

NeighborWorks Capital and National Equity Fund Announce LIHTC Equity Fund to Empower Partner Organizations

National Equity Fund, April 16, 2024

The innovative fund, exclusive to members of the NeighborWorks America network, will provide LIHTC equity with equitable, consistent terms, helping create and preserve more affordable housing across the country.

CHICAGO, April 16, 2024 /PRNewswire/ -- NeighborWorks Capital, a national non-profit Community Development Financial Institution (CDFI), has partnered with National Equity Fund (NEF), a leading non-profit multi-family, affordable, real estate investment manager, to launch the NeighborWorks Capital Equity Fund. This first-of-its-kind equity fund will provide high-performing community-based non-profit organizations with a set of standardized, equitable Low-Income Housing Tax Credit (LIHTC) terms. The creation of this fund stems from NeighborWorks Capital's desire to provide NeighborWorks network organizations with access to equitable, consistent capital and NEF's aligned mission.

"The idea to create a LIHTC fund for NeighborWorks organizations came from my time leading a syndication business," said Jim Peffley, CEO of NeighborWorks Capital. "The capital marketplace is not always equitable, and that is certainly true for the LIHTC market. Because syndicators and investors need to secure large numbers of transactions in a competitive environment, they often prioritize large developers. Large developers with a significant pipeline have more leverage with investors, and as a result, they often demand and receive better terms. I saw this happen year after year. Most non-profit developers do not have the scale to have that market leverage, and as a result, they often do not receive the best available terms."

While the fund is a new option for in-network organizations, NEF is not a new partner to NeighborWorks America, having worked with 76 NeighborWorks members to deploy more than \$2 billion in equity for the creation of nearly 350 developments across the country, which resulted in approximately 20,000 units of affordable housing. Now, organizations within the network will receive consistent terms for LIHTC developments, including NEF's favorable exit terms that preserve affordability and protect against potential challenges in retaining their development at the end of the compliance period.

"At National Equity Fund, we are committed to finding innovative, collaborative financial solutions that help us expand the creation and preservation of affordable housing," said Matt Reilein, president and CEO of NEF. "Our decades of experience working with partners of all sizes has helped us understand that there can be different experiences in terms of navigating LIHTC processes, terms and resources depending on the size and tenure of a developer. The NeighborWorks Capital Equity Fund allows us to provide partner organizations with LIHTC terms that will positively impact the development of more affordable housing across the country for families in need."

In addition to equitable terms, the NeighborWorks Capital Equity Fund will allow network organizations to recognize efficiencies including savings on legal fees and time spent on negotiating investment agreements.

"This fund changes that dynamic for members of the NeighborWorks network," said Peffley. "NeighborWorks organizations are true community-based organizations that advance the priorities of residents. These organizations and the communities they serve deserve the best available LIHTC terms. Collectively, NeighborWorks organizations produce more affordable rental housing than any other developer. This partnership with National Equity Fund gives these critical non-profits the stature they deserve in the marketplace."

"This is an incredible opportunity to empower a non-profit network to drive deeper impact in communities that have historically been under-banked and under-served," said Liz Hibbard, Managing Director - Innovation and Strategic Growth at NEF. "Now, we can offer mission forward partners equitable terms and enhanced transparency all while furthering our mission and vision that all individuals and families have access to safe, stable affordable housing."

About National Equity Fund, Inc. (NEF)

National Equity Fund, Inc. (NEF) is a leading non-profit, multi-family, affordable, real estate investment manager with a mission to create and deliver innovative, collaborative financial solutions to expand the creation and preservation of affordable housing. Through its Low-Income Housing Tax Credit (LIHTC) syndication platform and its lending and investing platforms, NEF generates opportunities rooted in its vision that all individuals and families across the country have access to stable, safe, and affordable homes.

Since being founded in 1987, NEF has invested over \$24.5 billion, representing 242,500 new or preserved affordable homes for individuals, families, and communities in need across the country. NEF is Chicago-based and has donated more than \$240 million in grants to support its affiliate LISC's nationwide community development work. To learn more about NEF's impact, innovative financial solutions, and opportunities, visit www.nefinc.org.

About NeighborWorks Capital

NeighborWorks Capital is a national non-profit, certified Community Development Financial Institution (CDFI) serving NeighborWorks America network organizations, nearly 250 strong, capable non-profit housing and community development organizations in every state, District of Columbia, and Puerto Rico. These organizations provide communities with affordable housing, financial counseling, training, and resident engagement in the areas of housing, health, employment, and education. Since its inception, NeighborWorks Capital has deployed over \$500 million in loan capital to support the NeighborWorks network. In 2023, NeighborWorks Capital received its first-ever S&P Global issuer credit rating of A+/Stable, sighting key strengths in capital adequacy, profitability, liquidity, and financial management. The organization has been

Aeris-rated since 2011 and has an AA- financial strength and performance rating, indicating strong financial capability, performance, and risk management practices. For more information, visit: <https://neighborworkscapital.org/>