



**CAPITAL**

*flexible lending = community impact*

# Our Impact in Rural America

by the numbers and by example

1994 - 2012

1100 Wayne Avenue, Silver Spring, MD 20910

## Our History

NeighborWorks Capital (NC) is a national non-profit community development loan fund based in Silver Spring, Maryland serving NeighborWorks America's member organizations (NWOs) in all 50 states and the District of Columbia. NC is certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI) and is governed by a nine-member Board of Directors, a majority of whom are Executive Directors of NWOs along with others who have senior level expertise in community development, lending and non-profit operations.

In the 1990s Neighborhood Reinvestment d/b/a NeighborWorks America (NWA), combined with the advocacy of the network affiliates, shared a vision to create two loan funds. Starting in 1994, RNA Community Builders was formed as a loan fund serving rural NWOs, and was followed in 2000 with the formation of Neighborhood Capital Corporation serving NWOs undertaking multifamily projects. In 2007 the network-led boards of each loan fund agreed to consolidate to better serve the real estate development finance needs of the entire network. With a capital investment commitment by NeighborWorks America the two loan funds combined their expertise, assets and customers to provide a broader array of products to the entire network. The organization was re-branded NEIGHBORWORKS CAPITAL to reflect this broadened role and strategic partnership with NeighborWorks America.

## Our Focus

Distributed across all 50 states, the NeighborWorks® network includes a diverse array of 240 nonprofit, mission-driven organizations engaged in affordable housing and economic development, community revitalization, and community services in urban, suburban and rural communities across the United States.

NC aligns with two of NeighborWorks America's five strategic goals; production and preservation of affordable housing, and provision and access to capital. Based on those goals NC has developed core and expanded loan products - from Predevelopment through Mini-Perm. Since inception, one of six units created or preserved by the network were assisted by NC financing.

NeighborWorks Capital's customer base is the approximately 140 NWOs in the real estate development line of business – of this group approximately 60 primarily serve rural communities. On an annual basis the network produces or preserves over 6,500 units of rental and for-sale homes and own and manage 90,000+ apartments. Annually NWA undertakes a survey of these NWOs which NC uses for business planning and product marketing. In fall of 2011 the survey identified over 200 projects totaling 13,000+ units of rental and for-sale projects in the pipeline.

NC's products provide flexible and affordable capital to NWOs by financing pre-development costs, acquisition of land and buildings, construction, rehabilitation, and preservation of NWO-owned rental properties that undertake property improvements that include green and energy saving components. NC does not offer long-term permanent financing as this is generally available locally and nationally by financial institutions.

## Lending

NeighborWorks Capital makes loans that generally provide NWOs with capital to support the development or operation of four types of projects:

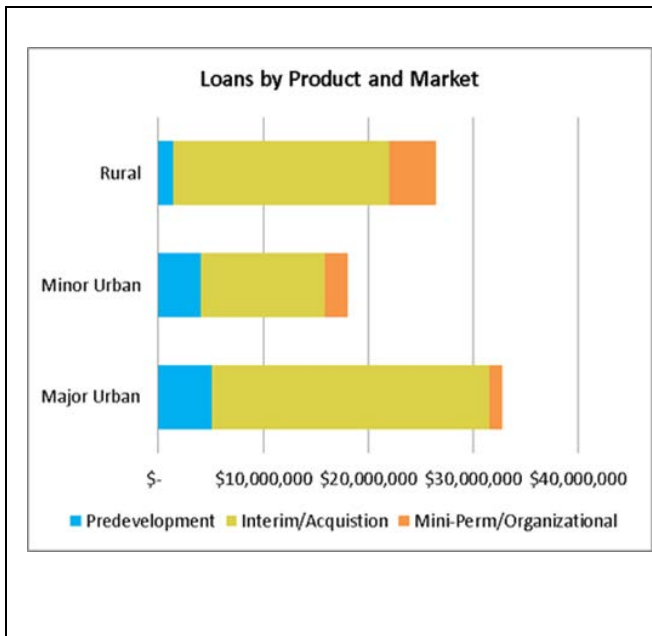
- **Affordable rental housing projects**, including new construction, acquisition, rehabilitation, and preservation, including re-capitalization of projects owned by NWOs;
- **Affordable homeownership projects**, including new construction, acquisition, or rehabilitation;
- **Mixed use projects**, involving affordable rental or for-sale housing and commercial uses;
- **Commercial properties**, including retail, office and community facilities.

NC makes the following types of loans exclusively to NWOs:

- **Predevelopment** for design, survey, environmental, zoning and application fees
- **Interim development** for acquisition, predevelopment, and property improvements
- **Mini-permanent** for:
  - acquisition and property improvement of existing rental properties
  - purchase and installation of renewable energy systems
  - acquisition of the general partner interest in low income housing tax credit properties

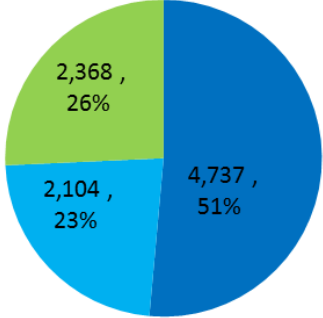
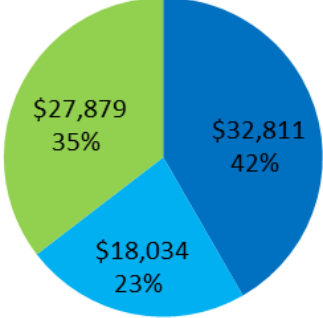
Additional information on the products and terms are on our website. NC's Lending Team underwrites loans and presents them to a Loan Committee, which is appointed by the board of directors and consists of five members, two of whom represent rural NWOs.

## Our Impact



With over \$80 million in loans closed NeighborWorks Capital remains strongly committed to serving rural communities with flexible and affordable loan products. It is NC's second largest market segment of its lending activity.

Rural borrowers rely on predevelopment loans to start new projects as well as acquisition loans to acquire land or buildings for affordable for-sale (subdivision and self-help) and rental housing (including mutual, cooperative, family, senior and supportive) and commercial projects such as HomeOwnership Centers, NWO offices, and community facilities.

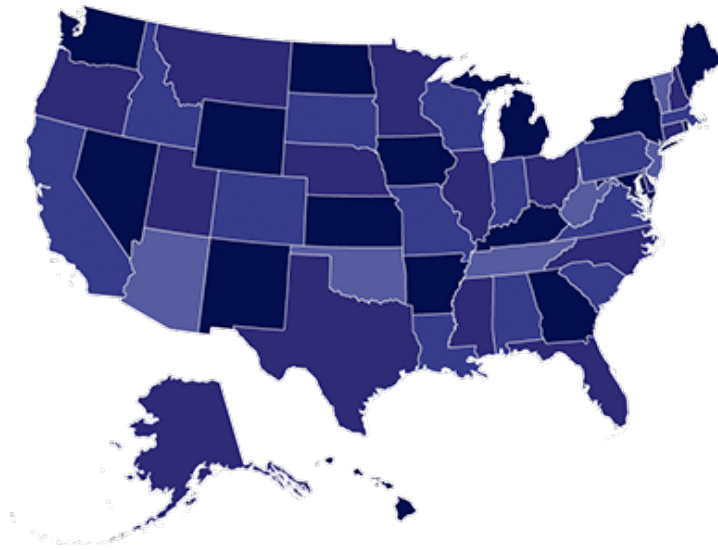
<p style="text-align: center;"><b>Affordable Housing Units Financed</b></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>Units</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Major Urban</td> <td>4,737</td> <td>51%</td> </tr> <tr> <td>Minor Urban</td> <td>2,104</td> <td>23%</td> </tr> <tr> <td>Rural</td> <td>2,368</td> <td>26%</td> </tr> </tbody> </table> <p style="text-align: center;"> <span style="color: blue;">■</span> Major Urban    <span style="color: cyan;">■</span> Minor Urban    <span style="color: green;">■</span> Rural </p>	Category	Units	Percentage	Major Urban	4,737	51%	Minor Urban	2,104	23%	Rural	2,368	26%	<p>Since 1994, NC (combined with RNA and NCC lending through 2007) continues to provide affordable and flexible predevelopment and acquisition financing to the NeighborWorks network.</p> <p>NC's experience is that the average unit size of rural housing projects is 40% smaller than urban projects. Almost half of all housing units that NC has financed over the past 18 years were to affordable housing projects in minor urban and rural communities across the country.</p>
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<p style="text-align: center;"><b>Lending by Market (Thousands)</b></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>Amount (Thousands)</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Major Urban</td> <td>\$32,811</td> <td>42%</td> </tr> <tr> <td>Minor Urban</td> <td>\$18,034</td> <td>23%</td> </tr> <tr> <td>Rural</td> <td>\$27,879</td> <td>35%</td> </tr> </tbody> </table> <p style="text-align: center;"> <span style="color: blue;">■</span> Major Urban    <span style="color: cyan;">■</span> Minor Urban    <span style="color: green;">■</span> Rural </p>	Category	Amount (Thousands)	Percentage	Major Urban	\$32,811	42%	Minor Urban	\$18,034	23%	Rural	\$27,879	35%	<p>Over 35% of all loans made since inception, by volume (\$28 million), have been to rural projects. Combined with loans in minor urban communities (population areas ranging from 25,000 to 1,000,000) NeighborWorks Capital brought an additional \$18 million of capital to NeighborWorks affiliates. This combined total of \$46 million represents 58% of NC's total lending.</p> <p>Even with that strong performance NC strives to increase its outreach and lending activity in rural communities. Since 2007, despite local economic and real estate market challenges, NeighborWorks Capital has increased rural lending volume by 35%.</p>
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## Our Rural CDFI Lending Partners

NeighborWorks Capital has had the pleasure of working with the following loan funds who share our community development mission, expertise and commitment to rural America. Together we bring additional capital to rural projects, streamlines the underwriting and closing process, and reduces transaction costs. These partners include:



## Our Rural Customers






NeighborWorks Capital’s customers serve a broad range of rural geographies - from unincorporated localities, small towns, and multi-counties to statewide to regions of the country. We are proud to have several of these premier NeighborWorks organizations as customers.


<b>AHEAD</b>	<b>BCL of Texas (Cen-Tex Development)</b>
<b>Cabrillo Economic Development Corporation</b>	<b>Central Vermont Community Land Trust</b>
<b>Concord Area Trust for Community Housing</b>	<b>Community Housing Partners Corporation</b>
<b>Community Resources and Housing Development</b>	<b>Gilman Housing Trust</b>
<b>Housing Resources of Columbia County</b>	<b>Housing Resources of Western Colorado</b>
<b>Mountain Housing Opportunities</b>	<b>Neighborhood Development Services</b>
<b>NeighborWorks Columbus</b>	<b>NeighborWorks Dakota Home Resources</b>
<b>NeighborWorks Montana</b>	<b>NeighborWorks Umpqua</b>
<b>NeighborWorks Waco</b>	<b>PathStone</b>
<b>Rural Communities Housing Development Corp</b>	<b>Rural Ulster Preservation Corp</b>
<b>Sacramento Mutual Housing Association</b>	<b>South County Housing</b>
<b>Southwest Minnesota Housing Partnership</b>	<b>Tierra del Sol Housing Corporation</b>
<b>Tri-County Housing Corporation</b>	<b>Twin Cities Community Development Corp</b>
<b>Willamette Neighborhood Housing Services</b>	

## Featured Rural Projects

### Rental

	<b>Brookside Court – NeighborWorks Umpqua</b> Roseburg, OR
	Brookside Court is a 50-unit multifamily rental project offering a mix of one bedroom units and efficiency units to households at 30% AMI. The <b>acquisition loan provided NW Umpqua time to develop a recapitalization plan to upgrade the 25+ year old property and preserve this expiring HUD senior property with project based rental assistance.</b>
	<b>Stockton Boulevard – Sacramento Mutual Housing</b> Sacramento, CA
	Stockton Boulevard is a 91-unit, new construction, affordable rental townhouse project for households between 30%-60% AMI. This interim development loan was used <b>to acquire the property</b> from a distressed private developer.
	<b>Solstice – NeighborWorks Columbus</b> Opelika, AL
	With a NC loan <b>NW Columbus was able to purchase the land in order to demonstrate readiness for state funding applications.</b> These newly constructed duplex homes for seniors have two bedrooms, two bathrooms and carports and are close to services including banking, a hospital, and shopping. All 56 apartments are affordable to households earning 50% or less of AMI.

### Supportive Housing

	<b>Paseo de Luz – Cabrillo Economic Development Corp. (CEDC)</b> Oxnard, CA
	This is a construction bridge loan. Proceeds were used to <b>bridge the final payment of HUD Section 811 capital that will not be released until final certification.</b> Paseo de Luz is a 25-unit supportive housing project for people with mental illness. CEDC is partnering with the Ventura County Behavioral Health Department who will provide residential treatment services along with an on-site manager.

## Single Family Homes

	<p><b>Pearls/Pride! – NeighborWorks Waco</b> Waco, TX</p>
	<p><b>Buttermilk Falls Townhomes – Rural Ulster Preservation Corporation</b> Ellenville, NY</p>
	<p><b>Elm Street Homes – Twin Cities Community Development Corp.</b> Fitchburg, MA</p>
	<p><b>Caledonia Condos – NeighborWorks Dakota Home Resources</b> Lead, SD</p>

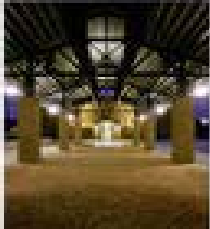
Mini-Perm Acquisition loan proceeds were used to **refinance short-term acquisition loans from banks** for 20 of the 58 existing scattered site rental properties known as PEARLS/PRIDE! NC's loan provided NW Waco liquidity to respond quickly when opportunities presented themselves to acquire additional foreclosed homes for their lease purchase program.

RUPCO used a Mini-Perm Acquisition loan to **refinance a construction loan that had matured to give RUPCO time to develop a lease/purchase program** for 15 newly constructed townhomes that came on line precisely when home mortgage credit and housing markets collapsed. These homes are ENERGY STAR® homes, built for superior energy performance, health and safety and are being sold to income qualified individuals at 80% and 100% of AMI.

NC provided financing for the **acquisition and construction** of three affordable single family homes. This project restored a corner that had been described as the single largest obstacle to revitalizing the neighborhood. The site - an abandoned garage - was a center of crime and drug trafficking. The newly constructed housing cleaned-up the site environmentally, and will increase the homeownership rate and help stabilize the neighborhood.

NC provided financing for the **acquisition and minor improvement** of 10 units at Caledonia Condominiums, a 39 unit property located in Lead, SD. NHS of Black Hills acquired these units at a below market rate to maintain much needed affordable rental housing in a strong rental market. NC's loan was used to bridge to USDA Rental Guarantee funds.

## Commercial

	<p><b>Third Street Exchange – Community Ventures Corporation (CVC)</b> Lexington, KY</p>
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Third Street Exchange is an adaptive reuse to create a business incubator for 5 offices and an outdoor public market with 15 spaces. NC's interim development loan allowed CVC to **bridge permanent financing and economic development grants** to complete renovations.