

LINES OF BUSINESS

1-12-2021

NeighborWorks® America uses the term “line of business” to reference the major programs, products and services provided by an organization. A line of business is any program service that the organization has a commitment¹ to and has dedicated staff and /or a dedicated budget that supports it.

By naming, assessing, and resourcing these lines of business, NeighborWorks seeks to improve the performance and, ultimately, mission delivery of the network. NeighborWorks America expects each network organization to set goals within its lines of business, defining not only production targets but also performance, financial, and outcome/impact expectations. Due to the variety of markets served by network organizations, production and impact levels are best determined by each organization based on market dynamics, local needs, and funding availability. Further, organizations should establish accounting and service delivery tracking systems for their significant lines of business. In some cases, organizations may group multiple lines-of-business together under a single unit (budget and staffing) as a combined LOB, so performance measures/indicators would need to be applied appropriately.

When organizations are engaged in multiple LOBs, it is important to determine which LOBs are dominant. Dominant LOBs drive the business and mission delivery model for the organization and can typically be seen in staffing, financial statements, and production. The financial peer group is one tool that can be used to determine which LOBs are dominant. Areas for improvement or corrective actions cited in an assessment will primarily focus on dominant LOBs through occasionally non dominant LOBs will present material risks to the organization.

1. **Home Ownership Preservation Services (HPS)** – Loans, grants and home improvement services performed for existing owners of 1-4 family properties. Activities include rehabilitation, repair, hazard abatement, energy conservation, post-purchase counseling/education and foreclosure/delinquency intervention activities, as well as loans and grants to home owners to finance and refinance these kinds of improvements and issues.
2. **Home Ownership Promotion (HOP)** – Activities promoting home ownership, including Financial Fitness and other education, pre-purchase counseling, foreclosure/delinquency prevention, financial assistance (both loans and grants), and the marketing and sale of newly developed properties. These activities were all associated with and guided by the former NeighborWorks® America Campaign for Home Ownership. (Note: The current minimum production threshold for homeownership promotion is 30 homebuyers/year and 40 homebuyers/year for Home Ownership Centers.)
3. **Community Building & Engagement (CBE)** – Includes programs and activities that support resident engagement as an essential component of effective and sustainable community

¹ Commitment can be demonstrated through a number of means, including staff, strategic plans, past and future planned production, contract commitments, etc.

development. A CBE LOB 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, CBE priorities should be clearly aligned to the overall mission and strategic plan of an organization.

4. **Property Management (PM)** –Property management includes the day-to-day operating responsibility for managing real estate owned directly or by affiliated parties. Organizations are often responsible for this function on properties that they own directly, and may include management of properties owned by other entities.
5. **Real Estate Development/Asset Management (RED)** – 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; obtaining approvals, and overseeing construction and lease-up. Ownership activity is Asset Management and 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 portfolio 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. There may be overlaps between this line of business and others depending on the nature of the projects being developed. (Note: The reporting threshold for asset management portfolio data is 100 units.)
6. **Lending and Loan Portfolio Management (LND)** - Activities include originating, underwriting, brokering and/or servicing amortized loans to individuals, non-profits 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/or creating/sustaining/growing entrepreneurial/business and community wealth opportunities, including first mortgages. 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.