



**CAPITAL**

# Dynamic Solutions Unwavering Commitment

2023 Annual Report



# Letter from the CEO and Board President



Jim Peffley, Chief Executive Officer

2023 was a banner year for NeighborWorks Capital. We reached a record-high level of lending, committing a total of \$83 million and directly investing \$47 million to support the growth of our network partners.

While we grew our traditional multifamily and single-family real estate lending, we also launched the Equitable Capital Initiative, a set of strategies and tools to expand our support of the NeighborWorks network in ways that will help grow their work and impact. As part of this initiative, we launched NeighborWorks Capital Consulting to connect organizations with high-quality, diverse consultants who bring national experience and expertise to augment existing staff capacity, provide advice, and offer industry insights and best practices. We also continue to develop new strategies to expand access to capital for the network, like the NeighborWorks Capital Equity Fund and NeighborWorks Capital Green, which you can read more about in this report.

In today's challenging capital environment, network members are experiencing reduced availability of capital and higher borrowing costs. NeighborWorks Capital continues to demonstrate leadership in a variety of ways. We protect our customers from rate increases and step in to fill industry lending gaps. We proactively engage investors to increase capital availability. And our team advocates and organizes convenings to create viable solutions to address this historic industry challenge. Neither NeighborWorks Capital nor the members of the network are immune from the current market challenges, and we will continue to push forward on all fronts to attract new capital and be responsive to our customers' needs.

We invite you to read more about our work and impact in 2023, and we look forward to continued partnership and growth in the years to come.



Rosa Rios Valdez, President, Board of Directors

# 2023

## By the Numbers

# 2,729 HOMES

created or preserved



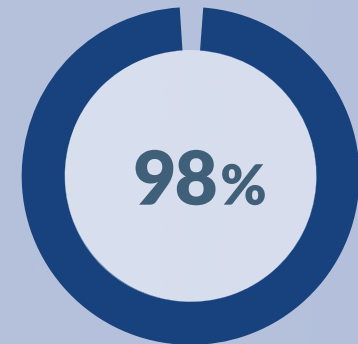
### Impact in Underserved Communities



Loan capital invested in majority-minority neighborhoods



Loan capital invested in low income areas



Homes affordable under 80% AMI



SUPPORTING  
**\$906MM**  
IN TOTAL INVESTMENT

Through a direct investment of **\$47 million** and leveraging of public/private capital over **18x** our direct investment

# New Kensington CDC

## Powered by the Community they Serve

New Kensington Community Development Corporation (NKCDC) is a community-driven nonprofit providing real estate development, small business assistance, health services and many other community resources across the Kensington, Port Richmond, and Fishtown neighborhoods of Philadelphia, PA. They have a long tenure of activity and a strong voice in advocating for resources and securing philanthropic funding. We recently spoke with Tess Watts, NKCDC's Communications Manager, about the Kensington Avenue Redevelopment project and their partnership with NeighborWorks Capital.

The history of disinvestment and departure of industry in Kensington have led to intersecting crises including the opportunity for the drug trade to supplant what industry used to exist. Residents are isolated and experiencing violence, poverty, blighted properties, drug use, and lack of access to healthy foods and health services. By centering community voices, NKCDC seeks to help create new conditions for residents and community members to harness their assets and build upon their existing strengths. The first step in this project is to stabilize key properties along the commercial corridor so that residents have access to critically needed health resources and safe places to engage and push forward a resident-driven plan for development.

One of the first properties to be redeveloped will become a space for community members to safely come together and build capacity so that they can actively shape their neighborhood. NeighborWorks Capital extended a \$1.5 million pre-development line of credit to NKCDC to support this project.

In addition to procuring these flexible funds quickly, the extended term length is of particular benefit to NKCDC as they develop strategies for future development. Knowing they have longer-term access to these funds allows them to strategically plan in a way that they wouldn't be able to with shorter-term resources.

Nicole Westerman, NKCDC's Vice President of Economic Development further amplified the importance of the relationship, saying that "NeighborWorks Capital took the time to get to know us and the environment we're working in, and they have been actively engaged to help us accomplish our goals. Their loans are more flexible and patient than anything we could get from another lender."

NKCDC is publishing a series of reports about this work, the first of which was released in 2023, [Kensington Planning Process: History, Context, Voices](#). The report outlines Kensington's history of disinvestment and imposed strategies, data on the current community conditions, and the first results of an ongoing participatory engagement process that centers the Kensington community's voice. Additional reports will be released in 2024.



The Kensington Avenue Redevelopment: Health, Wellness, and Healing plan includes strategies for increased community participation in decision-making.

“

*This line of credit is transformative for us and allows us to increase impact in the immediate short-term and the long-term. The properties we are able to rapidly develop are essential resources for residents. They change people's lives by providing services, resources, and opportunities. This line of credit allows us to be responsive in ways that organizations usually can't be.*

- Tess Watts, Communications Manager, NKCDC

# Equitable Capital Initiative

In 2023 we began launching the Equitable Capital Initiative to expand how we help network organizations grow their work and impact. The Equitable Capital Initiative is an important way we are deepening our strategic collaboration with NeighborWorks America and doing more to bring financial, human, and intellectual capital to NeighborWorks network organizations.



## NeighborWorks Capital Green

The Greenhouse Gas Reduction Fund (GGRF) presents a generational opportunity to mobilize financing and private capital to address the climate crisis with a specific focus on communities that have been historically left behind. As a member of the Climate United Collaborative, we are managing the national CDFI channel for multifamily lending, including loans for retrofitting existing properties and the construction of new Net-Zero properties. We are also coordinating training of the industry to engage in energy-related lending and build knowledge of the GGRF opportunity.



## NeighborWorks Capital Equity Fund

Collectively, network organizations produce more affordable multifamily units than the top five for-profit developers combined. Yet individually, they typically do not have the size or scale needed to negotiate the same Low Income Housing Tax Credit (LIHTC) terms as top-tier developers. We have partnered with National Equity Fund to bring LIHTC equity to network organizations, regardless of individual size, with equitable terms that are consistent with those received by large developers.



## NeighborWorks Capital Consulting

Because of their size and geographic footprint, many network organizations lack the necessary staff resources and access to critical national expertise to advance their work. This is compounded by the national challenge of recruiting and retaining talent in the nonprofit sector. NeighborWorks Capital Consulting is designed to help remove these barriers by connecting organizations with high-quality, diverse consultants who bring national experience and expertise to augment existing staff capacity and offer industry insights and best practices.

# Financials

NeighborWorks Capital's financial condition and capital structure continued to be strong in 2023. Our sound capitalization was supported by a net asset to total asset ratio of 45% as the loan portfolio increased to \$104.5 million. We experienced our 14th year of operating surpluses with a self-sufficiency ratio of 111%.

## Condensed Statement of Financial Position

	2023	2022
<b>ASSETS</b>		
Cash and Investments	\$ 30,962,130	\$ 13,388,349
Loans Receivable (Net of Allowance)	100,771,983	93,530,731
Property & Equipment (net)	503,259	609,220
Other Assets	846,347	702,265
<b>Total Assets</b>	<b>\$ 133,083,719</b>	<b>\$ 108,230,565</b>
<b>LIABILITIES</b>		
Notes Payable	\$ 57,217,013	\$ 45,839,362
Equity Equivalent Investments	11,500,000	3,500,000
Other Liabilities	4,286,962	3,625,649
<b>Total Liabilities</b>	<b>\$ 73,003,975</b>	<b>\$ 52,965,011</b>
<b>NET ASSETS</b>		
Without Donor Restriction	\$ 33,997,792	\$ 28,899,871
With Donor Restriction	26,081,952	26,365,683
<b>Total Net Assets</b>	<b>\$ 60,079,744</b>	<b>\$ 55,265,554</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 133,083,719</b>	<b>\$ 108,230,565</b>

## Statement of Activities - Operations

	2023	2022
<b>REVENUE</b>		
Loan Interest Income	\$ 5,531,488	\$ 4,401,876
Interest Expense	1,941,966	1,275,697
<b>Net Interest Income</b>	<b>\$ 3,589,522</b>	<b>\$ 3,126,179</b>
Grants	0	125,000
Loan Fees	639,142	557,145
Investment Income and Misc Revenue	529,473	33,856
<b>Total Fee &amp; Grant Income</b>	<b>\$ 1,168,615</b>	<b>\$ 716,001</b>
<b>Total Revenue</b>	<b>\$ 4,758,137</b>	<b>\$ 3,842,180</b>
<b>EXPENSE</b>		
Personnel & Benefits	\$ 3,206,073	\$ 2,694,168
Consulting / Professional	235,934	323,714
Other Operating	735,844	697,482
<b>Total Expenses</b>	<b>\$ 4,177,851</b>	<b>\$ 3,715,364</b>
<b>Net Operating Surplus (Deficit)</b>	<b>\$ 580,286</b>	<b>\$ 126,816</b>
Memo: Revenue excludes NWA & CDFI Fund grants	\$ 3,589,496	\$ 4,326,265
Memo: Expenses excludes loan loss reserve contributions	\$ -150,134	\$ -177,196

# Investment & Funding Partners

NeighborWorks Capital has continued our trend of successfully bringing new investors on board while expanding existing relationships. During 2023, we laid the groundwork to build a scalable financial model, closed a new \$8.5 million EQ2 facility with Wells Fargo, and received a \$3 million capital grant from NeighborWorks America.



# National Scale Local Impact

NeighborWorks Capital investment and funding partners share our vision of a more equitable capital landscape and work with us to empower community-based and community-driven initiatives.

As a CDFI serving the NeighborWorks network, we deploy funds to highly capable organizations working in communities across the country. NeighborWorks America comprises nearly 250 strong, capable nonprofit housing and community development organizations. One or more of these organizations are likely driving positive community change in your area today.

## Your Support

### Makes the greatest impact with national scale that's locally driven.

Our NeighborWorks America customer base gives us the ability to deploy funds at a financial and geographic scale that far exceeds other opportunities.

### Helps create more equitable and inclusive community engagement.

Unlike many community development approaches that impose solutions from the outside, our NeighborWorks America customer base uses a community-first approach driven by the voices and aspirations of local residents. This helps to break down barriers and empower local resident leadership.

### Reaches the hard-to-reach places where they're needed most.

Unlike other national intermediaries that primarily serve large metro areas, we can help you reach urban, suburban, rural, and Native communities. With us, your funds get to the often-overlooked communities and to the people who are working for equity and inclusion in their own neighborhoods.

### Works as hard as the people they serve.

Funds can support a wide variety of affordable housing and community development initiatives, allowing us to target your support to achieve any number of purposes.



**Matt Glatting**

Chief Financial Officer

[mglatting@neighborworkscapital.org](mailto:mglatting@neighborworkscapital.org)



**Laura Altomare**

Chief Growth Officer

[laltomare@neighborworkscapital.org](mailto:laltomare@neighborworkscapital.org)



Let's explore ways to partner together!



## STAFF

---

**Mike Haas**, Senior Loan Officer  
**Maya Dickens**, Director of Loan Closings  
**Hripsime Grigoryan**, Loan Closer  
**James Henson**, Loan Underwriter  
**Adam Coile**, Director, Portfolio Management  
**Tiana Coll**, Director, Analysis & Technology Operations  
**Vince Episcopo**, Portfolio Manager

**Jim Peffley**, Chief Executive Officer  
**Steve Peelor**, Chief Lending Officer  
**Beth O’Leary**, Chief Risk Officer  
**Matt Glatting**, Chief Financial Officer  
**Nancy Wagner-Hislip**, Chief of Consulting  
**Laura Altomare**, Chief Growth Officer  
**Lanie Wasserman**, Senior Loan Officer

**Alexas Koontz**, Portfolio Analyst  
**Rachel Haywood**, Office Manager  
**Brent Bozman**, Controller  
**Leila Zhu**, Senior Accountant  
**Mieva Herbert**, Accountant  
**Rachel Silva**, Marketing & Communications Manager  
**Brendan Barry**, Project Manager - Business Growth

## BOARD OF DIRECTORS

---

Charlotte Crow  
Fred Dodson  
Leah Evans  
Emmanuel Kinard

Rosa Rios Valdez, President  
Megan Teare, Vice President/Secretary  
Caroline Horton, Treasurer  
Grace Chionuma

Andy Madeira  
Eileen Neely  
Jeff Reed

# Our **WHY** Statement

We believe the NeighborWorks America network is a powerful catalyst for locally-driven community advancement. We support their equitable and inclusive work by connecting human, financial, and intellectual capital.



Tel: (240) 821-1651  
8484 Georgia Ave., Ste 330  
Silver Spring, MD 20910  
[www.neighborworkscapital.org](http://www.neighborworkscapital.org)

