

Housing Benefits

\$1,500,000
\$1,400,000
\$1,300,000
\$1,200,000
\$1,100,000
\$1,000,000
\$900,000
\$800,000
\$700,000
\$600,000
\$500,000
\$400,000
\$300,000
\$200,000
\$100,000
\$0

1yr. 2yr. 3yr. 4yr. 5yr. 6yr. 7yr. 8yr. 9yr.



CENTURY

Affordable Housing Is Our Mission

EVERY HOME COUNTS EVERY HOME SAVES

Century had its most productive year ever in 2017, financing close to **3,400 homes affordable to residents earning approximately 58% of area median income**. The projects financed by Century will create 3,500 full time construction jobs. Our 2017 results represent a **28% increase in originations** across our acquisition, bridge, and construction loan products, and include our first 15-year, fixed-rate, permanent loan.

However, that is not where the story ends. About two years from now, when these 3,400 homes are occupied, the cities in which these homes are located may realize significant cost savings in their municipal expenses associated with the hidden costs of homelessness. Homelessness is an individual and moral crisis as well as a massive burden on public resources. By housing the homeless, cities may reduce their expenditures for emergency room, paramedic, mental health and hospitalization expenses in addition to lower crime prevention and incarceration costs.

The research showing that housing the homeless saves both lives and public resources is clear. Century's investment in affordable housing is not only the right thing to do; it also yields true, long-term financial benefits to the public. Our Annual Report this year highlights a small number of studies, but there is much more work left to be done.

Century's vision statement proclaims that, "a just society provides safe, quality and affordable housing for all." We are doing our part by making sure the homes we finance, and homes we develop, are safe and provide a quality environment for veterans, families and others. For many on the streets living in tent encampments or cardboard boxes or under tarps, we address their most immediate and most impactful need: an affordable place to live.

We thank you for your continued support of our mission and look forward to working with you to create more safe, quality and affordable housing for the people we serve.



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Principal, Daniel B. Lopez and Associates

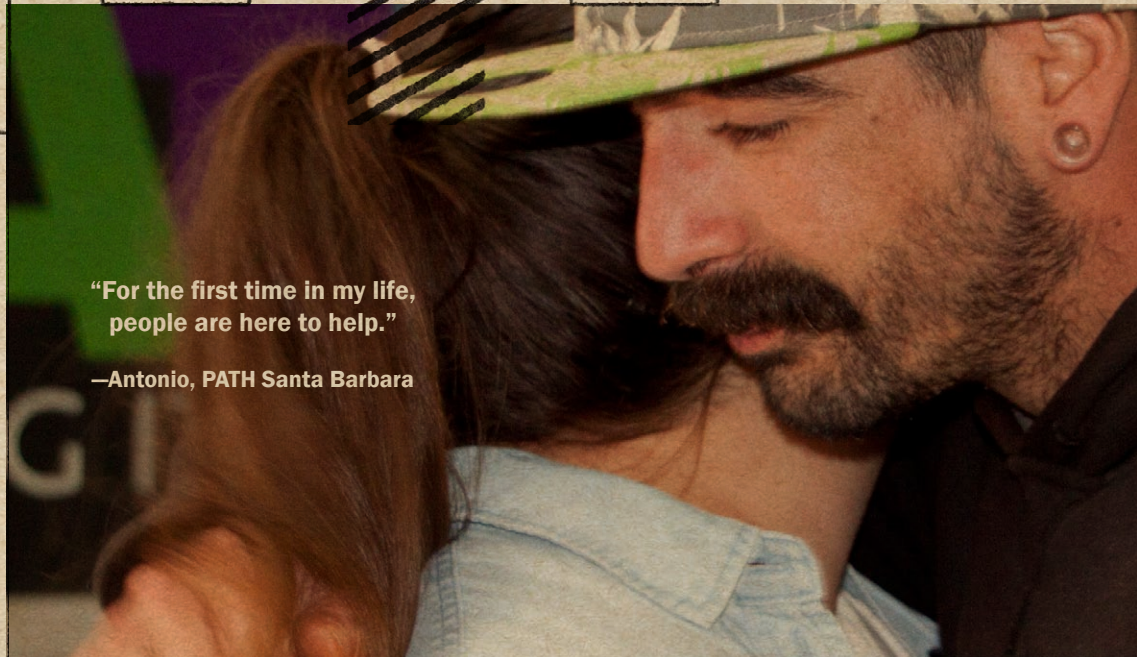
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"For the first time in my life,
people are here to help."

—Antonio, PATH Santa Barbara



PATH ALONG SANTA BARBARA

The PATH (People Assisting the Homeless) shelter is a short walk from one of the most beautiful stretches of California's coast. However, this is the industrial side of the tracks: no fancy artwork on the walls, the courtyard is too small for a gazebo, the parking lot too small to accommodate the staff. PATH Santa Barbara is a no-nonsense, all-hands-on-deck solution to chronic homelessness, and the crucial first step to making affordable housing work.

At the core of PATH's success is a focus on health. There's a health clinic for light medical

treatments like TB testing. Twenty-four beds are reserved for clients with mental health needs and 20 beds for people discharged from hospitals with no other place to go. The center doubles its total capacity to 200 beds in case of inclement weather. The employment center helps with resumes, job searches, and interview clothing. There is a program teaching money management, one for litter removal to encourage community outreach, and one for anger-management. The one thing that PATH asks from its clients is to participate in these programs and



every month between 100 to 150 volunteers help make productive use of their time.

This was our first visit to a homeless shelter while in operation and we were lucky enough to have energetic directors Chuck Flacks and John Bowlin show us around. We met Antonio in a large cafeteria space which had a chalk-surface wall signed by some of the clients who had found housing. Antonio is in his late twenties and has been around hard drugs and in and out of recovery programs since he was a teenager. He told us that this was the first time that he feels he has the help he needs. We also met a veteran who had received a medical bed and who, having just fallen into homelessness, hoped to get housing and employment quickly. Every person we spoke with had some kind of struggle, but also had hope.

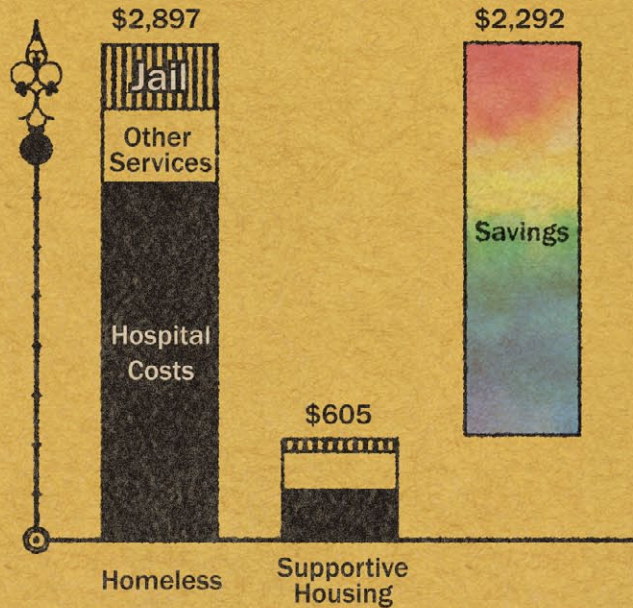
PATH is focused on getting people into permanent supportive housing as quickly as possible. They follow the Housing First model, so no one is turned away because of drug addiction. They are also pioneers of Rapid Rehousing, which combines case management, housing identification services, and financial assistance to house families before they feel the full effects of homelessness. The reported 90% housing success rate and 98% capacity at the time of our visit confirmed the sense of importance and immediacy to their work. By focusing on the chronically homeless and families on the brink of homelessness, PATH touches people at the point of their greatest need and when the benefits of keeping them sheltered are at their highest.

PATH Santa Barbara formed three years ago after merging with Casa Esperanza Homeless Shelter, which had already been making an impact on the community for 15 years. Century capital helped PATH with infrastructure upgrades to expand services in Santa Barbara as well as in Los Angeles, San Diego, and the Bay Area.



PATH Santa Barbara clients are fortunate to benefit from the experience and care of Chuck Flacks, Director of Programs, and John "JB" Bowlin, Associate Director of Development and Volunteer Programs.

Average Monthly Public Costs Per Person



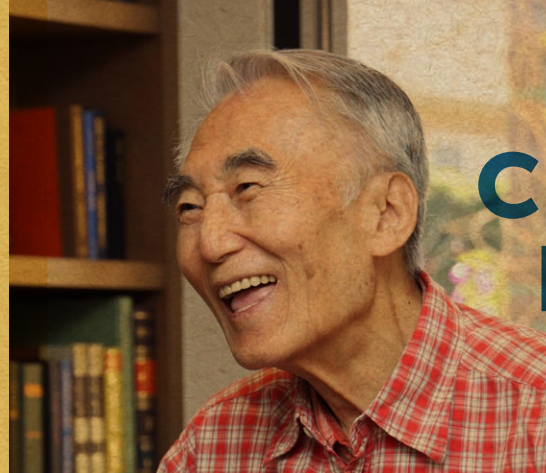
In 2009, a comprehensive study of Los Angeles County spending found that public costs of providing housing are up to 79% lower than the costs associated with caring for chronically homeless individuals¹. For example, a homeless young adult with no health or mental illness issues cost an averages \$406 a month to support. Adults 46 years and older, many of whom were unable to break the cycle of homelessness and continued to age into their senior years without housing, burdened our government as much as \$5,038 a month (in 2009 dollars). However, the study found that it only cost \$605 for permanent supportive housing.

Philip Mangano, while serving as homelessness czar under George W. Bush tasked his department with gathering data from a wider scope—65 cities, all of different sizes and demographics. Their findings mirrored that study, showing costs ranging from \$35k to \$150k a year to sustain a homeless person on the streets. Sifting through hospital, police and court records, they found that chronically homeless individuals often ricochet through endless loops of emergency room visits, arrests, jail time, court appearances, and hospital stays.

Most recently, a Rand Corporation study which researched Orange County spending found that utilizing the Housing for Health program saved the county \$1.20 for every \$1 invested². That did not include cost savings from all public programs and any savings to private business, or the societal gains when formerly homeless people are employed, or the opportunity cost of better investment. Study after study shows a clear trend: ending homelessness is not just a moral good, it is good business.

¹ Flaming, D., Burns, P., Matsunaga, N., Sumner, G., Moreno, M.H., Toros, H. & Doan, D. (2009). Where We Sleep: Costs When Homeless and Housed in Los Angeles.

² Sarah B. Hunter, Melody Harvey, Brian Briscoe, Matthew Cefalu (2017). Evaluation of Housing for Health Permanent Supportive Housing Program.



COUNTING ON KOREATOWN

Mr. Wang feels a connection to his new community garden, saying "When the leaves shake, it feels like an orchestra."

Developer and manager Thomas Safran & Associates have just re-opened Hancock Gardens following a complete rehab, which preserved affordability for 66 low-income senior homes. We stopped by to take photos of the residents during their weekly sitting yoga class and spent a few pleasant minutes with a resident who has lived at the Gardens before the face-lift.

"I feel like I'm in Eden," were the unprompted first words from Mr. Wang, who takes full advantage of the new gardening amenities and cares for some of the flowers scattered around a meandering walking path and gazebo area. He points to the grand piano at the far side of the community room and proclaims that he is also the choir and piano teacher, then invites us to return to hear the residents at their next choir rehearsal. Having retired at 77 after 42 years of apartment management work in Los Angeles and another career at a nuclear power plant in Texas, the 82-year-old says, "I feel like a brand new bride."

David, the friendly property manager who helped arrange our visit, is eager to share the before-after posters hidden away after the recent grand opening event. "You had to open a fire-door to access the mail boxes!" he recounts as we view pictures of the neglected lobby before the redesign. Studies examining the benefits of housing seniors at risk of chronic homelessness and aging-in-place tell us that housing this vulnerable population offers tremendous

cost-savings, and it was clear from our visit that the infectious joy and pride that these residents display are great community assets.

Before we leave, Mr. Wang insists that we stop by his balcony and check out his collection of herbs. He makes it a point to mention that only one pot is his. "The rest are medicine for healing residents," he says, and takes a couple more minutes to explain the healing qualities of some of his fresh herbs.

The Hancock Gardens preservation was financed by Century in 2015 with a \$11,115,000 bridge loan recapitalized by 4% tax-credits and bonds.



“LOOK, IT’S DOWNTOWN”

“Century and I have been in the ring together for so long that we are locked in step. Carl, the inspector, is a great asset; the requests are prompt and responsive. They understand the nature of development.”

—Mr. Lee,
Owner/Developer,
Lake Villa

Chong Lee has been developing in and around Downtown Los Angeles for 35 years, but the wonders of the city are still not lost on him. As we walk up four flights of unfinished stairs, we pass several

windows framing a perfectly clear view of the downtown skyline. “Every unit has a balcony and every balcony has a view,”

the area, but his pricing falls well within the definition of Naturally Occurring Affordable Housing (NOAH) when compared to county area median income estimates.

Millennials will enjoy the cool color scheme, the expansive gym, and their



Developer Chong Lee's naturally occurring affordable housing is making downtown accessible to more workers.

Mr. Lee explains as we tour the compact interiors of Lake Villa, which consists of 41 new one-bedroom homes including six city-sanctioned affordable units.

Judging by the high-contrast neon green and grey accents in the mailroom and courtyard, the developer is targeting young professionals priced out of downtown's new luxury apartments and who don't mind the ten-minute drive or half-hour bike ride up Beverly Boulevard. Mr. Lee's rents may not compete with the rent-controlled buildings that dominate

own washers and dryers for years to come, and there are more options on the way. Mr. Chong has also closed on the corner parcel next door to Lake Villa, and is planning to go even taller.

Century helped finance Lake Villa with a high-LTV construction loan totaling \$6,350,000 and has supported Mr. Lee's family business for more than 10 years.

2017 RESULTS

\$1.478 Billion Cumulatively
Invested Through 2017

\$1 Billion

58%
Average
Affordability
(of area median
income)

\$182.4 Million in 2017
Loan Originations

25

Named Top 25
Affordable Lender
by *Affordable Finance Magazine*

3,361
Homes

Financed in
2017

3,383

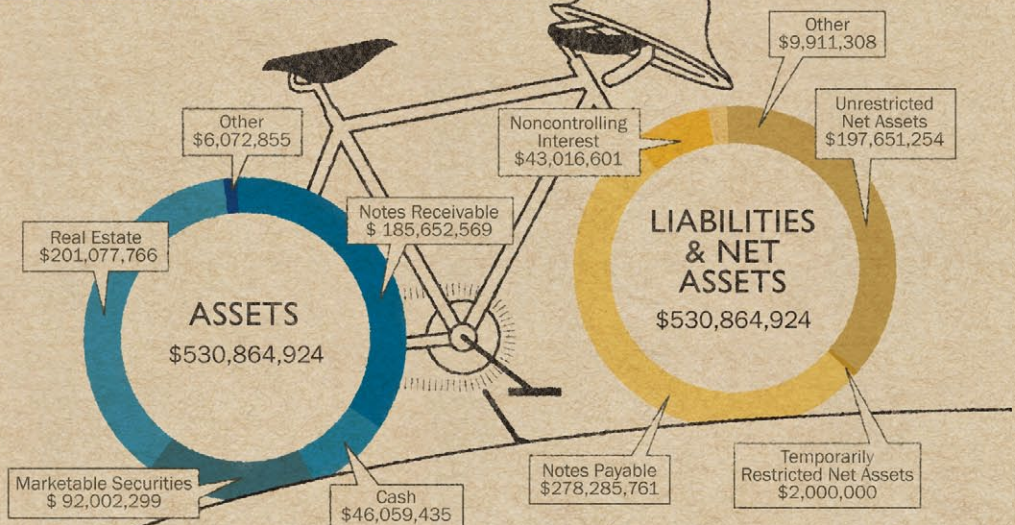
FTE Construction
Jobs Created
in 2017

FINANCIAL POSITION

	2016	2017
Total assets	\$403,367,893	\$530,864,924
Net Loans receivable	143,140,393	185,652,569
Cash & marketable securities	98,623,373	138,061,734
Net Real estate	157,612,170	201,077,766
Draws on lending credit lines	118,412,058	162,721,143
NET ASSETS		
Unrestricted net assets	176,167,868	197,651,254
Temporarily restricted	2,000,000	2,000,000
Total net assets	178,167,868	199,651,254

ACTIVITIES

New loans originated	143,085,950	182,436,620
Gross loan income	14,702,287	21,744,956
Financial investment income	5,988,262	8,890,300
Grants and contributions	1,182,149	631,507



CLIENTS

A Community Of Friends
Abode Communities
Access Community Housing
Affirmed Housing Group
Ahmad Samie
Al Leibovic
Alfons Ibrahim
Alliance Property Group
Alternative Living For
The Aging
AMCAL Multi-Housing
American Communities
AMG & Associates
ANR Industries
APEC
Behzad Okhovat
Burbank Housing Development
BRIDGE Housing Corporation
Chelsea Investment
Corporation
City Heights Community
Community Corp. of Santa
Monica
Community Development
Partners
Corporation For Better
Housing
Danco Communities
David Kleinman
The Danco Group
East LA Community
Corporation
Eden Housing
Efi Meirson
Father Joe's Villages
Foundation For Affordable
Housing

Gary Kleinman
Gina Candari
GTM Holdings
The Hampstead Companies
Hassan Soltani
Hermandad Los Angeles EDC
Highland Property
Development
Hollywood Community
Housing Corporation
Housing Authority Of The
County Of Santa Barbara
Innovative Housing
Opportunities
Jamboree Housing Corporation
KDF Communities
Kingdom Development
LA Family Housing
The Lee Group
Lennar Affordable
Communities
LINC Housing
Little Tokyo Service Center
LOMCO
Many Mansions
Mayans Development
Menorah Housing
Foundation
Mercy Housing California
Meta Housing Corporation
Michael Heslov &
Michael Roletti
Michel D. Hibbert
Mission Economic
Development Agency
National Community
Renaissance
Ocean Development
Operation Safe House

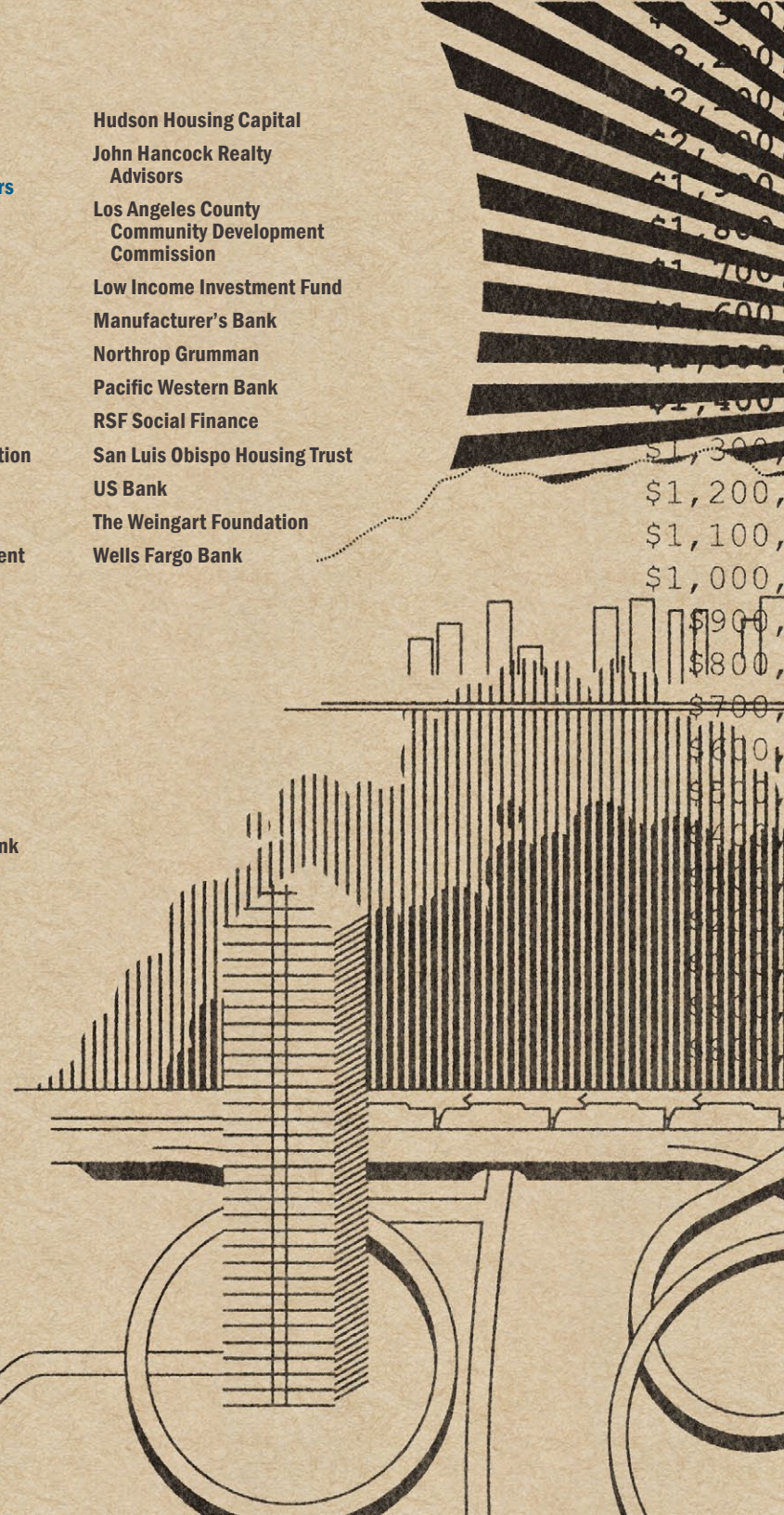
The Pacific Companies
Pacific Development
Consultants
Palm Communities
Para Los Niños
PATH Ventures
Pico Union Housing
Corporation
Prakash Chandran
Preservation Partners
The Related Companies
Retirement Housing
Foundation
ROEM Development
Corporation
Scott Adler
Shara L. Coletta
Shlomi Asiss
Skid Row Housing Trust
South County Housing
Corporation
Southport Financial
Services
Spector Development
Company
SRO Housing Corporation
Standard Development
Steadfast Companies
Tenderloin Neighborhood
Development Corporation
Timothy R. Roth
Thomas Safran & Associates
Topanga Partners
Triton Development
Unique Construction &
Development
Urban Town
USA Properties Fund
Uzi Levy

Valued Housing
Veloce Partners
Visionary Home Builders
Vitus Group
Wakeland Housing
WORKS
Yehunda Trattner
Yoram Hassid

INVESTORS

The Ahmanson Foundation
Bank of America
BBVA Compass
Calvert Social Investment
Foundation
Charles Schwab Bank
Chase
CDFI Fund
Citibank
City National Bank
EastWest Bank
Fannie Mae
Federal Home Loan Bank
of San Francisco
GE Foundation
HSBC Bank USA
Housing Partnership
Network

Hudson Housing Capital
John Hancock Realty
Advisors
Los Angeles County
Community Development
Commission
Low Income Investment Fund
Manufacturer's Bank
Northrop Grumman
Pacific Western Bank
RSF Social Finance
San Luis Obispo Housing Trust
US Bank
The Weingart Foundation
Wells Fargo Bank



VISION

Century believes that a just society provides safe, quality, and affordable housing for all.

MISSION

Century invests in homes and communities so that low-income individuals and families may have a dignified living environment, achieve economic independence, and enjoy healthful and vital places to live and work.



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