

Annual Report

2014-15



ABOUT

COMMUNITY DEVELOPMENT CORPORATION OF BROWNSVILLE

The Community Development Corporation of Brownsville (CDCB) is a private, 501(c) (3) non-profit community housing development organization (CHDO) based in Brownsville, Texas.

We serve the southernmost area of the United States – Cameron and Willacy Counties, Texas, which shares its border with Mexico on the south, and the Gulf of Mexico on its east.

CDCB has been the recipient of numerous national affordable housing awards, including being a Recipient of the Maxwell Award of Excellence; a Maxwell Award of Excellence Finalist; and recipient of the Federal Home Loan Bank System Community Partnership Award. CDCB has also been recognized with the State of Texas Housing Finance Agency Special Achievement award. Our organization is an approved FHA Title I & Title II Direct Endorsement lender; a Fannie Mae approved seller/servicer; and Rural Development lender. Since 2013, CDCB is a chartered member of the NeighborWorks® network.



mission

CDCB is a multifaceted affordable housing organization devoted to utilizing collaborative partnerships to create sustainable communities across the Rio Grande Valley through quality education, model financing, efficient home design, and superior construction.



vision

CDCB shall be the trendsetter in creating model communities, where every person will be valued, provided options, interconnected within sustainable communities, and assured a high quality of life through excellence in education and responsible decision making.



GRANTS

We have managed numerous federally and privately funded housing programs including HOME, CDBG, Rental Rehabilitation, HODAG, FMHA, Section 312, HOPE II, CASA, YouthBuild, HUD Rural & Economic Development, HUD Colonia Initiative; HUD Neighborhood Stabilization Program; HUD Self Help Opportunities Program; USDA Empowerment Zone, USDA 523 Mutual Self-Help, Stuart B. McKinney funds, AmeriCorps, Department of Labor, State of Texas Housing Trust Fund and SECO programs. Private sector and foundation support has come from the Federal Home Loan Bank of Dallas; H.B. Heron, Fannie Mae, JP Morgan Chase, Hispanic Housing, and Bank of America, United Way of Southern Cameron County, Wal-Mart, Brownsville Foundation for Health and Education; the Home Depot, Sisters of Charity, Washington Mutual, Wells Fargo Bank, and the Ford Foundation.



Our Philosophy:

CHOICE

EMPOWERS

Client-led design makes the difference. In our process, the needs and preferences of each client shape the design of their home. Life is not a matter of chance but a matter of choice. Choice validates, engages, and motivates. In a world where life-changing choices have become a luxury, low-income residents are seldom given opportunities to choose. CDCB and partners have made significant strides to ensure that families of limited resources are given options. Whether it is choosing a loan, the location of their house, or the layout of their home, our families have choices. We have witnessed how choice gives a sense of pride, builds equity, promotes stability. We are taking affordable housing to a new level through choice.

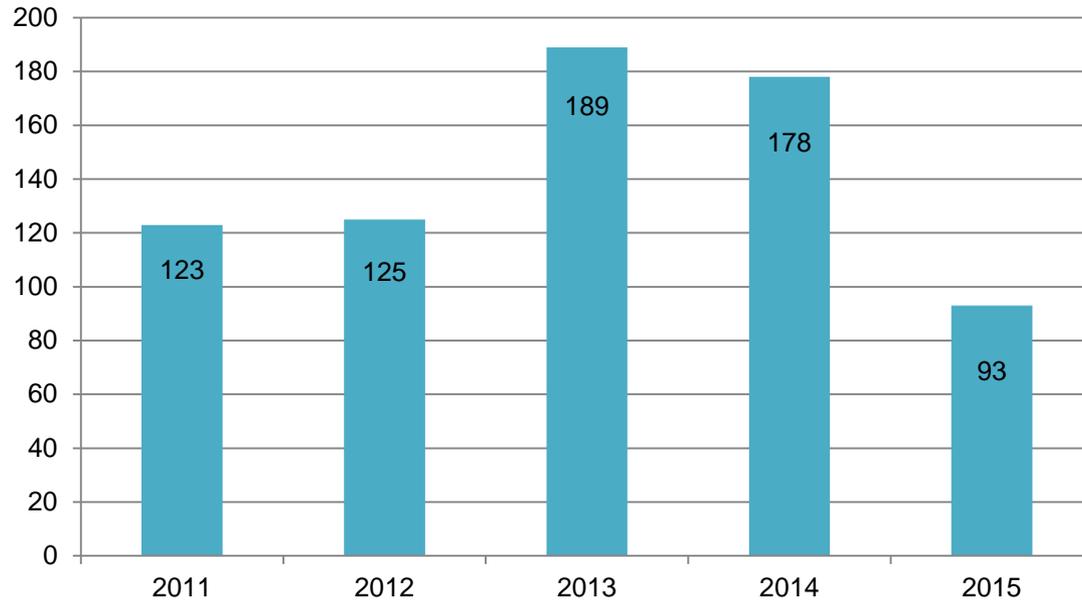
Balance sheet

Current Assets:	
Cash and cash equivalents – unrestricted	\$5,143,122.00
Accounts receivable:	
Mortgage loans receivable – current	\$713,820.00
Grants – net	\$455,258.00
Notes receivable – current	\$15,890.00
Multifamily – current	\$14,010.00
Other	\$307,599.00
Prepaid and other assets	\$58,027.00
Investments	\$1,994,000.00
Restricted assets – cash and cash equivalents	<u>578,379</u>
Total current assets	\$9,280,105.00
Noncurrent assets:	
Mortgage loans receivable	\$10,147,892.00
Multifamily receivable	\$237,260.00
Notes receivable	\$971,411.00
Developer fee receivable	\$607,961.00
Investment in homes and land development projects	\$8,140,459.00
Equity investment in partnership	-
Property and equipment – net	\$718,763.00
Total noncurrent assets	\$20,823,746.00
Total assets	\$30,103,851.00

Current liabilities:	
Accounts payable	\$149,785.00
Accrued expenses	\$164,300.00
Deferred revenue	\$422,077.00
Notes payable – current	\$1,039,250.00
Cash held for others	-
Escrow deposits	\$518,707.00
Total current liabilities	\$2,294,119.00
Noncurrent liabilities:	
Notes payable – less current maturities	\$5,392,702.00
Tenant security deposits	\$800.00
Deferred revenue	\$3,068,255.00
Total noncurrent liabilities	\$8,461,757.00
Total liabilities	\$10,755,876.00
Net Assets	
Unrestricted	\$18,994,727.00
Temporarily restricted	\$78,248.00
Permanently restricted	\$275,000.00
Total net assets	\$19,347,975.00
Total liabilities and net assets	\$ 30,103,851

5-year Production

CDCB Homes



Highlights: FY 2014-15

93

Affordable homes

built and/or financed in Southern Cameron and Willacy Counties.
CDCB assisted:



38

Families with \$639,115 of down payment and closing costs

59

Families with \$4.1 Million in first lien mortgages

10

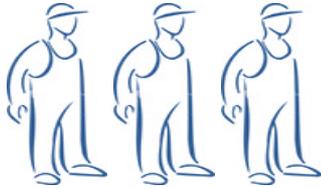
Families with \$5 Million in loans and grants for the reconstruction of their dilapidated homes

8

Families were assisted for the purchase of a lot or a home through our real estate services company, RGV Casitas

Highlights: FY 2014-15

According to the [National Association of Home Builders \(NAHB\)](#), during FY 2014-15, CDCB helped create:



276 jobs

\$5.7 Million
into the local economy

\$146,383
In local tax revenue from its
housing production





1. Homeownership

Homeownership Programs

Through different programs, CDCB is able to meet the varied needs of families purchasing a single family home:



Subdivision Development



Mutual Self-Help Housing



Mortgage Lending



RGV Casitas



Housing Counseling



Housing Preservation

Subdivision Development

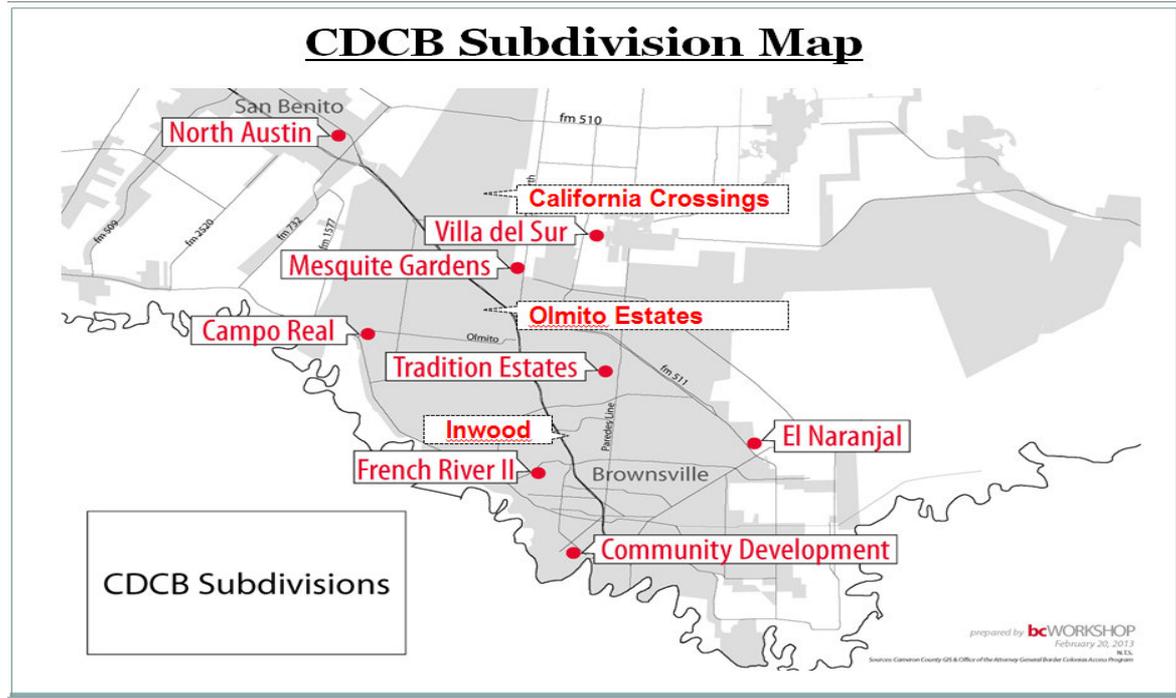
Rural and urban affordable housing subdivisions are developed by CDCB through raw land acquisition and infrastructure development, or CDCB acquiring improved lots from private sector developers through multiphase purchase agreements. Area banks and the Rio Grande Valley Multibank provide CDCB with various lines of credit for infrastructure development, lot acquisition, and interim construction financing. Interim construction financing made available to CDCB is then lent by CDCB to its subdivision homebuilders at CDCB's pass through rate.



All homes constructed in CDCB subdivisions are Energy Star-certified or better.

Each subdivision features varied floor plans, each with multiple elevations that provide 3 or 4 bedrooms, 2 baths, with a single car garage, as well as community parks and green space. Home prices are set by CDCB, and we provide interim construction financing to select local builders seeking to expand their production pipelines. Currently, we are working with six approved local builders.

To meet the growing demand, and to spur large scale production of affordable housing, CDCB began its Affordable Housing Subdivision Program in 1996 with the Windwood Subdivision in North Brownsville on 48.16 acres of raw land. Today, we have lots and homes available in ten subdivisions in Brownsville and its vicinity.



Mutual Self-Help Housing

The Mutual Self-Help Housing Program creates homeownership opportunities for families earning 60% or less of the States Median Family Income. Five to ten families work together over eleven months, labor and skills to successfully complete each home. Each family moves into their new home after all homes are complete.

Since 2010, CDCB has seen
60 mutual colonia self-help
homes



Participating families contribute their labor in building 65% of the new home for themselves and the other participating families. The “sweat equity” of each participating family reduces the loan amount for each home by as much as \$12,000.

Mortgage Lending

In October, 1996, CDCB was approved as a Title II Direct Endorsement Lender by the Federal Housing Administration and in 1998, it became the first nonprofit in the state of Texas to originate first lien loans under the State's Mortgage Revenue Bond Program. CDCB is a FHA Direct Endorsement lender; a Fannie Mae Seller/Servicer; and a USDA approved lender. CDCB also originates portfolio loans for the Rio Grande Valley Multibank CDFI.

In 2014-15, CDCB
originated/packaged 59 first
lien loans for a total of
\$4,176,514



Loan Servicing

Since October 2000, CDCB has originated/packaged over \$120 Million in mortgage loans, averaging \$8.5 Million per year.

In 2014-15, CDCB originated/packaged **59 first lien loans** for a total of **\$4,176,514** through Wells Fargo, USDA Rural Development, TDHCA (MRB, Bootstrap, and NSP), and CASA.

CDCB services 3 portfolio loan products:

Affordable Housing Loan Program (AHLP). A 4.5%, 18-year loan.

Rural Colonia Loan Program (RCLP). A 3.5%, 20-year loan for low-income individuals seeking new or replacement housing.

CASA. A loan with fixed rate at Federal Home Loan Bank's CIP rate for 30 years plus 200 basis points.

At year end (Sept. 30, 2015), CDCB's servicing portfolio totaled **\$10,648,688** outstanding on **310 loans**. CDCB services all loans on its computerized Loan Ledger system. Wells Fargo Bank provides lock box services for the reception of all payments.

RGV Casitas Realty

Through RGV Casitas, CDCB is able to ensure that low-income buyers and sellers are better served by: 1) **Enhancing continuum of service.** CDCB currently offers counseling, development, construction, and lending services to its clients. In the past, if a client was approved for a loan but did not want to purchase a home in one of our subdivisions, they were released to find their own real estate agent to purchase a home. Now, real estate is part of our overall package of homeownership services.



RGV Casitas, a mission-driven real estate brokerage service, was established by CDCB to meet the growing demands of families in the pursuit of homeownership.

2) **Correcting market failure.** The conventional brokerage system has, by and large, failed to meet the unique needs of low-income buyers. Profit-driven brokers have weak incentives to serve these clients because of the lower commissions they represent. As a result, room is created for unscrupulous agents who deliberately target low-income communities. These brokers can partner and co-locate with mortgage brokers, encouraging or facilitating irresponsible or predatory financing arrangements; sell properties to buyers who will let them sit vacant or subdivide them illegally; or otherwise endanger families and destabilize communities.

Housing Counseling

The American Dream of Homeownership can become a reality through realistic goals, good advice, practical planning, and a good understanding of the costs involved. To assist families in this effort, and to provide counseling to homeowners at large, CDCB started the Housing Information and Education Center.



CDCB is a HUD-certified housing counseling agency.

CDCB's HIEC assists individuals and families with counseling and provides advice to tenants and homeowners so they can improve housing conditions and meet their respective responsibilities through the effective use of a Comprehensive Housing Counseling Program.

Housing Preservation

Formerly known as Colonia Redevelopment Program

The Colonias of South Texas and the urban barrios are considered some of the poorest areas in the United States. The 2,000 Census found that Cameron Park, the oldest and largest colonia in the U.S. is also the poorest community in the country, In Cameron and Willacy Counties alone there are over 120 colonias identified by the Texas Water Development Board and an average 85% of the residents are homeowners.

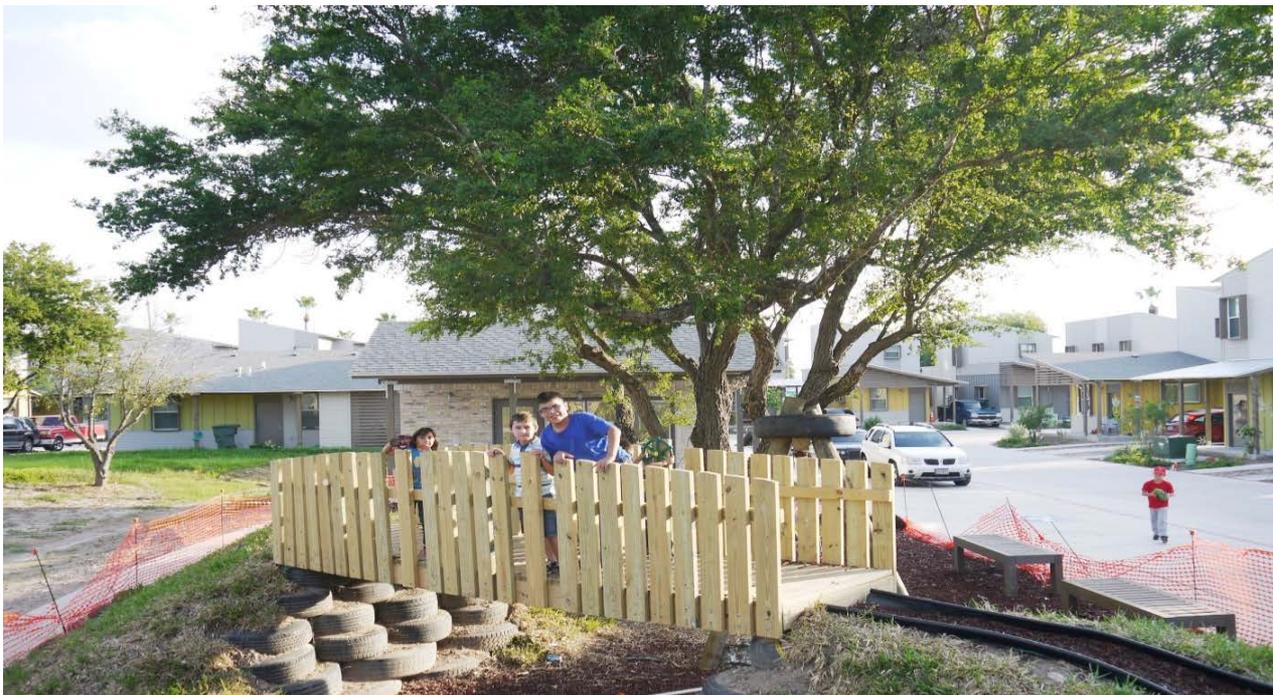
CDCB's Colonia
Redevelopment
Program exists since
1996



CDCB has adopted a three-part plan to upgrade housing stock that includes rehabilitation, reconstruction, and new housing construction.



2. Rental Housing



La Hacienda Casitas

56 unit cottage community (tax credit project) in Harlingen, Texas

- Affordable, sustainable housing that is also livable and community-oriented
- Award-winning design
- New and innovative site drainage design

Our rental housing vision

CDCB's Rental Housing vision is much more than just acquiring property, building and renting units. Our rental housing vision takes into account the choices people make their everyday lives. The thoughtfulness that's gone into the design and building of the homes allows our clients to live with a more sustainable ethic, a greater awareness of beauty, and a stronger commitment to community and neighbors. CDCB's approach includes a concern about the planet, families and communities, and fosters a true connection that goes from the city to the living room of each home. The key to our vision is thoughtful land use, creative site planning, and great architectural design.





3. La Puerta Center for Financial Empowerment

La Puerta



THE PROBLEM: In our 41 years of existence, Community Development Corporation of Brownsville has helped thousands of families from the Rio Grande Valley on their way to homeownership. We have seen that one of the biggest hurdles in becoming financially stable is being able to build good credit. But this is not the only hurdle the families we help face. Low income families residing along the southern Texas-Mexico border face formidable barriers to achieving financial stability and accumulating wealth including geographic isolation from mainstream financial service institutions, incongruent income streams, absence of access to relevant financial education and a preponderance of aggressive market predatory financial services. Regionally, 18 percent of residents in Cameron and 23% of residents in Willacy counties were unbanked in 2011, lacking basic transaction accounts at mainstream financial institutions. Furthermore 23% of residents in both counties were underbanked, meaning that although they had an account with a traditional financial institution they utilized alternative financial products and services. An alarming 70 percent of current La Puerta clients have used alternative financial products and services within the last year.

OUR SOLUTION: The La Puerta program employs a comprehensive strategy to assist clients to achieve financial stability by providing: (1) individual financial coaching, (2) financial education workshops – through the presentation of culturally appropriate financial education and peer-to-peer dialogue, (3) free tax preparation, (4) access to asset building financial services and products, (5) higher education financial planning, and (6) affordable care act education. Through good management and highly qualified staff La Puerta is positioned to provide high quality financial education and counseling to RGV residents and CDCB clients now and into the future.



5. CDCB YouthBuild

CDCB YouthBuild

Empowering young adults to achieve their education and career goals



2008-2015 impact of YB in the community

220

youth enrolled



159

literacy & numeracy gains

74

youth in employment



99

successful completers

24

post-secondary enrollment



90

youth attaining a GED/NCCER

19

Onsite construction/rehab houses



6. Community Equity



Aside from our housing production, CDCB and partners helped to build other assets in our community.



Community Equity

- The Partnership – ARISE, LUPE, bcWorkshop, TxLIHIS & CDCB
- Funded by Ford Foundation & Annie E. Casey Foundation (4 yrs.)
- Goals:
 - General community organizing
 - Grassroots political power and civic engagement
 - Empowerment and capacity-building through design
 - Equity
 - In drainage: Address chronic residential flooding
 - In infrastructure: Right to light campaign
 - In disaster planning and protection for low-incomes households
 - In government services across wealthy and low-income neighborhoods
 - In higher education — New state university includes very-low income students
 - In housing opportunity for extremely low-incomes families
 - In public transportation for underserved colonias and other low-income areas

RAPIDO

The RAPIDO pilot program utilized and tested a temporary-to-permanent housing strategy that deploys a CORE temporary housing unit to a family's property, then through collaboration with the family, trained designers, architects, and local contractors, is expanded and customized to meet each family's needs.

After Hurricane Dolly the response by the Federal Government, State of Texas, Local Government, and area non-profits was slow and inadequate to meet the overwhelming needs of our low-income residents regarding long term housing. It was clear that a Statewide Natural Disaster Plan was required in order to meet these needs head on in the case of any future natural disasters.

Project Partners (CDCB, bcW, LUPE, ARISE, and TAMU) and Experts, started the demonstration project in early January, 2014. The pilot program collaboration produced not only the 20 homes in colonias across the Valley but started a statewide dialog on Natural Disaster Planning and received national attention. The pilot was completed in January 2015, along with a policy recommendation that was used to propose legislation that would transform disaster recovery housing in the state of Texas. Unfortunately, even with strong bi-partisan support the legislative session ended before a vote could be taken on the bill.

The partnership continues to promote and push for the RAPIDO concept to be adopted statewide, with continually growing support for the program CDCB and its partners hope to see the concept officially adopted in the next legislative session.



Our Senior Staff



Nick Mitchell-Bennett
Executive Director

Nick holds a M.S. degree in Economic Development from Eastern University and a B.A. degree in Political Science/International Studies from Tabor College, Hillsboro, Kansas. Prior to joining CDCB in 1997, he served as the Director of the Mennonite Partnership Building Initiative; a faith-based housing program working in the Colonia areas of Brownsville.

In 1996, while at Eastern University, Nick worked in the South Philadelphia neighborhood of Point Breeze with the Point Breeze CDC helping to organize the CDC's first housing program. For a brief period in 2007 he worked as the Resource Development Director with United Way of Southern Cameron County. In 1996, in partnership with his father-in-law he started his own business remodeling and selling historic homes in Brownsville's downtown and West Brownsville areas.

He currently serves as the chair of the Board of Directors of the Texas Association of Community Development Corporations and also as a board member of the National Rural Housing Coalition and Proyecto Juan Diego.

Nick graduated from the NeighborWorks Achieving Excellence Program at Harvard University Kennedy School in March, 2012.



Edna Ocegüera
Deputy Director

Edna oversees CDCB administration, finance, and loan operations, supervises senior staff, and manages the day-to-day operations of the organization. She has more than 21 years of banking experience with Mercantile Bank in various areas.



Our Senior Staff



Linda Marin
Director of Homeownership

Linda is responsible for underwriting all loans and issuing loan commitments for all CDCB loan products as well as coordinating CDCB's entire mortgage lending operations from loan application through closing. She obtained her B.B.A. degree in Finance from the University of Texas at Austin, and previously worked for the Washington Mutual as a DE Underwriter.



Juan Ramirez
Construction Superintendent

With more than 25 years of experience in the construction field, Mr. Ramirez started working with CDCB as a Self Help Construction Trainer in 2000. He oversees all single family houses that are built by different contractors to ensure quality built homes.



Mark Moseley
MultiFamily Development Program Manager

Mark oversees all multifamily and rental housing developments. He was the Executive Director of Tri-County HDC in Harrisburg, Pennsylvania. He also worked as the Senior Housing Developer for Rural Opportunities (Path Stone) and Housing Director with the Pelathe Indian Center in Lawrence, Kansas.



Nelda Najera
YouthBuild Director

Mrs. Najera has a B.A. in Psychology and over 16 years of project management experience in workforce development programs as well as 6 years of working with at-risk youth in a housing development. She is responsible for the implementation and day-to-day operations of the program and overseeing the data collection and analysis for report compilation for program outcomes.

Our Board

CDCB is overseen by a community board, whose members meet monthly to transact corporation business. All meetings are posted and open to the public. The board is positioned to provide input and strategic direction to the Corporation's initiatives, insight into service needs of the community at large, as well as oversight of the Corporation's operations. Board members serve on the Corporation's Audit Committee, and receive the Annual Corporation audit. Board members are elected to three-year terms, with a two-term limit. Nominations to the Board are made by existing and past Board members, as well as referral.

Larry Hollmann. Accountant. Retired from Burton, McCumber & Cortez

Bitty Truan. Business Owner, State Farm Insurance

Michael Seifert. Community Organizer, Equal Voice Network

Delma Sanchez. Social Worker & Counselor, Region 1 Early Childhood Intervention

Murad Abusalim. Chair of Architecture Program, Texas Southmost College

William Berg. Professor. Retired from UT-Brownsville

Annemarie Whitko. Project Manager, Ambiotec

David Vasquez. Former YouthBuild Student

Rita Conde. Social Worker. Retired.

Crystal Losoya. Collections Specialist, Cameron County District Clerk Office

Edgar Gaucin. Office Manager, South Texas Pro Bono Asylum Representation Project (ProBAR)

Javier Salinas. Assistant Director of Admissions. University of Texas at the Rio Grande Valley

Contact Us

For questions or to request more information, please contact our team.



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