

2019 Year in Review

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Dear friends,

I could not have imagined, when I joined NEF as CEO last summer, that by the second quarter of 2020 we would all be facing a global health and economic crisis. Then, our team was excited by another strong year of investment activity. We were reaching out to new partners, adding new products and services to our line-up, celebrating the work of retiring CEO Joe Hagan, and moving into 2020 with one of our strongest pipelines on record.

And then the world turned upside down. It seems odd to publish a flashy annual report in the midst of COVID-19, so we are foregoing that for the year. But, we have nonetheless been thinking a lot about our work over the last decade, as even 2019 feels like a lifetime ago. There are lessons in that experience that will help guide our actions in the future, as well as reassure our development partners, investors, and nonprofit allies that we are well-positioned to support their ongoing efforts.

The 10-year yardstick is particularly important because it touches on the aftermath of our nation's last economic crisis. NEF was able to navigate the 2007-09 housing collapse and recession because we were coming off several years of robust activity. It's not that we weren't affected, just that we were able to rebound fairly quickly and by 2010 were back on track for strong activity.

I think there are three main reasons why that also applies today: strong financial underpinnings from years of growth, a business model that has been nimble enough respond to changing needs, and a clear focus on mission and impact, which gave us a different vantage point from which to support our partners. We were able to focus on lasting, positive results for residents and communities, and the same is true today.

Since then, from 2010-19, NEF invested nearly \$9 billion in affordable housing, communities and jobs. Our \$1.45 billion in activity for 2019 is helping fuel nearly 10,500 homes for low-income families, seniors and special needs populations, while also supporting 12,700 jobs in the communities where they are

built. There is a ripple effect as well, as successful housing investments help attract follow-on capital that further builds economic opportunity and raises local standards of living.

Our growth over the years also reflects a number of ongoing NEF priorities. We continue to provide national leadership on supportive housing for vulnerable populations, with particular attention to developing innovative ways to meet the needs of homeless veterans, funded through *Bring Them HOMES* grants as well as equity.

We have deepened our work on preservation, which is so critical to addressing the nation's affordable housing crisis, with more than \$500 million in housing preservation loans during 2019. And we remain broadly focused on the needs of both urban and rural communities—including smaller cities and towns often overlooked by the conventional market.

Beyond NEF's direct investments, we also support broad-based community revitalization through the Local Initiatives Support Corporation (LISC), a national nonprofit and NEF affiliate. In effect, every dollar we invest in LIHTC housing generates additional funds to advance small business development, commercial corridor revitalization, health care, community safety, education, and jobs programs, in addition to affordable housing. Since 2010, that includes more than \$180 million in community development grants to LISC, including \$12.5 million for 2019.

I wish I could say with certainty what was coming next. This much is clear: NEF began 2020 with a pace of deal closings that looked more like a fourth quarter than a first, and that gives us a strong basis from which to navigate the coming months.

We are working closely with project sponsors to keep their new developments on track, while at the same time helping them protect their existing projects and residents. We are also working closely with investors to safeguard their investments and respond to their changing needs. And, we are supporting our own staff, as they navigate health, family and work challenges.

NEF has had a remarkable decade of growth and impact. Pandemic or not, we are still acting as the patient, experienced lender and investor that that our partners need. I fully expect it to continue, long into the future.

A handwritten signature in black ink that reads "Matt Reilein". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Matt Reilein
President and CEO