liabilities: \$4,614,460
 Long-Term Liabilities: \$53,584,443

NET ASSETS

Unrestricted: \$12,610,006
 Temporarily Restricted: \$55,000
 Permanently Restricted: \$1,205,515
Total: \$72,069,424

EXPENSES

Housing Production: \$1,895,339
 Program Services: \$614,318
 Property Management: \$6,868,592
 Operations: \$1,061,836
Total Expenses: \$10,440,085

Net Current Activity: \$186,196

Major Grants and Allocations

Fiscal Year Ending June 30, 2013 (includes some in-kind gifts)

NeighborWorks America: \$489,900
 Housing Partnership Network: \$88,898
 Gheens Foundation Inc.: \$75,000
 Citi Group Inc.: \$60,000
 Brown Foreman: \$25,000
 SOCAJR: \$45,000

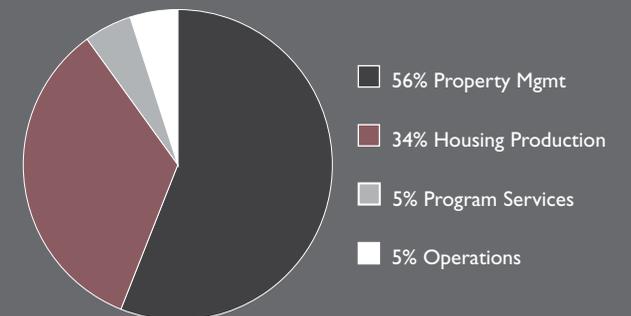
Statement of Activities

REVENUES

Housing Production: \$3,605,683
 Program Services: \$562,500
 Property Management: \$5,963,671
 Operations: \$494,427
Total Revenues: \$10,626,281

Funding Sources

Fiscal Year Ending June 30, 2013



THANK YOU TO OUR DONORS

Lifetime Giving

FOUNDERS' CIRCLE

Lifetime Giving of \$25,000 or more

Beacon Properties / SOCAJR
 Brown-Forman Corporation
 Citi Foundation
 Department of Housing and Urban Development
 Freddie Mac
 Gheens Foundation
 Housing Partnership Network
 Kentucky Housing Corporation
 LG&E & KU Energy, LLC
 Louisville Metro Government
 Metro United Way
 NeighborWorks America
 Norton Healthcare
 PNC Bank
 US Bank
 VideoBred

PRESIDENTS' CIRCLE

Lifetime Giving of \$10,000 – \$24,999

BB&T
 Bosse Mattingly Constructors
 Citi Cards of Louisville
 Citizens Union Bank
 Office Resources, Inc.
 Republic Bank & Trust Company
 Spalding University
 Wells Fargo

BENEFACTORS' CIRCLE

Lifetime Giving of \$5,000 – \$9,999

Group Nine Marketing
 Holy Trinity Church
 K&I Lumber
 Nana Lampton
 Stock Yards Bank
 Reed, Weitkamp, Schell & Vice, PLLC
 University of Louisville

2013 Fiscal Year Donors

\$5,000 +

Beacon Properties / SOCAJR
 Bosse Mattingly Constructors
 Brown-Forman Corporation
 Citi Cards Louisville
 Gheens Foundation
 Housing Partnership Network
 K&I Lumber
 Kentucky Housing Corporation
 LG&E and KU, LLC
 Metro Louisville
 NeighborWorks America
 Office Resources Inc.
 PNC Bank
 Republic Bank & Trust Company
 US Bank
 US Dept of Housing and Urban Development
 VideoBred

\$1000 – \$2499

Anonymous
 Lydia Bell
 Jesse Curts
 Lisa DeSpain
 Frost Brown Todd LLC
 Mike Hynes
 Nana Lampton
 Metro United Way
 Kimberly Stephenson
 Stites and Harbison
 Transit Authority of River City
 Mark and Susan Wheeler
 Richard Wimsatt

\$500 – \$999

CAHEC
 Catholic Charities of Louisville
 Center for Nonprofit Excellence
 Community Ventures Corporation
 Downtown Development Corporation
 Joe Farley
 Federal Appalachian Housing Enterprise
 Habitat for Humanity
 Hope of Kentucky, LLC
 Doug Leezer
 Kentucky Domestic Violence Association
 Louisville Metro Housing Authority
 Mountjoy Chilton & Medley
 Aaron Riley
 William and Jeanne Shircliff

Steelcase
 Charles Vargo
 Your Community Bank
 Zion Community Development Corporation

\$499 and below

Ed & M.A. Allgeier
 Altman Insurance
 Tim Barry
 Richard Beliles
 Steve Bogus
 Anne Braun
 Louise Brian
 Richard Buttorff
 Christina Combs
 Jerry Cornwell, Sr.
 Charles Diggs
 Mark and Michelle Dohrman
 Donn Dunker
 Brandon Egan
 FBM Properties
 Fifth Third Bank
 Jim Fox
 Judy Fritz
 Jeri Gaines
 Johnny Gibson
 Robin Goodman
 Melody Hall
 Mary and John Hamilton
 Jackie Hamm
 Sharon Handy
 Jo Ann Henning
 Linda Holland
 Al Keene
 Kevin Bradley
 Corey Kline

Sarah Laster
 Robert Locke
 Lynn Luallen
 Stephen Lukinovich
 John Lundbom
 P.M. Mattingly
 Jerry Maurice
 Robin McClain
 Stephanie Meusburger
 Sara and John Morgan
 LaShonta Morrison
 Anita Mosley
 M. Diane Murphy
 Andy Parker
 Penny Peavler
 Karen and John Pippy
 Rebecca Powell
 Todd Quinton
 Sheryl Rainey
 Gerri Reynolds
 Michael Ringswald
 Lynn Rippey
 David Ritchay
 Desmond Robinson
 Ronald Rubin
 Richard Sands
 William Skees
 David and Kristen Starck
 Curtis Stauffer
 John Thomas
 Fran Thomas
 Tammy Thomas
 Caroline Thorton
 Blade Towney
 Jennifer Vice
 Leonard Watkins
 Will and Becky West
 Marita Willis



Board of Directors, 2012 – 2013

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Brown-Forman Corporation

Mr. Billie W. Wade—Immediate Past Chair
HOPE of Kentucky, LLC

Mr. Michael A. Ringswald—Treasurer
Republic Bank & Trust Company

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Transit Authority of River City

Mr. Tim J. Barry
Louisville Metro Housing Authority

Mr. Steven E. Bogus
Catholic Charities of Louisville

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LG&E and KU Energy, LLC

Mr. William B. Gatewood
Metro Housing Resource Center

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Citi Community Capital

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Mr. Carl E. Malysz
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Mr. Robert B. Vice
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Mr. Leonard A. Watkins
Office of the Circuit Court Clerk

Mr. Mark F. Wheeler
Community Volunteer

Ms. Marita A. Willis
Community Ventures Corporation



Board member, Tammy Thomas, volunteering during the School Drive.



Chair Elect, Laura Douglas, giving a speech at the Home Show reception.



Board Chair, Rick Wimsatt, at the St. Bartholomew Grand Opening.



Former Board Chair, Billie Wade, engaging with colleagues.



Board member, Doug Leezer joins other volunteers during the School Drive.

HPI Staff Members

ADMINISTRATION:

Mike Hynes, Linda Holland

OPERATIONS:

Christina Combs, Hannah Farley, Johnny Gibson, Carmelita Luna, LaShonta Morrison

HOUSING PRODUCTION:

David Ritchay, Landen Burcham, Laura Bettencourt

HPI CONSTRUCTION, LLC:

Joe Farley, Jerry Cornwell, Martina Currin, James Dumm, Chris Fults, Lowell Harper, Steve Herm, Al Keene, Kasey Keeton, Daniel May, Nick Morales, George Puente, Ken Raeuchle, Ronda Sears, Jesse Shobe, Ray Smith, Luke Thompson, Dennis Vorhees, Kevin Williams

PROPERTY & ASSET MGMT:

Lisa DeSpain, Samantha Adams, Penny Baylor, Tara Carman, Kayla Cooksey, Cynthia Dailey, Rosalie Dailey, Cheryl Edwards, Dawn Fults, Melody Hall, John Ison, Tonya Montgomery, Joy Ritchie, Traci Robertson, Marie Timberlake, Susan Wayne, Michelle Wheeler, Fred Wilford

PROGRAM SERVICES

Lessley Wood, Gabe Fritz, Elizabeth Agerton, Rosa Alvarado, Lynda Gibson, Jo Ann Henning, Jackie Jones, Nicole Leachman, Stephanie Meusburger, Tina Murphy, Mary Ronayne, Martina Surma



HPI staff during a staff event at the Louisville Belle.





WeAreHPI.org

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