

NeighborWorks®

AMERICA

Fiscal Year 2025

CONGRESSIONAL BUDGET JUSTIFICATION

Neighborhood Reinvestment Corporation
Doing business as NeighborWorks® America

March 11, 2024



FY 2025 CONGRESSIONAL BUDGET JUSTIFICATION

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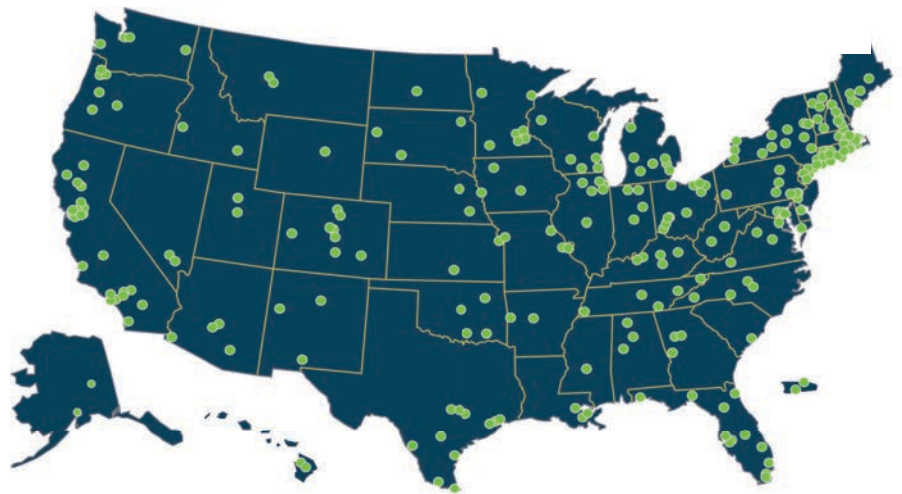
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NeighborWorks America's FY 2025 Congressional Budget Justification

NeighborWorks America, formally known as the Neighborhood Reinvestment Corporation, is a Congressionally chartered nonprofit dedicated to creating places of opportunity in communities across the country. For 45 years, NeighborWorks has been leveraging its national reach and expertise to build the technical skills and organizational capacity, supplement financial resources, and amplify the efforts of local and regional nonprofit organizations to improve their communities. From its position as an intermediary, NeighborWorks brings together partners from across the nonprofit, for-profit, and public sectors, acting as a bridge to achieve lasting results. NeighborWorks' flexible resources catalyze critical investments in communities, setting the stage for participation from additional partners and leveraging significant additional resources. Building on this strong foundation, in FY 2025, NeighborWorks will continue to create opportunities for people to live in affordable homes, improve their lives, and strengthen their communities.

NeighborWorks America 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 develop service-enriched rental housing to address affordable housing needs, spearhead community stabilization and engagement activities to revitalize neighborhoods affected by economic downturn or natural disasters, and work to rebuild pathways to improved credit, savings, and sustainable homeownership for low- to moderate-income families and families of color. NeighborWorks organizations also provide an array of other community-focused services related to health, education, and workforce development.

Across the country, families and communities are struggling in the face of historically unaffordable housing. High prices, combined with a rapid rise in interest rates, have pushed homeownership out of reach for many, while a tight rental market and increases in operating costs have pushed up rents. Whether through emergency rental assistance, housing counseling, or support for construction and operation of affordable rental housing, the federal government invests heavily in addressing these issues, and the NeighborWorks network is a key element of the delivery system that brings these resources into communities and puts them to work.



Demand for affordable housing, economic investment, financial counseling, and wide-ranging community and social services far outstrips availability. Recognizing this opportunity, NeighborWorks network organizations are eager to expand their service offerings and geographic footprint to address this unmet need, including in rural and Native lands. Throughout the organization's history, NeighborWorks America and its network organizations have worked tirelessly to expand their service areas and increase the efficiency and effectiveness with which they invest federal resources. Membership in the NeighborWorks network provides local organizations with the tools and support to attract and leverage private funding and develop additional fee-generating lines of business to promote overall organizational health and enable organizations to respond to changing needs in their communities. Over time, these efforts have led to tangible impacts, with each additional federal dollar yielding greater outcomes, as measured in households served, resources leveraged, affordable housing units created, and lives improved.

For FY 2025, the President’s budget requests \$168 million for the Neighborhood Reinvestment Corporation dba NeighborWorks America, a decrease of 1.2 percent from the FY 2023 enacted funding level of \$170 million, which included a \$4 million set-aside for a shared equity pilot program.

In addition to its broad-based focus on meeting the housing and community development needs of America’s communities, NeighborWorks would dedicate up to \$2 million towards efforts to [prevent](#) and address gender-based violence. Through its various training and technical assistance offerings, NeighborWorks would educate housing practitioners on application of the Violence Against Women Act (VAWA) to housing programs and the protections it provides to victims, as well as on trauma-informed practices for [housing](#) and [financial counseling](#). Across the country, NeighborWorks organizations engage with local partners to address root causes of violence, support families, and strengthen communities. Some also provide direct service to survivors of domestic violence through [emergency shelters](#) and other supportive services.

An Introduction to NeighborWorks America

NeighborWorks America supports the NeighborWorks network and the broader community development field through:

- **Grants:** In FY 2023, NeighborWorks awarded nearly \$102 million in core grant funding to network organizations. Using this flexible NeighborWorks capital as a catalyst, network organizations leverage additional sources of financing to multiply their local impact. In FY 2023, NeighborWorks’ network members reported \$9.95 billion of investment in their communities, securing \$59 of additional investment from other sources for every \$1 provided by Congress to NeighborWorks America.
- **Technical assistance:** NeighborWorks offers a comprehensive set of capacity building and peer exchange opportunities designed to help network organizations expand their work, pilot and replicate new approaches, establish new partnerships, and improve their performance. NeighborWorks’ skilled field staff are located throughout the country and serve as consultants, thought partners, and navigators, connecting each organization with a tailored suite of resources, opportunities, and expertise matched to their unique needs.
- **Professional Training and leadership development:** NeighborWorks America is the nation’s [leading trainer of community development and affordable housing professionals](#), awarding over 15,600 certificates in FY 2023. NeighborWorks recognizes the importance of creating enhanced access to professional education opportunities through multiple and varying delivery channels including our signature [NeighborWorks Training Institutes](#). In FY 2024-2025, NeighborWorks will develop a new platform to facilitate online learning and peer exchange while also investing in its curriculum and materials to ensure that courses are taught effectively, reflecting industry standards, best practices, and current regulations, trends, and innovations.
- **Organizational assessment:** NeighborWorks takes very seriously the responsibility of stewarding precious public resources. To ensure that network organizations remain operationally strong and financially healthy, NeighborWorks [conducts rigorous assessments](#) before an organization is formally accepted into the network and each year thereafter. In addition, NeighborWorks collects quarterly and annual data to measure collective accomplishments and help network organizations assess their operations and impacts.



These supports add tremendous value to both the network and the broader housing and community development field, raising the level of professionalism, increasing organizational capacity, and maximizing the impact of federal resources in communities across the country. In a 2023 survey, 98 percent of network organizations responded that they get significant value from NeighborWorks’ training offerings. Similarly, overwhelming majorities of the network indicated that convenings and peer exchange, networking, peer learning, programmatic supports, and organizational assessment that NeighborWorks provides to the network offer significant value to their organizations.



NeighborWorks' flexible grants provide important resources for network organizations, enhancing their ability to serve their communities and leverage significant investments in infrastructure, services, and capital from other sources. NeighborWorks resources strengthen network organizations' balance sheets and bolster their ability to deliver programs and services, often serving as a conduit to other federal, state, or local resources. NeighborWorks' support also ensures that communities have a reliable organization to turn to in times of great need, such as during the pandemic.

These grants serve as catalytic investments, enabling the early stages of a project to begin filling small gaps in project budgets, and allowing each organization to pursue tailored solutions to address community priorities. By serving as "first, flexible, or final" funding for a project, NeighborWorks resources distinguish themselves from other sources of financing, increasing their value and enhancing their impact. Combined with the training, technical assistance, and other services that NeighborWorks America offers to its network, NeighborWorks grantmaking is a powerful vehicle for investment of federal housing and community development resources.

In FY 2025, NeighborWorks America and its network would leverage a federal investment of \$168 million to:

- Increase the supply of much-needed affordable housing, growing the rental portfolio of the NeighborWorks network to 215,000 affordable units owned and/or managed;
- Equip lower-income households with the skills necessary for financial health and, in many cases, eventual homeownership, by increasing their financial capability, assisting in correcting and rebuilding credit, and providing housing counseling to 132,500 individuals;
- Support 17,000 new homebuyers, including many from underserved communities, through a suite of services including pre-purchase counseling, realty services, and financing of their home purchases;
- Promote community revitalization and economic development through our support for NeighborWorks organizations engaged in community stabilization efforts and comprehensive community development activities including supportive housing and services for victims of domestic violence;
- Provide training for the community development field, issuing 15,500 training certificates;
- Support stabilization and resilience in communities impacted by economic crisis through acquisition and redevelopment of abandoned or distressed properties coupled with housing and financial counseling to facilitate homeownership and affordable rental housing.

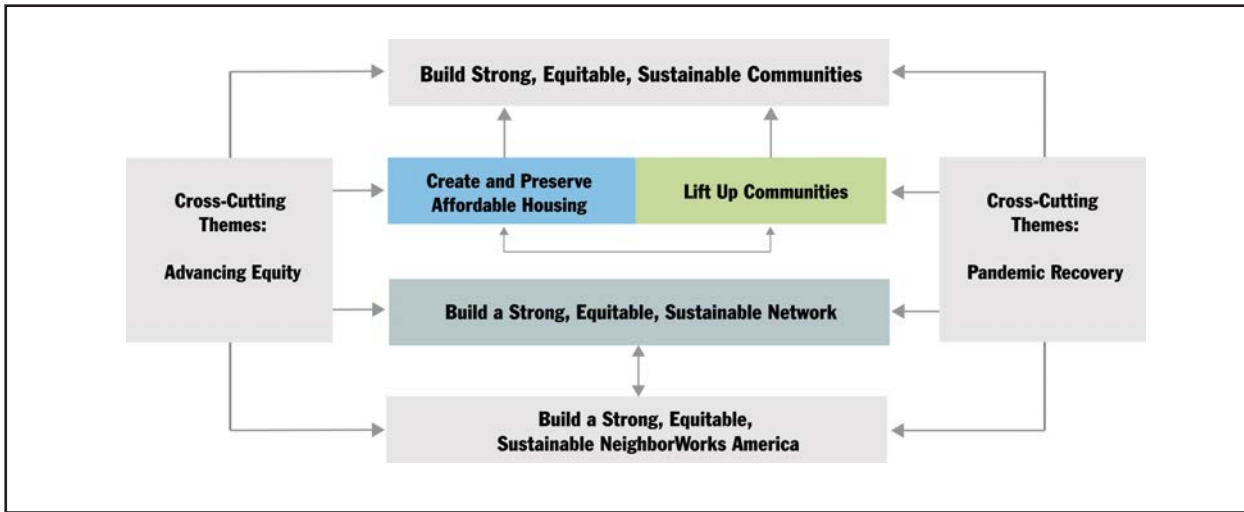
Meeting Community Needs

Since receiving its Congressional charter in 1978, NeighborWorks America has been working to strengthen and revitalize distressed urban, suburban, and rural communities. Much of this work is carried out through NeighborWorks' national network of community-based organizations, each of which is composed of community residents, private sector partners, and local government entities. In creating NeighborWorks America, Congress envisioned a highly flexible, non-bureaucratic laboratory – a place where “new ideas and approaches could be studied, refined, pilot-tested, and replicated.”

NeighborWorks pursues its mission of creating opportunities for people to live in affordable homes, improve their lives, and strengthen their communities through a strategic plan, which guides and connects all aspects of the organization's work. NeighborWorks' core values, including its commitment to accountability, stewardship, and transparency, anchor the work it does to advance the community development field and meet the affordable housing needs of individuals and families in communities across the country.

NeighborWorks' strategic plan goals are:

- **Create, preserve, and invest in affordable housing and wealth building;**
- **Foster stronger, more equitable communities;**
- **Strengthen the capacity and sustainability of the NeighborWorks network; and**
- **Strengthen a culture of accountability and belonging at NeighborWorks America.**



Create, Preserve, and Invest in Affordable Housing and Wealth Building

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

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

Homeownership Strategies

Assisting consumers to [purchase homes affordably and sustainably](#) - whether as a first-time home purchase or a returning buyer - has always been a key goal for NeighborWorks America. Despite the challenges of constrained supply, record-high prices, and elevated interest rates, NeighborWorks and the network continue to help families achieve their dreams and become homeowners. Homeownership can provide critical stability for families, individuals, and communities and, when appropriately structured, is a proven strategy for long-term wealth building.

**In FY 2025,
NeighborWorks
will create
17,000
homeowners.**

In 2020, white households - who account for 60 percent of the U.S. population - held 84 percent of total household wealth, while Black households - who account for 13.4 percent of the U.S. population - held just 4 percent of total household wealth. To [close this gap](#), NeighborWorks America and the network are taking an intentional approach to [dismantling barriers to homeownership](#). NeighborWorks network organizations have a proven track record of making sustainable homeownership a reality for populations that are not well served by the general market. Network organizations do this by building strong relationships with their communities and offering resources and services tailored to overcoming the barriers that have historically kept low-income and minority households from achieving their homeownership goals. Network organizations serve as trusted community resources, providing consumers with housing counseling, education, affordable loans, [shared equity mortgages](#), resident-owned manufactured housing, and financial capability services crucial for sustaining homeownership.

NeighborWorks supports the highest quality [homeownership education and counseling](#) by ensuring excellence in all NeighborWorks organizations' homeownership education and counseling programs through technical assistance, topical webinars, professional training, technology, and other new tools designed to streamline the work of housing counselors and allow them to focus on the specific needs of their customers. The [NeighborWorks Center for Homeownership Education and Counseling \(NCHEC\)](#) provides specialized certification and continuing education for housing and financial counseling practitioners and is the leading provider of HUD housing counselor certification training.

NeighborWorks has long recognized the importance of comprehensive homeownership strategies that help families not only attain, but also retain, their homes over the long term. Homeownership preservation takes many

**In FY 2025,
NeighborWorks
will repair
83,000 homes.**

forms, from counseling individual households struggling to keep up with their mortgage payments to saving a physical structure from deteriorating past the point of habitability. The NeighborWorks network assists struggling homeowners by providing post-purchase education, foreclosure mitigation counseling, assistance with refinancing, and reverse mortgage financing. To ensure counselors are equipped to serve distressed homeowners, NeighborWorks offers comprehensive education and NCHEC certification for foreclosure intervention and default counseling.

**In FY 2025,
NeighborWorks
will preserve
homeownership
for 13,000
families.**

Lending Support

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

NeighborWorks offers [specialized supports](#) for network organizations that engage in lending, particularly the 83 U.S. Department of the Treasury-designated Community Development Financial Institutions (CDFIs) in the network whose mission is to serve low- to moderate-income communities, as well as additional network organizations that are at various stages of exploring adding or expanding their lending lines of business.

Loans made by NeighborWorks network CDFIs have tremendous local impact. In FY 2023, network CDFIs made over 5,900 residential loans totaling \$280 million. In addition, NeighborWorks America organizations made \$1.6 billion in commercial loans, with 43% of the funding going to residential real estate development, leveraging \$1 billion in additional investment. A majority of network lenders utilize their CDFI designation to address residential lending gaps in their communities. NeighborWorks' CDFIs play a critical role in promoting homeownership by offering first and second mortgages, down payment assistance for homebuyers, and rehabilitation loans for owner-occupied properties, often with more flexible underwriting and terms than those available from traditional financial institutions. This unique ability to pair alternative credit measures with tailored financial products and

**In FY 2025,
NeighborWorks
will make
\$309 million in
residential
mortgage
loans.**



services allows CDFIs to cater to underserved communities, communities of color, and hard-to-reach rural places, creating wealth-building pathways where few previously existed.

As significant new certification requirements are implemented in FY 2024, NeighborWorks is supporting network organizations to navigate the recertification process. In FY 2025, NeighborWorks will continue to offer its signature Capacity Building Initiative, providing technical and strategic support and offering guidance and application review to organizations applying for Financial Assistance or Technical Assistance awards from the CDFI Fund.

Rental Housing Development and Asset Management

Over a third of the nation’s households live in rental housing, including a disproportionate share of young people, racial and ethnic minorities, and those with lower incomes. According to [research](#) from the Pew Research Center, about three-fifths of people in the lowest income quartile rent their homes, as do 87.6 percent of people with net worth in the lowest quartile.

However, according to [estimates](#) from the National Low Income Housing Coalition, the United States faces a shortage 3.4 million affordable rental homes.



NeighborWorks America continues to increase the supply of diverse affordable housing opportunities to meet the needs of communities nationwide by [creating and preserving quality affordable rental housing](#). NeighborWorks’ grants, training, and technical support assist NeighborWorks organizations to scale up their production, developing new housing to provide an ever-growing number of lower-income families with healthy, affordable rental homes in communities across the country.

NeighborWorks America provides network organizations with a strategic set of resources centered on four pillars of support for rental housing excellence - asset management, business practices, capital access, and resident services.

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

The NeighborWorks network is a significant player in the development and management of affordable rental housing. In FY 2023, the NeighborWorks network developed, acquired, and/or preserved 11,500 rental homes through investments totaling nearly \$2.6 billion, bringing the total network rental portfolio to nearly 204,600 units. FY 2023 was a particularly challenging year for development, as high interest rates, more stringent underwriting demands, shortages of labor and materials, and skyrocketing insurance costs made financing and completing real estate development projects even more challenging.

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

**In FY 2025,
NeighborWorks
will acquire,
preserve, or
develop 13,500
rental units.**





NeighborWorks America has positioned itself as a leader in the asset management field, providing the network with capacity building expertise in the form of [training clinics](#), technical consultation, trend and data analysis, critical business tools, and professional certification that promotes the long-term health and sustainability of the rental housing portfolio. NeighborWorks convenes network organizations and industry leaders to disseminate information, discuss trends, advance innovation, and promote best practices. NeighborWorks also promotes “double bottom line” [resident services strategies](#), which both improve lives and support the operational health and sustainability of rental properties, as well as strong rental housing counseling services.

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

In FY 2025, NeighborWorks will continue to provide specialized support to network real estate developers through the use of business tools including portfolio-wide data systems, production and pipeline management, active multi-year cash flow planning, and real estate business planning.

Financial Capability

NeighborWorks America is a widely-recognized [leader in the field of financial capability](#), providing industry-leading financial capability training and support to both network and non-network organizations. Financial capability is the capacity - based on knowledge, skills, and access - to manage financial resources prudently and effectively. NeighborWorks organizations provide a broad range of financial capability services, going far beyond traditional housing counseling to include innovations in financial education that serve to strengthen household and community financial health and wealth, as well as supporting the stability of affordable housing. Within the NeighborWorks network, financial capability programs provide any combination of 1) financial education, 2) long-term engagement strategies that provide encouragement and support through an ongoing relationship in a one-on-one setting to help participants practice and adhere to positive financial behaviors and reach their financial goals, and 3) access to financial products and services through referrals or direct provision. Financial capability is a hallmark service area for NeighborWorks, with network organizations reporting 11,600 customers served in FY 2023.

**In FY 2025,
NeighborWorks
will provide
financial
capability
services
to 17,500
individuals.**

In FY 2025, NeighborWorks will continue to invest in scaling up financial capability programming by focusing on structuring the replicability of financial capability services in rental housing and resident-owned communities, collecting more rigorous data to demonstrate impact at the individual, community, and property levels, and increasing professionalization of staff delivering financial capability services. Through these strategies, NeighborWorks is creating a roadmap of effective practice built around a multi-faceted approach to financial capability. This framework will provide an effective and flexible model that organizations can adopt and integrate into their service delivery without having to recreate programs from scratch, achieving scale and impact quickly, particularly in underserved and under-resourced communities.

Foster Stronger, More Equitable Communities

Creating healthy, vibrant, equitable communities requires comprehensive approaches that address the myriad economic, health, and housing stresses facing families and communities across the country. NeighborWorks America promotes community-driven initiatives that are responsive to local conditions and priorities, employing cross-sector strategies and capitalizing on local strengths to enhance quality of life. Network organizations employ comprehensive approaches that address an array of neighborhood revitalization issues, including access to housing, transportation, infrastructure, safe places for children to play, high-quality schools, healthy food, domestic violence prevention, and employment opportunities to help communities thrive.

The success of place-based community development efforts hinges not only on the strength of community development organizations and the quality of their services, but on their ability to engage and empower community residents and stakeholders to work toward a shared vision.

**In FY 2025,
NeighborWorks
will train 6,000
resident
leaders.**

Community stakeholders are best positioned to articulate local priorities, define a community's needs, and identify the most promising opportunities. Inclusive resident engagement is vital to ensuring the success and sustainability of community development initiatives and [resident leadership](#) is a cornerstone of NeighborWorks' approach to comprehensive community development. In FY 2025, NeighborWorks will remain committed to supporting the work of network organizations, residents, and community stakeholders through grants, training, investment, leadership programs, and data and evaluation tools.

Comprehensive Community Development

NeighborWorks [focuses on the physical, social, and economic vitality](#) of urban, suburban, and rural communities across the nation and offers a diverse portfolio of services tailored to support community-based organizations working to address their unique needs, including:

- Place-based community stabilization strategies aimed at restoring physical conditions, redeveloping abandoned or distressed properties, improving infrastructure, supporting economic vitality, and uplifting the image of communities;
- Engagement strategies that celebrate the diversity and strengths of communities and ensure investments reflect the priorities of residents, neighborhood businesses, and other key stakeholders;
- Investments in housing and community assets that improve the health, safety, and general well-being of residents;
- Systems-level strategies that bring together community stakeholders to address complex challenges; and
- Targeted focus to meet the needs of rural and underserved communities, including a growing focus on Native communities and rural areas confronting persistent poverty.



In FY 2023, 196 network organizations were engaged in multifaceted and cross-sector approaches aimed at improving lives and strengthening and revitalizing communities. For just over two thirds of these organizations, comprehensive community development is a fundamental orientation that guides their overall strategy.

NeighborWorks supports efforts to address the range of factors including housing, employment, income, and access to transportation and education, among others, that shape a person's length and quality of life. In a 2021 survey, nearly 70 percent of NeighborWorks network organizations reported implementing health strategies within their organizations. [NeighborWorks' Healthy Homes & Communities \(HHC\) initiative](#) recognizes that collaboration and coordination are critical for true system change and leverages these

interconnected systems to improve health and well-being by providing resources and facilitating partnerships to build the network’s capacity to create healthier places by working “upstream” to improve living conditions and address social inequities.



Many rural communities face complex challenges including entrenched poverty, substandard and insufficient housing stock, a lack of infrastructure and affordable housing, economic shifts, declining and aging populations, isolation, and the increased prevalence of natural disasters. [NeighborWorks’ Rural Initiative](#) promotes, supports, and enhances comprehensive rural community development through a combination of affordable housing, economic development, and other locally driven strategies that strengthen and revitalize rural communities.

NeighborWorks is also committed to [meeting the needs of Native communities](#) that have long faced unique and intractable housing and community development challenges. In recognition of the need for intentional focus and action around these issues, NeighborWorks provides technical assistance and grants to support Native people and communities through network organizations, including the four network affiliates that primarily serve Indian Country. NeighborWorks has also developed Native-specific training to support homeownership and economic development in Native communities, and acts as a thought leader and partner to federal agencies and regulators working to facilitate engagement and investment with Native communities.

Community Impact Evaluation

Evaluation is essential to assuring impactful, successful comprehensive community development. NeighborWorks supports outcome evaluation for the community development field through Success Measures, a fee-for-service social enterprise. To date, [Success Measures](#) has supported more than 1,000 community-based organizations and funders, including members of the NeighborWorks network, to evaluate a range of community revitalization initiatives and related community development outcomes through an integrated set of evaluation, capacity building, advisory, and technology services. The Success Measures participatory approach engages residents and other stakeholders in the evaluation process and equips them with the tools to document outcomes, measure impact, and inform change.

Strengthen the Capacity and Sustainability of the NeighborWorks Network

NeighborWorks America has long recognized the importance of investing in the capacity and sustainability of the NeighborWorks network, the major delivery channel through which NeighborWorks achieves its mission. Through a comprehensive package of supports that includes funding, capacity building, technical assistance and learning/collaboration opportunities, NeighborWorks builds the strength of individual network organizations as well as the bonds between them, leveraging the collective knowledge, expertise, and experience of network organizations to support one another as well as the field as a whole. In FY 2024, NeighborWorks will affiliate up to five additional organizations, with a focus on expanding the network to reach new geographies, invest in underserved markets, maintain a national service footprint, and continue to foster a dynamic and diverse network of excellence.

NeighborWorks leverages a comprehensive, data-informed suite of tools to develop, enhance, and monitor the health and sustainability of the network. Together with training and technical assistance, these tools promote the development and adoption of resilient business strategies, strong organizational leadership and management, and stable organizations. By capitalizing on a two-way flow of information, NeighborWorks assists network organizations to make data-supported decisions while also creating transparency and accountability.



Organizational Health Tracking System (OHTS)

A critical aspect of ensuring excellence in the network is NeighborWorks' commitment to assessing the financial health, organizational management, and performance of each NeighborWorks organization annually. The [assessment system](#) is designed to function as an early warning system to identify organizations facing challenges, triggering a process through which NeighborWorks provides tailored supports and resources for corrective actions to assist in their recovery and restore the health of the organization.

Following the assessment, NeighborWorks works with each organization to implement the improvements in business processes and organizational structure recommended through the assessment process, providing additional resources where necessary. However, in instances where these efforts fail to adequately reposition the organization, NeighborWorks can resort to disaffiliating the organization from the network.

To provide ongoing assessment of each network organization, NeighborWorks uses a system of on-site and off-site assessments. This Organizational Health Tracking System includes an annual review of independent audits submitted by each NeighborWorks organization for compliance and financial health; the collection, validation and evaluation of production and performance data; and periodic on-site reviews. In FY 2025, NeighborWorks will continue to use this information to assess risk factors, analyze capacity to mitigate risk, and make recommendations on how to increase organizational capacity and performance.



Business Intelligence Services and Fellowship

Through quarterly and annual surveys, NeighborWorks America collects and aggregates detailed client and service data from network organizations. These data serve not only to help NeighborWorks measure and understand the impacts of the network as a whole, but also as opportunities to provide insights back to individual organizations, using technical resources and expertise to create network-wide interactive tools that stakeholders can access to deepen their understanding of their work and the communities they serve. Network organizations employ these data to inform their strategies, identify opportunities, and tailor their programmatic offerings, as well as to communicate the impact of their work to their internal and external stakeholders.

In addition to offering network-wide business intelligence tools, NeighborWorks provides organizations with individualized services to visualize and understand impact through custom data products and guidance. Recognizing that each network organizations' research questions are unique to their circumstance and the communities they serve, NeighborWorks offers tailored in-house service to develop products [such as dashboards and map reports](#) to assist organizations with distinct data analytics for their reporting, strategic planning, program evaluation or development needs.



Sustainable Business Initiative

NeighborWorks promotes [innovations](#) that bolster network organizations' financial sustainability and self-sufficiency. Given fiscal pressures and competing demands on public resources, NeighborWorks has encouraged network organizations to adapt their business models by diversifying their lines of business and shifting towards earned income models in which program costs are supported, in part or in whole, by associated revenues. In many cases, shifting towards a social enterprise model has allowed NeighborWorks organizations to expand their impact to additional geographies or customers while becoming increasingly resilient in the face of swings in subsidy programs and funder priorities.

The 77 network organizations participating in SBI work to increase operational efficiencies, grow in production scale, and achieve greater sustainability through increased earned revenue, leading to lasting

impact in their communities. By developing strategies to increase their earned revenue generation through fees, organizations can reduce their reliance on philanthropic and grant funding, allowing greater independence, financial stability, and resilience.



NeighborWorks Compass™

The success of the Sustainable Business Initiative and the impact of the technology built to facilitate these business transformations led NeighborWorks to begin developing a new counseling management system for the network and for others in the housing industry. The tool went live in FY 2021, and the process of onboarding the NeighborWorks network and other housing counseling organizations to the new system began in phases, with new training resources and guidance for organizations as they convert and migrate data from their current platform to [NeighborWorks Compass](#).



In FY 2023, NeighborWorks began development of Compass 2.0, an enhanced release focused on improved user experience and seamless integration. The first ten organizations are being onboarded in early 2024, setting the stage for a more extensive onboarding effort aiming to bring approximately 375 organizations on board by 2026.

Additional tools and functionalities remain under development and will be integrated into the product when completed.

Professional Learning

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 staff and board members of nonprofits, housing finance agencies, public housing authorities, financial institutions, and various municipal and state agencies. Several dozen courses support practitioners in becoming proficient in key areas of counseling – including pre- and post-purchase, foreclosure prevention, rental and eviction prevention, trauma-informed practices, and financial capability – so that they are better able to achieve their HUD-required certification. NeighborWorks training addresses pressing community needs with a relevant, cutting-edge curriculum tailored to build the skills of community development practitioners nationwide.

In FY 2023, NeighborWorks embarked on a strategy of continued investment in the training catalogue, beginning with a comprehensive audit of all materials. As outdated materials are retired or updated and the catalogue is expanded to cover timely topics, NeighborWorks is also actively future-proofing, ensuring that all content is available both in-person and online. In addition, each course in the NeighborWorks catalog will be micro-credentialed and digitally badged to accelerate the ability of NeighborWorks professional learning to ladder into higher education certificate and degree programs nationwide to advance the community development profession.

Established in 1987, the [NeighborWorks Training Institute \(NTI\)](#), an intensive five-day “mobile university,” is the centerpiece of NeighborWorks’ training offerings. In FY 23, demand for in-person learning returned to pre-pandemic levels, with nearly 1500 participants at the NTI in San Francisco and over 1,750 at the NTI in Chicago, representing a 64% increase over the 2022 NTIs. These industry-leading training opportunities offer immersive learning experiences with some of the field’s preeminent instructors, engagement in peer-learning with business cohorts, and opportunities to network and connect with other practitioners working in communities across the country. Recognizing the important role that [virtual offerings](#) play in expanding access to training and has integrated, NeighborWorks has also developed a Virtual Training Institute model, as well as an array of additional hybrid and online learning delivery channels.



Strengthen a Culture of Accountability and Belonging at NeighborWorks America

To create a culture of accountability and belonging among its dedicated professional staff, NeighborWorks leans heavily on its core values of stewardship, accountability, integrity, inclusion, and collaboration. NeighborWorks is committed to institutionalizing equity and inclusion as part of the fabric of the organization’s culture, processes, and staff capacity across all levels of the organizations. Similarly, as NeighborWorks embraces a fully hybrid workplace, the organization is focused on ensuring accountability mechanisms are consistently ingrained across the organization to optimize performance.



Stewardship, Governance, and Oversight

NeighborWorks America creates value by using resources both efficiently and effectively while helping network organizations to do the same. NeighborWorks takes very seriously the responsibilities associated with stewarding public resources. This commitment is borne out through a continuous effort to remain compliant with all regulatory and contractual obligations, as well as through continued investment and improvements to information technology (IT) infrastructure, procurement processes, enterprise risk management, and internal financial controls. NeighborWorks is also undertaking a comprehensive review of internal policies and procedures and implementing enhanced staff training.

GAO Review

As part of the Consolidated Appropriations Act of 2022, Congress directed GAO to conduct an [audit](#) of NeighborWorks America. In June 2023, GAO released its audit report which provided ten recommendations to strengthen the organization by enhancing policies, procedures and internal controls related to procurement, whistleblowers, conflicts of interest, and audits, among others. NeighborWorks agreed with the findings and has made significant progress in implementing the recommendations by hiring a Senior Advisor to the CFO and standing up a Compliance Committee to shepherd the processes, protocols, and training being developed as part of the Corporation’s comprehensive corrective action plan. These efforts further enhance steps already taken in response to recommendations surfaced through the dialogue that took place during the audit. As work continues, NeighborWorks will demonstrate accountability by releasing periodic progress reports detailing the actions that have been taken to address the GAO’s recommendations.



Financial Oversight and Audits

NeighborWorks remains focused on promoting financial and management best practices to maximize the value of appropriated resources. As part of NeighborWorks’ continual efforts to ensure compliance with all financial and accounting requirements, NeighborWorks has modernized its financial systems and accounting systems.

For FY 2022, NeighborWorks received an unmodified “clean” opinion from BDO USA on its financial statements. In the compliance audit, the auditors identified procurement findings and issued a “qualified” opinion. The findings stated that NeighborWorks’ written internal procurement policies and procedures were not in conformity with the requirements identified in the Uniform Guidance procurement requirements for noncompetitive contracts and that inappropriate justifications for noncompetitive contracts were used. Management agreed with the findings and recommendations and is taking corrective action.

To ensure compliance with established financial and operational procedures, NeighborWorks America also employs a full-time Internal Auditor and staff whose responsibilities are similar to those

of an Inspector General in a federal agency. The Internal Auditor is responsible for a continual review of financial transactions, internal controls and monitoring adherence to established procedures. To ensure objective review of transactions and procedures, the Internal Auditor reports directly to NeighborWorks America's Board of Directors and works very closely with the Board's Audit Committee.

Procurement

In FY 2022, NeighborWorks invested in a new procurement management system. Additional build out and implementation to integrate necessary controls continued through FY 2023, along with a wholesale review of the organization's procurement policy. In FY 2024, per the GAO's recommendation, NeighborWorks is implementing automated controls and will undertake two quarterly reviews to audit their effectiveness. As part of the implementation of the new system, and in line with the recommendations from the GAO, staff received initial training, with additional training ongoing. As the organization completes the transition to the new procurement system, much greater transparency into procurement and contracting milestones will be achieved, including improved protocols for sole source procurement. Going forward, the focus will be on optimizing the new system, building out additional integrations with existing financial systems within the organization, and strengthening subject matter expertise among internal users and system administrators on the new procurement system.



Organizational Culture

By taking an intentional approach to strengthening organizational culture, NeighborWorks America is ensuring the organization is positioned to advance its mission. Like so many others, the organization has been impacted by the changes wrought by the pandemic, coupled with a new hybrid work model, workforce turnover and leadership transitions. Through an iterative, learning approach engaging staff at all levels of the corporation and augmented through outside expertise, NeighborWorks' culture will be developed around a vision that fosters innovation, collaboration, alignment and accountability that will allow the corporation to be nimble and better support the network.



Conclusion

Looking to FY 2025, NeighborWorks is focused on supporting strong, inclusive, and resilient communities for all Americans. NeighborWorks America provides a remarkable return on investment to the taxpayer, demonstrated through four and a half decades of leveraging tremendous public and private investment in rural, suburban, and urban communities across the country. NeighborWorks America works at scale, blending a nimble approach with deep expertise and programmatic support, allowing for swift responses to crises while maintaining support for critical community investments and tailored solutions. By deploying flexible resources, NeighborWorks delivers on its commitment to help Americans live in affordable, sustainable homes in healthy communities, while supporting over 53,200 jobs around the country.

In the face of an unprecedented shortage of housing stock, and high housing costs resulting in historically unaffordable housing, the nation needs to increase investment in new and renovated housing stock and infrastructure, particularly in low- to moderate-income communities. Investments in homes and communities will increase productivity and power economic growth at every level. But if equitable investments in affordable housing and community development are not prioritized, their absence will create an enormous drag on jobs and economic potential.

NeighborWorks America and its network are uniquely positioned to support a focus on affordable housing as we reinvest and prioritize equity and resilience in our nation's communities. NeighborWorks' strong grassroots organizations are made up of seasoned professionals with local housing expertise, deep respect from multi-sector and regional partners, and a national reputation for getting the maximum return on scarce federal dollars. For 45 years, NeighborWorks America has brought to bear its resources and expertise to support the efforts of local communities, and looking to the future, NeighborWorks' commitment remains unchanged.

NeighborWorks® America

How We Built Strong Communities in FY2023

NeighborWorks America creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities. Together with our network of nearly 250 local organizations, we build stronger communities in every state, the District of Columbia and Puerto Rico.

Creating Affordable Homes

12,000 Affordable homes preserved

204,600 Rental homes owned and/or managed

16,300 Homeowners created

82,500 Homes repaired

11,500 Quality, affordable rental homes developed preserved

Delivering Expertise

15,600 training certificates issued to affordable housing and community development practitioners

\$59:1
Direct investment per dollar of NeighborWorks America's federal appropriation

Investing in Communities

45,240 Jobs created and supported in communities across America

111,600 families and individuals provided with counseling on financial capability, pre-purchase, post-purchase or foreclosure issues



NeighborWorks America

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**NEIGHBORWORKS AMERICA
APPROPRIATED FUNDS
SOURCES AND USES OF FUNDS WITH PERCENT CHANGE
FY 2024 BUDGET COMPARED TO FY 2025 AT \$168M**

SOURCES OF FUNDS:	FY 2023 ACTUAL	FY 2024 at \$166M	FY 2025 at \$168M	FY25/FY24 CHANGE	
Federal Appropriation	\$ 166,000,000	\$ 166,000,000	\$ 168,000,000	\$ 2,000,000	1%
TOTAL SOURCES	\$ 166,000,000	\$ 166,000,000	\$ 168,000,000	\$ 2,000,000	1%
USES OF FUNDS:					
Operating Expenses					
Compensation	40,484,775	41,814,000	42,750,000	936,000	2%
Travel	1,250,486	1,538,000	1,250,000	(288,000)	-19%
Professional Services	8,954,571	11,448,000	9,600,000	(1,848,000)	-16%
Conferences & Workshops	1,859,474	2,358,000	2,000,000	(358,000)	-15%
Occupancy	3,143,983	3,500,000	3,750,000	250,000	7%
Other Operating	8,314,653	5,342,000	5,500,000	158,000	3%
TOTAL OPERATING	64,007,942	66,000,000	64,850,000	(1,150,000)	-2%
Grants					
Expendable	54,169,200	57,237,000	58,945,000	1,708,000	3%
Equity Capital/Capital Markets	44,606,000	38,165,000	39,305,000	1,140,000	3%
Training Grants	3,216,476	4,598,000	4,900,000	302,000	7%
TOTAL GRANTS	101,991,676	100,000,000	103,150,000	3,150,000	3%
TOTAL USES	\$ 166,000,000	\$ 166,000,000	\$ 168,000,000	\$ 2,000,000	1%
FTE					
	308	310	310		
Grants % of approp.	61.4%	60.2%	61.4%		
Exp/Cap Split					
% Exp	55%	55%	60%		
% Cap	45%	45%	40%		
	100%	100%	100%		

Note: As of time of submission, the FY 2024 appropriation is currently under continuing resolution (PL 118-15), which prorates the FY23 appropriation of \$166 million in core funds. For FY24 planning purposes, the business built its budget around those core levels. Additional appropriations for Shared Equity Housing and American Rescue Plan Act Programs are shown in separate schedules.

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

	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Budget	Total
Compensation	\$ -	\$ 49,000	\$ 155,000	\$ 58,000	\$ 262,000
Occupancy		6,000	-	12,000	18,000
Travel		-	1,000	17,000	18,000
Professional Services	-	-	7,000	142,000	149,000
Conferences & Workshops	-	-	6,000	-	6,000
Other Operating	-	-	4,000	12,000	16,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other Op	-	-	18,000	171,000	189,000
Sub-total Operating	-	55,000	173,000	241,000	469,000
Grants	-	1,268,000	136,000	127,000	1,531,000
Total	\$ -	\$ 1,323,000	\$ 309,000	\$ 368,000	\$ 2,000,000

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

**NEIGHBORWORKS AMERICA
 APPROPRIATED FUNDS
 SHARED EQUITY HOUSING MODELS SUPPLEMENTAL APPROPRIATION
 FY2022 - FY2025**

	FY22 Actuals	FY23 Actuals	FY24 Budget	FY25 Estimate	Total
Compensation	\$ -	\$ 3,000	\$ 215,000	\$ 211,000	\$ 429,000
Occupancy		-	12,000	12,000	24,000
Travel	-	-	22,000	22,000	44,000
Professional Services	-	-	63,000	62,000	125,000
Conferences & Workshops	-	-	-	-	-
Other Operating	-	-	2,000	1,000	3,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other Op	-	-	86,000	-	172,000
Sub-total Operating	-	3,000	314,000	308,000	625,000
Grants	1,000,000	1,100,000	125,000	150,000	2,375,000
Total	\$ 1,000,000	\$ 1,103,000	\$ 439,000	\$ 458,000	\$ 3,000,000

Note: In FY 2022, Congress provided NeighborWorks with a supplemental appropriation of \$3 million (PL 117-103) for a Shared Equity Housing Models program, available until FY 2025.

**NEIGHBORWORKS AMERICA
 APPROPRIATED FUNDS
 SHARED EQUITY HOUSING MODELS SUPPLEMENTAL APPROPRIATION
 FY2023 - FY2026**

	FY23 Actuals	FY24 Budget	FY25 Estimate	FY26 Estimate	Total
Compensation		\$ -	\$ 18,000	\$ 216,000	\$ 234,000
Occupancy		-	-	17,000	17,000
Travel		-	3,000	22,000	25,000
Professional Services	-	-	126,000	70,000	196,000
Conferences & Workshops	-	-	4,000	-	4,000
Other Operating	-	-	5,000	2,000	7,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other Op	-	-	138,000	94,000	232,000
Sub-total Operating	-	-	156,000	327,000	483,000
Grants	1,500,000	1,650,000	257,000	110,000	3,517,000
Total	\$ 1,500,000	\$ 1,650,000	\$ 413,000	\$ 437,000	\$ 4,000,000

Note: In FY 2023, Congress provided NeighborWorks with a supplemental appropriation of \$4 million (PL 117-328) for a Shared Equity Housing Models program, available until FY 2026.

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

	FY21 Actuals	FY22 Actuals	FY23 Actuals	FY24 Budget	FY25 Estimate	Total
Compensation	\$ 402,000	\$ 1,791,000	\$ 1,583,000	\$ 1,660,000	\$ 554,000	\$ 5,990,000
Occupancy	10,000	439,000	-	38,000	82,000	\$ 569,000
Travel	-	15,000	52,000	26,000	35,000	\$ 128,000
Professional Services	241,000	540,000	325,000	1,639,000	261,000	\$ 3,006,000
Conferences & Workshops	-	43,000	46,000	73,000	72,000	\$ 234,000
Other Operating	-	595,000	229,000	378,000	368,000	\$ 1,570,000
Sub-total Travel/Prof Svcs/Conf&Wk/Other O	<u>241,000</u>	<u>1,193,000</u>	<u>652,000</u>	<u>2,116,000</u>	<u>736,000</u>	<u>4,938,000</u>
Sub-total Operating	653,000	3,423,000	2,235,000	3,814,000	1,372,000	11,497,000
Grants						
Total	<u>-</u>	<u>39,044,000</u>	<u>32,003,000</u>	<u>17,456,000</u>	<u>-</u>	<u>88,503,000</u>
	\$ 653,000	\$ 42,467,000	\$ 34,238,000	\$ 21,270,000	\$ 1,372,000	\$ 100,000,000

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

FY 2025 Budget Justification Budget Narrative

The President's Budget for FY 2025 requests \$168 million in core funding for the Neighborhood Reinvestment Corporation, dba NeighborWorks America.

NeighborWorks America is an industry-leading community development organization responsive to the needs of low- and moderate-income Americans and communities. In addition to supporting nearly 250 local nonprofit housing and community development organizations which form the NeighborWorks network, NeighborWorks partners with the broader affordable housing and community development field.

The FY 2025 core request of \$168 million represents a 1 percent (or, \$2 million) increase compared to the current Continuing Resolution (PL 118-15) based on the FY 2023 enacted level at \$166 million in core appropriated funding. Included in this funding is up to \$2 million for training and technical assistance aimed at preventing and addressing gender-based violence. The FY 2023 appropriation also included \$4 million in multi-year funding for a shared equity housing models program, available until FY 2026. Similar funding is not included in the Administration's FY 2025 budget request. The budget tables include separate presentations for the existing multi-year shared equity housing models funding as well as a table for the Housing Stability Counseling Program created by the American Rescue Plan Act.

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

The NeighborWorks network provides crucial on-the-ground information about the needs and priorities of communities—as well as the nonprofits that serve them—to NeighborWorks America. The regular and frequent feedback NeighborWorks America receives from network organizations allows the corporation to respond quickly to emerging issues and trends through its programming and flexible grant resources. Through its programs and flexible grants, NeighborWorks America enables NeighborWorks organizations to tackle local challenges with local solutions.

In FY 2025 NeighborWorks America will continue to invest in technology tools and platforms as well as further leverage its existing resources to upgrade and modernize its internal and community-facing tools. NeighborWorks America will also concentrate on training NeighborWorks organizations and other community development practitioners to improve their business processes and strategies in order to be as effective as possible with their limited resources. NeighborWorks America will continue to deploy multi-year congressionally appropriated resources to provide support for shared equity models for affordable housing as well as to continue to disburse housing counseling funds authorized through the American Rescue Plan Act.

NeighborWorks America has a strong commitment to impact and results. In FY 2025, NeighborWorks America will continue its focus on NeighborWorks organizations' accountability and impact evaluation

through enhancement of its organizational assessment process. A group of NeighborWorks organizations will continue to use a common set of Success Measures indicators to measure impact in the communities they serve.

USES OF FUNDS:

Compensation:

The FY 2025 budget justification includes \$42.8 million for compensation, representing a 2 percent increase compared to FY 2024. This amount includes employee salary, health and dental insurance, life insurance, and employee retirement 401(k), the cost of statutory requirements as well as employee severance packages and career transition services. While the corporation is required to and does independently procure its benefits through the commercial market, the rising costs of health premiums often adds significant budgetary pressure to the overall cost of benefits. The increase is primarily driven by anticipated increases in annual medical insurance and other premiums, annual merit increases, and compliance costs such as workers compensation and payroll taxes. A modest increase to the compensation budget will help address the challenge of maintaining an adequate compensation structure that enables the Corporation to retain and recruit a highly skilled workforce.

Travel:

Travel for FY 2025 is \$1.3 million, representing a 19 percent decrease to the FY 2024 projected levels. This decrease will offset cost growth in other line items and remains below the \$1.7 million in pre-pandemic travel activity. While the Corporation has returned to normal travel levels to service the network with technical assistance and training opportunities, it still has tools to provide remote support to the network and industry that it can lean on as other fixed costs rise. The travel line item includes the costs associated with the delivery of on-site trainings and technical assistance by NeighborWorks to network and other organizations in the affordable housing and community development field. Travel also includes costs related to on-site organizational assessments of NeighborWorks organizations as well as other staff travel for corporate business operations.

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

Professional Services:

The FY 2025 budget justification includes \$9.6 million for professional services, representing a 16 percent (or, \$1.8 million) decrease to the FY 2024 projected levels. In FY 2025, professional services will include upgrades to technology infrastructure and development of technology platforms throughout NeighborWorks, including NeighborWorks Compass™, the Corporation's housing counseling software product; direct service consultants providing sophisticated on-site technical and management assistance to NeighborWorks organizations; skilled expertise in the development of strategic planning and response to emerging issues in the housing and local community development field; faculty for the Virtual Training Institutes (VTIs), NeighborWorks Training Institutes (NTIs) and placed-based trainings (PBTs); the development of surveys, tools, and reports; and professional services for comprehensive program reviews. The professional services budget also provides for the retention of several qualified consultants and other professional services to continue enhancing NeighborWorks America's compliance environment, making

targeted, strategic investments in its Internal Audit, Finance, and Procurement functions that build on progress achieved in FY 2023 and FY 2024.

Other contracted professional services provide ongoing operational support to the NeighborWorks infrastructure and corporate business applications for its approximately 350 geographically-dispersed employees (including those funded by non-appropriated sources), thousands of registrants for NeighborWorks training events, and an online community of over 20,000 users. In addition, some consultancies to support replacements and upgrades of several major technology systems are expected during FY 2025.

Conferences & Workshops:

Conferences and workshops include the direct cost of meetings, such as room rentals and other meeting spaces, as well as conferencing costs at the NTI and other in-person and hybrid training events.

This line item also includes the cost for staff development, such as professional conference and course registration fees. The budget includes \$2 million for FY 2025 – a 15 percent (or, \$358,000) decrease compared to the FY 2024 projected levels. These funds maintain continued—albeit limited—support for in person training activity.

Conferences and workshops also include those attended by staff for professional development. Beginning in FY 2023, NeighborWorks America (which is not a federal agency, but a Congressionally chartered nonprofit that receives a direct appropriation) started reporting education and training funding for our internal acquisition staff as federal agencies are required to do in OMB Circular A-11. Based on current positions, the staff development budget for these positions for FY 2025 is requested at \$22,500.

Occupancy:

The FY 2025 occupancy budget is \$3.8 million, a 7 percent (or \$250,000) increase to FY24 projected levels. This increase is attributed to the implementation of the new FASB ASC 842 lease accounting rules. This expense category includes payments for office leases and utilities. Despite basic lease escalations and increased operating costs related to existing leases, significant efficiencies are being achieved through office space consolidations and closures. NeighborWorks reduced its overall office footprint in FY 2023 by moving its headquarters to a smaller space and otherwise leveraging the success of its hybrid office structure. In addition, the Corporation plans to close its Atlanta field office in FY 2024 as staff for the Southern Region are assigned throughout the geographic area as opposed to a central office assignment. As other office lease renewals come due, management will continue to weigh the benefit of savings from an increasingly remote workforce against a physical footprint that allows for collaboration and the convening of network and industry events without exclusive reliance on rental space.

Other Operating:

Other operating costs include, but are not limited to, office and mobile phones, postage, printing, office supplies, equipment rentals, corporate insurance and banking fees, and other general operating costs. In addition, other operating costs cover the budget for software licenses and other investments related to infrastructure and technology upgrades intended to modernize the suite of tools and services provided

internally and to Network and industry organizations as they advance their missions of affordable housing and community development.

The budget justification includes \$5.5 million in FY 2025 which is a 3 percent (or \$158,000) increase from the FY 2024 projected levels. The funding maintains the business tools and technology needed to promote modernized, secure, and effective business operations.

Grants:

The grant component of the FY 2025 core appropriation is 61.4 percent, or \$ 103 million, representing a 2 percent increase compared to the FY 2024 projected levels. Appropriated grants are broadly categorized as one of the following three (3) grant types: 1) expendable grants, 2) equity capital grants, or 3) training grants.

Expendable grants assist NeighborWorks organizations in a variety of activities, including financial management, resource development, staff recruitment and retention, board development, and the expansion into new programmatic and geographic service areas. NeighborWorks organizations also use expendable grants to improve their financial management systems or modify and enhance financial management policies and procedures.

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

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

FY25 Proposed Performance Goals

	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Proposed	FY 2025 Justification
Federal core appropriation	\$166M	\$166M	\$172M	\$168M
<u>Affordable Housing and Community Development</u>				
1. New Homebuyers	18,775	16,269	18,000	17,000
2. Constructed, acquired, and preserved rental homes ^(A)	13,159	11,480	14,500	13,500
3. Homeowners preserved ^(B)	13,055	12,025	15,000	13,000
4. Rental portfolio - owned and/or managed ^(C)	204,916	204,563	225,000	215,000
5. Repaired units ^(D)	72,647	82,454	78,000	83,000
<u>Counseling and Education</u>				
1. Housing Counseling ^(E)	105,253	111,640	125,000	115,000
2. Financial Capability Counseling/Education ^(F)	10,846	11,602	11,000	17,500
Total housing and counseling services provided ^(G)	425,492	438,553	472,000	460,500
<u>Residential Lending (000s)</u>	\$355,648	\$308,695	\$340,000	\$309,000
<u>Total Investment (000s) ^(H)</u>	\$10,796,250	\$9,951,745	\$11,400,000	\$10,500,000
<u>Training</u>				
1. Number of professional training certificates earned ^(I)	10,895	15,568	15,000	15,500
2. Resident leaders trained	5,950	8,085	6,000	6,000
<u>Loan Capital (000s)</u>				
Capital provided by affiliated capital entities ^(I)	\$115,475	\$135,986	\$130,000	\$140,000

NOTES TO PERFORMANCE GOALS

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

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

(C) Rental portfolio (owned and/or managed) consists of units owned by NeighborWorks organizations and units that are managed but not owned by the NeighborWorks organizations.

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

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

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

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

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

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

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

NEIGHBORHOOD REINVESTMENT CORPORATION

Doing business as NeighborWorks® America

FY 2023 Annual Program Performance Report

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

February 2024

NEIGHBORHOOD REINVESTMENT CORPORATION
Doing Business as NeighborWorks® America
FY 2023 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, a public nonprofit organization, was chartered by Congress in the Housing and Community Development Amendments of 1978 (Public Law 95-557). NeighborWorks America was established to strengthen distressed urban, suburban, and rural communities through a formal national network of local community-based organizations working in partnership with community residents as well as private sector and local government entities – known collectively as the NeighborWorks network. In creating NeighborWorks America, Congress envisioned a highly flexible, non-bureaucratic laboratory – a place where *“new ideas and approaches could be studied, refined, pilot-tested, and replicated.”* Today, the NeighborWorks network consists of nearly 250 local and regional organizations serving all 50 states, Puerto Rico and the District of Columbia.

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

The NeighborWorks System

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

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

NeighborWorks America

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

Over the years, NeighborWorks America has developed a number of core competencies that continue to drive revitalization efforts nationwide and support its mission “to create opportunities for people to live in affordable homes, improve their lives, and strengthen their

communities.” These core competencies include homeownership and affordable rental programs, practitioner training and certification, consumer counseling and education, outcomes measurement and evaluation, and the training and empowerment of community residents.

NeighborWorks America’s founding vision is to “work to make 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.

The NeighborWorks Network

The NeighborWorks network is comprised of nearly 250 community-based, non-profit organizations located in all 50 states, Puerto Rico, and the District of Columbia. Each organization is unique and autonomous and defines how it can best serve the needs of its community. NeighborWorks 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.

Related Capital Corporations

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

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™. NC’s products provide flexible capital to create or preserve affordable single and multifamily properties and commercial projects. Products assist NeighborWorks organizations with pre-development costs; acquisition of land and buildings; construction, rehabilitation, and preservation of network-owned rental properties.

The NeighborWorks system is the only coordinated effort of its kind in the nation, bringing together significant public resources, national expertise, local organizations, and resident leadership. 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 neighborhood revitalization;
- Facilitates an environment conducive for benchmarking and disseminating best practices amongst peers in the field; and
- Creates a controlled environment for testing new products and approaches in the community development arena so that successful efforts can be replicated.

Results

For nearly 45 years, NeighborWorks has been an effective and efficient model for leveraging significant private-sector resources in support of community revitalization, affordable housing, and community development opportunities. In FY 2023 alone, the NeighborWorks system generated more than \$9.95 billion in total direct investment in communities across the United States. This investment provided housing and counseling services to 428,021 individuals and families, resulting in:

- 16,269 new homeowners;
- 11,480 rental homes developed and preserved;
- 12,025 homeowners preserved;
- 82,454 homes repaired;
- 204,563 rental homes owned and/or managed by NeighborWorks organizations; and
- 111,640 families and individuals received pre-purchase, post-purchase, or foreclosure counseling.

NeighborWorks' two related Capital Corporations provided \$136 million in lending to network organizations for housing and community development activities in FY 2023.

In addition, NeighborWorks America awarded 15,568 professional training certificates to practitioners and leaders from all 50 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's FY 2023 Performance Scorecard¹

GOAL	EXCEEDED	MET	DID NOT MEET
Direct 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	X		
Number of professional training certificates issued		X	
Capital provided by related capital corporations	X		

Total Direct Investment

Throughout FY 2023, the housing and community development sector faced two major challenges that limited NeighborWorks America, NeighborWorks Network Organizations, and their external partners' ability to generate additional total direct investment. The first of these challenges is reduced capital investment due high interest rates and increased cost. According to NeighborWorks' FY 2023 Capital Needs Survey, NeighborWorks organizations leverage debt capital for 44% of their funding needs. Additionally, NeighborWorks organizations source 35.9% of their funding from financial institutions. In FY 2023, the Federal Funds Rate reached its highest point in over 20 years, hitting 5.33% in July 2023. This has led to higher interest rates for capital, which along with increased operating costs, has made it more expensive for NeighborWorks organizations to generate investment in their communities. ^{2 3} This

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

² Harvard Joint Center for Housings Studies. (2023). *The State of the Nation's Housing 2023*. From https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf

³ Konrad, S. (2023, January 4). *Four Trends that Will Affect Nonprofits in 2023*. American Society of Association Executives. From

is further compounded by the fact that inflation and high interest rates have also decreased philanthropic giving, further hindering community investment.^{4 5}

The housing and community development sector also faces the challenge of adapting to the end of the COVID-19 pandemic. According to NeighborWorks FY 2023 Capital Needs Survey, NeighborWorks organizations utilize grant capital for 35.3% of their funding needs. With pandemic related grant programs coming to a close, NeighborWorks organizations, like many other nonprofits, have had to look for new funding sources to maintain and expand their existing programs and activities, even as operating costs continue to increase.^{6 7} This impacts investment in areas that have traditionally been more grant reliant, such as financial assistance, supportive services, and special community projects, all areas where NeighborWorks organizations saw a decrease in investment for 2023. It's expected that the drawdown in competitive grant funds, along with reductions in several block grant programs, will continue to impact community investment as nonprofit organizations and their partners adjust to the end of the public health emergency.⁸

Constructed, Acquired, and Preserved Rental Units

Economic volatility caused by high interest rates and increased inflation limited the number of constructed, acquired, and preserved rental units produced by NeighborWorks in FY 2023. The Harvard Joint Center for Housing reports that slow rent growth, increased operating costs, and high interest rates have slowed investor interest in financing new multifamily units.⁹ This especially affects LIHTC properties as increased construction costs and interest rates create budget gaps in the closing and completion of LIHTC deals.¹⁰ Construction is also impacted by lengthening construction delays. According to the National Association of Home Builders in 2023, average construction time for a multifamily building in 2022 reached a 12-year high of 19.8 months to build with the smallest 2-to-4 unit buildings taking an average of 18.7 months to build. Economic factors have also impacted single family rental units as the increased cost of building materials and high labor demand has impeded single family construction. The preservation and acquisition of existing rental units has also been

4 Giving USA, Indiana University, Lilly Family School of Philanthropy (2023, June 20). *Giving USA: Total U.S. charitable giving declined in 2022 to \$499.33 billion following two years of record generosity*. From https://philanthropy.iupui.edu/news-events/news/_news/2023/giving-usa-total-us-charitable-giving-declined-in-2022-to-49933-billion-following-two-years-of-record-generosity.html

5 BDO. (2023). *Nonprofit Standards: A Benchmarking Survey, Nonprofit Industry Overview*. From <https://insights.bdo.com/2023-Nonprofit-Benchmarking-Survey-Industry-Overview.html>

6 Ray, K. (2023). *The top five challenges for nonprofits in 2023*. Plante Moran Insights. From <https://www.plantemoran.com/explore-our-thinking/insight/2023/07/the-top-five-challenges-for-nonprofits-in-2023>

7 (BDO, 2023)

8 National Council of Nonprofits. (2023). *2023 Nonprofit Workforce Survey Results*. From <https://www.councilofnonprofits.org/files/media/documents/2023/2023-nonprofit-workforce-survey-results.pdf>

9 (JCHS, 2023. pp. 32 – 34)

10 Kimura, D. (2023, March 6). *How Will the LIHTC Market Respond to Deals Carrying Over into 2023?*. Affordable Housing Finance Magazine. From https://www.housingfinance.com/finance/how-will-the-lihtc-market-respond-to-deals-carrying-over-into-2023_o

impacted by high interest rates, which drive up acquisition costs, as well as by investors who bought a record high 28% share of all single-family homes in Q4 2022, limiting the number of homes available for affordable conversion.¹¹

Housing Preservation

High interest rates limited the ability of NeighborWorks America to meet its housing preservation goal in FY 2023. In July 2023, the Federal Funds Rate reached 5.33%, its highest point in over 20 years. The increased cost in capital subsequently raised national mortgage rates, which reached an average high of 7.38% in FY 2023.¹² High mortgage rates throughout 2023 significantly increased the cost for homeowners to refinance, or to use home equity loans for rehabilitation. The effect of increased mortgage rates can be seen by comparing NeighborWorks' housing preservation activities between FY 2022 to FY 2023. Notably, the number of refinance customers, who are most affected by high mortgage rates, decreased from 335 to 60, a decline of nearly 82%. Rehabilitation customers declined from 8,395 to 7,868, a 6.2% decrease. Meanwhile, the number of foreclosure mitigation counseling customers saw a marked increase. This indicates that high interest and mortgage rates likely had a significant impact on NeighborWorks housing preservation activities in FY 2023.

11 (JCHS, 2023. p. 13)

12 Freddie Mac. (2024, January 10). Mortgage Rates. From <https://www.freddiemac.com/pmms>

NeighborWorks America Performance Goals

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 GOAL	FY2023 ACTUAL	% of GOAL
Total Investment (\$000s)	\$9,304,962	\$16,827,278	\$10,796,250	\$11,000,000	\$9,951,745	90.5%
Total Housing Production:						
1. New Homebuyers	23,386	22,001	18,775	17,000	16,269	95.7%
2. Constructed, Acquired, and Preserved Rental Units	13,632	13,749	13,159	14,000	11,480	82.0%
3. Housing Preservation (Owner-occupied Rehab, Refinance, Other)	9,056	11,809	13,055	14,200	12,025	84.7%
4. Repaired units	76,169	79,090	72,647	76,000	82,454	108.5%
Rental Portfolio (units owned and/or managed)						
	179,856	195,726	204,916	214,000	204,563	95.6%
Individuals provided with pre- and post-purchase housing counseling	149,185	160,669	105,253	115,000	111,640	97.0%
Financial Capability	Not Applicable	Not Applicable	10,846	10,700	11,602	108.4%
Training						
Number of professional training certificates earned	18,030	23,049	10,895	15,000	15,568	103.8%
Equity Capital (\$000s)						
Capital provided by affiliated capital entities	\$104,057	\$133,446	\$115,475	\$130,000	\$135,986	104.6%

NeighborWorks America
Sources and Uses of Funds by Expense Category
FY 2023 Plan and Actual un-audited
Appropriated Funds
(Amounts in \$000's)

SOURCES OF FUNDS:	FY 2023 Plan²	FY 2023 Actual	Actual/Plan Variance	
			\$	%
Federal Appropriation	\$166,000	\$166,000	\$0	0%
USES OF FUNDS:				
OPERATING EXPENSES:				
Compensation	\$38,851	\$40,485	\$(1,634)	104.2%
Travel	1,402	1,252	150	89.3%
Professional Services	11,754	8,955	2,799	76.2%
Conferences and Workshops	2,204	1,859	345	84.3%
Occupancy	3,500	3,142	358	90%
Other Operating Costs	<u>8,290</u>	<u>8,315</u>	<u>(25)</u>	<u>100.3%</u>
<i>Total Operating Expenses</i>	66,000	64,009	1,991	97%
GRANTS:				
Expendable	57,435	54,169	3,266	94.3%
Equity Capital	38,231	44,606	(6,375)	117%
Training and Informing	<u>4,334</u>	<u>3,216</u>	<u>1,118</u>	<u>74.2%</u>
<i>Total Grants</i>	100,000	101,991	(1,991)	100.2%
TOTAL USES OF FUNDS	<u>\$ 163,000</u>	<u>\$ 166,000</u>	<u>\$ 0</u>	0%
<i>Grants % of Appropriation</i>	60.2%	61%		

13 These figures reflect the core federal appropriation only.

III. FY 2023 STRATEGIC PLAN GOALS AND PERFORMANCE RESULTS

In FY 2022, NeighborWorks embarked on a three-year strategic plan to guide the organization through FY 2024. In FY 2023, NeighborWorks America continued to advance its ongoing mission through pursuit of four specific strategic goals:

- **Goal 1: Create, preserve, and invest in affordable housing and wealth building**
- **Goal 2: Foster stronger, more equitable communities**
- **Goal 3: Strengthen the capacity and sustainability of the NeighborWorks network**
- **Goal 4: Strengthen a culture of accountability and belonging at NeighborWorks America**

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

Goal 1: Create, preserve, and invest in affordable housing and wealth building

NeighborWorks America knows that stable, affordable housing is a platform for financial wellbeing and provides a pathway to build wealth. Communities of color have historically been excluded from intergenerational wealth building opportunities through housing discrimination and structural barriers, disparities which are further exacerbated during periods of crisis. Creating pathways to wealth building through affordable rental housing and sustainable homeownership is fundamental to creating equitable opportunity.

Over the three years of the plan, NeighborWorks will increase access to capital and catalyze and amplify innovative solutions to create and preserve affordable housing in communities across the country. NeighborWorks will also focus on reducing barriers to wealth building in communities of color by supporting customer-centric approaches which anchor responsive services for individuals at each stage of the housing continuum. This includes offering programs that stabilize people at risk of homelessness and support them all the way through sustainable homeownership, if desired. Through new partnerships, expanded funding, and replicating successful housing solutions, NeighborWorks America will strengthen its investment in strategies that support housing stability and wealth creation.

National Homeownership and Lending Programs

NeighborWorks continues to focus on expanding opportunities for affordable and sustainable homeownership. As communities around the country experience low housing supply and high interest rates, moving people into homeownership is becoming increasingly challenging, especially for people of color. To support consumers in this challenging environment, NeighborWorks network organizations provide comprehensive pre- and post-purchase homeownership services that promote financial capability and prepare consumers to be sustainable homeowners. The suite of services offered by the

NeighborWorks network helps families not simply *attain* homeownership, but to also *maintain and manage* homeownership over the long term.

In FY 2023, NeighborWorks focused on deepening the reach of its network by identifying opportunities to serve more potential homeowners in challenging market conditions.

To advance wealth building and homeownership for people of color, NeighborWorks engaged in several key activities and initiatives. These include the Advancing Homeownership for People of Color (AHPOC) grant, which provides funding, training, and peer learning opportunities to NeighborWorks network members to assist them in implementing strategies that increase homeownership opportunities for people of color. In FY 2023, this grant supported a series of three peer learning webinars aimed at sharing best practices among the cohort organizations. Additionally, NeighborWorks held the “It Takes a Village: Achieving Black Wealth and Economic Prosperity” symposium that focused on innovative ways to improve wealth building for Black people at the San Francisco National Training Institute (NTI) on May 3rd. NeighborWorks also provided additional assistance through a collaboration with National Association of Latino Community Asset Builders (NALCAB) to identify and highlight promising financial coaching practices to reach Spanish speaking consumers. These efforts were put into action through a \$1 million grant to network members to identify and promote successful strategies for wealth building in their communities, which includes increasing pathways to homeownership.

NeighborWorks has administered the LIFT (Let’s Invest for Tomorrow) program since 2012. Over the last 12 years the LIFT program has provided down-payment assistance (DPA) to more than 25,000 borrowers, with an investment of nearly \$400 million by Wells Fargo. The program will be completed in FY 2024. NeighborWorks, in partnership with its network organizations, has developed a thorough report on lessons learned from the program that will inform future DPA programs.

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 move from a social service business model to a social enterprise business model while being agile and appropriately managing risk. Refined during a four-year pilot that started with homeownership services, the mainstreamed Sustainable Business Initiative focuses on helping NeighborWorks organizations implement the culture change and core business disciplines needed to operate a social enterprise at the organizational level, regardless of the types of services provided. Currently there are 77 NeighborWorks organizations participating in the initiative.

Across participating organizations, total earned revenue as a share of total revenue increased 8 points, to 63%, from FY 2022 to FY 2023. Earned revenue refers to revenue from customer fees, fee for service of customers or production-based grants where a household or service is produced. Total revenue

includes earned revenue, grant revenue and other revenue sources. From FY 2022 to FY 2023, a decrease in earned revenue was observed; however, operating expenses also saw a marked decrease, as organizations recovered from the pandemic. For FY 2023, all NeighborWorks SBI organizations achieved an earned revenue sustainability ratio (earned revenue to total expenses) of 65.4% and a sustainability ratio of 103.6% (total revenue to total expenses). This growth and stability demonstrate that SBI organizations are now more self-sustaining, as they rely more on earned revenue instead of grant funding.

Community Development Financial Institutions

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

In FY 2023, NeighborWorks launched new initiatives and strengthened existing programs to support CDFIs nationwide. This includes the CDFI Capacity Building Initiative (CBI) which commenced in 2023 Quarter 2. The Initiative attracted the participation of 85 lenders and culminated in a successful CDFI convening in Quarter 4 with over 140 attendees. NeighborWorks also expanded the CDFI Technical Assistance program to include the Capital Magnet Fund and to add support for emerging CDFIs.

HUD Housing Counseling

NeighborWorks continues to promote excellence in the housing counseling field and supports counselors across the country. In response to the 2016 HUD Housing Counselor Certification Final Rule, NeighborWorks created trainings, webinars, and other support for housing counselors in the network. In FY22, HUD awarded NeighborWorks with \$3 million for HUD's Comprehensive Housing Counseling grant, making NeighborWorks one of its top recipients. This award supported a total of 93 network organizations which allowed them to offer a projected 29,500 households with rental counseling to help them avoid eviction and maintain stable housing, with financial counseling services to help them pay down debt, with pre-purchase counseling to get them mortgage ready, and with post-purchase counseling to help them maintain affordable homeownership. NeighborWorks continues to recognize counselors who achieve certification and support those who have not yet taken or passed the exam through scholarships, trainings, resources and information sharing.

Housing Stability Counseling Program

In FY 2021 NeighborWorks received \$100 million through the American Rescue Plan Act of 2021 to design and administer a housing counseling program, making grant funds available to HUD-Approved Intermediaries, State Housing Finance Agencies, and NeighborWorks organizations for the provision of housing counseling services to minority and low-income populations. NeighborWorks America launched the Housing Stability Counseling Program (HSCP) in September 2021, awarding more than \$88 million to 131 organizations to provide foreclosure and eviction prevention counseling in communities nationwide. Since then, HSCP has served more than 82,000 households with housing counseling services. As of year-end FY 2023, HSCP had disbursed \$70.9 million in grants. All HSCP Grantees proposed to serve minority and low-income populations and to date 81% of the clients reported are low-income, 67% reported as minority and 88% of clients served are in neighborhoods having high concentrations of minority and low-income populations based on the targeted geography.

FY 2023 Results:

- Assisted 16,269 families to become new homeowners.
- Preserved homeownership for 12,025 families and individuals.
- Provided financial capability services to 11,602 individuals.
- Provided 111,640 families and individuals with pre-purchase and post-purchase housing counseling and foreclosure intervention counseling.
- Housing counselors and individual consumers purchased 6,704 copies of *Realizing the American Dream, Keeping the American Dream*, or the associated toolkits from NeighborWorks America to serve as a resource for pre-purchase and post-purchase homeowner counseling. The publications are available in 6 languages: English, Spanish, Cantonese, Mandarin, French, and Vietnamese.
- NeighborWorks Network CDFIs originated \$280.1 million in residential lending in FY 2023; and
- Network CDFIs originated over \$458 million in commercial lending, leveraging an additional \$1.1 billion in other community investment. 6 network CDFIs successfully competed for a total of over \$22 million in assistance from the CDFI Fund in the 2023 awards cycle to date.

National Real Estate Programs

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

High quality rental homes, affordable to lower-income Americans (especially those with incomes under--and often far under-- 60% of median family income) provide the foundation for successful lives

and healthy communities. The National Real Estate Program team provides resources and supports partnerships that are designed to improve the strength 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:

- 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 for families, individuals, elderly, and people with special needs; and
- Developing affordable and sustainable homes for 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 2023:

- NeighborWorks launched the **Single Family Production Capacity Building Grant**. 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 series of peer calls in which NeighborWorks staff and the entire network can participate. topics on the peer calls included network innovation in the areas of market affordability adaptations, modular building, construction workforce development strategies, New Market Tax Credits, and home rehabilitation business models were explored in FY 2023.
- In FY 2023, the National Real Estate Program team hosted its first two-day real estate convening since 2018. The convening, held in San Francisco, CA, included informative panels led by network members and industry professionals, neighborhood tours led by Bay Area network organizations, and other peer to peer engagement opportunities.
- 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 CHAM and Strength Matters annual conferences.

FY 2023 Results:

- Developed, acquired, or preserved 11,480 rental homes.
- 204,563 affordable rental homes owned and/or managed by NeighborWorks network organizations.
- 62% of all network organizations' rental portfolios were positively performing at the end of FY 2023 (i.e., covering operating costs, amortization and interest, and their reserve contribution). This reflects a decrease from 70% at the end of FY 2022 due to increased operating costs, lowered net operating income, 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 2023 the Capital Corporations lent NeighborWorks network organizations nearly \$136 million for real estate development activities, leveraging a total of over \$1.4 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 2023 support include expanding the CDFI capacity building initiative as well as new learning cohorts targeted to emerging lenders, rural lenders, and real estate developers seeking to attract health system investment. NeighborWorks also expanded efforts to facilitate new capital investment in the network through the development of new investor relationships that can meet the needs of mission lenders and affordable real estate developers in the NeighborWorks network. This includes conducting the first ever survey to assess capital needs and holding the inaugural Capital Convening to connect network members with investors at the August NTI in Chicago.

Goal 2: Foster stronger, more equitable communities

NeighborWorks America knows that comprehensive approaches are needed to address the complex, multifaceted issues facing communities. While housing is a critical anchor, comprehensive approaches are required to help communities recover from the pandemic and become more resilient in the future. Connecting housing to health, education, economic development, public safety, and workforce development initiatives through community-driven strategies that meet unique local needs and investing in the development and empowerment of local resident leaders to craft solutions to the challenges facing their communities, will lead to stronger, more equitable communities.

Over the three years of the strategic plan, NeighborWorks will deepen its support for comprehensive, place-based, and resident-led efforts with a focus on holistic, cross-sector approaches to advance equity and pandemic response efforts. NeighborWorks will partner with the network, residents, and community stakeholders to develop and implement local strategies aligned with a shared vision and framework for comprehensive community development and build capacity to attract and deploy resources. Under this goal, NeighborWorks will continue its commitment to inclusive resident engagement and leadership, which is central to creating and sustaining positive change. NeighborWorks will help equip organizations to work across sectors and connect their strategies to community-led plans. NeighborWorks will also support organizations to assess long-term change in their communities and elevate the story of positive impact in communities across the country.

Community Initiatives

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

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

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

NeighborWorks advances comprehensive community development as a core strategy for creating communities of opportunity. Under Goal 2 of the current 3-year strategic plan, NeighborWorks has been offering 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 resident leadership training curriculum, assistance in developing comprehensive, place-based plans, and support in evaluating longer-term, community-level outcomes. NeighborWorks has also provided grants to enable organizations to implement priority strategies that align with the community's vision. Other complementary resources offered by NeighborWorks America equip organizations to develop the skills of resident leaders, address the social determinants of health, forge cross-sector partnerships, and attract resources to rural communities. Key accomplishments to date under Goal 2 of the strategic plan include:

- Offered a series of comprehensive community development training workshops to 179 representatives from 68 NeighborWorks organizations.
- Awarded nearly \$3 million in supplemental funding to 39 network organizations to enable them to develop, launch and implement comprehensive, place-based plans.
- Hosted peer learning opportunities to facilitate connections and collaborative problem solving among organizations that are engaged in place-based and resident-led strategies, including organizations that are leading these efforts in rural communities.
- Onboarded 37 network organizations to participate in Phase 4 of the Community Impact Measurement Project, an effort to assist organizations in understanding change in their target communities.
- Implemented a multifaceted communication strategy to highlight NeighborWorks and the network's investment in comprehensive community development.

Shared Equity Housing

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 shared equity housing models to create long-term affordability, wealth building opportunities, and community stabilization.

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

Through this initiative, NeighborWorks America supports feasibility assessment, technical assistance, planning and implementation of shared equity housing programs. Since the SEH Initiative's inception in FY 2019, NeighborWorks America has provided \$6.73 million in seed funding to 48 NeighborWorks network organizations, facilitating 679 shared equity homes either completed or in the development pipeline. NeighborWorks also completed four evaluation process with extensive resident feedback to

assess outcomes related to health, social cohesion, and wealth building for shared equity homeowners, with three additional network organizations selected for evaluations slated for FY 2024.

In FY 2023, NeighborWorks offered another round of shared equity capacity building and production grants, which resulted in 15 awards, more than half of which went to network organizations that had not previously engaged with the SEH initiative. In addition to bolstering these models in the network, NeighborWorks has been supporting efforts in the broader shared equity field. This includes providing mentorship and training to a cohort of consultants to expand the availability of subject matter expertise and increase the number of technical assistance providers. NeighborWorks has also continued to offer training on shared equity models through the NeighborWorks Training Institute, Virtual Training Institute and Place-Based Trainings. Finally, in FY 2023, NeighborWorks released a publication, [*Advancing the Promise of Shared Equity Housing Models*](#), which documents the successes and lessons learned from the first three years of the SEH initiative.

Native American Partnerships and Strategy: NeighborWorks commitment to Native communities

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 called Akwe:kon (a Mohawk word meaning "All of Us"). Externally, the collaborative guides strategy, planning, and implementation in and around Native housing and community development topics across the network. This includes an effort to charter more Native and Native-serving organizations into the NeighborWorks network. Internally, Akwe:kon works to increase the cultural competency and understanding of NeighborWorks staff regarding the profound effects of U.S. policy on Native housing and community development.

NeighborWorks America currently supports three Native CDFIs 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.

In FY 2023, NeighborWorks provided 17 Native Partnership Grants totaling \$360,000 in investment. These grants support network organizations to build partnership programs with Native communities with the intention of increasing housing and homeownership opportunities. Some grantees pursue new relationships, while others deepen their impact through current programs and services. NeighborWorks also provided one Wealth Building grant of \$40,000 to help build Native housing in

Wyoming, resulting in a total investment of \$400,000 to 18 organizations to support Native communities.

In August 2023, NeighborWorks hosted a day-long Native Partnership Gathering, where network organizations shared their best practices and lessons learned from their partnerships with Native communities. Through a facilitated process, they identified challenges and explored solutions. A report outlining the lessons shared at the Native Partnership Gathering will be released in January 2024.

Measuring Community Impact

For 10 years, NeighborWorks has invested in an ongoing effort to demonstrate the impact of 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 3 major dimensions: social capital, physical conditions, and positive community perceptions. A meta-analysis conducted in FY 2018 to determine the extent to which the 128 participating organizations experienced a statistically significant positive change determined that 80% of participating organizations whose data met rigorous data review criteria demonstrated positive change in at least one dimension in the timeframe between baseline data collection in 2013 and follow up data collection in either 2016 or 2017. The project continues to support NeighborWorks organizations to collect data on 3-year cycles to measure change and progress in the selected communities. A fourth round of data collection and analysis is underway in FY 2023-2024 to provide the opportunity for additional analysis that is expected to be completed in FY 2025.

FY 2023 Results

- Trained 8,085 resident leaders.
- Provided service in 5,646 rural-designated census tracts.
- In total, NeighborWorks organizations generated more than \$9.95 billion in direct investment in their communities.

Goal 3: Strengthen the capacity and sustainability of the NeighborWorks network

The network is the major delivery system through which NeighborWorks America achieves its mission. By increasing the strength, capacity, and sustainability of the network, NeighborWorks will increase its impact and its ability to build strong communities, even during crisis. NeighborWorks America and the network were a critical source of housing and community services during the pandemic due to the scale, efficiency, and resilience of the network. NeighborWorks continues to strengthen sustainability and build capacity so that NeighborWorks organizations can continue to respond to challenges in the future.

To achieve this goal, NeighborWorks America will continue to increase the capacity and sustainability of the NeighborWorks network to build strong and resilient communities through enhanced levels of funding/investment, capacity building, technical assistance and learning/collaboration opportunities. NeighborWorks will support organizational resilience by ensuring network members have sufficient knowledge and resources to assess community needs, access the resources to deliver critical services, and are positioned to meet the next crisis, be it economic, disaster-related or another systemic calamity. In addition, NeighborWorks will work toward addressing long-term human resource capacity needs by piloting new ways to build a diverse talent pipeline as many community development professionals will be eligible for retirement over the next several years.

Organizational Assessment

NeighborWorks America supports each NeighborWorks organization's capacity to successfully manage programmatic risks and to ensure financial and organizational stability through organizational assessment. NeighborWorks evaluates all network members' health and performance, including an assessment of 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 a part of its organizational assessment process, NeighborWorks America conducts performance assessment and risk analysis for six major lines of business. These lines of business are the major programs, products and services provided by a NeighborWorks organization. An activity is a Line of Business only if the organization has a long-term commitment to it and has dedicated staff and revenues that support the activity. NeighborWorks America recognizes the following lines of business of member organizations:

- **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 resident leaders, facilitating community building events and activities, and supporting resident-driven groups and initiatives. Additionally, community building and engagement priorities should be clearly aligned to the overall mission and strategic plan of an organization.
- **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 2023, NeighborWorks organizational Assessment Division worked to further Strategic Plan Goal 3 in several areas. This included launching a financial sustainability scorecard to assist network organizations in monitoring their financial sustainability. This new dashboard is aligned with the performance objectives used for assessments, thus increasing transparency of the assessment

process. Efforts were also continued to improve the quality and usefulness of OAD assessment reports by collecting and implementing feedback from the organizations being assessed. 71% of organizations assessed in FY 2023 indicated that their assessment experience had improved from the previous one, with 26% indicating that they could not answer due to staff change. Network feedback is a critical component for continuous improvement in organizational assessments.

FY 2023 Results

- During FY 2023, NeighborWorks conducted annual audit analyses for all 247 NeighborWorks organizations; 76 full-scope, PROMPT on-site or virtual program reviews; and 74 off-site assessments for network members.
- 95% of network members assessed in 2023 indicated their review reports were clear, logical, accurate, and objective.

These review activities, in combination with audit analyses which are required for each grantee, ensure compliance with sub-recipient monitoring requirements and enable NeighborWorks America to assign health ratings to each network member. Further, the assessment process identifies areas for network members to improve their health and operations and to mitigate risk.

Professional Training and Peer Learning

Training

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 relies on these training resources to develop the skills of their own staff and to build the collective strength 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 three most recent post-course impact studies (conducted in FY 2023 with 640 participants) confirm the value and impact of NeighborWorks-sponsored training activities. Most participants (90%) indicated that the training they received was useful in building their skills and knowledge to better do their work 3-6 months later.

NeighborWorks' Training division works to address community needs by creating a relevant, forward-thinking curriculum that is tailored to build the skills of community development practitioners nationwide. In FY 2023, NeighborWorks awarded 15,568 certificates of completion to approximately

17,470 course enrollees. 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
- Community stabilization
- Communications and marketing
- Community building and resident engagement
- Economic development
- Organizational management
- CDFI management and lending
- Management, leadership and board governance
- Performance and impact measurement

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 2023, NeighborWorks America hosted two NTIs with an overarching theme of Advancing Equity for People of Color. The May NTI was hosted in San Francisco and included the symposium “It Takes a Village: Achieving Black Wealth and Economic Prosperity,” which brought in experts across the field to discuss innovative approaches to increasing homeownership and wealth building for Black Americans. The August NTI was hosted in Chicago and included the symposium “Climate Resilience: Fostering Wealth, Health and Sustainability in Communities of Color,” which included panels and keynotes on the connections between climate resilience and community development. The two NTIs welcomed around 2,770 unique attendees who enrolled in over 5,000 course selections.

For communities looking to bring focused training to a group of local/regional practitioners, residents, and other stakeholders, NeighborWorks offers “place-based” training. These highly customizable

training experiences bring NeighborWorks' faculty into regional venues to conduct trainings for 25 to 200 participants, offering one or more courses complete with materials and interactive activities. These place-based trainings, often conducted in partnership with the US Department of Housing and Urban Development, financial institutions, and other partners, serve an important role as a secondary 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 and resident leaders. The 2023 Community Leadership Institute took place in San Francisco in October with 500 attendees. The Executive Symposium for NeighborWorks network leaders was in Washington, DC in 2023 with approximately 300 attendees.

Online Training

Community development 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. In response to the COVID-19 pandemic, NeighborWorks expanded its catalogue of over 250 live courses to include more than 100 online courses. The new 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. Since its launch, the VTI has continued to expand even as additional in-person learning opportunities have opened. NeighborWorks held one VTI in fiscal year 2023. The February event attracted around 1,180 enrollees, who took 5,300 seats in courses, networking and peer learning activities during the event.

Throughout FY 2023 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 2023, 1,111 participants enrolled in a total of 2,291 self-guided online courses.
- Online faculty-led courses with sessions spaced over three to six weeks. Each course accommodates multiple participants, which allows participants to discuss challenging subjects with their faculty and fellow learners. In FY 2023, 506 participants enrolled in faculty-led online courses.
- 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 2023, 1,148 participants enrolled in interactive webinar courses, filling a total of 3,086 virtual seats, as many participants chose to enroll in multiple courses.

Professional Certificates and Certifications

To complement its courses and flexible learning modes, NeighborWorks administers professional certificates 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 in a variety of content areas
- One-week skill-building certifications
- Nine professional certifications awarded through the NeighborWorks Center for Homeownership Education and Counseling (NCHEC), which help qualify participants for HUD funding and approval. NCHEC awarded 1,205 certificates across every state, as well as the District of Columbia and Puerto Rico, in FY 2023

FY 2023 Results Summary

- NeighborWorks America awarded 15,568 professional training certificates of completion to affordable housing and community development practitioners from all 50 states and several territories. This represents a 43% increase in certificates from FY 2022. Training participants also represented more than 1,200 unique organizations. In FY 2023, more than 2,600 practitioners and leaders were newly reached through Virtual Training Institutes, in-person NeighborWorks Training Institutes, virtual place-based trainings, and online learning courses.
- NeighborWorks received 17,470 total enrollments in its training and certification programs and achieved a 94% positive satisfaction rate with event attendees.

Achieving Excellence and Excellence in Governance

NeighborWorks America also 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 a performance-based framework paired with governance principles and consistent coaching, each participating board defines their own success and measures effectiveness in the context of the organization and the community it serves.

FY 2023 Results

- The 11th Round of Achieving Excellence began in FY 2023 with 50 senior leaders of community serving nonprofits. This cohort will graduate in spring 2024 and another group of 50 high-performing senior leaders is expected to begin in late 2024.

- In August, Excellence in Governance hosted an in-person convening for network board members and CEOs in Chicago. Over 95 network participants spent two days sharing promising practices, creating strategies, and building relationships.
- In 2023, using learnings from ten years of the largely in-person Excellence in Governance program and utilizing advancements made in virtual learning during the pandemic, NeighborWorks redesigned Excellence in Governance as a hybrid, two-year certification program set to launch in August 2024.

Strengthening Organizational Resilience

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. Under Goal 3 of NeighborWorks' strategic plan, the corporation is strengthening the organizational resilience of the network by establishing a coordinated approach to help NeighborWorks organizations identify and address gaps in readiness and preparation, including training and support. As the foundation for this approach, NeighborWorks surveyed all 247 NeighborWorks organizations in FY 2022 and found that 97% of organizations were working to improve sustainability and capacity, 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 2023, NeighborWorks continued to strengthen organizational resilience amongst its network through a variety of activities. Notably, NeighborWorks raised \$18 million in outside funding to support programming, grants, and ancillary services for the network. Additionally, NeighborWorks held trainings on *Trauma Informed Leadership* and *Cybersecurity*. NeighborWorks' Field Operations staff also supported individual organizations with disaster resilience planning and assisted them on 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.

AmeriCorps VISTA (Volunteers in Service to America)

AmeriCorps VISTA is a federally funded national service program focused on fighting poverty. NeighborWorks America, in partnership with the Corporation for National and Community Service, sponsors one of the largest national VISTA programs in the United States. The NeighborWorks America VISTA program has had a powerful, sustainable impact on low-income communities. National service members play a vital role in enhancing the capacity of organizations by building infrastructure that strengthens programs.

In FY 2023, the AmeriCorps VISTA program, with a cohort of 27 members, achieved program goals serving 12 local NeighborWorks organizations in 12 states and Puerto Rico. NeighborWorks organizations consistently report that their VISTAs made significant contributions in the areas of housing, community stabilization, financial capabilities, resident engagement, and employment/workforce development services. Since the program's inception in July 2009, more than 1,000 AmeriCorps VISTAs have helped support their organizations' activities. Since 2009, NeighborWorks VISTA-supported organizations reported:

- Generating \$72,052,683 million in cash and in-kind resources;
- Improved financial fitness and asset-building capacity for 58,895 individuals in underserved communities;
- Recruiting 60,970 volunteers who provided 441,856 hours of service in their communities.

Goal 4: Strengthen a culture of accountability and belonging at NeighborWorks America

By living the values of stewardship, accountability, integrity, inclusion and collaboration, NeighborWorks America advances a culture that fosters belonging and deepens its impact. By institutionalizing its Race, Equity, Diversity, and Inclusion (REDI) work so it is part of NeighborWorks' fabric as an organization, not a separate initiative, is crucial to a strong organizational culture. NeighborWorks strives to ensure that its internal culture, processes, and staff capacity continually drive equity and inclusion in all that the corporation does.

Over the strategic plan period, NeighborWorks America is focusing on cultivating a culture of belonging by institutionalizing practices that advance diversity, equity, and inclusion across all levels of the organization. NeighborWorks is working to ensure its corporate practices are aligned with its strategy and values. NeighborWorks is also working to make its accountability mechanisms more consistent across the organization to optimize performance.

To achieve its mission and accomplish its specific strategic plan goals, NeighborWorks must ensure that its internal operations are efficient and effective and that it both manages risk and encourages innovation. NeighborWorks places a high priority on managing its internal operations to achieve maximum benefit for taxpayer funds. In FY 2023, NeighborWorks leveraged \$60 in additional investment for every \$1 of its core appropriation.

Administrative Expenses

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

Race, Equity, Diversity, and Inclusion

Advancing Race, Equity, Diversity, and Inclusion (REDI) is a corporate priority of NeighborWorks America and embedded within its current strategic plan. NeighborWorks seeks to build a culture around equity, inclusion, and belonging to make sure diverse voices and perspectives are present, acknowledged and valued to generate strategies and solutions to guide its work.

NeighborWorks' strategic focus on REDI supports the organization to grow its capacity and maximize diversity of thought by embedding equity and inclusion values in its policies, procedures, practices, and programs. By doing so, NeighborWorks America will be better positioned to meet the needs of the diverse communities NeighborWorks organizations serve.

Grounded in a 2022 equity assessment and stakeholder input, NeighborWorks' work in FY23 f was organized into five categories:

- **Strategy and Structure:** Revitalized infrastructure supports how NeighborWorks measures & drives REDI for increased transparency and access
- **Communication:** Colleagues are consistently and fully informed and aware of REDI opportunities and work
- **Engagement:** Increased sense of belonging
- **Training:** Colleagues are equipped with shared understanding of concepts, language, and tools to integrate into their daily work
- **Policy:** NeighborWorks America policies reflect REDI values

FY 2023 Results

- Developed and implemented several communication vehicles, including semi-weekly, REDI-focused staff convenings, REDI dashboard, and a newsletter informing staff and leadership on REDI related activities and perspectives.
- Increased REDI facilitators trained and engaged by 55%
- Developed REDI 5-year Strategic Plan based on equity assessment, adopted by Officers, and presented at the All Staff Meeting

Enterprise Risk Management

In FY 2023, NeighborWorks America continued implementation of its enterprise-wide risk management initiative. Four critical risk issues were identified, monitored, and managed during FY 2023: NeighborWorks Compass, technology infrastructure and governance, procurement, and talent acquisition and retention. Working groups were established to focus on each of these risk areas and quarterly updates were provided to senior leaders on key challenges, mitigation efforts, and progress.

FY 2023 Results

- **NeighborWorks Compass:** In April 2023, the Board approved a revised approach to accelerate development and implementation of the NW Compass state of the art client management system for the housing counseling and education field. The revised approach was predicated by the need to migrate the existing customers using the end-of-life existing solution called CounselorMax. The major change in the revised approach was the use of a product development outsourcing vendor which will allow NeighborWorks to leverage the expertise, skills, and best practices from a vendor with experience developing and implementing products.
- **Procurement System and Process Efficiency:** NeighborWorks America had significant turnover in the Procurement Division during a major policy update and the implementation of a new procurement system. Managing such concurrent change exposes the organization to the risk of extended procurement timelines and compliance failures. The organization has set as a goal to

have a procurement process that is simple, clear, dependable, predictable, efficient, and empowers teams to acquire the goods and services needed in fulfillment of NeighborWorks' mission.

With this goal in mind, during 2023, the Procurement Division backfilled all open positions, worked with IT&S to onboard two technical business analysts to refine procurement system configurations, established office hours for increased customer engagement, introduced streamlined processes for procurements below the NeighborWorks simplified acquisition, engaged procurement staff in operational efficiency training, reduced Procurement Action Lead Times (PALT) from 193 days to 35 days, and updated the NW Procurement Policy to address a compliance issue with regards to non-competitive procurements. What has been accomplished to date sets the stage for future efficiency gains in 2024.

- **Talent Acquisition and Retention:** Operating during the “Great Resignation” as a non-profit with statutory limits on compensation poses a risk to organizations like NeighborWorks America in attracting and retaining top talent. During FY 2023, NeighborWorks' Human Resources Division partnered with an external vendor to complete an organization-wide compensation study. NeighborWorks America addressed compensation study findings in a two-phased approach. In phase I, pay adjustments were made for staff whose pay fell below the minimum of their adjusted pay bands. Phase I also allowed NeighborWorks America to address pay equity concerns for staff members. Phase I adjustments were processed in the fall of 2023. Phase II adjustments (planned for FY 2024 in response to budgetary restraints) will allow the organization to place the pay of staff members in the appropriate quartile of their adjusted pay bands based on the staff member's experience, tenure and cumulative performance.

The division also revamped the performance management process to focus on more real-time performance feedback and more frequent performance discussions between managers and their direct reports. NeighborWorks America began development of a specialized performance management and leadership training for people managers set to launch in FY 2024, with the goal of improving organizational leadership competency. Lastly, an effort to provide annual total compensation statements to all employees was launched in FY 2023. The objective of providing compensation statements is to allow staff members to better understand the full value of benefits offered in addition to base compensation. During Q4 FY23, the voluntary attrition rate was 2.37%, materially lower than Q4 FY22 which was at 5.3%.

- **Technology:** In 2023, NeighborWorks America defined a four-year Information Technology Roadmap in which the top priority initiative was to modernize the overall information technology (IT) infrastructure. During the past year, NeighborWorks was able to complete the migration of our end-of-life (EOL) server and voice infrastructures to the cloud and identify and begin mitigating approximately 75 percent of the EOL applications to reduce NeighborWorks risk exposure to cyber security risk. Considerable progress has been made in modernizing NeighborWorks IT infrastructure in FY2023 and will carry over into FY2024.

Hybrid Workplace Transition

In FY 2023, NeighborWorks America completed its transition to a hybrid workplace environment which requires staff who have a hybrid classification to be in the office two days a week to support collaboration and staff engagement. To support this initiative, Human Resources conducted three hybrid workplace trainings, which achieved a 99% attendance rate. A hybrid pulse survey was also conducted to gauge staff's thoughts about how to improve and optimize the hybrid model. The results of this survey were shared with all staff. As a continuing effort, NeighborWorks has a Hybrid Evaluation Committee to monitor and assess the impact of the hybrid model on operations and staff engagement and make appropriate adjustments to optimize understanding and execution of our hybrid work environment.

Performance Management Process

In FY 2023, NeighborWorks America introduced a new performance management process that focuses on 1) creating a high-performing, values-centric culture; 2) recognizing and rewarding employees who perform and contribute at high levels 3) effectively addressing performance concerns, and 4) ensuring performance is measured consistently across the organization. The new performance management process will be adopted in FY 2024. HR held several training and information sessions for management and non-management staff to introduce the new performance management process.

Opportunities for Staff Development

In FY 2023, a cross-divisional working group led by Human Resources continued to focus on staff growth, development and volunteer opportunities. Leadership Learning Labs, a leadership series that launched in FY 2022, continues to provide mid-level managers opportunities to build leadership capabilities and to benefit from peer learning experiences. A second, 20-person cohort completed this series in FY 2023, in addition to the first 20-person cohort.

NeighborWorks also introduced a new learning and development experience for more junior staff called the DevelopMe Series. The DevelopMe Series consists of two tracks: the first track focuses on the developmental needs of more junior staff members who are early in their careers; the second track addresses the developmental needs of staff members who are more poised for leadership roles. A total of 35 employees participated in this series.

NeighborWorks University continues to bring full access learning to all staff at NeighborWorks with over 2,500 on-demand courses. FY 2023 marked the first year that NeighborWorks University was used for all-employee compliance training. Its usage has heightened our ability to monitor progress more effectively towards completion for individuals and divisions.

Closing

In FY 2023, NeighborWorks made significant progress in advancing the core mission and strategic goals, while navigating challenging market conditions and a post-pandemic recovery. NeighborWorks does so by investing for greater impact through innovative strategies, approaches, and ways of working. This includes expanding access to resources by replicating and scaling proven strategies.

In advancing its strategic goal to create, preserve, and invest in affordable housing and wealth building in communities across the country, NeighborWorks expanded grants, training, peer learning opportunities, and other programming to support sustainable homeownership. These efforts enabled organizations to provide important, comprehensive pre- and post-purchase homeownership services that promote financial capability. NeighborWorks also engaged in targeted strategies to advance wealth building and homeownership for people of color. These efforts were put into action through a \$1 million grant to network members to identify and promote successful strategies for wealth building in their communities, which includes increasing pathways to homeownership. On the Capital front, NeighborWorks implemented strategies targeted at increasing access to capital for the network, through a combination of partnership development with investors and the delivery of technical assistance. Additionally, NeighborWorks continued to advance innovative housing solutions through technical assistance, research, peer learning and grants in several focus areas such as manufactured housing innovations, shared equity, and for-sale housing development.

In support of its strategic goal to foster stronger, more equitable communities, NeighborWorks continued to advance comprehensive community development as a core strategy for creating communities of opportunity by supporting organizations at different stages of the comprehensive community development continuum. This support included grants, learning opportunities, evaluation, and other complementary resources to support organizations in training resident leaders, addressing the social determinants of health, forging cross-sector partnerships, and attracting resources to rural communities.

NeighborWorks also focused on its strategic goal of strengthening the capacity and sustainability of its network organizations, ensuring that they are resilient and able to serve their communities effectively, even during crisis. In FY23, NeighborWorks supported organizational resilience through a combination of enhanced levels of funding/investment, capacity building, technical assistance, and learning/collaboration opportunities. NeighborWorks also launched several pilot programs to build a diverse talent pipeline and address long-term human resource capacity challenges.

Internally, NeighborWorks implemented initiatives in FY23 to advance its final goal of building a culture of accountability and belonging. A key component of this culture effort included enhancing and operationalizing our Race, Equity, Diversity and Inclusion (REDI) values and strategies across NeighborWorks programs, policies and practices. Other notable culture-related efforts in FY23 include NeighborWorks America' transition to a hybrid workplace environment, as well as investing in staff and

talent management. NeighborWorks undertook several risk management and process efficiency/improvement projects in FY23, as the organization places a high priority on managing its internal operations to achieve the maximum benefit with its federal appropriation.

In the midst of intersecting crises impacting every community NeighborWorks serves, the sustained record of results, combined with prudent fiscal management and exceptional stewardship have positioned NeighborWorks for increased impact. The resilience of the NeighborWorks network has never been more evident as these organizations have nimbly risen to address the needs of their communities. As NeighborWorks enters the final year of its three-year strategic plan, it stands committed to its mission and its support of the NeighborWorks Network. NeighborWorks America and the network remain well-positioned to meet the current needs of our communities and respond to future challenges that may be on the horizon.