

Mission

The mission of RHCDA is to help build strong and healthy neighborhoods.

Vision

The Regional Housing and Community Development Alliance (RHCDA) believes that the long-term economic viability of the St. Louis metropolitan area requires strong and healthy neighborhoods. Our work transforms distressed neighborhoods by: 1) developing both quality affordable housing for working families and market-rate housing; and 2) by strengthening the ability of community-based development organizations to participate in the revitalization of their neighborhoods.

As the region's recognized leader in neighborhood revitalization, RHCDA is a major catalyst for investment in areas where few other resources exist. We leverage these investments in creative ways to rebuild core urban areas of the St. Louis region.

We have strong innovative partnerships with business, government and community-based organizations that collaborate with us in a variety of ways to fulfill our mission. We partner with neighborhood stakeholders and, by responding to their neighborhood development needs, we encourage their engagement in all aspects of civic life. Our work includes technical assistance and training for public and private development entities, real estate development and consulting, predevelopment lending, and public policy advocacy.

We are known for our staff's unequalled level of expertise and dedication and our success with extremely complicated, but vital, projects.

Our success and the awareness we have built among policy makers and community leaders, allows us to influence public policy on a state and national level. Our accomplishments are recognized and valued by civic and business leaders and we are a national resource for other communities seeking to replicate our model.

Our Board of Directors plays a vital role in maintaining our leadership position, ensuring we have diverse funding streams derived from creative, strategic activities that maximize opportunities for support. This gives us stability and the capacity to conduct our work with the required resources.

Our impact is measured by investments made and the benefits derived as a result...high quality new and renovated homes for more people, an increase in housing values, additional development and an increase in the region's tax base, resulting in stronger, healthier and economically viable communities.

Goals

1. To strengthen community-based and other organizations with the skills and resources necessary to their good stewardship of the improvements to their communities.
2. To work in collaboration with such groups and community residents to develop marketable housing and other improvements that meet the needs of the community, emphasizing projects not possible without RHCDA assistance.
3. To strengthen long-term neighborhood sustainability by improving the mix of affordable and market-rate housing.
4. To strengthen the long-term sustainability of RHCDA to carry out its stated mission.

Strategies

RHCDA follows these strategies to achieve these goals:

1. Technical Assistance and Training aimed at not-for-profit organizations, government agencies, institutions, and for-profit organizations in the metropolitan area;
2. Resource Development, such as the RHCDA Predevelopment Loan Fund, the Regional Neighborhood Support Collaborative, and the Greater St. Louis Land Development Fund;
3. Real Estate Development and Consulting in collaboration with not-for-profit and for-profit organizations in the metropolitan area; and
4. Public Policy Advocacy with government agencies, elected officials, community development organizations and community stakeholders

Primary Customers

- Community development organizations (*non-profit and for-profit*)
- Neighborhood stakeholders
- Lenders
- Public officials
- Governments agencies

Customer Needs Served by RHCDA

- Better and more diverse housing (economically and by tenure type)
- More effective community development organizations
- More effective governmental engagement in community development
- More effective and more widely available community development financial resources

From Our Chairman and Executive Director

Dear Friends:

2004 marks the end of a Five-Year Strategic Plan period (2000-2004) for RHCDA. This is an appropriate time to reflect on our accomplishments over the past five years and to measure them against the goals we set for ourselves. We are happy to report that our results compare favorably with our expectations:

- Our Regional Neighborhood Support Collaborative provided over \$900,000 in operating grants and individualized technical assistance to fourteen community-based development organizations in the St. Louis area. We also conducted 37 community development training classes for over 300 not-for-profit, for-profit and government organizations, on topics ranging from reading and interpreting financial statements to tax credit-financed rental housing development.
- Our Predevelopment Loan Fund made forty loans to not-for-profit community-based development organizations, lending \$4.7 million for the development of 815 housing units with total development costs of \$125.4 million.
- As a developer or development consultant, RHCDA was directly responsible for the development of 395 housing units with total development costs of \$70.7 million.

In 2004 alone, 221 housing units in seven projects with total development costs of \$25.7 million assisted by RHCDA as a lender, developer or development consultant were completed.

Our Greater St. Louis Land Development Fund ("LDF") made its first loans in 2004; \$4.9 million in loans to the City of St. Louis Planned Industrial Expansion Authority for the North Riverfront Business Corridor in the City of St. Louis. The LDF is designed to enhance our neighborhood revitalization efforts in the communities of Wellston and Old North St. Louis by encouraging the re-use of older industrial sites and the creation of new permanent employment opportunities for their residents.

RHCDA was recognized for its leadership in community development in 2004 by being selected by the Bank of America Foundation to receive one of the two Community Builders awards given in this market under its Neighborhood Excellence Initiative. From over 2,500 applications nationwide, only two organizations in each of 30 Bank of America market areas received the award. RHCDA's good work was also recognized with a core operating support grant from the Fannie Mae Foundation in 2004.

We are proud of the positive difference that our board of directors, volunteers, staff and community partners are making in building strong and healthy neighborhoods in the St. Louis area.

Very truly yours,

John Dubinsky
Chairman

Stephen Acree
President

P.S. Join us in our challenge is to keep the momentum going in 2004 and beyond as we move towards our ultimate goal of healthy, thriving communities. Call Stephen directly at 314-333-7001 to learn more about RHCDA and how you can help.

Programs

Technical Assistance—RHCDA provides capacity-building programs for community-based development organizations through its Regional Neighborhood Support Collaborative (“Collaborative”) and Community Development Technical Assistance Programs and through the Sustainable Neighborhood Initiative.

Regional Neighborhood Support Collaborative

The “Collaborative” provides operating grants coupled with technical assistance to select community-based development organizations to help develop their capacity to successfully address problems and undertake the revitalization of their neighborhoods.

The Collaborative focuses on six categories of organizational capacity development: leadership and community engagement; small business modeled operations; organizational financial management; organizational development; strategic, project, and program planning and implementation; and community support.

Based on these six categories, RHCDA undertakes in-depth organizational assessments with program participants and develops capacity building plans for them based on these assessments. In order for us to maximize the program’s potential, we believe that it is vitally important that we focus on measurable outcomes, so RHCDA undertakes annual reassessments of Collaborative participants to determine increases in each of the six categories of organizational capacity.

In 2004, RHCDA awarded four Regional Neighborhood Support Collaborative grants, three of them to organizations working in our priority target areas (Emerson Park Development Corporation, Old North St. Louis Restoration Group and Wellston Community Support Association) and one to the North Newstead Association, working in the Penrose and O’Fallon neighborhoods.

Community Development Technical Assistance

Our “CDTA” Program provides group training in a broad range of community development topics and individualized technical assistance in housing development and non-profit management skills.

The primary goal of RHCDA and its partners in this technical assistance program is to help build the revitalization capacities and skills of the people who live, work and provide improved housing and economic opportunities in the region’s urban core neighborhoods. Over the past five years, RHCDA has conducted 37 community development training classes for over 300 not-for-profit, for-profit and government organizations, on topics ranging from reading and interpreting financial statements to tax credit-financed rental housing development.

RHCDA provided individualized technical assistance to a total of 15 community-based development organizations in 2004. In addition, we provided three group training sessions for community-based development organizations and we instituted pre- and post-training testing for each group training class to measure our effectiveness. For the three classes taught in 2004, participants’ scores following training increased by an average of 55%.

Sustainable Neighborhoods Initiative

The Sustainable Neighborhoods Initiative is a coordinated, place-based approach to community development that combines housing, economic development and human services, in a single coordinated effort. Area Resources for Community and Human Services (ARCHS) and

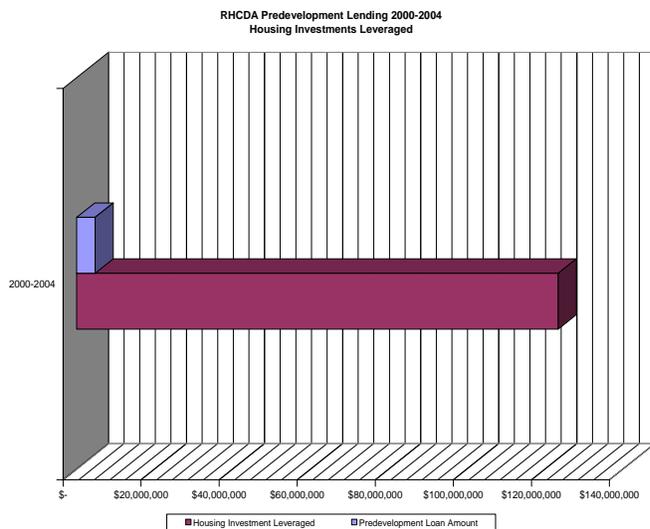
the Sustainable Neighborhoods Development Office (SNDO), are our collaborative working partners in this initiative in nine neighborhoods in the St. Louis metropolitan area, including neighborhoods in the City of St. Louis, St. Louis County, and East St. Louis. Neighborhood leaders – residents, business persons, institutional representatives such as local school officials, religious leaders, health care institution representatives, and elected officials – are the community stewards of the Community Plans and their implementation.

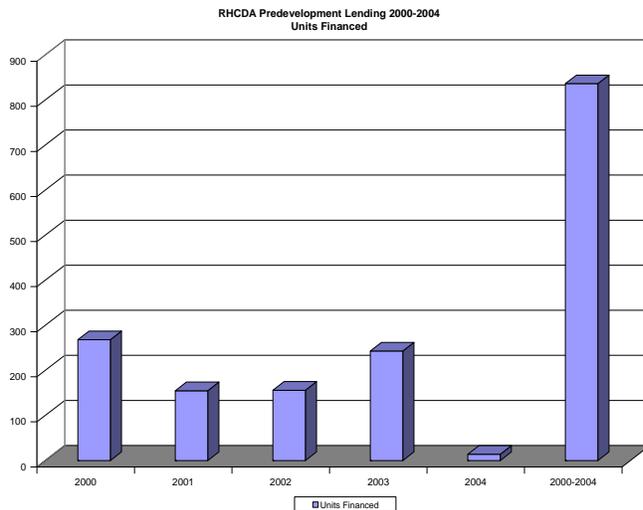
Development Resources

Predevelopment Loan Fund

RHCDA's Predevelopment Loan Fund provides neighborhood based not-for-profit organizations with a source of funds for costs incurred during the early stages of real estate development/redevelopment projects in their neighborhoods. Most of these organizations do not have the financial ability to pay the costs that must be incurred to advance a real estate development project to the point where construction loan funds become available. Conventional financing from banks is generally not available to these organizations to pay for these costs. Neither do these organizations have sufficient built-up equity or reserve funds to initiate the projects they plan to develop. That is the purpose of the Predevelopment Loan Fund—to accelerate the time from project inception to construction start-up. RHCDA makes these funds available at below market interest rates. The Fund is revolving and RHCDA is obligated to repay the majority of the funds at its disposal to others.

In the past five years (2000-2004), RHCDA made \$4.7 million in predevelopment loans, leveraging over \$123 million in investments in 836 housing units.





Greater St. Louis Land Development Fund

In 2003 RHCDA formed the Greater St. Louis Land Development Fund, Inc. ("LDF") as a for-profit corporation, wholly owned by the Technical Assistance Corporation, an RHCDA affiliate. This corporation was formed to serve as a community bank pursuant to Section 135.400 of the Revised Statutes of Missouri in order to make loans for the redevelopment of commercial/industrial sites, provided that there are associated public benefits. The loans and investments are targeted to the Regional Empowerment Zone, in areas of the City of Wellston and in the North Riverfront Business Corridor in the City of St. Louis. Loans and investments in the target areas will assist commercial and industrial projects that are designed to redevelop obsolete or contaminated sites that will create permanent primary employment opportunities. The lending activities of the LDF are managed under an agreement with RHCDA.

In 2004 the LDF closed on its first loans. These loans were extended to the City of St. Louis Planned Industrial Expansion Authority (PIEA) for Produce Row Business Campus Phases 1-3 in the amounts of \$1,300,000 (Phase 1); \$2,400,000 (Phase 2) and \$1,200,000 (Phase 3). Each business campus will provide sites for businesses wishing to expand or locate in it, including companies displaced by the proposed Mississippi River Bridge. The campuses will offer amenities such as controlled access, parking and docking areas, landscaping, lighting, and accessory retail/commercial space.

In cooperation with the City of Wellston, the St. Louis County Economic Council (SLCEC) is overseeing development of the Wellston Industrial Park - Phase II, a 24-acre light industrial park that will complete the assemblage of a 40-acre light industrial corridor in Wellston. The LDF anticipates making a \$1.1 million loan to St. Louis County early in 2005 for assistance with the cost of installation of new infrastructure throughout the area.

Real Estate Development

RHCDA, acting through affiliates, is the developer or co-developer on projects in partnership with community-based development organizations in the region's neighborhoods as a means of building the capacity of the community-based partner and to catalyze the neighborhood revitalization process. RHCDA also provides real estate development consulting services to both nonprofit and for-profit organizations and, through affiliates, we sometimes become the developer for difficult projects of civic importance. We will also serve as the not-for-profit

applicant for Missouri Affordable Housing Assistance Program Tax Credits and lend the resulting tax credit qualifying contributions to other affordable housing development projects.

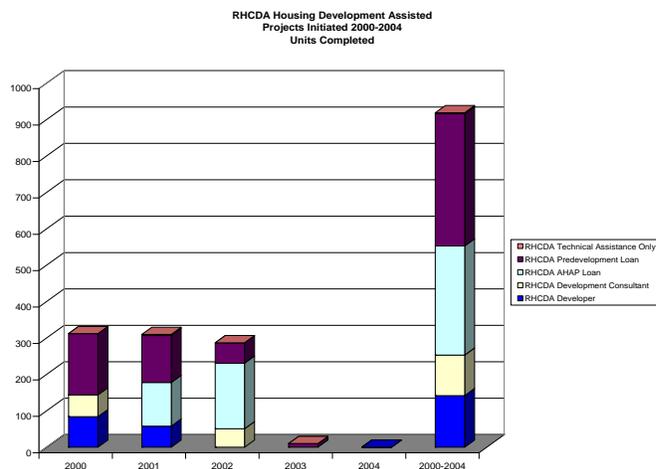
In 2004 RHCDA assisted 441 housing units in 19 projects with total development costs of \$68.66 million as a lender, developer or development consultant:

- 221 housing units in 7 projects with total development costs of \$25.728 million were completed;
- 156 units in 7 projects assisted by RHCDA, with total development costs of \$31.733 million, continued under development in 2004; and
- 64 units in 5 new projects with total development costs of \$11.199 million assisted by RHCDA started under development in 2004

Another 601 units in 9 projects with total development costs of \$98.179 million assisted by RHCDA were in the planning/predevelopment stage in 2004

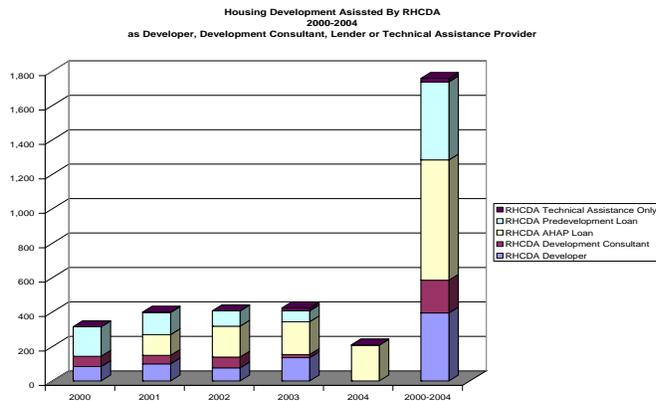
Housing Development Completed 2000-2004

Through all of its programs and resources (as a developer, development consultant, lender or technical assistance provider), RHCDA assisted in the completion of 919 units of housing, representing \$127 million in housing investments over the past five years. RHCDA was the developer or development consultant for 253 of these housing units (\$39 million).



Housing Placed Under Development 2000-2004

Over the past five years, through all its programs and resources, RHCDA has assisted in placing a total of 1,758 housing units under development, representing \$271 million of housing investment in our targeted communities. Of this amount, RHCDA has been the developer or development consultant for 586 housing units with total development costs of \$106 million.



Priority Target Neighborhood Development Project Highlights

Among many other development activities, RHCDAs continued its major Real Estate Development initiatives in its three priority target neighborhoods: Forest Park Southeast and Old North St. Louis in the City of St. Louis and the City of Wellston in St. Louis County.

FOREST PARK SOUTHEAST

Completion of Park East Homes Historic Rehab Continues Neighborhood Revitalization Effort

In continuation of one of the most significant revitalization efforts to take place in the Forest Park Southeast neighborhood in many years, RHCDAs, in partnership with Forest Park Southeast Development Corporation, successfully completed the full historic rehabilitation of eleven more vacant buildings in the western portion of the neighborhood. The development, Park East Homes, lies within walking distance of Forest Park and the BJC/Washington University Medical Center complex.

Construction on the \$3.1 million development was begun in early December 2003 and completed in December 2004. The eleven fully renovated homes (ten of them are conversions from two-family buildings) offered a broad array of custom upgrades and finishes. Park East Homes has bolstered the homeownership market in the neighborhood, further stabilized the area, and added to the supply of high-quality for-sale homes in the Forest Park Southeast Neighborhood. All eleven homes have been purchased by enthusiastic buyers—virtually as quickly as each was completed.

Initial project planning was aimed at “pushing” the market to a more sustainable level. Accordingly, sales prices were set above the prevailing market at that time. With upgrades chosen by buyers, we exceeded even these price projections and, by the time we sold our last home, these prices were being routinely exceeded by other properties in the neighborhood.

Park East Homes follows the successful 2003 completion of Park East Apartments—73 affordable rental apartments in 24 historically renovated buildings. The \$7.25 million development was completed near the end of 2003 and was fully leased by spring, 2004.

The success of Park East Homes completes the initial phase of a revitalization plan that focused on the acquisition of a large and critical mass of absentee owned, poorly managed and poorly maintained housing units. By acquiring 36 such buildings at one time, applying improved property management, and ultimately rehabilitating all buildings—along with the introduction of more owner-occupied units—a substantial impact on the Forest Park Southeast neighborhood has been achieved.

This investment will continue with a new phase of Park East Apartments—the Forest Park Southeast component of *CONNECT St. Louis*. This development, scheduled to close in July 2005, will consist of 27 more historic rehab units in 13 buildings. RHCDA is co-developing with Forest Park Southeast Development Corp. and providing predevelopment and other financing.

OLD NORTH ST. LOUIS

First Three New Model Homes Open in North Market Place

In the summer of 2004, RHCDA, the Old North St. Louis Restoration Group (ONSLRG), and the entire community celebrated the opening of the first three new model homes in North Market Place, a phased development of over one hundred new and historically rehabilitated for-sale homes in the southern portion of the Old North St. Louis neighborhood.

Located just north of downtown, Old North St. Louis, one of the city's oldest neighborhoods, has experienced decades of disinvestment and indiscriminate building demolition. North Market Place represents a significant opportunity for the RHCDA/ONSLRG development team to virtually rebuild the community, making the neighborhood's plan to re-capture the former vibrancy and spirit of the community a reality.

The entire 30-acre development area lies within the Murphy-Blair National Register Historic District. The main boulevard through the neighborhood, North Market Street, has been selected for Phase I, where the development of 41 market-rate single-family homes (4 rehab and 37 new historically sensitive infill), is underway. Also planned for the area are pocket parks, the revitalization of Jackson Park, located at the eastern end of North Market Street, and new sidewalks and curbs, alleys, period street lighting and landscaping to enhance the curb appeal of the area and the marketability of the new development. Phases II and III of the project will provide over 60 more homes, both rehab and new, on Benton and Monroe Streets.

The North Market Place development is highly leveraged, with generous support from the Danforth Foundation, the City of St. Louis, the Greater St. Louis Regional Empowerment Zone; Construction Financing through Bank of America, and Missouri Neighborhood Preservation and Historic Preservation Tax Credits.

Also planned for 2005 is the complementary development of Old North St. Louis Apartments – the Old North St. Louis component of *CONNECT St. Louis*. The 32-unit historic rehab affordable rental development is being co-developing with Old North St. Louis Restoration Group, and will address the revitalization of nine neglected historic buildings located in immediate proximity to the North Market Place development. RHCDA is providing predevelopment and other financing to the project.

When completed, North Market Place will be a highly desirable residential neighborhood with the rhythm and feel of a restored historic community. The homes of North Market Place will afford new home convenience with the charm of historic design. North Market Place will truly be "Downtown's Next Door Neighbor."

FOREST PARK SOUTHEAST & OLD NORTH ST. LOUIS

Coalition of Neighborhoods Effecting Change Together (CONNECT) St. Louis—Unprecedented Collaboration and Financing Innovation

In the first truly cooperative, trans-neighborhood project of its kind, *CONNECT St. Louis* is about to be born. RHCDA, with the full collaboration of two of our community based partners, Forest Park

Southeast Development Corporation and Old North St. Louis Restoration Group, has spearheaded a creative effort aimed at advancing the redevelopment agenda of each participating neighborhood. *CONNECT St. Louis* creates a unique working partnership between two long-established community-based organizations for the purpose of merging their strengths to achieve the specific redevelopment goals of each neighborhood. The approach will combine two projects (one from each neighborhood) into one development entity for the purpose of achieving the project size and scale that will enable the combined development to utilize tax-exempt bond financing.

The \$14 million development will consist of 59 historically rehabilitated affordable rental units, fairly evenly distributed between the two participating neighborhoods. The project will facilitate the continuation of development momentum in both participating neighborhoods, while completely rehabilitating some of the poorest remaining housing stock in each.

Employing one of the most imaginative financing packages ever assembled by RHCDA, the viability of the development is predicated on utilization of virtually every readily available housing finance tool, including Tax Exempt Bond Financing, 4% Federal and State Low Income Housing Tax Credits (LIHTCs), increased tax credit equity generated due to the projects' location in "Qualified Census Tracts," Federal and State historic tax credits, HOME Program funds from the State of Missouri and the City of St. Louis, an Affordable Housing Assistance Program (AHAP) tax credit-eligible contribution, HUD Neighborhood Initiative Grant, Sustainable Neighborhoods Seed Funds, and funding from the City of St. Louis' Affordable Housing Commission. A creative ownership structure known as a "Sandwich Lease" yields additional equity from the LIHTC investment.

Slated to close in July 2005, *CONNECT St. Louis* represents an excellent example of what can be accomplished with RHCDA's combination of creative ideas, sophisticated development and financing expertise and highly diligent efforts!

WELLSTON

Wellston Revitalization Continues

RHCDA has played a key role in the revitalization efforts of the distressed inner-ring suburb of Wellston. In addition to the 66 new affordable single-family lease purchase homes that we already developed in two previous phases of the WCSA Homes project, RHCDA is now completing a third 12-unit phase in partnership with WCSA, with construction and lease-up scheduled for completion by the end of summer 2005.

RHCDA and WCSA are continuing their revitalization efforts in Wellston by developing new homes for owner-occupants. Wellston Heights is a 34-unit/\$6 million single-family affordable homeownership project. Site assembly is complete and the first house is under construction. C.F. Vatterott Construction is the builder and St. Louis County is providing affordability assistance to income-eligible buyers of the three- and four-bedroom homes.

RHCDA and WCSA are also working on a revitalization plan for the west end of Wellston. The plan calls for a mix of affordable rental townhouses on a 6.8 acre tract acquired in 2003 and affordable and market rate for sale homes on surrounding sites.

Wellston is a Sustainable Neighborhoods Initiative community and has seen major investments by the State of Missouri and St. Louis County in commercial/industrial development and job training programs within walking distance of the Wellston Metro Link station. Another RHCDA affiliate, the Greater St. Louis Land Development Fund, will be providing financing for Wellston Industrial Park – Phase II, a 24-acre light industrial park that will complete the site assembly for a 40-acre light industrial corridor in Wellston.

Real Estate Asset Management

RHCDA manages thirteen real estate development limited partnerships and, as sole owner or general partner, currently has 804 units that are managed through contracts with third-party property management companies—793 residential units and 11 commercial units. Of our residential units, 214 are market-rate units (27%) and 579 are affordable (10 are affordable at 40% of Area Median Income, 201 at 50% AMI, 344 at 60% AMI and 24 at 80% AMI). We currently have another 71 affordable units under development, which will bring our total units under management to 875.

Our Supporters

Thank you to our 2004 supporters! Our important work would not be possible without your generosity.

Program Support

Predevelopment Loan Fund

The following corporations made funds of \$250,000 - \$1,000,000 available to RHCDA in 2004 for its pre-development loan pool:

\$1,000,000

State Farm Insurance (line of credit)

\$500,000

Fannie Mae (line of credit)

May Department Stores Company (grant)

\$250,000

Southwest Bank of St. Louis (line of credit)

Regional Neighborhood Support Collaborative

The following foundation and corporation made gifts to our Regional Neighborhood Support Collaborative Program in 2004:

\$100,000

Enterprise Foundation

\$30,000

Commerce Bank

Sustainable Neighborhoods Initiative

The Danforth Foundation contributed \$398,000 to support our work in 2004.

Operating Support

The following individuals, corporations and foundations made gifts in 2004 in support of RHCDA's operations:

\$50,000 - \$100,000

Bank of America

Enterprise Foundation

Fannie Mae Foundation

\$20,000 - \$49,999

Ameren Corporation

Emerson

May Department Stores Company

\$10,000 - \$19,999

Commerce Bank
McCarthy Brothers
Southwest Bank
U.S. Bank

\$5,000 - \$9,999

John Dubinsky
Edward Jones
Laclede Gas Company

\$1,000 - \$4,999

Peter Benoist
Enterprise Financial Service Corp.

\$100 - \$999

Stephen Acree
Kathleen Brady
Delphi Affordable Housing Group
Tom Hays
Paric Corporation
Tom Reeves

Thank you again! We apologize for any errors, misspellings or omissions.
If you would like more information about how you can help, please call us at: 314-333-7001 or
view our website at: www.rhcda.com

Our Statement of Financial Position in 2004

The full set of our 2004 audited financial statements and the opinion of our independent auditors, Rubin, Brown and Gornstein, are available upon request.

Our 2004 Board of Directors

John Dubinsky (Chairman) Westmoreland Associates

Board Members

Richard Baron, McCormack Baron Salazar

Peter Benoist, Enterprise Bank

Clifton Berry, Fannie Mae

Mark Botterman, Emerson Companies

Kathleen Brady, Saint Louis University

Kathy Feil Brown, formerly, City of St. Louis Community Development Administration

Mary Campbell, Bank of America

Seth Leadbeater, Commerce Bank

Judge David Mason, St. Louis City Civil Courts

Debra Moore, Southern Illinois University

Tom Pickel, DeSales Community Housing Corporation

Tom Reeves, Downtown Now!

Richard Roloff, Washington University

Gina Ryan, St. Louis Association of Community Organizations (SLACO)

Elizabeth Stohr, U.S. Bank

Elizabeth Wright, Southwest Bank of St. Louis

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Linda Martinez, Bryan Cave LLP

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Stephen Acree, President

Ronald Kraus, Jr., Treasurer

Katherine Kingsbury, Secretary

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