Transformative Impact

Neighborhood Housing Services of Chicago

Strategic Plan FY 2021 - FY 2025
From the Board Chair

“NHS is the leader in non-profit homeownership lending in Chicago and one of the largest non-profit lenders nationally. In order to meet the changing needs of Chicago, we need to constantly evolve. At its core, NHS will focus on innovative strategies to bring affordable homeownership to Chicago’s neighborhoods. The severe challenges facing many Chicago households due to racial and economic barriers require bold solutions. NHS knows how to bring partners to the table to address these challenges head-on.”

Robert McGhee, NHS Board Chair

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Since its founding forty-five years ago, NHS has worked to break down barriers and create opportunities for Chicagoland residents to live in affordable homes, improve their lives, and strengthen their neighborhoods. Much of our work has been targeted at overcoming systemic racism in housing policies such as redlining, contract buying, and disinvestment in communities of color. Over four decades, NHS has developed innovative products and services to address private market gaps, strengthen neighborhoods, and expand access to homeownership for low-to-moderate-income households and people of color across the Chicagoland area. We have also formed lasting partnerships with neighborhood residents and institutions to help uplift, organize, and support their efforts to meet the unique needs of local communities.

Today, NHS is responding to a convergence of crises. Black and Brown families still face systemic barriers to homeownership that make it harder to build generational wealth. Racial disparities in mortgage lending, a lack of housing inventory, and decades of disinvestment have increased economic uncertainty for our clients as they recover from the ongoing impacts of COVID-19. A wide-reaching, collaborative response is needed to address these challenges.

NHS is committed to addressing these systemic issues by removing barriers to homeownership for BIPOC borrowers, adding to the inventory of affordable homes in Chicagoland, preventing foreclosure for current homeowners, and advancing our strategic neighborhood partnerships to meet on-the-ground community needs.
FRAMING OUR FUTURE

The Challenge

Even after decades of work to increase access to homeownership and build thriving communities in Chicago, critical challenges to the NHS mission still remain. The Black homeownership rate is still just 44% -- 30 percentage points lower than it is for White households. Studies have shown the link between homeownership and generational wealth along with other key indicators such as financial stability, positive health outcomes, and community engagement. The residual effects of chronic underinvestment in communities of color were also painfully apparent as Black and Brown communities suffered from disproportionately high rates of infection and death during the COVID-19 pandemic.

In order to close the racial wealth gap, support middle-class Black and Brown families, and combat the lingering effects of redlining, we will need to pursue innovative responses to longstanding issues.

The Plan

In the next five years, NHS will work to:

- Increase access to capital, financial education, and housing inventory across Chicagoland
- Assist current homeowners with maintenance and foreclosure prevention
- Engage in partnerships to develop essential resources that foster healthy, vibrant neighborhoods
- Address the systemic issues that lead to disparity and disinvestment by testing new, innovative ideas and approaches
- Conduct a comprehensive review of our programs to ensure that they serve everyone equitably
- Strengthen our products and services to meet the needs of the market and serve new clients

The Pillars

1) ACCESS
Facilitate sustainable homeownership and access to essential resources for people of color

2) AFFORDABILITY
Increase affordable housing stock and keep current owners in their homes

3) EQUITY
Embrace a racial equity lens to advance the NHS mission

4) GROWTH AND INNOVATION
Invest in the organization to adapt to changes in the marketplace and deliver excellent services and programs

Our Mission

To create opportunities for people to live in affordable homes, improve their lives, and strengthen their neighborhoods.
Everyone deserves access to a thriving neighborhood and stable housing.

NHS has the expertise, insights, and relationships to identify and address barriers to affordable homeownership and thriving communities.

“NHS has the unique ability to convene lenders, community leaders and housing experts to provide innovative solutions for families to overcome barriers in the housing market to buy their first home, fix their home or save their home from foreclosure.”

- William Towns, NHS Board Member & Chair of the Strategic Planning Committee
We will address systemic barriers in the mortgage lending system and provide greater access to fairly-priced capital to help borrowers achieve affordable homeownership across Chicagoland.

As one of the largest non-profit single-family home lenders in the country, NHS can leverage its partnerships, expertise, and technology to respond to market trends and tailor services to the unique needs of homebuyers of color in the communities we serve. NHS will further invest in our CDFI, Neighborhood Lending Services, Inc. (NLS), to expand our lending capacity. NHS will also seek opportunities to increase lending capital through partnerships and correspondent lending relationships.

We will craft innovative lending products, embrace new educational tools, and pursue public policy changes to address key barriers to homeownership. We already know that these barriers include automated underwriting algorithms, a reliance on traditional credit scoring, appraisal gaps, the burden of student loan debt, inequities in financial education, and deferred maintenance of Chicago's aging housing stock.

Historically, 93% of NLS lending has been to African American and Hispanic/Latinx borrowers, and we plan to continue and strengthen our longstanding commitment to households of color in Chicago.

**Neighborhood LIFT**

In the summer of 2018, NHS Chicago launched its second NeighborhoodLIFT® program in collaboration with Wells Fargo and NeighborWorks America. The program's investment totaled $7 million and offered $15,000 in down payment assistance funds with special incentives for first responders, military members, and teachers.

The program created more than 400 homeowners, with NLS as one of the top 5 lenders generating over $19 million in mortgage volume. In support of the program, NHS also created special educational formats to meet the needs of LIFT buyers, including an express homebuyer education class and increased online learning opportunities for borrowers with busy schedules. This grant program leveraged the multi-faceted expertise of NHS in order to achieve success, including our neighborhood outreach capabilities, educational tools, lending, construction services, and technology.
“NHS is among the leading edge housing organizations in the nation for the way it combines public and private capital and utilizes evidence-based strategies to build household wealth and opportunity.”

– Erika Poethig, Chief Innovation Officer, Urban Institute

**PILLAR 1: ACCESS**
Facilitate Sustainable Homeownership and Access to Essential Resources for People of Color

**STRATEGY 1.1 Expand lending capacity by investing in the CDFI and identifying new capital sources.**

- Diversify capital channels and create a community network to build a robust lending pipeline
- Dedicate new staffing resources to the CDFI to ensure timely and accurate reporting, compliance, and data analysis
- Develop new partnerships with employers, health care institutions, and other industries to invest in NHS and NLS
- Develop new loan products with a data-driven approach to address common barriers among borrowers, such as appraisal gaps, student debt and credit ratios

**STRATEGY 1.2 Work in partnership with public, private, and grassroots organizations to attract investment for essential resources in NHS target neighborhoods.**

- Support the City of Chicago in enhancing commercial corridors in South and West side neighborhoods through their Invest South/West program and other initiatives
- Work with grassroots groups and resident leaders to identify and meet local needs
- Direct public and private capital toward establishing and improving essential resources in NHS focus neighborhoods

**STRATEGY 1.3 Tailor educational products and services to reach our target audiences in efficient and innovative ways.**

- Develop policy initiatives, programs, and educational resources to address key barriers to homeownership among people of color
- Enhance NHS systems to positively impact the client experience
- Further educate buyers on rehab projects to accommodate the aging affordable housing stock
- Create new initiatives to reach younger buyers as they enter the market
PILLAR 2: AFFORDABILITY

Increase Affordable Housing Stock and Keep Current Owners in Their Homes

Most of the homes on Chicago’s South and West sides are more than 70 years old and require significant rehab to address deferred maintenance issues. NHS will facilitate the rehabilitation of these homes to provide inventory for our buyers.

New construction of high-quality affordable housing is also needed. Through its “Disruptive Design” competition, NHS is identifying architectural design and construction techniques that will inspire a new and innovative affordable home design for the 21st Century – one that provides a flexible layout and energy-efficient standards for today’s families. New homes designed through this program and other efforts can restore the vitality of neighborhoods by reclaiming vacant lots, modernizing the physical landscape, and providing new opportunities for residents to become engaged in the rebuilding of their neighborhoods.

As we work to increase the housing supply, we must also think creatively about ways to keep current owners in their homes. To this end, NHS will focus on promoting economic resilience, lowering monthly housing costs, introducing estate planning services, and providing resources for deferred maintenance for longtime homeowners. Everyone deserves to live in high-quality, healthy, and affordable homes.

Renew Woodlawn
43 NEW HOMEOWNERS AND COUNTING

In 2018, Renew Woodlawn was awarded the ULI Vision Award. This award recognized the collaborative effort of NHS Chicago, Preservation of Affordable Housing, Inc. (POAH) and Community Investment Corporation (CIC), in partnership with Chicago’s Woodlawn community. The effort resulted in 43 new homeowners and has reinvigorated the market for moderately priced one-to-four-unit family homes in the targeted area of West Woodlawn.
PILLAR 2: AFFORDABILITY
Increase Affordable Housing Stock and Keep Current Owners in Their Homes

STRATEGY 2.1 Build and rehab affordable homes.
- Build new homes on vacant lots to advance equitable development in our neighborhoods
- Stabilize troubled buildings, turning them into quality housing once again
- Work with small, local developers to produce more affordable housing
- Expand consulting services to assist other organizations in securing financing to build quality affordable housing and commercial structures
- Preserve Chicago’s 2-4 unit homes, which provide units for low-to-moderate income renters and allow homeowners to generate additional income

STRATEGY 2.2 Work with existing homeowners to prevent foreclosure and promote economic resilience.
- Expand one-on-one counseling and education to reduce mortgage, insurance, tax and utility costs for current homeowners
- Seek additional resources to fix health and safety issues for existing homeowners and seniors
- Leverage technology to adapt our services to serve our diverse client base
- Promote economic resilience among current and potential homeowners through innovative savings and financial education programs

Disruptive Design
Rising construction costs have resulted in a lack of affordable new homes for Chicago’s working families, even though the city is home to tens of thousands of vacant and available lots. To help address this issue, the Housing Policy Task Force—a group convened by NHS—launched the Disruptive Design Competition for Affordable Homeownership to identify innovative models to build an iconic new-construction home that can be replicated across Chicago and in other cities.

This architecture design competition asked for proposals that included a wealth-building component and prioritized both accessibility and aging in place. The competition reimagined strategies for building affordably with an emphasis on quality and mass appeal. After narrowing down over 130 entries to three finalists, the group sought feedback from hundreds of residents on the West and South sides to help choose the winning design, “Adaptable House” by Greg Tamborino. NHS is now working with a variety of partners to build the winning design in West Humboldt Park and Bronzeville. Disruptive Design is the process by which new, affordable housing can be built with a high quality of design and in a sustainable manner.
Embrace a Racial Equity Lens to Advance the NHS Mission

While we work to increase access to resources and add to the inventory of affordable homes, it is critical for NHS to address systemic barriers impacting African American and Latinx homeownership rates, from policy advocacy to implementation in the community. We are committed to continuing to value diversity across the organization and conducting our work with a comprehensive racial equity lens. We will challenge our staff and board to think critically about our programs, products, and services and design our work to meet the unique needs of the people and communities we serve across the city.

We will continue to work in partnership with residents, city government, and other community development organizations in key neighborhoods on Chicago’s South and West sides and in the South Suburbs. This laser focus will provide NHS with insights that will help to further refine our products and services to meet the needs of local communities and coordinate our many resources to create transformative change where it is needed most.

Advocating for fair housing policies and responsive programs will also be critical in the next five years. We will push for a deeper examination of the root causes of lending disparities plaguing Black and Latinx borrowers, resources to close the appraisal gap, and increased neighborhood investment from public and private partners to serve our communities.

NHS must also look diligently at its own governance, programs, and practices by conducting an organizational racial equity assessment. This will help ensure that we continue working over the next five years to increase racial equity both within the organization and in the communities we serve. A significant majority of our clients are people of color, and our staff reflects that diversity in a positive way. We will continue to demonstrate this commitment through our hiring practices and increased staff training and support.

Closing the Homeownership Gap

Homeownership gaps have continued during the recent economic recovery. In 2018 the white homeownership rate was 73% compared with 47% for Hispanics and 43% for Blacks.

- Joint Center for Housing Studies of Harvard University, 2019

When African Americans and Latinos pursue homeownership they are more deeply invested in the social benefits, building wealth, and the promise of moving to a nicer home.

- Sociology of Race and Ethnicity, 2018

Housing equity makes up about two-thirds of all wealth for the typical household. For median families, the racial wealth gap is primarily a housing wealth gap.

- Economic Policy Institute, 2017
South Side Hub

In July of 2019, NHS Chicago expanded its services on the south side with a new hub office in the Chatham neighborhood. Built with help from community partners and $44,000 from the ‘Brick By Brick’ campaign, the new center offers the same services as NHS’ other locations, including homeownership classes and lending assistance, and also serves as a community hub with meeting space that neighborhood groups can use.

“With Chatham, Auburn Gresham, and Greater Grand Crossing being the size of a mid-sized city, we need as many service providers that can tell people how they can realize their dreams of owning a house, staying in a house, and passing it along generationally.”

- Nedra Smith Fears, Greater Chatham Initiative, Executive Director | Block Club Chicago Article

PILLAR 3: EQUITY
Embrace a Racial Equity Lens to Advance the NHS Mission

STRATEGY 3.1 Influence policy to remove systemic barriers to capital access and increase the affordable housing supply.
- Lead and join policy advocacy efforts to address systemic barriers impeding Black and Brown borrowers from accessing fairly priced capital
- Engage in advocacy to increase the supply of affordable single-family homes
- Utilize data and organizational insights to advocate for policies and programs that meet the unique needs of residents in the neighborhoods we serve

STRATEGY 3.2 Transform NHS target neighborhoods through innovative growth strategies.
- Develop partnerships with government, the private sector, and resident groups to promote equitable community development
- Strengthen local resident civic engagement by connecting them with community groups, educational materials, and investment resources
- Engage with resident leaders to create customized programs, products and services that meet unique local needs

STRATEGY 3.3 Ensure all NHS programs are promoting NHS’ mission while working to overcome racial and socioeconomic disparities.
- Conduct a racial equity assessment of our governance, boards, staff, internal practices, and major NHS activities to ensure our communities are being most effectively and equitably served
- Foster an organizational culture that welcomes diverse ideas and experiences to support personal and professional growth opportunities for staff, boards, and clients

“NHS Chicago led the way in the movement to overcome redlining and continues to forge relationships between bankers, housing advocates and government officials to develop innovative solutions.”

– Marietta Rodriguez, CEO NeighborWorks America
PILLAR 4: GROWTH AND INNOVATION

OUR CHARGE:
Invest in the organization and adapt to changes in the marketplace to deliver excellent services and programs.

STRATEGY 4.1 Prioritize financial sustainability by diversifying revenue, pursuing new lending products, and maximizing the efficiency of our work.
- Invest in our staff and board through training and skills development
- Improve efficiency, reporting, communication, and effectiveness through upgrading technology systems and investing in personnel
- Increase financial sustainability and diversify revenue streams

STRATEGY 4.2 Raise awareness and resources for homeownership strategies, lending products, and service delivery.
- Improve our ability to measure and communicate the broader impact of our work on homeowners and communities
- Increase investment in marketing our products and services to new groups of prospective and current homeowners
- Identify and raise awareness of the root causes impeding Black and Brown homeownership and neighborhood revitalization and realign our activities accordingly

STRATEGY 4.3 Audit internal and external programs, policies, and procedures through a racial equity lens and create plans to make improvements where needed.
- Implement changes to policies, procedures and training as identified in the results of the audit

OUR VISION:
We seek to rebuild thriving neighborhoods through homeownership.
IMPACT
Results: FY 2017-2020 and Since 1975

NHS Chicago breaks down barriers to homeownership. This work is both a direct result of NHS programs as well as partnerships with public, non-profit, and private organizations.

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<thead>
<tr>
<th>OUTCOMES</th>
<th>FY 2017- FY 2020</th>
<th>SINCE 1975</th>
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<tbody>
<tr>
<td>New Homeowners Created</td>
<td>1,500</td>
<td>6,300</td>
</tr>
<tr>
<td>$ Invested and Leveraged in Low- and Moderate-</td>
<td>$100 million</td>
<td>$660 million</td>
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<tr>
<td>Income Neighborhoods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Households Served</td>
<td>25,000</td>
<td>240,000</td>
</tr>
<tr>
<td>Number of Homebuyers Educated</td>
<td>5,700</td>
<td>45,000</td>
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**OUR DIRECTION FORWARD**

**Goals FY 2021-2025**

Over the next five years, NHS will recommit its resources—expert staff, engaged Board members, robust partnerships, and technology—to deliver these results:

<table>
<thead>
<tr>
<th>PILLAR 1: ACCESS</th>
<th>32,000 Households Served</th>
<th>2,000 New Homeowners Created</th>
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<tbody>
<tr>
<td>Facilitate Sustainable Homeownership and Access to Resources for People of Color</td>
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<tr>
<th>PILLAR 2: AFFORDABILITY</th>
<th>3,000 Affordable Homes Preserved or Created</th>
<th>5,000 Homeowners Stabilized</th>
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<tbody>
<tr>
<td>Increase Affordable Housing Stock and Keep Current Owners in Their Homes</td>
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<th>PILLAR 3: EQUITY</th>
<th>$130 million Invested in South + West Side Chicago Neighborhoods</th>
<th>5 policy innovations to help increase access to homeownership and reduce the racial wealth gap</th>
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<tr>
<td>Embrace a Racial Equity Lens to Advance the NHS Mission</td>
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<tr>
<th>PILLAR 4: GROWTH &amp; INNOVATION</th>
<th>Increase NHS Chicago’s long-term financial sustainability</th>
<th>Measure our impact on households and neighborhoods</th>
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<tbody>
<tr>
<td>Invest in the Organization and Adapt to Changes in the Marketplace</td>
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Looking Ahead
A Call to Action

Chicago is known as a city of neighborhoods. It’s a place that families from across the U.S. and the world call home. Its many neighborhoods are defined by their rows of bungalows, two-flats, workers cottages, and other iconic housing types that families have lived in for decades. Many Chicagoans dream of settling down in one of these homes to put down roots, build equity, and transfer a valuable asset to future generations. A home is more than just a building — it’s part of a larger community where kids can play, families can support each other, and local businesses can prosper.

Growing wealth disparities, economic uncertainty, and systemic racism in Chicago and across the country continue to keep this dream out of reach for low- and moderate-income families — and especially families of color. NHS is working to break down these barriers and provide the wealth-building opportunities of homeownership to everyone, regardless of race or zip code. Chicago was once known for its thriving South and West side neighborhoods with beautiful homes, robust commercial corridors, and a strong Black and Brown middle class. NHS is committed to working together with our funders and strategic partners to help these communities prosper again and support the diversity that makes Chicago such a great place to live.