

Message from the Executive Director

This is a time of rapid change in housing markets and, by extension, a hard time for many homeowners and neighborhoods. Just a few years ago, affordability was the most formidable barrier to thriving neighborhoods and families. Today, at an alarming rate, families are losing their homes to foreclosure, neighborhoods are struggling with unoccupied, foreclosed homes, and potential new homebuyers with modest incomes—though market prices may now be closer to their price range—are more uncertain than ever about when or how it's wise to invest in a home purchase.

PRG has provided housing and related services since 1976. We've had the privilege of serving Twin Cities communities through many cycles of change because our approach works in any climate: listen to communities, collaborate, and educate homeowners.

Our work takes different shapes in different times, but the value of responsiveness, cooperation, and education endures.

Today, we keep pace with soaring demand for pre-purchase homebuyer education and counseling, and we offer new services to homeowners at risk of foreclosure. We've moved out of the asset management line of work (see details in this report) in order to focus on providing these services and on responding—as we have since our inception—to communities' requests for high-quality homes that genuinely *fit* the people who will live in and near them.

Through these programs—as the brief updates here show—PRG is an important resource for families and communities confronting tough housing challenges. And we thank you, our partners, friends, and collaborators, for your commitment to the solutions we offer.



David M. Rubedor
Executive Director

2007 Partners, Friends and Donors

Your generosity builds stronger families, neighborhoods, and communities. Thank you.

General Operating and Program Support

Bremer Bank
F. Van Konynenburg & Jane Van Konynenburg Fund of the Minneapolis Foundation
Kopp Family Foundation
Local Initiatives Support Corporation
Marquette Financial Companies
McKnight Foundation
Target
Thomson West Community Partnership Program
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Homebuyer Workshop Volunteers

Emily Green	Liz Peter
Staci Horwitz	Ella Ritzman
John Loomans	Peggy Ryan
Nathan Marsten	John Trostle
Stephanie Oyen	Jeff Washburne
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Funding for Housing Development

Greater Metropolitan Housing Corporation
Hennepin County
Local Initiatives Support Corporation
Metropolitan Council
Midtown Phillips Neighborhood Improvement Association, Inc.
Minneapolis Department of Community Planning and Economic Development
Minnesota Housing Finance Agency
Neighborhood Revitalization Program
Minnesota Department of Employment and Economic Development

Office Art

Sandra Colson
Claire Anne Thoen
Mark Wald and students of South High School

In-Kind Donations

Abbott Northwestern Hospital, workshop space

Other Partners

City of Lakes Community Land Trust
Community Involvement Programs
CommonBond Communities
Corporation for Supportive Housing
Don't Borrow Trouble Campaign
East Phillips Improvement Coalition
Faith in the City Family Savings Program
Fire Arts Center
GLBT Generations
Greater Friendship Missionary Baptist Church
Dave Hanson, Realife, Inc.

Hawthorne Area Community Council
Heritage Park Housing, LLC
Jordan Area Community Council
Local Initiatives Support Corporation (LISC)
Midtown Phillips Neighborhood Improvement Association, Inc.
Minneapolis Urban League
Minnesota Home Ownership Center and other network providers
Neighborhood Housing Services of Minneapolis
Pillsbury United Communities—Fathers and Children Together (FACT) Program and
Jen Ruhland, Family Means
Stairstep Foundation
Step Forward Program
Spirit of the Lakes U.C.C.
Stairstep Foundation
Twin Cities Habitat for Humanity
Suzy Wheeler, Family Means

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2007 Annual Report



2007 Highlights



In partnership with Community Involvement Programs, we finished the **Clear Spring Road Residences**—16 units of supportive housing in Minnetonka for adults with mental illness. Speaking at the completion ceremony, CIP board chair Kurt Glaser said, "When you're building something new...you need a good partner, and we found that in PRG."

We made big progress toward a one-of-a-kind cooperative housing development on Lake Street. In partnership with GLBT Generations, we're creating **Spirit on Lake Cooperative**—housing geared toward the aging GLBT population. As of year end, over half of the 41 condo-style units were already reserved, and over the course of the year we raised over \$1 million in environmental cleanup and affordability subsidy funding.

We worked with neighborhood residents and leaders on the extensive, creative **Jordan Cluster** redevelopment. We acquired several problem properties, began construction

on a new single-family home, secured funding, and identified several other sites to rebuild or rehab as part of the 15-unit in-fill and rehab project.

“Just one [homebuyer counseling] session helped me hone in and figure out what to work on.”

“When you're building something new...you need a good partner, and we found that in PRG.”



The demand for PRG's homebuyer education and counseling services is growing, and we're meeting it. This year brought a **40% increase in attendance at our homebuyer education workshops**; 270 households attended, up from 191 in 2006. And 96 families came to us for free pre-purchase counseling.

We hired a part-time program assistant to increase outreach efforts. With her help, we attended or arranged nearly

100 community and outreach events, connecting with **over 1,900 people** to spread the word about our services. And we reached the people we want to serve: 48% of our clients were families of color, one fifth were first-generation homebuyers, and over one quarter had incomes under 50% of the area median.

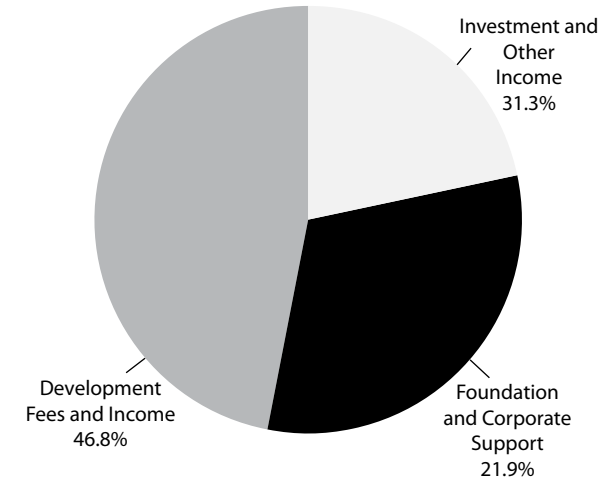
Carlene Coleman, director of Faith in the City's Personal Finance Center, refers families to PRG's homebuyer education and counseling program. "PRG's **knowledge about housing** is an important part of what we do," she said. And she's found our homebuyer counseling services useful on a personal level, as well: "Just one session helped me hone in and figure out what to work on."



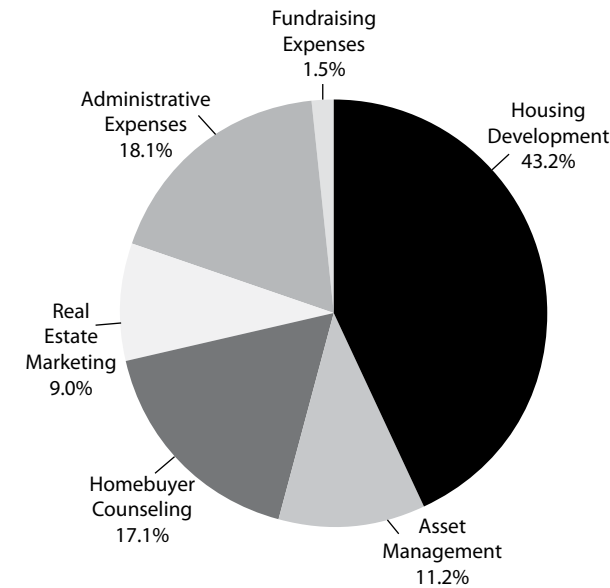
A major change this past year was the transfer of ownership of PRG's cooperative and rental properties to CommonBond Communities. PRG developed each of those 87 units of housing, and maintaining them as affordable, community-building homes had been important to us for years. Ultimately the decision to sell the units is an opportunity—both for the properties to remain affordable, and for PRG to focus on meeting communities' housing needs through our other programs.

Statement of Activities

Support and Revenue



Expenses



Financial Report

(in thousands)

Statement of Net Assets

Working Capital	\$327
Investments in Tax Increment Financing Notes	244
Investments in Contracts for Deed	360
Net Property and Equipment	231
Long-Term Debt	-458

Total Net Assets 703

Support and Revenue

Foundation and Corporate Support	98
Development Fees and Income	210
Investment and Other Income	141

Total Support and Revenue 449

Expenses

Housing Development	276
Asset Management	71
Homebuyer Counseling	109
Real Estate Marketing	57
Total Program Expenses	514

Administrative Expenses 116
Fundraising Expenses 10

Total Expenses 640

Change in Net Assets -\$191

These numbers represent operations of the PRG Housing Development Fund only. Because of new accounting rules, however, our 2007 audit report also includes our five limited partnerships. Since in 2007 we were in the process of divesting those properties as well as the three we owned outright, we decided to show the Housing Development Fund separately, both in the supplemental information to the audited financial statements and in this annual report. Now that the divestment is completed, PRG consists only of our Housing Development Fund.

Our mission is to provide

quality, affordable housing and

related services that contribute

to neighborhood stability and

family self-sufficiency.



2007 Annual Report
Powderhorn Residents Group, Incorporated
2017 East 38th Street, Minneapolis, MN 55407
Ph 612.721.7556 F 612.721.7708
www.prginc.org