

Appendix A2.

**NEIGHBORWORKS AMERICA
FY 2010 PERFORMANCE PLAN**

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INTRODUCTION

This document is NeighborWorks America's FY 2010 Annual Performance Plan and has been prepared in accordance with the Government Performance and Results Act of 1993 (GPRA).

Created by Congress in 1978 as the original community/public/private partnership model, NeighborWorks America provides financial support, technical assistance and training for affordable housing and community-based revitalization efforts nationwide – to ensure communities become and remain vibrant, healthy places for families of modest means.

As part of its core activities (separate from its work in administering the National Foreclosure Mitigation Counseling program) the corporation supports more than 3,300 community development organizations across the United States, including the more than 235 community-based nonprofit organizations that comprise the NeighborWorks network, through professional training and certification, cutting-edge topical symposiums, development and promotion of industry standards, and provision of information and other services.

NeighborWorks America is a recognized leader in expanding affordable rental housing and homeownership opportunities, community stabilization, efficient and effective nonprofit management, community development training, and supporting foreclosure mitigation.

The corporation anticipated the current foreclosure crisis and created the NeighborWorks Center for Foreclosure Solutions five years ago, with support and engagement of many partners. From a national public service campaign with the Ad Council, which directs struggling homeowners to the Homeownership Preservation Foundation's "Homeowner's HOPE Hotline" (888-995-HOPE), to the network of trained foreclosure counselors in NeighborWorks organizations across the country, to administration of the National Foreclosure Mitigation Counseling program, NeighborWorks America has made a significant contribution to the national efforts to stem foreclosures.

As the economic crisis has deepened, NeighborWorks America, with support from the Board of Governors of the Federal Reserve, has also devoted more effort to community stabilization strategies. The corporation launched the StableCommunities.org web site, hosted convenings, and is developing new training courses and materials to help communities tackle the post-foreclosure challenges of vacant and REO (real estate owned by banks) properties. Further, NeighborWorks has partnered with Enterprise Community Partners, the Housing Partnership Network, and the Local Initiatives Support Corporation to create the National Community Stabilization Trust. The Trust serves as a facility for the transfer of vacant and abandoned REO properties from financial institutions to local housing providers, returning the properties to productive use in communities across the country.

The corporation has stepped up its efforts on foreclosure mitigation and community stabilization due to the magnitude of the crisis, while working hard to ensure that it did not diminish its capacity in other areas essential to its mission. The corporation continues to work to increase the availability of and access to high-quality rental homes. The corporation continues to provide the highest quality professional development and skill-building training to community development practitioners across the country, and promotes the highest standards of practice and professionalism. Further, NeighborWorks America has launched a campaign to advance environmental responsibility and energy efficiency across the community development industry and bring more of these benefits to low- and moderate-income families through training, identification and dissemination of best practices, technical assistance and provision of targeted grants.

NeighborWorks America provides grants, programmatic support, training scholarships, access to a specialized secondary mortgage market, organizational assessment/evaluation and other programmatic support services to the NeighborWorks network and the broader community development field.

NEIGHBORWORKS AMERICA'S MISSION

NeighborWorks America was created under Title VI of the Housing and Community Development Amendments of 1978, P.L. 95-557, to implement and expand the demonstration activities of the Urban Reinvestment Task Force. The principal purpose of the Corporation is to revitalize neighborhoods by mobilizing public, private, and community resources at the neighborhood level. The law, as amended, states in Section 606(a) that:

- (1) The Corporation shall continue the work of the Urban Reinvestment Task Force in establishing Neighborhood Housing Services programs in neighborhoods throughout the United States, monitoring their progress and providing them with grants and technical services.
- (2) The Corporation shall continue the work of the Urban Reinvestment Task Force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.
- (3) The Corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success and, after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States, which in the judgment of the Corporation can benefit there from, by providing assistance in organizing programs, providing grants to expand its national loan purchase pool and may contract out for services which can be performed more efficiently or effectively than by the Corporation.
- (4) The Corporation shall continue the work of the Urban Reinvestment Task Force in supporting Neighborhood Housing Services of America, Inc. (NHTA), a nonprofit corporation established to provide services to local neighborhood housing services programs, with support that may include technical assistance and grants to expand its national loan purchase pool or to provide other services.

In the 1990 National Affordable Housing Act, the Corporation's funds were authorized for these purposes:

- (a) To expand the national neighborhood housing service network (now known as the NeighborWorks network) and to assist network capacity development, including expansion of rental housing resources.
- (b) To expand the loan purchase capacity of the NeighborWorks secondary market operated by Neighborhood Housing Services of America.
- (c) To make grants to provide incentives to extend low-income housing use in connection with properties subject to prepayment pursuant to the Low-Income Housing Preservation and Resident Ownership Act of 1990.
- (d) To increase the resources available to the NeighborWorks organizations for the purchase of multifamily and single-family properties owned by the Secretary of Housing and Urban Development (HUD) for rehabilitation (if necessary) and sale to low- and moderate-income families.
- (e) To provide matching capital grants, operating subsidies, and technical services to mutual housing associations for the development, acquisition, and rehabilitation of multifamily and single-family properties (including properties owned by the Secretary of HUD) to ensure affordability by low- and moderate-income families.

In accordance with its enabling legislation, the Corporation is under the direction of a board of directors comprised of:

- The Secretary of Housing and Urban Development;
- A member of the Board of Governors of the Federal Reserve System;
- A Director of the Federal Deposit Insurance Corporation;
- The Comptroller of the Currency;
- The Chairman or a member of the board of the National Credit Union Administration; and
- The Director of the Office of Thrift Supervision (as successor to the Chairman, Federal Home Loan Bank Board, Pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989).

FY 2010 BUDGET ASSUMPTIONS

This FY 2010 Budget Submission of the Neighborhood Reinvestment Corporation (doing business as NeighborWorks America) outlines proposed activities based on a \$166.8 million federal appropriation.

This amount reflects:

- A base budget of \$133 million, to continue to provide financial and programmatic support, including promoting energy efficiency and environmental sustainability, to affiliated NeighborWorks organizations and the broader community development field in a very challenging environment, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 801-8108); and
- \$33.8 million, to continue the National Foreclosure Mitigation Counseling program, in response to what is projected to be a continuing foreclosure problem in 2010.

NeighborWorks America anticipates that this funding will be awarded to HUD-approved counseling intermediaries, state housing finance agencies and local NeighborWorks organizations serving areas of greatest need, in accordance with conditions similar to those contained in the original National Foreclosure Mitigation Counseling program legislation (Consolidated Appropriations Act of 2008 – H.R. 2764 – Public Law 110-161).

Conditioned upon final legislative language, NeighborWorks America anticipates using:

- Up to \$3 million of this amount to build the mortgage foreclosure and default mitigation counseling capacity of counseling intermediaries through NeighborWorks training courses with HUD-approved counseling intermediaries and their partners; and
- Up to 4 percent of this amount for associated administrative expenses for NeighborWorks America to carry out the responsibilities involved in administering the National Foreclosure Mitigation Counseling program.

Note: In addition to the \$33.8 million to continue the National Foreclosure Mitigation Counseling program, NeighborWorks America plans to provide additional financial and programmatic support to local NeighborWorks organizations addressing the foreclosure problem through foreclosure mitigation counseling and the rehabilitation of vacant/foreclosed properties in communities across America.

Measured values are validated through various means. Each year, the Corporation seeks to receive an unqualified financial audit in accordance with generally accepted accounting principles and OMB circulars. Each audit received from every NeighborWorks organization is reviewed to verify compliance with the organization's charter with NeighborWorks America and the terms of grant agreements. Quarterly,

members of the NeighborWorks network report housing production data to the Corporation's research team, which compiles and randomly tests the data. In addition, the Corporation conducts organizational assessments, which evaluate the health of each organization, measuring production, efficiency, management and other key areas.

FY 2010 PERFORMANCE GOALS - \$166.8 MILLION APPROPRIATION

A \$166.8 million appropriation in FY 2010 will allow NeighborWorks America and its affiliates to:

- Generate \$2.6 billion in direct investment in distressed communities, help more than 231,000 families of modest means purchase, improve or preserve their homes, secure or remain in safe, decent rental housing, and help in the efforts to stabilize hundreds of communities so that they remain strong, safe and vital places for families to call home;
- Continue to orchestrate the response of the NeighborWorks system to the devastating impacts of foreclosure by providing direct assistance to thousands of families and reaching millions of Americans through public awareness, outreach, coalitions and training;
- Provide sustainable homeownership opportunities to 14,000 families of modest means, while assisting 100,000 families to make good homeownership choices through high quality counseling and education;
- Create or preserve 5,500 additional affordable rental opportunities while maintaining quality rental housing for more than 76,000 households;
- Continue to provide high-quality technical assistance, grant support and other services to more than 235 affiliated community-based NeighborWorks organizations serving more than 4,500 communities across the country;
- Improve the quality of housing and community development programs across the nation by providing 17,000 training certificates to practitioners.

The following pages presents a summary of NeighborWorks America's FY 2010 performance plan for each of its major functional activities:

1. Providing Affordable Housing and Community Development services and Equity Capital
 2. Organizational Assessment
 3. Training and Informing
 4. Loan Capital and Secondary Market
 5. Administration
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PERFORMANCE GOAL #1:

Affordable Housing and Community Development Services/Equity Capital

NeighborWorks America will provide affordable housing and community development services and equity capital to NeighborWorks organizations so that they can respond efficiently to the revitalization needs of their communities.

NeighborWorks America will support NeighborWorks organizations in their use of equity capital to preserve and expand affordable housing for lower-income families in ways that revitalize neighborhoods, regenerate active market processes and strengthen the communities' tax base. This function includes enhancing and increasing the use of NeighborWorks revolving loan funds through consulting services.

FY 2010 Performance Goals:

- NeighborWorks America will assist over 231,000 families or individuals with affordable housing and counseling including:
 - 14,000 new homebuyers;
 - 16,000 housing units preserved (single-family rehab and refinances) and other units,
 - 23,000 repaired units,
 - 76,000 multi-family rental – Units owned
 - 2,500 multi-family rental – Units managed, not owned
 - 100,000 individuals and families provided with home-ownership counseling.

In addition, NeighborWorks America will:

- Help NeighborWorks organizations to build local revolving loan fund investments to reach \$151 million;
- Generate total direct investments from the local private-sector and other resources of over \$2.4 billion;
- Target and track NeighborWorks impact at the community level by ensuring that ninety five percent (90%) of the NeighborWorks network will have specific community impact goals in their organizational underwriting business plans and sixty percent (55%) will demonstrate measurable progress against those goals.

FY 2010 PERFORMANCE GOAL #2:

Organizational Assessment

NeighborWorks America will improve the proactive, program-monitoring process that measures the health of individual NeighborWorks organizations and the network as a whole. The program review process verifies compliance with contracts and chartering standards of NeighborWorks America, Neighborhood Housing Services of America, and other parties.

FY 2010 Performance Goals:

NeighborWorks America will continue to refine tools and procedures that are part of the Organizational Health Tracking System to reliably assess the level of risk facing each member of the NeighborWorks network and Neighborhood Housing Services of America. Each network organization is accorded a rank of strong, vulnerable, or exemplary based on detailed criteria that relate directly to on and off site program and audit reviews. The goal is to increase the percentage of organizations with organizational health improvements.

In FY 2010, the percent of organizations with overall improvement in organizational health is expected to reach 15 percent of the NeighborWorks network, as seen in organizational assessment reviews of P.R.O.M.P.T categories (Planning; Resource Management; Organizational Management and Oversight; Management; Production and Program Services; Technical Operations).

FY 2010 PERFORMANCE GOAL #3:

Training and Informing

NeighborWorks America will increase the impact of NeighborWorks organizations and the broader community development industry through the provision of high quality training, information and research.

FY 2010 Performance Goals:

- 17,000 professional community-development and housing-training certificates will be earned by practitioners from over 3,300 organizations and municipalities around the country at NeighborWorks Training Institutes, place based trainings, and through e-learning in the following technical program tracks: Home Ownership and Community Lending; Home-Ownership Education and Counseling; Construction, Production, Real Estate and Housing Management; Nonprofit Management and Leadership; Community Economic Development, Community Neighborhood Revitalization and Community Building.
- The Corporation will continue its print and electronic publishing services that provide useful information to affordable housing and community development professionals throughout America, both within the NeighborWorks network and beyond. The Corporation will continue to strengthen the content and utility of its Web site (<http://www.nw.org>) in order to increase peer-to-peer information sharing and serve the need for current data on cutting-edge practices, procedure and methods for community-based development.

PERFORMANCE GOAL #4:

Loan Capital and Secondary Market

NeighborWorks America provides operating and capital grants for development financing entities serving the NeighborWorks network.

FY 2010 Performance Goals:

- In FY 2010, \$50 million in affordable housing loans will be purchased by the secondary market.
- \$40 million in capital will be provided by affiliated capital entities.

ADMINISTRATION

NeighborWorks America will achieve maximum benefit for taxpayer funds in accordance with the law through effective and efficient management.

FY 2010 Performance Goals:

- NeighborWorks America will manage and promote the organization in accordance with legislative mandates and prudent fiscal practices.
- NeighborWorks America will receive an annual unqualified external audit by certified public accountants with no major issues raised.
- NeighborWorks America will implement and maintain a quality staff-development component for all NeighborWorks America staff members, providing them with the skills and tools needed to deliver high quality and strategic services to the members of the NeighborWorks network and the broader community development field.

- **CONCLUSION**

The NeighborWorks System is an extraordinarily effective mechanism for revitalizing distressed rural, small town as well as suburban and densely populated urban communities nationwide. It has continually improved its efficiency and effectiveness over its 30 year history in leveraging limited public funds with private capital.

NeighborWorks America's FY 2010 Annual Performance Plan outlines five measurable goals that define what the organization will accomplish during the upcoming fiscal years. The Corporation will continue to provide affordable housing and community development services and equity capital, organizational assessment, training, informing, research and support of a secondary mortgage market.

The Corporation intends to continue assisting NeighborWorks organizations to use their flexible revolving loan funds as a powerful tool to devise innovative ways to revitalize distressed neighborhoods and communities and promote investment in underserved areas in the immediate future and beyond.

This annual Performance Plan is submitted pursuant to the requirements of the Government Performance and Results Act (GPRA). NeighborWorks America certifies that only employees of the Corporation prepared the submitted plan – other non-Federal parties did not assist in its preparation. By statute, NeighborWorks America is not an agency or instrumentality of the Federal Government and its employees are not considered Federal employees.