



2016-17
ANNUAL REPORT





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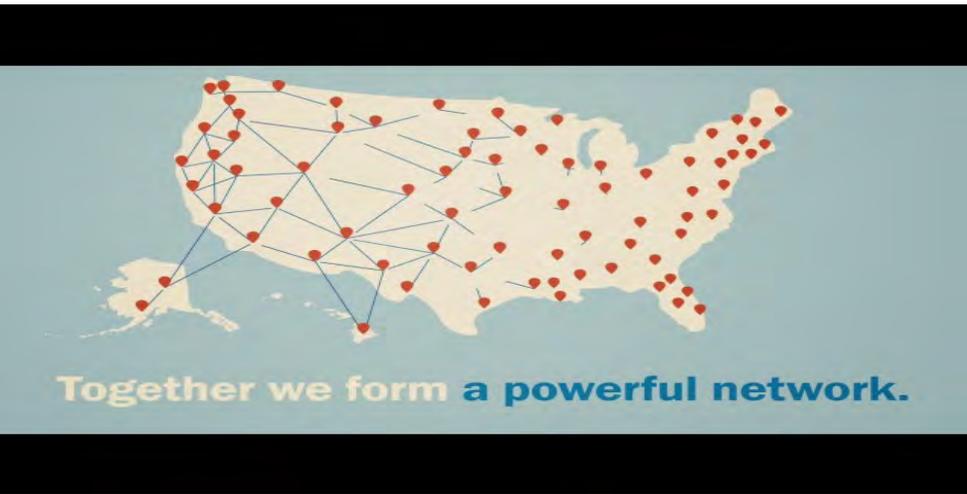
The Community Development Corporation of Brownsville (CDCB), established in 1974, is a Brownsville-based, private, 501(c)(3) non-profit, community housing development organization (CHDO).

The CDCB serves the nation's southernmost region -- Cameron, Willacy -- and most-recently -- Nueces counties. Cameron and Willacy counties are binational areas with cities bordering Mexico. All three counties are Coastal communities. Cameron County is also considered one of the nation's poorest counties.

The CDCB has been the recipient of numerous, national affordable-housing awards, including: The Maxwell Award of Excellence; a Maxwell Award of Excellence Finalist; and the Federal Home Loan Bank System Community Partnership Award.

The CDCB is an approved FHA Title I and Title II Direct Endorsement lender; a Freddie Mac-approved seller/servicer; and a Rural Development lender.

Since 2013, the CDCB has been a NeighborWorks America Network chartered member, one of more than 240 of the nation's best community development organizations. NeighborWorks is a congressionally-chartered nonprofit organization that supports community development in the United States and Puerto Rico.



501
(C)(3)

Non-Profit
private

CHDO
community housing
development
organization
servicing South Texas



who we are



mission



The Community Development Corporation of Brownsville mission is to be a multifaceted, affordable-housing organization devoted to utilizing collaborative partnerships to create sustainable communities across South Texas through quality education, model financing, efficient home design and superior construction.

The 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.



vision

philosophy



The client's needs and preferences shape the home's design. Choice validates, engages and motivates. In a world where life-changing choices have become a luxury, low-income residents are seldom given choice. Whether it's choosing a loan, home location or home design, CDCB clients have choice.



CHOICE empowers



financials



CDCB Consolidated Statements of Financial Position

<i>September 30,</i>	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents -- unrestricted	\$ 2,632,645	\$ 2,844,411
Accounts receivable:		
Mortgage loans receivable	603,008	1,702,910
Grants	464,030	1,043,863
Notes receivable	17,528	16,620
Other	570,157	132,812
Prepaid and other assets	235,582	78,441
Investments	743,795	1,994,000
Current investment in homes and land development projects	1,677,719	--
Restricted cash and equivalents	2,837,682	662,259
Total current assets	9,782,146	8,475,316
Noncurrent assets		
Mortgage loan receivables	11,430,803	10,736,147
Multifamily receivable	8,726	153,660
Notes receivable	1,535,701	1,553,119
Developer fee receivable	1,767,777	1,343,136
Investment in homes and land development projects	10,076,111	7,583,386
Rental properties -- net	338,539	274,102
Long-term investments	3,553,772	1,090
Property and equipment -- net	644,772	685,198
Total non-current assets	29,356,201	22,329,838
Total assets	\$ 39,138,347	\$ 30,805,154

-Continued



financials



CDCB Consolidated Statements of Financial Position - Continued

<i>September 30,</i>	2017	2016
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 153,344	\$ 158,690
Accrued expenses	196,692	195,521
Deferred revenue	325,422	170,258
Notes payable	4,777,261	690,672
Escrow deposits	603,855	602,034
Total current liabilities	6,056,574	1,817,175
Non-current liabilities		
Notes payable - less current maturities	10,872,946	6,296,371
Tenant security deposits	2,051	1,800
Revolving fund	717,741	778,565
Other liabilities - NSP2	2,257,652	2,363,102
Total non-current liabilities	13,850,390	9,439,838
Total liabilities	19,906,964	11,257,013
NET ASSETS		
Unrestricted	18,692,076	18,771,401
Temporarily restricted	29,307	266,740
Permanently restricted	510,000	510,000
Total net assets	19,231,383	19,548,141
Total liabilities and net assets	39,138,347	\$ 30,805,154



highlights



149 
AFFORDABLE
Homes
 built and/or financed in Cameron & Willacy counties.

59 
FAMILIES assisted
 with \$1,048,656 of
 down payment and closing costs

80 
FIRST-LIEN
Mortgages
 families with \$6,560,680 Million

10 
FAMILIES
 With \$565,555
 in loans and grants for the reconstruction
 of their dilapidated homes

14 
FAMILIES
 With RGV Casitas
 assistance of lot or home purchase

31 
RENTAL
Units
 with Casitas Los Olmos' completion

121
JOBS CREATED
 CDCB helped to create during FY 2017
 according to the National Association
 of Home Builders (NAHB)

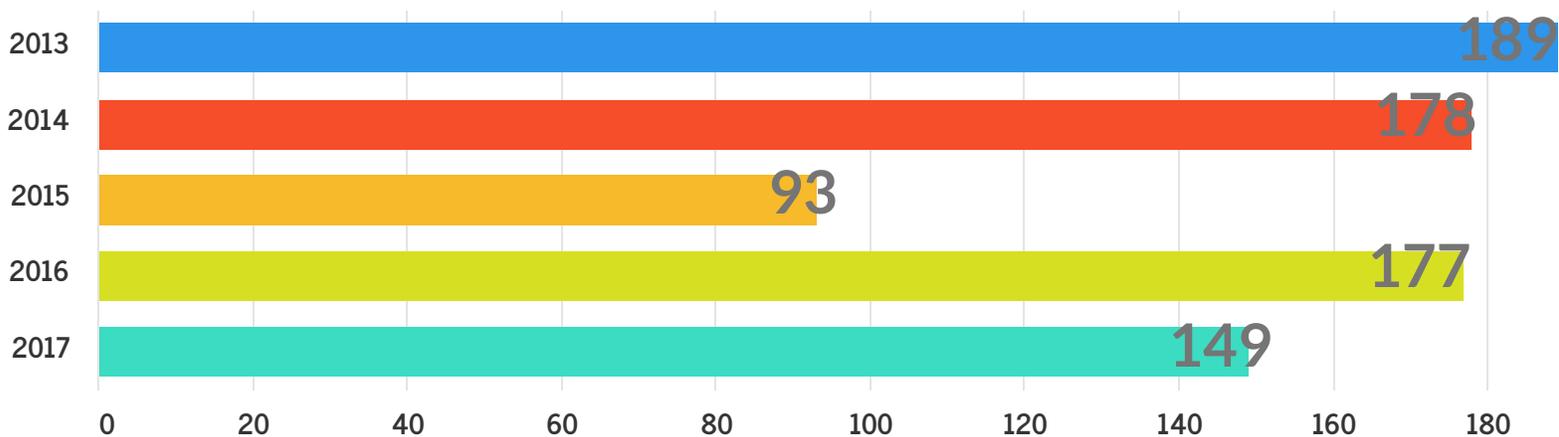
\$8.99M
CONTRIBUTION
to LOCAL ECONOMY

\$290,000
TAX REVENUE
 from its
HOUSING PRODUCTION





Five-year CDCB Home Production



Single-family Homeownership & Preservation

Through five different programs, the Community Development Corporation of Brownsville meets the varied needs of families purchasing or preserving single-family homes for homeownership.

The four different programs are:

- First- and Second-Lien Mortgage Lending & Construction (Homeownership);**
- RGV Casitas (Homeownership);**
- Mutual Self-Help Housing (Homeownership); and**
- Affordable Housing Preservation.**

In 2017, the CDCB built 29 new construction homes for families and provided **Mortgage Financing, Down-Payment Assistance** and/or **Realty Services** to another 79 Clients. This, included with our **Preservation** work, the single-family line of business accounted for **118 total homeowners** created or preserved.

118 
 HOMEOWNERS
 Created or Preserved



First- & Second-Lien Mortgage Lending & Construction

In October 1996, the Community Development Corporation of Brownsville was approved as a Title II Direct Endorsement Lender by the Federal Housing Administration.

In 1998, the CDCB was the first non-profit in the State of Texas to originate first-lien loans under the State's Mortgage Revenue Bond Program.

The CDCB is a FHA Direct Endorsement lender; a Wells Fargo Correspondent Lender; a USDA-certified loan packager; and an originator of portfolio loans for the Rio Grande Valley Multibank CDFI.

Since 1998, the CDCB has originated more than \$140 million in first-lien loans.

In FY 2017, the CDCB began the process to become a Freddie Mac and Fannie Mae seller/servicer. Many low-income families are unable to purchase a new home due to their inability to save enough money for the down-payment and closing costs. In order to overcome this barrier, the CDCB, in partnership with the City of Brownsville and the State of Texas, has created one of the state's most successful down-payment assistance programs.

Since 2001, the CDCB has utilized more than \$13 million in federal, state and private down-payment assistance funds in association with its new housing construction and loan origination programs. The CDCB has assisted more than 1,500 families at an average of \$8,000 per family.

In FY 2017, the CDCB financed 81 First-Lien mortgages through the different products offered to clients including USDA 502, Wells Fargo FHA & Conventional, CASA Loan and NSP.

81 
first-lien mortgages in
FY 2017

 **1,500**
families assisted by
CDCB since 
2001 w/down payment assistance



RGV Casitas

CDCB operates a mission-driven real estate brokerage service, RGV Casitas.

RGV Casitas was established to serve low- to moderate-income families in the pursuit of homeownership and to meet the growing demands placed on non-profit, single-family housing development organizations.

RGV Casitas' primary purpose is to serve as a buyer's agent, to ensure that low- to moderate-income buyers are not overlooked in an industry that lives on commission. Filling this gap in the market allows CDCB to protect LMI homebuyers to get homes that fit their needs and their budgets. In FY 2017, RGV Casitas assisted 14 households in finding a home on the open market in Cameron County.

Mutual Self-Help Housing

The Mutual Self-Help Housing Program creates homeownership opportunities for families earning 60% or less of the state's Median Family Income.

Five to 10 families work together over 11 months, sharing labor and skills to successfully complete each home, with each family moving into their new home after all homes are complete.

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

In FY 2017, the CDCB did not have any Mutual Self-Help participants, but did identify families who would be interested in participating in FY 2018.





Affordable Housing Preservation

Keeping with the Community Development Corporation of Brownsville's primary mission -- to provide safe, sanitary and affordable homes to the poorest residents of Brownsville and the surrounding areas, CDCB has continually operated a housing rehabilitation and reconstruction program currently branded as "sustainABLEhouse."

The sustainABLEhouse initiative engages design as a tool to address issues of equity within the Lower Rio Grande Valley by providing affordable housing that is durable, efficient, contextually-appropriate and community-resident informed. The sustainABLEhouse design process works directly with each client so needs and preferences shape the home's design. In the Lower Rio Grande Valley, CDCB has partnered with buildingcommunityWORKSHOP to implement the sAh design process. The CDCB serves as the financial agent, client coordinator and construction manager for these homes, while bcWORKSHOP provides design and construction administration services. A large portion of this work is done through the Cameron & Willacy County Colonia Self-Help Center, which is administered for the County by the CDCB.

With the unprecedented increase in foreclosures since the 2007-10 housing crisis, homeowners need to understand that more options exist more than ever. At the Community Development Corporation of Brownsville, housing advisors are trained to assist clients with foreclosure prevention. Each counseling session provides the client with the information needed to understand the loan modification process. CDCB housing advisors regularly communicate with the largest mortgage companies, assisting homeowners with understanding the steps required for an effective resolution with the mortgage lender.

In FY 2017, CDCB helped to preserve 10 units of affordable housing in Cameron and Willacy counties through reconstruction and loss-mitigation counseling.

10

HOMES



Preserved in
FY 2017



real estate

Rental Housing

Since the housing market crash, and the subsequent credit tightening for single-family mortgages, the Community Development Corporation of Brownsville understood the only way to continue to meet the overwhelming need for affordable housing in the Rio Grande Valley was to establish a Rental Housing program.

CDCB's Rental Housing vision is much more than just acquiring property, building and renting units. Its vision takes into account the choices people make in how they wish to live. These choices include the personality of each home and the care that goes into design and construction; living with a more sustainable ethic; and awareness of commitment to community and neighbors. The key to our vision is thoughtful land use, creative site planning and great architectural design. Currently, the CDCB has developed two, multifamily developments in Cameron and Willacy counties.

La Hacienda Casitas

Completed in FY 2014, La Hacienda Casitas is a 56-unit cottage community located in Harlingen, Texas. *Casitas* or "small house" is conveyed in the property's design with its detached one-, two-, three- and four-bedroom *Casitas*. This development was the CDCB's first 9% Low Income Housing Tax Credit (LIHTC) property. The development provides multiple amenities to residents including: Laundromat; playground; business center; community room; walking paths; individual trash pickup; designated driveway parking; on-site mailboxes; and low-impact drainage to assist in water runoff. The development was designed in partnership with buildingcommunityWorkshop, a nonprofit design and architectural firm. La Hacienda Casitas has won multiple design awards.

Casitas Los Olmos

Completed in FY 2017, Casitas Los Olmos is an 80-unit cottage community located in Raymondville, Texas. This development was the CDCB's second 9% LIHTC property. Similar to La Hacienda, Casitas Los Olmos offers multiple amenities to residents including: Laundromat; playground; business center; community room; walking paths; individual trash pickup; designated driveway parking; on-site mailboxes; and low-impact drainage to assist in water runoff. Los Olmos was Raymondville's first low-income housing developed in nearly a decade. In FY 2017, the CDCB contributed 31 units of rental housing to the market with the completion of Casitas Los Olmos.





real estate

Subdivision Development

Rural and urban, affordable-housing subdivisions are developed by the Community Development Corporation of Brownsville through raw land acquisition and infrastructure development, or by acquiring improved lots from private-sector developers through multi-phase purchase agreements.

Each subdivision features client-led designed homes or standard varied floor plans, each with multiple elevations that provide three or four bedrooms, two bathrooms, a single-car garage, as well as community parks and green space. All CDCB subdivisions consist of Energy Star-certified homes, or better.

Area banks and the Rio Grande Valley Multibank provide the CDCB with various lines of credit for infrastructure development, lot acquisition and interim construction financing. Interim construction financing made available to the CDCB is then lent by the CDCB to its subdivision home builders at the CDCB's pass through rate.

In FY 2017, the CDCB, tasked by the CDCB board in 2016, began the site-selection process for the development of a new, mixed-income Brownsville subdivision. The new subdivision, named Palo Alto Groves, will begin development and construction in FY 2018.

Through this new, mixed-income community, CDCB will contribute to the housing market more than 600 single-family homes for homeownership and more than 400 multi-family housing units.





real estate



Subdivision Development



Beginning in FY 2018, through this new, mixed-income community, the CDCB will contribute to the housing market more than 600 single-family homes for homeownership and more than 100 multi-family housing units.



For many people, owning a home is the American dream. It can become a reality, but not without realistic goals, good advice, practical planning and an understanding of the costs involved. To assist families in this effort, and to provide counseling to future homeowners at large, the Community Development Corporation of Brownsville established the La Puerta Center for Financial Empowerment.

CDCB's La Puerta program aims to equip and empower families to reach a state of financial health and to achieve financial stability, resilience and long-term security through three core program interventions:

- (1) The provision of knowledge and skills;
- (2) Access to sound financial products and services; and
- (3) Targeted opportunities to save.

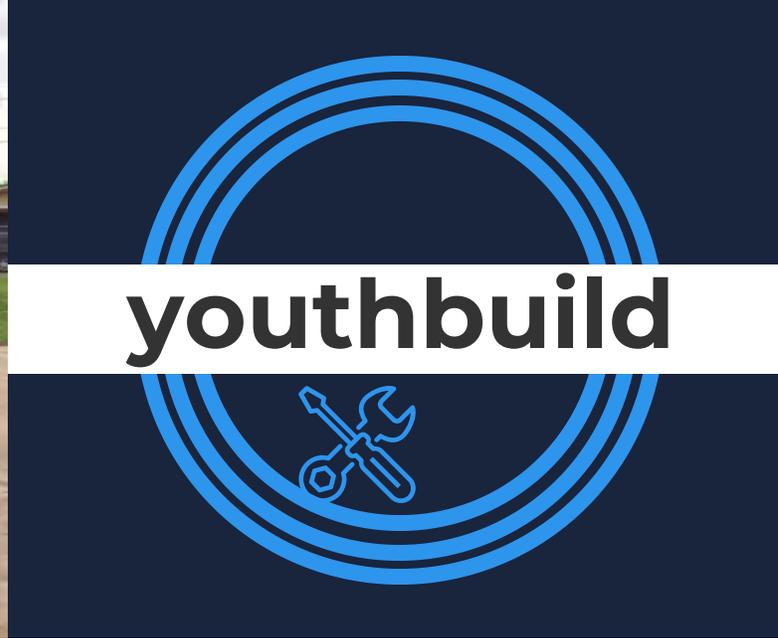
Financial coaching and financial education workshops are the primary tools the CDCB employs to provide families with the knowledge and skills necessary to improve financial behavior and decision making.

In FY 2017, the CDCB La Puerta program developed new partnerships in the community including a partnership with the Mexican Consulate in Brownsville. The partnership consisted of CDCB's financial coaches providing financial literacy to Consulate clients and community members.

In FY 2017, the La Puerta program accomplished the following:

- First assessment advising sessions to 570 new clients/households;
- Made 124 clients homebuyer ready;
- Follow-up appointments to more than 600 clients;
- 94 financial education classes to more than 1,700 clients;
- 24 homebuyer education classes to 156 clients; and
- 497 tax returns prepared as a Volunteer Income Tax Assistance (VITA) site that included more than \$1.1 million in tax refunds.





The YouthBuild Program of the Community Development Corporation of Brownsville is an Employment and Training Program. It assists youth ages 16-24 to obtain a High School Equivalency certification, construction skills training and civic experience from community and leadership projects.

It is CDCB YouthBuild's vision to prepare and support its youth to earn post-secondary certifications or degrees and/or acquire full-time, permanent, labor market value employment. The YouthBuild model provides project-based learning and occupational skills training that prepare disadvantaged youth for career placement. The academic component is an alternative education program that assists youth in obtaining High School Equivalency certification, and the occupational skills training prepares YB students to gain placement in career pathways and/or further education or training. The model supports the goal of increasing affordable housing within communities by teaching youth construction skills that are learned through building or significantly renovating homes for low-income families. Students graduate from the program in a nine- to 12-month time frame with a High School Equivalency, NCCER Certification, Comp TIA A+ IT Certification and a Microsoft Office Specialist Certification.



WORKFORCE & EDUCATIONAL TRAINING

YouthBuild provides pathways to education, jobs, entrepreneurship and other opportunities leading to productive livelihoods and community leadership.



24
STUDENTS
Enrolled in
FY 2017



17
STUDENTS
Received GED
in FY 2017



29
STUDENTS
Received NCCER/
OSHA Certificates



rgv multibank



Founded in 1995, the [Rio Grande Valley MultiBank \(RGVMB\)](#) is a Community Development Financial Institution (CDFI) certified by the United States Department of Treasury.

Its mission is to provide financial products and development services to the RGV, particularly in the area of affordable housing and consumer lending. The RGVMB provides an affordable, risk-free alternative to payday and car title loans through its subsidiary The Community Loan Center of the Rio Grande Valley.

The RGVMB is a for-profit, stockholder-held organization owned by 10 banks and organizations: Wells Fargo, Bank of America, BBVA Compass, Frost Bank, International Bank of Commerce– Brownsville, IBC– McAllen, IBC– Zapata, National Cooperative Bank, Lone Star National Bank and the Community Development Corporation of Brownsville. All earnings are reinvested into the program for expansion and lending capital.

Since its inception, the RGVMB has been managed on a day-to-day basis through an Administrative Agreement with the CDCB, which provides staffing, technical, administrative, accounting, marketing and expanded development services to the RGVMB. This arrangement has served to maximize efficiencies, reduce costs and provides for shared staffing.

The RGVMB, through CDCB’s administrative efforts, operates two main lending products:·

The CASALoan – Through its membership in the Federal Home Loan Bank of Dallas low-interest mortgages to families unable to be approved for standard FHA loans. The RGVMB has funded more than \$6 million on more than 100 loans in the past four years.·

The Community Loan Center – In 2011, the RGVMB launched the CLC of the RGV to offer an alternative to high-cost payday and title loans. The CLC began franchising the lending model in 2014 and to date has 12 active franchises in Texas, Indiana and Maryland. Originating more than 26,000 loans totaling over \$20 million for low-income families.

Currently, the CDCB services a portfolio of 325 loans for the Rio Grande Valley Multibank. The CDCB has only foreclosed on two mortgage loans in the past 26 years. In FY 2017, the CLC of the RGV made 5,008 small-dollar loans, and the RGVMB loaned \$111,890 in First-Lien Mortgage.

26,000
CLC LOANS
SINCE 2011





community equity



In the Rio Grande Valley of Texas, economic and racial discrimination, exploitation and disenfranchisement have isolated and marginalized "colonias." The term "colonia" in Spanish means a community or neighborhood. These residential areas are found with 50 miles of the U.S.-Mexico border and commonly lack some of the most basic living necessities, such as potable water and sewer systems, electricity, paved roads and safe and sanitary housing. And, unemployment rates are commonly several times higher than state averages.

Unable to obtain decent housing in the RGV, thousands of the lowest income Hispanic families, many recent immigrants, make homes in these substandard colonias. Following Hurricane Dolly, a unique partnership of low-income community organizing groups, nonprofit housers, planners/designers and policy advocates came together to confront these endemic problems.

As this work continues, the CDCB focuses on leadership development, building capacity of local organizations to organize, program innovation and securing new solutions through various initiatives.

Unidos Por RGV

In partnership with [LUPE](#), [ARISE](#), The University of Texas Rio Grande Valley and Llano Grande (Consultants), the CDCB has served as the financial partner to assist with transforming UTRGV into an anchor institution that allows access and provides service and support to the entire RGV community.

Through the efforts of [Unidos Por RGV](#), this work is being accomplished through hosting multiple Leadership Development Seminars for residents of the community and personnel of the University. These seminars cover a wide variety of topics all aimed at helping the community and University understand what it means to be an anchor institution that is inclusive of the entire Rio Grande Valley community and culture.





community equity

RAPIDO

In FY 2017, the Community Development Corporation of Brownsville continued to advocate for the RAPIDO Disaster Recovery Model. Another bill was introduced in the State Legislature to adopt RAPIDO as a Texas solution to disaster recovery and again received bipartisan support. However, it failed to make it to a vote before the end of the session. With the devastation that Hurricane Harvey brought to the Texas coast, the conversation has been revived on how communities can be better prepared for natural disasters. The CDCB and its partners continue to advocate for RAPIDO and engage lawmakers.

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, the home is expanded and customized to meet each family's needs.

After Hurricane Dolly in 2008, the response by the federal government, state of Texas, local government and area non-profits was unable to adequately meet the overwhelming needs of the Rio Grande Valley's low-income residents regarding long-term housing. It was evident that a statewide natural disaster plan was required in order to meet these needs head on in the event of future natural disasters.

Project partners (CDCB, buildingcommunityWORKSHOP, LUPE, ARISE, TAMU and local experts) began the pilot program and not only produced 20 homes in RGV colonias, but began a statewide dialog on natural disaster planning that received national attention. The pilot program was completed in January 2015, along with a policy recommendation that was used to propose legislation that would transform disaster recovery housing in Texas.





The Community Development Corporation of Brownsville consists of a team of 40 employees. Staff is broken down into the following teams: Multifamily Housing; Single-Family Housing; Construction Operations; Finance/Loan Administration; YouthBuild; the RGV MultiBank; and Executive Management.

The CDCB is overseen by a community board whose members meet monthly to transact corporation business. All meetings are posted and open to the public. 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.

The CDCB's 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.



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COMMUNITY
D DEVELOPMENT **T**
CORPORATION OF BROWNSVILLE



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