

Appendix A2.

**NEIGHBORWORKS AMERICA
FY 2009 PERFORMANCE PLAN**

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INTRODUCTION

This document is NeighborWorks America's FY 2009 Annual Performance Plan and has been prepared in accordance with the Government Performance and Results Act of 1993 (GPRA).

Established by Congress in 1978, Neighborhood Reinvestment is the original community/public/private partnership model, with locally-driven, efficient community development and leverage of the public investment as its hallmark. Over the past 30 years, NeighborWorks America and the NeighborWorks System have consistently replicated this successful model in over 4,450 communities around the country. The NeighborWorks System is comprised of NeighborWorks America, Neighborhood Housing Services of America (NHS), NeighborWorks Capital, and 232 chartered local non-profit organizations that comprise the NeighborWorks network.

NeighborWorks organizations operate in all 50 states, the District of Columbia and Puerto Rico; in America's urban, suburban and rural communities. Through new affiliations and expansions, nearly one-third of the NeighborWorks network serves rural areas, comprising the fastest-growing segment of the NeighborWorks network. NeighborWorks organizations receive grants and programmatic support from NeighborWorks America, as well as training scholarships and access to NHS, a specialized secondary mortgage market created for the NeighborWorks network. Individuals and organizations within the NeighborWorks network are supported by NeighborWorks America's renowned training institutes, applied research and shared best practices.

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. (NHSA), 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 2009 BUDGET ASSUMPTIONS

The FY 2009 Budget Justification of the Neighborhood Reinvestment Corporation, doing business as NeighborWorks® America, outlines proposed activities based on a base budget request of \$125 million (a four percent increase over the FY 2008 base budget) to continue to provide the highest caliber financial and programmatic support to NeighborWorks organizations and the broader community development field in an increasingly challenging environment, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101-8108) and as detailed within this Budget Justification.

An additional \$25 million will allow NeighborWorks America to administer a mortgage foreclosure mitigation program providing grants to housing counseling intermediaries, state housing finance agencies and local NeighborWorks organizations to address the nation's foreclosure crisis.

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 2009 PERFORMANCE GOALS - \$125 MILLION BASE APPROPRIATION
and \$25 MILLION FORECLOSURE MITIGATION PROGRAM**

The \$125 million base budget appropriation will allow NeighborWorks America and its affiliates to:

- Increase their response 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 new homeownership opportunities to over 17,500 families of modest means, while assisting 80,000 families to make good home ownership choices through high quality pre- and post- purchase and foreclosure intervention counseling and education;
- Create 6,500 additional affordable rental opportunities while maintaining quality rental housing for 75,000 households;
- Invest \$165 million in revolving loan fund and capital investments, and generate a total investment of \$4 billion in America's communities;
- Continue to provide high-quality technical assistance, grant support and other services to affiliated community-based NeighborWorks organizations serving more than 4,450 communities across the country; and
- Improve the quality of housing and community development programs across the nation by providing 13,650 training certificates to affordable housing and community development practitioners from over 2,850 organizations and municipalities.

Regarding the Additional \$25 million for a Mortgage Foreclosure Mitigation Program:

NeighborWorks America will use the additional \$25 million requested to administer a mortgage foreclosure mitigation program as follows:

- A minimum of \$23 million will be distributed as grant funds to counseling intermediaries approved by the Department of Housing and Urban Development (HUD), eligible State Housing Finance Agencies, and local NeighborWorks affiliates to support counseling for an estimated additional 70,000 to 75,000 families facing foreclosure. Up to 15 percent of the funds will be provided to local NeighborWorks organizations with expertise in foreclosure prevention counseling.
- Up to \$1 million will support the training of housing counselors in foreclosure intervention strategies resulting in 850 training certificates.
- Up to 4 percent of these funds (\$1 million) may be used for associated administrative expenses to carry out the activities of the mortgage foreclosure mitigation program.

The following pages presents a summary of NeighborWorks America's FY 2009 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 2009 Performance Goals:

- NeighborWorks America will assist 217,540 families or individuals with affordable housing and counseling including:
 - 17,500 new homebuyers;
 - 13,000 housing preservation (single-family rehab and refinances) and other units,
 - 27,000 repaired units,
 - 75,000 multi-family rental – Units owned
 - 5,040 multi-family rental – Units managed, not owned
 - 80,000 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 \$165 million;
- Generate total direct investments from the local private-sector and other resources of \$4 billion;
- Target and track NeighborWorks impact at the community level by ensuring that ninety percent (90%) of the NeighborWorks network will have specific community impact goals in their organizational underwriting business plans and fifty percent (50%) will demonstrate measurable progress against those goals.

FY 2009 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 2009 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 2009, 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 2009 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 2009 Performance Goals:

- 14,500 professional community-development and housing-training certificates will be earned by practitioners from over 2,850 organizations and municipalities around the country 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 2009 Performance Goals:

- In FY 2009, NHSA will purchase and originate \$90 million in affordable housing loans.
- \$10 million in capital will be provided by Neighborhood Capital Corporation.

ADMINISTRATION

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

FY 2009 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 2009 Annual Performance Plan outlines five measurable goals that define what the organization will accomplish during the upcoming fiscal years. The Corporation would continue its functions of providing affordable housing and community development services and equity capital, organizational assessment, training, informing, research and support of a secondary mortgage market administered by Neighborhood Housing Services of America (NHTSA).

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.