

Fiscal Year 2027
CONGRESSIONAL BUDGET JUSTIFICATION

Neighborhood Reinvestment Corporation

Doing business as

NeighborWorks® America

April 3, 2026

NEIGHBORHOOD REINVESTMENT CORPORATION
(Doing business as NEIGHBORWORKS® AMERICA)
FY 2027 CONGRESSIONAL BUDGET JUSTIFICATION

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Executive Summary

NeighborWorks America, chartered by Congress as the Neighborhood Reinvestment Corporation, is a nonprofit dedicated to creating places of opportunity in communities across the country. For over 45 years, NeighborWorks has been leveraging its national reach and expertise to amplify the efforts of local and regional nonprofit housing and community development organizations to make our nation stronger, safer, and more prosperous. From its position as an intermediary,

NeighborWorks supports a network of nearly 250 nonprofit housing and community development organizations, which provide on-the-ground support to families and communities in every state, the District of Columbia, Puerto Rico, and on Native lands. These organizations play a critical role in the nation's housing delivery system, creating affordable homeownership and rental opportunities, spearheading activities to revitalize places affected by economic downturn or natural disasters, and working to rebuild pathways to improved credit, savings, self-sufficiency, and sustainable homeownership for families.

The President's budget proposes to eliminate federal funding in FY 2027 for NeighborWorks America's ongoing operations and provides \$15 million in funding exclusively for the wind-down of federally funded programs and activities. No core funding would be used for grants to network organizations, grants to NeighborWorks' Capital Corporations, or training grants to network and non-network organizations. NeighborWorks would also cancel all scheduled NeighborWorks Training Institutes (NTIs) and Virtual Training Institutes (VTIs), Group Learning and online training, leadership development programs, and all other services and programs designed to support the Network and industry. In addition, NeighborWorks would cancel all scheduled organizational assessments that monitor the health and risks of network organizations. NeighborWorks would plan for orderly wind-down and dismissal of staff, extricate the Corporation from licenses and contracts where possible, and unwind leases and other obligations of the Corporation. NeighborWorks would continue operations of existing, contractually mandated programs until these obligations expire.

NeighborWorks would also hold in reserve contingency funding to support litigation that may become necessary in the event that any matter cannot be resolved through negotiated settlement.

Wind-Down of Operating Activities

Employee Compensation

Staff capacity would be required to ensure the orderly wind-down of federally funded operations. Staff from several departments, including finance, legal, HR, administration, and

executive leadership, would be required throughout the course of wind-down operations. Some programmatic staff would also be required for some portion of the wind-down period. In total, NeighborWorks would require approximately 36 FTEs, or roughly 12 percent of current capacity, to complete necessary activities.

In addition, all full- and part-time regular employees who have completed one year of continuous employment and are terminated because of position elimination or reduction in force would receive severance pay per the policies detailed in the NeighborWorks America Administrative Manual.

Travel

Limited travel would be required to oversee the orderly wind-down of federally funded operations including closure of remaining office facilities.

Professional Services

Quality Control and Compliance

As NeighborWorks winds down its federally funded operations, funding would be required for quality control and compliance oversight to ensure close-out procedures are executed in accordance with relevant statutes and regulations.

Contract Cancellation Fees

NeighborWorks would incur cancellation fees and penalties for a range of outstanding contracts and obligations. NeighborWorks would cancel the two NeighborWorks Training Institutes, the Virtual Training Institute, and the Community Leadership Institute scheduled for FY 2027, as well as other training events and would be subject to penalties for cancellation of contracts with vendors, hotels, and other training venues. NeighborWorks would also be subject to cancellation fees for service contracts including information technology systems for internal finance and management, communications, remote access and mobile services, grant management, and IT security.

Administration and Program Close-Out

These costs would support expenses related to legal fees, internal and external audits, and record retention.

Occupancy

At present, NeighborWorks has active leases for office space in Washington, DC (headquarters); New York, NY; and Kansas City, MO. As part of the wind-down process, each of these leases would be terminated, and early cancellation fees and penalties, as specified in each lease, may apply.

Other Operating Costs

In addition to the aforementioned operating costs, NeighborWorks would also incur monthly fixed costs to support the active wind-down of operations. These include fixed monthly costs such as internet and WAN service as well as software licenses for core financial system, HR system, and time and expense reporting.

Conclusion

In closing, the President's Budget requests \$15 million in FY 2027 funding for the Neighborhood Reinvestment Corporation (dba NeighborWorks America) exclusively to wind down federally funded programs and operations.

NEIGHBORWORKS AMERICA
APPROPRIATED FUNDS
SOURCES AND USES OF FUNDS WITH PERCENT OF CHANGE
FY 2025 - FY 2027

| SOURCES OF FUNDS: | FY 2025 ACTUALS | FY 2026 PLAN (A) * | FY 2027 JUSTIFICATION | FY 27/FY 26 CHANGE | |
|--------------------------------|----------------------------|-------------------------------|----------------------------------|-------------------------------|--------------|
| Federal Appropriation | \$ 158,000,000 | \$ 158,000,000 | \$ 15,000,000 | \$ (143,000,000) | -91% |
| TOTAL | \$ 158,000,000 | \$ 158,000,000 | \$ 15,000,000 | \$ (143,000,000) | -91% |
| USES OF FUNDS: | | | | | |
| OPERATING EXPENSES: | | | | | |
| Compensation | 45,516,555 | 41,278,000 | 9,140,000 | (32,138,000) | -78% |
| Travel | 1,241,673 | 1,502,000 | 10,000 | (1,492,000) | -99% |
| Professional Services | 9,455,990 | 8,105,000 | 1,250,000 | (6,855,000) | -85% |
| Conferences & Workshops | 1,882,452 | 2,488,000 | - | (2,488,000) | -100% |
| Occupancy | 1,992,159 | 3,250,000 | 3,600,000 | 350,000 | 11% |
| Other Operating | 3,159,217 | 6,577,000 | 1,000,000 | (5,577,000) | -85% |
| TOTAL OPERATING | 63,248,046 | 63,200,000 | 15,000,000 | (48,248,046) | -76% |
| GRANTS: | | | | | |
| Expendable | 51,844,250 | 50,454,000 | - | (50,454,000) | -100% |
| Equity Capital/Capital Markets | 40,215,000 | 40,100,000 | - | (40,100,000) | -100% |
| Training Grants | 2,692,704 | 4,246,000 | - | (4,246,000) | -100% |
| TOTAL GRANTS | 94,751,954 | 94,800,000 | - | (94,751,954) | -100% |
| TOTAL USES | \$ 158,000,000 | \$ 158,000,000 | \$ 15,000,000 | \$ (143,000,000) | -91% |

**NEIGHBORWORKS AMERICA
APPROPRIATED FUNDS
SOURCES AND USES OF FUNDS WITH PERCENTAGE BY CATEGORY
FY 2025 - FY 2027**

| <i>SOURCES OF FUNDS:</i> | FY 2025 ACTUAL | % | FY 2026 PLAN (A)* | % | FY 2027 JUSTIFICATION | % |
|---------------------------------|---------------------------|-------------|------------------------------|-------------|----------------------------------|-------------|
| Federal Appropriation | \$ 158,000,000 | 100% | \$ 158,000,000 | 100% | \$ 15,000,000 | 100% |
| TOTAL SOURCES OF FUNDS | \$ 158,000,000 | 100% | \$ 158,000,000 | 100% | \$ 15,000,000 | 100% |
| <i>USES OF FUNDS:</i> | | | | | | |
| <u>OPERATING EXPENSES:</u> | | | | | | |
| Compensation | 45,516,555 | 29% | 41,278,000 | 26% | 9,140,000 | 61% |
| Travel | 1,241,673 | 1% | 1,502,000 | 1% | 10,000 | 0% |
| Professional Services | 9,455,990 | 6% | 8,105,000 | 5% | 1,250,000 | 8% |
| Conferences & Workshops | 1,882,452 | 1.2% | 2,488,000 | 1.6% | - | 0.0% |
| Occupancy | 1,992,159 | 1% | 3,250,000 | 2% | 3,600,000 | 24% |
| Other Operating | 3,159,217 | 2% | 6,577,000 | 4% | 1,000,000 | 7% |
| TOTAL OPERATING EXPENSES | 63,248,046 | 40% | 63,200,000 | 40% | 15,000,000 | 100% |
| <u>GRANTS:</u> | | | | | | |
| Expendable | 51,844,250 | 33% | 50,454,000 | 32% | - | 0% |
| Equity Capital/Capital Markets | 40,215,000 | 25% | 40,100,000 | 25% | - | 0% |
| Training Grants | 2,692,704 | 2% | 4,246,000 | 3% | - | 0% |
| TOTAL GRANTS | 94,751,954 | 60% | 94,800,000 | 60% | - | 0% |
| TOTAL USES OF FUNDS | \$ 158,000,000 | 100% | \$ 158,000,000 | 100% | \$ 15,000,000 | 100% |

(A) Based on Consolidated Appropriation Act, 2026, PL#119-75

**NeighborWorks America
Wind-Down Budget
FY 2027**

| <u>EXPENSE CATEGORY</u> | | <u>% of Total</u> | |
|------------------------------------|-----------------------------|------------------------------|--|
| Compensation | \$ 9,140,000 | 61% | |
| Travel | 10,000 | 0.1% | Travel for regional office closures |
| Professional Services: | | | |
| Quality Control & Compliance | 250,000 | 2% | |
| Contract Cancellations Fees | 500,000 | 3% | Cancellation fees/penalties for NTI hotels, other training venues, service contracts, etc. |
| Administration & Program Close-out | <u>500,000</u> | <u>3%</u> | Legal fees, internal and external audits, financial and administrative support |
| Sub-total | 1,250,000 | 8% | |
| Occupancy | 3,600,000 | 24% | DC Office lease and penalties and fees for early office closures |
| Other Operating | 1,000,000 | 7% | Monthly fixed costs (internet & WAN, software licenses, etc.) |
| TOTAL WIND-DOWN | <u>\$ 15,000,000</u> | 100% | |

FY 2027 CONGRESSIONAL BUDGET JUSTIFICATION

Budget Narrative

Federal Appropriation:

The President's Budget for FY 2027 proposes the elimination of federal funding for NeighborWorks America, providing \$15 million in core funding for the orderly wind-down of federally funded programs. No funding would be used for grants to network organizations, grants to NeighborWorks' affiliated capital corporations, or training grants to network and non-network organizations.

USES OF FUNDS

Compensation:

The wind-down budget includes \$9.1 million for compensation for the estimated 36 FTEs required to ensure the orderly wind-down of federally funded operations – approximately 12 percent of current staffing levels. Staff from several departments, including finance, legal, HR, administration, and executive leadership, would be required throughout the course of continued operations. Some programmatic staff would also be required for a portion of the wind-down period.

Travel:

Travel for FY 2027 includes minimal travel costs of \$10,000 which would provide limited travel for Administrative Services & Facilities staff to manage and monitor the closing of regional offices in New York and Kansas City.

Professional Services:

The wind-down budget includes professional services funding of \$1.3 million to primarily fund quality control and compliance, contract cancellation fees, and administration and program close-out activities throughout the wind-down period.

Conferences and Workshops:

The FY27 budget justification does not fund expenses related to the conferences and workshops expense category.

Occupancy:

The wind-down budget includes \$3.6 million to cover office rents as NeighborWorks America will continue to incur costs related to the DC office lease as well as partial-year lease payments for the two (2) regional offices.

Other Operating Costs:

Other operating costs include, but are not limited to, office and mobile phones, postage, printing, office supplies, software licenses and fees for corporate applications, equipment rentals, corporate insurance and banking fees, and other general operating costs.

The FY27 budget justification includes \$1 million in other operating costs, which are limited to NeighborWorks America's monthly fixed costs, including internet & WAN, hosting fees, telephone services, and software licenses for critical corporate applications, including the core financial, HR and payroll, and expense reporting systems.

Grants:

As part of the wind-down period, NeighborWorks America will not distribute core appropriation grants – of any type – to network and non-network organizations. This represents a 100 percent decrease compared to the FY 2026 Plan, which includes \$94,800,000 in grant funding.

NEIGHBORHOOD REINVESTMENT CORPORATION

Doing business as **NeighborWorks® America**

FY 2025 Annual Program Performance Report

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

Neighborhood Reinvestment Corporation
Doing Business as NeighborWorks® America
FY 2025 Annual Program Performance Report

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I. OVERVIEW AND PERFORMANCE SUMMARY

Charter and Purpose

The Neighborhood Reinvestment Corporation, doing business as NeighborWorks America, was chartered by Congress through the Housing and Community Development Amendments of 1978 (Public Law 95-557). As a public nonprofit organization, it was established to support local efforts to revitalize neighborhoods, expand affordable homeownership, and strengthen community development. Congress envisioned NeighborWorks America as a flexible, non-bureaucratic laboratory—“a place where new ideas and approaches could be studied, refined, pilot-tested, and replicated.”

Today, NeighborWorks America upholds this vision through the NeighborWorks system, a national partnership of community-based and private sector organizations, community leaders, and local governments. As the core intermediary for this system, NeighborWorks America supports an affiliated network of nearly 250 community-based organizations operating in all 50 states, Puerto Rico, and the District of Columbia, known as the NeighborWorks network. The NeighborWorks network provides “on the ground” experience and frontline insights on how to solve emerging housing and community development challenges. Through its partnership with NeighborWorks network organizations, NeighborWorks America is able to scale community driven solutions at the local, regional, and national levels by directing financial, technical, and collaborative resources to communities across America, whether urban, rural, or suburban.

Since its founding, NeighborWorks America has established itself as a national leader in professional development, organizational assessment, program evaluation, and nonprofit management. Its accessible, cost-effective services, including best-in-class training and certification programs, are available to both housing professionals and community leaders, making NeighborWorks America a critical support system for under-resourced and geographically remote communities across the country.

The NeighborWorks System

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

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

NeighborWorks America

NeighborWorks America is the nation's original public-private partnership model for housing and community development. Created by Congress in 1978, NeighborWorks America provides financial support, technical assistance, and training for community-based housing solutions that create strong, safe, and prosperous communities. The hallmark of its public-private partnership model involves leveraging public funds to generate sustained private investment in local housing and community development initiatives.

For more than 45 years, NeighborWorks America has delivered programs and services that support its mission "to create opportunities for people to live in affordable homes, improve their lives, and strengthen their communities." These core programs and services include homeownership and affordable rental programs, practitioner training and certification, consumer counseling and education, outcome measurement and evaluation, and the training and empowerment of community leaders.

NeighborWorks America's long-term vision is that "every community in America a place of opportunity." The Corporation remains committed to this vision through the goals established in its strategic plan. The Corporation's Officers and Board of Directors actively monitor performance pursuant to the goals and outcomes outlined in the strategic plan. By statute, the NeighborWorks America Board of Directors is composed of executives from five federal agencies: the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Department of Housing and Urban Development.

NeighborWorks Network

The NeighborWorks network is comprised of nearly 250 community-based, nonprofit organizations located in all 50 states, Puerto Rico, and the District of Columbia. Each member is unique and autonomous. They decide for themselves, in consultation with local residents, how to best serve the needs of their communities. NeighborWorks America provides the network with a number of services, including training and technical assistance, access to capital, organizational assessment/evaluation, peer learning initiatives, and other programmatic support services. Meanwhile, the NeighborWorks network shares enterprise data and best practices with NeighborWorks America to promote the scaling of successful initiatives.

Affiliated Capital Corporations

NeighborWorks' two affiliated capital corporations were established with help from NeighborWorks America to provide flexible financing solutions to the NeighborWorks network. As independent, mission-aligned entities, the Capital Corporations operate in close strategic coordination with NeighborWorks America to build financial partnerships, develop loan products, and raise capital the NeighborWorks network. The two affiliated capital corporations are:

Community Housing Capital (CHC): a national financial intermediary based in Decatur, Georgia that serves as a direct lender to the NeighborWorks network. CHC provides financing for the development and preservation of single-family and multifamily affordable housing across the United States. Incorporated in 2000, CHC is certified as a Community Development Financial Institution (CDFI) and a Community Development Entity by the U.S. Department of Treasury's CDFI Fund, and rated by AERIS™, a consulting, rating, and due-diligence corporation used by the CDFI Fund. CHC has an *AA-Rating with Stable Outlook* from S&P Global and an *A+ Rating with Stable Outlook* from Fitch.

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

Achieving Results

For more than 45 years, NeighborWorks America's public-private partnership model has generated significant private sector investment in support of affordable housing and community development. The NeighborWorks system is the only coordinated effort of its kind in the nation, bringing together public and private resources, national expertise, and local expertise and capacity to address critical housing needs. It is unique in that it:

- Provides national access to a delivery system built on locally directed, community-based partnerships;
- Fosters the ability of local and regional organizations to leverage critical private sector and government resources to address emergent housing and community development needs;
- Establishes stringent chartering standards and requirements for continued participation in the network through a comprehensive system of ongoing organizational assessments;
- Provides best-in-class professional training to affordable housing and community development practitioners and community leaders;
- Serves as a laboratory for developing, testing, and documenting creative solutions to problems that impede affordable housing production and homeownership opportunities;
- Facilitates an environment conducive for benchmarking and sharing best practices amongst peers in the field; and
- Creates a controlled environment for testing new products and approaches in the housing and community development arena so that successful programs can be scaled across the country.

In FY 2025, NeighborWorks America generated more than \$11.6 billion in total reported investment in communities across the United States, resulting in a 74:1 ratio of community investment to congressionally appropriated funds. This investment provided housing and related services to 416,719 individuals and families, which resulted in:

- 17,572 new homeowners;
- 11,505 rental homes developed and preserved;
- 11,439 homeowners preserved;
- 66,875 homes repaired;
- 216,814 rental homes owned and/or managed by NeighborWorks organizations; and
- 102,927 families and individuals received pre-purchase, post-purchase, or foreclosure counseling.

In FY 2025, NeighborWorks America continued to invest in the future of America's communities by providing \$94.8 million in total grant funding. Meanwhile, its two affiliated capital corporations provided \$223 million in loan and equity capital to support community-driven real estate development across the country.

NeighborWorks America also invested in the skills, knowledge, and careers of the nation's housing and community development practitioners by awarding 16,055 professional training certificates and convening experts from all 50 U.S. states and several territories.

Information on the Use of Non-Federal Parties

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

II. KEY MEASURES

NeighborWorks America FY 2025 Performance Measures

| | FY 2022 ACTUAL | FY 2023 ACTUAL | FY 2024 ACTUAL | FY 2025 GOAL | FY 2025 ACTUAL | % of GOAL |
|---|-------------------|-------------------|-------------------|-----------------|-------------------|--------------|
| Total Investment (\$000s) | \$10,796,250 | \$9,951,745 | \$11,265,887 | \$9,800,000 | \$11,644,805 | 118.8% |
| Housing and Homeownership | | | | | | |
| 1. New Homebuyers | 18,775 | 16,269 | 16,282 | 13,500 | 17,572 | 130.2% |
| 2. Constructed, Acquired, and Preserved Rental Units | 13,159 | 11,480 | 13,542 | 11,500 | 11,505 | 0.0% |
| 3. Housing Preservation (Owner-occupied Rehab, Refinance, Other) | 13,055 | 12,025 | 12,848 | 12,000 | 11,439 | -4.7% |
| Rental Portfolio (units owned and/or managed) | 204,916 | 204,563 | 211,856 | 215,000 | 216,814 | 100.8% |
| 4. Repaired units | 72,647 | 82,454 | 83,986 | 78,000 | 66,875 | -14.3% |
| Counseling and Education | | | | | | |
| Individuals provided with pre- and post-purchase housing counseling | 105,253 | 111,640 | 105,013 | 100,000 | 102,927 | 102.9% |
| Financial capability clients ¹ | 10,846 | 11,602 | 48,200 | 40,000 | 52,513 | 131.3% |
| Residential Lending (\$000s) | \$355,648 | \$318,000 | \$356,694 | \$275,000 | \$489,898 | 178.1% |
| Training | | | | | | |
| Number of professional training certificates earned | 10,895 | 15,568 | 16,266 | 15,000 | 16,055 | 107.0% |
| Community leaders trained | 5,950 | 8,085 | 7,093 | 5,800 | 7,629 | 131.5% |
| Capital (\$000s) | | | | | | |
| Capital provided by affiliated capital entities | \$115,475 | \$135,986 | \$169,000 | \$140,000 | \$223,010 | 159.3% |

¹ In FY 2023, NeighborWorks America made changes to how it collects and reports on *Financial Capability Services*. While financial capability data was previously collected at the client level each quarter, it is now collected annually at the aggregate level. This change was implemented in consultation with the NeighborWorks network to reduce reporting burden and improve accuracy. In FY 2025, NeighborWorks America increased its *Financial Capability Services* goal in accordance with this new reporting process.

NeighborWorks America’s FY 2025 Performance Scorecard and Analysis²

| GOAL | EXCEEDED | MET | DID NOT MEET |
|---|----------|-----|--------------|
| Total investment | X | | |
| New homebuyers | X | | |
| Constructed, Acquired, and Preserved Rental Units | | X | |
| Housing preservation (Owner-occupied rehabilitated, reverse mortgage, refinanced, or retained through successful foreclosure mitigation counseling) | | X | |
| Repaired homes | | | X |
| Rental portfolio (units owned and/or managed) | | X | |
| Individuals or families provided with pre- and post-purchase housing counseling | | X | |
| Financial capability counseling/education clients | X | | |
| Residential lending | X | | |
| Number of professional training certificates earned | | X | |
| Community leaders trained | X | | |
| Capital provided by affiliated capital corporations | X | | |

Successes: Homebuyers served, residential lending, and total investment

In FY 2025, NeighborWorks America reported strong performance on several key goals, including an increase in new **homebuyers served**, robust **residential lending** activity, and growing **total investment**. These outcomes occurred against a national housing market characterized by persistent affordability challenges and structural shifts.³ Throughout the year, high home prices and elevated mortgage rates suppressed housing sales with existing home sales remaining near three-decade lows.⁴ Despite late-year improvements, affordability constraints still priced a large share of U.S. households out of the homebuying market, especially in rural and low-income communities where previous years of

² Scorecard performance categories are Exceeded (more than 105% of goal), Met (95%-105% of goal), Did Not Meet (less than 95% of goal)

³ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. (2025). National Housing Market Summary: First Quarter 2025. U.S. Department of Housing and Urban Development https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_1Q25.pdf

⁴ National Association of Realtors. (January 12 2025). Existing-Home Sales: December 2025. National Association of Realtors and U.S. Census Bureau. <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

inflationary pressure have eroded purchasing power and delayed housing re-entry.⁵⁻⁶ Such conditions tend to concentrate buying activity among “transaction ready” households in urban areas that often have more ready access to down-payment assistance and/or mortgage products.⁷ While transaction ready buyers have propelled residential lending volumes and homebuyer closings, NeighborWorks America has used its position as a mission-driven nonprofit to continually invest in rural and low-income communities where market recoveries have traditionally lagged.

Challenges: Housing counseling and home repair

Despite these successes, NeighborWorks America has faced multi-year headwinds in housing counseling clients and home/rental repairs. These trends are not unique to NeighborWorks America. Even though NeighborWorks America met its FY 2025 **housing counseling** goal, national reporting on housing counseling suggests that elevated mortgage cost burdens and affordability pressures have dissuaded potential homebuyers from engaging in preparatory housing counseling and shifted them toward self-directed preparatory activity or deferred purchase decisions.⁸ Buyers who are not “transaction ready” may re-enter the market as interest rates improve, making proactive outreach all the more important. For this reason, NeighborWorks America will continue to monitor housing counseling trends, facilitating outreach and engagement so that these households can make effective purchasing decisions in the future.

Meanwhile, the national market for **home repair** and rehabilitation has been affected by supply-side pressures, including elevated construction costs and labor shortages. These pressures reduce the feasibility of many small-scale repair projects, even as homeowners undertake renovations to avoid moving in a tight market.⁹ Additionally, NeighborWorks network organizations that invested heavily in repair and rehab projects during the COVID-19 pandemic, driven in part by low interest rates, federal grant funds (such as HOME-ARP and CDBG allocations), and delays in traditional development pipelines, may now be shifting additional resources toward residential lending and new home construction as market conditions evolve. NeighborWorks will continue to support rehabilitation and repair activities, especially in markets where aging housing supply remains a persistent issue.

5 Crane, L., & Decker, R. (2025). Did inflation affect households differently? Federal Reserve Bank of Cleveland. <https://www.clevelandfed.org/collections/press-releases/2025/pr-20251006-did-inflation-affect-households-differently>

6 Harvard Joint Center for Housing Studies. (2025). *The State of the Nation's Housing 2025*. Harvard University. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2025.pdf

7 National Association of Home Builders. (2025). *Nearly 75 % of U.S. Households Cannot Afford a Median-Priced New Home in 2025* (Special Study). <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2025/special-study-households-priced-out-of-the-housing-market-march-2025.pdf>

8 U.S. Department of Housing and Urban Development. (2024). *Annual Evaluation Plan—Fiscal Year 2025*. U.S. Department of Housing and Urban Development. <https://www.huduser.gov/portal/sites/default/files/pdf/HUD-Annual-Evaluation-Plan-FY-2025.pdf>

9 Wardrip, K., Herbert, C., Molinsky, J., & Jakobovics, A. (2025). *Home repair costs 2025: Updated estimates and new data*. Federal Reserve Bank of Philadelphia, Community Development Brief. <https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/home-repair-costs-2025/home-repair-costs.pdf>

Retrospective: NeighborWorks America's leadership in housing and community development

When setting annual performance goals, NeighborWorks America considers operational capacity, network sentiment, and current market conditions. Changing market conditions can make near term performance difficult to predict, but as a mission-driven nonprofit NeighborWorks America is focused on its long-term vision of ensuring “every community in America is a place of opportunity.” This long-term outlook allowed NeighborWorks America to continually invest in communities despite challenging economic headwinds during the COVID-19 pandemic and the subsequent recovery.

In FY 2025, NeighborWorks America achieved success in its efforts to reach new homebuyers, increase residential lending, and generate investment in local communities. It accomplished this through a long-term strategic focus on expanding capital partnerships to keep production pipelines steady for both rental and owner-occupied homes. This included expanding capital grants, launching new partnerships with private financial institutions, and working with its two affiliated capital corporations to expand equity capital for rental housing production. NeighborWorks America has also emphasized the importance of improving effective demand by scaling downpayment assistance programs and championing innovative affordability strategies, such as shared-equity, self-help, and modular housing. Despite downward trends in home repairs and housing counseling, the NeighborWorks system continues to have long-term impact on addressing housing needs and improving economic opportunity across the country.

NeighborWorks America's FY 2025 Expense Report

Sources and Uses of Funds by Expense Category

FY 2025 Plan and Actual, un-audited

Appropriated Funds

(Amounts in \$000's)

| SOURCES OF FUNDS: | FY 2025 | FY 2025 | Actual/Plan Variance | |
|----------------------------------|--------------------------|--------------------------|-----------------------------|------------------|
| | Plan | Actual | \$ | % |
| Federal Appropriation | \$158,000 | \$158,000 | \$0 | 0% |
| | | | | |
| USES OF FUNDS: | | | | |
| | | | | |
| OPERATING EXPENSES: | | | | |
| Compensation | \$41,999 | \$45,517 | \$(3,517) | 108% |
| Travel | 1,513 | 1,242 | 271 | 82% |
| Professional Services | 9,580 | 9,456 | 124 | 99% |
| Conferences and Workshops | 2,427 | 1,882 | 545 | 78% |
| Occupancy | 3,500 | 1,992 | 1,508 | 57% |
| Other Operating Costs | <u>4,181</u> | <u>3,159</u> | <u>299</u> | <u>76%</u> |
| <i>Total Operating Expenses</i> | 63,200 | 63,248 | (48) | 100% |
| | | | | |
| GRANTS: | | | | |
| Expendable | 49,716 | 51,844 | (2,128) | 104% |
| Equity Capital | 40,087 | 40,215 | (128) | 100% |
| Training and Informing | <u>4,997</u> | <u>2,693</u> | <u>2,304</u> | <u>54%</u> |
| <i>Total Grants</i> | 94,800 | 94,752 | 48 | 100% |
| | | | | |
| TOTAL USES OF FUNDS | <u>\$ 158,000</u> | <u>\$ 158,000</u> | <u>\$ 0</u> | <u>0%</u> |
| <i>Grants % of Appropriation</i> | 60% | 60% | | |

Administrative Expenses

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

III. FY 2025 PROGRAMS AND PERFORMANCE RESULTS

NeighborWorks America's Four Foundational Pillars

In FY 2025, NeighborWorks America started the first year of its new [3 Year Strategic Plan](#). The new plan aligns NeighborWorks America's programs and services to four key foundational pillars:

- 1. Create, preserve and invest in affordable housing and wealth building**
- 2. Foster stronger communities**
- 3. Strengthen the capacity and sustainability of the NeighborWorks network**
- 4. Anchor the affordable housing and community development field**

The foundational pillars reflect NeighborWorks America's mission to "to create opportunities for people to live in affordable homes, improve their lives, and strengthen their communities." This involves a multi-faceted approach that matches resources to proven strategies, creates opportunities for local communities, builds national networks of support, and invests in the knowledge and skills needed to confront new challenges. The following section outlines the program and activities NeighborWorks America undertook in FY 2025 as part of these foundational pillars.

Create, preserve and invest in affordable housing and wealth building

NeighborWorks America recognizes that affordable housing provides a foundation for financial stability and long-term wealth-building. Families that are housing cost burdened, spending over a third of their income on housing costs, experience worse health, education, and financial outcomes than families with stable, affordable housing. Homeownership, in particular, remains one of the primary pathways to intergenerational wealth for American families. Conversely, limited access to affordable rental housing and homeownership opportunities can constrain local economic activity, as high housing costs reduce the ability of residents to purchase local goods and services, start small businesses, grow families, or participate fully in community and civic life.

To address these challenges, NeighborWorks America employs a multi-pronged approach to advancing affordable housing and wealth-building opportunities. This includes providing technical assistance and best practices, grants, peer learning opportunities, business intelligence services, and networking opportunities. The Corporation continually invests in programs and strategies that promote sustainable homeownership, fair and responsible lending, preservation and production of affordable rental housing, and long-term household financial resilience.

National Homeownership and Lending Programs

NeighborWorks America creates and preserves sustainable wealth for communities and families with low and moderate incomes, providing opportunities for increased wellbeing, safety, upward mobility, and intergenerational wealth. Key components include: lowering barriers to sustainable homeownership; increasing education through housing counseling and financial coaching; supporting Community Development Financial Institutions and lenders; and developing and piloting innovative affordable housing strategies.

Sustainable Business Initiative

NeighborWorks America's Sustainable Business Initiative (SBI) provides access to learnings, tools, technical assistance, and peer support. These resources provide a framework to assist NeighborWorks organizations to define and enhance their culture and diversify their revenue streams to become more sustainable. SBI seeks to provide all organizations with an interdisciplinary approach to improve organizational sustainability by stabilizing staffing, operations, and finances with an entrepreneurial lens. Currently, there are 75 NeighborWorks organizations participating in the initiative.

In FY 2025, NeighborWorks continued supporting the newest cohort of SBI organizations with executive coaching to navigate and sustain cultural transformation, cultivating a positive, adaptive culture that drives long-term growth and sustainability. NeighborWorks awarded \$60k in 1:1 subject matter expert assistance to six SBI organizations to further their sustainability journey. Network organizations improved their marketing and branding efforts in areas such as website improvements, strategy and planning, and partnership development.

Community Development Financial Institutions

As part of its work to promote homeownership, facilitate commercial and residential lending, and increase access to capital in underserved communities, NeighborWorks America provides support for network Community Development Financial Institutions (CDFIs) nationwide, boosting the ability of these organizations to deliver financial products and services to their communities.

The Community Development Financial Institution (CDFI) Capacity Building Initiative (CBI) has been offered since 2010 as a service to Network lenders seeking investments from the CDFI Fund. For the 80 certified and 12 emerging CDFIs in the NeighborWorks network, sustained institutional support from NeighborWorks America is critical to their success.

NeighborWorks network CDFIs originated \$454.8 million in residential lending in FY 2025. Additionally, network CDFIs originated \$404.3 million in commercial lending, leveraging an additional \$508.4 million in other community investment. Eleven network CDFIs and emerging CDFIs successfully competed for a total of \$690.2 million in assistance from the CDFI Fund in the 2025 awards cycle, which included a double funding year for the New Market Tax Credits awards.

HUD Housing Counseling

NeighborWorks continues to promote excellence in the housing counseling field and supports counselors across the country. In FY 2025, HUD awarded NeighborWorks with \$3 million for HUD's Comprehensive Housing Counseling grant. This award supported a total of 91 network organizations to offer an estimated 29,500 households with rental counseling to: avoid eviction and maintain stable housing; receive financial counseling services to help reduce debt and improve credit; participate in pre-purchase counseling to get them mortgage ready, as well as post-purchase counseling to help households maintain affordable, sustainable homeownership. The grants also provided Home Equity Conversion Mortgage Counseling (HECM) to assist seniors in accessing home equity and to supplement retirement income.

NeighborWorks is also one of the primary providers of education and training in the housing counseling field. Through scholarships, training, resources and information sharing we support counselors to achieve HUD certification and provide ongoing training and professional development certification to help counselors maintain expertise and provide high-quality services to consumers. In FY 2025, 766 certificates were awarded through the nine professional certifications from NeighborWorks Center for Homeownership Education and Counseling (NCHEC).

FY 2025 Results: National Homeownership and Lending Programs

- Assisted 17,572 families to become new homeowners.
- Preserved homeownership for 11,439 families and individuals.
- Provided 102,927 families and individuals with pre-purchase and post-purchase housing counseling and foreclosure intervention counseling.
- NeighborWorks Network CDFIs originated \$454.8 million in residential lending in FY 2025; and
- Network CDFIs originated \$404.3 million in commercial lending, leveraging an additional \$508.4 million in other community investment. Eleven network CDFIs and emerging CDFIs successfully competed for a total of \$690.2 million in assistance from the CDFI Fund in the 2025 awards cycle, which included a double funding year for the New Market Tax Credits awards.

National Real Estate Programs

NeighborWorks America's National Real Estate Programs team supports the delivery of often "first in" catalytic resources, directly and through partnerships, that are leveraged by network organizations committed to developing, owning, and/or managing rental housing and housing for homeownership. These financial and programmatic investments are designed to be both proactive and responsive, with the goal of supporting the creation and preservation of quality affordable housing that is central to providing safe housing to renters and supporting sustainable homeownership, and prosperous communities.

NeighborWorks supports network organizations with real estate lines of business through the advancement of knowledge exchange, development and promotion of best practices and tools, provision of technical assistance, peer convenings, and professional development through national collaboratives and advancement of new concepts and models.

High quality rental homes, affordable to low- and moderate-income Americans provide the foundation for successful lives and healthy communities. The National Real Estate Program team provides resources and supports partnerships that are designed to improve the sustainability, efficiency, and productivity of the real estate development, asset management, and property-based resident services work of the NeighborWorks network. NeighborWorks' real estate programming is dynamic, evolving in response to resource availability, current market trends, and the needs of the network.

NeighborWorks America's National Real Estate Programs focus on:

- Expanding access to capital and readiness across the network;
- Advancing best practices of the affordable housing field through development and promotion of broad, industry-wide initiatives;
- Utilizing new construction, acquisition, rehabilitation and financing to create and preserve affordable rental properties;
- Developing affordable, safe, and sustainable homes for rent and purchase by low- and moderate-income families.

By focusing on these areas, NeighborWorks Real Estate Programs launched or maintained the following programs and activities in FY 2025:

- NeighborWorks continued to support the **Single Family For-Sale Learning Series** (launched in 2024). This topic-based peer exchange opportunity supports connection and collaboration across a cohort of network for-sale developers. These developers come together through a series of virtual and in-person meetings to share and better understand practices and trends related to their for-sale development efforts. This includes peer calls in which NeighborWorks staff and the entire network can participate. Topics on the peer calls in FY 2025 included network innovation in the areas of market affordability adaptations,

accessory dwelling units (ADUs), modular & manufactured housing, long-term affordability models, financing development strategies for New Market Tax Credits and the conversion of Low Income Housing Tax Credit rental properties into homeownership and home rehabilitation business models.

- NeighborWorks launched the **Innovative Affordable Housing Development Practitioner Exchange**. Through a series of webinars, NeighborWorks organizations across the country shared innovative affordable housing strategies, designs, and development concepts.
- NeighborWorks hosted a national convening of Real Estate developers, owners and operators of multifamily & single-family affordable housing. The convening focused on critical issues currently facing the affordable housing industry, including LIHTC, capital resource access, resiliency/risk mitigation, innovative construction strategies, and housing policy (local/state/federal).
- NeighborWorks launched its inaugural **Property Management & Operations Workshop**. The content of this workshop supported a cohort of network organizations that currently self-manage their portfolio of affordable housing properties and identify strategies that will improve the performance of their rental portfolio and their property management lines of business through the review of direct/indirect costs, staffing structure, stakeholders and technology.

Several nationally recognized professional development resources are managed by the National Real Estate Program team in partnership with other national organizations. These include the Consortium for Housing and Asset Management (CHAM®) which focuses on supporting and advancing the work of asset management professionals and Strength Matters®, which provides Chief Financial Officers and other financial professionals in the field with new and unique resources to advance their work. These efforts include curriculum and the delivery of the annual CHAM and Strength Matters conferences.

FY 2025 Results: National Real Estate Programs

- Developed, acquired, or preserved 11,505 rental homes.
- 216,814 affordable rental homes owned and/or managed by NeighborWorks network organizations.
- 71% of all network organizations' rental portfolios were positively performing at the end of FY 2025 (i.e., covering operating costs, amortization and interest, and their reserve contribution). This reflects a decrease from 74% at the end of FY 2024. Network organizations' rental portfolios continue to be impacted by increased operating costs, lowered net operating income, increased insurance premiums, and the increased cost of capital for multifamily developers across the sector.

Expanding Access to Capital

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

In FY 2025, the Capital Corporations lent NeighborWorks network organizations \$223 million for real estate development activities, leveraging a total of over \$1.8 billion in real estate investment. NeighborWorks America also supports the development of new loan and investment products which further the mission-related activities of the network.

In addition to direct investment in the two affiliated Capital Corporations, NeighborWorks supports increased access to capital for the network through a combination of tailored training, technical assistance, pilots, peer learning and tool development. Examples of FY 2025 support include expanding the CDFI capacity building initiative as well as new learning cohorts targeted at emerging lenders, rural lenders, and real estate developers seeking to attract investors. NeighborWorks also expanded efforts to facilitate new capital investment in the network through the development of new investor relationships with the potential to meet the needs of mission-oriented lenders and affordable real estate developers in the NeighborWorks network. Efforts to advance capital readiness were supported by the launch of a capitalization planning cohort, which helps design enterprise-level capital plans for network organizations to fund real estate projects or lending programs.

Foster Stronger Communities

NeighborWorks America recognizes that communities need more than housing to sustain improvements in economic opportunity and well-being. Housing provides stability, but lasting community well-being also depends on access to health care, quality education, economic opportunity, public safety, and a skilled workforce. Effective community development connects these elements through locally driven strategies that reflect the priorities of residents. Investing in resident leadership strengthens trust, increases community participation, and leads to lasting solutions.

In FY 2025, NeighborWorks America continued to focus on supporting place-based, resident-led community development efforts, partnering with network organizations and local stakeholders to design practical community strategies, gather resources, and carry out projects that address local needs. NeighborWorks also trained local resident leaders, highlighted best practices, and assisted in measuring community outcomes.

Community Initiatives

The Community Initiatives team advances comprehensive and resident-led strategies that create strong and healthy places. Its work brings partners together to create change on the community level. Key to our approach is positioning residents to drive community transformation. We address uneven access to opportunities by creating resident leaders, fostering healthy conditions, advancing community ownership, and facilitating cross-sector partnerships. Our work builds prosperous communities that provide opportunities for people to thrive.

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

- Place-based community stabilization strategies aimed at creating a strong and balanced real estate market; safe, healthy, and attractive conditions; and a positive neighborhood image.
- Community building and training activities aimed at supporting community leaders.
- Systems-level strategies that bring together community stakeholders to address complex challenges and improve health, safety, education, and economic outcomes.

NeighborWorks advances comprehensive community development as a core strategy for creating communities of opportunity. In order to foster stronger communities, NeighborWorks America offers a range of programming to support organizations at the emerging, planning and sustaining stages of comprehensive community development efforts. These resources include a series of training workshops, a revamped community leadership training curriculum, assistance in developing comprehensive, place-based plans, and support in evaluating long-term community outcomes. NeighborWorks America also enables organizations to implement priority strategies that align with the goals of their local community. Other complementary resources offered by NeighborWorks America equip organizations to develop the skills of community leaders, address health outcomes, forge cross-

sector partnerships, and attract resources to rural communities. Key accomplishments in FY 2025 towards fostering stronger communities include:

- Developed two new training workshops on comprehensive community development, training over fifty network staff.
- Deployed \$405,000 in supplemental grant funding and technical assistance support to a cohort of eleven organizations to enable them to develop, launch and implement comprehensive, place-based plans.
- Facilitated two communities of practice supporting peer connections and collaborative problem solving for organizations leading place-based and resident leadership strategies in communities across the country, supporting over 100 participants.
- Developed and launched a new course for organizations supporting health strategies in their communities and trained twelve organizations in tools and models to advance their work.
- Supported 55 network organizations to participate in Round 4 of the Community Impact Measurement Project, an effort to assist organizations in understanding change in their target communities.
- Engaged 70 teams of resident leaders in leadership development at the FY 2025 Community Leadership Institute and supported 61 teams to prepare for the Community Leadership Institute in early FY26.

Long-Term Affordability Models

Since 2019, Congress has provided NeighborWorks America with \$12 million in supplemental appropriations “for the promotion and development of shared equity housing models” (PL 116-260). The Shared-Equity Housing (SEH) Initiative at NeighborWorks America provides a combined suite of tools and resources to the NeighborWorks network and broader field to build the capacity of nonprofits to use these models to create long-term affordability, wealth building opportunities, and community stabilization.

Long-term affordability models ensure that families with modest incomes can achieve stable homeownership while ensuring that their community remains affordable over time. Common models in the NeighborWorks network include community land trusts (CLTs), limited equity cooperatives, resident-owned manufactured housing communities (ROCs) and deed restricted homes.

Through this initiative, NeighborWorks America supports feasibility assessment, technical assistance, planning, and implementation of long-term affordability models. Since the SEH Initiative’s inception in FY 2019, NeighborWorks America has provided over \$8.5 million in funding in addition to other direct programmatic services to over 65 NeighborWorks network organizations, facilitating over 1,000 shared equity homes either completed or in the development pipeline. In FY 2025, NeighborWorks offered a

final round of capacity building grants, which resulted in seven awards totaling \$325,000. In addition to the grants, the SEH Initiative supported several online and in-person peer learning events. NeighborWorks delivered four training courses, including online, in-person and local cohort events, training nearly 90 individuals, while continually improving course content and engaging new trainers.

Measuring Community Impact

In order to examine longer-term community impact, NeighborWorks has invested in an ongoing effort to demonstrate the impact of local NeighborWorks organizations' work to create positive change at the community level. The Community Impact Measurement project allows participating organizations to measure change in their selected community across three major dimensions: social capital, physical conditions, and positive community perceptions. It is conducted on a three-year cycle which allows for the measurement of change over time. From the most recent round of data collection, analysis completed in FY 2025 showed that 88% of organizations with longitudinal data that met rigorous data review criteria showed positive trends in at least one dimension over the 7-10 year period. Additional point-in-time data for a wider group of organizations indicated high levels of resident willingness to be involved and confidence that they can make positive change in their communities, key factors contributing to positive community change moving forward. The project combines capacity building and rigorous methods to both document results and strengthen organizations' ability to conduct change-over-time measurement. In FY 2025, NeighborWorks America worked with 55 organizations to understand local and national findings relating to community impact.

FY 2025 Results: Community Initiatives

- Trained 7,629 community leaders.
- In total, NeighborWorks organizations generated more than \$11.6 billion in direct investment in their communities.

Rural Initiatives

NeighborWorks America's Rural Initiative promotes, supports and enhances comprehensive community development through a mix of affordable housing, economic development, and other locally determined strategies that strengthen and revitalize rural communities. The Rural Initiative has 121 network members that primarily serve rural communities. Located in 48 states and Puerto Rico, these members build affordable housing, lend to small businesses and individuals, provide workforce training, and work with local leaders to create communities that can withstand potential challenges. With approximately 20% of the nation's population classified as rural, empowering rural serving organizations is a clear national imperative. Below are some specific initiatives that NeighborWorks America undertook to strengthen rural communities:

- Assisted 10 rural organizations across the country with flexible technical assistance and individualized coaching from Subject Matter Experts in the enhancement of rural sustainable business procedures. Some outcomes included the development of strategic partnership efforts, organizational restructuring plans, and federal program application checklists for CDFI certification.

- Provided 41 individual scholarships to rural community leaders to attend the Community Leadership Institute, a 3-day community leadership building opportunity where community members create networks and learn about empowering local residents to create change
- Provided peer site visit opportunities for network organizations to learn more about factory-built housing on-site through plant tours and speaking with panels of industry experts
- Provided scholarships to network leaders to attend national trainings and learn about building affordable housing within local regulatory environments
- Coordinated 5 rural, national intermediaries to assess collaborative opportunities for most efficiently and effectively supporting rural communities through investment and program development

FY 2025 Results: Rural Initiatives

In 2025, NeighborWorks network organizations:

- Provided service in 5,533 rural-designated census tracts
- Served 19,724 rural households
- Made 3,868 loans, equaling \$229.0 million to rural clients
- Provided financial counseling and education to 14,177 individuals
- Created or preserved over 5,500 rural homeowners
- Created or preserved 1,820 affordable rural rental units
- Owned and/or managed 26,118 rural rental units

Native American Partnerships and Strategy

NeighborWorks America's commitment to Native communities is advanced through our Native American Partnerships and Strategy (NAPS). NAPS focuses on two primary areas:

1. Building and nurturing partnerships between Native American communities and Native-serving affordable housing and community development agencies and organizations.
2. Progressing comprehensive strategies to address systemic challenges in providing housing and community development to Native communities.

NeighborWorks recognizes that the best solutions are those that value tribal self-determination and culture while building the internal capacity of Native communities, including Native-led organizations. Helping to support the Native Strategy is a dynamic collaborative, cross-divisional working group that guides strategy, planning, and implementation in and around Native housing and community development topics across the network.

One-fifth of NeighborWorks America's nearly 250 network organizations provide some level of service in areas that include Native land or include a large Native population. In addition, NeighborWorks supports four Native-led organizations in the network who directly serve Native communities and tribal

lands. These organizations make valuable contributions within the network's peer-to-peer learning environment.

FY 2025 Results: Native American Partnerships and Strategy

- NeighborWorks invested a total of \$240,000 across 13 organizations to support Native communities. This funding included \$220,000 in Native Partnership Grants awarded to 12 organizations to build partnership programs that increase housing opportunities, and an additional \$20,000 to support growing a Native financial capability program in Southeast Alaska.
- In February 2025, 16 network organizations and nearly 100 housing leaders met in California's San Joaquin Valley for a three-day Native Partnership Gathering. The event focused on leveraging resources for housing and economic development and included a site visit to the Tule River Indian Reservation.
- NeighborWorks facilitated five virtual meetings of the National Native Homeownership Coalition's Lending System Focus Group, connecting federal agencies with grassroots organizations nationwide to improve Native homeownership products.
- Through targeted recruitment, 20 Native community leaders received scholarships to the Community Leadership Institute. As part of the event, NeighborWorks included Native-focused workshops and mobile learning labs to urban Native communities in Minneapolis.
- In partnership with the National American Indian Housing Council, NeighborWorks established an advisory committee to guide a national summit scheduled for May 2026. This event will identify scalable strategies and document the current needs and strengths of Native housing.

Strengthen the capacity and sustainability of the NeighborWorks Network

Achieving NeighborWorks America's mission requires the strong, sustained support of NeighborWorks network organizations in communities around the country. A strong, stable network provides all NeighborWorks affiliates with access to emerging on-the-ground insights, networked resources, and national visibility. As a result, NeighborWorks network organizations have led the way in developing and implementing some of the nation's most effective housing and community development programs.

In FY 2025, NeighborWorks America continued to provide its affiliated network organizations with the knowledge, resources, and tools needed to deliver critical housing and community development programs and services. The Corporation is dedicated to ensuring the financial health and operational effectiveness of its network partners through assessments, grants, technical assistance, and peer learning.

Organizational Assessment

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

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

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

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

A committee composed of senior managers from NeighborWorks America, NeighborWorks Capital, and Community Housing Capital undertakes quarterly reviews of key risk and performance indicators obtained from audits, on-site and off-site reviews and other sources throughout NeighborWorks America and assigns an organizational health rating to each NeighborWorks organization.

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

On-Site Reviews

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

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

Off-Site Reviews and Annual Audit Reviews

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

Lines of Business

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

- **Homeownership Preservation:** Loans, grants, and home improvement services for existing owners of 1- to 4-family properties. Activities include rehabilitation, repair, hazard abatement, energy conservation, as well as loans and grants to homeowners to finance these kinds of improvements, and post-purchase counseling and foreclosure intervention activities.
- **Homeownership Promotion:** Activities promoting sustainable homeownership including financial capability and other education, pre-purchase counseling, foreclosure counseling, mortgage lending, down payment/closing cost assistance (both loans and grants), and the marketing and sale of newly developed properties.
- **Community Building & Engagement:** Programs and activities that support resident engagement as an essential component of effective and sustainable community development. Community building and engagement should include all three of the following activities:

developing community leaders, facilitating community building events and activities, and supporting resident-driven groups and initiatives. Additionally, community building priorities should be clearly aligned to the overall mission and strategic plan of an organization.

- **Property Management:** Property management includes the day-to-day operating responsibility for managing real estate. Organizations are often responsible for this function on properties that they own directly but may also manage properties owned by other entities to generate additional revenues.
- **Real Estate Development/Asset Management:** All the activities involved in developing real estate, regardless of whether the project is residential or commercial and intended for rental or for-sale. Development activities might include conceptualizing projects, selecting, and acquiring sites, managing design, assembling predevelopment, construction, and permanent financing, overseeing construction and lease-up.

Asset management includes long-term responsibilities of ownership of real estate including such activities as deciding on the type of portfolio to be developed, market positioning of properties, refinancing, capital improvements, and selection and oversight of the property manager. Asset management responsibilities come with any property owned outright by the organization, a subsidiary, or a general partner interest held by the organization or its subsidiary.

- **Lending and Loan Portfolio Management**
All activities involved in underwriting, originating, brokering and/or servicing loans to individuals, nonprofits, and businesses on a regular basis, and managing the portfolios of these loans. Their purpose is to provide capital for building or purchasing residential or commercial property and creating entrepreneurial and community wealth opportunities. Functions include analysis and allocation of risk, due diligence, negotiation, proper documentation, bookkeeping, billing, collections, monitoring, remediation, workouts, foreclosures, and management of secured assets. The routine production of loans generally generates a portfolio which must be actively managed in terms of risk concentration, liquidity, leverage, and impact.

In FY 2025, the Organizational Assessment Division (OAD) embarked on a transformative journey to align more closely with corporate strategic priorities and strengthen our impact across the network. This includes a future-focused structure designed to enhance transparency and accountability, deliver timely and reliable reporting, deepen partner relationships, and reinforce our commitment to exceptional customer service. Central to this vision was optimizing systems and processes, clarifying roles, and building a more agile and empowered team—positioned for greater productivity, stronger leadership capacity, increased mobility and advancement opportunities, and a more cohesive, engaged workforce.

Alongside this strategic work, OAD achieved significant operational milestones. The Assessment team successfully completed 54 full-scope PROMPT assessments and 55 off-site PRO assessments. These two assessment processes—conducted on a 48-month cycle—are streamlined to ensure ongoing oversight and effective risk management, enabling us to deliver thorough and strategic evaluations while optimizing audit resources.

Our Financial Analysis team also delivered exceptional results, conducting 279 network audit analyses and 244 audit compliance reviews, along with 52 audit analyses for non-network organizations. These efforts underscore our commitment to rigorous financial oversight and support for organizational health across the network.

Excellence in Executive Leadership and Non-Profit Governance

NeighborWorks America provides training, technical assistance, and consulting services to strengthen organizations overall and to assist network organizations undergoing executive transitions. Through the NeighborWorks Achieving Excellence Program (Achieving Excellence or AE) as well as its Nonprofit Management and Leadership training curricula, NeighborWorks provides leadership development opportunities to current and future leaders in the affordable housing and community development field.

NeighborWorks also administers the Excellence in Governance (EIG) program to help the boards of network organizations create lasting, adaptive change and transform from simply being responsible to being exceptional. Using governance principles and consistent peer groups, each participant defines their own success and measures effectiveness in the context of the organization it serves.

FY 2025 Results Summary: Excellence in Executive Leadership and Non-Profit Governance

- The 12th Round of Achieving Excellence launched in spring 2025, bringing together 50 senior leaders of community-serving nonprofits to be guided through self-determined organizational change. These high-performing leaders aim to bring their organizations to even higher levels of effectiveness, via improved organizational infrastructure, increased production and transformed systems and processes to make them even more impactful in their communities.
- In August 2025, NeighborWorks America’s redesigned Excellence in Governance Academy welcomed the next program cohort as part of its new rolling admission. Network members no longer need to wait two years to join the virtual, 18-month certification program. Of the total 140 participants representing 51 network organizations, 86 are network board members, 23 are chief executives and 14 are board-support staff.

Strengthening Organizational Sustainability

A sustainable nonprofit organization is an agile organization. To fulfill its mission, it adjusts its operating capacity and approaches for generating revenue and maintains adequate working capital to provide relevant services, programs, and resources to the community over time. NeighborWorks America offers several resources to assist organizations in improving their sustainability and capacity, including training, special initiatives, grants, and technical assistance. In FY 2025, NeighborWorks surveyed all of its NeighborWorks organizations and over 96% (240 organizations) reported taking actions to improve their sustainability and capacity during FY 2025, in areas like resource development and financial health, business continuity, cybersecurity and information technology, policies and procedures, and disaster recovery. Additionally, NeighborWorks has undertaken efforts to support organizations' ability to attract and retain talent and develop leaders recognizing human capital resources and strong leadership as central to organizational sustainability, capacity, and resilience.

In FY 2025, NeighborWorks America continued to strengthen organizational resilience amongst its network through a variety of activities. During the year, NeighborWorks America distributed over \$87.2 million in flexible and capital grants to support network organizations' operations and programmatic endeavors. NeighborWorks America also raised over \$11.3 million in outside funding to support programing, grants, and ancillary services for the network. NeighborWorks' Field Operations staff also supported individual organizations with disaster resilience planning and assisted them with developing action plans for organizational sustainability. NeighborWorks' peer sharing and learning activities throughout the year also continued to support the capacity and sustainability of the network.

Anchor the affordable housing and community development field

NeighborWorks America is the national leader in housing and community development training and convenings. It provides essential tools, knowledge, and services to the staff and board members of local nonprofits, housing finance agencies, public housing authorities, financial institutions and various municipal and state agencies, establishing itself as a crucial talent pipeline for many industries. In FY 2025, NeighborWorks America created a relevant, forward-thinking curriculum that elevated standards of practice and improved professionalization across the field. Through its robust credentialing programs, NeighborWorks America continues to build institutional trust, extending partnership opportunities to other professionalized fields, like construction, banking, and law.

Professional Training and Certification

NeighborWorks America is the national leader in housing and community development training, providing professional training and certification, community leadership development, and tools and services to the staff and board members of nonprofits, housing finance agencies, public housing authorities, financial institutions, and various municipal and state agencies. NeighborWorks America's 240+ Network organizations rely on these training resources to develop the skills of their own staff and to build the collective efficacy of the network. By elevating the standard of practice and professionalizing the field, NeighborWorks creates possibilities for industry partnership, develops a talent pipeline, and builds recognition around the NeighborWorks brand.

The most recent post-course impact studies (conducted in FY 2025 with 440 respondents) confirm the value and impact of NeighborWorks-sponsored training activities: Almost 90% of participants indicated that the training they received was useful in building their skills and knowledge to better perform at their work three to six months later.

NeighborWorks' Training division works to address community needs by creating a relevant, forward-thinking curriculum that builds the skills of community development practitioners nationwide. In FY 2025, NeighborWorks awarded 16,055 certificates of completion to approximately 4,199 unique learners. Key training areas targeted by NeighborWorks America include, but are not limited to:

- Homeownership creation, preservation, and lending
- Financial capability and financial education
- Rental and homeownership real estate development and preservation
- Rental portfolio property and asset management
- Resident services in rental housing
- Communications and marketing
- Economic development
- Organizational management
- CDFI management and lending
- Management, leadership, and board governance

- Performance and impact measurement

NeighborWorks maintains a flexible combination of both in-person and virtual training offerings to ensure that its courses remain accessible to housing and community development practitioners across the United States and its territories.

In-Person Training

Established in 1987, the national NeighborWorks Training Institute (NTI), an intensive five-day “mobile university,” is a centerpiece of NeighborWorks training. Each NTI offers more than 75 courses to between 1,200 and 1,800 participants. These training opportunities offer immersive learning experiences with experts in the field, as well as the opportunity to network and connect with other practitioners working in communities across the country. The NTI includes afternoon workshops, mobile labs, and a one-day policy and practice symposium that focuses on a pressing theme or topical issue.

In FY 2025, NeighborWorks America hosted two NTIs. The February NTI was hosted in Philadelphia. The August NTI was hosted in New Orleans and included a symposium on “Building Coalitions for Generational Wealth”. The two NTIs welcomed 2,260 attendees who completed 4,144 courses.

For communities looking to bring focused training to a group of local/regional practitioners, residents, and other stakeholders, NeighborWorks offers Group Learning. These highly customizable training experiences bring NeighborWorks’ faculty into regional venues to conduct training for 25 to 200 participants, offering one or more courses complete with materials and interactive activities. These Group Learnings, often conducted in partnership with the US Department of Housing and Urban Development, financial institutions, and other partners, serve an important role as a tertiary classroom delivery mechanism by making training opportunities more affordable and accessible for a wide range of participants.

NeighborWorks also continues to carry out specialized in-person training events geared toward executive leaders as well as community leaders. The 2025 Community Leadership Institute took place in Minneapolis in October with 572 attendees. The Executive Symposium for NeighborWorks network leaders was in Washington, DC in 2025 with approximately 295 attendees.

Online Training

Housing practitioners do not always have the time or resources to travel for in-person training events. Even before the pandemic necessitated a world-wide shift to online learning, NeighborWorks America offered a robust and diversified online learning curriculum with several formats to suit a range of needs. During the COVID-19 pandemic, NeighborWorks America expanded its catalogue of over 250 live courses to include more than 100 online courses. The Virtual Training Institute (VTI) format, which converted in-person class curricula to a remote format, was launched in August 2020 with over 1,200

registrants for classes. NeighborWorks held one VTI in fiscal year 2025. Enrollees in the May event participated in over 1,800 online sessions throughout the VTI.

Throughout FY 2025 NeighborWorks America hosted several different types of virtual courses in addition to the VTI. These include:

- Self-guided, interactive computer-based courses, which are available all year for practitioners to complete at their own pace over a 60-day period. In FY 2025, 655 individuals enrolled in a total of 1,521 self-guided online virtual seats.
- Online faculty-led courses with sessions spaced over one to eight weeks. Each course accommodates multiple participants, which allows participants to discuss challenging subjects with their faculty and fellow learners. In FY 2025, 739 individuals enrolled in 918 faculty-led online course sessions. Interactive Webinar Training courses, which are live 90-minute faculty-facilitated online trainings to develop new skills or to learn the latest best practices. In FY 2025, 416 participants enrolled in interactive webinar courses, filling a total of 786 virtual seats, as many participants chose to enroll in multiple courses.

Courses that Result in Professional Credentials and/or Industry Certifications

To complement its courses and flexible learning modes, NeighborWorks administers professional certificates, micro credentials, and industry certifications. These offerings provide participants with a structured, comprehensive opportunity to develop in their professions while delivering greater impact to their organizations and communities. Upon completion of required coursework and testing, candidates can earn:

- Professional certificates and micro credentials in a variety of content areas
- Nine professional certifications are awarded through the NeighborWorks Center for Homeownership Education and Counseling (NCHCEC), which help qualify participants for HUD funding and approval. NCHCEC awarded 766 certificates in FY 2025

FY 2025 Results Summary: Professional Training and Certification

- NeighborWorks America awarded 16,055 professional training certificates of completion to affordable housing and community development practitioners. Training participants also represented more than 1,187 unique organizations.
- In FY 2025, more than 1,700 practitioners and leaders were newly reached through Virtual Training Institutes, in-person NeighborWorks Training Institutes, virtual group learning, and online learning courses.
- NeighborWorks received 18,201 total enrollments in its training and certification programs with demonstrated high satisfaction and loyalty from participants through a world-class Net Promoter Score of 84.9.

Internal Operations and Operational Excellence

As stewards of federal appropriations, NeighborWorks places a high priority on the efficiency and effectiveness of our internal operations and business model to enable delivery of our mission. The following sections report on internal operations improvements completed by NeighborWorks America in FY 2025.

Enterprise Risk Management

In FY 2025 NeighborWorks America made significant structural changes and improvements to its Enterprise Risk Management (ERM) Program while continuing to manage and mitigate ongoing risks. This included:

- Shifted responsibility for ERM from the *Office of the CFO* to the *Office of General Counsel*.
- Drafted and approved an *ERM Committee Charter* and an *ERM Framework* to guide the ERM process going forward, including guidance regarding risk criteria, identification, and mitigation response.
- Launched a communication and awareness campaign for staff with regard to ERM program updates.
- During the transition, an ERM Lead Team coordinated both the program improvements and managed identification and mitigation of ongoing risks presented to the corporation.

The updated ERM program was launched for FY 2026.

Staff Performance and Development

Performance Management Process

In FY 2025, NeighborWorks America concentrated its efforts on cost effectiveness and high performance by developing programs to reduce staffing costs, while improving the incentive structure for high-performing staff members. NeighborWorks America also focused on increasing employee accountability via employee education, feedback frequency, and multi-level touchpoints with management. The Corporation continues to reinforce performance and behavioral norms by providing an in-depth orientation for all new hires, as well as people manager and individual contributor training sessions. In FY 2025, the Human Resources Division continued to roll out three primary programs: 1) Total Performance Management (TPM) framework; 2) Leading@NW--a comprehensive training and development program aimed at assisting current and future organizational leaders, regardless of tenure as a people manager, to effectively lead at NeighborWorks; and 3) Talent360 (pilot), a succession planning model focused on identifying and further developing high potential employees at NeighborWorks.

Opportunities for Staff Development

In FY 2025, the Human Resources Division continued to evolve our staff development function with a major focus on increasing overall leadership capabilities for high potential employees who are poised

to assume leadership roles in the future. NeighborWorks America continues to focus on leadership effectiveness and accountability, leadership cohesion, cultural values and norms, and leadership communication. Throughout FY 2025, leaders were provided opportunities to learn and practice leadership competencies aimed at inspiring and effectively motivating individuals and teams toward the achievement of shared goals. NeighborWorks America believes that, by shaping a clear vision, cultivating a positive culture, building trust, and developing staff skills, it can encourage employees to drive collective achievement, organizational success, greater innovation, and sustainable high performance, while also developing the next generation of leaders and accomplishing the Corporation's mission. The development of a separate VP-plus performance track which focuses on people managers being evaluated on ten leader effectiveness competencies further cements NeighborWorks' commitment to cultivating a culture of excellence. In addition, NeighborWorks America's *Staff Training and Education Program* (STEP) offers staff the opportunity to access training, growth and developmental opportunities that meet specific learning goals through seminars, professional training courses, continuing education opportunities and professional (re) certification support.

IV. CLOSING

In 2025, NeighborWorks America faced the challenge of a national housing market marked by reduced homeownership, persistent affordability challenges, and sustained demand for rental housing. According to the *2025 State of the Nation's Housing* report by the Harvard Joint Center for Housing Studies, the U.S. homeownership rate declined for the first time in eight years, falling to 65.6 percent in 2024 and further to 65.1 percent in the first quarter of 2025. During the same period, annual homeownership growth dropped from 1.25 million households in 2023 to just 613,000 households in 2025. Elevated home prices and high mortgage rates continued to price middle- and low-income households out of the housing market. As fewer households could become homeowners, the renter population grew, absorbing much of the unmet housing demand.

The NeighborWorks System, with its focus on private-public partnerships and locally driven housing solutions, proved particularly resilient to these economic challenges. By the end of FY 2025, NeighborWorks America met or exceeded all but one of its annual performance goals. Network activities generated \$11.64 billion in total reported investment, the second-highest annual total in the history of the network. Additionally, NeighborWorks organizations created 17,572 new homeowners during the year, marking an 8 percent increase over 2024. To address rising rental demand, the network assisted more than 250,000 rental households and maintained a rental portfolio of 216,814 homes. In the fourth quarter alone, network organizations reported their strongest production of the year in every major housing category, including more than 5,000 new homeowners, 3,900 rental homes constructed or preserved, and 19,305 homes repaired. The NeighborWorks System, with its focus on private-public partnerships and locally driven housing solutions proved particularly resilient to current economic challenges.

NeighborWorks America achieved these results through targeted, strategic investment in its flagship network of nonprofit organizations, including \$94.8 million in total grant funding. NeighborWorks paired this financial investment with investments in the knowledge and skills of network organizations by providing technical assistance in priority areas such as manufactured housing, downpayment assistance, property inheritance solutions, and long-term affordability models. Meanwhile, its two affiliated capital corporations provided \$223 million in loans and equity for housing and community development projects across the country.

NeighborWorks America also strengthened community development capacity across its network. The Corporation supported locally driven initiatives to promote housing, public health, education, workforce development, and economic opportunity. Network organizations used NeighborWorks America's grants, training, and evaluation tools to build resident leadership, form cross-sector partnerships, and attract investment to historically under-resourced communities, including rural areas and Native Communities. These efforts helped communities design and carry out solutions grounded in local priorities.

To strengthen network sustainability, NeighborWorks invested in organizational resilience and workforce development. The Corporation delivered flexible funding, technical assistance, and peer-learning opportunities to improve financial and operational stability across network organizations. It launched pilot programs to build a talent pipeline in housing and community development, addressing long-term workforce shortages as senior professionals approach retirement. NeighborWorks America also expanded professional education, awarding more than 16,000 training certificates to practitioners and community leaders across all 50 states and Puerto Rico.

Internally, NeighborWorks America continued to strengthen corporate operations and accountability. The Corporation refreshed its organizational values, improved alignment across business units, and modernized core systems in procurement, risk management, and technology. It also expanded leadership development and performance management programs to support staff effectiveness and stewardship of federal resources.

After the successes and challenges of FY 2025, NeighborWorks America enters FY 2026 with shared strategic vision and a track record of sustained, proven results. By focusing on its core commitment to private-public partnerships, locally driven approaches, and national networks of scale, NeighborWorks America will continue to work to meet the country's pressing housing and community development needs until "every community in America is a place of opportunity."