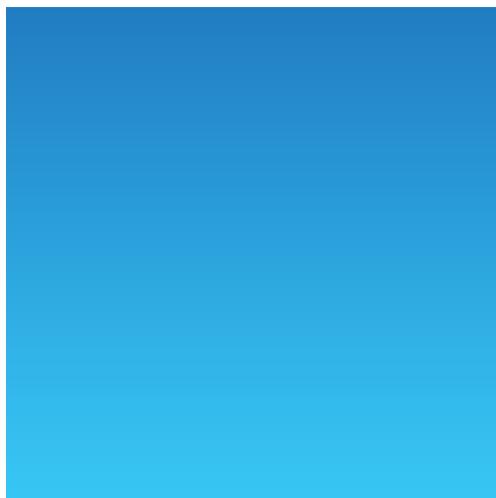


CHIP

Community Housing Improvement Program



2014 ANNUAL REPORT



LETTER FROM THE

CHAIR, CHIP BOARD OF DIRECTORS

2014



2014 BOARD OF DIRECTORS

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2014 was an exciting year for CHIP, and I served as my third year as president of CHIP's board of directors. I first joined the board in 2009 and have since witnessed CHIP thrive at what it has always done while seizing new opportunities.

Not only have I observed CHIP grow as an organization, but I've also witnessed how we build communities in addition to homes. Each one of those communities is all part of the CHIP family. We should be proud of the things we choose to do with our time, and do what we can to make our communities better. Helping people help themselves: it is what we do.

Our first full year as a member of the NeighborWorks network has been fruitful and enlightening. NeighborWorks has provided us with additional funding, which allowed us to hire a communication specialist to increase the presence of CHIP in the community and the media. NeighborWorks has also provided us grant funding to purchase new rental properties, and paid for staff and board training. Partnering with NeighborWorks has been a positive experience, and we are excited about the opportunity for a continued relationship with an organization whose goals and objectives so closely align with our own.

We witnessed a great year in self-help housing. CHIP helped 40 families become new homeowners. It is always rewarding to help families get into new housing, especially when it is accomplished in part by their own hard work. Our self-help program really embodies CHIP's motto of helping others help themselves.

CHIP continues to increase the services we provide to residents in the form of workshops, social services and community building. We have been able to expand these services by partnering with other like-minded organizations and have seen positive responses from residents.

We've also seen increased engagement of staff, the board and associate members in volunteerism and advocating for CHIP in the community. We anticipate this trend continuing and welcome all to join us in our efforts.

I would like to thank long time board members Irv Schiffman and Lori Hoffman for the years of dedicated service and wish them well after stepping down from the board. We welcome two new members to our board of directors, Andy Holcombe and Katie Bianchi - Fowkes.

With everything CHIP has accomplished, we could not have done so without the tireless efforts of our staff, board and associate members. Our corporate partners, sponsors and individual donors have played a pivotal role in all that we have been to achieve. We appreciate everyone who contributes to make CHIP the positive community organization it is. You play a critical role in all the wonderful things CHIP is able to accomplish.

As we continue to grow so do our needs. CHIP has several events and fundraisers ahead of us in the coming year. CHIP is like a family and we welcome new members to join us at any of our upcoming events as your participation is needed and greatly appreciated.

Please follow us on social media and stay updated on all the exciting things to come for CHIP!

Sincerely,

Joseph Feist, Esq.
Chair, CHIP Board of Directors

Self-Help Housing Builds Momentum with Help from Partnerships

Self-help housing enjoyed a surge of activity in 2014! We moved 40 families into new homes, including the last 10 of Orland's Villa La Michele Phase II in early 2014, the first 19 homes of the North Biggs Estates Subdivision and the last four homes of the Colusa West Subdivision later in the year.

"We are extraordinarily grateful to our partner LISC (Local Initiatives Support Corporation) for their flexibility and generosity in their role as our land lender for the North Biggs Estates Subdivision," says Jill Quezada, CHIP's Director of Homeownership. Additional lenders Tri Counties Bank and California's Joe Serna, Jr. Farmworker Housing Grant Program were also crucial to the project's success.

"Community development lending is all about relationships," says Suzanne Anarde of LISC. "Rural LISC enjoys a strong relationship with CHIP, one made even stronger by the 'perfect storm' they weathered in 2008 with the Biggs subdivision." Suzanne credits CHIP's President/CEO Dave Ferrier with approaching LISC as soon as he knew that there were issues with the project that put their investment at an elevated risk. "Because of that transparency, LISC was able to be part of the solution, rather than adding to the problem," she adds. "Here we are seven years later, and by the end of 2015, 56 families will own their homes. It just doesn't get any better than that!"

CHIP is also grateful for our partnership with GRID Alternatives and the opportunity they give our homeowners to practice environmental responsibility and further lower their monthly housing costs. Through 2014, they have installed 219 solar systems on our homes at no cost to the homebuyer.

In June, we celebrated National Homeownership Month and NeighborWorks Week with a build day at the North Biggs Estates site. In the spirit of community and volunteerism, CHIP staff and our board of directors worked side by side with USDA, NeighborWorks, other lender representatives and North Biggs homeowners to build fences, paint eaves, and insulate fire sprinkler pipes. The event culminated with a tour and presentation at our new rental housing property in Live Oak.

In the fall, NeighborWorks also visited North Biggs Estates to interview Sean and Nancy Avram and their

children, one of the families they met during NeighborWorks week and outspoken advocates of CHIP. The Avrums and eight other families moved into North Biggs Estates right before the holidays—just in time to celebrate in their new homes. The family will be featured in an upcoming national NeighborWorks newsletter.

Thanks to increased demand for homes, we added two



new self-help positions: a loan packager (Raquel Calva) and a construction supervisor (Scott Balmer). Our loan packagers were busy identifying eligible borrowers and submitting loan packages to lenders for Colusa Meadows West, North Biggs Estates, and our new Sierra Vista Subdivision in Linda.

Todd Flowers, a construction supervisor particularly recognized for his patience and effectiveness in training the self-help builders, says he loves working for CHIP. "The organization and productivity of the construction side of CHIP makes goals possible to meet." He says. "It is really amazing to see the families go through the process of this program; to see a community coming together to reach a common goal of home ownership."

For the first time in several years, CHIP is developing new lots at Fox Run II in Cottonwood. Though we typically prefer to buy finished lots to avoid unexpected delays or costs, a shrinking pool of affordable lots in our service area makes it necessary to develop again. CHIP was able to purchase eight additional finished lots in Cottonwood—the Longspur Park Subdivision—and will sell them concurrently with the 24 other lots under development. We also purchased 39 lots in Orland for Villa La Michele Subdivision Phase III, and expect to begin accepting applications for these projects in late 2015.

We are glad to continue making homeownership a reality for individuals and families in the North State!



Community development lending is all about relationships,"

- Suzanne Anarde, LISC

RESIDENT SERVICES

Since 2002, CHIP has proudly offered resident services to our rental housing communities. Each of our apartment complexes provide services through a resident manager, a resident service specialist, volunteers, service providers or a combination of sources.

In alignment with our strategic plan, the goal is to offer ongoing programs at all of our properties, such as an after school program or nutrition class. A newer focus is the development of volunteers, from within our rental communities. It has been amazing to watch our committed volunteers take a leadership role in program delivery.

CHIP's ability to provide resident services at each of our properties is influenced by several factors, including budget, proximity to other service delivery agencies, and staffing. Some properties are required to provide a certain number of resident services hours per year due to the permanent financing which funds the property. Required or not, the positive value that resident services brings is undisputed.

The variety, quantity and quality of programs we are able to deliver have grown even with recent economic challenges that resulted in fewer resources. Examples of resident service activities include referrals to outside agencies, bringing social services on-site, organizing and community-building, homework and after school programs, health and nutrition classes, financial education and community gardens. Following are some of the resident services highlights of 2014:

In addition to our family developments, we also own and manage senior properties. Because seniors can be especially at risk for withdrawal and loneliness, it is important to host regular events with opportunities for socialization and education. CHIP was pleased to partner with Passages, a local non-profit providing resources to seniors. They hosted a friends' group at Lucian Manor and Hazel Hotel, CHIP's senior developments. "One of the many classes we did was a fun class on journaling," says Kathy Tandeski, Lucian's Property Manager. She says it really encouraged the residents, kicked the meetings up to another level and increased attendance. Lucian Manor volunteers teach craft classes like knitting and bonsai. In November, CHIP staff and board members prepared and served Thanksgiving dinner to Lucian Manor residents.

The Hazel Hotel, CHIP's senior apartments in Gridley, hosted regular events for Bingo and other games, along with holiday potlucks and celebrations.

We are so grateful to individuals and organizations who partner with us to bring needed services to our residents, and we continue to need funding for supplies and other costs associated with organizing and promoting these services. Please contact Desiree Gonzalez or Washington Quezada at 891-6931 if you are interested in providing a workshop or program, or are able to donate funds to help with existing programs. To donate online, visit www.chiphousing.org

- Murphy Commons presented members of the Baha'i faith volunteers with plaques for providing five years of weekly afterschool programs for the kids.
- For more than three years, students from the Child Development Program at CSU, Chico has organized a weekly afterschool program at Murphy Commons known as "F.U.N" (Family and University Night).
- Boys and Girls' Club of the North Valley provided an after school program at Paradise Community Village Apartments through their Leaders in Training program.
- Youth for Change hosted various Family Fun Nights at Paradise Community Village, where families got to play games, eat dinner and have a lot of fun.
- A group of parents began volunteering to organize an afterschool program at Marymead Apartments in Marysville.
- For 5 years the Promotores Program has supported residents at La Vista Verde and East of Eaton. Promotores is a Northern Valley Catholic Social Services program which provides mental health and well-being programs to Latino and Hmong populations.
- Residents at Murphy Commons requested and received approval from the City of Chico to expand the garden. Murphy has a group of gardeners that are committed to the garden and the community—they've applied for a grants themselves, trying to find the funds so they can build chicken coops and enhance it in other ways. Their dream is eventually to create a food bank. These residents create and enforce their own rules, distribute plots, and oversee the garden's function and success. Students from the F.U.N. program also started getting involved with helping at the garden and they also have their own plot just for the kids.
- Students from the Live Oak High School volunteered during the spring to facilitate an after school program at Maple Park Apartments.



Property Manager Brings Experience and Compassion to Residents in Red Bluff

In 2002, CHIP purchased the property now known as Brickyard Creek. The Red Bluff property was run-down and few improvements had been made since its construction in the early 70s.

A police substation existed directly on the site, and some people in the community referred to it as “Little Beirut” due its reputation for crime and fights among tenants and visitors. CHIP made structural improvements to the property after purchase, but it was a continued struggle to improve an environment that for so long had been a negative one.

Sherman Herritt became the property manager in 2012. Growing up in Paradise and having property management experience in Chico, he was an excellent fit for a tough job. His supervisor Bobbie Watson says, “He took on an

maintenance, vacancies affect the budget, so it’s a dilemma. Most referrals are walk-ins or come from state and local agencies, but Sherman has noticed an increase in out-of-state referrals from CHIP’s website.

Turnover can be a problem, but Jose Mendoza, BYC’s current maintenance specialist, has been a regular fixture for several years. “The guy’s a genius,” Sherman says of Jose. “I call him my puzzle master, because he can take a project and he can take it apart and fix it better than what it was before. To be a maintenance person here, you’ve gotta think like MacGyver.”

“This is just a stepping stone for some people,” says Sherman. When they tell me “Oh I got a house!” I applaud them.” He says it’s exciting to see them move on and improve their lives.

Sherman also helps create a sense of community when he can for his tenants. Research shows that affordable living communities with on-site resident services result in more positive outcomes, such as less crime and better relationships among tenants and with the surrounding community. He offers the community room for craft classes, hosts monthly potluck lunches and parties for big holidays. Some of the tenants volunteer to organize educational classes. He’s always in search of outside groups, individuals and social service agencies to bring education and services to tenants.

With the help of Sherman, the maintenance crew, and some outside agencies, CHIP has improved the property tremendously in the past three years. “We’ve cleared the creek to make sure it’s not a fire hazard.” He adds, “In 2014, the California Conservation Corp came out and spent 480 volunteer hours and CHIP paid for the waste disposal.”

He likes seeing the success of giving people a home and watching them take care of it.

Red Bluff native Vicki Hogan has lived at Brickyard for two years. “I love this community. It’s calm and fairly quiet. It’s walking distance to stores.” She says. “I needed a place so bad, I was living behind my daughter’s house. I had no water, no bathroom, no refrigeration.” She says after completing the application, she called Sherman several times a week until she got in.

Vicki and her neighbor Jenny Bradley take the lead in organizing events at Brickyard and both agree that Sherman and Jose are easy to talk to, approachable and responsive. They both feel Brickyard is a safe place they can bring grandkids to visit. They have one request: they would like to see a permanent bench installed outside near their building so to make it easier to socialize outdoors. Other than that, they say they really enjoy living at Brickyard Creek and are lucky to have a manager like Sherman.

“The tenants love him,” says his supervisor Bobbie. “He’s my go-to for my smile. If I’m having a bad day, I call Sherman.”



impossible project and has conquered the impossible.” Due to the way the property was financed, it can only be rented to extremely low income tenants. In order to qualify, applicants must make at or below 30% of state median income. For a single person, this translates to \$14,994 for a single person or \$17,156 for a family of two. Current tenants include a mix of families, single people and a variety of age groups. Many have physical or mental disabilities. “I have people in here who grew up here.” Says Sherman. “Some of them remember the battles in the parking lot or ‘war stories’ (pre-CHIP), but they’ve come back to rent here again.”

Sherman says his relationships with tenants range from manager to father figure, to policeman and counselor. “I think I have a good relationship with them. I treat them fairly,” he says. Being visible out there is a real requirement for this property, so I’m out there frequently.”

Maintenance issues directly affect vacancies: according to Sherman, the average is 2-3 percent vacancy when there are two maintenance specialists. When they are short-staffed, it goes up to nearly 10% so they have to catch up. The manager ends up having to help with

Donors, Staff and Board Actively Engage in Fundraising

For the past few years, fundraising has become increasingly important due to loss of traditional funding sources. Joining NeighborWorks has filled some of the gap by providing resources to hire a Communication Specialist to help with public relations, social media and fundraising; allowing us to purchase signage and other branding materials; and giving staff and board members access to extensive opportunities for training.

“NeighborWorks is providing critical resources to CHIP in the form of training and operating funds,” says Dave Ferrier, CHIP’s President/CEO. “In addition to NeighborWorks, I expect that we will be reaching out into the community for additional financial support of our mission.”

Like most non-profit organizations, CHIP still has funding gaps that can be filled by individual and corporate donations. We are so grateful to all of our 2014 donors and sponsors: many of you are longtime supporters of CHIP and we continue to add new ones. We couldn’t do it without you! If you would like to make a donation, you may do so securely by visiting our web site at www.chiphousing.org

Our 2014 spring fundraiser featured a “Garden Shed Showcase” which included a raffle of three garden sheds designed by local architects Jason Liebgott, Mike Hradecky and Paul Lieberum, and assembled by staff and their family members, board members, and associate board members. TJ’s Nursery, Plant Barn, and Magnolia Gift & Garden displayed the sheds and sold tickets. The winners were announced at a Garden Party on May 8 at the Plant Barn. Leslie Layton Flores, Lisa Pruitt and Bev Langston were the lucky winners of the sheds.

CHIP also participated in North Valley Community Foundation’s Annie B’s Campaign for the third year in a row. The 2014 campaign raised more than \$2700, and North Valley Community Foundation matched that with an additional seven percent. Board members Joe Feist, MaryJo Alonzo and Jill Harris helped Communication Specialist Desiree Gonzalez staff the booth at the Annie B’s event in City Plaza in August, which gave us the opportunity to spread the word about CHIP to the community.

Staff members Maria Mojica, Judy Orozco, Washington Quezada and Desiree Gonzalez coordinated an “Angel Tree” for kids and seniors in our affordable living communities during the 2014 holidays. CHIP employees and board members donated enough to purchase gifts for more than 80 residents who otherwise may have not received anything. Residents were surprised with gifts at holiday events organized by property managers and agencies such as Northern Valley Catholic Social Services. La Vista Verde’s resident manager Angelina Polito said, “The kids here were very happy to receive something from people they don’t even know.” She added that the kids were surprised and grateful that other people were even thinking of them, and that the visits from staff members at their event made them feel like they mattered.



SAVE THE DATES

Please join us for a wine-tasting at Bidwell Golf Course Clubhouse from 5-7 p.m. on June 25! This event is sponsored by Chico Grocery Outlet and \$5 includes wine tasting and appetizers. CHIP will again participate in Annie B’s and is working on a big fundraiser for fall 2015, “**Rock the House**,” a rhythm and brews benefit featuring music by the Blue Merles, BBQ catering by Kinder’s and fun at the Women’s Center October 8. We plan to make this an annual event. If your or your business is interested in sponsorships, Contact Desiree Gonzalez at 530-891-6931 x249 or email dgonzalez@chiphousing.org.



FINANCIAL STATEMENT & Gratitude



FUNDERS, LENDERS & PARTNERS



Bank of America
Boys & Girls Club
City of Chico
City of Live Oak
City of Orland
CSU, Chico Child Development Program
Federal Home Loan Bank of San Francisco
FHLB AHEAD Grant
GRUB
Local Initiative Support Corporation (LISC)
Merritt Community Capital Corporation
MidPen Housing
NeighborWorks America
RBC Capital Markets
Regional Housing Authority of Sutter & Nevada Counties
Rural Community Assistance Corporation (RCAC)

State of California, Department of Housing & Community Development (HCD)
State of California, Housing & Community Development (HCD)
Sutter-Yuba Mental Health
The Spot (Live Oak)
Town of Paradise
U.S. Bank Community Lending
U.S. Dept. of Housing & Urban Development (HUD)
UC Cooperative Extension
USDA, Rural Development
Volunteers in Police Services (Paradise)
Wells Fargo Bank
Youth for Change

A BIG THANK YOU TO OUR STAFF, BOARD AND ASSOCIATE MEMBERS!

INDIVIDUAL & CORPORATE

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FINANCIAL STATEMENT

| | 12/31/2013 | 12/31/2014 | CHANGE |
|--------------------------------|--------------------|--------------------|---------------|
| UNRESTRICTED NET ASSETS | \$4,885,613 | \$4,586,052 | -6.13% |
| TOTAL NET ASSETS | \$9,758,661 | \$9,670,100 | -0.91% |
| PROPERTY IN DEVELOPMENT | \$5,462,886 | \$7,076,848 | 29.54% |



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Chico, CA 95928



**MERIT
AWARD**

RENTAL HOUSING DEVELOPMENT & PROPERTY MANAGEMENT ACCOMPLISHMENTS:

- Architects Mogavero Notestine & Associates won an Award of Merit for Maple Park I (Live Oak) at the Pacific Coast Builders Conference 2014 Gold Nugget Awards in May. The category was for best affordable Project 30-60 units per acre. MP I also won a Residential Architect Design Award in August as well as a Builder's Choice Design Award in October.
- Hired a full-time property management Compliance Specialist, which helps our properties remain compliant with regulatory agreements and reporting to local, state and federal agencies.
- Received final financing for Maple Park Phase II senior living community in Live Oak (next to MP I). Construction is scheduled to begin in 2015 and we expect completion in spring of 2016. MP II will accept Section 8 vouchers.
- Entered into an option agreement to purchase Lucian Manor Senior Apartments in Chico, which we currently manage.

Lucian Manor Apartments is a 38-unit, senior housing community in Chico owned by Christian Retirement Center (CRC) comprised of four local churches. CHIP began managing the property in 2010 and is positioned to acquire the property in 2015.

The ability to purchase the property is important for several reasons. First, and foremost, CHIP will acquire and maintain this property as an affordable rental community rather than the property converting to market rate units. CRC was pleased that the property would continue to be maintained as affordable senior living and that CHIP's mission aligned with theirs. The City of Chico is also happy that there will not be a reduction of affordable units within the City. Secondly, moving from fee management to ownership allows CHIP to add another property to their portfolio in an almost seamless transition.

Acquisition of the property is possible because of a grant CHIP received from NeighborWorks America, a national housing organization with whom we are affiliated with as a member.

PROPERTY MANAGEMENT FACTS:

Number of Properties Owned and Managed by CHIP in 2014: 16 (13 Owned)

Areas served: Chico, Paradise, Gridley, Hamilton City, Orland, Marysville, Live Oak, Red Bluff, & Redding

Number of Units: 724

Number of Household Served: 918

Total Number of Individuals Served: 2,719