



AMERICA

Working Together for Strong Communities

Housing Policy Council

Susan M. Ifill
Executive Vice President
and Chief Operating Officer

Lee Anne Adams
Senior Vice President

April 5, 2021

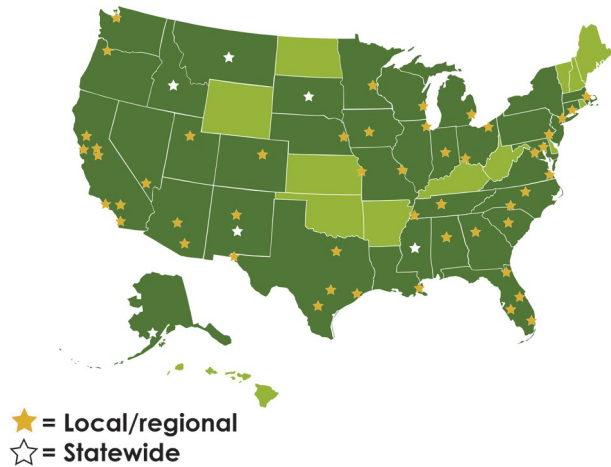
@NeighborWorks



What is NeighborhoodLIFT?

- NeighborhoodLIFT (Let's Invest for Tomorrow) is a community based down payment assistance program funded by Wells Fargo Foundation targeting low to moderate income families in specific geographies across the United States.
- Pre-Purchase Counseling and required Homebuyer Education, along with down payment assistance produce prepared sustainable homeowners.
- Program funds are deployed using NeighborWorks organizations who specialize in lending, homeownership counseling and homebuyer education in partnership with approved first mortgage lenders, real estate agents, title companies and other affordable housing organizations.
- NeighborhoodLIFT is fully forgivable after five years of the borrower(s) living in the purchased home. The program is borrower driven and operates using technology specifically designed for NeighborhoodLIFT.

Markets Served by NeighborhoodLIFT



- NeighborWorks network includes approximately 250 community-based organizations in all 50 states, Puerto Rico and the District of Columbia.
- 81 Network organizations are Community Development Financial Institutions (CDFIs) predominantly providing residential mortgage lending at a local and regional level.
- Since 2012, NeighborhoodLIFT has launched in 79 sites serving 58 markets, including 5 statewide markets.

Impact of Down Payment Assistance

- \$331 million in down payment assistance provided
- 24,403 families in homeownership
- Over \$3.5 billion of leveraged first mortgages
- Over 400 exclusive first mortgage lenders
- 57% of NeighborhoodLIFT borrowers surveyed indicated it would take them 1-5 years to achieve homeownership without LIFT
- 42% of respondents reported that they pay less for housing than they did previously
- 63% of customers are minority
- 61% of customers are at 80% AMI or below
- 54% are female

NeighborhoodLIFT Pre-Purchase Counseling

Benefits of Pre-Purchase Counseling

“A hard-learned lesson from the Great Recession is that getting a mortgage and becoming a homeowner does not guarantee that homeownership will be sustained.”

“Our [Urban Institute’s] research shows that, indeed, buyers who received NeighborWorks pre-purchase counseling achieve significantly better loan performance than do comparable buyers without NeighborWorks counseling.”



NeighborhoodLIFT Pre-Purchase Counseling

- In October 2018, NeighborWorks expanded its LIFT DPA program to provide no-cost pre-purchase housing counseling to customers that live in LIFT geographic markets.
- The program partners with local HUD-approved housing counseling agencies, in a fee-for-service model to provide pre-purchase and follow-up counseling.
- 131 Participating Agencies
 - 109 non-NeighborWorks organizations
 - 22 NeighborWorks organizations
- Approximately 5,500 customers served and over \$2.8 million has been reimbursed to participating agencies.

Impact of Pre-Purchase Counseling

- 885 customers reported that they were able to purchase a home (self-certified by agencies).
- 62% of the customers that received pre-purchase counseling identified as a member of a minority population.
- 65% of program participants were female.
- 74% of program participants were at 80% or below of the area median income.
- 15% of participating organizations responded that they hired additional staff to meet client demand.

Pre-Purchase Counseling Testimony

“I learned more about the inspection process and about the debt-to-income ratio I needed to have. They really made sure that I didn’t jump into something that I couldn’t afford [in the long term.]”

- Houston Market Client



“Every time I go to my driveway, I think of the [NeighborhoodLIFT Home Ownership Counseling] program. There’s no shadow of a doubt that I would not have this house without the help of Prosperity CDC.”

- Charlotte Market Client

Pre-Purchase Counseling Testimony

“If I had that information.... I would have bought a house 20 years ago.”

When he closed on his home, he said that the feeling was “amazing because I didn’t think it was ever going to happen.”

-Houston Market Client



Additional Benefits of NeighborhoodLIFT

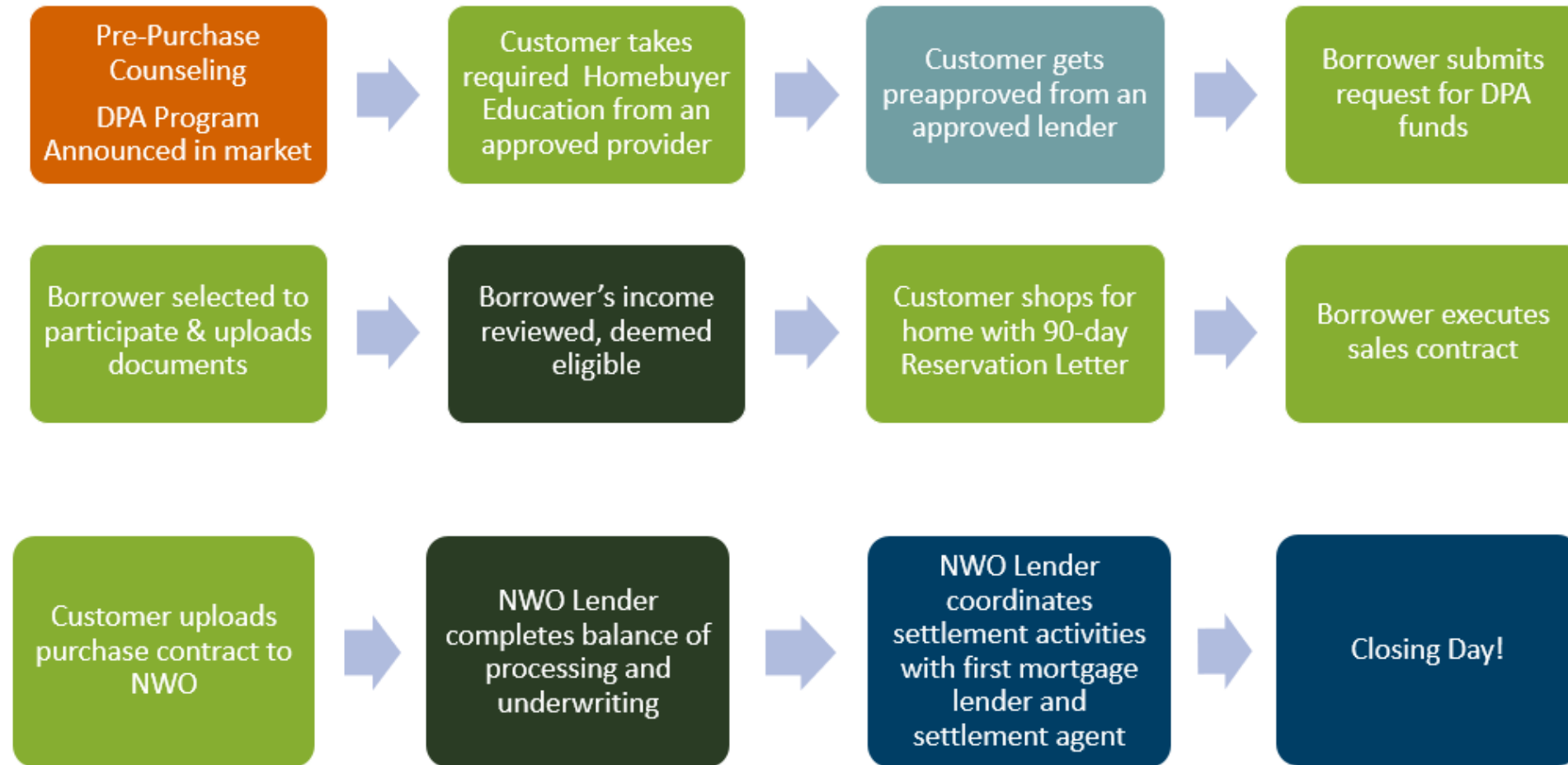
- Enhance the capacity of community-based lenders
- Attract additional capital to local market
- Strengthen local eco-system to serve LMI customers
- Create access to sustainable homeownership in high-cost markets
- Creates a pipeline of future potential homebuyers by leveraging other products and services.



Expanding the Model



NeighborhoodLIFT Customer Process



Identifying Shared Goals

- Why are we doing this?
- Who do we want to serve?
- What impact do we want to have?





Keys to Success

- Changing the homebuyer experience by investing in them on the front end
- Prepared, sustainable homeowners
- Multiple investors committed to shared goal
- Locally driven marketing & community outreach activities with consistent messaging
- Product feature standardization
- Ability to layer down payment assistance
- Document standardization
- Leverage technology & virtual engagement
- Broad utilization across markets
- Centralized support by NeighborWorks

Down Payment Assistance Testimony


“We were leasing a home for almost \$1,000 per month and being on a fixed income barely had money left each month for anything but the bills. Now our payment is around \$700 a month.”

- Cincinnati LIFT homebuyer



“NeighborhoodLIFT allowed me to buy the home that I wanted without stretching my budget to the max. It makes me feel good about my home purchase. The training really gave me confidence in my decision. I feel grateful that I was able to take advantage of the LIFT opportunity!”

- Minneapolis–St. Paul LIFT homebuyer

A black and white photograph of a man with a short haircut, wearing a white t-shirt, looking through a chain-link fence. His right hand is resting on the fence. The background shows a house with a gabled roof.

“This is the first time our son has had a yard to play in and the first time he has had friends to play with. We love our neighborhood and our neighbors!”

— Albuquerque LIFT homebuyer

17

Appendix



Current Model vs. Expansion of Model



Pre-Purchase Counseling

Current Model

- Pre-purchase counseling available in market at time of DPA announcement.
- Program locations tied to LIFT markets with some flexibility.
- Counseling agencies reimbursed at \$500 per client counseled (initial counseling session and 2 follow-up sessions required).
- Action Plans are required to be signed, and 3 separate touch points are required prior to billing.
- Face-to-face counseling is required, although a moratorium is currently in place due to COVID-19.

Expansion of Model

- Pre-purchase counseling available in markets at least 6-9 months before DPA announcement.
- Expand program locations based on need and capacity.
- The reimbursement amount should be flexible to address higher cost markets (e.g., \$750 in California and New York).
- Requirements for counseling should model current HUD counseling requirements.
- Virtual counseling should be allowable, as many organizations have transitioned to virtual counseling due to the pandemic.

Capital Acquisition Strategy

Current Model

- One private funding source

Expansion Model

- National lenders and partners
- Regional/community lenders
- Employers
- Retail entities
- Local government

Market Selection

Current Model

- Driven by program funder.
- Input from NeighborWorks America and NeighborWorks organizations.
- Availability is sequential.

Expansion Model

- Driven by NeighborWorks America with input from additional investors.
- Market data to select markets with availability of affordable inventory.
- Simultaneous availability in multiple markets.

Program Features

Current Model

- Standard product guidelines
 - Proven and enhanced over time
- HBE Requirement
- FFIEC/CRA Income Determination is limited
- Income limits are predetermined
- Set DPA amount in each market

Expansion Model

- Standard product guidelines
 - Proven model
- HBE Requirement prior to application
- Income limits could be more flexible
- DPA amount based on customer income

Marketing and Outreach

Current Model

- Funder driven marketing plan:
 - Paid advertising
 - Press conferences
 - Press releases
 - Local government outreach
 - Meeting with realtors and other community non-profits

Expansion Model

- NeighborWorks America drives the marketing strategy in local communities such as:
 - NeighborWorks Organizations
 - Realtors
 - Approved first mortgage lenders
 - Employers
 - Other housing stakeholders
 - Social Media

Technology

Current Model

- Pipeline management system built for model works well
- Multiple in house or off the shelf loan origination systems
- System works well virtually

Expansion Model

- Build off current pipeline management system to eliminate redundant data entry
- Consider data sharing between first mortgage lender partners and network lenders
- Explore and develop partnerships with other industry vendors to build efficiencies into operations
- Enhance customer's virtual experience

Fulfillment Strategy

Current Model

- Pre-determined NeighborWorks organization utilizing technology system:
 - Customer intake
 - Eligibility Review
 - Processing
 - Underwriting
 - Closing

Expansion Model

- Utilize the lending expertise of high-capacity network lenders serving as HUBs with local network organizations providing intake services to potential homebuyers.