



February 16, 2011

Building Hope, Lives and Dreams...

Re: LETTER OF INQUIRY

P.O. Box 153
McKinney, Texas 75070
Non-Profit Corporation Group
Tax Exempt # 75-2443511
PH: 972-542-5300, F: 972-542-5159
www.ncc-habitat.com

McKinney Community Development Corporation
321 N. Central Expressway, Suite 240
McKinney, Texas 75070

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To the Board of Directors:

North Collin County Habitat for Humanity seeks the support of McKinney Community Development Corporation toward the purchase of a building allowing our affiliate to accommodate growth in what has been named the fastest-growing county in the United States, with an influx of 74 new residents per day. This grant would provide a portion of funding needed for us to serve low-income families living in substandard housing. We meet your criteria for affordable housing and will also be creating jobs and have a qualified recycling center. We feel our project would address your priorities.

Habitat for Humanity International (HFHI) was founded in 1976 as a faith-based housing ministry seeking to alleviate substandard housing and provide opportunities for low-income, working families to purchase homes through a self-help model of homeownership. As an affiliate of HFHI, we receive modest support in the areas of capacity grants, marketing tools, information technology, staff training, publications and prayer. We also support affiliates in impoverished countries outside the United States by paying tithes to HFHI, but remain solely responsible for our local operations and raising funds to accomplish our mission, "*NCC Habitat for Humanity works in partnership with God and His people to develop communities by enabling families to achieve the dream of homeownership with dignity.*"

North Collin County Habitat for Humanity (NCCHFH), located in McKinney, Texas, has been building homes for eligible low-income families since its incorporation in 1992. The affiliate serves more than one-half of the county, with the remainder served by another Habitat for Humanity affiliate whose service area is quickly approaching build-out. NCCHFH has constructed 64 homes in Northern Collin County, rehabbed 3, and is beginning construction on 3 additional homes in McKinney, Texas.

Frisco, Texas, in our service area, was named the fastest-growing city in the US in December, 2010 and McKinney, Texas, also in our service area, was named the 5th best place to live by Money Magazine. While the income level in our county is one of the highest in the country, we also have large areas of poverty and substandard housing in both cities and extensive rural areas. This will only increase, as our population is projected to reach 871,654 in 2020, up from 786,561 according to the 2010 census.

NCCHFH has enjoyed a significant growth within the last ten years. Our staff has doubled to administer our new programs as well as keep pace with our organization's growing administrative responsibilities.

We are anticipating purchasing a 50,000 square foot building in a McKinney warehouse district primarily for expanding our successful ReStore. ReStores have become an integral part of fund-raising for many HFH affiliates, with more than 700 in the US, 50 of these in Texas. Open to the public, these retail operations sell new and used building and construction materials, furniture and appliances donated from individuals, building contractors and other retailers.

The McKinney ReStore opened October, 2009, and has been immensely successful, earning in excess of \$491,000 its first year of operation. It received the "2010 Small Business of the Year" designation from the Frisco Chamber of Commerce and was awarded an economic development grant from the McKinney Economic Development Corporation in October, 2010.

The store is located in an 18,000 square foot rented warehouse with 46 parking spaces and also houses ReStore staff offices and the construction department of NCCHFH. An additional 3,200 square feet were rented July, 2010 as a donation preparation area, allowing for expanded selling space.

The McKinney ReStore offers free pick up of donated materials. Two of the largest donors are Lowe's and Home Depot. The ReStore prides itself in its green initiative of rescuing items from local landfills and also has an active paint recycling program. A partnership was developed with the local county waste division, which distributes ReStore flyers during its popular "Free Dump Days" in an effort to divert materials to the store. Donated latex paint is remixed in a commercial mixer and repackaged in five-gallon containers, selling for \$20 and popular with contractors for use as primer. This program will be expanded in a larger facility.

The store is currently at capacity and cannot accommodate additional merchandise. Parking is difficult on Saturdays, with many patrons using street parking. The current building is neither heated nor cooled, affecting sales during inclement weather. NCCHFH hopes to grow the ReStore to pay all affiliate expenses, guaranteeing that every dollar donated is spent on building homes, but needs to double the amount of selling space to achieve that goal. With the purchase of the 50,000 square foot warehouse we plan to increase our current ReStore staff from seven full-time employees to 14 full-time employees. This increase in staffing will allow us to provide a consistent level of patron service and respond to increasing business transactions.

Not only would the affiliate own the new building, the mortgage payments would be substantially less than the rent on the current smaller location. The 50,000 square feet would be allocated between the three NCCHFH departments:

- 36,000 sq. ft. for the ReStore, in addition to a covered outdoor area for housing lawn and garden supplies and expanded parking. An expanded area for home improvement classes and demonstrations.
- 10,000 sq. ft. for the Construction Department, which will allow storage of supplies and equipment as well as an area for assembling house walls inside a heated area. This will allow homes to be constructed faster and will encourage more volunteers who might be discouraged by bad weather construction.
- 4,000 sq. ft. for administrative offices and a small meeting area.

There are many benefits in having a ReStore in our community, which include:

1. Raising funds to support the Habitat home building program
2. Lowering cost of materials for repair/construction for the general population
3. Providing more places to purchase material/supplies
4. Providing an opportunity to make Habitat for Humanity more visible within the community
5. Sponsoring educational seminars and fundraising events to the community
6. Recycling construction materials and supplies to prevent them from going to landfills
7. Creating employment opportunities
8. Creating volunteer opportunities
9. Creating opportunities for Habitat homeowners to earn sweat equity
10. Enabling our organization to become self-sustainable

We are in Phase I of our fundraising campaign, actively seeking to secure the amount needed to purchase the building and complete necessary renovations. It will take approximately \$850,000 for the purchase of the building with an additional \$300,000 for renovations.

We critically need funds to purchase this sorely needed space. Cuts in government and corporate financing continue particularly affecting our clients with incomes below poverty level. We have worked hard to bridge the gap and anticipate receiving grants and donations totaling \$250,000 for the initial down payment from private sector sources, banks, foundations and private donors. Expected funding sources include but are not limited to:

- FlexCap Mortgage Accelerated Asset Program - \$125,000 (expected to close June 9th)
- Meadows Foundation - \$75,000

We are aware that your organization distributes a number of grants for community improvement and development purposes. We ask for your partnership because of your demonstrated interest in making basic necessities a matter of conscience and action. If this project falls under grant guidelines, please send an RFP and an indication of the appropriate amount for us to request.

Thank you for your support and assistance of NCCHF, and the community residents it serves. We look forward to your consideration of our request and the opportunity to submit a formal proposal for your review. We will be pleased to submit additional information at your request. Please do not hesitate to contact me at (972)542-5300 ext.100.

Sincerely,



Celeste H. Cox
Executive Director



Dennis Heydanek
Board President

Attachments: audited financial statement for the fiscal year ending December 31, 2010, IRS 501(c)(3) designation, and 2009 annual report.