



February 23, 2024

MEMORANDUM

TO: DHIC Board of Directors
Tyler Craft, *Chair*
Jordan Maness, *Vice Chair*
Betsy Rozakis
Gordon Grubb
Utica Cason
Meghan Melo
Danny Kadis
Russell Pierce
Miguel Figueras

Patricia Swasey
Steve Evans
Ashleigh Hales
Joyce Spivey
Samone Bullock Dillahunt
Soberina Traywick

CC: DHIC Staff

FROM: Yolanda Winstead

SUBJECT: February 27, 2024 Board of Directors Meeting Notice and Agenda Package

There will be a **DHIC Board of Directors meeting** held on **Tuesday, February 27, 2024 at 4:00PM**. This meeting will be hybrid: In person at DHIC's office (113 S. Wilmington Street, Raleigh NC 27601) and by joining virtually via zoom.

For in person guests: Please park in the parking garage located directly next to the DHIC office. You can enter the garage from S. Blount Street or S. Wilmington Street. We cannot validate parking for the garages across from our building.

If you haven't done so already, please let Liz Martin know if you will be able to attend the meeting and if you plan to be in person or virtual. She can be reached at liz@dhic.org.

Thank you.



DHIC Board of Directors Meeting
Hybrid Meeting:

Via Zoom and In-Person: DHIC Office, 113 S. Wilmington Street, Raleigh NC 27601

4:00PM

Tuesday, January 27, 2024

PROPOSED AGENDA

I. Welcome New Board Members & Visitors

II. Review of the Agenda

III. Consent Agenda

The following items are considered routine and may be enacted with a single motion and second. Members may request that an item be removed from the Consent Agenda, and considered as a separate item. The Consent Agenda consists of the discussion, consideration, and approval of the following items:

- A. Review and approval of the minutes from the December 12, 2023 Annual Board of Directors meeting.**
- B. Cash Balance & LOC Report (enclosed)**
- C. Review of Current Developments (enclosed)**
- D. Pipeline Projects (enclosed)**

IV. 2024 Board Organizational Matters (enclosed)

- A. Conflict of Interest Policy**
- B. Board Pledge Agreement**
- C. CHDO Designation**
- D. Board Portal Information**

V. Full Cycle Homeownership Certification Resolution (enclosed)

VI. Fund Development Plan Presentation – Purpose Possible (enclosed)

VII. 2024 Operating Plan (enclosed)

VIII. Community Impact Measurement Round 4: Key Findings (enclosed)

IX. Other Business

- A. Save the Date**
 - 1. NeighborWorks NTI, February 26 - March 1, 2024, San Francisco, CA
 - 2. DHIC Executive Committee Meeting, Wednesday, March 13 at 1PM
 - 3. DHIC Board of Directors Meeting, Tuesday, April 23 at 4PM
 - 4. NeighborWorks Virtual Training Institute, May 6-10, 2024 (Registration is now open)
 - 5. NeighborWorks Week June 1-8, 2024
 - 6. DHIC 50th Anniversary Celebration, Angus Barn, Thursday, June 6, 2024
 - 7. NeighborWorks NTI, August 26-30, 2024, Pittsburg, PA

X. Adjournment

Note: Items in **BOLD** are discussion items | Items in **BOLD** are action items

DHIC Board of Directors Annual Meeting

Tuesday, December 12, 2023

Primavera Apartments | 5601 Goodstone Drive,
Raleigh, NC 27616

12:00PM

Members Present: Betsy Rozakis, Soberina Traywick, Jordan Maness, Gordon Grubb, Joyce Spivey, Danny Kadis, Jesse McCoy, Samone Bullock Dillahunt, Chico Scott

Staff/Consultants Present: Yolanda Winstead, Natalie Britt, Sheila Porter, Sharon Lorden, Tinu Diver, Michael Ward, Rachel Tutwiler, Bridgette Lynn, LaTonya Mckoy, Issac Reyes, Jackie Salvati, Jen Foell, Kayla Rosenberg Strampe, LaTonya Mckoy, Lou Sivulka, Patrick Nerz, Skip Jackson, Sandra Wallace, Tammy Simmons, Tiffany Wilkins, Joseph Omozokpea, Tim Fisher, Stacey Todd, Shoni Williams, Betty Larose, Len Tatem, and Liz Martin.

Jordan Maness called the meeting to order at 12:48PM.

Consent Agenda

The consent agenda included the September 26, 2023 Board of Directors meeting minutes along with the financial report.

Joyce Spivey made a motion to approve the consent agenda. Betsy Rozakis seconded the motion. Motion approved.

Staffing Update

Yolanda provided a quick staffing update. She introduced Tashonia (Shoni) Williams, Stacey Todd and Sandra Wallace. She noted that there are three vacancies on the organizational chart provided in the packet. We are working to fill the Director of Accounting and Resident Services Coordinator positions but have put a hold on recruiting for the VP of Asset Management position and have instead contracted with Len Tatem of Tatem Consulting to serve in this capacity. Yolanda also shared news of Kayla Rosenberg Strampe's recent promotion and the announcement of Sheila Porters retirement in Q1 of 2025.

Real Estate Development

Review of Current Developments

Natalie Britt welcomed the board and staff to Primavera Apartments. She gave brief updates on some of the current developments. Notably, they submitted for project based rental assistance for Milner Commons to help lower income for individuals and help relocate people from Raleigh Housing Authority properties so those communities can be rehabbed.

Ashton Place could see a small delay due to electrical supply.

Sportsmanship Crossing received their 80% complete plans this month and they are currently working with the Civil Engineers for the project. This time next year we will be under construction at Sportsmanship.

Creston Commons rehab is going well and we expect to have people back in another building before Christmas.

Preservation Rehab is also going well and they are currently holding meetings with residents. Rehab is anticipated to start in late Q1 2024.

Pipeline Projects

Natalie noted that the development team has gone through multiple design iterations and they plan to use both 9% and 4% Tax Credits to develop the final phase at Washington Terrace. The development team is having conversations with Advance for the commercial space that will be included in the project.

Greenwood Forest – hoping to submit tax credit application in 2025.

Shelter Building/First Presbyterian Church of Greensboro- we intend to apply for a 2024 9% tax credit application for 40 units of housing for seniors. Brightspire would be our partner.

Homestead Road – a lot still would need to fall into place but needs rezoning, sidewalks, crosswalk, etc but it is such a good location right across from the senior center – DHIC would be spending money to try to get it to a tax credit application phase.

Legion Road – after competing against 8 other developers, DHIC was selected to be the development partner for Chapel Hill.

Fund Development Plan

Yolanda provided an update regarding the Fund Development Plan and asked if the board had any questions of the plan that was included in the package. She also noted that there would be further explanation of the plan in early 2024.

Committee Reports

Report of the Nominating Committee

Jordan Maness gave the report of the nominating committee.

Jordan explained that at the current time, we have eight directors whose terms will expire by the end of this year. These members and the number of terms that they are completing are: **Steve Evans (1), Chico Scott (4), Joyce Spivey (1), Russell Pierce (1), Jordan Maness (2), Jesse McCoy (1), Meghan Melloy (2) and Tyler Craft (3)**. In summary, there are seven potential reappointments and one member, Chico Scott, has reached the term limit and is ineligible for reappointment. Of those seven eligible for reappointment, Jesse McCoy is the only one who has declined to continue to serve. His teaching schedule continues to make it difficult for him to fully participate and attend meetings regularly.

Jordan Maness then reviewed the suggestions of the Nominating Committee:

1. Reappoint Steve Evans, Joyce Spivey, Russell Pierce, Jordan Maness, Meghan Melloy and Tyler Craft to the Board of Directors with terms that end 12/31/2025.
2. Make the following new appointments to the board for two-year terms that begin on 1/1/2024 and end on 12/31/2025. A summary of the nominees is attached.
 - Patricia Swasey (CHDO)
 - Utica Cason

With the approval of these appointments, the board demographics will be as follows:

Gender	Race				Total	%
	Black	Hispanic	Other	White		
Female	6	0	0	2	8	53%
Male	2	1	0	4	7	47%
LBGTQ+	0	0	0	0	0	0%
Total	8	1	0	6	15	
%	53%	7%	0%	40%		100%

3. Re-elect **Tyler Craft** as Chair of the Board of Directors.
4. Re-elect **Jordan Maness** as Vice Chair of the Board of Directors.
5. Appoint the following directors to serve on the Executive Committee:

Current Members
Tyler Craft

Proposed
Tyler Craft

Betsy Rozakis
Gordon Grubb
Jordan Maness
Chico Scott

Betsy Rozakis
Gordon Grubb
Jordan Maness
Meghan Melloy

6. Appoint the following staff as Corporate Officers.

President	Yolanda Winstead
Vice President	Natalie Britt
Vice President	Sharon Lorden
Treasurer	Michael Ward
Secretary	Jennifer Foell
Assistant Secretary	Sheila Porter

7. With regard to standing committees, we ask that Board members indicate their preferences at the meeting today. The Board Chair elect will finalize the committee appointments.
8. That DHIC vote as the sole shareholder in all for-profit corporations to replace existing board members with members of the 2024 DHIC Executive Committee. In the case of non-profit affiliated corporations, the Committee recommends that the DHIC Board replace existing board members with the members of the 2024 DHIC Executive Committee. All changes shall be effective January 1, 2024.

Jordan Maness asked for a motion to approve the recommendations put forth by the Nominating Committee. Jesse McCoy made a motion to approve the recommendations of the Nominating Committee. Chico Scott seconded the motion. Motion approved.

Recognition of Retiring Board Members

Yolanda took a moment to recognize and thank Jesse McCoy and Chico Scott for their time on the board. Yolanda presented Chico with an award for his longtime service. Yolanda also took this opportunity to remember and recognize Rodney Brown, who passed away earlier this year.

Proposed 2024 Meeting Schedule

With no objection, we will move forward with the updated 2024 meeting schedule.

Committee Preferences

Yolanda gave an overview of the different board committees and asked that all board members please fill out their preferences and return to Liz. This will help us in assigning the committees for 2024.

Report of the REDI Committee

Chico, the committee chair, gave an update on the progress to date and shared that the next steps for the committee will be moving forward with another engagement with CounterPart Consulting in 2024 to continue the REDI work.

Finance Committee

Sharon gave a brief overview from the Finance Committee meeting that was held on Wednesday, December 6 where they reviewed the proposed 2024 budget in detail. Betsy Rozakis, Chair of the Finance Committee, added that the committee spent a lot of time reviewing the budget and that the Finance Committee has recommended the proposed 2024 budget be brought to the full board for approval.

Danny Kadis made a motion to approve the 2024 budget. Joyce Spivey seconded the motion. Motion approved.

Strategic Plan Goal Team Updates

Goal Team 1

Rachel provided an update of her teams work in 2023. She noted that policy and advocacy is a new area for us. Most of the year was spent uncovering what the organization is already doing in this space. They found that much was externally motivated, so the team will work to approach the work internally in 2024. They will also focus on internal capacity to engage policy in an intentional way.

Goal Team 2

Patrick shared that the team started the year with a more theoretical approach and have ended the year with a much more practical focus. The team engaged resident services and the HOC for many meetings to begin to create fusion between the two. The team also served as a sounding board and resource for resident services as they worked to identify a clearer vision for their team.

Goal Team 3

Tim shared that his team deployed an employee survey to get a better understanding of staff’s capacity, pain points, and current functions. They also reviewed grants history to get a better understanding of the process, the time spent and the value add for different grant opportunities. They continue to have discussion around feedback loops between departments and how to streamline this.

Goal Team 4

Issac noted that his team was focused on defining and strengthening the workplace culture. They hosted Lunch and Learns throughout the year to give staff an opportunity to gather and learn more about what each department does and how it relates to the organization mission. Their team also worked to define DHIC’s core values and began compiling an acronym sheet.

Other Business

Yolanda reminded the board about the upcoming events and NeighborWorks Training Institutes.

There being no further business, Jordan Maness adjourned the meeting of the DHIC Board of Directors at 1:56PM.

Approved by a vote of _____ in favor and _____ against, this the ___ day of __February_____ 2024 as an accurate and true copy of the Meeting Minutes of the Board of Directors of DHIC, Inc.

Attest: _____ Jennifer Foell, Secretary

DHIC Board of Directors Meeting
02/27/24
Agenda Item III (B): Cash Balance and Line of Credit Report
Balance as of 01/31/24

Unrestricted & Designated Operating Cash Balance	
<i>Use: Available for Operations</i>	
First National Bank - Operating ¹	2,921,217
First National Bank - CD 12 month; 4.28% ¹	1,000,000
PNC - Operating	164,853
First National Bank - Savings ¹	1,000
	Total 4,087,070
Comments	
+\$1.6M in Asset Mgt fees due in December; \$330k Dev Fee - Primavera recvd 12.06.23; \$278k NW Cap to be released to Ops	

Designated Cash: Board Designated Reserves of \$2.6M	
<i>Use: Available for temp loans to development projects or operations while waiting to collect dev fees; balance to be fully funded back to \$2.6M by 12/31 each year.</i>	
First National Bank - BOD Designated ¹	1,378,967
First National Bank - CD 12 month; 4.31% ¹	1,000,000
M&F Bank - BOD Designated	250,000
	Total 2,628,967
Comments	
\$400k added to BOD reserve in December 2023 from operations; new BOD reserve \$2.6M	
<i>Original Sources: \$600k NW Capital; \$2.0M operations.</i>	

Designated Capital Funds Balance	
<i>Use: Capital funds are available for loans to Development Projects as needed; 2nd mortgage funds may be loaned to HOC clients as needed</i>	
First National Bank - NeighborWorks (NW) Capital ¹	290
First National Bank - 2nd Mortgage Program ¹	222,655
Truist - HUD 2nd Mortgage	124,785
Truist - NW 2nd Mortgage	127,574
	Total 475,303
Comments	
<i>NeighborWorks funds are unrestricted per our Capital Conversion Agreement.</i>	

Restricted & Designated Other Funds	
<i>Use: Available for other restricted and/or designated purposes as noted</i>	
First National Bank - Resident Resilience Fund ¹	310,964
PNC - Designated Savings-W.Terrace	211,093
	Total 522,057
Comments	

Lines of Credit			
Use: Available for temporary use in any capacity as long as there is a known source of repayment			
	Amount drawn:	Terms and Comments on the Lines of Credit:	
First National Bank Revolving LOC - \$500k line	-	dated 5/21/15, prime + .5 renewal complete 11/08/22	Demand note
First Citizens Revolving LOC - \$700k line	-	dated 10/16/15, prime + .5 renewal complete 12/13/23	due 11/25/25
First Horizon LOC \$ 1.0M line	-	dated 9/29/16, SOFR Term 1M commercial rate plus 2.41 renewal in process	due TBD
First Citizens BFAH, LLC LOC - \$5.0M line	-	dated 12/21/21, prime renewal complete 12/13/23	due 11/25/25

¹ Per FNB: First National Bank of Pennsylvania continuously secures DHIC Inc. deposits that exceed applicable FDIC insurance coverage as a courtesy to you and not as a requirement under Act 72 of the 1971 Pennsylvania Session since DHIC Inc. is not a public fund entity as defined by the Act. Securities are segregated as collateral for the deposit balances exceeding FDIC insurance and are held in the name of First National Bank of Pennsylvania at the Federal Reserve Bank of Boston and/or the Federal Home Loan Bank of Pittsburgh. As of February 28, 2023, the uninsured account deposits for which we provide this courtesy service amount to: \$52,784,955.87. On this date First National Bank of Pennsylvania's courtesy collateral account consisted of securities segregated as collateral for these deposits having a par value of \$55,083,401.84 and a market value of \$51,915,545.74.

DHIC Board of Directors Meeting
February 27, 2024
Agenda Item III (C): Review of Current Developments

PROJECT INFORMATION	STATUS
Washington Terrace Phase 3/ Townhome lots, Raleigh	Closed on townhome lots with Stanley Martin and 5 affordable units are under contract. We have finalized a conceptual plan for the community open space and will move to engineered drawings once plan review is complete. Plan has been conditionally approved pending surety being put in place, which we are actively working on. Schematic plans are being sent to prospective subcontractors for initial bidding.
Primavera, Raleigh Total Units: 164 Total Affordable: 164 Development Cost: \$32,500,000 (~\$189,000/unit before land cost)	Primavera is 100% complete, having received its final Certificate of Occupancy on 10/31/23. Building 2 was fully leased by 12/28/23; 25 units remaining to be leased as of 2/6/28. CMC is aware of the need to fully lease the entire project by the end of February. Next steps will be working towards perm loan conversion once 90% occupancy is achieved - with aim to capture increased perm loan amount.
Stone Glen, Apex 164 units (Family 4%) Est. Total Development Costs: \$44,000,000 (~\$254,000/unit before land cost)	Stone Glen is roughly 80% complete. Property management has been switched to Edgewood Management and our kick-off call took place 2/6. Fire occurred in building 3 on 1/24; currently working through the process with the insurance company, BWE, and HKJ. However, there is a strong plan in place and the hope is that the remediation at Building 3 will not impact the overall schedule.
Ashton Place, Durham 51 units (Seniors 9%) Est. Total Development Costs: \$13,500,000 (~\$265,000/unit before land cost)	After initial delay due to power line relocation, construction has been relatively smooth and remains on (revised) schedule. Construction is 51% complete as of 2/1/23.
Milner Commons, Raleigh 156 units (Seniors 4%) Est. Total Development Costs: \$45,567,081 (~\$292,000/unit before land cost)	The project is 70% complete as of February 1, 2024. We remain on track for an early 4Q24 completion. We received approval from NCHFA to switch management companies from CMC to Edgewood and have signed a new property management agreement. We intend to apply for 39 project-based housing vouchers from the Raleigh Housing Authority in February 2024.
Sportsmanship Crossing Holly Springs 124 units (Family 4%)	McAdams is aiming to submit a second Site CD submittal (for both the commercial and affordable sides of the site) to the Town of Holly Springs in early February. Cline Design delivered an 80% set for GC pricing and we expect bids from three GCs by mid-February. That construction pricing (and continued changes in interest rates) will determine the magnitude of the sources gap, and we will continue to discuss how to address the gap internally and with Wake County. Our goal is to advance this to a closing by late summer.
Hardee Street Apartments, Durham 132 units (Family 4%) Est. Total Development Costs: \$38,318,875 (~\$287,000/unit before land cost)	Hardee Street Apartments is under construction with WeaverCooke and 26% complete. We are on track to finish ahead of our projected March 2025 completion date. We will work with Housing for New Hope to figure out a simple referral process for the property during lease up.

<p>Creston Commons Rehab Southern Pines 80 units (Family 9% - Rehab) Est. Total Development Costs: \$14,000,000</p>	<p>The first three (of eight) buildings have been rehabbed and residents have moved back in. We have encountered sprinkler difficulties that have led to a delay currently, but are working on a solution to get us back on track to complete the remaining 5 buildings in 2024.</p>
<p>DHIC Preservation Rehab Portfolio #1 Raleigh, Cary 374 units (4%) Est. Total Development Costs: \$64,500,000</p>	<p>Site permit and building permit review is in progress. DHIC is working with CAHEC and Citi Community Capital as financial partners. Lender and Investor due diligence process is ongoing with a goal to close in Q3, 2024 Resident engagement was concluded in January, 2024. DELCK group is preparing a tenant assessment report to determine tenant needs during construction.</p>

DHIC Board of Directors Meeting
February 27, 2024
Agenda Item III (D): Pipeline Projects

PROJECT INFORMATION	STATUS
Fisher Grove Raleigh, NC 60 units	We advanced plans for a 9% senior project on a portion of the 4.4-acre site at the corner of Oakwood Avenue and Raleigh Boulevard. We submitted a preliminary tax credit application to NCHFA, and gap financing requests to the City of Raleigh and Wake County.
Washington Terrace – 4% Project Raleigh, NC 4.4 acres Unit count & mix of uses TBD	We will be meeting with Mosely Architects (and J Davis for land planning) to advance design for a 4% tax credit project on the remainder of the Washington Terrace parcel at the corner of Oakwood Avenue and Raleigh Boulevard. We are engaged with potential health care/service partners over possible leasing of commercial space; current discussions are centered around timelines and general service approach(es). We applied for vouchers under RHA’s new project-based voucher program, but have not yet received a response or feedback.
Greenwood Forest Baptist Church Cary, NC TBD units (9%) Est. Total Development Costs: \$TBD	DHIC signed a MOU from Greenwood Forest Baptist Church (GFBC) to lead the development of a multi-use building on their property. We have received initial feedback from the Cary Urban Design Center on schematic site plans, and are currently reviewing multiple site plan iterations with JDavis, GFBC, and TCP. The design team has also reviewed the traffic impact analysis report and is incorporating necessary revisions. Initial PDP and rezoning application were submitted 2/6/24; next steps will be continuing to advance design/partnership discussions while waiting for initial comments on applications.
Shetler Place/First Presbyterian Church of Greensboro Greensboro, NC 40 units (9%) Est. Total Development Costs:	The Property Committee at First Presbyterian has decided not to move forward with the project. We have informed Brightspire, our project consultants, NCHFA and the City of Greensboro of this decision and will continue to look for other opportunities in Greensboro.
2510 Homestead Road Chapel Hill, NC ~50 units (9%)	This land is well-located in Chapel Hill, directly across the street from the Chapel Hill Senior Center and close to Chapel Hill’s planned BRT on M.L.K. Jr. Boulevard. We are currently pursuing a purchase and sale agreement with the intention of planning and submitting a 2025 9% application.
MacGregor Village Greenville, NC 80 units (rehab)	MacGregor Village was submitted for 9% rehab credits last year but not awarded, as the Agency was waiting to include this project in the pool of applicants for its newly-formed Rental Preservation Loan Program, which was just announced in early 2024. We submitted each phase of MacGregor Village separately under this program, due to the \$4m per project award cap. The initial questionnaire was submitted on 2/9, with full application due 3/25. We’ll be working on identifying architect and GC partners, along with repricing the previous scope of work, between now and full submittal.
Bay River Bayboro, NC 20 units (rehab)	Bay River was also submitted to the Agency’s RPLP program on 2/9. Due to its smaller size, the project is not a good fit for 9% rehab credits, but we are hopeful the RPLP program will allow us to move forward with a light touch rehab. We’ll be working on identifying an architect and GC partner, along with establishing a scope of work and preliminary pricing, between now and full application.

DHIC, Inc. Conflicts of Interest Policy

ARTICLE I

Purpose

The purpose of the Conflicts of Interest Policy is to protect the interests of DHIC, Inc., a North Carolina non-profit corporation (the "Corporation") when the Corporation is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy, adopted by the Board of Directors of the Corporation, is intended to supplement but not replace any applicable laws or regulations of the State of North Carolina governing conflicts of interest applicable to nonprofit and charitable corporations.

ARTICLE II

Definitions

For purposes of this conflicts of interest policy, the following definitions and rules of construction shall apply:

1. "Interested Person" shall mean a director, principal officer, or member of a committee with the authority to act on behalf of the Board of Directors, who has a direct or indirect Financial Interest.
2. A "Financial Interest" exists if an Interested Person has, directly or indirectly, through business, investment or family:
 - a. an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
 - b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
 - c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating, or any entity or individual with respect to which the Board or a committee is considering, a transaction or arrangement.

A Financial Interest does not necessarily constitute or result in a conflict of interest. For purposes of this Policy, a person shall be considered to have a conflict of interest only if the Board or an appropriate committee determines that a conflict of interest exists pursuant to Article III below.

3. Compensation includes direct and indirect remuneration and gifts or favors which are substantial in nature, but shall not include gifts of less than Fifty Dollars (\$50.00) in value.
4. An Interested Person who has a Financial Interest with respect to one or more parent, sister, or subsidiary business entities of the Corporation shall be deemed to have a Financial Interest in the Corporation.

ARTICLE III
Procedures

1. An Interested Person shall disclose the existence and nature of his or her Financial Interest, and shall be given the opportunity to disclose all material facts with regard to such Financial Interest, to the directors and members of committees with Board-delegated powers considering the proposed transaction or arrangement.
2. If the Interested Person has a Financial Interest, after disclosure of the Financial Interest and all material facts relating to the Financial Interest, and after any discussion between the Board or the committee and the Interested Person to clarify or bring to light additional information with respect to the Financial Interest, the Interested Person shall leave the Board or committee meeting while the remaining Board or committee members deliberate and vote upon whether a conflict of interest exists. Prior to leaving the meeting, the Interested Person may offer a brief statement of his or her position regarding the transaction or arrangement and may answer pertinent questions from other directors or committee members. In the absence of the Interested Person, the remaining Board or committee members shall determine if the Financial Interest constitutes or results in a conflict of interest.
3. In the event the Board or committee determines that a conflict of interest exists:
 - a. The Interested Person may make a presentation with regard to the transaction or arrangement at the Board or committee meeting, but after such presentation, the Interested Person shall leave the meeting during the deliberations concerning, and the vote upon, the transaction or arrangement.
 - b. The chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or committee shall determine whether the Corporation can, with reasonable efforts, obtain a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine, by a majority vote of the disinterested directors or committee members present at a meeting, whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction or arrangement is fair and reasonable to the Corporation.

ARTICLE IV
Records of Proceedings

The minutes of meetings of the Board of Directors and all committees acting with the authority of the Board of Directors shall include:

1. The names of all persons who have disclosed or otherwise were found to have Financial Interests, the nature of the Financial Interest, and the Board's determination of whether a conflict of interest existed; and
2. The names of the persons who were present at the meeting for discussions and votes relating to the transaction or arrangement, the content of these discussions (including any alternatives to the proposed transaction or arrangement), and a record of the vote.

ARTICLE V
Compensation Matters

A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI
Annual Statements

Each director, principal officer and member of a committee acting with Board-delegated powers shall, upon commencement of his or her employment or term of office, and annually thereafter, sign a statement, in the form attached hereto as Appendix A, certifying that the person:

1. received a copy of the conflicts of interest policy;
2. has read and understands the policy;
3. agrees to comply with the policy; and
4. understands that the Corporation is a charitable organization and that in order to maintain its tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII
Periodic Reviews

The Corporation shall conduct periodic reviews of its activities to ensure that it is operating in a manner consistent with its charitable purposes and that it is not engaging in activities that could jeopardize its status as an organization exempt from federal income tax. In conducting such reviews, the Corporation shall evaluate the following:

1. Whether the Corporation's compensation arrangements and benefits are reasonable and the result of arm's length negotiations; and
2. Whether contractual arrangements with providers of goods or services conform to written policies, are properly recorded, reflect reasonable payments for goods or services, further charitable purposes, and do not result in private inurement or impermissible private benefit

In conducting its periodic reviews, the Board of Directors may in its discretion engage outside advisors, but the Board of Directors shall at all times retain responsibility for ensuring that periodic reviews are conducted.

ARTICLE VIII
Violations of Conflicts of Interest Policy

If the Board of Directors or a committee has reasonable cause to believe that a member of the Board of Directors or of the committee has failed to disclose a Financial Interest, it shall inform such member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the response of the member and making such further investigation as may be warranted under the circumstances, the Board of Directors or committee determines that the member has in fact failed to disclose a Financial Interest, it shall take appropriate disciplinary and corrective action.

**ANNUAL STATEMENT CONCERNING CONFLICTS OF INTEREST POLICY
OF
DHIC, INC.**

The undersigned, being a duly appointed or elected officer or director of DHIC, Inc., a North Carolina nonprofit corporation (the "Corporation"), does hereby certify as follows:

1. The undersigned has received a copy of the Conflicts of Interest Policy of the Corporation, as adopted and/or amended by the Board of Directors of the Corporation at its meeting on February 27, 2024;
2. The undersigned has read and understands the Conflicts of Interest Policy;
3. The undersigned agrees to comply with the Conflicts of Interest Policy; and
4. The undersigned understands that the Corporation is a charitable organization and that in order to maintain its tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

On this, the _____ day of _____, 2024.

Signature: _____

Printed Name: _____

DHIC, INC.
BOARD SERVICE COMMITMENT PLEDGE 2024

I, _____, have accepted the responsibility to serve as a board member for DHIC, Inc. I hereby pledge to fulfill my role and responsibilities as an active and engaged member of the DHIC, Inc. Board of Directors.

My Role: I acknowledge that my primary role as a board member is:

- To advance the mission of the organization through the governance and fulfillment of responsibilities as stated in the bylaws.

My Commitment: I acknowledge that my primary commitments as a board member are:

- To attend a minimum of four board meeting, and to serve on one (or more) standing committees.
- To dedicate expertise, ideas, and time to accomplish the work of the full board and the standing committees.
- To be prepared to conduct the business of DHIC at scheduled meetings, having read all materials provided.
- To adhere to the Conflict of Interest Policy as stated in the bylaws.
- To take advantage of board development and training opportunities.
- To participate in the annual review of the strategic plan and to support staff in its implementation.
- To remain informed about DHIC's vision, mission, services, and policies.

My Support: I acknowledge the importance of making a meaningful personal contribution in support of DHIC, which will be designated to support DHIC's mission. I also acknowledge the importance of achieving 100% board giving participation.

I pledge to make a personal donation of \$ _____ during the 2024 calendar year.

**Your gift may be in any amount you are comfortable in giving.*

Check Attached: _____ Expect payment by (indicate month): _____

Additionally, I commit to the following (please check a minimum of two):

- To identify resources for potential fundraising opportunities
- To introduce a potential stakeholder and/or decision maker to a member of the DHIC management team
- To participate in DHIC's annual NeighborWorks® America Week Event (month of June)
- To volunteer at least one DHIC resident or community event (staff will send notice of opportunities)
- To attend at least one grand opening or public event hosted by DHIC
- To attend a NeighborWorks® America training or symposium
- To suggest nominees and participate in board recruitment

Signature: _____

Date: _____

**** Please feel free to contact Liz Martin, Sr. Coordinator of Strategic Initiatives, with questions or feedback about completing this form – (919) 600-5360 or liz@dhic.org**

DHIC 2024

CERTIFICATION OF LOW-INCOME REPRESENTATION

Each board member representing the interests of low-income families in the Applicant’s service area must complete this certification. Please maintain a copy of this certification in your files. Note: the board member needs to check at least one of the three criteria listed below but does not need to indicate the specific way in which he or she represents low-income community interests.

Board Member Name: _____

I certify that I am a current member in good standing of the governing board for __DHIC, Inc.__(name of the CHDO organization seeking certification) and that I represent the interests of low-income families in the Applicant’s service area.

Date Completed: _____ Board Member Signature: _____

Please check and complete one of the following:

_____ I am a low-income resident of _____, a community in the Applicant’s service area.

In order to qualify under this criteria, the board member must be a low-income resident of a community that the CHDO is planning to serve or is currently serving. Low-income is defined as 80% or less of area median family income.

OR

_____ I am a resident of a low-income neighborhood in _____, a community in the Applicant’s service area.

In order to qualify under this criteria, the board member must live in a low-income neighborhood where 51% or more of the residents are low-income. The board member does not have to be low-income.

OR

_____ I am an elected representative of _____, a low-income neighborhood organization within _____, a community in the Applicant’s service area.

In order to qualify under the third criteria, the person must be elected by a low-income neighborhood organization to serve on the CHDO Board. The organization must be composed primarily of residents of a low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block groups, neighborhood associations, and neighborhood watch groups. The group must be a neighborhood organization and IT MAY NOT BE THE CHDO ITSELF. If the applicant is representing a low-income neighborhood organization, please attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO.

DHIC Board of Directors Meeting
February 27, 2024
Agenda Item V: Full Cycle Homeownership Certification

Summary

A primary objective of NeighborWorks America is to increase the capacity of local community-based organizations to revitalize their communities, particularly by expanding and improving housing opportunities.

NeighborWorks organizations with a Homeownership line of business use the NeighborWorks Full Cycle Homeownership system. Under this system, pre-purchase education, innovative loan products and early intervention delinquency counseling, are combined into a system that helps create successful homebuyers who take charge of their neighborhoods as well as their homes.

Background

NeighborWorks created the Full-Cycle Lending certification in the 90's as a marker of excellence in homeownership and lending service delivery. DHIC received this certification in February 2017. Over time, it was determined that the Full-Cycle Lending framework did not adequately reflect the needs of network organizations engaged in homebuyer education and counseling. Organizations requested a national certification process that would help define their Homeownership services as unique in their communities and help maintain high-quality standards.

In 2022 the Full-Cycle Homeownership Certification was launched. The deadline for certification is September 30, 2024.

Certification Requirements

- Have at least one HUD certified counseling on staff
- Adopt the National Industry Standards for Counseling and Education
- Create 30 new homebuyers per year, over a 3- year average
- Deliver 8 hours of Homebuyer Education and Counseling to 60% of pre-purchase customers
- Hold staff certifications in Pre-purchase Education, Homeownership Counseling, Post-purchase Counseling, Foreclosure Counseling, Financial Capability Counseling and Rental Housing Counseling

All of the requirements have been met and we are now ready to submit our application for Full-Cycle Homeownership Certification.



RESOLUTION OF THE BOARD OF DIRECTORS OF DHIC, INC. FOR NATIONAL CERTIFICATION IN NEIGHBORWORKS FULL-CYCLE HOMEOWNERSHIP

Whereas, one of DHIC’s key goals is to promote homeownership for low and moderate income - families in Wake, Durham and Johnston Counties in North Carolina; and

Whereas, DHIC maintains a Homeownership line of business and is providing unique and comprehensive Homeownership services to its customers; and

Whereas, DHIC wishes to access the innovative Homeownership strategies and tools developed by the NeighborWorks National Homeownership Programs and Lending; and

Whereas, the DHIC Board of Directors has reviewed relevant background materials and thoroughly discussed the NeighborWorks Full-Cycle Homeownership approach to Homeownership that is a foundation of the National homeownership Programs and Lending:

Therefore, be it resolved that the Board of Directors of DHIC affirms that the critical aspects of NeighborWorks Full-Cycle Homeownership are in place. These include:

- A work plan with clear, measurable goals that leads to neighborhood improvement;
- Homeownership education and counseling for potential buyers;
- Assistance to borrowers from loan intake through loan closing;
- Post purchase counseling and early intervention delinquency counseling.

Be it further resolved that the DHIC staff are authorized to apply for national certification in NeighborWorks Full-Cycle Homeownership.

Board President Signature

Date

Board President Name (Printed)

DHIC Board of Directors Meeting
February 27, 2024
Agenda Item VI: Fund Development Plan Presentation

Included among the 2023–2025 Strategic Plan are objectives that relate to identifying and leveraging new and diverse sources of funding including expanding philanthropic fundraising. To support this work, DHIC engaged [Purpose Possible](#), a woman owned consultancy to develop a fund development plan for the organization.

We've invited Mindy Schweitzer-Rawls, Director Fundraising Services for Purpose Possible to guide us through additional review and discussion of the of the plan. The attached presentation outlines the primary internal and external considerations, projected financial projections for budgeting for fundraising planning, development priorities, goals and metrics for implementing various components that will help to build out DHIC's fundraising capacity through 2026.



ESTABLISHING A RESILIENT AND SUSTAINABLE DHIC





ABOUT PURPOSE POSSIBLE

Purpose Possible™ transforms our communities by empowering mission-driven organizations.

We accomplish this by providing wrap-around services that allow organizational leadership and staff to focus on what they are subject matter experts in — the mission-focused work! We can take on the rest.

re·sil·ience
/rə'zilēəns/



“the capacity to withstand or to
recover quickly from difficulties;
toughness.”

Requires Financial Investment

- Diversify Funding Resources
- Develop Strong Leadership
- Adopt Technology
- Invest in Staff and Volunteer Development
- Focus on Impact Measurement
- Establish Financial Reserves
- Stay Adaptable and Innovative

Requires Organizational Commitment of Time

- Build Strategic Partnerships
- Create and Update Contingency Plans
- Maintain Strong Governance
- Communicate Transparently
- Build and Maintain Relationships

FUNDRAISING PLAN OVERVIEW

DHIC has an excellent track record of executing its mission and is poised to diversify its revenue streams to deepen its impact.

The fundraising plan provides a roadmap for the next three years through strategy, tactics, and leveraging donor data while considering giving trends and aligning with the strategic plan.

PRIMARY CONSIDERATIONS

INTERNAL

- Establish a development program and systems that will allow DHIC to diversify and enhance revenue streams to support its growth and mission.
- Define roles and responsibilities of the staff and board to support fundraising strategy, execution, and data management.
- Establish an organizational culture that supports and includes fundraising, starting with the leadership team.
- Establish fundraising goals that align with the organization's strategic plan.
- Engage the board with specific fundraising duties.
- Along with this resource development plan, a board development plan with recommendations for strategic board development focused on fundraising has been created.

PRIMARY CONSIDERATIONS

EXTERNAL

- Philanthropic interest in and support for affordable housing initiatives continues to grow on a national, local, and regional level.
- Connect DHIC's work to direct impact through storytelling.
- Customize communication messaging to the audience engaging with each communication platform.
- Leverage the 50th anniversary to demonstrate the history of DHIC and the collective impact the organization has made on the Triangle area and beyond.



PRIMARY CONSIDERATIONS

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FINANCIAL PROJECTIONS

As DHIC continues to build the development department’s capacity, coupled with using Bloomerang to analyze historical donor records and develop strategies based on giving history and relationships, projections will become increasingly accurate.

Donation Type	FY23 Budget	%	FY24 Budget*	%	FY25 Goal	%	FY26 Goal	%
Foundations/Public	\$1,583,250	100%	\$1,309,826	76%	\$1,325,000	83%	\$1,375,000	81%
Corporate	\$0	0%	\$193,000	11%	\$200,500	13%	\$215,500	13%
Individual	\$0	0%	\$32,250	2%	\$56,500	4%	\$83,450	5%
Events	\$0	0%	\$189,000	11%	\$13,500	1%	\$15,000	1%
Total Development Raise	\$1,583,250	100%	\$1,724,076	100%	\$1,595,500	100%	\$1,688,950	100%
Total Revenue	\$1,583,250		\$2,138,326		\$1,595,500		\$1,688,950	
Total Development Budget	\$7,782		\$136,610		\$60,920		\$102,070	
Total Net	\$1,575,468		\$2,001,716		\$1,534,580		\$1,586,880	

* 50th Anniversary revenue bump



DEVELOPMENT PRIORITIES, GOALS, AND METRICS

The priorities, goals, and metrics can be used to set firm deadlines, deliverables, and assignments around implementing these strategies.



BOARD ENGAGEMENT

- Continue to develop a Board of Directors to include members with financial capacity, corporate affiliations, and diversified networks with a strong capacity to give.
- 100% participation by the Board in year-round fundraising through “give” and “get” efforts.
- Establish a formalized process for the Development Committee to track and coach the Board in their year-round fundraising efforts.

Goals/Metrics:

- Maintain 100% Board giving annually.
- Increase annual collective Board giving to \$15,000/year by 2026
- Establish and train a Development Committee to lead the Board’s efforts to support fundraising and revenue diversification by the end of 2024.
- Add one to two new board members, bringing direct connection to corporate and/or foundation-giving opportunities by Q2 2026.



BOARD ENGAGEMENT

As the organization begins to prioritize philanthropic support, board development—both board growth to include additional members and providing tools and support to help current board members better support DHIC’s fundraising efforts—is a priority.

It is best practice for board members to have DHIC as one of the year's top three philanthropic gifts.

2022 BOARD GIVING RATE

86%



STRIVING FOR

100%

INDIVIDUAL GIVING

- Establish donor stewardship and move management processes for staff to document and implement throughout the year.
- Focus on increased retention of existing donors through increased personal touch points throughout the year and emphasis on what their gift has contributed.
- Develop a pipeline of new prospects through ongoing Board and staff identification and stewardship and annual donor research.
- Develop specific functionality of Bloomerang for all donors, events, and grant tracking.
- Establish a consistent annual fund campaign schedule to run throughout the year.
- Establish a major gifts program to qualify donors through board identification and research (identify gifts \$500+ for the major gifts program).
- Increase awareness of DHIC's impact and opportunities to support programs and the mission.

INDIVIDUAL GIVING

Goals/Metrics:

- Reengage with all lapsed individual donors during Q1 FY24.
- Establish an understanding of existing and lapsed donor affinity to support DHIC through metrics by the end of Q2 FY24.
- Grow major gift revenue (gifts of \$1,000+) by 13% by the end of FY26.
- Increase the number of active donors by 27% by the end of FY26.
- 22% growth in annual donations by the end of FY26.
- Conduct one to two online fundraising campaigns annually to support a program and/or general operations.

INSTITUTIONAL SUPPORT

- Cultivate new support from private foundations locally, state-wide, and nationally to support direct service programs and general operations.
- Establish an annual calendar of grant opportunities in alignment with organizational needs.
- Ensure timely reporting/stewardship to increase the likelihood of continued support.
- Establish comprehensive evaluation metrics and longitudinal data for programs to increase grant competitiveness.

Goals/Metrics:

- Increase institutional giving by 43% by the end of FY26.
- Cultivate and secure \$300,000 from new institutional giving sources by the end of FY26 (approximately \$50,000 year over year through approximately five new sources).
- Increase annual grant application submissions by 50% by the end of FY 25.
- Maintain accurate and impactful data across the organization and programs to support funding requests.



CORPORATE SUPPORT

- Work with board members to identify prospective corporate relationships for funding.
- Increase the size of gifts from existing corporate donors leveraging the 50th-anniversary event.
- Review current donors to identify individuals who can have corporate matches for annual donations and discretionary funding for sponsorship opportunities.
- Establish and market opportunities for employee engagement with key corporate partners - suggestions for activities are identified in the plan.
- Reengage lapsed corporate donors by leveraging the 50th-anniversary event.

Goals/Metrics:

- Increase corporate giving by approximately \$150,000 by the end of FY24 through lapsed corporate donor support leveraging the 50th anniversary.
- Increase corporate matching by Board and individuals by 10% by the end of FY24.
- Add one to two new corporate Board members by the end of Q2 FY26.
- Engage a corporate volunteer group on an annual basis.



EVENTS

- Prioritize events that support donor cultivation and stewardship, which can be produced and subsidized by board members and minimal resources from staff.
- Leverage the 50th anniversary as an opportunity to reengage lapsed donors, institutional funders, and corporate support.
- Explore hosting a mission-focused event that would garner high ROI to increase donor and volunteer engagement.
- Establish an annual corporate volunteer event that engages a large number of corporate volunteers to deepen relationships, drive revenue, and communicate the mission of DHIC externally.

Goals/Metrics:

- Secure approximately \$150,000 through corporate sponsorships/support for the 50th anniversary.
- Increase revenue related to NeighborWorks week by 50% by the end of FY26.



ORGANIZATIONAL & ADMINISTRATIVE

- Implement systems in Bloomerang to enhance cultivation and stewardship activities.
- Integrate fundraising training as part of overall staff and Board culture through targeted efforts throughout the year.
- Establish monthly and quarterly reporting to measure fundraising goals and ROI progress.
- Introduce fundraising as part of the DHIC culture to leverage internal relationships and increase the number of internal advocates and ambassadors.
- Establish budget line items that align with diversified funding sources.
- Evaluate internal resources that allow development staff space to support fundraising activities.
- Prioritize cultivation and stewardship activities across DHIC leadership.

Goals/Metrics:

- Q2 FY24 will complete CRM updates and functionality improvements.
- Annual staff planning retreat to review organizational goals and fundraising priorities with workflow designations for each.
- Conduct fundraising training for the executive team by Q2 FY24.
- Begin implementation of fundraising updates during all staff meetings by Q3 FY24.



BOARDS AND FUNDRAISING

BOARD EXPECTATIONS



Time



Treasure



Talent



Ties



Testimony

TREASURE LEADING PRACTICES

TOP 3 GIFTS

We ask that the org be in your top three philanthropic gifts for the year.

SIGNIFICANT

The gift should be a significant amount to you.

FULL PARTICIPATION

Funders will care that we have 100% participation in board giving.

NATIONAL AVERAGE

The national average for a board give + get is 10% of the organization's income.

COMMITTEES + TASK FORCES

COMMITTEES

These should only exist for ongoing work, ie: finance and audit committee. Other common committees are:

- executive committee
- governance committee (sometimes the work is done by Exec instead)
- fundraising committee - while fundraising is a full board responsibility, the fundraising committee is responsible for helping shape strategic vision, driving board engagement, and managing board participation.

Defining goals for each year is important so that committees can focus on strategic work.

TASK FORCES

These should handle discrete issues as they arise and have clear outcomes and goals.

Here are some examples of common task forces:

- strategic planning
- facility expansion
- succession planning

ENGAGEMENT FORMS

CROSS YOUR TS

The engagement form should ask for folks to commit to specific things around the five Ts

CHECK IN ON COMMITMENTS

Board members needs to hold each other accountable -- have mechanisms to check-in on commitments.

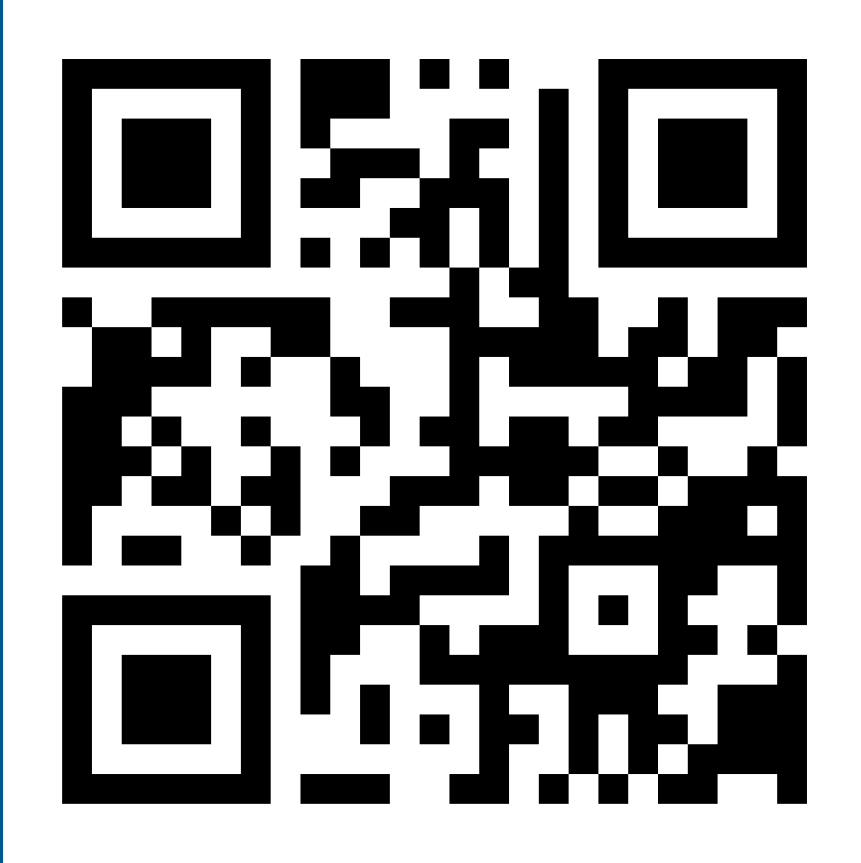
FILL THEM OUT BEFORE THE FISCAL YEAR BEGINS

This allows Executive Leadership to plan for the year.

LET'S CONNECT



Mindy Schweitzer-Rawls
Director of Fundraising Services
mrawls@purposepossible.com



DHIC Board of Directors Meeting

February 27, 2024

Agenda Item VII: FY24 Organizational Planning Documents Submission

NeighborWorks America requests an annual submission of operational planning documents from all Network members within 60 days after the end of the organization's fiscal year. NeighborWorks America Field Operations and National Initiatives Division deem these documents to be critically important to more fully understand network organizations, plan for delivery of services to the network and assist with informing the Organization Health Tracking System (OHTS) Committee which establishes the NeighborWorks organizational ratings (DHIC maintains an Exemplary Rating). These documents are also requested of organizations by the Organizational Assessment Division for both the PROMPT (Production/Program Services, Resource & Financial Management, Organizational Management and Board Governance, Planning and Technical Operating & Compliance Systems) and PRO review processes. NeighborWorks America believes that these are tools which promote organizational best practices.

NeighborWorks requires board approval of the planning documents prior to submission. DHIC's Executive Committee reviewed the Organizational Planning Documents for FY 24 at its meeting on February 14, 2024 and recommends that the board approve the documents for submission to NeighborWorks.



Organizational Planning Documents Fiscal Year 2024

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Executive Summary from the CEO

We are extremely proud of the progress that we made in year one of DHIC’s 2023–2025 Strategic Plan. The process employed in the development and implementation of the strategic plan was specifically chosen because it was designed to identify, stretch, and grow leadership among staff and to foster a culture of cross team collaboration necessary for the future. New leaders quickly emerged among the teams charged with driving the implementation of the overarching strategic goals as we moved from Roll Out and Execution, to Measurement and Continuous Improvement phases of the process.

The goals set in the current strategic plan clearly illustrate our continued commitment to improving the lives of the individuals, families, and seniors that we serve by not only continuing to add to and preserve our portfolio of high-quality affordable housing, but also by serving as a catalyst for systematic change that supports lifelong wellness and success. These are timely goals as 2024 will be DHIC’s 50th year of service in the greater Triangle region and North Carolina. This capstone is the opportune time to look back, celebrate, and leverage a half century of impact as we kick off this next phase of DHIC’s journey.

A Look Back: 2023

DHIC encountered a number of opportunities and challenges in 2023 including one of the most profound challenges that an organization might ever endure, the death of a key member of its leadership team. We are especially proud that our value of compassion is embedded within DHIC as an organization and was fully displayed during the illness and passing of Rodney Brown, VP of Asset Management.

Key Highlights and Challenges

2023 Highlights		2023 Challenges	
Asset Management Team Rebuilding	Began rebuilding DHIC’s Asset Management Team, with the help of Tatem Consulting, the promotion of Skip Jackson to Director of Asset Management and the addition of two new asset managers.	Mid & Senior Level Talent	Identifying and recruiting mid- and senior level talent for open roles has proven to be challenging even with the assistance of search firms.
Cross-Functional Collaboration & Strategic Plan Alignment	The strategic planning implementation process has resulted in the normalization of interdepartmental collaboration and coordination. Goals and benchmarks for each department or line of business are now directly linked to overarching strategic plan goals.	Technology Enhancements	Full implementation of new software platforms and other technology enhancements have taken longer than anticipated.
Property Management Relationships	Expanded relationship with Edgewood Property Management as a strategy to improve quality of service for next round of new	Third Party Property Management	High turnover of third-party property management company staff at all levels has impacted property management operations

	construction properties coming online in 2024 and 2025.	Staff Turnover	and negatively impacted resident experience at the properties.
DHIC DPA Loan Program	Successful launch of DHIC DPA Loan Program at Washington Terrace which assisted five homebuyers.	Housing Market Factors	Unaffordable housing prices, low inventory, and rising interest rates presented barriers for mortgage ready clients.
Fund Development Plan	Completed DHIC's first Fund Development Plan with help from Purpose Possible.	Analytics & Reporting	Limited ability to use metrics and data to tell the DHIC story to help donors understand the impact of their donations.
Health Partners Innovation Action Lab	Leveraged participation and learnings in the NW Health Partners Investment Action Lab to make DHIC's first health partner pitch to Blue Cross Blue Shield of NC.	Staff Capacity	Strategic plan implementation process challenged the capacity of staff to manage core responsibilities while simultaneously serving on Goal Teams to achieve objectives and milestones that support goals.
Faith-Based Partnerships	Expanded faith-based partnerships resulted in new development opportunities in Greensboro, NC and Cary, NC.	Loss of Leadership Team Member	Death of a key member of the DHIC leadership team was a huge professional and personal loss for the staff.
Real Estate Portfolio	Completed lease up of 68 units at Booker Park South. Placed 164 units at Primavera apartments in service and fully leased one of two buildings by year end. Consolidation, preservation and rehabilitation of 80 units at Creston Commons began. The Town of Chapel Hill selected DHIC as development Partner for its Legion Road property.		
Racial Equity Diversity & Inclusion	Affordable Housing Bridge Program		

A Look Forward: 2024

The year ahead will be a hallmark year as DHIC plans to celebrate its 50th anniversary in conjunction with NeighborWorks Week in early June. We intend to leverage this milestone to raise the organization’s profile to expand fundraising opportunities. This golden anniversary will also be used to launch a rebrand of DHIC and its more programmatic lines of business.

Meanwhile, operating, economic and market conditions under which we have operated for the past year are expected to be very similar in 2024.

Operating Conditions

Our 2024 operating plans are guided primarily by the organization-wide goals outlined in the 2023-2025 Strategic Plan. We will continue to leverage the capabilities and capacity that we have gained with this more holistic and collaborative approach as we move into year two of the plan taking the opportunities and challenges outlined below into consideration.

Economic / Market Conditions

Primary economic and market conditions expected to impact DHIC’s work in 2024 include the following:

Labor Market: To support the strategic goal, DHIC has several positions to fill in 2024. However, due to the tight labor market, hiring may continue to be a challenge throughout 2024. This could impact our ability to achieve objectives and reach milestones as currently contemplated.

Risk Management: In 2023 insurance premiums for properties in DHIC’s portfolio increased by 38%. Insurance premium increases are not expected to abate in the near term and will continue to impact operating expenses across DHIC’s portfolio.

Interest Rates: Capital markets are predicting that the federal reserve will cut interest rates throughout the year in 2024. If rates do in fact trend down, the financial feasibility of pipeline multifamily transactions will improve as more debt can be leveraged to balance sources and uses. Rate reductions will also increase the purchasing power of mortgage ready homeownership center clients as well.

Key Opportunities and Challenges

2024 Opportunities		2024 Challenges	
Mission, Vision, & Values Aligned Property Management	Expanded relationship with Edgewood Property Management is expected to provide a new model for third party property management that is more aligned with DHIC’s vision, mission and values.	Third Party Property Management Staff Turnover	Continued turnover of third-party property management company staff at all levels, increased property management expenses across portfolio (e.g. insurance costs), and restrictive rent requirements that may not be sufficient to capture all rent.

MRI Platform	Full implementation of the MRI asset management platform should increase our ability to efficiently monitor, analyze and report out on the performance of the portfolio	Talent Acquisition	Identifying and recruiting talent for open roles has proven to be challenging even with the assistance of search firms.
New Staff	Addition of new staff in Resident Services, and Accounting/IT Operations should increase internal capacity and expertise.	Leader Retirement	Preparation for the upcoming retirement of VP of Homeownership Services will impact capacity as the HOC focuses on transition to new leadership of the business line.
Interest Rate Reductions	Anticipated interest rate reductions in 2024 should help to make multi-family transactions easier to pencil, requiring less gap funding and create opportunities for mortgage ready clients to achieve homeownership.	Competition for Resources	Increased competition for limited local and state resources will continue to present challenges to financial feasibility of pipeline multifamily transactions.
CORES Certification	DHIC expected to be recognized as a Certified Organization for Resident Engagement & Services (CORES) in 2024.	Racial Equity Capacity Building	The next phase of DHIC's racial equity capacity building work may create additional discomfort and challenge the team's stamina for this work.
DHIC's 50th Anniversary	Commemoration of DHIC's 50 th Anniversary in conjunction with rebrand of DHIC can raise the organizations' profile within the community and with potential funders and donors.	Residents Aging in Place	Increased number of DHIC residents aging in place within both senior and family sites has revealed need for increased services for this population.
Additional Affordable Units	Along with full lease up at Primavera (164 units), Stone Glen, Ashton Place and Milner Commons will be placed in service and begin lease up adding another 371 affordable units.		
New Loan Programs	Release of the Rental Preservation Production Loan Program offers opportunity to preserve and rehabilitate Bay River and MacGregor I & II Apartments.		

Management and Infrastructure

Management and Staffing

A talented and fully staffed workforce is critical to DHIC's growth and sustainability. DHIC has attracted and traditionally retained a highly motivated, diverse, and extremely competent team. In 2023 DHIC planned to add a Director of Asset Management role and an additional position within the Resident Services line of business.

After the loss of our VP of Asset Management in late May 2023, we began the previously planned search for a Director of Asset Management. We were fortunate to have a very strong candidate pool that included talent that could serve in the VP role. With that in mind, we pivoted and promoted from within to fill the Director of Asset Management role with the goal of bringing on a new VP and one additional asset manager to replace one who had resigned. Ultimately, we added two new asset managers, but were unable to bring on a VP during this process. We contracted with Tatem Consulting to support the newly formed asset management team with coaching, training, standardization, and process improvements. This engagement will effectively serve the role of VP of Asset Management through December 2024. We began the search for additional Resident Services Coordinator staff in the fall of 2023. The 2024 budget also includes four additional positions made up of another within Resident Services, the still vacant VP of Asset Management, one position in Accounting and one position in IT/Operations.

Succession planning remains top of mind with leadership team members considering retirement in the coming years. Building leadership capacity and developing the talent pipeline remains a high priority. The cross-functional goal teams working toward achievement of DHIC's three-year strategic plan have provided a unique opportunity for staff across the organization to build leadership capacity while furthering the mission of the organization. Staff has shown considerable growth in leadership capacity over the first year of this process while making progress toward achieving our strategic goals and objectives.

We continued to support the growth of high performing staff through promotions within the Finance, Real Estate Development, Resident Services and Resource Development & Marketing/Communications teams in support of the organization's strategic focus. We are also actively searching for a new Director of Accounting as this role is vacant due to one of the previously mentioned promotions. A major upcoming leadership transition will result from the retirement of Sheila Porter, DHIC's VP of Homeownership Services (after more than 23 years of service) in the first quarter of 2025. We will spend much of 2024 positioning the line of business for new leadership.

An organizational chart is attached reflecting twenty-four FTEs as of January 1, 2024, along with the support of four part-time consultants.

On the Organizational Chart, Management Team members are denoted with "mt" in the bottom right corner. The seven-member management team includes the President, two Senior Vice Presidents, three Vice Presidents, and Acting VP of Asset Management.

Traditionally staff has taken full advantage of NeighborWorks training institutes. DHIC also encourages all staff to attend at least one outside professional development opportunity annually; including those offered by NeighborWorks, trade associations, the North Carolina Housing Finance Agency, the Housing Partnership Network, and others. DHIC will continue to prioritize both formal and on the job staff professional development in support of our strategic plan goal to ***“Right-size internal capacity to align with DHIC’s vision, mission and workplace culture.”***

Facilities and Technology

DHIC operates from two locations in Raleigh. Our “main office” is located in street-level commercial space at the Prairie Building, a Historic Tax Credit/LIHTC project that DHIC renovated in 2000, updated in 2018, and which also features 11 affordable apartments. The space comprises both private offices and cubicles; two conference rooms; a small private meeting space; lobby and reception; a copy and IT room; and kitchen and storage.

Our Homeownership Center staff and community training rooms are located in commercial space on the first floor of Carlton Place Apartments, a DHIC community that also features 80 apartments. This facility is a ten-minute walk from DHIC’s headquarters and features a well-appointed training room; two private meeting rooms for one-on-one counseling; reception and workstations for up to seven staff; copier and supply spaces; and a kitchen. In its current state, physical office spaces are expected to only be sufficient for another 18-24 months. Even though DHIC uses a hybrid/remote schedule that allows staff flexibility for each line of business to set “in-person/in-office” workdays, there is a growing need for more physical space to accommodate continued staff growth. Therefore, we have begun assessing needs and planning for reconfiguration of our current spaces to accommodate growth.

Both offices feature wireless internet and are connected via telephone, Microsoft Teams and DHIC’s network server. DHIC values high-performing technology and maintains a regular replacement schedule for all office technology; including desktops, laptops, software, and peripherals. The largest conference room has full A/V technology to allow for ease in conducting virtual team meetings as well as holding conversations with external partners and stakeholders. The smaller conference room was converted to a flex space with four additional socially distanced plug and play workstations with monitors and docking stations. DHIC also upgraded to a VoIP phone system and installed sound masking systems at each location.

In addition to standard Microsoft Office productivity suites, DHIC currently utilizes BusinessWorks accounting software along with compliance/reporting systems required by NeighborWorks America including CounselorMax, ORS, MFI, and fundraising software. In 2023, the finance group began identifying options for accounting software upgrades which are expected. DHIC continued extended testing its new asset management software platform which is now expected to be fully implemented by the 2nd quarter of 2024. As we have moved through beta testing and implementation, we have found that to fully benefit from the system, it will require that we devote significant staff time to management of quality control in order to realize the increased efficiencies we hope to achieve as we transition away from a manual Excel based process to a fully automated process for aggregating performance metrics and financial data across DHIC’s entire real estate portfolio. Other lines of business will still have more immediate access to data

for projecting cash flow, tracking loan maturities, investor exit dates, and operating metrics used for underwriting and structuring future development opportunities.

DHIC continues to upgrade and enhance technology in support of DHIC's strategic goal to ***“Develop infrastructure to improve planning and informed decision making to support intentional growth”*** including the identification and adoption of project management software for real estate development operations, conversion to the new NeighborWorks' CRM Compass (once available), among other IT activities. In 2023, we engaged a consultant to perform a technology assessment and help us draft an IT recommendation.

Leadership and Racial Equity Capacity Building:

As DHIC has moved through the first year of our 2023 – 2025 Strategic Plan, the new approach that provided a framework for cross-functional teams to develop and implement action plans in support of the goals has resulted in a unique opportunity for building leadership capacity on the job, in real time. Staff has shown considerable growth in both leadership capacity and cross-functional partnership while working to define and accomplish their action plans as a result of this new process.

DHIC staff continues to demonstrate leadership at external tables with staff of all levels engaged in committees, boards, and special programs that support our mission. The organization's leadership and expertise is both sought and highly valued. CEO, Yolanda Winstead, demonstrates this by serving on the Board of Commissioners for the Raleigh Housing Authority, the Wake County Affordable Housing Coalition, the City of Raleigh Affordable Housing Bond Advisory Committee, National NeighborWorks Association Advisory Board, Enterprise Community Leadership Council and previously as 2023 Co-chair of the Housing Partnership Network's CEO Forum.

DHIC spent much of 2023 grappling with its internal racial equity assessment report which presented differing perspectives of the culture within DHIC across racial affinity groups. The report's findings were simultaneously viewed as surprising, not surprising, and divisive. In spite of the lack of immediate closure that many staff expected, we have moved toward being comfortable with the discomfort by continuing to have monthly staff level Courageous Conversations. After a pause to allow staff the space to grieve the loss of our colleague, the leadership team resumed sessions as a group to close out the initial scope of work with CounterPart Consulting as we prepare for a follow up engagement that will re-engage both staff and board in 2024.

DHIC is a member of the Housing Partnership Network which has asked its members to sign onto its Racial Equity Pledge. The staff of the REDI Committee felt strongly that DHIC should not sign an external pledge without having already created its own proclamation around racial equity so the REDI Committee spent time in 2023 on an initial draft of a public facing DHIC Racial Equity Statement. This is an item that the committee will revisit in 2024 along with the following opportunities for growth to prioritize for implementation in conjunction with the 2023-2025 Strategic Plan:

- Develop principles and practices and norms across all lines of business for advancing racial equity.
- Speak more specifically to what DHIC is doing to center racial equity in its work and ensure that its

racial equity journey (e.g. challenges, milestones, etc. is incorporated into regular communication across stakeholder groups).

- Develop and implement an engagement plan for BIPOC led organizations as potential vendors and partners.
- Incorporate racial equity capacities and skills as part of the criteria for being a professional at or a partner with DHIC.
- Make planning time a priority that centers the wisdom and ideas of residents, potential homeowners and the staff who work most closely with them.
- Utilize courageous conversations and racial caucusing to discuss the challenges to and vision for racial equity at DHIC specifically.
- Develop cross group teams to develop communication, decision-making and feedback protocols for all departments.
- Evaluate DHIC's property management firms and all partners for fit with the racial equity vision of DHIC, create clear expectations for partnership and ensure accountability to the same.

Board Governance

Recruitment involves an ongoing cultivation process and both staff and board members support this endeavor. Ultimately the Board's Nominating Committee puts forth candidates for review and election. The committee has focused on increasing representation to better align with the demographics of those DHIC serves. Currently 60% of board members are Black or Hispanic and 40% are women. Industries now represented include state government, law, banking and finance, real estate development, tech, engineering, property management, and healthcare, among others. Board engagement and feedback continues to be positive. DHIC's REDI committee (made up of both staff and board) has 33% board representation. These members were and will continue to be instrumental in supporting the organization's racial equity training and capacity building work and will continue to be critical to efforts in 2024.

In 2024, planning and programming for the commemoration of DHIC's 50th anniversary will drive a number of key goals for the board as we position the organization for its next 50 years of service. DHIC's board is fully committed to the very ambitious goals established under the 2023 –2025 Strategic Plan with an eye on future sustainability. Key goals for board governance and development in 2024 include:

- Collaborate with staff to begin implementation of the FY24-FY26 Resource (Fund) Development Plan.
- Cultivate opportunities for increased in person interactions outside of regular board meetings.
- Increase board meeting attendance to post pandemic metrics established by NeighborWorks (which exceed achieving a quorum).
- Explore ways to more deeply engage and educate Board members about DHIC's lines of business and other opportunities to support DHIC's work.
- Encourage and support the activities of the Nominating Committee, including implementing Board self-evaluation surveys as needed.

- Work with board members, stakeholders and others to develop a continuous leadership pipeline for DHIC's board, including adding committee seats for non-board members.
- Increase collaboration with the Board to better leverage members' skills and strengths.
- Connect new Board members with more tenured members as mentors.
- Continue to support infusing racial equity into the work of DHIC and the field of real estate development.

Both staff and Board are committed to a continued, mutually beneficial relationship with a strong understanding of our roles and responsibilities as we collaborate to achieve the DHIC mission and strategic plan goal to, ***“Amplify the priorities, interests, and concerns of neighbors of modest means in NC Communities to change, expand, strengthen, and secure housing, development, and policies that heal the harms of systemic oppression and support the work & lives of residents, clients, community partners and DHIC.”***

Lines of Business

Each line of business team develops an annual business/operating plan with goals and benchmarks that align with our three-year Strategic Plan.

- Resource Development
- Real Estate Development
- Asset Management
- Resident Services
- Homeownership Center



Resource Development FY24 Business Plan

Summary

Resource Development and Partnerships has gained significant momentum over the past year by forging strategic partnerships through the NeighborWorks America Health Partnership Investment Action Lab (HPIAL), the Housing Partnership Network's Affordable Housing Bridge Program, the NeighborWorks America Business Intelligence Fellowship, deepened relationships with city, county, state and federal partners, and the VP of Resource Development and Partnerships' service on the national NeighborWorks America Resource Development Advisory Committee. Participation in HPIAL yielded new partnerships in late 2023, including with Advance Community Health -- a local, federally qualified health clinic, and Blue Cross Blue Shield of North Carolina -- North Carolina's largest health insurer. Five grant applications were submitted that yielded three awards. Funds raised for NeighborWorks Week sponsorships more than doubled and the Board of Directors met its goal of 100% participation in annual giving. DHIC's newsletter has grown to a circulation of over 11,000 monthly subscribers and its online presence (website, social media, broadcast and print media coverage) continues to experience organic, monthly growth in audience growth and engagement.

The department partnered with external consultants in four priority areas: to continue and expand outreach through newsletters; to build a strong foundation for the future through the creation of a three-year Fund Development Plan; launch of a brand redesign initiative; and organizing DHIC's 50th Anniversary celebration which will take place in conjunction with NeighborWorks week in 2024.

To build on this strong foundation, the Resource Development and Partnerships Team will be fostering a data-driven culture and incorporating data into the story of DHIC across all Marketing and Communications materials. The three-year Fund Development Plan will launch early in 2024 with the support of the new Board of Directors Fund Development Committee and follow-on grant writing support from our fund development consultants, Purpose Possible.

Opportunities and Challenges

Moving into 2024, the Resource Development Team foresees several opportunities and challenges.

Opportunities

- Create specific cases for support to share in the community and to focus fundraising.
- Integrate data into telling the story of DHIC to strengthen the narrative by demonstrating the results of our work.

- Create and provide a variety of DHIC branded marketing materials for DHIC properties.
- Integrate Constant Contact and Bloomerang to provide a comprehensive contact list and identify donors.
- Evaluate donor giving trends and expand donation platforms to align with donor preferences.
- Communicate donation opportunities and platforms to the community.
- Leverage DHIC’s 50th anniversary celebration as an opportunity to expand fundraising efforts.
- Launch and engage the Board of Directors to support the newly established Fund Development Plan.
- Define and document a decision-making process for identifying funding needs, identifying aligned grant opportunities, and determining timing.

Challenges

- The need to quickly adapt and respond to rapidly evolving donor trends.
- Maintaining focus on goals and priorities in the changing landscape.
- Gaining strong buy in and managing expectations around the rebranding and decision-making process.
- Timeline to fill new fund development role to support key goals and initiatives in the current market.
- Differentiating DHIC as an organization with Real Estate Development at the forefront from other organizations that work in Real Estate Development as a secondary or tertiary focus.
- Managing community perceptions around funding, financial support, allocation of funds, and operational expenses.

Goals and Benchmarks

Goal 1: Execute Year 1 of DHIC’s 3-year fund development strategy in partnership with Purpose Possible to include storytelling, supporting data, and sharing clear cases for support in support of DHIC Strategic Goal #1:

- **Amplify the priorities, interests, and concerns of neighbors of modest means in North Carolina communities to change, expand, strengthen, and secure housing, development, and policies that heal the harms of systemic oppression and support the work and lives of residents, clients, community partners and DHIC.**

Implementation Strategy	Benchmarks/Milestone
<p>Approve DHIC’s 2024-2026 Fund Development Plan and appoint Board of Directors Fund Development Committee.</p>	<ul style="list-style-type: none"> • Purpose Possible Fund Development Plan Board meeting presentation and board approval of fund development plan scheduled and completed. <i>By February 2024</i> • Fund Development committee appointments and meeting schedule finalized by Board and staff.

	<p><i>By March 2024</i></p> <ul style="list-style-type: none"> • Fund Development committee begins meeting and consensus established on goals for the remainder of 2024. <p><i>By April 2024</i></p> <ul style="list-style-type: none"> • Fund Development Committee 50th Anniversary celebration fundraising strategy executed in partnership with staff. <p><i>By June 2024</i></p> <ul style="list-style-type: none"> • Board fundraising training held. <p><i>By September 2024</i></p> <ul style="list-style-type: none"> • Annual Fund goals set. <p><i>By December 2024</i></p>
<p>Expand organizational capacity to execute Year 1 of DHIC’s Fund Development Plan.</p>	<ul style="list-style-type: none"> • Purpose Possible engaged for grant writing services. <p><i>By January 2024</i></p>
<p>Leverage technology to support fundraising development communication efforts in conjunction with the DHIC 50th Anniversary celebration</p>	<ul style="list-style-type: none"> • Bloomerang training completed. <p><i>By March 2024</i></p> <ul style="list-style-type: none"> • Guided Impact support for the DHIC 50th Anniversary event planning and communication. <p><i>By June 2024</i></p> <ul style="list-style-type: none"> • Annual Fund Appeal completed. <p><i>By September 2024</i></p>

Goal 2: Foster a data-driven culture in Marketing and Communications, creating easier systems to use existing data in marketing and communications efforts in support of DHIC Strategic Goal #3:

- **Develop infrastructure to improve planning and informed decision making to support intentional growth.**

Implementation Strategy	Benchmarks/Milestone
<p>Propose project(s) for NeighborWorks Business Intelligence (BI) Fellows that address(es) the ongoing need for data in marketing and communications.</p>	<ul style="list-style-type: none"> • Initial meeting with BI Fellows held to ideate around and propose project ideas. <i>By February 2024</i> • Initial concept prototype(s) completed. <i>By April 2024</i> • Final solution presented to staff for use. <i>By May 2024</i> <p>Annual marketing material data update process defined. <i>By September 2024</i></p> <ul style="list-style-type: none"> • Complete Annual marketing material updates completed following the NeighborWorks annual census. <i>By December 2024</i>

Goal 3: Launch brand transformation ensuring consistency across DHIC’s overall organizational image and individual properties in support of DHIC Strategic Goal #1:

- **Amplify the priorities, interests, and concerns of neighbors of modest means in North Carolina communities to change, expand, strengthen, and secure housing, development, and policies that heal the harms of systemic oppression and support the work and lives of residents, clients, community partners and DHIC.**

Implementation Strategy	Benchmarks/Milestone
<p>Work with MRC Creative to transform and launch DHIC’s brand.</p>	<ul style="list-style-type: none"> • Kick-off Meeting held. <i>By January 2024</i> • Brand ID Presentation held. <i>By March 2024</i> • Brand ID approved with delivery of Style Guide and Assets. <i>By April 2024</i> • Rebranding reveal at the DHIC 50th Anniversary celebration completed.

	<p><i>By June 2024</i></p> <ul style="list-style-type: none">• Rebranding fully launched across DHIC. <p><i>By September 2024</i></p> <ul style="list-style-type: none">• Rebranding fully launched across properties in coordination with third party property management partners and Asset Management. <p><i>By December 2024</i></p>
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Outcomes Measurement

Measure	2022 Actual	2023 Goal	2023 Actual	2024 Goal
Number of newsletters published by DHIC	8	6	10	10
Number of news and media features (articles, profiles, sponsored ads, interviews, podcasts, etc.) that promote or amplify DHIC's work.	Not Tracked/ New Measure	6	20	24
Amount of financial institutions and corporate funding secured.	\$253,400	\$300,000	\$119,000	\$193,000
Amount of individual donations secured.	Not Tracked/ New Measure	\$100,000	\$8,234	\$32,250
Amount of Government grant funding secured (includes federal/state/local & NeighborWorks).	Not Tracked/ New Measure	\$850,000	\$2,200,856	1100,000
Amount of private and community foundation funding secured.	Not Tracked/ New Measure	\$200,000	165,500	212,500
Rate of Board participation in pledges and payments.	Board: 86%	100%	100%	100%
Rate of staff participation in pledges and payments.	Staff: 88%	100%	63%	No Longer a Key Metric



Real Estate Development FY24 Business Plan

Summary

It continues to be a dynamic and challenging time in community and real estate development. Despite headwinds created by ongoing supply chain issues and challenging economic conditions, the DHIC Real Estate Development business line has made significant progress on previously allocated projects and built out a robust pipeline of future projects. The awards received through the portfolio application, public RFP process at Legion Road, and private RFP process at Greenwood Forest Baptist Church put DHIC in a strong position moving into 2024. New and ongoing partnerships, including the expansion of faith-based partnerships, have opened doors to additional affordable housing opportunities and geographic expansion.

The Real Estate Development Team plans to leverage the scale of DHIC's development activities and adaptability to continue growth and progress in the challenging economic conditions continuing into 2024. The team will also continue to build upon their strong partnerships through municipal, faith-based, and healthcare industry relationships and opportunities stemming from the DHIC 50th anniversary celebrations.

Opportunities and Challenges

Moving into 2024, the Real Estate Development Team foresees several opportunities and challenges.

Opportunities

- Collaborate with partners outside of the housing community aligned with DHIC's mission.
- Place a concerted focus on building relationships with faith-based organizations.
- Expand Real Estate Development's footprint into the Triad Area and provide appropriate services.
- Identify a focused approach to reinvigorate HUD 202 properties.
- Expand current consulting work.
- Leverage the increased visibility of DHIC and the Real Estate Development team during the 50th anniversary celebrations.
- Continue to explore new and non-traditional funding options.
- Secure a substantial source of enterprise-level capital for Real Estate Development activities.
- Create a plan to successfully acquire and preserve a Naturally Occurring Affordable Housing (NOAH) or Year 15 property.

Challenges

- Limited organizational capacity for building new relationships and partnerships.
- Continued unfavorable economic conditions.
- Continued supply chain challenges.
- Being spread too thin and unable to focus on core competencies
- Increased competitive pressures both for Low Income Housing Tax Credit and other funding opportunities.
- Increases in Area Median Income in comparison to pre-existing populations.
- Increase in operating expenses (e.g. insurance costs).
- Unrealistic expectations of the public sector in the context of the political environment and decreasing local funding opportunities.

Goals and Benchmarks

Goal 1: Create and implement a resident-centered preservation and rehabilitation process in line with DHIC Strategic Goals #1 and #2:

- **Amplify the priorities, interests, and concerns of neighbors of modest means in NC communities to change, expand, strengthen, and secure housing, development, and policies that heal the harms of systemic oppression and support the work & lives of residents, clients, community partners and DHIC.**
- **Center residents/community members in DHIC’s work to support lifelong wellness and success.**

Implementation Strategy	Benchmarks/Milestone
<p>Refine lessons learned from previous and current rehabilitation projects to develop a framework for resident engagement including: household assessment, temporary or permanent relocation, resident engagement meetings, and resident communication and input for all rehabilitation/preservation projects.</p>	<ul style="list-style-type: none"> • Meet with Asset Management, Property Management, and Resident Services to discuss lessons learned to date. <i>By July 2024</i> • Draft Resident Engagement and Relocation framework created. <i>By October 2024</i> • Resident Engagement and Relocation framework finalized. <i>By December 2024</i>

<p>Expand and improve the cross-functional partnership between Asset Management and Real Estate Development to improve efficiencies.</p>	<ul style="list-style-type: none"> • Asset Management Team Development Review Process participation shifted to earlier in the process for new potential projects. <i>Ongoing</i> • Review proposed finishes and lease-up schedules with Asset Management early in the development process to align operating expenses with decision making. <i>Ongoing</i>
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Goal 2: Channel Real Estate Development resources to advance a minimum of 598 (everything below except 1st strategy) new construction or rehabilitated rental units in alignment with DHIC Strategic Goal #3:

- **Develop infrastructure to improve planning and informed decision making to support intentional growth.**

Implementation Strategy	Benchmarks/Milestone
<p>Submit a minimum of two 9% Low Income Housing Tax Credit (LIHTC) applications.</p>	<ul style="list-style-type: none"> • Shetler Place application (40 Units) completed. <i>By May 2024</i> • Fisher Grove application (60 units) completed. <i>By May 2024</i>
<p>Close and begin rehabilitation on awarded projects.</p>	<ul style="list-style-type: none"> • Rehabilitation Portfolio (374 Units) work initiated. <i>By September 2024</i> • Sportsmanship

	Crossing (124 Units) construction initiated. <i>By December 2024</i>
Ensure that DHIC’s Minority / Women Owned Business Enterprises (MWOBE) participation and procurement strategies are implemented in the selection of partners and consultants that play a role in preservation and new development.	<ul style="list-style-type: none"> Evaluate and ensure alignment of participation and procurement strategies. <i>By March 2024</i>
Explore and apply for NCHFA Rental Preservation Loan Program.	<ul style="list-style-type: none"> Bay River (20 Units)/MacGregor Village (80 Units) <i>By March 2024</i>

Goal 3: Identify a pathway to participate in preserving affordable housing at the end of the affordability period in alignment with DHIC Strategic Goal #4:

- Right-size internal capacity to align with DHIC’s vision, mission, and workplace culture.**

Implementation Strategy	Benchmarks/Milestone
Make contact and develop relationships with other owners to identify opportunities for purchasing Year 15 properties or General Partnership interests prior to market.	<ul style="list-style-type: none"> Reach out to local LIHTC developers to gauge their interest in partnering with DHIC. <i>By June 2024</i>
Engage local governments, investors, and philanthropic organizations in conversations to build acquisition funds and other financing tools to enable DHIC and other non-profits to participate in bids for listed affordable housing assets reaching the end of their compliance period.	<ul style="list-style-type: none"> Reach out to Wake County on the progress of the Acquisition Fund <i>By March 2024</i>
Explore alternative financing options for preserving existing assets that do not qualify for LIHTC awards, including opportunities provided by local governments.	<ul style="list-style-type: none"> Identify and vet options in line with DHIC preservation needs. <i>Ongoing</i>

Goal 4: Expand our development activity beyond Low-Income Housing Tax Credit (LIHTC) projects in alignment with DHIC Strategic Goal #4:

- **Right-size internal capacity to align with DHIC’s vision, mission, and workplace culture.**

Implementation Strategy	Benchmarks/Milestone
<p>Advance the Real Estate Development footprint more broadly across the Triangle and Triad Regions through development and partnerships while ensuring we are sensitive to the history of the area and the way certain groups have been excluded.</p>	<p>Identify a development opportunity in Greensboro for 2025. <i>By December 2024</i></p> <ul style="list-style-type: none"> • Obtain site control at Homestead Road in Chapel Hill and prepare for a successful 2025 9% tax credit application. <i>By December 2024</i> • Continue conversations with Blue Cross Blue Shield, Akridge, Advance, Sympara, and Self-Help to identify advantageous partnership opportunities. <i>Ongoing</i> • Initiate the development of a community engagement plan at Legion Road. <i>By June 2024</i>
<p>Broaden awareness of DHIC as an organization and community impact to expand partnerships and resources.</p>	<ul style="list-style-type: none"> • Build one new faith-based relationship. <i>By December 2024</i> • Coordinate closely with DHIC CEO, Marketing Team, and Board to elevate awareness of

	<p>DHIC's successes and future needs in line with the 50th Anniversary Celebration. <i>By June 2024</i></p> <ul style="list-style-type: none">• Explore/evaluate/pursue potential RFPs to expand partnerships including – Duplex Village, Division of Motor Vehicles former building (w/Southeast Raleigh Promise), former Durham Police Station RFP processes <i>Ongoing</i>
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Outcomes Measurement

Measure	2022 Actual	2023 Goal	2023 Actual	2024 Goal
# affordable rental housing units completing construction/rehab	0 (Booker Park South & Primavera delayed into 2023)	312 ¹	232	583 ²
# affordable rental housing units in pipeline (new construction or rehab)	1,313 ³	1,149 ⁴	1,081 ⁵	1,281 ⁶
Number of affordable rental housing units for which new funding is secured (tax credit allocation)	51	68 ⁷	0	100 ⁸
Number of properties in DHIC's portfolio pooled together for recapitalization and preservation via 4% LIHTC applications	7	N/A working on first tranche	7	7
Minimum development fee generated per unit of new or rehab rental construction, as included in approved LIHTC applications	\$14,248 ⁹	\$17,100	\$11,728	\$19,340

¹ Booker Park South, Primavera, Creston

² Hardee Street, Stone Glen, Ashton Place, Creston Commons, Milner Commons

³ Booker Park South, Primavera, Milner Commons, Stone Glen, Ashton Place, Hardee Street, Sportsmanship Crossing, Creston, + 374 units in preservation portfolio

⁴ Ashton Place, Milner Commons, Stone Glen, Hardee Street, Sportsmanship Crossing, preservation portfolio, MacGregor Village, Commons at Highland Village

⁵ Ashton Place, Milner Commons, Stone Glen, Hardee Street, Sportsmanship Crossing, portfolio rehab, Creston Commons

⁶ Ashton Place, Milner Commons, Stone Glen, Hardee Street, Sportsmanship Crossing, Fisher Grove, Shetler, MacGregor Village, Bay River

⁷ Commons at Highland Village

⁸ Fisher Grove, Shetler

⁹ Self-Help receives 50% of fee on two projects, which decreases fee generated

Table 1: 2023 Pipeline Progress					
Project	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Washington Terrace (southern half of site)	Stanley Martin purchased finished lots.	Planning for public park.	Planning for public park.	Planning for public park.	Initial submittals for public park.
Capital Towers (297 Units)	Asset management handover complete.				
Primavera (164 units)	Construction ongoing.	Construction ongoing.	Construction ongoing.	Construction ongoing.	Construction complete, lease-up commenced.
Booker Park South (68 Units)	Construction ongoing.	Construction ongoing.	Construction complete and certificate of occupancy received. Lease up ongoing.	Lease up complete. Cost certification ongoing	Draft cost cert approved. Permanent loan conversion complete.
Stone Glen [fka, Broadstone Walk] (164 Units)	Closed on financing, began sitework.	Construction ongoing.	Construction ongoing.	Construction ongoing.	Construction ongoing.
Hardee Street (132 Units)	Submit for site CDs and building permits. Update construction pricing and finalize commitments for debt and equity.	Continue working towards closing on debt and equity.	Site and building permits issued. Close on debt and equity. Start construction.	Construction ongoing.	Construction ongoing.
Sportsmanship Crossing (124 Units)	Reworked development agreement with Town of Holly Springs and market developer to create path forward for site work design and construction, solicited GC construction cost estimates.	Project on hold as market developer catches up in permitting.	Project on hold as market developer catches up in permitting.	Signed LOI with Enterprise for tax credit equity. Engaged with Wake County on how to fill project financing gaps.	Submitted for site CDs, received 80% building plans, send plans to GCs for pricing.

Table 1: 2023 Pipeline Progress

Project	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Milner Commons (156 Units)	Building permits received. Full debt/equity closing. Construction in process.	Construction ongoing.	Construction ongoing.	Construction ongoing.	Construction ongoing.
Ashton Place (51 Units)	Architectural and site design continues, site CD approval obtained, plat recorded, dry closing with finance partners, acquired property and easement rights from City.	Full financing closing. Construction notice to proceed issued. Delays in starting as a result of coordination issues with Duke Energy relocation of underground power lines.	Commencement of construction.	Construction ongoing.	Construction ongoing.
Creston Commons Rehab (80 Units)	Begin architectural planning, solicit debt and equity terms.	Receive financing commitments for debt, submit for site and building permits, continue relocation planning.	Full financing closing. Payoff of existing debt.	Commencement of construction.	Construction ongoing (3/8 building complete).
Portfolio Preservation (Group 1)	Preliminary tax credit application	Architectural and site design begins. Full Tax credit application.	Architectural and site design continues. Start tenant engagement process.	Architectural and site design continues (site plan in for City review), 42M allocation letter received.	Architectural and site design continues (site plan in for City review). Permanent loan commitment finalized.

Table 2: Rental Development Tasks and Benchmarks – Projects in FY 2024 Pipeline

Project	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Booker Park South (68 Units)	Final cost cert received and 8609s issued. Asset Management hand off			
Primavera (164 units)	Lease-up continues, begin prepwork for conversion and earn-out.	Fully-leased and stabilized, begin clock for conversion.	Continue working towards conversion.	Convert to permanent financing and hand off to Asset Management.
Milner Commons (156 Units)	Construction ongoing.	Construction ongoing.	Construction complete. Lease up begins.	Lease up is ongoing.
Stone Glen [fka, Broadstone Walk] (164 Units)	Construction ongoing, begin preleasing and initial lease-up.	Construction commences and lease-up continues.	Lease-up continues, begin initial conversion and 90@90 clock	Stabilize and continue to work towards Q1 '25 conversion.
Hardee Street (132 Units)	Construction ongoing.	Construction ongoing.	Construction ongoing.	Construction ongoing.
Sportsmanship Crossing (124 Units)	Hone in on construction pricing, ensure that CD/DOT permitting stays on track	Pursue building permits. Choose a debt provider. Engage in due diligence for equity and debt closings. Finalize capital stack, with Wake County support	Full finance closing. Commence construction.	Construction ongoing.
Ashton Place (51 Units)	Construction ongoing, close RPP and WHLP-CV loans.	Construction ongoing. Starting lease up	Construction completion. Lease-up completion.	Stabilize and cost certification.
Creston Commons (80 Units – Preservation)	Construction ongoing.	Construction ongoing	Construction completion.	Stabilize and cost certification.
Portfolio Preservation (Group 1)	Project update with NCHFA for additional bond volume. Secure equity commitment	Receive updated 42M letters and finalize permits.	Close on debt and equity, commence construction permits.	Construction ongoing, relocation coordination ongoing

Table 2: Rental Development Tasks and Benchmarks – Projects in FY 2024 Pipeline

Project	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Shetler Building (40 Units)	Submit preliminary tax credit application. Submit application for funding from the City of Greensboro. Submit applications for rezoning and variance. Complete rezoning and variance processes.	Complete draft lease with First Presbyterian and have the congregation vote to approve. Submit the full tax credit application.	Agency awards are announced; if awarded, move forward with environmental review and design process. Work on GC selection.	Continue design work and environmental review.
Greenwood Forest Baptist Church (66 Units)	Submit rezoning application along with PDP. Refine design plans and proforma. Discuss financial structuring/programming with GFBC, TCP, etc.	Continue to work through rezoning process, continue design work and partnership/programming discussions.	Receive rezoning approval, begin to work on documents for upcoming tax credit application	Preliminary GC pricing, submit preliminary application with NCHFA for 9% project.
MacGregor Village (80 units - Preservation)	Submit application for Agency’s Rental Preservation Loan Program, begin conversations with other financing/debt (possible) and rehab partners	Agency awards are announced, if awarded move forward with finalizing rehab scope, contract with GC, understanding relocation process, site CD/building permit submittals.	Finalize rehab scope and iron out GC contract, submit for site and building permits, finalize financial commitments	Financial closing on loan preservation funds and potential new mortgage/soft debt partners, begin rehab.
Washington Terrace Phase 3 Park	City approves plans, price out community park design and finalize drawings, commence work. Discuss approach to HOA.	Complete community lot improvements, finalize HOA and management structure.		
Fisher Grove (60 units)	Submit 9% project for preliminary application, begin to reach out to debt/equity. News on rezoning?	City/County awards announced. Initial pricing and identification of potential GC. Finalize drawings and submit full tax credit application.	Tax credits awarded, begin design work and select financing partners. Work on GC selection/contract negotiation.	Continue design work and make headway towards financial closing.
Washington Terrace – Final Phase at corner of Oakwood and Raleigh	Explore design concepts, advance conversations with Advance for commercial space, determine whether to pursue PBV, determine feasibility of a 2024 rolling round application (/can we get this to a place where it would not need gap funding, or how much is needed?)			
2510 Homestead Road (Units)	Attempt to get under contract. Restart conversations with the Town of Chapel Hill on creating a site that scores well for the purposes of a tax credit application	Rezoning / site plan	Rezoning / site plan	Prepare for 9% application



Asset Management FY24 Business Plan

Summary

DHIC's Asset Management Department has undergone a period of growth to meet the needs of a growing portfolio of properties. The Department hired two new Asset Managers in the fourth quarter 2023 and has strengthened cross-functional collaboration with Resident Services by attending community meetings and addressing issues raised by residents. Submetering projects were completed at two properties and the team accomplished a 100% lease-up of Booker Park South in addition to commencing a new process aimed at reducing average days vacant. Len Tatem, an experienced Asset Management Consultant, has been retained to help reinvigorate the department looking into the future.

In 2024 Asset Management will be onboarding one new third-party property management partner in alignment with DHIC's mission and values. A focus will also be on increasing efficiency and impact through the optimization of the MRI Portfolio system in portfolio management and enhanced reporting as well as lowering the loss to lease with the expiration of the eviction moratorium.

Opportunities and Challenges

Moving into 2024, the Asset Management Team foresees several opportunities and challenges.

Opportunities

- Expand the role of the Asset Management Department in the development process (e.g. inclusion in the punch list process for renovated units at properties).
- Enhance "green standards" in the portfolio as they relate to both energy improvement to reduce the carbon footprint of the properties and healthy home standards.
- Expand the use of easements at properties to improve conditions for residents (e.g. covered bus stops).
- Pursue innovation in the inspection process at new construction lease ups using a sample of the apartments with the Raleigh and / or Durham Housing Authorities.
- Collaboration between Asset Management, Property Management, and Resident Services to decrease the level of resident receivables.
- Increase efficiency of Asset Management through training on new technologies and systems.

Challenges

- Turnover of third-party Management Company staff at both the regional and site levels and impact on service delivery.
- Average days vacant for apartments at properties.

- Increase in property management expenses across properties (e.g. insurance costs).
- Restrictive rent requirements may not be sufficient to capture all rent.
- Turnover of staff and upper management at third-party property management companies that creates resident satisfaction challenges.
- Poor or insufficient onboarding process for third-party property management staff.

Goals and Benchmarks

Goal 1: Expand and improve Asset Management Department communication and participation to improve the delivery of service and decision-making process across DHIC lines of business in support of DHIC Strategic Goal #3:

- **Develop infrastructure to improve planning and informed decision making to support intentional growth.**

Implementation Strategy	Benchmarks/Milestone
<p>Expand and improve the cross-functional partnership between Asset Management and Real Estate Development to ensure the leading delivery schedule is logical and consistent with marketplace issues.</p>	<ul style="list-style-type: none"> • Asset Management Team Development Review Process participation shifted to earlier in the process for new potential projects. <i>By June 2024</i> • Review of site plans and proposed finishes with Real Estate Development early in the development process to align operating expenses with decision making. <i>By June 2024</i>
<p>Expand and improve the cross-functional partnership between Asset Management and Resident Services.</p>	<ul style="list-style-type: none"> • Onboarding support for new Resident Services Team Members provided. <i>By March 2024</i> • Resident Services measure for home satisfaction aligned on and initial survey population selected. <i>By December 2024</i>
<p>Expand and improve the cross-functional partnership with Finance/Accounting around external reporting for the NeighborWorks Multi Family Initiative (MFI) system.</p>	<ul style="list-style-type: none"> • Asset Management staff trained on the MFI through NeighborWorks provided training <i>By March 2024</i>

Goal 2: Deliver services to our communities with a commitment to excellence and grounded in a common set of values and operating procedures across the third-party management companies in support of DHIC Strategic Goal #2:

- **Center residents / community members in DHIC’s work to support lifelong wellness and success.**

Implementation Strategy	Benchmarks/Milestone
<p>Lead the transition of new management relationships for selected parts of the portfolio.</p>	<ul style="list-style-type: none"> • Property Management Partner Transition checklist developed. <i>By March 2024</i> • Transition process for two lease-ups to newly approved third-party management company partner completed. <i>By March 2024</i>
<p>Provide enhanced oversight for the leasing of new and existing units to focus the steps in the leasing process.</p>	<ul style="list-style-type: none"> • Standard operating procedure for Asset Management to schedule and measure the leasing process created. <i>By June 2024</i>
<p>Define standard operating procedures to provide a common understanding within the Asset Management Team and for both our internal and external partners.</p>	<ul style="list-style-type: none"> • Year 15 Procedure updated. <i>By March 2024</i> • Board Committee reporting procedure that includes qualitative measures in addition to the quantitative measures noted in the outcome measure section of these goals created. <i>By March 2024</i> • Communication/Emergency Procedure created. <i>By June 2024</i> • Leasing Procedure created. <i>By June 2024</i> • Additional gaps in written procedures identified. <i>By December 2024</i>

Goal 3: Increase focus on the quality control of internal systems and systems used by our third-party management company partners in support of DHIC Strategic Goal #3:

- **Develop infrastructure to improve planning and informed decision making to support intentional growth.**

Implementation Strategy	Benchmarks/Milestone
Utilize the MRI Portfolio system in the oversight of operational and property management performance.	<ul style="list-style-type: none"> • Monthly and quarterly MRI Portfolio System standard reports determined. <i>By June 2024</i>
Engage in training to effectively utilize external and internal systems.	<ul style="list-style-type: none"> • NeighborWorks MFI system training complete. <i>By March 2024</i> • Responsibility for NeighborWorks MFI reporting assumed. <i>By March 2024</i> • Asset Management Team training on functionality to share editing for key documents and procedures in SharePoint completed. <i>By March 2024</i> • Utilize SharePoint System internally. <i>By March 2024</i>

Goal 4: Review key documents to manage portfolio risk in line with Asset Management best practices in support of DHIC Strategic Goal #3:

- **Develop infrastructure to improve planning and informed decision making to support intentional growth.**

Implementation Strategy	Benchmarks/Milestone
Begin the review of the standard lease format for all of the management companies by the Asset Management Team.	<ul style="list-style-type: none"> • Form of lease for each management company reviewed. <i>By September 2024</i> • Updated standard moving forward defined in conjunction with our management company partners and aligned with Fair Housing guidelines. <i>By September 2024</i>
Review and improve Property Management Agreements.	<ul style="list-style-type: none"> • Property Management Agreements reviewed for language and property management fee calculation in consultation with our attorney. <i>By March 2024</i>

<p>Review the non-smoking policy to determine if changes are needed and recommend updates.</p>	<ul style="list-style-type: none"> • Policy reviewed in consultation with Resident Services and discussed with property management. <i>By September 2024</i>
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Goal 5: Enhance skills, strengthen understanding of industry best practices, and foster lifelong learning through ongoing training and development in support of DHIC Strategic Goal #4:

- **Right-size internal capacity to align with DHIC’s vision, mission, and workplace culture.**

Implementation Strategy	Benchmarks/Milestone
<p>Train team members on software systems, including participation in external training for these technologies when they are available.</p>	<ul style="list-style-type: none"> • Team members trained on the use of SharePoint system. <i>By June 2024</i>
<p>Complete all regulatory and industry trainings necessary to operate in an affordable housing environment.</p>	<ul style="list-style-type: none"> • Required North Carolina Housing Finance Agency training for fair housing and compliance completed. <i>By December 2024</i> • External training for Excel, Fair Housing and Asset Management techniques with DHIC approved service providers (e.g. Consortium for Housing and Asset Management) completed. <i>By December 2024</i> • CHAM Asset Management Specialist Certificate completed by the Director of Asset Management. <i>By June 2024</i>
<p>Create venues for Asset Management Team Members to collaborate and receive clear instructions for assignments.</p>	<ul style="list-style-type: none"> • Regular bi-weekly meetings instituted. <i>By March 2024</i> • Establish regular Coaching time with Asset Management Consultant provided to team members. <i>By March 2024</i>

Outcomes Measurement

Measure	2022 Actual	2023 Goal	2023 Q3 Actual	2024 Goal
Debt service coverage ratio	1.67	1.35	1.56	1.4
Vacancy Loss	2%	3%	2%	3%
Average Days Vacant	43 days	30 days	52 days	30 days (Seniors) 45 days (family)
Collection Rate	98%	97%	98%	97%
Asset Management Fees	\$1,000,000	\$1,300,000	\$1,698,000	\$920,000 (fees for the 7-property rehab are eliminated for 2024 until completion)
Deferred Developer Fee, Pre-development Cost and Other Reimb.	\$767,000	\$1,100,000	\$1,080,000	\$700,000
# of Y15 units with successful investor exits	Wakefield Hills (88 apts.) and Wakefield Manor (60 apts.) anticipated 1Q/2023	Glenbrook Apartment (63 apts.)	Property was not eligible for exit until 2024 but agree to \$0 transfer price in November of 2023	Glenbrook Apartment (63 apts.)
# of Y15 units successfully refinanced and/or rehabilitated.	Phase II Exterior Rehab Postponed Due to Interest Rate Rise – Limited Debt Service Capacity Because of Rate Increase	N/A	Commenced the discussion of the refinance for the Commons at Highland Village	Commons at Highland Village and the Prairie Building



Resident Services FY24 Business Plan

Summary

With the continued growth of DHIC and the portfolio of properties, the Resident Services Team is focused on building the foundation and structure needed to provide scalable, data-driven services in-line with best practices. The team is in the process of completing the final requirements for the Certified Organization for Resident Engagement and Services (CORES) Certification and will be submitting the CORES application early in 2024. To prepare to implement the CORES framework at DHIC the team will be undergoing a transformation to include the addition of two new roles, reorganization, and renaming. The focus of the Resident Services Team continues to be centering residents in DHIC's work and in support of this, the team will be sourcing and implementing data analysis tools to collect robust data on resident outcomes to make data-driven decisions around supports and programs. This transformational work will position the Resident Services Team to facilitate scalable services as the organization continues to grow and evolve.

Opportunities and Challenges

Moving into 2024, the Resident Services Team foresees several opportunities and challenges.

Opportunities

- Reorganize, expand, and rebrand the Resident Services Team to implement and scale the new CORES framework.
- Expand support services for seniors and supportive housing at DHIC properties.
- Support resident leadership in alignment with DHIC's mission.
- Begin to measure Property Management Satisfaction as a part of the Annual Resident Survey in partnership with Asset Management.
- Partner with Real Estate Development to incorporate resident outcomes data in decision making around the development of properties.
- Identify and incorporate tools for tracking and analyzing resident data to better measure impact and make data-driven decisions as DHIC continues to grow.

Challenges

- Capacity of the existing Resident Services Team to meet the needs of a growing organization and portfolio of properties.
- Organizational growth and resident need outpacing the development of a robust Resident Services framework and infrastructure.

- Formalizing the role of Resident Services in the pre-development process.
- Formalizing project management and documentation of team efforts.
- Maintaining focus on strategic goals and objectives in the context of immediate and urgent needs and challenges.
- Clearly defining the scope and work of the Resident Services Team across DHIC.

Goals and Benchmarks

Goal 1: Transform Resident Services to provide scalable support in line with best practices across the DHIC portfolio in support of DHIC Strategic Goal #2:

- Center residents / community members in DHIC’s work to support lifelong wellness and success.

Implementation Strategy	Benchmarks/Milestone
Achieve CORES Certification.	<ul style="list-style-type: none"> • CORES application planning meetings held. <i>By January 2024</i> • CORES application submitted. <i>By February 2024</i>
Align Resident Services structure and priorities with the CORES framework.	<ul style="list-style-type: none"> • Workforce planning in support of the Resident Services transformation and reorganization completed. <i>By March 2024</i> • Board and Staff orientation to CORES framework and impacts to DHIC. <i>By May 2024</i> • Department organizational structure, mission, and potential name change finalized. <i>By June 2024</i> • Recruiting initiated for additional staff position with focus on new CORES framework. <i>By September 2024</i> • Resident Services Team transition to new organizational structure completed. <i>By December 2024</i>

Goal 2: Build a data-driven and technology forward culture that leverages measurable outcomes in decision making processes in support of DHIC Strategic Goal #3:

- **Develop infrastructure to improve planning and informed decision making to support intentional growth.**

Implementation Strategy	Benchmarks/Milestone
<p>Propose project(s) for NeighborWorks BI Fellows that address(es) ongoing data needs</p>	<ul style="list-style-type: none"> • Initial meeting with BI Fellows held to ideate around and propose project ideas. <i>By June 2024</i> • Initial concept prototype(s) completed. <i>By August 2024</i> • Final solution presented to staff for use. <i>By September 2024</i> • Annual update of marketing material completed following the NeighborWorks annual census. <i>By December 2024</i>
<p>Identify suite of online tools to collect and manage resident data.</p>	<ul style="list-style-type: none"> • Tools used by peer organizations to inform Finance and Operations purchasing decisions researched. <i>By March 2024</i> • 2-3 options tested for potential use. <i>By April 2024</i> • Data collection tool selected and purchased. <i>By August 2024</i> • All current paper and form-based data collection tools (surveys, RRF, inquiry tracking, event sign ins) transitioned to new online tools. <i>By December 2024</i>

Goal 3: Leverage outcome measures to build a culture of accountability with third party property management partners in partnership with Asset Management in support of DHIC Strategic Goal #2:

- Center residents / community members in DHIC’s work to support lifelong wellness and success.

Implementation Strategy	Benchmarks/Milestone
<p>Add Resident Satisfaction category to the property management scorecard.</p>	<ul style="list-style-type: none"> • Property Management Scorecard approach reviewed during monthly joint Resident Services and Asset Management team meeting. <i>By February 2024</i> • Proposed scorecard language drafted. <i>By September 2024</i>
<p>Add property management satisfaction measure to annual resident survey.</p>	<ul style="list-style-type: none"> • Proposed survey question for submission and approval by Corporation for Supportive Housing/Strong Families Fund drafted. <i>May 2024</i> • Annual resident survey administered. <i>By August 2024</i> • Property management resident satisfaction ratings reported to Asset Management. <i>By December 2024</i>

Outcomes Measurement

Measure	2022 Actual	2023 Goal	2023 Actual	2024 Goal
Number of Resident Leaders at targeted properties	10	12	12	12
Expectations met for Strong Family Fund pay for performance contract.	Yes	Yes	Yes	Yes
% of residents who complete annual surveys.	75%	80%	80% ¹	80%
% of residents reporting positive quality of life survey responses	80%	85%	83%	75%

¹The Village at Washington Terrace



Homeownership Center (HOC) FY24 Business Plan

Summary

DHIC's Homeownership Center (HOC) continues to lead the way in housing education and counseling in Wake County with an overall increase of 39 program graduate closings in 2023 raising the number of closings to 76 despite current market challenges, along with 282 education clients served representing a 64 client increase in 2023. In just 15 months, the HOC exhausted a City of Raleigh three-year funding grant. In addition, the HOC has worked to increase efficiencies in service delivery through availability of client documents electronically and in preparations for the new Client Management System. Increased cross-functional collaboration provided the opportunity to launch the DHIC DPA Loan Program at Washington Terrace which assisted five homebuyers.

In 2024 the HOC will build upon their increased operational efficiencies with the implementation of the new Compass Client Management System in the fourth quarter. In addition, the number of clients reached will be increased through the growth and progression of outreach and marketing to DHIC properties and through Social Media strategies. The upcoming completion of NeighborWorks's Full Cycle Homeownership requirement will also provide opportunities for HOC expansion in 2024.

Opportunities and Challenges

Moving into 2024, the HOC foresees several opportunities and challenges.

Opportunities

- Increase community outreach and strengthen partnerships, to include lender partners.
- Increase the number of HOC informational sessions with the public.
- Develop a robust financial capability platform either through workshops or advising sessions.
- Develop a lending line of business to increase capacity for serving our underserved population in the coming years.
- Continue to expand outreach to the Spanish speaking community through advertising HOC services in Spanish.
- Expand strategic outreach through the consistent use of social media and proactively identifying new outreach and marketing opportunities.
- Increase efficiencies through streamlining internal processes across departments and cross-training.

Challenges

- Rising interest rates and the cost of materials.
- Rising housing costs and the cost of living in the Triangle Region's impact on household budgets.

- Impact of gentrification and rising interest rates on client engagement (especially in the Spanish speaking population).
- 2025 retirement of Vice President of Homeownership Services and team capacity.

Goals and Benchmarks

Goal 1: Center residents and community members in DHIC’s work to support lifelong wellness and success.

Implementation Strategy	Benchmarks/Milestone
Conduct at least three Financial Capability Workshops.	<ul style="list-style-type: none"> • Minimum of three (3) workshops held. <i>By December 2024</i>
Provide Financial Capability counseling to 100 new clients, strengthening financial wellness.	<ul style="list-style-type: none"> • 100 new Financial Capability clients served. <i>By December 2024</i>
Provide monthly Homebuyer Workshops and eHome America services educating potential homebuyers, assisting at least 25% to purchase a home.	<ul style="list-style-type: none"> • 275 households graduated. <i>By December 2024</i> • 70 graduated households becoming homeowners. <i>By December 2024</i>

Goal 2: Right-size internal capacity to align with DHIC’s vision, mission, and workplace culture.

Implementation Strategy	Benchmarks/Milestone
Convert to the new Compass Client Management System in partnership with the Finance and IT departments.	<ul style="list-style-type: none"> • Compass conversion complete. <i>By December 2024</i>
Update and implement systems and procedures to align with the Compass Client Management System.	<ul style="list-style-type: none"> • Virtual client file system fully implemented. <i>By December 2024</i> • Updated counseling and education procedures fully implemented. <i>By December 2024</i>
Execute Home Ownership Center leadership succession plan in preparation for planned 2025 Vice President retirement.	<ul style="list-style-type: none"> • Vice President of HOC Services job description revised. <i>By March 2024</i>

	<ul style="list-style-type: none"> • Vice President of HOC Services position posted, and initial interviews held. <i>By June 2024</i> • Reassessment of HOC staffing to identify and align existing capacity and potential new staffing needs as part of leadership transition. <i>By September 2024</i> • Vice President of HOC Services role filled with candidate in the onboarding process. <i>By September 2024</i>
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Goal 3: Expand lending programs and explore future lending opportunities in support of client home ownership.

Implementation Strategy	Benchmarks/Milestone
Continue partnerships with Wake County and North Carolina Housing Finance Agency Community Partner’s Loan Pool.	<ul style="list-style-type: none"> • A total of 60 loans closed. <i>By December 2024</i>
Cultivate interest from local banks and partners to provide lending program funding in partnership with Resource Development.	<ul style="list-style-type: none"> • A total of five (5) partners contacted (new and existing relationships). <i>By December 2024</i>

Goal 4: Outreach and Marketing in support of DHIC Strategic Goals #1 and #2:

- **Amplify the priorities, interests, and concerns of neighbors of modest means in NC communities to change, expand, strengthen, and secure housing, development, and policies that heal the harms of systemic oppression and support the work & lives of residents, clients, community partners and DHIC.**
- **Center residents / community members in DHIC’s work to support lifelong wellness and success.**

Implementation Strategy	Benchmarks/Milestone
Continue monthly Lender and Realtor information sessions and participate in and/ or conduct outreach events.	<ul style="list-style-type: none"> • 24 sessions completed. <i>By December 2024</i> • 15 events held. <i>By December 2024</i>

<p>Develop a process for consistently using social media for marketing and promoting HOC activity in partnership with the Marketing and Communications Team.</p>	<ul style="list-style-type: none"> • Social Media process implemented. <i>By March 2024</i>
<p>Promote HOC services at initial DHIC properties.</p>	<ul style="list-style-type: none"> • Flyers posted at four (4) properties. <i>By March 2024</i> • Flyers and other forms of outreach at four (4) additional properties. <i>By June 2023</i> • Resident participation in HOC programs tracked. <i>By December 2024</i>
<p>Rebrand/ Rename the HOC to create a reputation not only for homeownership services, but also for financial capability services which will result in impacting more residents and community members who are currently not being reached.</p>	<p>Process and timeline established in conjunction with consultant. <i>By March 2024</i></p>

Outcomes Measurement

Measure	2022 Actual	2023 Goal	2023 Actual	2024 Goal
# of Bringing Home the Dream workshops	12	12	12	12
# of clients graduated from Bringing Home the Dream and eHome America	218	250	282	275
# of graduates who purchase a home for the first time	17% (37 Closings)	20% (50 Closings)	28% (76 Closings)	25% (70)
# of outreach events conducted	15 Total 35 Virtual Lender/Realtor Training and Info Sessions	10 Total 24 Virtual Lender/Realt or Info Sessions	16	15
# financial capability workshops conducted	2	4	0	3
# of new Financial Fitness clients served	87	100	74	100
# of CPLP Loans Closed	9	15	50	40
\$ earned through CPLP	\$18,000	\$30,000	\$100,000	\$80,000
# of homeowners closing Shared Equity loans	0	10	5	3
# of homeowners closing Wake County loans	4	5	23	20

Attachments

- 2023 Key Measures: Business Plan Goals v. Actual
- 2024 Assessment of Financial Health
- Community Building and Engagement Activities
- Organizational Chart
- Strategies to Fill Key Vacancies
- 2024 Board Members



2023 Business Plan Goals v. Actual

Real Estate Development		
Measure	2023 Goal	2023 Actual
# new affordable rental housing units completing construction	312	232
# affordable rental housing units in pipeline (new construction or rehab)	1,149	1,081
Number of affordable rental housing units for which new funding is secured	68 ⁵	0
Number of properties in DHIC's portfolio pooled together for recapitalization and preservation via 4% LIHTC applications	N/A working on first tranche	7
Minimum development fee generated per unit of new or rehab rental construction, as included in approved LIHTC applications.	\$17,100	\$19,340
RED Team's REDI goals and strategies are clearly defined	Yes/Ongoing	

Asset Management		
Measure	2023 Goals	2023 Actual
Debt service coverage ratio	1.35	1.56
Vacancy Loss	3%	2%
Average Days Vacant	30 days	52 days
Collection Rate	97%	98%
Asset Management Fees	\$1,300,000	\$1,698,000
Deferred Developer Fee, Pre-development Cost and Other Reimb.	\$1,100,000	\$1,080,000
# of Y15 units with successful investor exits	Glenbrook Apartment (63 apts.)	Property was not eligible for exit until 2024 but agree to \$0 transfer price in November of 2023

Homeownership Center		
Measure	2023 Goals	2023 Actual
# of <i>Bringing Home the Dream</i> workshops	12	12
# of clients graduated from <i>Bringing Home the Dream</i> and <i>eHome America</i>	250	282
# of graduates who purchase a home for the first time	20% (50 Closings)	28% (76 Closings)
# of outreach events conducted	10 24 Virtual Lender/Realtor Info Sessions	16
# financial capability workshops conducted	4	0
# of <u>new</u> Financial Fitness clients served	100	74
# of CPLP Loans Closed	15	50
\$ earned through CPLP	\$30,000	\$100,000
# of homeowners closing Shared Equity loans	10	5
# of homeowners closing Wake County loans	5	23

Resource Development		
Measure	2023 Goals	2023 Actual
Number of newsletters published by DHIC	6	10
Number of news and media features (articles, profiles, sponsored ads, interviews, podcasts, etc.) that promote or amplify DHIC's work.	6	20
Amount of financial institutions and corporate funding secured.	\$300,000	\$119,000
Amount of individual donations secured.	\$100,000	\$8,234
Amount of Government grant funding secured (includes federal/state/local & NeighborWorks).	\$850,000	\$2,200,856
Amount of private and community foundation funding secured.	\$200,000	\$165,500
Rate of Board participation in pledges & payments.	100%	100%
Rate of staff participation in pledges & payments.	100%	63%

Resident Services		
Measure	2023 Goals	2023 Actual
Number of Neighborhood Ambassadors at targeted properties	12	12
Expectations met for Strong Family Fund pay for performance contract.	Yes	Yes
% of residents who complete annual surveys.	80%	80%
% of residents reporting positive quality of life survey responses	85%	83%



2024 Assessment of Financial Health

Market Factors

Key external and internal factors affecting DHIC’s business performance in 2023 included:

External Factors	
Pipeline Development in a Competitive LIHTC Environment	Maintaining a full pipeline of potential income-generating projects is critical to DHIC’s sustainability and drives most everything we do. The application environment is crowded and more competitive, as need increases across multiple sectors. Though we’ve seen more support during the pandemic, there will always be some degree of political uncertainty about CRA and housing policy at the state and federal levels. 9% credit awards are distributed in a manner that closely resembles a lottery and developers are essentially limited to no more than two awards in any given year. DHIC has continued to broaden revenue opportunities with footprint expansion in Durham County, utilization of 4% credit/bond options, and partnerships with faith institutions and others.
Interest Rates	Whether for construction financing, permanent financing, refi-rehab, or mortgage lending for first-time homebuyers, interest rates affect our financial performance and overall productivity. As expected, based on economic indicators, interest rates continued to rise throughout 2023. The pipeline was immediately impacted with funding gaps that required us to re-underwrite projects and pursue additional local subsidies. Also, clients of our homeownership center suddenly had less borrowing capacity even with down payment assistance. In response the state and local DPA programs increased the amount of subsidy available. We hope that the additional subsidy will help stabilize the access to the local housing market for first time low to moderate homebuyers especially for our clients interested in the affordable townhome units at Washington Terrace. Interest rates leveling off at the end of 2023 and predictions of decreased rates moving into 2024 has the opportunity to reduce funding gaps.
Credit Markets	DHIC has seen some rising competition among lenders for development deals in the past few years as smaller regional banks, community banks, and boutiques entered the rental development market. At the same time, we continue to see restrictive or bureaucratic underwriting and terms, particularly from out-of-state banks. Getting to closing takes more time, especially for 4% credit deals, and in some cases more up-front capital is required. Public and private credit for Year 15 properties is proving the most difficult to attract at the terms that DHIC desires.
Construction Costs	Construction costs are continuing to rise, as are supply and labor shortages. This impacts both costs and completion timeframes negatively. Low Income

	<p>Housing Tax Credit (LIHTC) cost limits set by the Housing Finance Agency are unreasonable, leading to immediate funding gaps that DHIC must fill if tax credits are awarded. Similarly, construction costs are constraining our ability to invest in Year 15 rehabs at the ideal level per unit. While there have been some stabilizations and improvements in 2023, these areas continue to present an ongoing challenge.</p>
Land Prices	<p>Competition is high for affordable, appropriately zoned parcels suitable for LIHTC and other multi-family projects in the Triangle. Particularly difficult to find and secure are sites within one mile of a grocery store and within future transit-oriented development (TOD) nodes. This is coupled with the nationwide increase in demand for real estate that came with the pandemic. DHIC is increasingly seeking partnership opportunities with local government, nonprofit partners, CDCs and faith-based organizations interested in dedicating/donating land or repurposing sites for affordable housing.</p>
State and Federal Support	<p>The appetite among local governments to support affordable housing continues to be strong as the influx of new residents to the Triangle region continues to stress housing supply and affordability. Almost every municipality in the region regardless of size have or are developing housing plans and identifying resources to contribute whether it be in the form of capital, land, reduced fees, or expedited review processes. The City of Raleigh has effectively spent or committed all of the \$80M Affordable Housing Bond funds that were approved in 2020. The City of Raleigh also joined Wake County in seeding an Affordable Housing Preservation Fund which now has \$60 million in capital with the goal of preserving 3,170 affordable units over the next 15 years. The fund provides short term and permanent financing to help developers acquire and rehabilitate Naturally Occurring Affordable Housing (NOAH) properties. DHIC will have the opportunity to tap into this resource whenever it pursues the acquisition of a NOAH property. DHIC was selected by the Town of Chapel Hill as its development partner for its Legion Road property. Other pending RFP's include those expected from the cities of Raleigh and Durham to redevelop municipally owned sites. NCHFA just released its 2024 initial funding cycle for the Rental Preservation Loan Program intended to preserve existing affordable rental properties currently in the agency's portfolio. This is an opportunity for DHIC to pursue funding to renovate and preserve legacy properties that are not competitive for 9% LIHTC re-syndication. At the federal level, the risk of a government shut down and/or a continuing resolution for much of 2024 could delay any appropriation to NeighborWorks and subsequently grant funding that DHIC might receive from the intermediary. DHIC has signed on to be a transaction partner with Climate United and NC Coalition's EnergizeNC as part of their applications with the EPA for funding under the National Clean Investment Fund of the Greenhouse Gas Reduction Fund.</p>
Triangle Area Economy	<p>The Triangle economy continues to grow, reflected in the increasing numbers of new renters and supply has not kept pace. Now more than ever our area</p>

	needs affordable units, which is a key driver for DHIC.
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Internal Factors	
Racial Equity Capacity Building	DHIC’s REDI work continued to push all of the staff outside of their comfort zones as we digested and shared feedback on the internal racial equity assessment. As expected the report raised issues that presented differing perspectives of the culture within DHIC by racial affinity group. The report’s findings were simultaneously viewed as surprising, not surprising, and divisive. In spite of the lack of immediate closure that many staff expected, we have moved toward being comfortable with the discomfort by continuing to have the monthly staff level Courageous Conversations and the leadership team has resumed sessions as a group to close out the initial scope of work with CounterPart as we prepare for a follow up engagement that will re-engage both staff and board in 2024.
Strong Fundraising	DHIC’s overall fundraising was very strong, totaling \$2.0 million, including \$1.78 million from the public sector; more than \$220,000 from private sector partners; and over \$10,000 from Board and staff.
Strategic Planning	DHIC concluded year one of the 2023 – 2025 strategic planning process in which we completed four of the five phases (Discovery & Stakeholder Input, Strategic Design, Collaborative Solution Development, and Roll Out and Execution). In 2024 we are focused on the Measurement and Continuous Improvement phase with support from DHIC’s consultant, HIGOL to create 2024 objectives and action plans for continuous improvement in execution of the strategic plan. This work continued to identify, stretch and grow leadership among current staff and to drive a higher level of cross team collaboration within the organization necessary for the future. Approved by the Board on January 24th, 2023, the current Strategic Plan is uploaded separately in FLUXX.
Portfolio Management	DHIC purchased and began testing of a new real estate investment management software platform which, once fully implemented in early 2024 will immediately increase efficiencies within our asset management line of business as the team transitions away from a manual Excel based process to a fully automated process for aggregating performance metrics and financial data across our entire real estate portfolio. This will be a large step forward for the organization as it will not only make the asset management function more efficient, but other lines of business will have immediate access to data that can be used to improve the process for projecting cash flow, tracking loan maturities, investor exit dates, and operating metrics used for underwriting and structuring future development opportunities. This is especially important as DHIC embarks on its first portfolio preservation bond transaction in 2024 which will recapitalize and preserve 347 units in 7 properties in Wake County.
Increasing Portfolio Size	This has stretched DHIC’s staff capacity significantly across nearly all lines of business, especially Asset Management and Resident Services capacity as well

	as that of DHIC’s primary third-party property management company. The approved 2024 operating budget includes five additional positions that we plan to fill by year end. Two of the positions will be within the Resident Services line of business and one each within the Asset Management, Accounting, and IT/Operations lines of business.
Flux in Homeownership Center (HOC) Operations	Given the shifting economic climate, DHIC is projecting an increased need for down payment assistance and foreclosure prevention services. The Homeownership Center will be preparing for this increased need by launching new programming as well as continuing research around the feasibility of becoming a Community Development Financial Institution. Additional access for the Latino community will be supported by maintaining bilingual staff capacity. In addition, the Homeownership Center will be focused on both evaluating and improving processes and systems to center residents and community members in DHIC’s work.

Key Financial Indicators

Key financial indicators are based on 2022 audit or most recent 2023 unaudited financial data, whatever is most relevant or available. Most of these measures are included within individual line of business plans, and/or are included in reports to the Board’s Finance Committee. DHIC draws on its past participation in the *Success Measures* program in how it tracks, reviews, and adjusts for financial management indicators, and in all other aspects of its financial management.

General Operations	
Liquidity / Working Capital	DHIC’s liquidity has remained healthy with working capital at more than \$11.5 million at the end of 2022 and preliminary financials indicate it will remain at this level at the end of 2023. DHIC also manages a Board designated reserve that has been funded in part through the NeighborWorks Capital Conversion program. The balance of this designated reserve was \$2.2 million at the end of 2022. In 2023, the Board increased this to \$2.62 million. With the final award from NeighborWorks in 2020 to convert the remaining restricted capital balance to unrestricted funds, DHIC has been able to reflect a stronger balance sheet and working capital balance. Managing and building reserves or flexible cash accounts is increasingly important given our pipeline volume, overall increases in our annual operating budget, and the need to loan funds for longer periods and under uncertain conditions to pipeline projects.
Solvency	DHIC aims for a Current Ratio (Working Capital Ratio) that is greater than the industry standard of 1.5, and at the end of 2022 it was at 15.03 with the Board Designated Reserves now included in current assets. In addition, DHIC’s Quick Cash Ratio was 9.68 at the end of 2022, remaining above the industry standard of 1.0.

Self-Sufficiency Ratio	Our goal is to maintain a self-sufficiency ratio of 70% or higher, with the calculation including earned revenue from development fees, fee-for-service income received through the Homeownership Center, development consulting contracts, and cash flow from asset management services divided by grants/support revenue. Fluctuations can occur due to one-time grants/support received over a one- or two-year period, which lower the ratio for that period.
Days Cash On Hand	DHIC's goal is to continue to increase the Days Cash on Hand by continuing to increase the board designated fund in years where the budget allows.

General Operations Historical View

Ratio	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22
Working Capital (*as of 2020 calculations include unrestricted / designated funds)	\$3,626,600	\$1,954,400	*\$6,175,663	\$8,575,543	\$11,590,614
Current / Working Capital Ratio	14.29	5.89	*4.77	5.19	15.03
Quick Cash Ratio	5.92	5.65	* 2.46	2.80	9.68
Self Sufficiency Ratio	.56	.80	.74	.69	.68
Modified Self Sufficiency Ratio (adjusted to remove one- time grant/ support anomalies)	.67	.81	.81	.74	.68
Days Cash on Hand	144	195	261	410	525

Real Estate Development

Our RED line of business is self-sustaining and the major contributor to DHIC's self-sufficiency ratio. Indicators include:

Cost Per-Unit	This has been a major factor in LIHTC proposals under the State's QAP and is something that constantly shifts. DHIC is paying close attention to the long-term need to remain competitive, but this is difficult against developers with vertical integration and larger economies of scale. Cost per unit goals or ranges are on a project-by-project basis.
Development Fee Per-Unit	DHIC seeks to maximize development fee income for every new construction project and, when feasible, rehab. For the last three years our average development fee per unit has been roughly \$12,100.
Cost and Availability of Pre-Development Funds	Increased production requires more money for pre-development activities. Over the past three years, we have been able to fund most of these activities with DHIC cash in large part due to NeighborWorks America's Capital Conversion program. DHIC also has credit lines of \$7.2 million to help cover predevelopment costs.

Asset Management

Debt Service Coverage Ratio	Our annual goal is 1.15 for 90% of properties or in aggregate and we exceeded this goal with 1.56 in aggregate.
Vacancy Loss Rate	Our annual goal is 3.0% or less, with some exceptions based on the nature of an individual property. We exceeded this goal with 2% in aggregate.
Average Days Vacant	Our goal is less than 30 days, but we missed the target with 52 days. This is in part due to the length of state and local tenant referral processes, as well as the COVID environment and its impact on property management's ability to recruit and maintain site staff.
Collection Rate	Our goal is an average of 97% or better across the portfolio, and we exceeded the goal with 98%.
Cash Flow to the Parent	Cash Flow from asset management services, which include asset management fees, deferred developer fees and predevelopment cost reimbursements, and rental portfolio contract income. (Our Asset Management business plan factors out each fee category.) The 2023 consolidated goal was \$1,400,000, and our actual was \$2,700,000. The enormous swing was due in large part to the sweep of excess cash from the seven properties closing on the new 4% bond rehab program in 2024.

Key Financial Risks

DHIC believes the following are the most critical risks as we implement and monitor our 2023 business plans:

Key Risks	
Year 15 Exits and Refinances	DHIC has embarked on its first 4% Bond portfolio preservation transaction which is a more efficient and comprehensive model for the recapitalization and physical preservation of our properties. The complexity of the financing model and in place rehabilitation model will test the capacity of our project management and accounting processes and systems as there will be seven separate projects underway simultaneously as a single integrated transaction from start to finish. Tracking, use of funds, contingency, credit delivery, stabilization at both the property level and in aggregate will stretch the capacity of all of the teams involved. Additionally, the ability and nimbleness required by our third-party property management company to manage the recertification process within the timelines required to ensure tax credit compliance will also be tested.
LIHTC Program Risk	The State’s QAP process is more restrictive to non-profits and cost per unit has become a critical decision rule. In addition, the state’s workforce housing loan program is poorly funded. To hedge against the possibility of LIHTC pipeline interruption, we maintain board-designated and restricted cash reserves that are ample enough to cover one year of operations in the unlikely absence of any new LIHTC development income.
Need for Working Capital	As DHIC’s pipeline and Year 15 needs have increased, so has the need for an increased pool of funds to serve as working capital or interim financing to support predevelopment, “earnest money” commitments, and other needs that eventually can be repaid. With loan closings taking longer, particularly on the federal side, ample no, or low-cost, and flexible interim financing is key. DHIC has benefitted from additional capital conversion from NeighborWorks America and can currently rely on \$7.2 million of bank lines of credit, including a \$5 million line of credit from First Citizens Bank, and \$2.2 million in board designated reserves. Even with these resources, there is always a risk that funds loaned to projects may not be returned within the planned timeframe, if at all. New bond deals are particularly challenging, as project timelines continue to stretch and permanent loans to projects would greatly restrict working capital reserves. DHIC will hedge this risk by continuing to accumulate reserves, when at all possible, but also by seeking alternative lines of credit for use when interest rates are low.
Public Funding and Policies	DHIC is concerned about flatlined or declining state and federal resources. However, in the past several years several Triangle local governments have shown increasing interest in and willingness to fund affordable housing, including the City of Raleigh and Orange, Durham, Wake, and Chatham County governments. DHIC continues to engage these and other local elected officials

and stays actively engaged in the NC Housing Coalition’s Developers Council. An important objective in our Strategic Plan is to develop intentional advocacy goals for DHIC, increasing our visibility, and community support for affordable housing.

Stewardship Commitment:

DHIC’s Board is highly focused on performance and risk management issues. The Board’s **Finance Committee** meets quarterly or as needed and regularly reviews and gives input regarding financial statements; organizational and capital budgets; consolidated and property audits; portfolio performance reports and watch lists. The committee is also informed about large changes to liabilities and contingencies; major insurance claims or carrier selections; changes to audit or tax partners; and other matters brought by management.

The Board’s **Real Estate Development Committee** reviews all proposed project plans, projections, and risk analysis for “go or no-go” decisions prior to LIHTC or other major funding applications, asking many of the questions outlined on the NeighborWorks risk management protocol. The committee also reviews certain asset management reports, particularly related to Y15, and reviews the status of all projects in the pipeline.

Ultimately the full board or **Executive Committee** takes into consideration committee reports and recommendations, as well as the annual report from DHIC’s auditors, to approve new projects and applications for project funding; approve audits; track current developments and associated risk; enter into contracts as a well-informed party; guide management strategy for investment, performance and other risk monitoring and management interventions.

NeighborWorks Funding

DHIC could not be the strong and productive organization it is without the diverse opportunities for support from NeighborWorks America. In 2023 we benefitted from \$548,500 in cash resources affecting all lines of business and our general operations:

NeighborWorks Program	Amount	Business Line(s)
Capital Line of Business	\$275,000	Real Estate Development (RED)
Expendable / Unrestricted	\$196,000	Operations
Homeownership Counseling and Lending	\$34,000	Homeownership Promotion
Community Stabilization and Other Supplemental Funding	\$43,500	Operations and Various Initiatives
Total	\$548,500	

Funding Resources and Liquidity

DHIC has made diversification of income a priority and is proud of its high self-sustainability ratios and well-managed budget. Our strategic plan and our annual resource development work plans speak to our goals around foundation, corporate, and board giving, and targeted approaches for underfunded lines of business. The resource development goals are included in the 2024 Operating Plan.

Community Building and Engagement Activities

As we approach celebrating DHIC's 50th Anniversary and move into the second year of our 3-Year Strategic Action Plan, we are aligning resources, priorities and team roles to expand our community building and engagement activities in support of Strategic Goal 1: *Amplify the priorities, interests, and concerns of neighbors of modest means in NC communities to change, expand, strengthen, and secure housing, development, and policies that heal the harms of systemic oppression and support the work & lives of residents, clients, community partners and DHIC*; and Strategic Goal 2: *Center residents/community members in DHIC's work to support lifelong wellness and success*. In accordance with our Community Housing Development Organizations (CHDOs) certification and Community Input Policy, at least one-third of our board of directors are representatives of communities designated as “low-income” and one of our newest board members is a current DHIC resident.

Expanding Housing Investment Through Community Partnerships & Shared Priorities

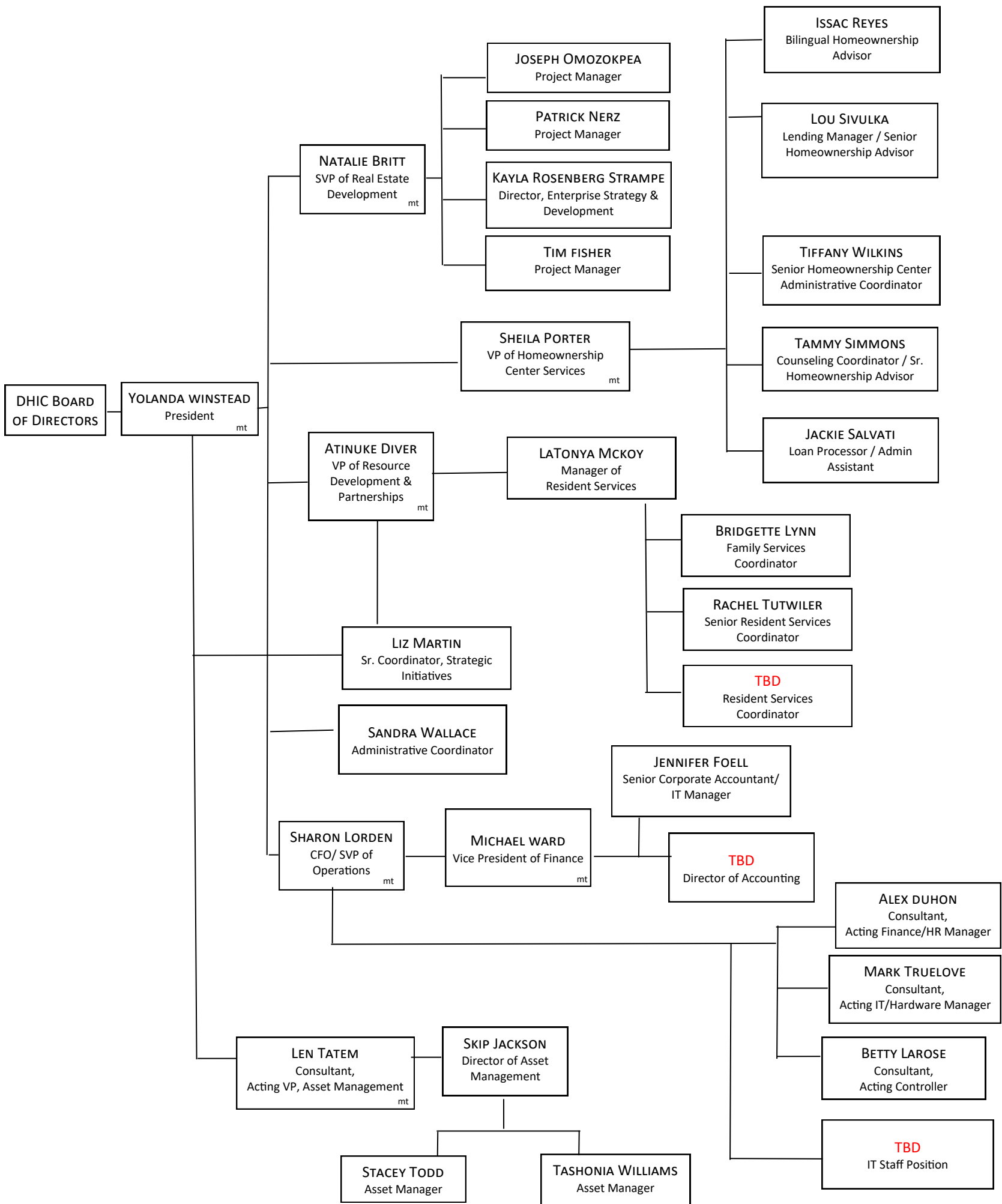
Our participation in the NeighborWorks Health Partner Investment Action Lab (HPIAL) has created new opportunities to engage a range of potential local health partners who are evaluating affordable housing investment as a strategy for advancing community health, health equity and shared community priorities. Tools that were introduced to us through HPIAL like Community Journey Mapping and the Capital Absorption Framework can also be applied to our pipeline projects like The Village at Washington Terrace – Phase 5 and Legion Road where community engagement will play a significant role in ensuring success for DHIC and our neighbors.

Leveraging Data to Inform Comprehensive Community Development & Measure Community Impact

In 2023, DHIC participated in the NeighborWorks America/Success Measures Community Impact Measurement (CIM) Project Round 4, which feeds into our resident engagement and community building strategies by generating insight and evidence of change over time in quality of life, social connection and physical conditions in a specific geographic area. The Resident Services Team -- working with DHIC staff, board members, Neighborhood Ambassadors, DHIC residents, and community members -- developed a CIM strategy that included identifying CIM lead staff and appropriate management sponsor, aligning CIM with organizational strategies, goals, partners and stakeholders and defining selected geography. From May through August 2023, the team planned and conducted data collection in the Village at Washington Terrace, Madonna Acres and East College Park.

Two of our team members are in the current cohort of the 2024 NeighborWorks America Business Intelligence Fellowship, which will support our work in generating and communicating the resulting CIM data, analysis, and key findings to community members and stakeholders. We will also explore follow-on opportunities to work with the Success Measures/CIM Team at NeighborWorks to articulate a Theory of Change for Comprehensive Community Development as an approach to inform community engagement during pre-development of pipeline projects.

DHIC ORGANIZATIONAL CHART



Strategies to Fill Key Vacancies

As previously noted in the Executive Summary, after the loss of our VP of Asset Management, DHIC pivoted to using Tatem Consulting to effectively serve in that role while we promoted from within to fill the Director of Asset Management role and rounded out the team with two new asset management staff. We will revisit the VP of Asset Management role later in 2024 toward the end of Tatem Consulting's current engagement. DHIC's longtime VP of Homeownership Service, will retire in the first quarter of 2025. We plan to begin recruitment for the next leader of the business line a few months in advance of the end of her tenure to facilitate a transition that includes a transfer of institutional knowledge.

To continue working on the internal capacity goal within the 2023 -2025 Strategic Action Plan, the approved 2024 operating budget for DHIC also includes the following new staff positions that we plan to fill by year end.

Director of Accounting

We have engaged a recruiting firm to identify candidates that have significant accounting experience, preferably with an understanding of not-for-profits as well as real estate development. This position is an expansion of a current role that is currently staffed by a PT consultant, who is still working for DHIC. Due to the increased development activity, we have taken a proactive stance in working to ensure staffing is correct within the Finance department to ensure we continue to meet all reporting and compliance requirements. The ideal candidate will have interests, values, skills, and experiences aligned with DHIC's. This position will report to the VP of Finance and will be responsible for accounting functions at the corporate parent level, real estate development project level, and the operational apartment portfolio level. The specific functions will vary by entity. The recruitment process is currently underway, and we hope to identify and hire for this position by the end of Q2 2024.

IT Position

An ongoing assessment of DHIC's opportunities in information technology has identified the need for additional software/systems to enable our teams to work more effectively and efficiently. We recognize with the increase in the reliance of IT systems we will need a staff person to help support all departments and their systems. The design and specific function of this position is still under discussion. This position will report to the CFP & Senior VP of Operations. We anticipate a formalized JD to be complete by Q3 2024 and at that time we will engage a recruiting firm to assist in the search.

Resident Services Coordinator

Our approach to filling two Resident Services positions will include working with a local recruiting firm to attract a candidate whose interests, values, skills, and experiences align with DHIC's shift to a systematic and strategic approach to resident services coordination and using the Affordable Housing Bridge Program's alumni network to connect with early-career candidates. Resident Services is currently evaluating our service offerings and has identified two pressing needs: 1) additional resident services coordination support to better serve seniors aging at family sites who do not have access to supportive services through Resources for Seniors; and 2) greater capacity to collect, organize, analyze, interpret, and communicate resident data. DHIC is preparing to apply for CORES Certification by February 2024, and this framework for resident services coordination will help inform the team's structure moving forward. We have begun the recruitment process with a target start date of April 2024.

2024 DHIC Board of Directors

Tyler Craft, Chair
First Horizon

Jordan Maness, Vice Chair
Fidelity

Betsy Rozakis
NC State Education Assistance Authority

Gordon Grubb
Grubb Ventures

Meghan Melloy
NC Department of Justice

Patricia Swasey
StudioTK

Danny Kadis
Centrex Properties

Utica Cason
Yardi Systems, Inc.

Joyce Spivey
Economic Development Partnership of
NC, Inc.

Russell Pierce
Housing for New Hope

Miguel "Mike" Figueras
Education Justice Alliance

Steve Evans
Smithfield Foods

Samone Bullock Dillahunt
Advance Community Health

Ashleigh Hales
ESP Associates, Inc.

Soberina Traywick
M&F Bank



East College Park-Washington Terrace-Madonna Acres Resident Survey Findings | 2023



The survey was administered to households that reside in **the Village at Washington Terrace, East College Park and Madonna Acres** communities in Raleigh, North Carolina. Each household received a hand delivered survey with instructions to complete and return during an event, in the property’s drop box, or to complete over the phone. A total of **204** households responded to the survey.

Most residents say they would recommend this community to someone else as a good place to live.

61% say they would “definitely would”

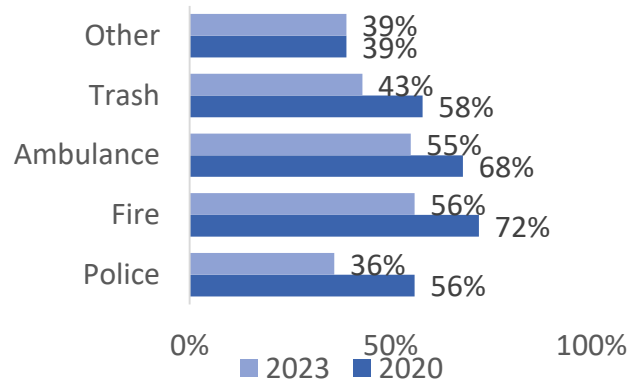
32% say they would “probably would”

“I really like my apartment because I like the quietness and the privacy, also my neighbors are friendly.”

“Nice living area/apartment, especially for disabled. Rent and utilities are reasonable/affordable.”

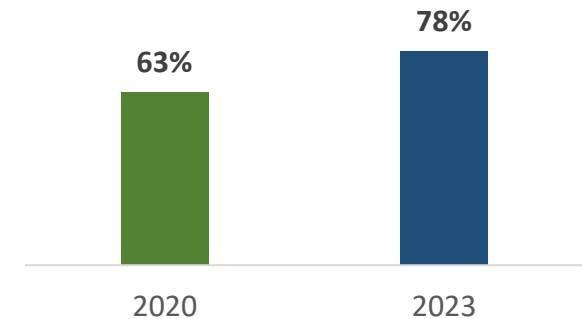
Fewer residents rated public services as “very good” in 2023 than they did in 2020.

All public services categories except for “other” saw a **decrease** in ratings.



Overall exterior conditions of buildings have **improved** since 2020.

More than half of the buildings observed in the community were in good condition and needed no maintenance or repair between 2020 and 2023.





Key Findings: Community Impact Measurement (CIM)

DHIC Inc.

East College Park * Madonna Acres * The Village at Washington Terrace

2023

Methodology/ Introduction



At intervals of approximately 3 years, DHIC is invited and supported by NeighborWorks America to collect data on a **target neighborhood** to assist in **assessing current conditions** and **measuring change over time**. This data collection project is called Community Impact Measurement (CIM).

NeighborWorks America analyzes this data from all participating members and uses it to report to stakeholders and funders on the progress its network is making to achieve positive neighborhood change.

Methodology/ Introduction

We used two NeighborWorks America-approved tools to collect data:

1. Resident Survey
2. Observations of Buildings and Blocks

The Resident Survey

- A 24-question survey aimed at assessing how residents experience life in the neighborhood.
- Data collection happened over a 4-month time period between May and August 2023.
- The project team used standard neighborhood surveying door-to-door and a variety of outreach methods were used to reach as broadly into the community as possible, including data collection events and phone banking.
- Through the data collection effort, 204 surveys were collected from households in the target area.

Methodology/ Introduction

We used two NeighborWorks America-approved tools to collect data:

1. Resident Survey
2. **Observations of Buildings and Blocks**

Observations of Buildings and Blocks

- The goal of these data collection tools is to assess the quality and attractiveness of the physical conditions of individual properties and blocks, in a snapshot and over time.
- A 14-question assessment tool was used to assess the conditions of 100 adjacent homes. We have been assessing the same homes for 2 data collection periods over 3 years, so that we can look at changes over time.
- A 9-question assessment tool was used to assess the conditions of all blocks in the neighborhood. We have been assessing the same blocks for 2 data collection periods over 3 years, so we can also look at changes over time.
- Observations were conducted by volunteers from DHIC's staff and Board of Directors during June and July 2023.

Methodology/ Introduction



- This presentation includes an analysis of the 2023 data collected for CIM through a resident survey and observations of building and block conditions in the East College Park, Madonna Acres and the Village at Washington Terrace Neighborhoods in Raleigh, North Carolina.
- In some cases, we will also present comparisons of the same data over different time periods. This is called “longitudinal data analysis”.

Areas of Analysis



Satisfaction and Confidence: *To what extent are residents satisfied with the neighborhood and confident in its future?*



Empowerment: *To what extent do residents feel able and empowered to manage day-to-day issues in the neighborhood?*



Engagement and Neighborliness: *To what extent are residents engaged with each other and participating in neighborly activities?*



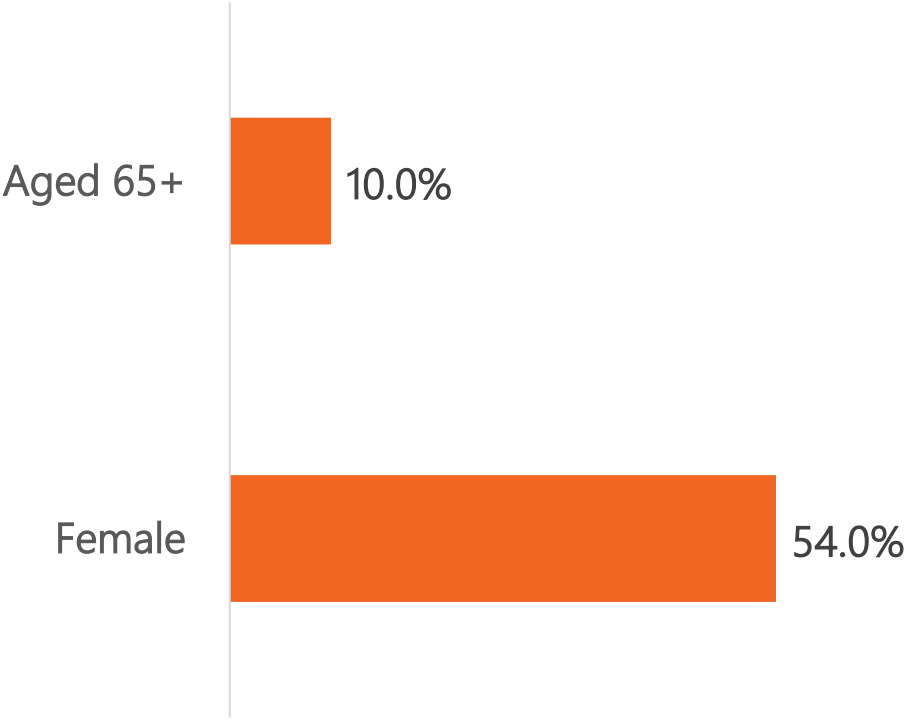
Safety: *To what extent do residents feel safe in the neighborhood?*



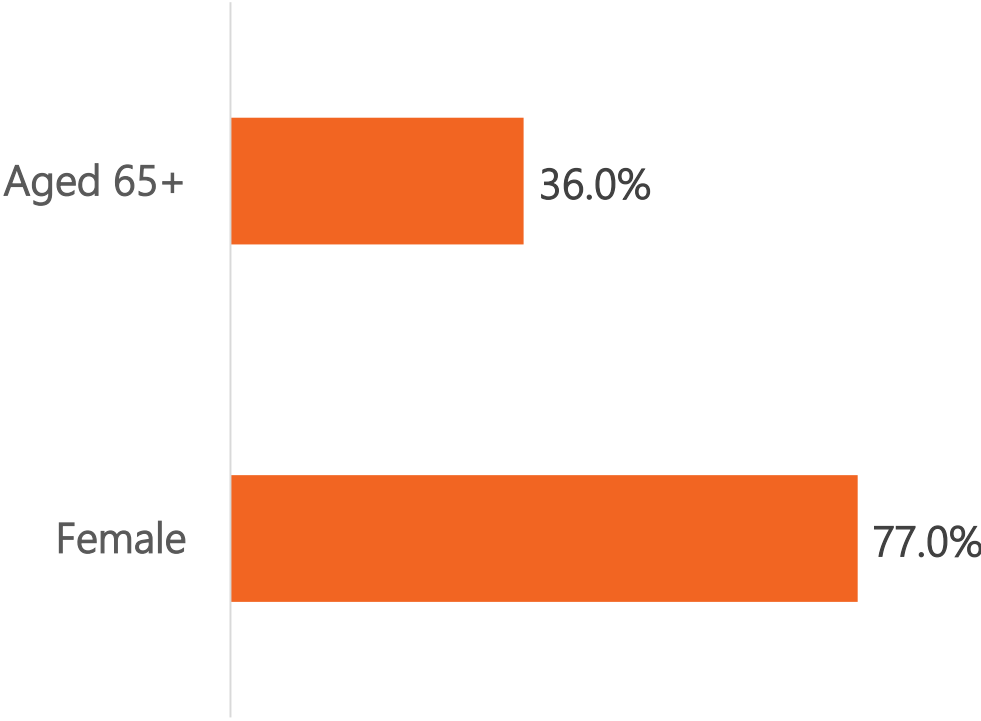
Physical Conditions and Attractiveness: *To what extent are the conditions of properties and blocks satisfactory, and attractive in ways that show pride and positively contribute to the image of the neighborhood?*

Demographics Comparison: Age and Gender

Who Lives in the Neighborhood?

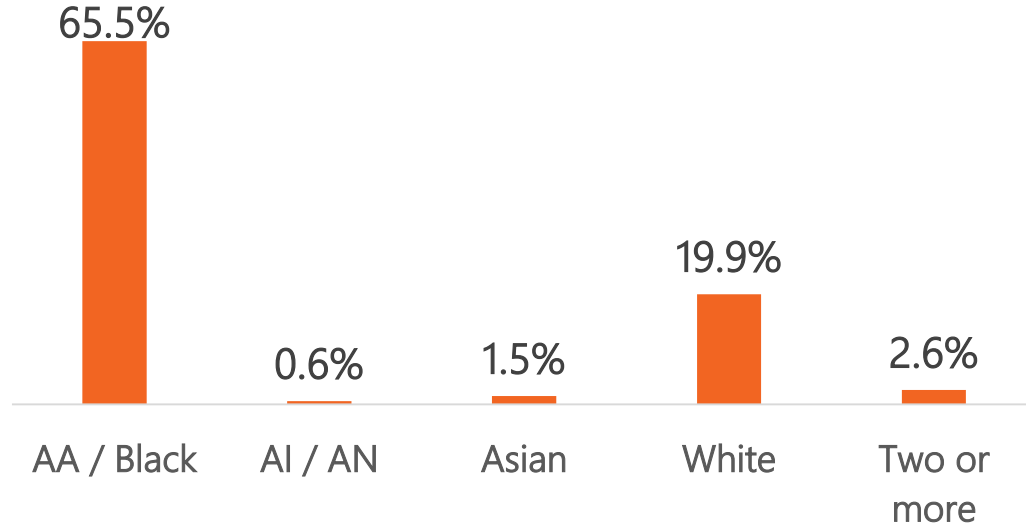


Who Completed the Survey?

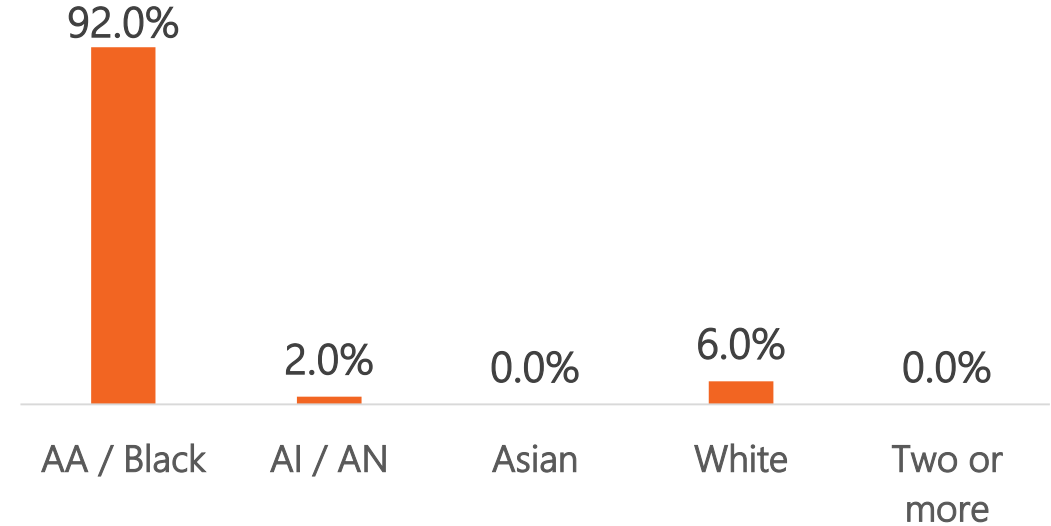


Demographics Comparison: Race/Ethnicity

Who Lives in the Neighborhood?

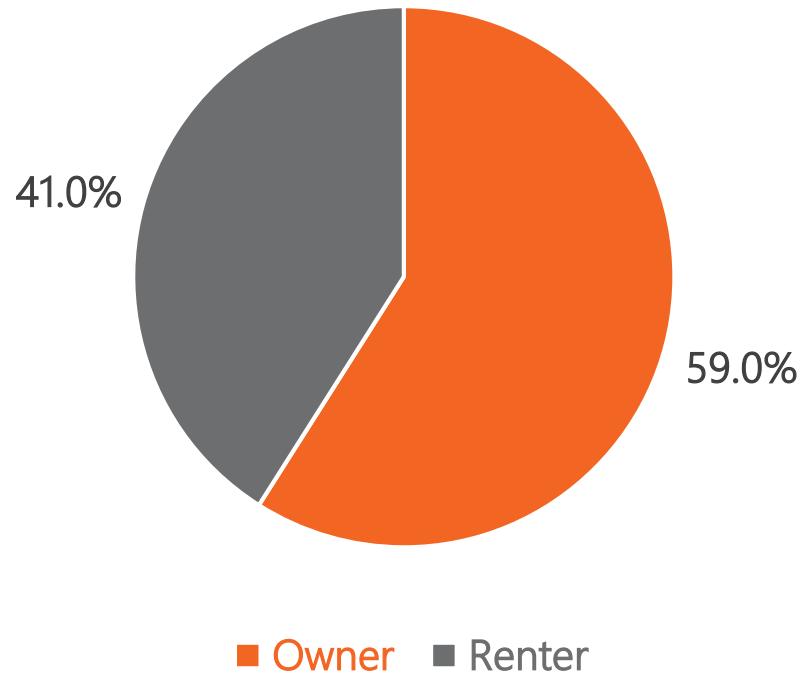


Who Completed the Survey?

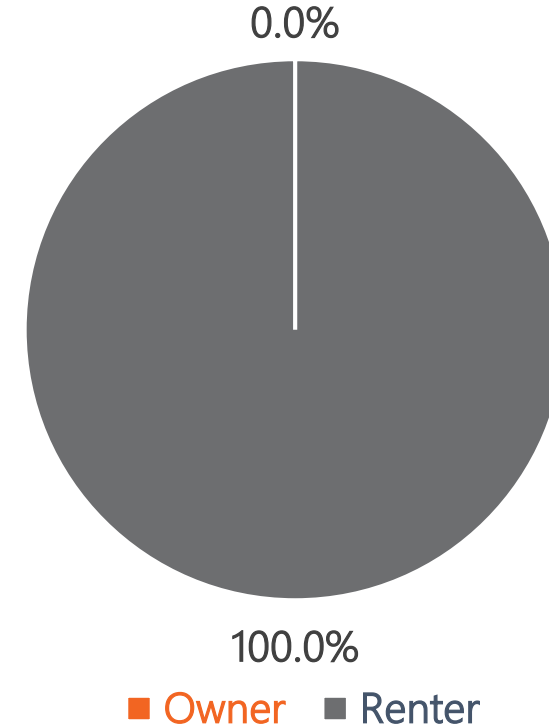


Demographics Comparison: Owner/Renter

Who Lives in the Neighborhood?

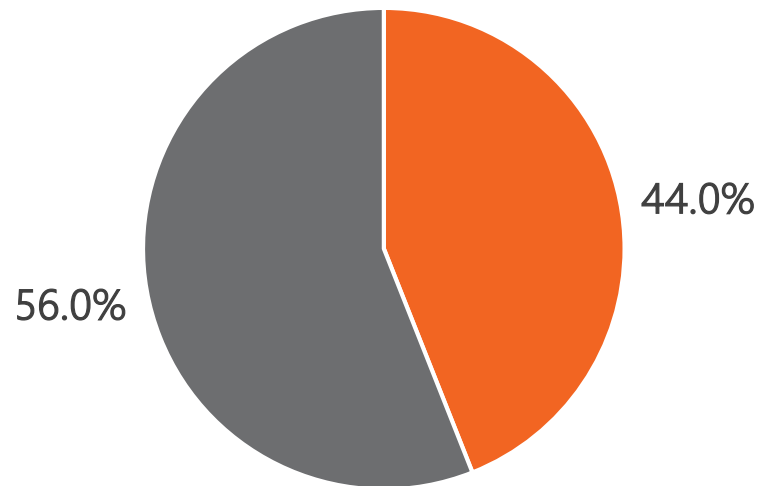


Who Completed the Survey?



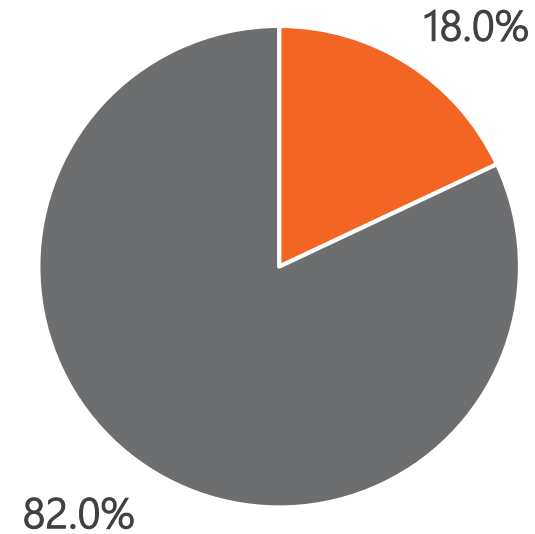
Demographics Comparison: Children/No Children

Who Lives in the Neighborhood?



- Children under 18 in the household
- No children under 18 in household

Who Completed the Survey?



- Children under 18 in the household
- No children under 18 in household

Resident Satisfaction and Confidence

Evaluation Question:

To what extent are residents satisfied with the neighborhood and confident in its future?

Why is this important?

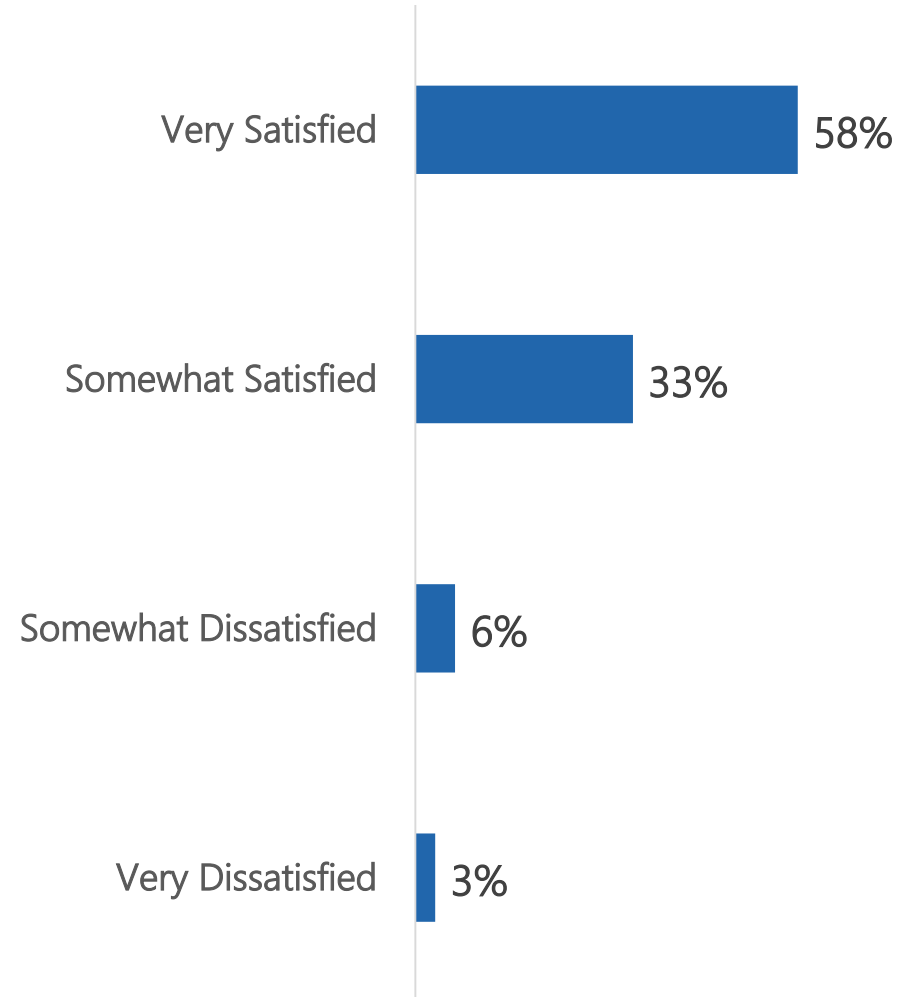
- ✓ When residents are satisfied with the quality of life in the neighborhood, they are more likely to stay and to be engaged with others, contributing to feelings of safety for all.
- ✓ When residents are confident in the future of the neighborhood, they are more likely to invest their time, money and energy in its improvement, and to recommend it to others.

Resident Satisfaction and Confidence

KEY FINDING:

Overall, residents are satisfied with living in the community.

Across All Respondents (n=197)





Empowerment

Evaluation Question:

To what extent do residents feel able and empowered to manage day-to-day issues in the neighborhood?

Why is this important?

- ✓ When residents feel they can influence what happens on their block and in the neighborhood, they are more likely to help manage day-to-day issues, feel safe and feel confident about the future.
- ✓ When residents trust their neighbors to pitch in to help each other and to solve problems, it is more likely the neighborhood will be well-managed.

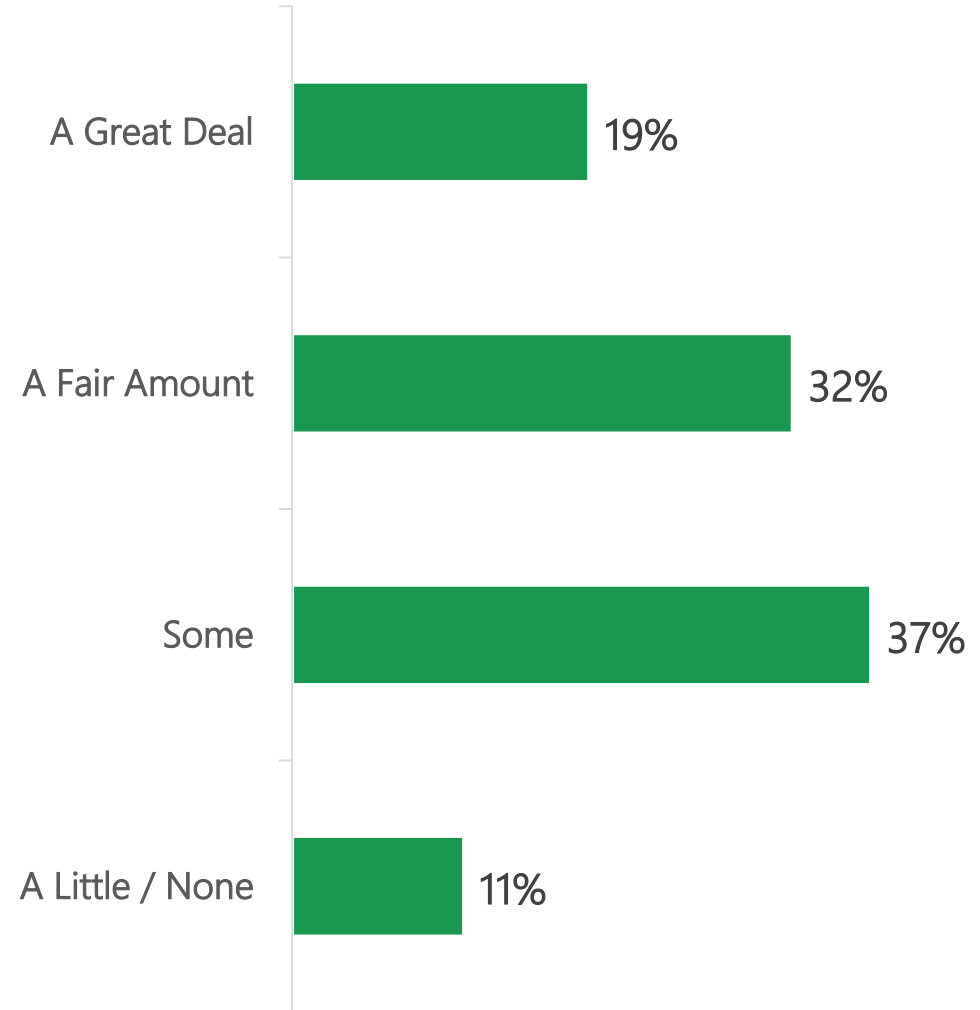


Empowerment

KEY FINDING:

A little over half (51%) of survey respondents indicate that they feel they can make a positive difference the community.

How Much of Positive Difference Can You Make in Your Community? (n=197)





Engagement and Neighborliness

Evaluation Question:

To what extent are residents engaged with each other and participating in neighborly activities?

Why is this important?

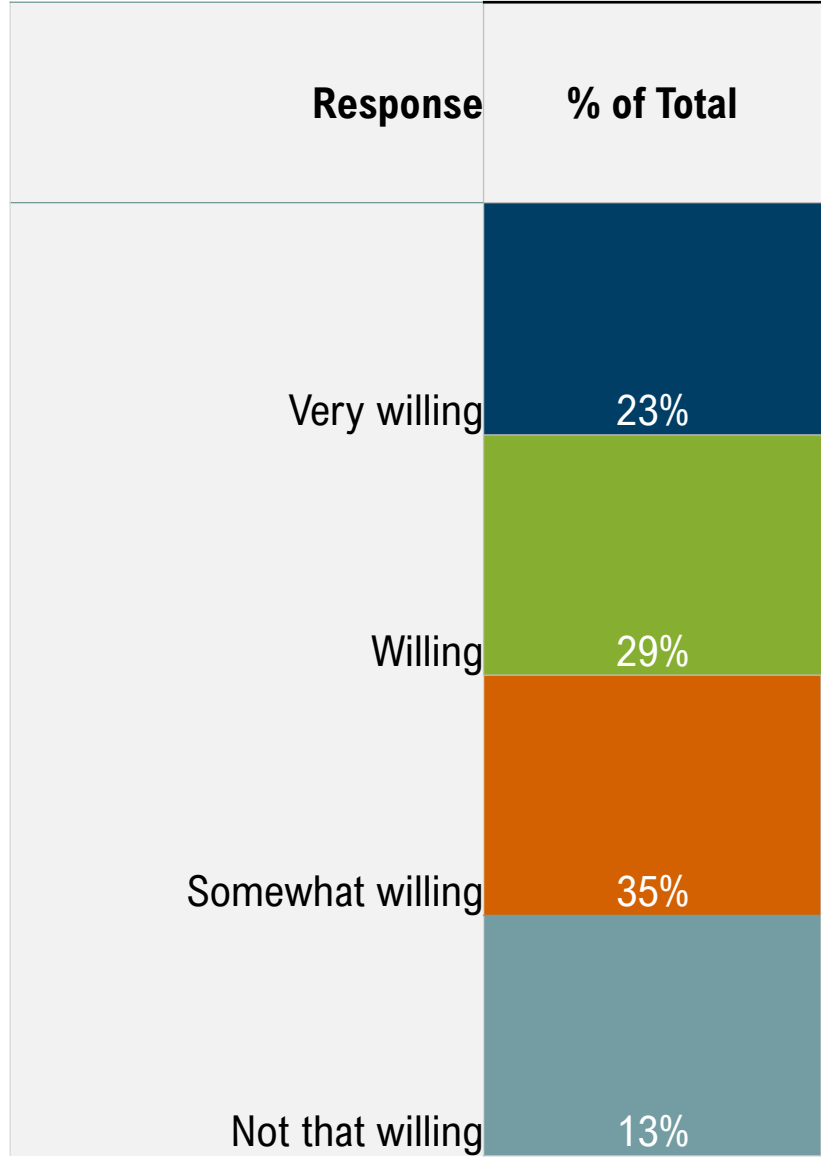
- ✓ When residents know and trust each other, they are more likely to get together to manage day-to-day issues and to feel safe.
- ✓ When residents participate in neighborly activities, a sense of ownership builds, many hands make light work, and momentum is created that engages others.



Engagement and Neighborliness

KEY FINDING:

The majority of respondents are willing to be involved in their community by working with others to make things





Safety

Evaluation Question:

To what extent do residents feel safe in the neighborhood?

Why is this important?

- ✓ When residents feel safe, they are more likely to get together to manage day-to-day issues.
- ✓ When residents feel safe, they are more likely to participate in neighborhood activities, and to recommend the neighborhood to others.

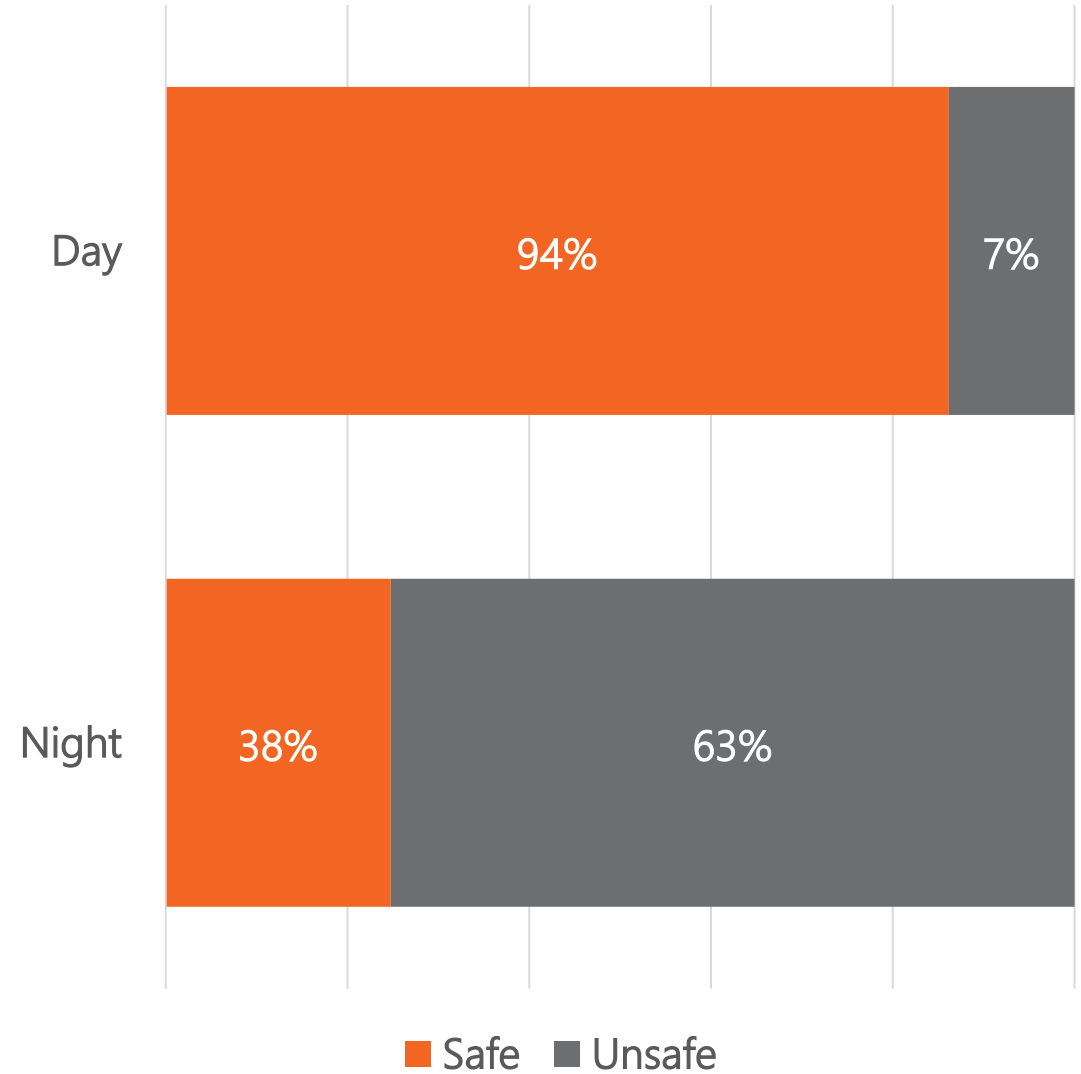


Safety

KEY FINDING:

Almost all respondents feel safe during the day. More respondents feel unsafe at night.

Perceived Safety: Day (n=196)



Physical Conditions and Attractiveness

Research Question:

To what extent are the conditions of properties and blocks satisfactory, and attractive in ways that show pride and positively contribute to the image of the neighborhood?

Why is this important?

- ✓ Housing quality affects many aspects of household health and prosperity.
- ✓ When the neighborhood is attractive and well-kept, residents are more likely to maintain their own property and help keep public areas clean.

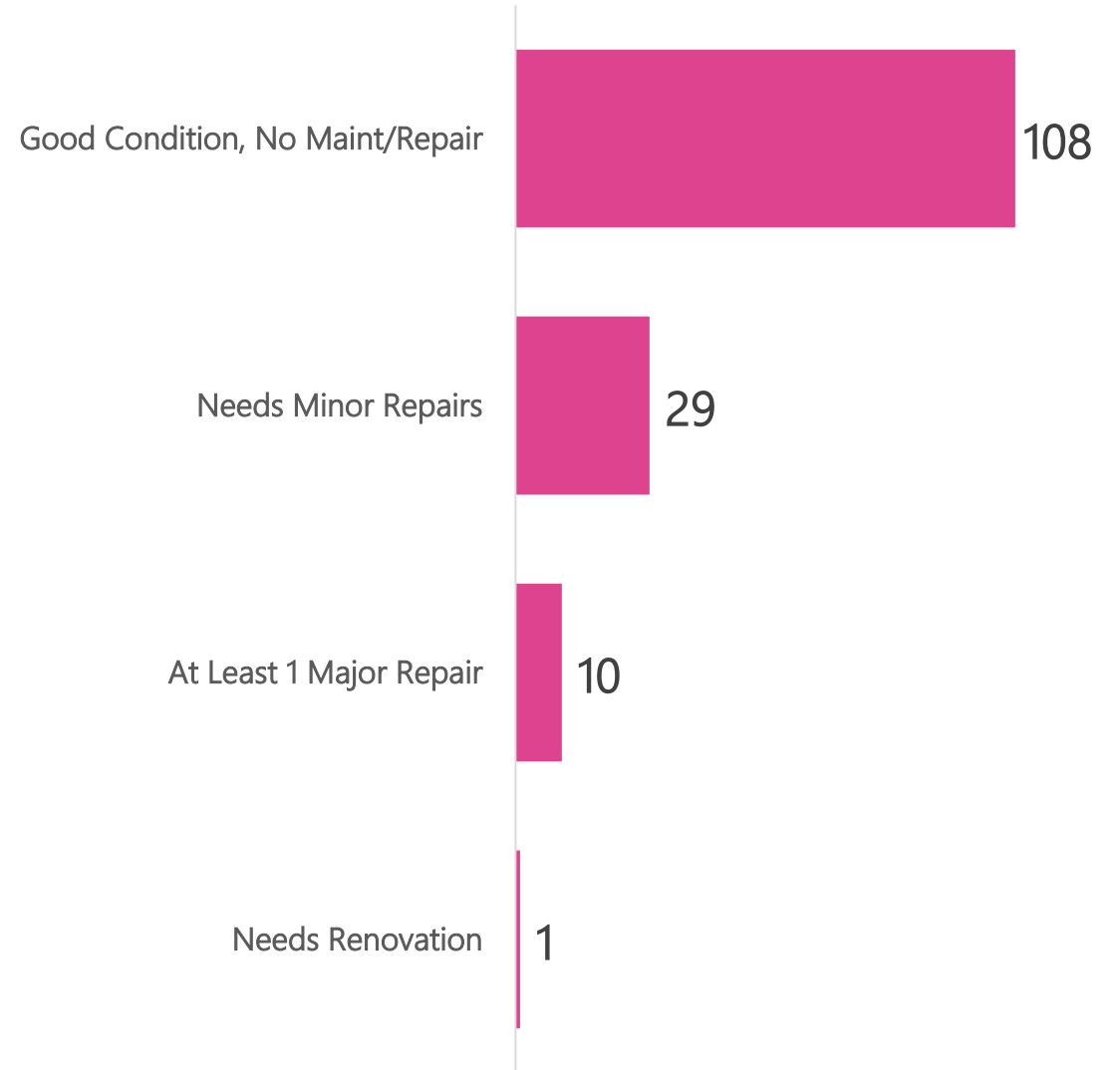


Physical Conditions and Attractiveness

KEY FINDING:

Out of the 139 properties observed, 108 are in good condition and need no repair.

Property Observations (n=96)



For More Information



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