

June 30, 2011

To: Habitat Tucson Friends and Supporters
Fr: Michael McDonald, Executive Director
Re: Fiscal Year-End (6/30/11) Report to the Community

Dear Friends:

We give thanks to each of you and to our community for providing Habitat Tucson's mission with the time, talent, and treasure needed to bring families home into safe, decent, and affordable housing across Pima County. Whether you're a Habitat Tucson client, donor, volunteer, staff member, or community friend, you not only provide home, you give families, neighborhoods, and our overall community an improved quality-of-life and life-changing opportunities that benefit all of us, both for this and for future generations.

During this tough economy at a time of great social need, we nearly doubled our service impact in the last 12 months – assisting 66 local families with improved and more affordable housing – while our financial resources only increased 16%, much of it due to additional government support from temporary Federal stimulus dollars.

Here's how we've utilized your investment of your time, talent, treasure, and trust in Habitat Tucson's work:

- ✓ We completed and sold 15 high-quality, energy-efficient, resource-conserving homes to low-income families, utilizing our zero-interest mortgage product.
- ✓ We provided modest energy-efficiency upgrades at no cost to 27 older Habitat and non-Habitat low-income households, utilizing a government grant for this, as well as some local philanthropic dollars.
- ✓ We provided modest housing assistance grants for another 24 non-Habitat low-income households, including down-payment matching assistance grants for families who were able to obtain an FHA loan, as well as a matching grant to help house homeless adults. In keeping with our "pay it forward" philosophy – which is most notable in our clients' "sweat-equity" homebuilding labor requirements – we required these non-Habitat grantees to perform 25 hours of documented community service to their favorite charity, school, or faith community.
- ✓ With the generous support of a donor, we sponsored the construction of 10 homes in the Tlapa region of southern Mexico, as Habitat's mission is both local and global.
- ✓ We have commitments in place to build-out some 30 new homes in the next 30 months in several at-risk neighborhoods. This is part of an intentional strategy to help stabilize these vacant-land neighborhoods with new homes, helping to improve both the public safety of these neighborhoods as well as their home values.
- ✓ Simultaneously, we have commitments in place to complete minor rehab (energy efficiency upgrades) on another 33 older Habitat and non-Habitat homes, helping to lower these families' energy bills and environmental footprint.
- ✓ We just provided the Southern Arizona Aids Foundation with a \$20,000 grant for their Glenn Street housing project in honor of the life and legacy of Gabe Zimmerman.
- ✓ We decreased the average cost of our new homes by an estimated 10%, while simultaneously continuing to install green features that reduce household energy costs and their environmental footprint.
- ✓ We accepted some bank-owned foreclosures for major rehab work, while declining some other bank-owned properties due to the high cost of needing to completely demolish those structures and re-develop the properties. Please note that the average cost of one of our recycled and rehabbed homes is currently 12% less than the average cost of one of our new homes. Part of this cost-savings, though, is due to being highly selective about which foreclosed/rehabbed homes we'll accept into our housing-solutions portfolio, as we're trying to avoid the full re-development costs of demolition and complete re-builds. We do anticipate this average cost increasing next fiscal year.
- ✓ We also received a donated home from a private individual, and we entered into a win-win purchase agreement with Child & Family Resources to acquire an unused day-care facility that was previously an infill residence across from a public elementary school. We're now in the process of reverting the daycare back into a residence. During a time when CFR lost a significant amount of funding from the State for their at-risk clients, this purchase enabled CFR to receive some much-needed cash, while Habitat received a great infill home for a large multi-generational refugee family.
- ✓ We purchased an additional small-tract of land for an estimated 8-10 homes. At fiscal year-end we have 64 lots in inventory, although for a variety of reasons we probably will sell up to 20 of those, as opportunities arise. Market conditions have again dictated that we write-down some of the value on most of those lots.
- ✓ We upgraded the quality of our 10 homeowner preparation classes, as well as the staff capacity of our ongoing client support services.

- ✓ We moved our HabiStore – which serves thousands of other households across our community in their efforts to improve the quality of their housing – into its very own building at I-10 & Grant, and the store continues to provide significant public-relations and financial benefit to Habitat Tucson’s work.
- ✓ While ending the fiscal year with a surplus and generating a small amount of cash from operations, we also paid down 35% of our long-standing, albeit low interest-rate, operating debt (which was incurred through over-committing or over-building some 7+ years ago), not factoring in the new HabiStore mortgage (which is half the cost of our previous monthly lease-rate).
- ✓ All in all, we had 58 operational outcomes to achieve in our Annual Work Plan this fiscal year. We fully or partially achieved 53% of the intended outcomes, with measurable benefit or value-added by each achievement. 12% of the intended outcomes we did not achieve, mostly because we could merely influence (not control) the desired outcomes. Those unachieved outcomes have been rolled into our Annual Work Plan for FY11_12. 12% of our achievements exceeded the originally intended value-added expectation. For a variety of reasons – including changes in the community’s priorities or changes in opportunities and threats to our mission – 14% of the originally desired outcomes proved to be no longer needed or value-added. 6% are now in process of being achieved, with positive outcomes expected in a subsequent fiscal year. And we have insufficient data collected on the remaining 3% of the outcomes to determine yet if they were met. Final data will be collected within the next several months.
- ✓ We continue to seek opportunities to build new homes; to minor and major rehab older homes; to help stabilize neighborhoods in partnership with other agencies (including the \$22M Neighborhood Stabilization 2 grant in partnership with Pima County and seven other agencies for both affordable homeownership and affordable rental units); to provide matching housing assistance grants to at-risk low-income non-Habitat families in partnership with other nonprofits; to utilize the HabiStore to improve the housing of many other households; to improve the impact of our homeowner education and support services, as well as our community-outreach and advocacy efforts; and to provide hard-working low-income families with the American dream opportunity of homeownership – all while efficiently utilizing the precious resources provided to us by you, our community supporters and volunteers.

Here’s the transcript of what one of our homeowners said to volunteers and supporters at the dedication ceremony of her recently completed Habitat home:

As I think back to where I came from, I can only speak with a grateful heart. I don’t have the words to express what a blessing this is.

Ten years ago I left an unsafe relationship with nowhere to go. My children and I ended up in a shelter, where we spent three months in cramped quarters with uncaring people. I felt alone and helpless and cried every night, praying for a safe place for my children. It was the just the beginning of a ten year challenge.

Over the years, I’ve faced many struggles, but I pressed on with the faith that God would provide.

Eighteen months ago, a friend showed me a newspaper article about Habitat for Humanity. As I read the article, I realized that it was the opportunity I had been praying for all those years.

Hebrews 11:1 says, “Now faith is the substance of things hoped for, the evidence of things not seen.” Habitat was the evidence of things I couldn’t previously see, as well as the evidence that God answers prayers.

Because of the countless hours that volunteers have given and the funding of generous people... one more family, my family, has a future and a home that we can finally call our own.

Thank you for being the willing hands and hearts that God used to bless our family, our neighborhood, and our community.

[HELP HABITAT TUCSON WIN \\$25,000](#)

Starting July 1 through July 31, vote once each day for our Building Freedom Day 2011 project on the Home Depot Foundation’s Facebook page: http://www.facebook.com/homedepotfoundation?sk=app_136044879800951