

FY 2023

Budget Tables & Narrative

**NEIGHBORWORKS AMERICA  
APPROPRIATED FUNDS  
SOURCES AND USES OF FUNDS WITH PERCENT CHANGE  
FY 2022 BUDGET COMPARED TO FY 2023 AT \$170M**

	<b>FY 2021 <u>ACTUAL</u></b>	<b>FY 2022 CR <u>at \$163M</u></b>	<b>FY 2023 <u>at \$170M</u></b>	<b><u>FY23/FY22 CHANGE</u></b>	
<b>SOURCES OF FUNDS:</b>					
Federal Appropriation	\$ 163,000,000	\$ 163,000,000	\$ 170,000,000	\$ 7,000,000	4%
<b>TOTAL SOURCES</b>	<b><u>\$ 163,000,000</u></b>	<b><u>\$ 163,000,000</u></b>	<b><u>\$ 170,000,000</u></b>	<b><u>\$ 7,000,000</u></b>	<b><u>4%</u></b>
<b>USES OF FUNDS:</b>					
<b>Operating Expenses</b>					
Compensation	38,903,488	38,050,000	39,000,000	950,000	2%
Travel	5,073	806,000	1,000,000	194,000	24%
Professional Services	6,735,666	6,058,000	6,800,000	742,000	12%
Conferences & Workshops	303,453	1,367,000	1,400,000	33,000	2%
Occupancy	3,414,117	3,650,000	3,650,000	-	0%
Other Operating	5,238,023	5,719,000	5,900,000	181,000	3%
<b>TOTAL OPERATING</b>	<b><u>54,599,820</u></b>	<b><u>55,650,000</u></b>	<b><u>57,750,000</u></b>	<b><u>2,100,000</u></b>	<b><u>4%</u></b>
<b>Grants</b>					
Expendable	61,524,221	60,250,000	62,600,000	2,350,000	4%
Equity Capital/Capital Markets	44,312,500	43,500,000	45,650,000	2,150,000	5%
Training Grants	2,563,500	3,600,000	4,000,000	400,000	11%
<b>TOTAL GRANTS</b>	<b><u>108,400,221</u></b>	<b><u>107,350,000</u></b>	<b><u>112,250,000</u></b>	<b><u>4,900,000</u></b>	<b><u>5%</u></b>
<b>TOTAL USES</b>	<b><u>\$ 163,000,000</u></b>	<b><u>\$ 163,000,000</u></b>	<b><u>\$ 170,000,000</u></b>	<b><u>\$ 7,000,000</u></b>	<b><u>4%</u></b>
<b>FTE</b>					
	257	260	260		
<b>Grants % of approp.</b>	<b>66.5%</b>	<b>65.9%</b>	<b>66.0%</b>		
Exp/Cap Split					
% Exp	58%	55%	58%		
% Cap	<u>42%</u>	<u>45%</u>	<u>42%</u>		
	100%	100%	100%		

Note: Due to the timing of the FY22 appropriation, tables are based on the annualized Continuing Resolution funding level, which carried forward the FY21 appropriation of \$163 million in core funds. For FY22 planning purposes, the business built its budget around those core levels. Additional appropriations for Shared Equity Housing and American Rescue Plan Act Programs are shown in separate schedules.

**NEIGHBORWORKS AMERICA  
APPROPRIATED FUNDS  
SHARED EQUITY HOUSING MODELS SUPPLEMENTAL APPROPRIATION  
FY2019 - FY2023**

	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>Total</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Budget</b>	<b>Estimate</b>	
Compensation	\$ 111,000	\$ 147,000	\$ 215,000	\$ 106,000	\$ 10,000	\$ 589,000
Occupancy	5,000	10,000	-	6,000	-	\$ 21,000
Travel	1,000	5,000		18,000	-	\$ 24,000
Professional Services	-	-	104,000	132,000	75,000	\$ 311,000
Conferences & Workshops	-	2,000	-	15,000	-	\$ 17,000
Other Operating	2,000	-	-	1,000	13,000	\$ 16,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other Op	<u>3,000</u>	<u>7,000</u>	<u>104,000</u>	<u>166,000</u>	<u>88,000</u>	<u>368,000</u>
<b>Sub-total Operating</b>	<b>119,000</b>	<b>164,000</b>	<b>319,000</b>	<b>278,000</b>	<b>98,000</b>	<b>978,000</b>
Grants	-	1,195,000	179,000	390,000	258,000	\$ 2,022,000
<b>Total</b>	<b><u>\$ 119,000</u></b>	<b><u>\$ 1,359,000</u></b>	<b><u>\$ 498,000</u></b>	<b><u>\$ 668,000</u></b>	<b><u>\$ 356,000</u></b>	<b><u>\$ 3,000,000</u></b>

Note: For FY 2019, Congress provided NeighborWorks with a supplemental appropriation of \$2 million (PL 116-6) for a Shared Equity Housing Models program. In FY 2020 (PL 116-94), Congress provided an additional \$1 million, for a total of \$3 million, available until FY 2023. Congress appropriated an additional \$2 million for this program in FY 2021 (PL 116-260). Because these funds remain available through FY 2024, they are presented in a separate table.

NEIGHBORWORKS AMERICA  
 APPROPRIATED FUNDS  
 SHARED EQUITY HOUSING MODELS SUPPLEMENTAL APPROPRIATION  
 FY2021 - FY2024

	FY21 Actuals	FY22 Budget	FY23 Estimate	FY24 Estimate	Total
Compensation	\$ -	\$ 115,000	\$ 200,000	\$ -	\$ 315,000
Occupancy		6,000	11,000	-	17,000
Travel		14,000	22,000	-	36,000
Professional Services	-	67,000	65,000	-	132,000
Conferences & Workshops	-	-	-	-	-
Other Operating	-	2,000	3,000	-	5,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other Op	-	83,000	90,000	-	173,000
<b>Sub-total Operating</b>	<b>-</b>	<b>204,000</b>	<b>301,000</b>	<b>-</b>	<b>505,000</b>
Grants	-	1,345,000	150,000	-	1,495,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,549,000</b>	<b>\$ 974,000</b>	<b>-</b>	<b>\$ 2,000,000</b>

Note: In FY 2021, Congress provided NeighborWorks with a supplemental appropriation of \$2 million (PL 116-260) for a Shared Equity Housing Models program, available until FY 2024.

**NEIGHBORWORKS AMERICA**  
**APPROPRIATED FUNDS**  
**American Rescue Plan Act Counseling Program**  
**FY2021 - FY2024**

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>Total</b>
	<b>Actuals</b>	<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	
Compensation	\$ 402,000	\$ 2,042,000	\$ 2,596,000	\$ 1,159,000	\$ 320,000	\$ 6,519,000
Occupancy	10,000	214,000	318,000	117,000	31,000	690,000
						-
Travel	-	84,000	84,000	-	-	168,000
Professional Services	241,000	647,000	781,000	455,000	210,000	2,334,000
Conferences & Workshops	-	88,000	137,000	28,000	7,000	260,000
Other Operating	-	441,000	787,000	175,000	123,000	1,526,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other C	<u>241,000</u>	<u>1,260,000</u>	<u>1,789,000</u>	<u>658,000</u>	<u>340,000</u>	<u>4,288,000</u>
<b>Sub-total Operating</b>	<b>653,000</b>	<b>3,516,000</b>	<b>4,703,000</b>	<b>1,934,000</b>	<b>691,000</b>	<b>11,497,000</b>
Grants	-	21,613,000	66,890,000	-	-	88,503,000
<b>Total</b>	<b>\$ 653,000</b>	<b>\$ 25,129,000</b>	<b>\$ 71,593,000</b>	<b>\$ 1,934,000</b>	<b>\$ 691,000</b>	<b>\$ 100,000,000</b>

Note: For FY 2021, Congress provided NeighborWorks with a supplemental appropriation of \$100 million (PL 117-2) for the American Rescue Plan Act Counseling Program, available until FY 2025.

## FY 2023 Congressional Budget Justification Budget Narrative

The President's Budget for FY 2023 includes \$170 million in core funding for NeighborWorks America.

NeighborWorks America is a streamlined organization responsive to the needs of low- and moderate-income Americans and communities. NeighborWorks supports the nearly 250 local NeighborWorks nonprofit housing and community development organizations which form the NeighborWorks network while also working to engage and strengthen the broader affordable housing and community development field. The FY 2023 core request of \$170 million represents a 4 percent (or, \$7 million) increase compared to the annualized Continuing Resolution (PL 117-70) based on the FY 2021 enacted level at \$163 million in core appropriated funding. The FY 2021 appropriation also included \$2 million in multi-year funding for shared equity housing models, available until FY 2024, which is not assumed for the FY 2023 budget request. The budget tables include separate presentations for the existing multi-year shared equity housing models funding, as well as a table for the Housing Stability Counseling Program created by the American Rescue Plan Act.

NeighborWorks America maintains high accountability and stewardship standards in the NeighborWorks network through a highly competitive affiliation process and an annual performance, management and financial evaluation of each organization. NeighborWorks organizations are recognized in their states and communities as high-capacity nonprofits who have a proven track record of achieving results for communities, and as partners who can be relied upon to further local community development goals in community stabilization, homeownership promotion, foreclosure assistance, and affordable housing production.

NeighborWorks America tailors its efforts, strategies, and resource allocations on the basis of the crucial, on-the-ground information which the network provides. The regular and frequent feedback NeighborWorks America receives from the NeighborWorks organizations allows it to respond quickly to emerging issues and trends through its programming and flexible grant resources, enabling local solutions for local challenges. This flexibility and connection to real-time issues within the community has allowed the NeighborWorks network to provide critical support during the COVID-19 recovery.

In FY 2023, NeighborWorks America will continue to optimize the use of technology to reduce costs and further leverage its existing resources. NeighborWorks America will also concentrate on training network organizations and other community development practitioners to improve their business processes and strategies in order to maximize their limited resources. NeighborWorks America will continue to deploy multi-year congressionally appropriated resources to provide support for shared equity models for affordable housing as well as to continue to disburse housing counseling funds authorized through the American Rescue Plan Act.

NeighborWorks America has a strong commitment to impact and results. In FY 2023, NeighborWorks America will continue its focus on NeighborWorks organizations' accountability and impact evaluation through enhancement of its organizational assessment process. A group of NeighborWorks organizations will continue to use a common set of Success Measures indicators to measure impact in the communities they serve.

## **USES OF FUNDS:**

### **Compensation:**

The FY 2023 budget justification includes \$39 million for compensation, which includes employee salary, health and dental insurance, life insurance, employee retirement 401(k) contributions, the cost of statutory requirements, as well as employee severance packages and career transition services. The corporation is required to independently procure its benefits through the commercial market; thus, the rising cost of health premiums often adds significant inflationary pressure to the overall cost of benefits. FY 2023 compensation represents a 2 percent increase compared to the FY 2022 Continuing Resolution levels. The increase is primarily driven by anticipated increases in annual medical insurance and other premiums, annual merit increases, and compliance costs such as workers' compensation and payroll taxes. A modest increase to the compensation budget will help address the challenge of maintaining an adequate compensation structure that enables the Corporation to retain and recruit a highly skilled workforce.

### **Travel:**

Travel for FY 2023 is \$1 million, representing a 24 percent increase to the FY 2022 Continuing Resolution levels. In FY 2020 and FY 2021 the corporate travel budget was reduced by more than half each fiscal year due to the COVID-19 travel restrictions and nearly all events being conducted virtually. The travel line item includes the costs associated with the delivery of on-site trainings and technical assistance by NeighborWorks staff to network and other organizations in the affordable housing and community development field. Travel also includes costs related to on-site organizational assessments of NeighborWorks organizations as well as other staff travel for corporate business operations.

NeighborWorks is committed to effectively balancing corporate travel requirements and their related rising costs against the need to constrain those costs. As such, NeighborWorks will continue to seek efficiencies and cost-effectiveness while leveraging information technology (IT) solutions in lieu of traveling to attend meetings in person.

### **Professional Services:**

The FY 2023 budget includes \$6.8 million for professional services, representing a 12 percent increase to the FY 2022 Continuing Resolution levels. In FY 2023, professional services will include technology infrastructure and building technology platforms throughout NeighborWorks; direct service consultants providing sophisticated on-site technical and management assistance to NeighborWorks organizations; skilled expertise in the development of strategic planning and response to emerging issues in the housing and community development field; faculty for the Virtual Training Institutes (VTIs), National Training Institutes (NTIs) and placed-based trainings (PBTs); the development of surveys, tools, and reports; and professional services for comprehensive program reviews.

Other contracted professional services provide ongoing operational support to the NeighborWorks infrastructure and corporate business applications for its more than 330 geographically-dispersed employees, thousands of registrants for NeighborWorks training events, and an online community of over 20,000 users.

### **Conferences & Workshops:**

Conferences and workshops include the direct cost of meetings, such as room rentals and other meeting spaces, as well as conferencing costs at the NTI and other in-person and hybrid training events. Planning for in-person events is contingent upon the re-opening of conference venues and will prioritize attendee and staff safety.

This line item also includes the cost for staff development, such as professional conference and course registration fees. The budget justification includes \$1.4 million for FY 2023 – a 2 percent increase (or, \$33,000) compared to the FY 2022 Continuing Resolution level. This increase aims to restore support to activity that has been cut during the COVID-19 pandemic.

Beginning with the FY 2023 budget justification, NeighborWorks America (which is not a federal agency, but a Congressionally-chartered nonprofit that receives a direct appropriation) will report education and training funding for our internal acquisition staff as federal agencies are required to do under OMB Circular A-11. Based on current positions, the internal acquisition staff development budget for FY 2023 is requested at \$22,500.

#### **Occupancy:**

The FY 2023 occupancy budget is \$3.7 million. This expense category includes payments for office leases and utilities. Despite basic lease escalations and increased operating costs related to existing leases, significant efficiencies are being achieved through office space consolidations and closures.

NeighborWorks plans to reduce its overall office footprint in FY 2023 with the success of its virtual office infrastructure during the COVID-19 pandemic. As other office lease renewals come due, management will continue to weigh the benefit of savings from an increasingly remote workforce against a physical footprint that allows for collaboration and the convening of network and industry events without exclusive reliance on rental space. The FY 2023 request is flat to the FY 2022 Continuing Resolution levels.

#### **Other Operating:**

Other operating costs include, but are not limited to, office and mobile phones, postage, printing, office supplies, software licenses and fees for corporate applications, equipment rentals, corporate insurance and banking fees, and other general operating costs. In addition, other operating costs cover the budget for the technological infrastructure related to hosting VTIs and other virtual meeting space tools.

The budget includes \$5.9 million in FY 2023, which is a 3 percent increase from the FY 2022 Continuing Resolution levels. This funding level will allow the corporation to continue to maintain the business efficiency tools and technology needed to promote cost-efficient, secure, and effective business operations.

#### **Grants:**

The grant percentage of the core appropriation is 66 percent, or \$ 112.3 million, representing a 5 percent increase compared to the FY 2022 Continuing Resolution levels. Appropriated grants are broadly categorized as one of the following grant types: 1) expendable grants, 2) equity capital grants, or 3) training grants.

Expendable grants assist NeighborWorks organizations in a variety of activities, including financial management, resource development, staff recruitment and retention, board development, and the expansion into new programmatic and geographic service areas. NeighborWorks organizations also use



expendable grants to improve their financial management systems or modify and enhance financial management policies and procedures.

Equity capital grants enable NeighborWorks organizations to provide financing for affordable housing and community-based commercial real estate, construct new housing, and rehabilitate and preserve existing structures. In addition, NeighborWorks America works with specialized capital corporations (including Community Housing Capital and NeighborWorks Capital) to build partnerships, develop loan products, and support sustainable financing vehicles that expand affordable housing opportunities in communities that local NeighborWorks organizations serve.

Training grants are used to cover the costs of travel and lodging expenses for NeighborWorks organization participants attending NeighborWorks America training events. These grants provide NeighborWorks organizations the training opportunities their staffs need to strengthen their skills and performance and to achieve and maintain their professional certifications in areas such as homeownership education and counseling, financial capability, real estate development and asset management, construction and rehab management, community economic development, and organizational management and leadership.

# FY 2023 Performance Goals

## FY23 Proposed Performance Goals

	FY 2020 Actuals	FY2021 Actuals	FY 2022 Proposed	FY 2023 Justification
<b>Federal core appropriation</b>	<b>\$157.5M</b>	<b>\$163M</b>	<b>\$170M</b>	<b>\$170M</b>
<u>Affordable Housing and Community Development</u>				
1. New Homebuyers	23,386	22,001	23,000	23,000
2. Multi-family units <sup>(A)</sup>	13,632	13,749	13,500	14,000
3. Housing Preservation <sup>(B)</sup>	9,056	11,809	11,000	11,500
4. Multi-family rental units owned and/or managed <sup>(C)</sup>	179,856	195,726	192,000	205,000
5. Repaired units <sup>(D)</sup>	76,169	79,090	80,000	80,000
<u>Counseling and Education</u>				
1. Housing Counseling <sup>(E)</sup>	149,185	160,669	170,000	160,000
2. Financial Capability Counseling/Education <sup>(F)</sup>	10,776	10,590	-	10,500
<b>Total housing and counseling services provided <sup>(G)</sup></b>	<b>449,347</b>	<b>481,294</b>	<b>476,000</b>	<b>491,500</b>
<u>Residential Lending (000s)</u>	\$390,844	\$360,007	-	\$350,000
<u>Total Investment (000s) <sup>(H)</sup></u>	\$9,304,962	\$16,827,278	\$10,200,000	\$10,900,000
<u>Training</u>				
1. Number of professional training certificates earned <sup>(I)</sup>	18,030	23,049	16,500	15,000
2. Resident leaders trained	6,676	4,626	-	5,000
<u>Loan Capital (000s)</u>				
Capital provided by affiliated capital entities <sup>(I)</sup>	\$104,057	\$133,446	\$130,000	\$140,000

*Note: Financial Capability Counseling/Education, Residential Lending, and Resident leaders trained are performance goals established to support the new FY2022-FY2024 Strategic Plan.*

## NOTES TO PERFORMANCE GOALS

(A) New multi-family units include rental units acquired, substantially rehabbed, or built by NeighborWorks organizations. It also includes creation and/or preservation of units not owned by a NeighborWorks organization but where the NeighborWorks Organization served as a fee developer. In calculating totals, rental production (except for assisted units) is not included as it is captured in portfolio figures.

(B) Housing Preservation refers to activities that serve single-family homeowners including rehabilitation services, refinance provision, reverse mortgage provision, financing for rehab, and foreclosure prevention counseling activities that result in retaining the home.

(C) Multifamily housing rental inventory consists of units owned by NeighborWorks organizations and units that are managed but not owned by the NeighborWorks organizations.

(D) Repaired units refer to emergency and other home-repair services that cost less than \$2,000 for owner occupied units and less than \$6,000 for rental units.

(E) This includes financial management, budgeting, home maintenance, predatory lending, and fair housing workshops, and HECM counseling, foreclosure mitigation counseling outcomes that do not retain the home (those that do are already included in preservation figures), and pre/post-purchase home buyer education and counseling. This figure does not include counseled home buyers who purchased a home, as they are included in New Homebuyers.

(F) This figure represents financial education and coaching services that are defined by the needs of the client receiving services. These clients are not counted in Housing Counseling.

(G) This figure represents the total number of services provided to individuals and families. It includes: 1. New homebuyers, 2. Rental production that is not owned/managed, 3. Housing Preservation, 4. Owned/managed rental inventory, 5. Repaired units (owner occupied and rental), 6. Households counseled, 7. Financial Capability Counseling/Education.

(H) Total investment is the sum of the total development costs for: commercial real estate development, rental production (including repair); real estate developed for sale; the value of commercial loans made; total financing for homeownership (new and preserved, the latter including any costs related to foreclosure mitigation outcomes that retain the home, financing costs related to refinance, reverse, and rehab); the cost of special projects which are small community improvements; the cost of repairs of owner occupied units; the value of supportive services, like rental assistance, to clients; and the costs of infrastructure investments (parking lots, street lighting etc.).

(I) A professional training certificate is earned by completing a course at the NeighborWorks® Training Institute. The count of individuals includes those who receive NeighborWorks training through Online Learning and local Place-Based Training opportunities.

(J) NeighborWorks® America typically provides operating and capital grants to NeighborWorks Capital (NC) and Community Housing Capital (CHC), which are capital financing entities. These figures represent total volume of loans made by these organizations.

FY 2021  
Annual Performance  
Review

# NEIGHBORHOOD REINVESTMENT CORPORATION

Doing business as NeighborWorks® America

FY 2021 Annual Program Performance Report

Prepared in accordance with the provisions of  
the Government Performance and Results Act of 1993

*February 2022*

NEIGHBORHOOD REINVESTMENT CORPORATION  
Doing Business as NeighborWorks® America  
FY 2021 ANNUAL PROGRAM PERFORMANCE REPORT

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## **I. OVERVIEW AND PERFORMANCE SUMMARY**

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### **Charter and Purpose**

The Neighborhood Reinvestment Corporation, doing business as NeighborWorks America, a public nonprofit organization, was chartered by Congress in the Housing and Community Development Amendments of 1978 (Public Law 95-557). NeighborWorks America was established to strengthen distressed urban, suburban and rural communities through a formal national network of local community-based organizations working in partnership with community residents as well as private sector and local government entities – known collectively as the NeighborWorks network. In creating NeighborWorks America, Congress envisioned a highly flexible, non-bureaucratic laboratory – a place where *“new ideas and approaches could be studied, refined, pilot-tested, and replicated.”* Today, the NeighborWorks network consists of nearly 250 local and regional organizations serving all 50 states, Puerto Rico and the District of Columbia.

The NeighborWorks America Board of Directors is composed by statute of executives from five federal agencies: the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Department of Housing and Urban Development.

### **The NeighborWorks System**

Three interrelated components of the “NeighborWorks system” fulfill a coordinated mission to promote locally directed community revitalization and expand affordable housing opportunities in communities across the nation. They are:

1. NeighborWorks America;
2. A national network of nearly 250 affiliated nonprofit organizations; and
3. Two related capital corporations that lend exclusively to the network (referred to as the Capital Corporations).

For over 40 years, NeighborWorks has been an effective and efficient model for leveraging significant private-sector resources in support of community revitalization, affordable housing, and community development opportunities. The NeighborWorks system has generated significant investment in thousands of underserved communities across the nation.

### **NeighborWorks America**

NeighborWorks America is the nation’s original community/public/private partnership model, with its hallmark of leveraging public investment for locally driven, efficient community development. The organization was created by Congress in 1978 to provide financial support, technical assistance, and training for community-based revitalization activities to turn once-blighted places into vibrant, healthy communities.



Over the years, NeighborWorks America has developed a number of core competencies that continue to drive revitalization efforts nationwide and support its mission to create opportunities for people to live in affordable homes, improve their lives, and strengthen their communities. These core competencies include homeownership and affordable rental programs, practitioner training and certification, consumer counseling and education, outcomes measurement and evaluation, and the training and empowerment of community residents.

NeighborWorks America provides grants, programmatic support, training and technical assistance, access to capital, organizational assessment/evaluation, and other programmatic support services to the network and the broader community development field.

NeighborWorks America's Officers and Board of Directors actively monitor performance pursuant to the Corporation's strategic plan.

#### The NeighborWorks Network

The NeighborWorks network is comprised of nearly 250 community-based organizations located in all 50 states, Puerto Rico, and the District of Columbia. Each organization is unique and autonomous and defines how it can best serve the needs of its community, with careful assessment, guidance, technical, and financial support from NeighborWorks America.

#### Related Capital Corporations

NeighborWorks America works with two specialized Capital Corporations to build partnerships, develop loan products, and support financing vehicles that expand affordable housing opportunities in communities served by local NeighborWorks organizations.

*Community Housing Capital (CHC):* a national financial intermediary based in Decatur, Georgia, serves as a direct lender to the NeighborWorks network, providing financing for the development and preservation of single-family and multifamily affordable housing. Incorporated in 2000, CHC is certified as a Community Development Financial Institution (CDFI) and a Community Development Entity by the U.S. Department of Treasury's CDFI Fund, and rated by AERIS™, a consulting, rating, and due-diligence corporation used by the CDFI Fund.

*NeighborWorks Capital (NC):* a national nonprofit community development loan fund based in Silver Spring, Maryland, offers lending to all NeighborWorks America's member organizations. NC is also certified as a CDFI by the U.S. Department of the Treasury's CDFI Fund and rated by AERIS™. NC's products provide flexible capital to create or preserve affordable single and multifamily properties and commercial projects. Products assist NeighborWorks organizations with pre-development costs; acquisition of land and buildings; construction, rehabilitation, and preservation of network-owned rental properties.

The NeighborWorks system is the only coordinated effort of its kind in the nation. It is unique in that it:

- Provides national access to a delivery system built on locally directed, community-based partnerships;
- Fosters local and regional leveraging of critical private sector and government resources;
- Serves as a laboratory for developing, testing and documenting creative solutions to problems that impede affordable housing production and neighborhood revitalization;
- Sets stringent chartering standards and requirements for continued participation in the network through a comprehensive system of ongoing organizational assessments;
- Provides best-in-class professional training to affordable housing and community development practitioners and community leaders;
- Facilitates an environment conducive for benchmarking and disseminating best practices amongst peers in the field; and
- Creates a controlled environment for testing new products and approaches in the community development arena so that successful efforts can be replicated.

## **Results**

The NeighborWorks system generated more than \$16.8 billion in total investment in communities across America in FY 2021. This investment directly provided 470,704 housing and counseling services to families and individuals, including:

- 22,001 new homeowners;
- 13,749 rental homes developed and preserved;
- 11,809 single family homes preserved;
- 79,090 homes repaired;
- 195,726 rental homes owned and/or managed by NeighborWorks organizations; and
- 160,669 families and individuals received pre-purchase, post-purchase, or foreclosure counseling.

NeighborWorks' two related Capital Corporations provided \$133.5 million in lending to network organizations for housing and community development activities in FY 2021.

In addition, NeighborWorks awarded 23,049 professional training certificates, training staff and executives from 2,376 nonprofit and public-sector organizations.

## **Information on the Use of Non-Federal Parties**

This annual performance report is submitted pursuant to the requirements of the Government Performance and Results Act (GPRA). In addition, NeighborWorks America certifies that the report was prepared solely by employees of the Corporation and the Corporation was not aided by non-Federal parties in its preparation. By statute, NeighborWorks America is not an agency, department, or instrumentality of the Federal Government and its employees are not considered Federal employees.

## II. KEY MEASURES

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### NeighborWorks America's FY 2021 Performance Scorecard<sup>1</sup>

GOAL	EXCEEDED	MET	DID NOT MEET
Direct investment	X		
New homebuyers			X
New or preserved multifamily rental homes	X		
Housing preservation (Single-family rehabilitated, reverse mortgage, refinanced, or retained through successful foreclosure mitigation counseling)	X		
Repaired homes	X		
Multi-family rental units owned and/or managed	X		
Individuals or families provided with home-ownership counseling	X		
Percent of organizations with organizational health improvements			X
Number of professional training certificates issued	X		
Capital provided by related capital corporations	X		

The pandemic affected homeownership promotion activities, as NeighborWorks organizations were no longer able to provide in-person services and had to shift their service delivery modes. Similarly, organizations had to adjust to significant disruptions in their operations which had an impact on financial sustainability and organizational health.

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<sup>1</sup> Scorecard performance categories are Exceeded (more than 105% of goal), Met (95%-105% of goal), Did Not Meet (less than 95% of goal).

### NeighborWorks America Performance Goals

	FY2018	FY2019	FY2020	FY2021	FY2021	% of GOAL
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>GOAL</u>	
<b>Total Investment (\$000s)</b>	\$8,426,948	\$9,654,860	\$9,304,962	\$16,827,278	\$9,500,000	177%
<b>Total Housing Production:</b>						
1. Homeownership Units	25,054	26,244	23,386	22,001	25,000	88%
2. Multi-family units	13,167	14,626	13,632	13,749	13,000	106%
3. Housing Preservation (Single Family Rehab, Refinance, Other)	11,120	10,853	9,056	11,809	10,000	118%
4. Repaired units	75,011	78,632	76,169	79,090	70,000	113%
<b>Multifamily rental units owned and/or managed</b>	166,883	173,668	179,856	195,726	184,000	106%
<b>Individuals provided with pre- and post-purchase housing counseling</b>	177,825	166,316	149,185	160,669	150,000	107%
<b>Organizational Assessment</b>						
Percent of organizations with organizational health improvements	7%	10%	7%	4%	5%	80%
<b>Training</b>						
Number of professional training certificates earned	14,572	13,805	18,030	23,049	16,000	144%
<b>Equity Capital (\$000s)</b>						
Capital provided by affiliated capital entities	\$127,600	\$132,200	\$104,057	\$133,446	\$125,000	107%

**NeighborWorks America**  
**Sources and Uses of Funds by Expense Category**  
**FY 2021 Plan and Actual un-audited**  
**Appropriated Funds**  
**(Amounts in \$000's)**

	<b>FY 2021 <u>Plan (A)</u></b>	<b>FY 2021 <u>Actual</u></b>	<b>Actual/Plan Variance \$</b>	<b>%</b>
<b><i>SOURCES OF FUNDS:</i></b>				
<b>Federal Appropriation</b>	<b>\$163,000</b>	<b>\$163,000</b>	<b>\$0</b>	<b>0%</b>
<b><i>USES OF FUNDS:</i></b>				
<b><u>OPERATING EXPENSES:</u></b>				
Compensation	\$37,158	\$38,903	\$(1,745)	104.6%
Travel	422	5	417	1.2%
Professional Services	6,253	6,736	(483)	107.7%
Conferences and Workshops	828	303	525	36.6%
Occupancy	3,650	3,414	236	93.5%
Other Operating Costs	<u>7,339</u>	<u>5,238</u>	<u>2,102</u>	<u>71.4%</u>
<i>Total Operating Expenses</i>	55,650	54,600	1,050	98%
<b><u>GRANTS:</u></b>				
Expendable	60,250	61,524	(1,274)	102%
Equity Capital	43,500	44,313	(813)	102%
Training and Informing	<u>3,600</u>	<u>2,564</u>	<u>1,036</u>	<u>73%</u>
<i>Total Grants</i>	107,350	108,400	(1,050)	101%
<b>TOTAL USES OF FUNDS</b>	<b><u>\$ 163,000</u></b>	<b><u>\$ 163,000</u></b>	<b><u>\$ 0</u></b>	<b>0%</b>
<i>Grants % of Appropriation</i>	65.9%	66.5%		

(A) These figures reflect the base federal appropriation only, excluding supplemental funds for the National Foreclosure Mitigation Counseling Program.

### III. FY 2021 STRATEGIC PLAN GOALS AND PERFORMANCE RESULTS

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In FY 2017, NeighborWorks embarked on a five-year strategic plan to guide the organization through FY 2021. In FY 2021, NeighborWorks America continued to advance its ongoing mission through pursuit of five strategic plan goals:

- **Goal 1: Create Opportunities for People to Live in Affordable Homes**
- **Goal 2: Create Opportunities to Strengthen Communities**
- **Goal 3: Support A Network of Strong Organizations**
- **Goal 4: Strengthen the Housing and Community Development Field**
- **Goal 5: Drive Operational Excellence and Stewardship**

Together, these goals help NeighborWorks drive toward its long-term vision where “Every community in America is a place of opportunity.”

#### **Goal 1: Create Opportunities for People to Live in Affordable Homes**

At the core of the NeighborWorks mission is the provision of affordable housing opportunities for low- and moderate-income Americans. NeighborWorks facilitates the creation and preservation of rental and homeownership opportunities by providing grants, technical assistance, and programmatic initiatives for the NeighborWorks network, including working with network organizations to strengthen their business models for increased scale and impact.

##### *National Homeownership and Lending Programs*

NeighborWorks continues to focus on sustainable homeownership. As communities around the country experience a host of challenges, affordable and sustainable homeownership is becoming increasingly difficult. NeighborWorks has always provided homeownership services that promote financial capability and prepare consumers to be sustainable homeowners. The suite of services offered by the NeighborWorks network help families not simply *attain* homeownership, but to also *maintain and manage* homeownership over the long term. Demand for these programs and services continues to increase.

In FY 2021, NeighborWorks leveraged current capacities while also identifying opportunities to serve potential homeowners and communities more efficiently and at greater scale.

NeighborWorks America and the NeighborWorks network sought to capitalize on emerging homeownership opportunities in a strategic and focused way through homebuyer engagement using innovative and seamless new technologies and methods. NeighborWorks has continued to support several initiatives designed to increase sustainable homeownership, including the Sustainable Business Initiative (SBI) and the LIFT (Let’s Invest for Tomorrow) program.

NeighborWorks America’s Sustainable Business Initiative (SBI) provides access to learnings, tools, technical assistance, and peer support. These resources provide a framework to assist

NeighborWorks Organizations (NWOs) to move from a social service business model to a social enterprise business model. Refined during a four-year pilot that started with homeownership services, the mainstreamed Sustainable Business Initiative focuses on helping NWOs implement the culture change and core business disciplines needed to operate a social enterprise at the organizational level, regardless of the types of services provided. Currently there are 74 NeighborWorks organizations participating in the initiative. Across participating organizations with a longer tenure in the initiative, total earned revenue grew 15% from FY20 to FY21. These NWOs also reported that, on average, earned revenue as a share of total revenue increased by 8% during this timeframe.

The LIFT Down Payment Assistance Program is a partnership with the Wells Fargo Foundation. LIFT is an innovative program that works with many different first mortgage products and enables families to achieve homeownership sustainably. Clients are required to complete 8 hours of homebuyer education and one-on-one counseling. First mortgage lenders are carefully vetted to ensure best lending practices. In FY2021, two new LIFT sites were launched. Since its inception in 2012, more than \$379 million has been invested in 79 markets across the country, creating more than 24,800 new homeowners and leveraging more than \$3 billion in first mortgages through the end of FY2021. In FY2021 alone, 657 new homebuyers purchased their homes with LIFT grants—a total of more than \$11 million in down payment assistance.

As part of its work to promote homeownership and equitable lending and increase access to capital in underserved communities, NeighborWorks America provides support for network Community Development Financial Institutions (CDFIs) nationwide, boosting the ability of these organizations to deliver financial products and services to their communities. Each year, NeighborWorks America staff provide technical assistance, capacity building and peer-to-peer learning opportunities to over 125 NeighborWorks organization lenders, including both certified and emerging CDFIs, to strengthen their applications to the CDFI Fund. NeighborWorks assists network organizations who are interested in becoming CDFIs to assess their readiness and helps existing CDFIs ensure adherence to strong business measures and compliance with requirements established by Treasury and private investors.

In response to the 2016 HUD Housing Counselor Certification Final Rule, NeighborWorks created trainings, webinars, and support networks for housing counselors in the network. In FY21 the NeighborWorks network reported that 55% of counselors working at a HUD-approved agency had obtained HUD Housing Counselor Certification. The efforts of the National Homeownership Programs & Lending team, in coordination with the Training division, provided ongoing support to over 620 network counselors in pursuit of certification. We continue to celebrate counselors who achieve certification and support those who have not yet taken or passed the exam through scholarships, trainings, and resources and information sharing.

In FY21 NeighborWorks received \$100 million through the American Rescue Plan Act of 2021 to design and administer a housing counseling program, making grant funds available to HUD-Approved Intermediaries, State Housing Finance Agencies, and NWOs for the provision of housing counseling services to minority and low-income populations. NeighborWorks America launched The Housing Stability Counseling Program (HSCP) in September 2021, awarding more than \$88 million to 131 organizations to provide foreclosure and eviction prevention counseling in communities nationwide.

#### FY 2021 Results:

- Assisted 22,001 families to become new homeowners;
- Preserved homeownership for 11,809 families and individuals;
- Provided financial capability services to 10,590 individuals;
- Provided 160,669 families and individuals with pre-purchase and post-purchase housing counseling and foreclosure intervention counseling;
- NeighborWorks CDFIs originated over \$333 million in residential lending in FY 2021; and
- Seventy-one network CDFIs successfully competed for a total of over \$104 million in assistance from the CDFI Fund in the 2021 awards cycle.

#### *National Real Estate Programs*

NeighborWorks continues to facilitate access to capital for the real estate development and lending activities of the network. NeighborWorks supports the financially sustainable and socially impactful practice of rental and for-sale real estate lines of business through knowledge exchange, development and promotion of best practices and tools, provision of technical assistance, peer convenings, professional development through national collaboratives and advancement of new concepts and models.

High quality rental homes, affordable to lower-income Americans (especially those with incomes under--and often far under-- 60% of median family income) provide the foundation for successful lives and communities. Therefore, National Real Estate Programs provides a robust set of resources that drive the strength and productivity of the real estate development, asset management and property-based resident services work of the NeighborWorks network.

- **Business Strengthening**, focuses on the financial dynamics of balancing multiple business lines, often a challenge for local community development organizations
- **Portfolio Strengthening**, provides financial analysis and business consultation on improving the performance of the rental portfolio
- **Rental Real Estate Growth Cohort**, recognizing the national shortage in supply of rental housing, a new program focuses on business planning for doubling the development and ownership capacity of strong mid-size NeighborWorks organizations, starting with twelve groups from around the country.



Several nationally recognized professional development resources are managed by National Real Estate Programs in partnership with other national organizations. These include the Consortium for Housing and Asset Management (CHAM®) and Strength Matters®, which focuses on providing Chief Financial Officers and other financial professionals in the field with new and unique resources to advance their work.

NeighborWorks America's National Real Estate Programs focus on:

- Advancing best practices of the affordable housing field through development and promotion of broad, industry-wide initiatives;
- Utilizing new construction, acquisition, rehabilitation and refinancing to create and preserve affordable rental properties for families, individuals, elderly and people with special needs; and
- Developing affordable and sustainable homes for purchase by low- and moderate-income families.

FY 2021 Results:

- Developed or preserved 13,749 rental homes;
- 195,726 affordable rental homes owned and/or managed by NeighborWorks network organizations; and
- 84% of all network organizations' rental portfolios were positively performing (i.e., covering operating costs, amortization and interest, and their reserve contribution).

**Goal 2: Create Opportunities to Strengthen Communities**

Advancing comprehensive community development is a key strategy for creating communities of opportunity. NeighborWorks provides tools, training and technical assistance to build the capacity of organizations to step into a community catalyst role and support others that seek to participate in cross-sector collaborations. NeighborWorks also provides robust data and analytics to assist network organizations understand community needs and assets and to tailor strategies to local conditions. NeighborWorks' continuing support of community building and engagement and resident leadership development helps network organizations facilitate meaningful, lasting change in the communities they serve.

*Community Initiatives*

The Community Initiatives department at NeighborWorks supports local efforts to build vibrant communities that provide opportunities for people to thrive. Community Initiatives focuses on community stabilization activities, community building and engagement, rural initiatives, shared equity housing, and healthy homes and communities.

Community Initiatives supports the following community-based strategies across urban, rural and suburban communities:

- Place-based community stabilization strategies aimed at creating a strong and balanced real estate market; safe, healthy and attractive conditions; and a positive neighborhood image;
- Community building and engagement strategies aimed at building resident leadership, collective capacity and social connections; and
- Systems-level strategies that bring together community stakeholders to address complex challenges and improve health, education and economic outcomes.

NeighborWorks advances comprehensive community development as a core strategy for creating communities of opportunity. The corporation implements this vision by elevating and strengthening local practice through technical assistance and capacity building, peer-to-peer learning, demonstration projects, stakeholder convenings, and research.

### Shared Equity Housing

Shared Equity Housing (SEH) Initiative at NeighborWorks America provides a combined suite of tools and resources to the NeighborWorks network and broader field to build the capacity of nonprofits to use shared equity housing models to create long-term affordability, wealth building opportunities, and community stabilization.

Shared equity housing models ensure that families with modest incomes can achieve stable homeownership while ensuring that their community remains affordable over time. Shared equity is achieved when ownership is shared between a homeowner and a nonprofit, through cooperative ownership, or when an initial subsidy is shared from one family to the next over generations. Common models in the NeighborWorks network include community land trusts (CLTs), limited equity cooperatives, resident-owned manufactured housing communities (ROCs) and deed restricted homes.

### Native American Commitment Strategy (Akwe:kon)

Akwe:kon (a Mohawk word meaning “All of Us”) is a collaborative, cross-divisional working group within NeighborWorks America dedicated to improving NeighborWorks’ internal and external engagement in Native American, Alaskan Native, and Native Hawaiian communities. Externally, the collaborative guides strategy, planning, and implementation in and around Native housing and community development topics across the network. This includes an effort to charter more Native and Native-serving organizations into the NeighborWorks Network.

Internally, Akwe:kon works to increase the cultural competency and understanding of NeighborWorks staff regarding the profound effect of U.S. policy on Native housing and community development. This includes training and professional development around working with Native individuals and communities. Externally, and as a collaborative effort with national partners and stakeholders, NeighborWorks is working to enhance the ability of the network and

other community development organizations to collaborate with Native-led organizations and partner in Indian Country.

### Measuring Community Impact

As part of an ongoing effort to demonstrate the impact of NeighborWorks organizations' work to create positive change at the community level (Community Impact Measurement project), a project-wide analysis was completed in FY 2018 to determine the extent to which the 128 participating organizations experienced a statistically significant positive change in their selected community in any of the 3 major dimensions measured: social capital, physical conditions and positive community perceptions. The analysis determined that 80% of participating organizations whose data met rigorous data review criteria demonstrated positive change in at least one dimension in the timeframe between baseline data collection in 2013 and follow up data collection in either 2016 or 2017. A third cycle of community data collection was completed in FY19 to 21, with some delays and adjustments due to pandemic constraints. A newly updated analysis will be available following the third round of data collection in FY22.

### FY 2021 Results:

- Invested over \$5 billion in community stabilization target areas;
- Trained 4,626 resident leaders;
- Provided service in 10,262 rural-designated census tracts;
- NeighborWorks CDFIs originated over \$7.5 billion in commercial lending, leveraging an additional \$6.9 billion in other community investment; and
- In total, NeighborWorks organizations generated more than \$16.8 billion in direct investment in their communities.

### **Goal 3: Support a Strong Network of Strong Organizations**

To advance its mission, NeighborWorks supports a national network of chartered local and regional nonprofit organizations in rural, urban, and suburban communities across America. The network continues to evolve and today consists of diversified social enterprises involved in housing, real estate, community development, economic development and social services. NeighborWorks focuses on strengthening business models, including strategies to increase earned revenues, in order to promote sustainability and expand services.

NeighborWorks fosters efficiency and effectiveness by building the skills and performance of the NeighborWorks network through financial assistance, consulting services, educational opportunities, assessments, and strategic partnerships. Services are primarily delivered through NeighborWorks America's four regions and National Initiatives' business line teams, whose staff implement and oversee most grants and provide specialized services that help local NeighborWorks organizations evaluate operations, manage sustainable business lines, update systems, improve service delivery, and successfully manage their resources and programmatic risks for greater community impact.

NeighborWorks America uses grant awards and other services to help affiliated NeighborWorks organizations:

- Achieve their strategic housing and community development goals;
- Expand their reach, programmatic capacity and impact;
- Improve their internal systems and procedures for financial and business management, impact measurement and board oversight;
- Collaborate to increase efficiency, impact and scale;
- Develop outreach and marketing strategies; and
- Implement financing mechanisms and partnerships with the private and public sectors.

NeighborWorks America regularly evaluates its programs and services and gathers feedback from network organizations and other customers to ensure its services are necessary, nimble, and relevant. The impact of NeighborWorks America's efforts will continue to be demonstrated by the increased productivity, investment, and community impact generated by NeighborWorks organizations in their communities.

NeighborWorks America's efforts have helped NeighborWorks organizations meet numerous recurring challenges, including:

- Securing new resource partners;
- Developing and managing loan funds;
- Creating strategic plans;
- Creating revitalization strategies that meet community-articulated needs;
- Conducting asset and portfolio management for rental properties;
- Developing affordable for-sale and rental homes;
- Complying with federal and state lending regulations;
- Promoting homeownership;
- Upgrading financial management and other internal systems;
- Examining and addressing sector-wide issues such as foreclosure, community stabilization, and difficult market conditions; and
- Encouraging collaboration between NeighborWorks organizations to promote greater efficiencies for communities.

### *Race, Equity, Diversity and Inclusion*

NeighborWorks America is committed to supporting NeighborWorks organizations in their efforts to advance racial equity. In 2017, NeighborWorks America formed the first cohort of its external Race, Equity, Diversity, and Inclusion National Advisory Committee (REDI committee). The purpose was to pilot race, equity, diversity, and inclusion work among network organizations, with the goal of building the capacity of network organizations to articulate how

they are working towards equity and equipping them with the tools to implement their vision. A third-party evaluation found that 91% of participating organizations continued to advance the work and had engaged in additional initiatives related to addressing race, equity, diversity and inclusion.

#### *Access to Equity Capital*

NeighborWorks America focuses on many national partnerships and relationships to leverage its investment in network organizations with other private capital. To do this, NeighborWorks America invests in Community Housing Capital and NeighborWorks Capital, two national CDFIs that serve the network of NeighborWorks affiliates.

In FY 2021 the Capital Corporations lent NeighborWorks network organizations more than \$133 million for real estate development activities. NeighborWorks America also supports the development of new loan and investment products which further the mission-related activities of the network.

#### *Organizational Assessment*

NeighborWorks America supports each NeighborWorks organization's capacity to successfully manage programmatic risks and to ensure financial and organizational stability through organizational assessment. NeighborWorks evaluates all network members' health and performance, including an assessment of critical lines of business. These evaluations are shared with the NeighborWorks organizations to help them identify and concentrate on specific areas for improvement.

To provide ongoing assessment of each organization, NeighborWorks uses a system of on-site and off-site assessments, an annual review of independent audits submitted by each NeighborWorks organization for compliance and financial health, and the NeighborWorks Organizational Health Tracking System.

The underlying philosophy behind NeighborWorks America's approach to organizational assessment is to:

- Steadily increase the health, performance, productivity and effectiveness of NeighborWorks organizations,
- Identify risk to individual organizations, thereby identifying the presence of risk to the entire NeighborWorks system, and
- Better focus support and technical assistance to increase the capacity of NeighborWorks organizations to successfully predict, mitigate and manage risk.

A committee composed of senior managers from NeighborWorks America, NeighborWorks Capital, and Community Housing Capital undertakes quarterly reviews of key risk and performance indicators obtained from audits, on-site and off-site reviews in addition to other

sources throughout NeighborWorks America and assigns an organizational health rating to each NeighborWorks organization.

NeighborWorks America maintains continuous oversight of NeighborWorks organizations through the vehicles described below.

#### On-Site Reviews

NeighborWorks America conducts on-site organizational assessments through comprehensive program reviews of each NeighborWorks organization approximately every three years. These on-site assessments result in written reports that identify programmatic performance, financial health, organizational capacity, corrective actions, and areas for improvement for a NeighborWorks organization to address vulnerabilities and remain in good standing.

On-site charter reviews of organizations applying for network membership are conducted to ensure that they can meet established performance objectives and baseline membership criteria.

#### Off-Site Reviews and Annual Audit Reviews

In addition to on-site reviews, NeighborWorks America annually monitors organizations through off-site, risk-based assessments. These reviews focus on areas of potential risk and are based on individual organizational profiles that are updated on an ongoing basis as financial and programmatic information is received. NeighborWorks America also reviews annual financial audits, management letters, and IRS Form 990 submissions from each NeighborWorks organization.

#### Lines of Business

As a part of its organizational assessment process, NeighborWorks America conducts performance assessment and risk analysis for six major lines of business. These lines of business are the major programs, products and services provided by a NeighborWorks organization. An activity is a Line of Business only if the organization has a long-term commitment to it and has dedicated staff and revenues that support the activity.

NeighborWorks America recognizes the following lines of business of member organizations:

1. Homeownership Preservation: Loans, grants and home improvement services for existing owners of 1-to-4 family properties. Activities include rehabilitation, repair, hazard abatement, energy conservation, , as well as loans and grants to homeowners to finance these kinds of improvements, and post-purchase counseling and foreclosure intervention activities.
2. Homeownership Promotion: Activities promoting sustainable homeownership including financial capability and other education, pre-purchase counseling, foreclosure counseling, mortgage lending, down payment/closing cost assistance (both loans and grants), and the marketing and sale of newly developed properties.

3. Community Building & Engagement: Programs and activities that support resident engagement as an essential component of effective and sustainable community development. Community building and engagement should include all three of the following activities: developing resident leaders, facilitating community building events and activities, and supporting resident-driven groups and initiatives. Additionally, community building and engagement priorities should be clearly aligned to the overall mission and strategic plan of an organization.
4. Property Management: Property management includes the day-to-day operating responsibility for managing real estate. Organizations are often responsible for this function on properties that they own directly but may also manage properties owned by other entities to generate additional revenues.
5. Real Estate Development/Asset Management: All the activities involved in developing real estate, regardless of whether the project is residential or commercial and intended for rental or for-sale. Development activities might include conceptualizing projects, selecting and acquiring sites, managing design, assembling predevelopment, construction and permanent financing, overseeing construction and lease-up. Asset management includes long-term responsibilities of ownership of real estate including such activities as deciding on the type of portfolio to be developed, market positioning of properties, refinancing, capital improvements, and selection and oversight of the property manager. Asset management responsibilities come with any property owned outright by the organization, a subsidiary, or a general partner interest held by the organization or its subsidiary.
6. Lending and Loan Portfolio Management: All activities involved in underwriting, originating, brokering and/or servicing loans to individuals, nonprofits and businesses on a regular basis, and managing the portfolios of these loans. Their purpose is to provide capital for building or purchasing residential or commercial property and creating entrepreneurial and community wealth opportunities. Functions include analysis and allocation of risk, due diligence, negotiation, proper documentation, bookkeeping, billing, collections, monitoring, remediation, workouts, foreclosures and management of secured assets. The routine production of loans generally generates a portfolio which must be actively managed in terms of risk concentration, liquidity, leverage and impact.

#### FY 2021 Results

- During FY 2021, NeighborWorks conducted annual audit analyses for all NeighborWorks organizations, 87 full-scope, on-site program reviews, and 100 off-site assessments for network members.
- 4% of network organizations had an improvement in their organizational health rating.

These review activities, in combination with audit analyses which are required for each grantee, ensure compliance with sub-recipient monitoring requirements and enable NeighborWorks

America to assign health ratings to each network member. Further, the assessment process identifies areas for network members to improve their health and operations and to mitigate risk.

#### **Goal 4: Strengthen the Housing and Community Development Field**

NeighborWorks provides best-in-class training to professionals in the affordable housing and community development field. The provision of high-quality training and information advances the work of NeighborWorks organizations and the broader community development industry and strengthens the knowledge base that informs practice. The most recent post-course impact study (conducted in 2017 with 3,000 training participants) confirms the value and impact of NeighborWorks-sponsored training activities. The vast majority of participants (89%) indicated that the training they received was useful in building their skills and knowledge to better do their work 3-24 months later.

The NeighborWorks Training Institute operates as a community development and affordable housing “university” that offers training and certification opportunities to thousands of professionals, staff and leaders at affordable housing and community development nonprofits, state and municipal government agencies, and to community resident leaders working to strengthen, stabilize and revitalize their communities. Nonprofit housing developers, multifamily asset and property managers, construction and property rehab staff, homeownership educators and counselors, foreclosure counselors, nonprofit managers and board leaders count on NeighborWorks Training Institutes for their professional development needs. Since March of 2020, the training division has had to reimagine these institutes to continue to provide that capacity building support. This has allowed NeighborWorks to create a new model in the form of a Virtual Training Institute that has provided access to our communities as welcomed new participants who had never been a part of our in-person training events. This new model will continue to serve as an alternative way to widen our access to our in-person community development and affordable housing training space.

The COVID-19 pandemic continued to accelerate the shift to online learning and virtual training events. Two Virtual Training Institutes (VTIs) and one convening were held throughout the year and dozens of new eLearning courses and online webinars were developed and launched to provide comparable content to training participants.

In addition, NeighborWorks provides training, technical assistance and consulting services to strengthen board governance and to assist network organizations undergoing executive transitions. Through its Achieving Excellence program as well as its Nonprofit Management and Leadership training curricula, NeighborWorks provides leadership development opportunities to current and future leaders in the affordable housing and community development field.



NeighborWorks also administers the Excellence in Governance program which helps boards create lasting, adaptive change and transform from responsible to exceptional. Using a performance-based framework paired with governance principles, each participating board defines their own success and measures effectiveness in the context of the organization and the community it serves. Consistent coaching, full board engagement, and peer-to-peer opportunities within the cohort fuel organizational learning.

Building the Skills of Community Development Professionals: NeighborWorks America provides training, technical assistance, and consulting services to NeighborWorks organizations and other nonprofit organizations and partners in the following primary areas:

- Homeownership creation, preservation, and lending
- Financial capability and financial education
- Rental and homeownership real estate development and preservation
- Rental portfolio property and asset management
- Resident services in rental housing
- Community stabilization
- Communications and marketing
- Community building and resident engagement
- Economic development
- Organizational management
- CDFI management and lending;
- Management, leadership and board governance
- Performance and impact measurement

The COVID-19 pandemic continued to accelerate the shift to online learning and virtual training events in FY21.

- Virtual Training Institutes (VTIs) in February and August 2021
- Virtual NeighborWorks Executive Symposium in March 2021
- Virtual Community Leadership Institute (January-May 2021)
- Virtual Convening in June 2021

In addition, dozens of new eLearning courses and online webinars were developed and launched to provide comparable content and speak to more relevant needs in the community as a result of the pandemic. The focus was creating access to our essential content but also making sure that there was a critical focus on the relevant needs in these unprecedented times in the communities we serve.

FY 2021 Results:

- NeighborWorks America awarded 23,049 professional training certificates to affordable housing and community development practitioners and community leaders from 2,376

organizations and municipalities from around the country to participants at Virtual Training Institutes (VTIs), virtual place-based trainings (PBTs) and online learning courses. NeighborWorks provided training in several learning tracts, including:

- Financial capability, homeownership education and counseling, and foreclosure counseling;
- Affordable housing development, asset management and construction and rehab management;
- Community revitalization, community economic development, and resident engagement; and
- Nonprofit management and leadership.

In addition, in FY 2021, NeighborWorks:

- Conducted a national Community Leadership Institute (CLI) for 580 resident leaders from over 62 organizations;
- Following the successful completion of Excellence in Governance Class of 2020 in October 2020, NeighborWorks paused to reflect on future governance offerings. Using ten years of Excellence in Governance learnings, the EIG Principles and a commitment to a flexible, peer-focused framework, EIG ReConnect was launched as a 10-month, virtual, intensive program for board chairs and incoming board chairs of EIG graduate network organizations. The program combines one on one coaching with small group coaching and content expertise. An intentional focus on advancing REDI and cultivating individual leadership strengths help create a customized program for participants. EIG ReConnect commenced its inaugural class in September 2021 with 40 exceptional board leaders. These board leaders represent 24 different NeighborWorks Organizations and have cumulatively contributed more than 210 years of board service to their respective organizations.
- Administered a national AmeriCorps VISTA program in which the newest cohort of 44 members achieved program goals serving 28 local NeighborWorks organizations in 20 states and Puerto Rico. NWOs consistently report that their VISTAs made significant contributions in the areas of housing, community stabilization, financial capabilities, resident engagement, and employment/workforce development services. Since the program's inception in July 2009, more than 1,000 AmeriCorps VISTAs have helped support their organizations' activities. Since 2009, NeighborWorks VISTA-supported organizations reported:
  - \$60.3 million in cash and in-kind resources
  - Improved financial fitness and asset-building capacity for 57,500 individuals in underserved communities

- 58,851 recruited volunteers who have provided 420,434 hours of service in their communities.

### **Goal 5: Drive Operational Excellence and Stewardship**

To achieve its mission and accomplish its specific strategic plan goals, NeighborWorks must ensure that its internal operations are efficient and effective and that it both manages risk and encourages innovation. NeighborWorks places a high priority on managing its internal operations to achieve maximum benefit for taxpayer funds. In FY 2021, NeighborWorks leveraged \$102 in additional investment for every \$1 of its core appropriation.

#### Administrative Expenses

In accordance with the National Affordable Housing Act (P.L. 101-625), NeighborWorks America's administrative expenses are consistently held to less than 15 percent of expenditures. These expenses include the offices of the chief executive officer, chief operating officer, chief financial officer, the general counsel, internal audit, public policy and legislative affairs, as well as finance, budget, information technology and services, procurement, human resources, administrative services and facilities management.

#### Race, Equity, Diversity and Inclusion

Advancing Race, Equity, Diversity, and Inclusion (REDI) is a priority of NeighborWorks America. The REDI effort is a means for assessing equity and inclusion within NeighborWorks America and across our network of organizations. Our goal is to foster an organizational culture that identifies, addresses, and resolves inequities. Through REDI, we systematically and strategically identify patterns that allow inequities to exist and implement changes in our practices and policies to advance equity and inclusion.

Under the new REDI infrastructure, all processes connect to behavior that advances and/or reassesses policies, organizational procedures, and protocols. REDI uses industry-best practices (i.e., workplace, workforce, community engagement/marketplace) as strategic pillars to guide our work. This framework positions our REDI work to advance equity and inclusion and directly aligns with our corporate strategic plan.

#### Administration

In FY 2021, NeighborWorks America continued implementation of its enterprise-wide risk management initiative. Three critical risk issues were identified, monitored, and managed during FY 2021: COMPASS, internal operating, and staff risks related to COVID-19 and risk related to the impact of COVID-19 on the NeighborWorks America network members. Working groups were established to focus on each of these risk areas and quarterly updates were provided to senior leaders on key challenges, mitigation efforts, and progress.

#### FY 2021 Results:

- NeighborWorks Compass – Compass is an industry leading new client management system for the housing counseling and education field. Compass was built and is owned by NeighborWorks America. Key risks identified included reputational risk should NWA have to move to a different pricing and licensing structure, a technical issue specific to Salesforce, and resource challenges. Over the course of the year, the risks were effectively mitigated through thoughtful negotiations and developing creative staffing models. With much effort, development milestones were met, and customers were successfully onboarded meeting project timelines.
- COVID-19, Internal – COVID-19 presented many challenges to the way we work during FY 2021. The COVID Response team that was developed in 2020 continued its efforts throughout 2021. These efforts included engaging with employees to understand their comfort level with a return to the office, the development of return to office plans and protocols, the development of a vaccination protocol that aligned with Federal mandates, the identification of a healthcare consultant who provided critical guidance on decisions that needed to be made around building safety and employee travel, identification of a vendor who could support the collection and storage of proof of vaccination, and the establishment of a metrics-based approach to determine when it will be safe to reopen offices.
- COVID-19, External Network – During FY 2021, NWA provided over \$77M in Round 1 and an additional Pandemic Recovery grant of \$20k to each NWO. NW has facilitated multiple opportunities for peer engagement and sharing of learnings, including regional calls, advisory committees, peer exchanges at the National Executive Symposium and Virtual Training Institutes, and topical peer sharing webinars. OAD implemented a PROMPT+ framework for program reviews to increase understanding of how the pandemic is impacting organizational health during and post-pandemic. CSI has implemented and analyzed regular surveys providing a picture of monthly trends and ongoing impacts of the pandemic to help NW understand how the network is faring to inform service delivery. Last, NW communicates what we're hearing to external stakeholders, to help inform policymakers and attract additional resources.

In FY21, Information Technology & Services (IT&S) tackled a number of enterprise-wide projects.

- **Chief Information Officer:** Recognizing the importance of cybersecurity and information technology applications to the overall management and strategy of the organization, in FY 2021, NeighborWorks created a Chief Information Officer (CIO) position. This executive-level position is responsible for enterprise-wide management of information technology infrastructure and projects, including the development and operation of NeighborWorks Compass.

- **Email Security Gateway:** A solution was put in place to reduce our risks from inbound email attacks. This includes protecting the staff from both phishing attacks and malware delivery. In conjunction with this project we have enhanced our Security Awareness training to educate the staff around phishing attempts and conduct random testing.
- **Infrastructure Upgrades:** In the face of continued remote work, IT&S engaged in several initiatives to improve our ability to service our remote workforce. This included a shift to the Microsoft Teams platform for communication and collaboration, an update to our remote connectivity capabilities with increased bandwidth and updated VPN clients, and updates to our telephony software.
- **Cloud Migration Strategy:** NeighborWorks IT has adopted a cloud first strategy that improves our ability to deliver applications and solutions both internally and externally. At the close of FY21, we have migrated more than 75% of applications into the cloud. As we move into FY22 we hope to achieve a completely cloud first architecture.
- **Disaster Recovery:** After successfully migrating to a new disaster recovery facility located in Philadelphia, PA in FY20, IT&S continued to test and expand our resiliency in the event of a disaster situation. We leveraged this improved capacity to help with many of the updates listed above, providing NW with the ability to keep the production environment operational while upgrades were performed.

#### Fiscal Year 2022

In FY 2022, NeighborWorks is implementing a new strategic plan for the 3-year period, FY 2022 – FY 2024. The new plan builds on the momentum achieved in the current plan concluding in FY 2021, working toward NeighborWorks mission and vision, while also assessing and preparing for the complex needs of communities, particularly in the aftermath of the pandemic. Through this work, NeighborWorks is committed to identifying emerging needs and exploring innovative approaches to address them, such as the shared equity housing initiative, which is focused on building the capacity of nonprofit organizations to develop long-term affordability for communities.