NeighborWorks America’s origin lies in a resident-led campaign for better housing in Pittsburgh Pennsylvania’s, Central North Side neighborhood. Dorothy Mae Richardson, a homemaker and community activist, enlisted city bankers and government officials to join with her block club to improve her neighborhood. Together, they successfully persuaded 16 financial institutions to make conventional loans and capitalize a local foundation for purposes of a revolving loan fund. They rented a trailer, hired staff, and named the effort Neighborhood Housing Services.

In 1978, Congress codified the neighborhood housing services model by establishing the Neighborhood Reinvestment Corporation (doing business as NeighborWorks America since 2005). The Congressional Act (Public Law 95-557) defined Neighborhood Reinvestment's mission as “revitalizing... neighborhoods by mobilizing public, private and community resources at the neighborhood level,” and charged the organization with working in cooperation with the community, residents and local governments.

NeighborWorks America initiated its process of chartering its affiliates in 1993. This process confirmed network members were invested in sustainable partnerships among resident, private, and public stakeholders. Throughout its history, the NeighborWorks America network has earned respect and credibility for maintaining commitment to this fundamental principle.

Organizations that are designated and compliant with regulations governing the boards of Community Housing Development Organizations (CHDOs) meet the resident representation expectations of NeighborWorks America’s chartered members. Organizations that are designated and compliant with regulations governing the boards of Community Action Agencies (CAAs) tripartite boards meet both the partnership representation expectations and the resident representation expectations of NeighborWorks America’s chartered members.

We ask that organizations classify board members in only one category starting with the most restrictive categories, first as resident, then public, then private.

**Resident Representation Guidance: [1/3 of board members identified as Resident]:**

NeighborWorks America requires its network members to establish and maintain Boards of Directors that reflect a partnership among resident leaders, the private business community and public officials, in which at least one-third of the Board members are low-income residents or low-income resident representatives of the NeighborWorks organization’s service area. This is to assure that the partnership represented by the board remains grounded in and accountable to its customer base. Resident board members can be:

- Residents of a low income community within the NeighborWorks organization’s service area
- Low-income residents within the NeighborWorks organization’s service area
- Individuals who are elected or appointed to represent residents of low-income communities within the NeighborWorks organization’s service area.
This guidance document is intended to further define each of the three categories of resident board members.

1) **Residents of a low income community within the NeighborWorks organization’s service area**

The board member resides in a low income census tract (as defined by the US Department of Housing and Urban Development) within the overall service area of the organization. For example, if an organization serves the entire city, then the resident board member could reside in any low income census tract within the city. If the organization serves only a part of the city, then the low income census tract must be within that smaller geography. The board member under this category need not be low income nor be elected or appointed to represent low income communities.

2) **Low-income residents within the NeighborWorks organization’s service area**

The board member both resides within the organization’s service area AND is low-income. Low income residents reside within a household where the total household income is less than 80 percent of the area median income.

**Note:** NeighborWorks organizations need not income verify board members under this designation, but should be able to explain the criteria to prospective board members to confirm they qualify with the income guidelines.

3) **Individuals who are elected or appointed to represent residents of low-income communities within the NeighborWorks organization’s service area**

The board member is either:

- **Elected to represent residents of low income residents within the organization’s service area.**
  
  Elected representatives include neighborhood association board members, tenant association representatives, or individuals elected by such groups to represent their interests on the board of the organization.

- **Appointed to represented residents of low income residents within the organization’s service area.**
  
  Appointed representatives may include, for example, public housing authority board members or other individuals who serve as board members that are appointed by another body to represent low income communities within the organization’s service area. Additionally, the organization itself may appoint certain members to represent particular low-income communities within its service area. When organizations self-appoint members to represent low-income communities, the appointment should be a mutually agreed by both the organization and the individual board members and should be confirmed in writing or via interviews or board services agreements. The appointment should be based on a logical connection between board member’s employment or other types of service that qualify them to represent a low income community or residents within the organization’s service area.

Organizations may have resident representatives in any combination of the three allowed categories as long as the total number of low-income resident representation equals at least one-third of the total number of board members. Standard rounding practices are applied when calculating the 1/3 requirements and the 1/3 requirement should be calculated using the actual number of board members at the time of the evaluation rather than the total number of board members allowed in its by-laws.
A lack of compliance with resident representation requirements will result in a corrective action being cited during an onsite PROMPT or an off-site PRO review.

**Private Representation Guidance: [one or more board member identified as Private]:**

Representation from private businesses with a stake in NeighborWorks Organization (NWO) members’ targeted communities is essential to their organizational health and community impact. Recognizing that a board cannot delegate its duty of care to its committees, the board structure (board and commissioned committees) should provide for the following, including one or more private representative at the parent-board level:

1) Private sector representatives with a stake in the revitalization of the NWO’s targeted communities to advance opportunities for residents to live in affordable homes, improve their lives and strengthen their communities (e.g. financial, commercial or mortgage lending institutions; insurance; residential or commercial developers, employee assisted housing sponsors). While the majority of these representatives will be employed in the private sector, they may occasionally include executives or staff of not-for-profit entities who are not designated as resident representatives as defined above (e.g. faith-based entities, cause-focused nonprofit organizations, community banks or credit unions, and private health care institutions).

2) Representatives who are knowledgeable and contribute from their expertise and experience in corporate internal functions (e.g., legal, finance, human resource management, fund development).

3) Persons with proficiency in key lines of business specific to NeighborWorks America’s mission (i.e. home ownership promotion, home ownership preservation, real estate development, asset and property management, lending, and community building and engagement).

Failure to have board members with competencies to provide attentive and informed oversight of the NWO’s key lines of business may result in a corrective action (failing) or area for improvement (meeting) versus exceeding objectives for Organizational Management and Board Governance, depending on the severity of risk cited.

**Public Representation Guidance: [one or more board members identified as Public]:**

Representation from publicly funded entities including local, state and federal governmental agencies with a stake in NWOs’ targeted communities is equally vital to their organizational health and community impact. Individuals who understand the nuances of working in or with publicly funded bodies bring such competency/capacity to the board. Chartered organizations’ boards are expected to include one or more directors who can facilitate or advise the NWO’s strategies to establish and maintain partnerships with public entities whose missions or activities aim to advance opportunities for residents to live in affordable homes,

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1. Please consult your NeighborWorks Relationship Manager and/or NeighborWorks’ About the Review Process document (linked here) for further understanding of corrective actions and areas for improvement.
2. Board Members’ legal duties include a “Duty of Care” requiring that they act as an ordinary, prudent person would in similar circumstances. This requires diligent, attentive and informed participation.
3. NeighborWorks America’s Mission is “to create opportunities for people to live in affordable homes, improve their lives and strengthen their communities.”
improve their lives and strengthen their communities. These may include individuals who currently or previously (e.g., retired, emeritus) served in the following roles:

1) **Employees of governmental agencies** invested in the revitalization of the NWO’s targeted geography or neighborhoods (e.g., federal; state, city or county governments, housing, economic development, law enforcement agencies)

2) **Elected officials or persons they have appointed** to serve on the NWO’s board

3) **Employees or board/governance representatives of institutions that are wholly or partially publicly funded** (e.g., publicly funded universities and colleges, public schools, public hospitals or healthcare institutions, workforce development agencies)

Failure to have one or more board members with competencies to provide attentive and informed oversight of the NWO’s partnerships with its local public entities invested in neighborhood revitalization may result in a corrective action (failing) or area for improvement (meeting) versus exceeding objectives for Organizational Management and Board Governance, depending on the severity of risk cited.

**Note:** All board members are expected to adhere to conflict of interest regulations governing nonprofit 501 (c) 3 corporations including those prohibiting personal inurement (i.e. financial gain) from their participation on the board.