



NeighborWorks America:
**Affordable Housing
and Wealth Building**

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Creating, preserving, and investing in affordable housing and wealth building

Throughout its history, NeighborWorks America has worked to ensure affordable housing opportunities for low- and moderate-income families, people of color, seniors, and persons with disabilities by increasing access to capital, catalyzing and amplifying innovative solutions that create and preserve affordable housing, and creating pathways to homeownership and wealth building opportunities. A community's housing stock is the backbone of its infrastructure, and an adequate supply of quality, affordable, and accessible homes is necessary to maintain the vitality of civic life and the local economy.

Stable, affordable housing is a platform for personal and financial well-being and can provide a significant pathway to build wealth. NeighborWorks recognizes that communities of color have been excluded from intergenerational wealth accumulation by decades of housing discrimination and other structural barriers—disparities which have been further exacerbated during periods of crisis, including the Great Recession and the COVID-19 pandemic. Creating pathways to wealth building through financial literacy, affordable rental housing, and sustainable homeownership is fundamental to creating equitable opportunities for all Americans to thrive, and intentional steps must be taken to ensure inclusion in these systems. To address barriers, NeighborWorks supports approaches which anchor responsive services to assist individuals at each transition point on the housing continuum. This includes offering programs that stabilize people at risk of homelessness and support them all the way through sustainable homeownership, if desired. Through new partnerships, expanded funding, and replicating successful housing solutions, NeighborWorks America will strengthen its investment in strategies that support housing stability and wealth creation.

NeighborWorks America is striving to counter the housing affordability crisis and tackle the racial wealth gap by creating and preserving affordable, sustainable, and equitable rental and homeownership opportunities. Through grants, technical assistance, and programmatic initiatives for the NeighborWorks network, NeighborWorks facilitates the development and preservation of housing that is affordable and sustainable for the long term, enriched with appropriate services, and an asset to the larger community. NeighborWorks helps network organizations to ensure that their business models are financially sound and sustainable, while undertaking strategic initiatives to expand their access to capital. By investing in replication and testing of innovative strategies that dramatically improve access to affordable housing, NeighborWorks and the network refine solutions to bridge market gaps, bringing investment to underserved communities.

Homeownership Strategies

Assisting consumers to purchase homes affordably and sustainably—whether as a first-time home purchase or a returning buyer—has always been a key goal for NeighborWorks America, and in FY 2023 NeighborWorks and the network created 16,300 new homeowners. Homeownership can provide critical stability for families, individuals, and communities and, when appropriately structured, is a proven strategy for long-term wealth building. Homeownership promotion is also an essential strategy for addressing the racial wealth gap. In 2020, white households—who account for 60 percent of the U.S. population—held 84 percent of total household wealth, while Black households—who account for 13.4 percent of the U.S. population—held just 4 percent of total household wealth. To close this gap, NeighborWorks America and the network are taking an intentional approach to dismantling barriers to homeownership.

NeighborWorks network organizations have a proven track record of making sustainable homeownership a reality for populations that are not well served by the general market. Network organizations do this by building strong relationships with their communities and offering resources and services uniquely tailored to overcoming the barriers that have historically kept low-income and minority households from achieving their homeownership goals. Network organizations serve as trusted community resources, providing consumers with housing counseling, education, and financial capability services crucial for sustaining homeownership.

In addition to services focused on preparing homebuyers, NeighborWorks is also focused on efforts to preserve and expand the nation’s housing supply. Network organizations offer a wide variety of services that create homeownership opportunities for people of all incomes and backgrounds. This includes real estate development, affordable housing unit sales, self-help housing services, affordable lending activities, housing counseling, and homebuyer education.

To build network organizations’ capacity in these areas, NeighborWorks America provides tailored resources including professional development and performance scorecards focused on strengthening organizational infrastructure and management teams. By providing technology and tools focusing on customer-centric engagement and service delivery strategies, NeighborWorks continues to strengthen the network’s capacity to access innovative and affordable loan products including, but not limited to, those from FHA, VA, and USDA, as well as utilize myriad down payment assistance programs. NeighborWorks also provides ongoing support through webinars, site visits, technical assistance, capacity building, peer exchange, and publications covering critical and emerging homeownership program areas. Additionally, NeighborWorks continues to engage lender partners to build and maintain operational processes that support

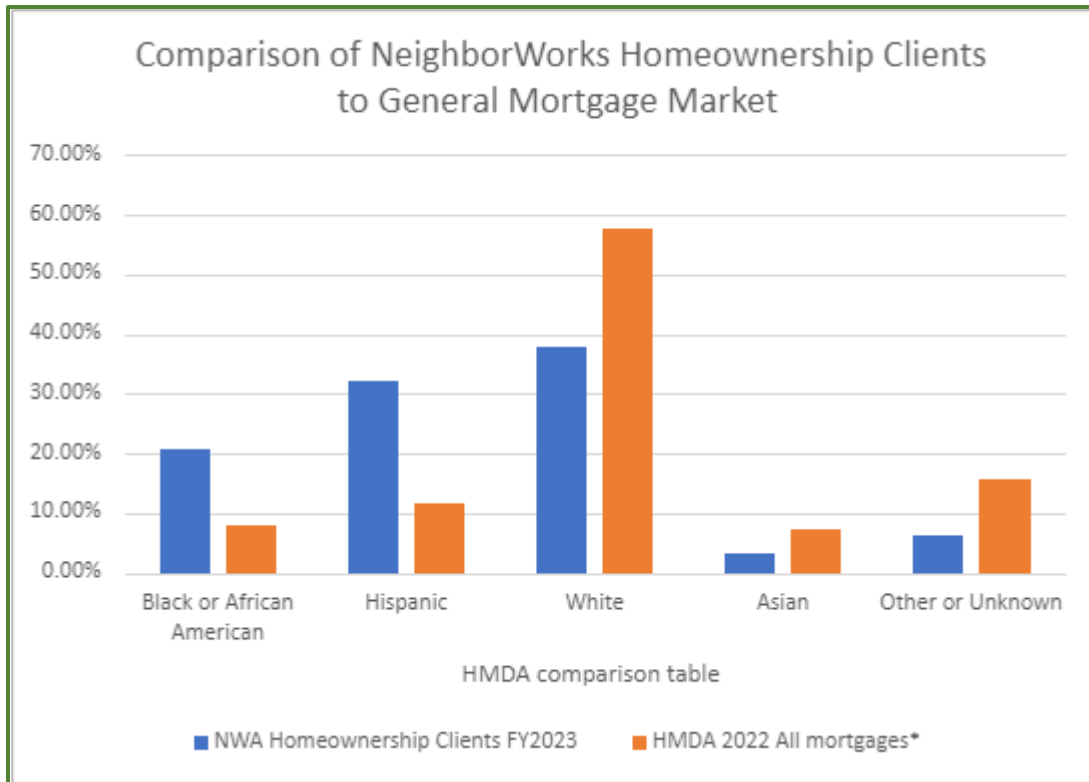
originating the layered mortgages that are instrumental to making homeownership affordable and sustainable for low-income homebuyers.

NeighborWorks requires network organizations to meet standards for service delivery and staff expertise as established in the Full-Cycle Homeownership framework, which establishes production and professional development standards for NeighborWorks organizations with Homeownership Promotion lines of business. The goals are to encourage organizations to provide a range of high-quality services that can serve people at each stage of the homeownership journey and to create a valuable brand for certified organizations.

Minority Homeownership

NeighborWorks is committed to intentional, comprehensive action to address the racial homeownership gap. NeighborWorks is actively engaged with several multi-sector coalitions striving to create homeownership opportunities for Black, Latino, Asian American/Pacific Islander, and Native American households and close the homeownership gap for underserved minority and lower-income households, allowing them to reap the benefits of homeownership by building equity and wealth in their homes.

Compared to the general market, NeighborWorks network organizations far exceed the rate of service to minority households, with low-to moderate-income households of color making up over half of network-assisted homebuyers. Minority homebuyers often face multiple barriers, including insufficient income and household wealth to afford down payment and closing costs, inaccessible or poor credit, lack of knowledge about buying a home and sustaining homeownership, regulatory burdens, an insufficient supply of affordable housing, and racial discrimination. NeighborWorks is committed to developing and promoting strategies to overcome these obstacles and bring homeownership within reach.



In FY 2023, NeighborWorks widely promoted our free, downloadable outreach guide entitled [“Cultural, Relevant, and Effective: Proven Practices for Successful Outreach to Communities of Color”](#) to disseminate best practices and strategies for organizations to conduct intentional engagement within communities of color. The guide is based on knowledge and experience from members of the NeighborWorks network and is designed to be a user-friendly resource for practitioners. By focusing on easy-to-digest strategies, actionable steps, and budget-friendly resources, the guide seeks to assist organizations to embed thoughtful engagement into their approach.

Many network organizations have developed innovative and impactful strategies to address barriers and to facilitate successful homeownership for minority households. To harvest the knowledge gained through their experience and facilitate dissemination of

Recognizing that the shortage of affordable for-sale homes is one of the primary barriers to homeownership for many people of color, Atlanta Neighborhood Development Partnership (ANDP) embarked on its Closing the Gap plan, with a mission of developing 2,000 single-family homes by 2025. Five hundred of these homes will be targeted for homeownership, and ANDP has set its sights on prioritizing those neighborhoods most at risk of displacement of low-income residents. By partnering with mostly Black-owned local, small builders, ANDP is further seeking to drive wealth to disadvantaged communities. In addition to developing affordable housing, ANDP offers a full suite of services including home rehabilitation and down payment assistance.

best practices, NeighborWorks convened a cohort of seventeen organizations to participate in the Accelerating Homeownership for People of Color grant program. Participating organizations receive financial support to engage with peers in the cohort to identify replicable and scalable models, tools, and tactics to share with the broader network. To date, the program has helped to identify key challenges and promising practices such as culturally specific outreach and creating renter-to-homeowner pipelines, expanding financial capability and pre-purchase services, overcoming affordability hurdles by layering downpayment assistance, increasing affordable supply through LIHTC conversion and manufactured housing and strengthening housing sustainability through more targeted post-purchase education and small grants to deal with home repairs.

Housing Counseling

NeighborWorks supports the highest quality homeownership education and counseling by ensuring excellence in all NeighborWorks organizations' homeownership education and counseling programs through technical assistance, topical webinars, training, technology, and other new tools designed to streamline the work of housing counselors and allow them to focus on the specific needs of their customers. In response to challenges brought on by the pandemic, agencies have continued to adapt service delivery models to better support the needs of their communities by offering more virtual services, developing new outreach and marketing strategies to reach the most vulnerable populations, and hiring staff to meet the increased demand for foreclosure counseling.

For over 20 years, NeighborWorks has participated in the Department of Housing and Urban Development's (HUD) Comprehensive Housing Counseling program, serving as an intermediary to channel resources to network housing counseling agencies. For FY 2022, NeighborWorks received a \$3 million award, the largest for which the organization is eligible. This award supported a total of 94 network organizations, enabling them to offer a projected 29,500 households with homeownership and rental counseling to help them avoid eviction and maintain stable housing, with financial counseling services to help them pay down debt, with pre-purchase counseling to get them mortgage ready, and with post-purchase counseling to help them maintain affordable homeownership.

NeighborWorks Center for Homeownership Education and Counseling (NCHEC)

The NeighborWorks Center for Homeownership Education and Counseling (NCHEC) provides specialized certification and continuing education for housing and financial counseling practitioners in all 50 states, as well as Puerto Rico, Guam, and the US Virgin Islands. Since its launch in 2004, NCHEC has had tremendous reach, as evidenced by the 200,000 certificates of completion issued to date. NCHEC certification and continuing education ensures that counselors are equipped with state-of-the-art knowledge and tools

to address the full range of customer needs, from rental counseling to financial capability and homebuyer education. NeighborWorks is committed to meeting the professional learning needs of the industry and is the leading provider of HUD housing counselor certification training.

In 2021, in response to new counselor certification requirements from HUD, NCHEC revamped its training offerings and developed nine additional courses dedicated to preparing counselors for HUD certification. Recognizing the need for multi-modal training delivery in conjunction with facilitated technical assistance, NeighborWorks' HUD Preparation and Study Sessions (HUD PASS) combined training with Ask the Expert Q&A and group study sessions. This three-pronged approach was applied in a cohort setting that facilitated peer learning and strong professional networks while helping counselors achieve certification. NCHEC has awarded over 19,200 certificates to participants of these courses. As part of the commitment to increasing accessibility of professional learning opportunities, NCHEC has worked with key partners including HUD, state and local governments, and financial institutions to increase the number of available trainings and scholarships for counselors.

In addition to broad-based certifications across a variety of housing counseling and financial capability specializations, NCHEC also recognizes the importance of tailored offerings to reach specific populations, markets, and geographies. For example, in 2021, NeighborWorks launched a Post-Purchase Homeownership Education in Native Communities certification to help sustain homeownership on Tribal trust land. Additionally, in 2022, NeighborWorks launched a Rental Eviction Intervention certification in response to market needs. With these additions, NCHEC offers a total of nine specialized certifications.

National Industry Standards (NIS)

NeighborWorks has played a key role, along with its partners, in the development of the National Industry Standards for Homeownership Education and Counseling. The Standards were developed by a broad cross-section of stakeholders including national lenders, Freddie Mac and Fannie Mae, HUD, CFPB, the Federal Reserve, mortgage insurers, and the staffs of local, regional, and national counseling organizations, to ensure a higher quality of homeownership education and counseling. When a counseling organization adopts the standards, it strengthens the professional credentials of its homeownership educators and counselors to ensure consumers have access to high quality, ethical and comprehensive housing information and services. In 2019, recognizing the need for counselors to meet a broader set of consumer education needs, NCHEC shepherded the completion of additional Standards for rental housing counseling and financial capability. To date, 1,500 agencies have adopted Standards in

Homeownership Counseling, Homebuyer Education, Foreclosure Intervention, Rental Counseling, and Financial Capability.

NeighborWorks continues to work with industry leaders to enhance and improve the Standards and their relevance to housing counseling and financial capability. In late 2023, NeighborWorks collaborated with HUD's Office of Housing Counseling to launch a comprehensive review and modernization of the NIS including collecting industry stakeholder input and incorporating the most current industry policies and information to reflect today's challenges and opportunities and provide better support and direction for housing counselors across the country.

Down Payment Assistance Programs

The need to save for a down payment is one of the biggest barriers to homeownership for lower-income families and people of color. Down payment assistance can close this gap, making home purchases more affordable and thus more sustainable. NeighborWorks and the network have deep experience administering down payment assistance programs, creating sustainable, equitable wealth building opportunities for low- and moderate-income homebuyers. NeighborWorks has built substantial capacity in the field through investments in network organizations to provide them with the technological tools to efficiently and securely process customer data at scale, adopt best practices for identifying and deploying available capital resources, and develop skills to effectively guide homebuyers through the purchase process.

When surveyed, many homeowners who received down payment assistance indicate it would have taken them at least one to five years longer to save enough for a down payment. With down payment assistance, low- to moderate-income households are able to purchase their homes and begin to build equity sooner. In a survey of homebuyers who received LIFT down payment assistance since 2019, about 90 percent of respondents reported that the LIFT program had helped them improve their financial well-being.

For over a decade, NeighborWorks has worked to build the capacity of network organizations to deliver down payment assistance to homebuyers, as network organizations across the country administer these programs to distribute state and local resources. In addition, since early 2012, NeighborWorks America, with funding from Wells Fargo and the Wells Fargo Foundation, has partnered with network organizations to launch 81 NeighborhoodLIFT (Let's Invest for Tomorrow) down payment assistance programs in their communities. As of the end of 2023, NeighborWorks organizations had deployed over \$356 million in LIFT down payment assistance, enabling over 25,500 families to become homeowners and leveraging nearly \$4 billion in first mortgages.

LIFT and other down payment assistance programs administered by NeighborWorks organizations have a strong track record of serving communities that are not well served by the general market. This includes communities of color and lower-income communities, who are often unable to access traditional sources of homebuying credit. Through LIFT and other programs, NeighborWorks organizations are working to close the racial wealth gap by making homeownership accessible for minority and low-income households.

New Jersey Community Capital is partnering to build equitable pathways to homeownership in New Brunswick, NJ. Through its Address Yourself program, NJCC provides prospective first-time, low- and moderate-income homebuyers with access to low-cost mortgage opportunities and down payment assistance, along with pre-homeownership education and counseling through partner agencies. Eighty percent of New Brunswick households are renters, and programs that lower the barriers to first-time homeownership are critical to advancing economic mobility and creating opportunities for families to build wealth.

Although the LIFT program will complete programmatic activities in all markets in 2024, the investments made to stand it up will endure through the retained skills and capacity of the participating network organizations. Prior to launching each program site, NeighborWorks assessed the participating network organizations to ensure their lending capacity and systems were ready to operate at scale. NeighborWorks also provided supplemental technical assistance to increase the efficiency of network organizations' lending systems by building out online application portals and e-signature capabilities, enhancing customer experience and creating a more streamlined process. Participating network organizations enjoyed increased exposure and credibility, which facilitated new partnerships with public and private entities, access to capital, and attracted customers for other products and services. In many cases, LIFT participation also enabled organizations to attract additional resources and expand into new geographies and lines of business. The capacity to administer complex programs developed through LIFT is a critical component of the national delivery infrastructure for homeownership assistance, housing counseling, and related services.

For NeighborWorks Home Partners (NWHP), the impact of participating in three rounds of the LIFT program goes well beyond the substantial grants that allowed them to assist more than 1,400 families buy a home in the Twin Cities over the last decade. Participation in LIFT also gave them the opportunity to demonstrate their ability to administer a high volume down payment assistance program, opening doors to countless other opportunities. NWHP has leveraged the LIFT funds to bring in additional capital for down payment assistance from other sources, allowing them to continue the program at a similar scale once the LIFT funds were exhausted.

Even customers who did not qualify for LIFT down payment assistance were offered assistance with their homeownership journey through alternative services including financial education to help them budget, improve their credit, and save toward a down payment. The LIFT Homeownership Counseling Initiative utilized a fee-for-service model open to any HUD-approved housing counseling agency in the LIFT geography. From its inception in 2018 to the end of 2023, the NeighborhoodLIFT Homeownership Counseling Program partnered with 166 organizations to serve nearly 9,700 customers with no-cost pre-purchase homeownership counseling.

After losing her home and investment properties to foreclosure, Prince George's County, MD resident Georgiann Hampton received counseling from network organization Manna, Inc. through LIFT that helped her rebuild her financial life. Through the counseling initiative, she learned how to deal with a bankruptcy that was still on her record, developed a budget to pay off existing debt, and learned how to identify predatory scams. With LIFT down payment assistance, Hampton was able to truly achieve her dream of stable homeownership.

Shared Equity Homeownership

Shared equity housing models are an innovative strategy for providing access to affordable, stable homeownership for families that may not otherwise be able to access homeownership, while at the same time ensuring that the subsidy investment remains in the community to preserve affordability over time. Ownership of land and housing is shared between the homeowner and a nonprofit representing the community, between a group of homeowners, or through contractual structures that preserve the initial subsidy from one family to the next.

Families who become shared equity homeowners are generally long-time renters with modest incomes. Through shared equity programs, they are able to stabilize their housing costs and achieve secure ownership. On average, a family in a shared equity home accrues \$14,000 in equity by the time they move out of the home, and about 60 percent of shared equity homeowners have been able to use this as a steppingstone to traditional, market-rate homeownership. Shared equity housing strategies also counteract market forces, not only ensuring that long-time residents can remain in their neighborhoods, but that the affordable housing subsidies are stretched to serve more families, helping communities remain stable and inclusive.

Between FY 2019-2023, Congress appropriated a total of \$12 million for a shared equity housing initiative to build the capacity of nonprofit organizations to ensure long-term affordability for their communities through shared equity approaches including community land trusts, deed-restricted homes, limited-equity housing cooperatives, and resident-owned manufactured housing communities. NeighborWorks formally launched the Shared Equity Housing Initiative in FY 2019 with an extensive exploratory scan of the existing research and resources on shared equity housing and the development of a

comprehensive plan to guide the initiative. The first grant programs of the Initiative launched in FY 2020, with capacity building grants made to support feasibility or market studies, planning processes to develop a business plan or action plan, peer-to-peer learning and mentorship, and support for testing new practices to strengthen and scale this work. In addition to grants, some organizations have received evaluation services and local trainings to support their efforts.

Additional grants were made in FY 2022 and 2023, with the most recent production grants supporting:

- Partnering with established community land trusts to develop permanently affordable homes in Atlanta, Georgia.
- Developing affordable townhomes within an amenity-rich, multi-use project that includes childcare, partner facilities and market-rate homes in Ithaca, New York.
- Implementing new development partnerships with a focus on serving households of color in Charlottesville, Virginia.
- Engaging residents to complete a feasibility study to launch a community land trust in Pensacola, Florida.
- Exploring the feasibility of establishing Resident-Owned Communities (ROCs) in manufactured housing communities in Grand Junction, Colorado.

The next round of grants is set to be distributed in February 2024.

Outcomes from the evaluation services provided to the initial cohort of grantees were shared with network peers in FY 2022 and highlighted in a January 2023 [Advancing the Promise of Shared Equity Housing Models](#) report featuring case studies and key outcomes. By the end of 2023, the network had reported 5,100 shared equity homes across 39 organizations in 21 states.

As part of its efforts to scale shared equity models, NeighborWorks has developed a range of resources including a [short video](#) that can be used widely as a communication tool for stakeholders to learn the basics of shared equity housing and a [guide](#) or “roadmap” to serve as a starting point when considering a shared equity approach. The guide offers a set of questions to assist organizations new to shared equity housing to navigate through various models and select a promising approach. NeighborWorks has also launched a new action lab to support four network exploring ground lease or deed restricted homeownership programs.

NeighborWorks is also developing and enhancing professional development offerings to build the capacity of community development organizations. The curriculum for an existing training course on shared equity housing has been updated and three new courses were launched in 2022. These courses are offered at in-person NTIs as well as online

VTIs, as well as through place-based trainings that give host organizations the opportunity to convene local stakeholders (including residents, board members, local government officials, local lenders, and other key stakeholders) to learn the basics of shared equity and to generate understanding, support, and buy-in.

Homeownership Preservation Strategies

NeighborWorks has long recognized the importance of comprehensive homeownership strategies that help families not only attain, but also retain, their homes over the long term. Homeownership preservation takes many forms, from counseling individual households struggling to keep up with their mortgage payments to saving a physical structure from deteriorating past the point of habitability. Threats to homeownership not only risk the dislocation of a family, but also the dissolution of any accumulated wealth.

Since its earliest days, the Neighborhood Reinvestment Corporation has sought to assist homeowners at risk of losing their homes to physical deterioration and to ensure a safe and healthy living environment. This housing and neighborhood revitalization work continues today through the NeighborWorks network.

NeighborWorks organizations offer an array of services to customers whose properties require health and safety repairs or weatherization upgrades. Services range from loan specialists who help with financing (often through NeighborWorks CDFIs or local revolving loan funds) to construction specialists who can help residents find qualified contractors, write work specifications, and oversee property improvements to ensure work is done correctly and within budget.

NeighborWorks Grays Harbor (Aberdeen, WA) paired grant funds from NeighborWorks with local weatherization support to stretch their resources to serve additional households. A note from one assistance recipient, who previously had no working source of heat in his home, expressed his appreciation: “The high efficiency furnace that was installed will be a life saver. With the weatherizing of my home, it is airtight and always stays warm,” he said. “Winters in my home have in the past been trying and expensive.” In addition to the new furnace, the project included plumbing and electrical repairs, as well as air sealing and installing weather stripping and door sweeps, insulating the attic, walls and door, and even replacing a broken window.

Foreclosure Prevention

The NeighborWorks network assists struggling homeowners by providing post-purchase education, foreclosure mitigation counseling, assistance with refinancing, and reverse mortgage financing. To ensure counselors are equipped to serve distressed homeowners, NeighborWorks offers comprehensive education and NCHCE certification for foreclosure intervention and default counseling.

In the wake of the late 2000s foreclosure crisis, Congress charged NeighborWorks with creating and administering ten rounds of the National Foreclosure Mitigation Counseling Program (NFMC) that served over 2.1 million borrowers. Although the program concluded in 2018, the impact of the program endures in the form of increased industry capacity and enhanced professionalization. Foreclosure counseling continues to be an important component of network organizations' housing counseling programs.

During the Covid-19 pandemic, NeighborWorks and the network again responded to increasing demands for foreclosure and eviction prevention counseling. Half of network organizations surveyed reported increased demand for foreclosure mitigation counseling, economic development, and/or financial capability/budget counseling. In FY 2021, Congress called on NeighborWorks to administer a large grant program to support families in danger of losing their homes. With \$100 million appropriated through the American Rescue Plan Act, and just twelve weeks after enactment of the statute, NeighborWorks launched the Housing Stability Counseling Program, which provides counseling services to both homeowners and renters facing eviction or foreclosure as a result of the COVID-19 pandemic.

Lending Support

In a time when credit remains constrained for many would-be borrowers and home prices remain at historic highs, ensuring that homebuyers and homeowners have access to the loan products they need to finance a housing purchase, repair, and/or rehabilitation has become increasingly important. Similarly, credit availability to support small businesses and economic development has tightened, leaving entrepreneurs and communities in search of resources to launch and invest in their local economies. An FY 2023 survey conducted by NeighborWorks, network organizations revealed a need for at least \$13.4 billion in capital for our network lenders and developers to meet their current and short-term needs. To bridge these gaps, many NeighborWorks organizations have developed sophisticated lending lines of business, providing residential, commercial, and consumer credit for their communities. These lenders offer a diverse set of products, including direct origination of first mortgage loans, second mortgages, down payment assistance, rehabilitation loans, while other organizations serve as mortgage brokers. NeighborWorks lenders are also deeply engaged in micro, small business, and intermediary lending, partnering with non-profit and for-profit affordable housing developers. These diverse loan products create new avenues to widen the flow of capital to those most in need.

NeighborWorks offers specialized supports for network organizations that engage in lending, particularly the 83 U.S. Department of the Treasury-designated Community Development Financial Institutions (CDFIs) in the network whose mission is to serve low-

to moderate-income communities. In addition to the established CDFIs, 35 network organizations are in various stages of exploring adding or expanding their lending lines of business, including some organizations which have already received technical assistance awards from the CDFI Fund in support of this work. To advance these efforts, NeighborWorks created an Investor Readiness Index to classify where an organization is situated along the capital continuum: pilot partnership, capacity building, or investor-ready. The index was developed in partnership with philanthropic organizations who identified minimum underwriting criteria, along with CDFI Fund benchmarks, to invest in CDFIs. Using these designations, NeighborWorks provides supports tailored to the needs of the organization.

For those organizations at the earliest stages, NeighborWorks launched an 18-month Exploring Lenders/Emerging CDFIs pilot to test the impact of using mentorship pairings between these organizations and established CDFIs from within the network. Eleven organizations participated in the pilot, along with three certified CDFIs who served as peer mentors. Each participating organization completed NeighborWorks' CDFI Readiness Self-Assessment Tool before moving forward to develop an action plan. As part of these partnerships, the more seasoned lender convened meetings, reviewed action planning documents, and engaged with leadership of the participating organizations to guide their strategic growth.

Loans made by NeighborWorks network CDFIs have tremendous local impact. In FY 2023, network CDFIs made over 5,900 residential loans totaling \$280 million. In addition, NeighborWorks America organizations made \$1.6 billion in commercial loans, with 43% of the funding going to residential real estate development, leveraging \$1 billion in additional investment. Unlike many other lenders in the marketplace, NeighborWorks network lenders work with the end users of loans as well as those facilitating those transactions to ensure that lending is done in a safe and responsible manner.

NeighborWorks CDFIs open access to capital for underserved markets. In many cases, CDFIs are able to offer creative loan products that other financial institutions cannot--or will not--make. For example, Metro CDC (Flint, MI) offers credit building and credit repair loans, specialized products designed to both provide borrowers with needed capital and improve their credit scores in order to increase their future ability to qualify for a conventional loan. These products are paired with financial capability training to support borrowers throughout the loan period. By utilizing SBA loan guarantees and engaging in tandem lending with financial institutions, Metro CDC is also able to serve the spectrum of entrepreneurial capital needs in their community.

A majority of network lenders utilize their CDFI designation to address residential lending gaps in their communities. NeighborWorks' CDFIs play a critical role in promoting homeownership by offering first and second mortgages, down payment

assistance for homebuyers, and rehabilitation loans for owner-occupied properties, often with more flexible underwriting and terms than those available from traditional financial institutions. This unique ability to pair alternative credit measures with tailored financial products and services allows CDFIs to cater to underserved communities, communities of color, and hard-to-reach rural places, creating wealth-building pathways where few previously existed.

Consumers with low or no credit, who are disproportionately Black and Latino/a, can be particularly vulnerable to predatory products. Network CDFIs are able to design and offer credit products tailored to the unique profiles and needs of their customers, making safe, responsible credit available to borrowers who may not otherwise have access. NeighborWorks CDFIs are piloting models for alternative lending products, such as small dollar consumer loans to cover unexpected expenses or income disruptions. Network CDFIs also support the broader community development industry by offering commercial loans for economic development, real estate development, microfinance/small business development, and community facilities.

Each year, NeighborWorks America staff provides technical assistance and capacity building to network CDFIs to strengthen their applications to the CDFI Fund, helping them to secure significant resources for their communities. Now in its eleventh year, NeighborWorks' Capacity Building Initiative (CBI) provides technical and strategic support to network organizations, offering guidance and application review to organizations applying for Financial Assistance or Technical Assistance awards from the CDFI Fund. NeighborWorks also assists network organizations who are interested in becoming CDFIs to assess

"Hawaii faces unique challenges. We have a very high-cost housing market, but half of our residents earn relatively low wages. Hawaii HomeOwnership Center provides down payment and closing cost assistance products to help local families purchase a home despite our daunting real estate market. As a small organization, the support we receive through NeighborWorks America's CDFI Capacity Building Initiative has been invaluable to our work. The Initiative has been critical to our success in applying for resources to fund our assistance products."

- Reina Miyamoto
Executive Director
Hawaii HomeOwnership Center

their readiness and helps existing CDFIs ensure adherence to strong business practices and compliance with requirements established by the Treasury Department.

As significant new certification requirements are implemented in FY 2024, NeighborWorks is supporting network organizations through the recertification process. While previous rounds of CBI have each served 30-40 certified CDFIs, NeighborWorks has opened this round to all lenders in the network. CBI participants will have access to group webinars, application reviews, strategy calls and one-on-one technical assistance.

This work will build on the foundations that were laid in FY 2023, when 70 network organizations developed certification action plans and scorecards based on the proposed certification changes.

In addition, NeighborWorks offers significant peer-to-peer learning opportunities through an annual CDFI Summit and support for peer-driven Solutions Groups organized around specific themes or challenges. The CDFI Summit offers certified and emerging CDFIs with workshops, panel discussions, peer-exchange, and presentations from leading thinkers and policymakers.

In recognition of the impediments posed by capital limitations, NeighborWorks also sponsored a Capital Convening in FY 2023, bringing together over 150 network leaders, NeighborWorks staff, national partners, and investors. The event featured an investor panel, peer sharing of innovative investments and investor readiness, and discussion of emerging capital opportunities.

To help scale the work of CDFIs, NeighborWorks invests in innovative models and strategies to aggregate similar needs and develop replicable solutions such as the “hub-and-spoke” model for cooperative mortgage lending developed by a group of network CDFIs through our peer engagement work. Through this model, the “hub” organization aggregates similarly structured mortgages from the “spokes” before packaging them and selling them to Fannie Mae and Freddie Mac. This model unlocks access to the secondary market for the lenders, providing them with fresh lending capital, increasing their ability to serve additional borrowers, and enhancing their community impact. Without this partnership, remote or rural organizations such as these would struggle to access the secondary market. Network organizations are also developing additional means of increasing access to capital by becoming members of Federal Home Loan Banks and partnering with their state housing finance agencies. In addition, NeighborWorks organizations are exploring new relationships with credit unions—and sometimes even establishing their own—to increase their liquidity.

NeighborWorks also provides financial support to align and expand capacity to allow for network organizations to realize efficiencies through shared back-office operations. In particular, NeighborWorks’ grant and technical assistance creates opportunities for smaller organizations to engage in strategic decision-making about which functions to keep in-house and which to outsource. Through facilitated peer-to-peer learning, network organizations assist one another with this evaluation and create mutually beneficial partnerships. Established CDFIs are effective partners for emerging CDFIs who develop their capacity by acting as brokers, bringing customers to the larger organization. As the emerging CDFIs further develop, they gradually add capacity to take on the lending function, taking responsibility for additional components of the lending process incrementally.

Native CDFIs

Recognizing the unique and acute constraints that limit access to capital for Native communities, NeighborWorks is proud to support the four Native CDFIs in the network, as well as additional non-network partners. Collectively, these organizations deepen NeighborWorks' ability to directly serve Native communities and tribal lands, while also supporting the infrastructure and capacity of other organizations that serve these communities.

Through the CDFI Fund's Capacity Building Initiative, NeighborWorks provided a wide range of capacity building opportunities including specialized training, technical assistance, and peer learning in a variety of formats and locations to participating Native CDFIs. These offerings covered key areas of capacity development, including organizational management and board governance, planning and implementation, lending and development services, management staffing and personnel, operations, and resource and financial management.

Lakota Funds, along with four other CDFIs, have joined forces to create the Rosebud Homeownership and Wealth Building Initiative, a NeighborWorks sponsored effort to increase knowledge of the home-buying process and improve credit access for families living on the Rosebud Reservation. This area, which is significantly underbanked and underdeveloped, has some of the lowest incomes in the country. By bringing services directly to population centers on the reservation and focusing on building deep and trusting relationships, Native CDFIs are uniquely situated to meet community needs.

Single Family For-Sale Development

A severe shortage of affordable homes available for purchase is one of the greatest barriers to homeownership. According to a 2022 [study](#) by the National Association of Realtors and Realtor.com, there was 57 percent less for-sale inventory on the market in 2022 than in 2019. At the same time, data from the [NAHB/Wells Fargo Housing Opportunity Index](#) found that home affordability in January 2022 reached its lowest affordability level since the beginning of the index in 2012, with supply-chain bottlenecks and rising interest rates putting upward pressure on home prices. While affordability has marginally improved in the months since, home prices remain significantly out of reach for many.

NeighborWorks began the For-Sale Opportunities Project at the end of FY 2021 to explore housing solutions and strategies that demonstrate success in supporting production of affordable for-sale housing. Based on project learnings, in FY 2022, NeighborWorks delivered a webinar series on innovative homebuilding solutions, highlighting responses to market trends, use of New Markets Tax Credits, and manufactured and modular home designs that may help address the increasing challenges of labor and material shortages.

NeighborWorks also offered technical assistance to organizations working to stabilize or restart their homebuilding businesses. In addition, four cohorts of homebuilders received grant support to engage in both virtual and in-person peer exchanges in order to learn from other organizations from similar markets or homebuilding approaches.

To further this work, NeighborWorks launched the single-family development peer learning series focused on innovative strategies about market adaptations to provide new homeownership units, including townhomes, condos, shared equity strategies, and the power of local partnerships for increasing capital.

Rental Housing Development and Asset Management

Over a third of the nation's households live in rental housing, including a disproportionate share of young people, racial and ethnic minorities, and those with lower incomes. According to [research](#) from the Pew Research Center, about three-fifths of people in the lowest income quartile rent their homes, as do 87.6 percent of people with net worth in the lowest quartile. Nationwide, rents continue to accelerate, putting additional pressure on an already inadequate supply of affordable housing. According to [estimates](#) from the National Low Income Housing Coalition, the United States faces a shortage 3.4 million affordable rental homes.

Recognizing the unprecedented need to increase the nation's housing supply, NeighborWorks America continues to work to meet the diverse affordable housing needs of communities nationwide by creating and preserving quality affordable rental housing. NeighborWorks' grants, training, and technical support assist NeighborWorks organizations to scale up their production, developing new housing to provide an ever-growing number of lower-income families with healthy, affordable rental homes in communities across the country. The NeighborWorks network is a significant player in the development and management of affordable rental housing. In FY 2023, the NeighborWorks network developed, acquired, and/or preserved 11,500 rental homes through investments totaling nearly \$2.6 billion, bringing the total network rental portfolio to nearly 204,600 units. FY 2023 was a particularly challenging year for development, as high interest rates, more stringent underwriting demands, shortages of labor and materials, and skyrocketing insurance costs made financing and completing real estate development projects even more challenging. Looking ahead, NeighborWorks anticipates steady growth in the number of affordable rental housing units developed or acquired by the network.

NeighborWorks America provides network organizations with a strategic set of resources centered on four pillars of support for rental housing excellence—asset management,

business practices, capital access, and resident services. Through a mix of flexible, catalytic grants, technical assistance, tools, training, and capital resources that provide essential “first in” investment to create and preserve rental housing and increase the technical and business management skills of network organizations, NeighborWorks helps make these mission-focused developments possible.

Affordable housing development typically requires a lengthy process of assembling complex financial packages with layered subsidies including various federal and local funds. These sophisticated transactions benefit tremendously from NeighborWorks funding, which typically makes up only a small portion of the total package but plays an outsized role. NeighborWorks’ unique enterprise-level funding can serve as risk capital to be used for acquisition, predevelopment, and development of real estate. By providing flexible resources, NeighborWorks enables network organizations to use the funding to launch projects, attract additional resources, and fill gaps where needed.

NeighborWorks America has positioned itself as a leader in the asset management field, providing the network with capacity building expertise in the form of training clinics, technical consultation, trend and data analysis, and professional certification that promotes the long-term health and sustainability of the rental housing portfolio. NeighborWorks convenes network organizations and industry leaders to disseminate information, discuss trends, advance innovation, and promote best practices.

NeighborWorks promotes the use of business tools including portfolio-wide data systems, production and pipeline management, active multi-year cash flow planning, and real estate business planning. To provide each network organization with a clear picture of their portfolio’s performance, NeighborWorks compiles quarterly property performance data through the Multifamily Indicator (MFI) Reporting Site, a performance database tool with an interactive interface that allows organizations to customize reports and compare performance against peers. By comparing the data for each property against other similarly situated properties, NeighborWorks identifies areas of strength and opportunities for improvement for portfolio asset management. These findings are then used to direct training and technical assistance resources, creating a performance and evaluation feedback loop. The MFI Reporting Site is also used as an open data source for the network to harness their organization’s portfolio data to inform strategic management decisions.

While managing a suite of training and tools to optimize performance, NeighborWorks is also exploring new and cutting-edge approaches to improving rental housing management and operations. NeighborWorks is partnering to explore retro-commissioning to improve energy efficiency, using resident satisfaction surveys to document and measure programmatic outcomes, and designing and implementing eviction prevention programming.

As the need for affordable rental housing grows across the country, the organizational strength and health of nonprofit real estate owners has never been more important. Sustaining and growing a well-run nonprofit real estate development and management organization requires ongoing attention to financial discipline and effective business practice. In recognition of this fact, NeighborWorks offers specialized resources to support real estate development business health and productivity.

NeighborWorks's Portfolio Strengthening clinic and grant program offer network organizations tools and resources to help improve the performance of their portfolios, manage risks, and capitalize on opportunities in their portfolios. Approximately six organizations participate each year in the Portfolio Strengthening clinic, which is designed to advance culture change by including senior staff and board members. Participants in the clinic are then invited to apply for grant funds to enable the identified changes, be it by improving the operating efficiency, marketability, and cash flow of a property or restructuring, refinancing, or disposing of a property that is no longer optimal for the portfolio.

As network organizations tackle the tandem challenges of expanding the supply of new units while also preserving the existing stock, NeighborWorks is taking stock of its programming to ensure resources are deployed where they are most impactful. In FY 2024, NeighborWorks will also be evaluating two programs, the Business Strengthening Program and the Real Estate Growth Cohort, as it positions resources for future network support. The Business Strengthening Program pairs the leadership teams of network organizations with financial experts who analyze the organization's financial status and business line revenues and expenses and prepare multi-year cash forecasting models. Using these tools, network organizations examine their organization's financial, operational, and competitive characteristics of business success to gain an understanding of how their organization's strategic choices will impact their balance sheets and overall financial and production strength over time.

The Rental Real Estate Growth Cohort program is a targeted support to network organizations poised for—or in the midst of—significant growth over the coming five-to-seven years. The program launched in 2019 with twelve participating network organizations. Through a multi-year engagement, NeighborWorks provided direct support for rental real estate growth business plan development and implementation. While some members of the initial cohort have completed their business plans, others are re-tooling their plans in response to changes in local market conditions and pandemic-driven shifts in state rental housing priorities.

The Rental Real Estate Growth Cohort program provided grants for consulting services to assist participating organizations with preparing business plans for accelerated growth of their portfolios. Business planning includes analysis of the organization's financial

status, rental real estate development and rental portfolio financial performance, and the local real estate development and acquisition market. The business plans include a five-to seven- year capital plan, a change management plan, and a cash and capital forecast. These business plans form the basis for a decision tool detailing exactly how organizations will increase the size of their rental portfolios. NeighborWorks also convened the cohort on a monthly basis to facilitate exchange of tools, practices, and learning about the pressures and challenges of accelerated portfolio growth.

A second cohort of eleven additional organizations began the program in 2022. Several participating organizations hired new staff to specifically aid their multifamily growth strategies, some restructured their development and asset management teams to serve their growth plans, and one organization deployed Rental Real Estate Growth Cohort grant resources to encourage match contributions from family and local foundations for a \$7.5 million multifamily land acquisition fund.

NeighborWorks is also developing new resources to support network organizations dealing with emerging challenges. In recent years, the cost of insurance has skyrocketed, driven by the increasing frequency and severity of natural disasters, the persistence of high labor and materials costs, and the exit of many players for the market. Nationally, 29 percent of housing providers saw 25 percent or more in renewal increases. In the NeighborWorks network, 42 percent of organizations saw over 20 percent in renewal increases, with 12 percent seeing more than 50 percent increases. These premium increases have left many owners of multifamily housing struggling to cover their operating expenses, causing owners to increase rents, increase risk exposure through higher deductibles, and make painful tradeoffs by reducing discretionary costs such as resident services. NeighborWorks has convened multiple peer-sharing opportunities around these challenges and continues to explore the potential for other solutions.

Real Estate Resilience

As the threat of loss from natural disasters and weather-related events increases, NeighborWorks is helping network organizations to access federal and other resources to retrofit their properties with a focus on resilience and sustainability. As the programs authorized by the Inflation Reduction Act move towards implementation, NeighborWorks is developing the capacity of the network to compete for these funds. As a first step, in FY 2023, NeighborWorks awarded \$600,000 to twenty network organizations to support decarbonization planning and energy audits for their multifamily portfolios.

In addition, NeighborWorks provided technical assistance support for eight organizations seeking HUD Green and Resilient Retrofit (GRRP) and tax credits. NeighborWorks is also hosting a series of webinars to educate network organizations about the available

federal resources. As network organizations are increasingly moving towards energy efficiency and net zero buildings to lower operational costs and improve building health, NeighborWorks has funded the development of a business plan template for a Green and Healthy Home retrofit program. NeighborWorks is also supporting network working groups to develop templates and tools for energy efficient loan products and a housing counselor navigator role.

STRENGTHMATTERS®

Recognizing the importance of well-trained, sophisticated financial managers to the production and preservation of affordable rental housing, NeighborWorks America and other national partners have developed the Strength Matters collaborative to support the specialized information and professional development needs of financial managers of affordable housing nonprofits. By focusing on increasing the financial strength and transparency of mature nonprofit affordable housing organizations, Strength Matters improves their access to capital, lowering their costs and opening up additional opportunities.

The Strength Matters Financial Management Conference is the only annual national event focused specifically on the professional development needs of chief financial officers and other financial managers of community development real estate organizations. In October 2023, the annual Strength Matters Financial Management attracted over 200 attendees from 130 affordable housing and community development organizations.

Strength Matters continues to publish original research, develop and share best practices on financial reporting and balance sheet analysis, and disseminate learnings around enterprise-level financial strength and transparency. Through its signature program, a financial reporting bootcamp, Strength Matters ensures that nonprofit rental housing entities are able to produce financial reports consistent with generally accepted accounting principles for the industry.

Strength Matters is a Continuing Professional Education (CPE) sponsor registered with the National Association of State Boards of Accountancy, and all of its webinars, virtual, and in-person education programs, and conferences offer CPE credits for certified public accountants. The Strength Matters curriculum offerings have expanded to include enterprise risk management (ERM) to support a broader set of business practices for organizational risk assessment and respond to the evolving needs of CFOs, senior financial managers, and other senior leaders of community development real estate organizations.

Consortium for Housing and Asset Management

Mission oriented owners of affordable housing are facing mounting pressures to preserve aging stock and protect affordable housing targeted by for-profit investors. Owners must operate increasingly complex portfolios and optimize returns to support community programming. In recognition of the ongoing need for professionals with the highly specialized skills to address these challenges, NeighborWorks supports the Consortium for Housing and Asset Management (CHAM), a collaborative of leaders in the fields of nonprofit affordable housing production and community development. CHAM's mission is to enable community-based organizations and others in the nonprofit housing industry to responsibly own and professionally manage affordable rental housing to keep these properties economically viable over the long term. In addition to the CHAM courses offered at all NeighborWorks Training Institutes, CHAM's annual conference promotes state-of-the-art asset management techniques and builds a strong professional culture. In FY 2023, CHAM is developing ongoing portfolio risk management programming in concert with the Strength Matters ERM program to create an arc of risk management programming from the organizational level to the property level.

Capital Corporations

NeighborWorks also provides grants to two capital corporations, [NeighborWorks Capital](#) and [Community Housing Capital \(CHC\)](#), which primarily serve the network. The capital corporations, which are both certified CDFIs, provide financing for the development and preservation of multifamily and single-family affordable housing. In addition to project-specific lending, the capital corporations provide unsecured enterprise lines of credit, which are especially important for network organizations with limited liquidity or unrestricted net assets. These lines of credit can be used to build a pipeline or start a new business activity.

In FY 2023, NeighborWorks' grants to the capital corporations levered \$1.38 billion in development, construction, and permanent mortgage capital with the specialized terms needed to make these difficult projects possible. Seed funding from NeighborWorks America helps lower the cost of capital to the capital corporations by strengthening their net assets and helping to meet the equity requirements for access to low interest, long-term capital offered by the Federal Home Loan Banks. NeighborWorks funds also enable the capital corporations to attract the much more significant, multi-year loan investments that are needed to produce affordable housing at scale.

In recognition of communities' needs for rental housing and affordable homes for purchase, the capital corporations are both developing a wider array of capital products, including enterprise-level growth capital, equity for homebuilders, and continuing to expand their already successful lending in multifamily acquisition and development.

In FY 2023, NeighborWorks Capital (NC) originated \$47 million in loans to 23 borrowers, creating or preserving 2,700 homes with a total development cost of over \$906 million.

NC approved an additional \$37 million in loans in 2023 that required a postponed closing until 2024 due to development delays. These units will create or preserve 299 homes with a total development cost of over \$180 million. In FY 2024, NeighborWorks Capital plans to originate \$33 million in loans to network organizations, supporting the creation or preservation of at least 500 affordable rental homes, 45 affordable for-sale homes, plus community and retail facilities. Availability of bank capital is a major constraining factor. NeighborWorks Capital remains committed to ensuring that at least 25 percent of lending capital will support projects in low-wealth census tracts, rural designated and persistent poverty counties, majority minority service areas, and organizations in weak financial health due to the pandemic-related stresses.

In addition to focusing on growing its traditional lending business, NeighborWorks Capital is growing its value proposition to the NeighborWorks network by expanding the types of capital it and service it brings to the network. In 2023, NC started up NeighborWorks Capital Consulting and hired an experienced leader to grow this service to the network. NC also launched a partnership with another nonprofit lender to bring Fannie Mae, Freddie Mac, and FHA multifamily loan products to the network with preferred fee levels and a clear focus on working with mission-focused organizations to create and preserve affordable housing. NC has also expanded its access to the markets by securing a rating from Standard & Poor's and applying for membership in the Federal Home Loan Bank of Atlanta.

When Little Tokyo Service Center (Los Angeles, CA) purchased the [historic Daimaru Hotel](#), they sought to both secure its future as home to community businesses and create long-term affordable housing. LTSC needed a financing partner that could be comfortable with the non-traditional unit arrangement (48 single room occupancy units with communal bathrooms and kitchens) and would be patient capital as the property's complex development plan progressed. While other lenders would shy away from these challenges, NeighborWorks Capital provided LTSC with a five-year, \$3,064,000 acquisition loan to jumpstart the process of preserving this cultural landmark.

In FY 2023, Community Housing Capital (CHC) originated 27 loans totaling over \$79.8 million to seventeen different network borrowers, creating or preserving 1,366 homes and leveraging \$325 million. In FY2024, CHC is working towards a goal of \$85 Million in new originations. In addition, CHC will be closing on \$25 million NMTC allocation which provide much needed equity to be used by four organizations developing affordable single family homeownership opportunities in communities of color in: Tampa, FL; Baltimore, MD; Indianapolis, ID; and San Luis, AZ.

A \$12.5 million acquisition loan from CHC to Charlotte-Mecklenburg Housing Partners (now known as DreamKey Partners) helped preserve affordability for the 136-unit Forest Ridge Apartments in Fort Mill, SC. Following the complex's initial 15-year affordability requirements, the seller hoped to opt-out and sell the property to the general market but was first required to offer a nonprofit the right of first refusal. Understanding the importance of these affordable homes in an increasingly competitive market, CHC assembled a coalition of lenders to help DreamKey Partners take quick action to purchase the property.

Resident Services

In addition to providing quality, affordable housing, many NeighborWorks network organizations provide—or link residents to—a broad range of supportive services including financial counseling and eviction prevention services, after-school enrichment programs for children, healthcare supports for aging seniors, caseworker access for formerly homeless veterans, and workforce development programs for unemployed or underemployed adults. This programming is tailored to meet families' needs, promote their personal and economic stability and mobility, and, most importantly, improve their life outcomes.

CHN Housing Partners (Cleveland, OH) is developing a new apartment building for parents on a college path. Jillian Watson Esposito, CHN's Assistant Director of Real Estate Development, said "We want to remove barriers for the scholars and provide an enriching learning experience for their children. The Scholar House model does that by pairing affordable housing with wrap-around academic and support services. It's a model that can work to break the cycle of multigenerational poverty and create economic mobility." Programming at the Scholar House will center around both children and parents, and services will include daycare and working with parents on career exploration and academics.

Done properly, asset management focuses on both property and resident success, recognizing the interdependency between thriving residents and a thriving community. NeighborWorks supports the network's resident services programming through convenings, peer exchange, and small grants to advance specific practices through small cohorts of network organizations with shared interests. Previous grants have supported organizations providing services focused on child development and grade-level reading proficiency and eviction prevention services in conjunction with rental assistance programs.

When successful, service programs can be life-altering, helping residents achieve and sustain physical and financial well-being and improve their lives. For example, a cohort of NeighborWorks organizations is playing a leadership role in demonstrating the potential of residentially-based programs to support school and reading proficiency. For children, reading at grade level by third grade is widely recognized as an early indicator of lifetime economic success. Over the program's life, the "Housing as a Platform for Academic Success" cohort supported by NeighborWorks has enrolled an increasing number of students in these services and demonstrated measurable impact from the interventions and support provided. During the 2021-2022 school year, 1,083 students from 68 properties engaged with after-school services provided by this cohort of organizations. These students achieved a 50% increase in reading proficiency that year. Furthermore, 73% of the students that completed a year-end survey indicated that their teachers at school had noticed improvement in their reading.

Serving Vulnerable Youth

PathStone Corporation is providing 75 at-risk young people in Erie County, NY with life skills, education and workforce training and supportive services through the U.S. Department of Education's Transitioning Gang-Involved Youth to Higher Education program. The program provides post-secondary opportunities that lead to certifications and credentials that support good-paying jobs and a stable career path. PathStone is using the funding to employ a comprehensive approach, developing individualized plans to meet students' social and emotional needs, while helping them achieve their educational and career goals.

Resident Services as Asset Management

NeighborWorks is a pioneer in developing "double bottom line" strategies that support stability and self-sufficiency for households living in affordable rental housing while also safeguarding the financial health of real estate assets. As property owners, NeighborWorks organizations have a financial stake in their residents' ability to pay rent consistently and on time, making these strategies a win-win approach.

To help get to scale and achieve broader, lasting impacts for residents and the rental properties in which they live, NeighborWorks creates opportunities for organizations with rental housing to start or expand financial capability programs.

Financial Capability

NeighborWorks America is a widely-recognized leader in the field of financial capability, providing industry-leading financial capability training and support to both network and non-network organizations. Financial capability is the capacity—based on knowledge,

skills, and access—to manage financial resources prudently and effectively. NeighborWorks organizations provide a broad range of financial capability services, going far beyond traditional housing counseling to include innovations in financial education that serve to strengthen household and community financial health, support the stability of affordable housing, and help people build wealth. Within the NeighborWorks network, financial capability programs provide any combination of 1) financial education, 2) long-term engagement through an ongoing relationship in a one-on-one setting to help participants practice and adhere to positive financial behaviors and reach their financial goals, and 3) access to financial products and services through referrals or direct provision.

Financial capability is a hallmark service area for NeighborWorks, with network organizations reporting 11,600 customers served in FY 2023. Increasingly, financial capability is integrated with other service offerings, and partnerships with housing authorities, organizations focused on workforce development, and social service agencies have broadened the reach of these programs. As these programs continue to develop, they have become a core component of programmatic approaches to bring economic opportunity to often underserved people.

To promote professionalization in provision of these services, NeighborWorks convened a committee of external stakeholders to develop the National Industry Standards for Financial Capability. To date, 120 organizations have adopted these standards as a way to demonstrate that they offer robust, ethical financial capability services and measure their programs with consistent benchmarks. To help NeighborWorks organizations make the most of the National Industry Standards as a framework for financial capability program design, NeighborWorks offered a two-part webinar series training staff on the most critical elements of the standards showcasing examples of organizations in diverse communities with a range of services.

NeighborWorks has also developed training for practitioners addressing specific types of debt or specific population needs. For example, NeighborWorks has developed specialized training for counselors addressing escalating student loan debt and other credit challenges to ensure individuals and families have access to the education, skills, resources, and support needed to make informed decisions that allow them to achieve and sustain financial security. In FY 2023, NeighborWorks also launched a cutting-edge Trauma Informed Financial Coaching course focused on incorporating healing-centric principles and practices into financial coaching.

Another tailored offering which NeighborWorks has supported is the scaled-up delivery of the Get Your House in Order (GYHIO) train-the-trainer curriculum. The Portland Housing Center, a NeighborWorks network organization, designed GYHIO for Black customers, to be delivered by Black facilitators. Through a pilot, NeighborWorks provided

training for 21 network staff from ten organizations to build on their experiences and skill sets as facilitators and prepare them to teach and market a culturally-specific money management and generational-wealth-building course. The content of the GYHIO course mirrors a traditional financial literacy course to prepare for homeownership, but the delivery is intentional about creating a nonjudgmental space in which participants can feel uninhibited to talk about the heart of their financial situation with classmates from a similar cultural background.

As part of an effort to develop tailored solutions, NeighborWorks facilitated a cohort of seven network organizations implementing culturally specific asset building strategies that include responsive service delivery and products like matched savings accounts. These organizations take a multitude of approaches, including multilingual service delivery, intentional staff recruitment to maintain representation of the target communities, offering digital literacy services to facilitate online participation, and pursuing multigenerational strategies. Using the consolidated learnings from this cohort, NeighborWorks [published a guide](#) to help community-based housing organizations identify effective outreach practices to increase access to rental and homeownership information within communities of color.

Looking to the future, NeighborWorks is deeply invested in scaling up financial capability programming by focusing on structuring the replicability of financial capability services in rental housing and resident-owned communities and increasing professionalization of staff delivering financial capability services. NeighborWorks is also exploring ways to leverage federal programs, including HUD's Family Self Sufficiency program, IRS's Volunteer Income Tax Assistance program, SSA's Representative Payee program, and others as the foundation of local wealth building services. Through these strategies, NeighborWorks is creating a roadmap of effective practice built around a multi-faceted approach to financial capability. This framework will provide an effective and flexible model that organizations can adopt and integrate into their service delivery without having to recreate programs from scratch, achieving scale and impact quickly, particularly in underserved and under-resourced communities.

NeighborWorks' support has afforded experienced network organizations the opportunity to test new strategies, invest in new resources, and focus on program refinement. Some organizations with mature resident services programs have used NeighborWorks resources to strengthen collaboration with their general financial capability programs, building a referral process and offering incentives to engage residents in financial capability services. Others have built or expanded nascent financial capability programs, providing staff training and new resources to improve services.

Credit Building

For Americans wishing to buy a home or start a business, access to safe, affordable credit products is often a key component. However, low-income and minority households face disproportionate obstacles when trying to access credit, either because of low credit scores or a lack of established credit history. For many renters, negative credit history or a lack of documented credit history is a major barrier to other financial goals. Beginning with the Rent Reporting for Credit Building pilot, a collaborative effort between NeighborWorks, five Boston-area NeighborWorks organizations, and the Credit Builder's Alliance, NeighborWorks has been working to demonstrate the potential impact of rent reporting. The pilot demonstrated that rent reporting can be an important channel for building positive credit history, thereby increasing renter households' access to affordable credit products and services. Network organizations continue to test strategies for leveraging rent reporting software, exploring outreach strategies to attract participants and keep them engaged long enough to get or improve their credit scores.

Recognizing the opportunity of including on-time rent payments in residents' credit profile, in 2022 NeighborWorks launched a peer cohort of six NeighborWorks organizations to study the impact of combining individual financial coaching with products like Rent Reporting for Credit Building, particularly for underserved populations and communities of color. This effort is a key component of NeighborWorks' broader plan to scale rental financial capability activities.

Of the cohort, four organizations are offering these services directly to residents of their rental housing, one is subsidizing the cost of rent-reporting software for a third-party landlord to increase credit scores of tenants by integrating on-time rent payments into their credit score, and one organization is targeting both audiences.

To support the cohort, NeighborWorks collaborated with the Credit Builders Alliance to offer a custom group technical assistance offering built around live dialogue and training. In this rapidly evolving field, the state of practice continues to change faster than written guides can be produced, making the feedback cycle created by on-the-ground experiences from network organizations a critical input to the field's expertise on rent reporting. NeighborWorks hosts sessions at its annual Resident Services Convening and with other partner organizations to distribute its findings to the field, promote peer-to-peer learning, and share promising practices.

Savings Programs

For many households, an unexpected expense such as a doctor's bill or car repair can have a major destabilizing effect. According to a [study by the Federal Reserve](#), nearly 40 percent of Americans reported that they would need to borrow, sell something, or could not pay an unexpected \$400 expense. Living in such a precarious financial situation can

be a major source of stress and a threat to a family's overall stability. Savings programs are a key tool for helping develop a financial cushion that can allow households to weather financial shocks.

In 2019, NeighborWorks published a [guide](#) to standing up matched savings programs, which provide financial incentives for people to save for specific goals. The guide synthesizes the experience of organizations from across the network and draws lessons learned from their approaches. This guide has proven a valuable resource as interest in matched savings programs has proliferated.

Evidence supporting the success of matched savings accounts as a tool to strengthen household resiliency in the face of financial shocks comes from NeighborWorks' Matched Savings Program. Through seventeen participating network organizations, 250 savers registered to participate. Each household was paired with a financial coach who provided assistance with financial management skills and savings infrastructure, including establishing email addresses and bank accounts. Savers who contributed up to \$25 per month for six months were eligible for a 2:1 match, resulting in a \$450 total emergency savings fund at the end of the program. At the time the program began, only 24 percent of households reported regularly saving, but that figure had increased to 63 percent six months later. After twelve months, the average participating household had saved over \$800.

Financial Capability Coaching

Financial capability coaches and their managers use NeighborWorks America's professional trainings more often than any other, according to a survey by the Asset Funders Network. To build organizational capacity in the financial capability arena, NeighborWorks supported a "Coach the Coaches" mentoring pilot. The pilot concluded in March 2018, and results indicated that the participants significantly improved their confidence, comfort, and efficiency in their overall coaching practices and increased specific skills around inquiry, action planning, and accountability. Based on the pilot, NeighborWorks distilled a series of best practices around building coaching skills and delivering financial coaching. To bring the learnings from the pilot to scale, NeighborWorks also developed two resources for financial coaches: a guide to small loans and a guide to transaction accounts. Each of these resources is comprised of both a coaching guide and a consumer-facing piece to facilitate conversations about these financial instruments.

In FY 2022, NeighborWorks launched its first Capacity Building Initiative for organizations with new coaching programs or new coaching staff to build a culture of coaching at the organization and support newer financial coaches in solidifying their skills beyond the classroom. Ten network organizations received \$25,000 supplemental grants, training on program design, group training, and 1:1 coaching mentorship. In FY 2023, NeighborWorks produced a final report on the mentorship program, underscoring the importance of aligning financial capability certification with the mentorship program as well as giving coaches access to a streamlined toolkit of resources. One hundred percent of the coaches who completed the mentorship reported using more of a coaching mindset, and an increase in confidence and skills for a coaching approach.

“I learned how to shift my approach and started getting more engagement and more client sessions. I discovered I was being too transactional and not connecting, clients now feel I am more sincere.”

-Coaching Program
Participant

Housing Stability Counseling Program (HSCP)

In FY 2021, Congress provided NeighborWorks with \$100 million to create the [Housing Stability Counseling Program, a housing counseling program serving](#) both homeowners and renters, with a focus on low-income and minority households. Drawing on experience, lessons learned, and best practices from the implementation of previous large grant programs including NFMC, NeighborWorks designed the program to align with other Federal pandemic assistance programs, such as the Department of the Treasury’s Emergency Rental Assistance Program and the Homeowner Assistance Fund, to maximize its ability to prevent eviction and foreclosure for people in need of services and resources, including minority and low-income people and neighborhoods.

Following a comprehensive and transparent review process, 128 grants were awarded in September 2021 to organizations serving every state, the District of Columbia, Puerto Rico, and Guam. The initial grant payments totaling nearly \$35 million were disbursed in December 2021, and additional disbursements were made on the basis of production.

As of December 2023, over 82,000 people across the country had received HSCP counseling. Client households were split nearly equally between homeowners and renters, and nearly 81 percent of clients were low-income and over 67 percent identified as minorities. Notably, nearly 87 percent of clients live in neighborhoods having high concentrations of minority and low-income populations, emphasizing the importance of this program for maintaining stability in these communities.

To support HSCP grantees, NeighborWorks developed 35 HSCP-specific course pathways to build counselor competency in serving renters and homeowners facing housing instability. Additionally, HSCP grantees receive scholarships to participate in training opportunities at NeighborWorks Training Institutes (NTI). Since the inception of the program, HSCP grantees have used 585 scholarships at 7 NTIs, including both virtual and in-person course offerings. Additional training and scholarships are planned for the NTI in February 2024. In addition to the training courses, NeighborWorks has provided ongoing webinars focused on program administration, as well as connected grantees to national resources for homeowners and renters. NeighborWorks staff hold regular “office hours” to provide opportunities for grantees to request consultations on specific topics. Additionally, NeighborWorks has set up a digital platform for peer-to-peer sharing of successes and challenges for program participants.

Several HSCP grantees contributed to an Urban Institute Research Brief titled [“Stabilizing Renters in the Postpandemic Environment.”](#) This research examines the impact of rental counseling and additional study is needed to investigate the case for more permanent housing counseling support in stabilizing renters and to understand the relationship between counseling, rental assistance, and other interventions. The Urban Institute will also be conducting an evaluation of HSCP program, anticipated to be released in 2025.